



ANNUAL REPORT 2017

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Corporate Information

BOARD OF DIRECTORS

Tan Kok Chor

Chairman
(Independent Non-Executive Director)

Teo Kiew Leong

(Executive Director)

Chan Keng Leong

(Executive Director)

Michael Moo Kai Wah

(Independent Non-Executive Director)

Seroop Singh Ramday

(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman

Tan Kok Chor
(Independent Non-Executive Director)

Member

Michael Moo Kai Wah
(Independent Non-Executive Director)

Member

Seroop Singh Ramday
(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 (AF001929)
Chartered Accountants
902, 9th Floor, Block A,
Damansara Intan, No. 1,
Jalan SS 20/27
47400 Petaling Jaya ,
Selangor Darul Ehsan
Tel : 03-77242128
Fax : 03-77332125

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)
Standard Chartered Bank Malaysia
Berhad (115793-P)
RHB Trustees Berhad (573019-U)
Public Bank Berhad (6463-H)

SOLICITORS

Satem, Chai & Dominic Lai Advocates
Jaini Robert Lau & Rajjish
Chung & Associates
J. Ambrose & Partners
Foong & Partners

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

Stock Name : BORNOIL

Stock Code : 7036

WEBSITE

www.borneo-oil.com.my

Chairman's Review

Dear Fellow Shareholders,

As promised, a dividend in the form of a Bonus, Warrant D and adjustments made to Warrant B and Warrant C will now be fully distributed to all shareholders of the Company.

It has been a long journey. Certainly a long wait from 1998 to 2017 for shareholders to enjoy the 2nd dividend (the 1st was in 1998). It is the Board's and Management's greatest wish, hope and desire that one day in the near future, dividend in the form of real cash will be distributed. For this to materialize, we will as always appreciate the continual support, understanding and loyalty from you, my fellow shareholders.

I will now deal with the overall performance of the Company and Group for the financial year ending 31st January 2017 (from 1st February 2016 to 31st January 2017).

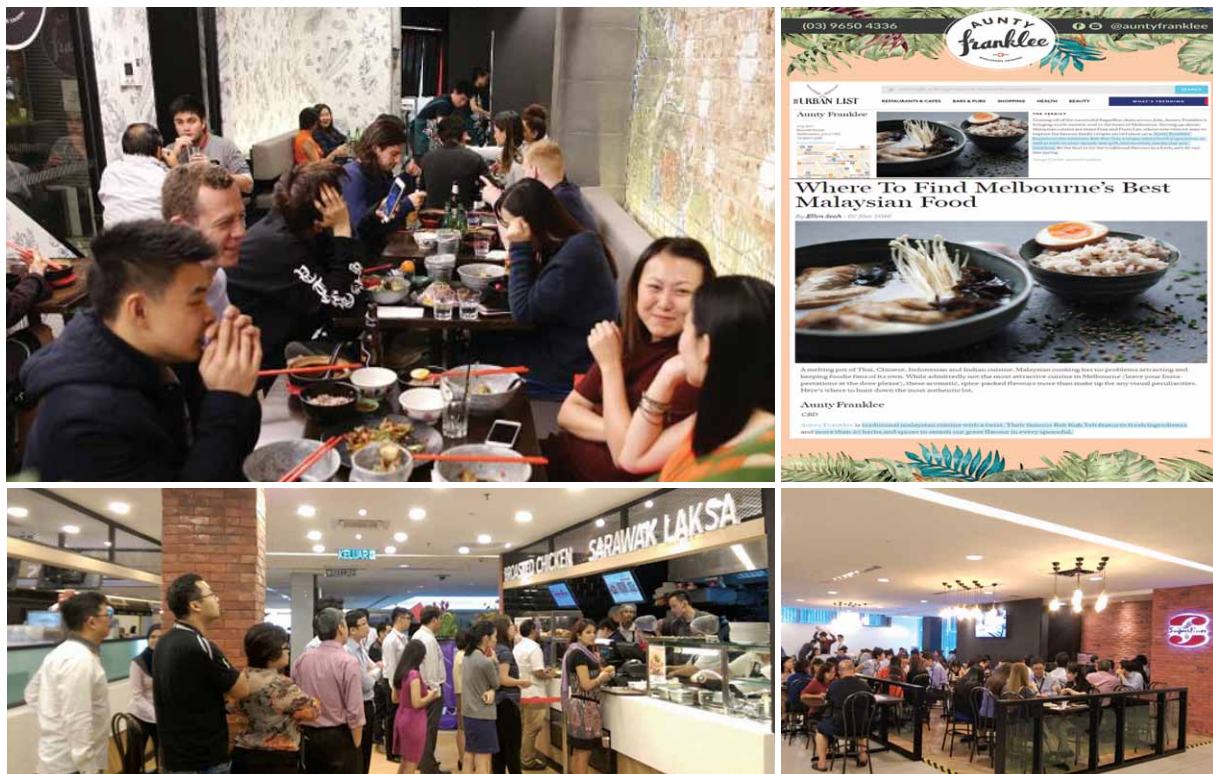
OVERVIEW AND PERFORMANCE REVIEW

Overall the Group achieved a total gross revenue of RM243,815,282 which include other income of RM65,806,170 and a net gain from gold spot contracts of RM17,182,899 with a recorded profit before tax of RM48,652,682 compared to RM12,391,241 for the preceding year.

Total Assets increased by RM94,104,909 from RM722,481,780 in 2016 to RM816,586,689 in 2017. There was a slight increase in total liabilities from RM184,528,333 in 2016 to RM224,809,105 (2017).

FRANCHISE

Against deteriorating economic conditions and the falling Ringgit, the Franchise Division faced a very challenging year. Total franchisees' sale was approx. RM121,000,000 compared to 2016 of approx. RM117,000,000. Total revenue achieved was RM54,335,340 compared to RM52,213,900 in 2016 and net profit before tax dropped to RM3,527,231 compared to RM10,645,261 in 2016.



Chairman's Review (cont'd)

The Division will continue to face challenges in the present financial year but food being an essential part of human existence and activity will continue to be consumed irrespective of economic conditions and the Division is well prepared in adjusting itself to changing situations and circumstances. Broasted Chicken by SugarBun will be rolled out in the Eastern States of West Malaysia, whilst Borneo Asian Food by SugarBun will be rolled out in the more affluent areas.

As for Sabah and Sarawak, a mobile unit of Broasted Chicken, ice cream and pizza will enter the market by late 2017.

Tong Meng had launched their 1st and 2nd London duck outlets in Kota Kinabalu and Aunty Franklee had also started operating in Melbourne, Australia. There are plans for Tong Meng to enter the China and American markets in late 2018.

LIMESTONE

During the financial year, the Group acquired Limestone Quarries for marble block production and in preparation for the imminent setting up of an Integrated Cement Plant in Sabah. Production of marble blocks have been outsourced to Lung Shing Sdn Bhd, a Malaysian Company substantially owned by investors from China and since January 2017, a total of 1,356 blocks measuring 8,605 metric tonnes of limestone have been produced and over 267 containers have been shipped and exported to China. Limestone aggregates for further downstream processing will now be the next focus of the Group. The Group currently owns and has access to approximately 69,954,000 metric tonnes of limestone deposits in and around the vicinity of its quarries.



GOLD

569,342.20 tons of alluvial ores were processed during the financial year and 40.47 kg of Dore Gold was produced compared to 27.35 kg of Dore Gold produced in 2016. Total production cost including administrative expenses came out to be RM107.45 per gm against the average market price of RM170 per gm.

2,894 metres were drilled during the year and up to the date of writing, 25,000 oz of potential gold resources have been discovered within a 600 metres long and 300 metres wide zone in the original trenching zone with an earlier estimated total inferred resources of 60,814 oz.



Chairman's Review (cont'd)

The heap leaching in Bukit Ibam is facing further delays due mainly to the fact that it is the 1st leaching process in Malaysia dealing with a non-toxic chemical “Earth Gold” (which is not cyanide based) and the challenge of leaching by this solution “Earth Gold” in an equatorial environment.

The Gold Trading Department bought and sold 823,800 oz of gold spot contracts during the year and contributed a nett gain of RM17,182,899 to the Mining Division.

**PROPERTIES**

The Group's investment in properties is focused mainly on 2 main criteria – “tourism” and “resource based”.

Sabah enjoys the privilege of being one of the top preferred tourist destination for travelers to Malaysia. From 2013 to 2016, an average of 3 million tourists per annum came to Sabah. Over 40% of them are repeat visitors. Tourism revenue shot up from RM5 billion per annum in 2012 to RM7 billion per annum in 2016 (Sabah Tourism).

The Land Laws in Sabah is one of the most liberal in Malaysia. The Group has properties of over 400 acres which has huge potential for tourism.



Chairman's Review (cont'd)



East of Kinabalu to the North of Kalimantan is mineral rich, unexplored and unexploited. Some of the Group's properties, presently under palm oil cultivation are sitting on mineral rich zones. The Group have access to approximately over 600 acres under this category including limestone deposits.



All the core businesses of the Group have great potentials and almost all of them require very long term outlook, planning and capital. We hope that we will not, dear Shareholders, disappoint you, and in return we will continue to appreciate your support, understanding and encouragements.

ACKNOWLEDGEMENT

On behalf of the Board of Directors and its Management, I would like to express my sincere appreciation to :

- (a) our most valued shareholders, Hap Seng Insurance Services Sdn Bhd and Victoria Limited for their unwavering support, both morally and financially;
- (b) our customers, suppliers, bankers, advisors, business associates, management, staff at all levels, the relevant authorities and government agencies for their continual support, commitment, contribution and confidence in our Group; and

last but not least, to our ever faithful shareholders who have stood by us through thick and thin.

Mr. Tan Kok Chor
Chairman

18 May 2017

Directors' Profile



Tan Kok Chor

Chairman - (Independent Non-Executive Director)

Tan Kok Chor, aged 67, was appointed to the Board of Borneo Oil Berhad on 21st August 2001. He has more than 10 years experience in the legal line. He holds various directorships in several other private limited companies, incorporated in Malaysia.

Teo Kiew Leong

(Executive Director)

Teo Kiew Leong, aged 52, obtained his college education at Graphic Design & Photography, Regent Fine Art & Design Academy, Kuala Lumpur. He joined the group in 1986.

In 1989, he headed the Graphic Department and work closely with both the project and marketing departments.

In June 2005, he was appointed the General Manager and subsequently in 2007, an Executive Director.



Chan Keng Leong

(Executive Director)

Mr Chan Keng Leong, aged 70 was appointed to the Board of Borneo Oil Berhad on 5th November 2015. He has been serving Borneo Oil Berhad's subsidiaries in various senior managerial capacities since 2006 after retirement from Petronas where he has served for 29 years; in many senior positions

Michael Moo Kai Wah

(Independent Non-Executive Director)

Michael Moo Kai Wah, aged 65 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.



Seroop Singh Ramday

(Independent Non-Executive Director)

Seroop Singh Ramday, aged 60 is a business graduate with post graduate qualifications in management (Warwick) and an MBA from the University of Aston in the UK. He has over 30 years of international experience based both in the UK and Malaysia.

He is a United Nations accredited independent expert on development projects and have delivered UN assignments across Asia and Africa.

Statement on Corporate Governance

The Board of Directors of Borneo Oil Berhad is committed to manage the Group in line with corporate governance practices as proposed in the Malaysian Code on Corporate Governance 2012 (“the Code”) and the Main Market Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The Board firmly believes that corporate accountability complements business practices that will facilitate the achievement of the Company’s goals and objectives.

The Board continues to implement the recommendations of the Code, which sets out the principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board is pleased to disclose to the shareholders on the manner in which the Group has applied the principles of the Code and the extent to which the Company has complied with the best practices of the Code throughout the financial year ended 31 January 2017.

(A) PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

I The Board’s Roles and Responsibilities

The Company recognizes the importance of the Board in providing a sound base for good corporate governance in the operations of the Group.

The Group is headed by the Board that leads and manages the Group in an effective and responsible manner to fulfill its primary responsibility to shareholders for the welfare of the Company. Hence, the Board is responsible for the overall corporate governance of the Group, its strategic direction, establishing goals for management and monitoring the achievement of these goals and addressing the sustainability of the Group’s business. The Board’s other primary duties are to conduct regular review of the Group’s business operations and performances, risk assessment and to ensure that effective controls and systems are in place to measure and manage business risks.

The Board assumes the following specific duties in the management of affairs of the Group :

- Establishing and reviewing the strategic direction of the Group;
- Overseeing and evaluating the conduct of the Group’s business;
- Identifying principal risks and ensure that the risks are properly managed;
- Establishing a succession plan;
- Developing and implementing an investors relations programme or shareholder communication policy; and
- Reviewing the adequacy of the internal control policy.

The Board delegates the day-to-day management of the Company to the Chief Operation Officer (COO) and EDs(Executive Directors), but reserves for its consideration, significant matters such as the following:

- Annual budgets
- Approval of financial results
- Business plans and restructuring
- Issuance of securities
- Disposal or acquisition of undertakings and assets
- Appointment of key management persons

*Statement on Corporate Governance (cont'd)***(A) PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONTINUED)****I The Board's Roles and Responsibilities (Continued)**

The Board has established the roles and responsibilities of the Independent Non-Executive Chairman which is distinct and separate from the duties and responsibilities of the COO and ED. This segregation between the duties of the Independent Non-Executive Chairman and the COO and ED ensures an appropriate balance of role, responsibility and accountability at Board level. The Board does not consider it necessary to nominate a recognized Senior Independent NED given the separation of the roles of the Chairman who is an Independent NED and the COO cum ED.

The Independent Non-Executive Chairman is primarily responsible for the orderly conduct and effective running of the Board, whilst the COO and ED have overall responsibility for the operating units, organizational effectiveness and implementation of the Board's policies and decision.

The Independent NEDs are not employees and they do not participate in the day-to-day management of the Company. In staying clear of any potential conflict of interest situation, the Independent Directors remain in a position to fulfill their responsibility to provide unbiased and independent views, advice and judgement.

A brief profile of each Director is presented on pages 7 of this Annual Report.

II. Board Meetings and Supply of Information

Board and Audit Committee meetings for the ensuing financial year are scheduled in advance in the last quarterly meeting of the current financial year to enable the management to plan ahead and ensure timely preparation of information for dissemination to the Directors. The Company Secretary, under the direction of the Chairman, ensures a balanced flow of information is disseminated for decisions to be made on an informed basis and for the effective discharge of the Board's responsibilities.

The agenda for the meetings of the Board are set by the Company Secretary in consultation with the Chairman and the other Board members. The Board has a regular schedule of matters which are typically on the agenda and reviewed during the course of the year.

Prior to the Board and Board Committee meetings, a formal and structured agenda, together with a set of Board and Board Committee papers and the relevant reports, are forwarded to all the Directors at least five (5) days prior to the Board and Board Committee meetings. All information and documents are provided on a timely manner so that members are given sufficient time to prepare and, where necessary, obtain additional information or clarification prior to the meeting to ensure effectiveness of the proceeding of the meeting. The Board papers, which are prepared and presented in concise and comprehensive manner that ensure a clear and adequate understanding of the subject matter, include, amongst others, the following :

- Minutes of the previous meeting;
- Quarterly and annual financial statements and reports;
- Internal audit plans and reports;
- Proposal for major investments and financial undertakings;
- Documentation on policies, procedures and control system; and
- Documents relating to ad-hoc development or issues.

Confidential papers or urgent proposals are presented and tabled at the Board meetings under supplemental agenda.

The Chairman of the Audit Committee would inform to the Board meetings on salient views and conclusions of the Audit Committee meetings which deliberate on recommendation for Board's approval on actions that may be required to be taken by the management.

Statement on Corporate Governance (cont'd)

(A) PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONTINUED)

II. Board Meetings and Supply of Information (Continued)

The Board firmly believes that effective deliberation and its decision making process is highly dependent on the quality of information furnished by the Management.

Every Director has full and unrestricted access to any information pertaining to the Group's affairs and business and to obtain the advice and services of the Company Secretary, management representative and, if deemed necessary and where appropriate, seek advice from other independent professional advisors and internal/external auditors for furtherance of their duties at the Company's expense. Senior management officers and external advisers may be invited to attend Board meeting when necessary, to furnish the Board with explanations and comments on the relevant agenda, items tabled at the Board meetings or to provide clarification on issue(s) that may be raised by any Director.

There is also a formal procedure approved by the Board for all Directors, whether acting as full Board or Board Committee, or in their individual capacity, to obtain independent professional advice, when necessary, at the Company's expense. Prior to engaging an independent advisor, approval must be obtained from the Chairman and, where applicable, the Chairman may circulate the need for external advice to the Board.

The minutes of Board and Audit Committee meetings are circulated together with the notice of the following meetings to Directors/ members for their perusal at least five (5) days before the meeting and to be confirmed as a correct record of the proceeding there at the commencement of the following Board/Committee meeting. The Directors/members may request for clarification or raise comments before the minutes are tabled for confirmation.

Any Director who has an interest in any transaction has a duty to declare immediately to the Board. An interested Director is required to abstain from deliberations and decisions of the Board on the transaction. In the event the transaction needs shareholders' approval, the interested Director is required to abstain from voting in respect of his shareholding and will also undertake to ensure that persons connected to him are to abstain from voting on the resolution.

III. Company Secretary

The key role of the Company Secretary is to provide unhindered advice and services for the Directors as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

The Board is supported by a suitably qualified and competent Company Secretary in discharging his/her roles and responsibilities. Every Board member has ready and unrestricted access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary also ensures compliance of Listing Requirements and related statutory obligations and procedures are followed and any deviation minimized.

The Company Secretary organizes and attends all Board and Board Committee meetings. All pertinent issues discussed at Board and Board Committee meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings and are signed by the Chairman of the meeting and maintained in the statutory register at the registered office of the Company. He / She keeps the Board updated on regulatory developments if there is change, either by writing or briefing in the meeting.

*Statement on Corporate Governance (cont'd)***(A) PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (CONTINUED)****IV. Code of Best Practice for Directors**

The Board continues to adhere to the Code of Best Practice for Directors which sets out the standard of conduct expected of Directors with the aim to cultivate good ethical conduct that in turn promotes the values of transparency, integrity, accountability and social responsibility.

(B) PRINCIPLE 2 - STENGTHEN COMPOSITION OF THE BOARD**1.1 Board Evaluation**

The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with management and stakeholders and board engagement.

There is diversity among the Board, as it comprises of members from various professions and specialization in various fields including property development, management, marketing, administration, finance and accounting. This well-balanced pool of expertise contributes towards making the Board effective and competent in discharging their duties and responsibilities which, amongst others, include the following :

- Review the adequacy of the internal control systems
- Establish goals for management and monitor the achievement of these goals
- Approve financial results and declare/recommend dividends
- Review new investment and business ventures
- Approve annual budgets and capital expenditures
- Review and approve long and medium term strategic plans
- Approve the appointment and remuneration of Directors and Senior management staff

The roles and functions of the Board including the executive and non-executive Directors are clearly defined in the Board Charter which regulates how business is to be conducted by the Board in accordance with the principles of good Corporate Governance.

The Board acknowledges the recommendation of the Malaysian Code of Corporate Governance 2012 on the establishment of a gender diversity policy for the Board. There is no plan by the Board to implement a gender diversity policy or target, as the Group adheres to the practice of non-discrimination of any form, whether based on age, gender, race or religion, throughout the Group. This includes the selection of Board members. The Company believes in, and provides equal opportunity to candidates with merit. The Group is of the view that the suitability of a candidate for the Board is dependent on the candidate's skills, expertise, experience, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender.

1.2 Board balance

The Board currently has five (5) members, comprising :

- 1 Chairman , who is an Independent Non-Executive Director
- 2 Executive Directors, and
- 2 other Independent Non-Executive Directors,

Statement on Corporate Governance (cont'd)

(B) PRINCIPLE 2 - STENGTHEN COMPOSITION OF THE BOARD (CONTINUED)

1.2 Board balance (Continued)

which fulfill the prescribed requirement for a minimum of 2 directors or 1/3 of the Board to be independent as stated in Chapter 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as well as the requirement for a director who is a member of the Malaysian Institute of Accountants to sit in the Audit Committee. A brief profile of each of the Directors is also presented in this Annual Report.

The current composition of the Board is considered fairly balanced to complement itself in providing the industry-specific knowledge, technical and commercial experience. This balance enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to various aspects of the Company's strategies and performance.

The Independent Directors play an important role in ensuring impartiality of the Board's deliberations and decision-making process. The presence of Independent Directors fulfills a pivotal role in corporate governance accountability, as they provide unbiased and independent views and advice in ensuring that the strategies proposed by the executive members of the Board and management are fully deliberated and examined in the long-term interests of the Group, as well as the shareholders, employees, customers, business associates and the community as a whole.

1.3 Appointment to the Board

The procedures for appointments to the Board are formal and transparent.

Candidates for appointment to the Board as Independent Non Executive-Directors are selected after taking into consideration the mix of skills, experience and strength that would be relevant for the effective discharge of the Board's responsibilities. Potential candidates are evaluated based on their respective profiles as well as their character, integrity, professionalism, independence and also their ability to commit sufficient time and energy to the Company's matters.

1.4 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.

In addition, the Directors were also briefed by the Company Secretary from time to time on updates and changes of statutory requirements such as amendments to Main Market Listing Requirements.

1.5 Re-election of Directors

The Company's Constitution provides that Directors newly appointed by the Board shall hold office until the next following Annual General Meeting ("AGM") and shall be eligible for re-election.

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

Statement on Corporate Governance (cont'd)

(B) PRINCIPLE 2 - STENGTHEN COMPOSITION OF THE BOARD (CONTINUED)

1.5 Re-election of Directors (Continued)

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who become Directors on the same day those to retire(unless they otherwise agree among themselves) shall be determined by lot.

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.

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

2. DIRECTOR'S REMUNERATION

The current remuneration of the Non-Executive Directors at Group level is based on a standard fee determined by the Board that reflects their expected roles and responsibilities and is subject to the approval of shareholders at the AGM. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company.

The remuneration of the Directors categorized into appropriate components for the Financial Year ended 31 January 2017 are as follows :

Category	EDs RM	Non-EDs RM	Total RM
Fees	96,000	150,000	246,000
Salaries	169,800	–	169,800
Incentives	16,599	–	16,599
Total	282,399	150,000	432,399

The number of Directors whose total remuneration falls within the following bands for the financial year ended 31 January 2017 are as follows :

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	1	3
RM50,001 to RM100,000	–	–
RM100,001 to RM200,000	1	–
RM200,001 to RM300,000	–	–

Statement on Corporate Governance (cont'd)

(C) PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The Board is mindful on the importance of independence and objectivity in its decision making process which is in line with the Malaysian Code of Corporate Governance (MCCG) 2012.

The Board delegates to the Chairman who is supported by the Executive Management team, implements the Company's strategic plan, policies and decision adopted by the Board to achieve the Group's objective of creating long-term value for its shareholders through excelling in customer service and providing sustainable community, reputation and environment impact.

The Company's Independent Directors are required to be independent of management and free of any business or other relationship that could materially interfere with the exercise of unfettered and independent judgment taking into account the interest, not only of the Company but also of shareholders, employees, customers and communities in which the Company conducts business.

Any Director who considers that he/she has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company, is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

During the financial year under review, the Board assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Main Market Listing Requirement(MMLR) of Bursa Malaysia Securities Berhad.

The Board is aware of the recommended tenure of an Independent Director which should not exceed a cumulative term of nine(9) years as recommended by MCCG 2012 and that an Independent Director may continue to serve the Board if the Independent Directors is re-designated as a Non-Independent Non-Executive Director upon completion of nine(9) years tenure.

Furthermore, the Board must justify the decision and seek shareholders' approval at general meeting if the Board intends to retain the Director as Independent after the respective Independent Director has served a cumulative term of nine (9) years.

The Board further wishes to highlight that in accordance with the Company's Constitution, all the Directors are subject to retirement at the AGM every year.

(D) PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board endeavours to meet at least four(4) times a year, at quarterly intervals which are scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. All Board meetings are furnished with proper agenda with due notice issued and board papers and reports are prepared by the Management to provide updates on financial, operational, legal and circulated prior to the meetings to all Directors with sufficient time to review them for effective discussions and decision making during the meetings.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries.

It is the Board's policy for Directors to notify the Chairman before accepting any new directorship notwithstanding that the MMLR allows a Director to sit on the board of five(5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

In order to enable Directors to sustain active participation in board deliberations, the Directors have access to continuing education programmes or trainings. The Director have devoted sufficient time to update their knowledge and enhance their skills through such trainings.

The Directors have also from time to time visited existing stores / outlets and or new sites to familiarize and have a thorough understanding of the Group's operations.

*Statement on Corporate Governance (cont'd)***(E) PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING**

The Board takes responsibility for presenting a balanced and understandable assessment of the Group's operations and prospects each time it releases its quarterly announcements and annual financial statements to shareholders. The Audit Committee reviews the information to be disclosed to ensure its accuracy and adequacy.

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

(a) Financial Reporting

These financial statements are drawn up in accordance with the provisions of the Companies Act 2016, Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards and are reviewed by the Audit Committee prior to approval by the Board. In compliance with statutory requirements, the annual accounts are subjected to audit by an independent external auditor.

(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 Directors acknowledge their responsibility for the Group's system of internal controls, which is designed to identify and manage the risks facing the business in pursuit of its objectives. The system of internal control covers management and financial risks, organizational, operational and compliance controls to safeguard shareholders' investments and the Group's assets. This system, by its nature, can only provide reasonable and not absolute assurance against misstatement or loss.

The Board undertakes ongoing reviews of the key operational and financial risks facing the Group's businesses together with those areas relating to compliance with laws and regulations. The monitoring arrangements in place give reasonable assurance that the structure of controls and operation is appropriate to the Company's and the Group's situation and that there is an acceptable level of risk throughout the Group's businesses.

The state of internal control within the Group and reports of the results are set out in the Statement on Risk Management and Internal Control.

(d) Relationship with the Auditors

The Company through the Audit Committee, has an appropriate and transparent relationship with the external auditors. In the course of the audit of the Group's financial statements, the external auditors will highlight to the Audit Committee, matters that require the Board's attention.

The Audit Committee had on certain meetings and on a separate session, met up with the external auditors without the presence of the Executive Directors and Management during the financial year ended 31 January 2017.

Statement on Corporate Governance (cont'd)

(F) PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

The Board recognizes the importance of a sound risk management framework and internal control system in order to safeguard the Group's assets and therefore, shareholders' investments in the Group.

The Board affirms its overall responsibility for the Group's system of internal controls. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures within an acceptable risk profile. Since certain risks and threats are externally driven, unforeseen and beyond the Group's control, the system can only provide reasonable assurance against misstatement or loss.

The Board had put in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group. The implementation and maintenance of the risk management process is carried out by the Risk Management Committee.

A Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out in page 23 to 27 of this Annual Report.

(G) PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company recognizes the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Company. It has put in place Corporate Disclosure Policies and Procedures to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated in accordance with the Listing Requirements and other applicable laws.

The Company maintains a corporate website at www.borneo-oil.com.my which provides information relating to the Group's background, products, annual reports, press releases, quarterly results and announcements made to Bursa Malaysia Securities Berhad.

(H) PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

It has always been the Group's practice to maintain good relationship with its shareholders. Major corporate developments and activities in the Group have always been duly and promptly announced to all shareholders, in line with Bursa Malaysia Securities Berhad's objectives of ensuring transparency and good corporate governance practices.

At every AGM, the Chairman sets out the Group's performance and major activities that were carried out by the Group during the financial year under review. Shareholders will have the opportunity to enquire and comment on the Group's performance and operations.

The Notice of the AGM is circulated at least twenty-one (21) days before the date of the AGM, if special Resolution required, to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions on any of the resolutions as proposed before putting to vote by way of poll.

The shareholders were informed of their right to demand for a poll. After all resolutions were duly passed and approved, the outcome of the AGM shall be announced to Bursa Malaysia Securities Berhad on the same meeting day.

Statement on Corporate Governance (cont'd)

OTHER 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.

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of proceeds received on their subsequent sale or issuance.

The Company acquired 7,310,000 (2016 : 164,040,000) shares in the Company through purchase from the open market during the financial year. The total amount paid to acquire the shares was RM1,349,786 (2016:RM26,020,693). The average cost paid for the shares repurchased was RM0.1837 (2016: RM0.155) per share, including transaction costs. This was presented as a component within shareholder's equity.

As at 31 January 2017, the Company has 171,350,000 (2016:164,040,000) ordinary shares held as treasury shares.

i. Options, Warrants or Convertible Securities

The Company has not issued any options, warrants or convertible securities during the financial year, other than the granting/exercise of options under the Employees Share Option Scheme as disclosed in the Directors' Report.

The exercise period for the warrants 2008/2018 is ten years commencing from 29 February 2008 and expiring 28 February 2018.

The exercise period for the warrants 2015/2025 is ten years commencing from 9 November 2015 and expiring 8 November 2025.

ii. American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

During the financial year, the Group did not sponsor any ADR or GDR programme.

iii. Non-Audit Fees

The Non-audit fees paid to the External Auditors, STYL Associates, Chartered Accountants (AF 001929) for the financial year ended 31 January 2017 amounted to RM6,000.00.

iv. Profit Guarantees

There were no profit guarantees given by the Group during the financial year ended 31 January 2017.

v. Variance in results

There were no material 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 2017.

vi. Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 January 2017.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. The Board of Directors of Borneo Oil Group is satisfied that to the best of its knowledge, save for the above relevant explanations, the Company has applied the broad principles and recommendations of the Code throughout the financial year ended 31 January 2017. The Company will continue to strengthen its governance practices to safeguard the best interest of its shareholders and stakeholders.

Audit Committee Report

In line with the Malaysian Code of Corporate Governance (“Code”) and in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR”), all three (3) members of the Audit Committee (“AC”) are independent Non-Executive Directors.

MEMBERS

The Audit Committee was established in July 1999 to act as a committee for the Board of Directors.

1. Mr Tan Kok Chor	(Chairman)	(Independent Non Executive Director)
2. Mr Michael Moo Kai Wah	(Member)	(Independent Non Executive Director)
3. Mr Seroop Singh Ramday	(Member)	(Independent Non Executive Director)

MEETINGS

The AC convened six (6) meetings for the financial year ended 31 January 2017. The details of their attendance are as follows:

AC Members		Number of meetings attended
Mr Tan Kok Chor	(Chairman)	6/6
Mr Michael Moo Kai Wah	(Member)	6/6
Mr Seroop Singh Ramday	(Member)	6/6

The AC has met four(4) times with the external auditor without presence of the Executive Board members.

Composition

The AC members are appointed by the Board of Directors(“Board”) from among its members and fulfills the following requirements:

- (a) the AC must be composed of no fewer than 3 members;
- (b) all the AC members must be non-executive directors, with a majority of them being independent directors; and at least one member of the AC;
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and;
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
 - (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

In the event of any vacancy in the AC resulting in the non-compliance of the abovementioned composition, the Board of Directors shall fill the vacancy within three (3) months of that event and can be further extended by another three (3) months. However, in the case of any vacancy of AC Chairman, there is no grace period.

The members of the AC shall elect a chairperson from among their numbers who shall be an independent director.

No alternate director shall be appointed as an Audit Committee member.

Audit Committee Report (cont'd)

Meetings and Quorum

The Committee shall meet at least five (5) times a year. At least four times in a year the AC shall meet the external auditors without executive Board members present.

In addition, the Chairman may call a meeting of the Committee if requested to do so by any committee member, internal auditors or external auditors.

Two (2) members, who shall be independent and non-executive directors, shall constitute a quorum for meetings.

The Chief Financial Officer and the Head of Internal Audit shall normally attend meetings. The presence of external auditor or his representative may be requested, if required. Other Board members, employees and external independent professional advisers may attend meetings upon the invitation of the AC.

The Company Secretary shall act as secretary of the AC and shall be responsible for drawing up the agenda with the concurrence of the chairperson and circulating it, supported by relevant documentation to Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the AC, and circulating them to the AC members and the Board.

Authority

The AC, wherever necessary and reasonable for the performance of its duties, has the following authority as empowered by the Board:

- (a) have authority to investigate any activities within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company or group;
- (d) have direct communication channels with the external auditors and persons carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary;

Duties and Responsibilities

The responsibilities and duties of the Audit Committee shall be to review with :-

1. External Auditors

- i. To consider the appointment of the external auditors, the audit fee and any question in relation to resignation or dismissal of the external auditors before making recommendation to the Board.
- ii. To review and discuss with the 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. To discuss issues, problems and reservations arising from the interim and final audit, and any matter the auditors may wish to discuss and ;

Audit Committee Report (cont'd)

Duties and Responsibilities (Continued)

The responsibilities and duties of the Audit Committee shall be to review with :- (Continued)

1. External Auditors (Continued)

- iv. To review external auditors' audit plans, scope of their audits, the audit reports- management letters, major findings and management's responses thereof, and their evaluation of the Group's risk management and internal control system.
- v. To review the quarterly and annual financial statements of the Company and the Group for recommendation to the Board of Directors for approval, focusing particularly on :
 - Changes in or implementation of new accounting policies and practices;
 - Significant adjustments arising from the audit;
 - The going concern assumption; and
 - Compliance with the applicable approved accounting standards and other legal and regulatory requirements.

2. Internal auditors

- i. To review the adequacy of the scope, functions, competency and resources of the internal auditors, and that it has the necessary authority to carry out its work ;
- ii. To Review the internal audit programme, consider the major findings of internal audits and Management's responses, and ensure coordination between the internal and external auditors.
- iii. To review the audit reports.
- iv. To direct and where appropriate supervise any special project or investigation considered necessary.
- v. To prepare periodic reports to the Board summarizing the work performed in fulfilling the Audit Committee's primary responsibilities.
- vi. To determine the remit of internal audit function which reports directly to the Audit Committee. The internal audit function should be independent of the activities they audit and should be performed with impartiality, proficiency and due professional care.
- vii. Any other functions as may be agreed to by the Audit Committee and the Board of Directors, or as may be required or empowered by statutory legislation or guidelines issued by the relevant governing authorities.

Functions of the Audit Committee

The AC shall, amongst others, discharge the following functions:

- 1. Review the following and report the same to the Board;
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees to the external auditor;

Audit Committee Report (cont'd)

Functions of the Audit Committee (Continued)

The AC shall, amongst others, discharge the following functions (Continued):

1. Review the following and report the same to the Board (Continued);
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - significant and unusual event or transactions;
 - significant judgement made by the management;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors; and
 - (j) whether there is reason (supported by grounds) to believe that the company's external auditor is not suitable for re-appointment; and
2. Recommend the nomination of a person or persons as external auditors, and review the audit fees.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE YEAR

The Audit Committee has discharged the following functions and duties during the financial year ended 31 January 2017:

- Reviewed the quarterly financial result announcements, highlighted issues where appropriate and recommended to the Board for approval;
- Reviewed the Group's annual audited financial statements and recommended to the Board for approval;
- Reviewed the external auditors' scope of work, proposed audit fees and audit plan for the year;
- Reviewed the external auditors' report and their audit findings;
- Assessed the Group's financial performance;
- Reviewed related party transactions within the Group;
- Reviewed and deliberated on issues raised in the audit reports by internal auditors in relation to weaknesses and recommendations in internal controls and management responses thereto;
- Reviewed its roles, functions and responsibilities to conform with any amendments to the MMLR of Bursa Malaysia Securities Berhad and the Code; and
- Reviewed the Risk Management Units' Reports.

Audit Committee Report (cont'd)

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT

The Board recognized the importance of the internal audit function and the independent status required for it to carry out its functions effectively:

- The firm has conducted ongoing review of the adequacy and effectiveness of the system of internal control based on the annual audit plan. The audit conducted including reviewing the extent of compliance with the established internal policies and procedures governing the operations of the Group. In undertaking each of the audit assignment, the internal auditor reviewed the risk management procedures with emphasis on major risk areas, performed relevant compliance and substantive audit procedures and reported his findings, recommendations and the response from the management to the Audit Committee in their quarterly reports.
- The internal auditor has, where necessary follow up on the implementation and satisfactory dispositions of all audit findings and recommendations on all previous audits. Some internal weaknesses were identified during the financial year under review, all of which has been or are being addressed by the management.
- The internal auditor has constantly demonstrated the value of internal audit and the Audit Committee is aware of the skills and experience the internal audit function has and has suggested ways that it could add value to the Management as well as providing assurance to the audit committee.

The total costs incurred for the internal audit function for the Group for the financial year ended 31 January 2017 amounted to RM86,000.00.

Statement on Risk Management and Internal Control

The Board's Responsibilities

The Board of Directors of Borneo Oil Berhad ("the Board") is fully committed in discharging its responsibilities by establishing a sound system of risk management and internal control to safeguard the Group's assets and to enhance shareholders' investment, as well as reviewing its adequacy and effectiveness of the said system.

The Board reviews the risk management process on a regular basis in identifying, evaluating and managing significant risks with the intention to effectively mitigating the risks that may impede the achievement of the Group of companies' business and corporate objectives.

The duty of reviewing the adequacy and effectiveness of the internal control system has been assigned to the Audit Committee ("AC"), to seek assurance on the adequacy and effectiveness of the internal control system through reports it receives from independent reviews conducted by the External Auditors.

The risk management and internal control system is designed to manage rather than eliminate the significant business risks, hence it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

The Risk Management Process

The Group recognizes that risk represents an integral part of its business activities. Key Management staff and Heads of Department are delegated with the responsibility to manage identified principle risks within defined parameters and standards. Regular Management and operational meetings are held to deliberate key risks and the appropriate mitigating controls. Significant risks affecting the Group's strategic and business plans are tabled to the Board at their scheduled meetings. This on-going process is undertaken at all the major subsidiaries of the Group. As well as collectively at the Group level.

The Board is responsible for overseeing the on-going process to identify, evaluate and manage significant risks for the year under review. In compliance with the Guidelines for Directors of Listed Issuers which was issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board shall re-evaluate the Group's existing risk management process to ensure it is appropriate for the Group's requirements.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and has put in place a structured risk management framework which includes the following key elements :

- Guiding principles of the risk management framework ;
- Approach to risk management;
- Approach in reviewing and monitoring significant risks;
- Regular review of the effectiveness of internal controls.

Statement on Risk Management and Internal Control (cont'd)

1. Risk Management

a. Roles and Responsibilities

The Group adopts a decentralized approach to risk management, whereby all employees take ownership and accountability for risks at their respective levels. The process of risk management and treatment is the responsibilities of the Heads of Department.

A working group, comprising of key personnels from all departments provides risk management support to the top management for the Group as a whole. The role of the working group includes reporting on an annual basis, the status of the risk mitigation actions, new risks identified and risk that have been changed characteristics together with the corresponding controls. This report is submitted annually to the Internal Audit Committee for their oversight role on risk management and the Internal Audit Committee reports to the Board on any significant changes in the business and external environment which affect key risks.

The Finance Manager has provided the Board the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

The Board is primarily responsible for strategic risks management while the responsibility to address all risks associated with the business operations rests with the top senior management.

b. Risk Identification and Assessment

Any emerging new risks will be identified and followed up with the implementation of the control action plans.

The Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of the Group's business objectives. It also sets out the level of risk tolerance and limits to govern, manage and control the Group's risk taking activities. The management has been given a clear line of accountability and the delegated authorities have been established as part of internal control efforts through standard operating procedures.

There was no significant change in the database of risks and corresponding controls during the financial year ended 31 January 2017.

2. Internal Control Function

The framework and an internal control systems as integrated in the Group's operations and working culture are applied continuously throughout the year, to determine, evaluate and manage the significant risks of the Group. Hence, any significant risk arising from factors within the Group and from changes in business environment can be addressed on a timely basis. The risk management process is regularly reviewed with updating the system of internal controls when there are changes to the business environment or regulatory guidelines by the Board via the Audit Committee and in accordance with the Guidelines

a. The Internal Control Process

The key aspects of the internal control process are :

- The Board and the AC meet at least every quarter to discuss matters raised by Management, Internal Audit and the external auditors on business and operational matters including potential risks and control issues.
- The Board has delegated the responsibilities to relevant committees established by the Board to implement and monitor the Board's policies on control.

Statement on Risk Management and Internal Control (cont'd)

2. Internal Control Function (Continued)

a. The Internal Control Process (Continued)

The key aspects of the internal control process are : (Continued)

- Internal procedures and policies are documented in manuals, which are regularly reviewed and updated to meet changing business, operational requirements and statutory reporting needs.
- Performance and cash flow meetings are conducted on a monthly basis to facilitate review and monitoring of the financial performance and cash flow position.
- Regular visits are made to operating units by members of the Board and senior management.

The key elements of the Group's internal control system that is considered as an integral part of the assurance framework are described as follows :

- **Organizational Structure**

The Board has put in place an organizational structure with formally defined lines of responsibility and delegation of authority for the Board, Committees of the Board and the executive management of the Group's operating units.

The Board and Committees' meetings are held periodically on a scheduled basis to review the performance of the Group on financial and operational perspective, and to carry out their fiduciary duties and responsibilities. Potential business strategies are proposed by the Directors for the Board's review and approval.

- **Audit Committee**

The Audit Committee is responsible for monitoring, overseeing and evaluating the duties and responsibilities of the Internal and External Auditors as those duties and responsibilities relate to the organization's processes for controlling its operations. The Audit Committee also provide an oversight role in the risk management of the Group.

The Audit Committee meets quarterly to review the quarterly results, internal and external audit findings, discuss risk management plans and ensures weaknesses in controls highlighted are appropriately addressed by the management.

- **Internal Audit**

The Internal Audit Department review and assess the significant risks and the adequacy and effectiveness of the risk management and internal control system of the Group. Where any significant weaknesses were identified, the Internal Audit Department, together with input from the Management, would recommend measures to improve the risk management and internal control accordingly.

As part of the ongoing process, the Internal Auditor has conducted detailed risk audits on the following areas as identified in the approved audit plan:

- (a) Review of business planning and strategic Management,
- (b) Review of credit assessment , granting of credit limits and terms,
- (c) Policies and procedures review on inventories management,
- (d) Review of sales and marketing strategies and development,
- (e) Review of cash sales monitoring recoverability,
- (f) Review of human resource management, and
- (g) Policies and procedures review on production planning and monitoring.

Statement on Risk Management and Internal Control (cont'd)

2. Internal Control Function (Continued)

a. The Internal Control Process (Continued)

The key elements of the Group's internal control system that is considered as an integral part of the assurance framework are described as follows : (Continued)

- **Policies and Procedures**

Policies and procedures regulating financial and operating activities are documented in Employee handbook manuals as the key framework for good internal control practices. These manuals are subject to regular reviews and updates to reflect the changing business risks and to resolve operational deficiencies, if any. The employees of the Group are aware of the objectives of the risk management and the need for the various checks and balances put in place as mentioned in the manual to achieve effective internal control.

b. Monitoring Process

- **Authority Levels**

The Board clearly defines delegated authority levels for revenue and capital expenditure. The approval of capital and revenue proposals exceeding authorized limits requires decision by the Board. Comprehensive appraisal procedures apply to all major investment decisions.

- **Financial Performance**

Interim financial results, annual budgets and forecasts are reviewed and approved by the Audit Committee, then final approval from the Board before released to Bursa Malaysia Securities Berhad. The variance between actual and budgeted results is analysed for effective management actions thereafter, and presented to the Audit Committee and the Board .

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.

- **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.

- **Accountability and Reporting**

The Group has a clear line of accountability, approval and reporting procedures taking into consideration segregation of duties and other control procedures. These procedures are communicated throughout the Group.

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 Risk Management and Internal Control (cont'd)

2. Internal Control Function (Continued)

b. Monitoring Process (Continued)

- **Accountability and Reporting (Continued)**

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.

Review of the Statement by External Auditors

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 31 January 2017 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy, integrity and effectiveness of the system of risk management and internal control .

The Board's Conclusion

The system of risk management and internal controls comprising the respective framework, management and monitoring processes as described in this Statement are considered appropriate. Based on inquiry, information and assurances provided by the Group, the Board is satisfied that the system of risk management and internal controls for the year under review was generally satisfactory. Measures are in placed and continually being taken to ensure the ongoing adequacy and effectiveness of internal controls to safeguard the Group's assets and shareholders' investment.

There were no material losses that have arisen from any inadequacy or failure of the Group's internal control system which requires additional disclosure in the financial statements. 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.

The Board of Directors of Borneo Oil Berhad

Date : 18 May 2017

Statement on Corporate Social Responsibility (CSR)

The Group strives to be beyond Corporate Social Responsibility (CSR) and integrate sustainability in everything that we do. We believe that firm commitment to the CSR form the foundation of good corporate citizenship and upholds the utmost level of corporate governance.

We endeavor to manage our business in a socially responsible manner that align to our Group's business strategy. Apart from looking into the interest of our stakeholders, customers, investors, employees and suppliers, we also pay attention in creating a favourable influence on the larger community.

The Board of Directors acknowledges that Corporate Social Responsibility ("CSR") is the basis for building positive relationship towards the community, environment, its employees, customers, suppliers, shareholders and other stakeholders. Therefore, the continuance practice of CSR activities is strongly encouraged to ensure that people within and outside the Group benefited from the existence of the organization.

At present, the Group continues to focus on improving the health and safety as well as welfare of the employees and workers within the organization. In pursuit of its corporate objective, the Group is committed to conduct its business in an economical, social and environmental sustainable manner. The Group practices CSR as an integral part of its business operations.

Some of the Corporate Social Responsibility initiatives undertaken by the Group are as follows :

THE WORKPLACE

The Directors believe that dedicated and competent workforce is the key to successful business operations of the Group. Therefore, the Directors value and care for all aspects of their well being and will continue to invest in human resource developments to ensure proper trainings are given to the employees to further enhance their skills and knowledge.

(a) Safer workplace

The Directors are committed to provide a safe, healthy and quality working environment for the employees and customers and to minimize any preventable accidents and health hazards that may occur in any of the business premises.

The health and safety Committee has raised awareness of occupational health and safety issues and to foster culture of safety within the organization.

Safety talks were conducted by experienced staff to create awareness on the importance of personal safety and hygiene. Staff are also provided with the opportunity of attending safety training courses to further enhance their knowledge on health and safety at the workplace.

(b) Human resource development

The Directors also ensure there are growth, development and progression opportunities for the employees through in-house training, seminar, workshops and talks. This will equip them with the latest job-related updates and learning.

The Company also provide the opportunity of department rotation to the employees where they are able to expand their knowledge, experience and expertise in various job scopes.

(c) Educational assistance and financial aids

The Directors are committed in providing educational opportunities to the employees. Financial aids have been provided to the employees to support their quest for a loan during emergencies and to assist the less privileged.

Statement on Corporate Social Responsibility (CSR) (cont'd)

(d) Employees' welfare

In appreciation of the employees' loyalty, valuable support and commitments to the Company, Long Service awards were presented to staffs who has work for more than 10 years with the Company.

Regular training, seminar, in-house trainings in various relevant fields were being conducted to enhance the employees' technical competency, productivity, leadership and management qualities.

Organize occasions for regular meet-ups between management and staff to foster better working relationships.

Regular gathering events are being organized by the event committee to celebrate festive seasons of each race and promote harmonize work environment in the Company.

(e) Healthy Lifestyle

In order to encourage the employees to adopt a healthy lifestyle , the Company has also subsidized and sponsor special goodies , food vouchers and prizes for certain events held.

THE COMMUNITY

The Group recognizes the importance of adhering to the environment and social needs of the community and will take proactive action in relation to our CSR activities.

The Directors are committed to provide continuous support to various activities as carried out by the charitable organizations throughout Malaysia through sponsorship of food vouchers or pack meals and advertisement in magazine or mass media.

THE ENVIRONMENT

The Directors are also committed to seek in the operation's continuous improvements to minimize any negative impact on the environment. They are to ensure that the business activities are conducted in compliance with approved applicable environmental rules and regulations.

The Directors recognizes the importance of environment in which the business is operated on and have placed their best effort in making it an environmental friendly place to work on.

(i) Save Energy

Employees are encouraged to switch off non-essential electrical machinery, equipment and appliance when not in use.

(ii) Save trees

The Company has invested on the information technology system to reduce the usage of paper in the daily operations and to practice recycling paper waste.

(iii) Recycle of waste

Waste materials were recycled back to production if they are reusable , otherwise it would be sold to scrap collectors who might be able to use them.

Statement on Corporate Social Responsibility (CSR) (cont'd)

THE MARKETPLACE

As part of its on-going efforts of enhancing relationship between the Group and its suppliers, customers and other stakeholders, programs for interaction and networking are organized on a regular basis. The Group continuously cultivate a transparent and open relationship with its multiple stakeholders.

It is the Group's aim to provide quality products with reasonable price to the customers. The Directors believe in maintaining a high level of transparency in dealing with all stakeholders including shareholders, regulatory authorities, business partners, bankers, suppliers and local communities via various communication channels such as regular meeting, timely disclosure to Bursa Malaysia Securities Berhad, annual general meeting and annual report.

The Group will continue with its efforts to enhance its shareholders value by way of engaging in ethical procurement procedures, enhancing good management practices, internal control systems, promoting information sharing and transparency, emphasizing on corporate accountability, corporate governance, reputation, business trust and integrity.

Statement of Director's Responsibility

in respect of the audited financial statements

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are legally responsible to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements of the Group and of the Company for the financial year ended 31 January 2017 as contained in this Annual Report, the Directors ensured that :-

- they complied with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and Companies Act 2016 ("the Act");
- appropriate approved accounting standards and policies are used and applied consistently;
- the going concern basis used in preparation of the financial statements are appropriate; and
- where judgements and estimates are made, they are reasonable and prudent.

The Directors are responsible to ensure that proper accounting records are kept and disclosed with reasonable accuracy the financial position of the Group and of the Company and to ensure that the financial statements comply with MFRS, IFRS, the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors have a general overall responsibilities for taking such steps which are available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities

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Directors' Report

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2017.

PRINCIPAL ACTIVITIES

The Company's principal activities are investment holding and provision of corporate and management services to the Group. The principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit/(loss) for the financial year	46,446,065	(185,511)
Other comprehensive loss, net of tax	17,858	–
Total comprehensive income/(deficit) for the financial year	46,463,923	(185,511)
Attributable to:-		
Owners of the parent	46,463,923	(185,511)
Non-controlling interests	–	–
Total comprehensive income/(deficit) for the financial year	46,463,923	(185,511)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 January 2017.

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.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

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

Directors' Report (cont'd)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors, no contingent liabilities or other liabilities of the Group and of the Company have become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due, other than as disclosed in the financial statements.

CHANGE OF CIRCUMSTANCES

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 of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and fully paid up share capital from RM296,180,112/- to RM302,880,112/- by way of issuance of 67,000,000 ordinary shares of RM0.10 each via exercise of Employee Share Options Scheme at an exercise price of RM0.13 per share.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares in the Company. There were no other issues of shares and debentures during the financial year.

*Directors' Report (cont'd)***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 February 2012 and will 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 their issuance for the year ended 31 January 2017 are disclosed in Note 19(b) to the financial statements.

WARRANT B (WARRANT 2008/2018)

The Company's issuance of 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 of the warrants B was 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. On 18 January 2008, the exercise price was RM1.00. It was adjusted to RM0.10 on 24 September 2014 upon the implementation of the Par Value Reduction.

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. The movement of the warrant B (warrant 2008/2018) is as follows:

	Company	
	2017 RM	2016 RM
At 1 February	9,632,535	31,199,434
Warrants exercised during the financial year	–	(21,566,899)
Additional warrants issued during the financial year (after adjustment on Rights Issue)	28,673,787	–
At 31 January	38,306,322	9,632,535

WARRANT C (WARRANT 2015/2025)

The Company's issuance of new warrants via a Renounceable Rights Issue of 2,315,152,386 new ordinary shares of RM0.10 each on the basis of one (1) new warrant for every two (2) right issues subscribed were listed on the Bursa Malaysia Securities Berhad on 17 November 2015.

The issue date for 1,157,576,189 warrant C was 9 November 2015. The warrants will expire on 8 November 2025. The exercise period for the warrants 2015/2025 is ten (10) years commencing from and inclusive of the date of issue of the Warrants 2015/2025. Warrants 2015/2025 which are not exercised during the exercise period shall thereafter lapse and cease to be valid. The movement of the warrant C (warrant 2015/2025) is as follows:

	Company	
	2017 RM	2016 RM
At 1 February	1,157,576,189	–
Warrants exercised during the financial year (after adjustment on Rights Issue)	–	1,157,576,189
At 31 January	1,157,576,189	1,157,576,189

Directors' Report (cont'd)

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of report are:

TAN KOK CHOR
TEO KIEW LEONG
CHAN KENG LEONG
MICHAEL MOO KAI WAH
SEROOP SINGH RAMDAY

DIRECTORS' INTERESTS

None of the current directors had any interest in the shares and warrants of the Company at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefit shown under directors' remuneration) 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.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Group and the Company during the financial year are disclosed in Note 29 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

AUDITORS' REMUNERATIONS

Total amounts paid or receivable by the auditors as remunerations for their statutory audit services is disclosed in Note 28 to the financial statements.

SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

Directors' Report (cont'd)

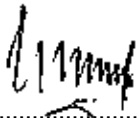
SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

Details of the significant events during and after the financial year are disclosed in Note 40 to the financial statements.

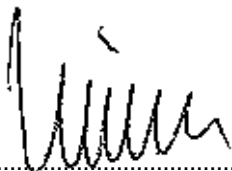
AUDITORS

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

Signed on behalf of the Board of Directors,



.....
MICHAEL MOO KAI WAH
Director



.....
TEO KIEW LEONG
Director

Kota Kinabalu

Date: 26 May 2017

Statement by Directors

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

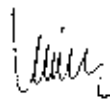
We, **MICHAEL MOO KAI WAH** and **TEO KIEW LEONG**, being two of the directors of **BORNEO OIL BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 44 to 119 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 January 2017 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 119 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors,



MICHAEL MOO KAI WAH
Director



TEO KIEW LEONG
Director

Kota Kinabalu

Date: 26 May 2017

Statutory Declaration

(Pursuant to Section 251(1)(b) of the Companies Act, 2016 in Malaysia)

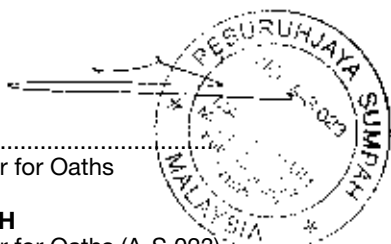
I, **MICHAEL MOO KAI WAH**, being the director primarily responsible for the financial management of **BORNEO OIL BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 44 to 119, and the supplementary information set out on page 119 are 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.



MICHAEL MOO KAI WAH

Subscribed and solemnly declared by the abovenamed at Kota Kinabalu in the state of Sabah on 26 May 2017.

Before me,



Commissioner for Oaths

MAIL B. AYUH
Commissioner for Oaths (A-S 023)
Kota Kinabalu

Independent Auditors' Report

To the Members of Borneo Oil Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **BORNEO OIL BERHAD**, which comprise the statements of financial position as at 31 January 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 44 to 119.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (Continued)

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditors' Report

To the Members of Borneo Oil Berhad (Incorporated in Malaysia) (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of investment properties</p> <p>As at 31 January 2017, the carrying amount of the Group's investment properties amounted to RM271,083,881/-. Management has estimated the fair value of the Group's investment properties with a revaluation gain of RM52,700,319/- recorded in the statements of comprehensive income for the financial year ended 31 January 2017.</p> <p>Independent external valuations had been obtained to support management's estimates. The valuations are dependent on certain key assumptions that require significant management judgement including market approaches based on comparison valuation method.</p> <p>We focused on these areas due to:</p> <p>(i) the significance of the investment properties of RM271,083,881/- recognised in the financial statements of the Group and revaluation gain of RM52,700,319/- recorded in the statements of comprehensive income; and</p> <p>(ii) the level of the subjectivity associated with the assumptions used in estimating the fair value of the investment properties.</p> <p>Refer to summary of significant accounting policies in Note 2.4(c), significant accounting estimates and judgment in Note 2.5(b)(vii) and the disclosure of investment properties in Note 4 to the financial statements.</p>	<p>Our audit procedures in relation to the management's valuations of investment properties included:-</p> <ul style="list-style-type: none"> - evaluation of the independent external valuers' competence, capabilities and objectivity; - assessing the methodologies used and the appropriateness of the key assumptions; - checked, on a sample basis, the accuracy and relevance of the input data used; and - reviewed management's sensitivity and stress testing analysis and tested independently those assumptions to which the outcome of the fair value is most sensitive.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises Director's Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and Statement on Corporate Governance, Report on Audit Committee, Statement on Corporate Social Responsibility, Statement on Director's Responsibilities and Other Sections of the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Independent Auditors' Report

To the Members of Borneo Oil Berhad (Incorporated in Malaysia) (cont'd)

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report

To the Members of Borneo Oil Berhad (Incorporated in Malaysia) (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

*Independent Auditors' Report
To the Members of Borneo Oil Berhad (Incorporated in Malaysia) (cont'd)*

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in page 119 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 the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.



STYL ASSOCIATES
No. AF 001929
Chartered Accountants



SI CHAY BENG
No. 1200/08/2018(J)
Chartered Accountant

Petaling Jaya

Date: 26 May 2017

Statements of Financial Position

as at 31 January 2017

		Group		Company	
	Note	2017 RM	2016 RM Restated	2017 RM	2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	194,141,317	100,681,910	13,172,375	14,302,240
Investment properties	4	271,783,881	190,767,078	–	–
Investment in subsidiaries	5	–	–	70,000,007	30,000,001
Other investments	6	64,001	4,034,955	64,000	64,000
Prepaid lease payments	7	–	10,043,589	–	–
Development expenditure	8	2,279,731	12,324,882	–	–
Exploration expenditure	9	27,336,637	–	–	–
Intangible assets	10	14,000,000	14,000,000	–	–
Total non-current assets		509,605,567	331,852,414	83,236,382	44,366,241
Current assets					
Inventories	11	14,267,821	20,375,194	–	–
Trade receivables	12	3,345,135	4,608,342	6,360	3,180
Other receivables	13	14,450,793	108,975,020	682,349	94,590,459
Gold spot contracts	14	227,896,852	72,003,985	–	–
Tax recoverable		273,915	554,184	472,085	327,086
Amount owing by subsidiaries	15	–	–	418,998,150	317,087,749
Fixed deposits with licensed banks	16	4,040,139	164,944,082	3,383,245	164,902,407
Cash and bank balances	17	42,706,467	19,168,559	31,199,437	1,781,717
Total current assets		306,981,122	390,629,366	454,741,626	578,692,598
TOTAL ASSETS		816,586,689	722,481,780	537,978,008	623,058,839
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	302,880,112	296,180,112	302,880,112	296,180,112
Reserves	19	149,382,390	148,704,318	149,421,850	148,761,636
Retained earnings		139,515,082	93,069,017	79,609,295	79,794,806
Shareholders' funds		591,777,584	537,953,447	531,911,257	524,736,554
TOTAL EQUITY		591,777,584	537,953,447	531,911,257	524,736,554

Statements of Financial Position (cont'd)

		Group		Company	
	Note	2017 RM	2016 RM Restated	2017 RM	2016 RM
Non-current liabilities					
Loans and borrowings	21	659,265	94,583,360	–	94,583,360
Deferred tax liabilities	24	2,983,816	1,147,300	–	–
Total non-current liabilities		3,643,081	95,730,660	–	94,583,360
Current liabilities					
Trade payables	25	7,132,365	12,975,245	–	–
Other payables	26	213,424,148	74,763,805	852,997	869,846
Amount owing to subsidiaries	15	–	–	5,213,754	2,869,079
Loans and borrowings	21	609,511	811,083	–	–
Tax payables		–	247,540	–	–
Total current liabilities		221,166,024	88,797,673	6,066,751	3,738,925
Total liabilities		224,809,105	184,528,333	6,066,751	98,322,285
TOTAL EQUITY AND LIABILITIES		816,586,689	722,481,780	537,978,008	623,058,839

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income

for the Financial Year Ended 31 January 2017

		Group		Company	
	Note	2017 RM	2016 RM Restated	2017 RM	2016 RM
Revenue	27	160,826,213	121,096,692	1,356,000	1,566,000
Cost of sales		(139,598,700)	(91,236,825)	–	–
Gross Profit		21,227,513	29,859,867	1,356,000	1,566,000
Other income		65,806,170	7,822,271	5,134,692	4,266,187
Net gain from gold spot contracts		17,182,899	1,106,940	–	–
Administrative expenses		(52,955,302)	(24,964,778)	(4,075,675)	(4,191,188)
Operating Profit	28	51,261,280	13,824,300	2,415,017	1,640,999
Finance costs	30	(2,608,598)	(1,433,059)	(2,600,528)	(943,404)
Profit/(Loss) Before Taxation		48,652,682	12,391,241	(185,511)	697,595
Taxation	31	(2,206,617)	(935,215)	–	172,000
Profit/(Loss) for the Financial Year		46,446,065	11,456,026	(185,511)	869,595
Other Comprehensive Income/ (Deficit) for the Financial Year:-					
Foreign currency translation		17,858	(11,857)	–	–
Total Comprehensive Income/ (Deficit) for the Financial Year		46,463,923	11,444,169	(185,511)	869,595
Profit/(Loss) attributable to:-					
Owners of the parent		46,446,065	11,456,026	(185,511)	869,595
Total Comprehensive Income/ (Deficit) attributable to:-					
Owners of the parent		46,463,923	11,444,169	(185,511)	869,595
Basic earning per share (sen)	32	1.55	0.97		
Diluted earning per share (sen)	32	1.55	0.97		

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

for the Financial Year ended 31 January 2017

Group	Attributable to Owners of the Company						Distributable	
	Non-distributable						Retained Earnings	Total Equity
	Share Capital	Share Premium	ESOS Reserve	Warrants Reserve	Capital Reserve	Treasury Shares	Foreign Exchange Reserve	RM
Balance at 1 February 2015	35,129,183	73,269,421	43,955	1,559,972	172,472,367	(485,630)	(60,461)	284,616,587
Total comprehensive income for the financial year:-								
Profit for the financial year	-	-	-	-	-	-	-	11,456,026
Other comprehensive deficit for the financial year	-	-	-	-	-	-	(11,857)	(11,857)
Total comprehensive income	-	-	-	-	-	-	(11,857)	11,444,169
Transactions with owners:-								
Issuance of shares by way of ESOS	27,379,000	14,388,700	-	-	-	-	-	41,767,700
Acquisition of treasury shares	-	-	-	-	-	(26,020,693)	-	(26,020,693)
Disposal of treasury shares	-	116,486	-	-	-	485,630	-	602,116
Issuance of warrant C	-	-	-	93,532,156	-	-	-	(93,532,156)
Exercised of warrants	2,156,690	1,078,345	-	(1,078,345)	-	-	-	2,156,690
Rights issue	231,515,239	(8,128,361)	-	-	-	-	-	223,386,878
Reclassification	-	-	-	-	(172,457,367)	-	-	172,457,367
Total transactions with owners	261,050,929	7,455,170	-	92,453,811	(172,457,367)	(25,535,063)	-	241,892,691
Balance at 31 January 2016	296,180,112	80,724,591	43,955	94,013,783	15,000	(26,020,693)	(72,318)	537,953,447

Statements of Changes in Equity (cont'd)

Group	Attributable to Owners of the Company						Distributable		
	Non-distributable					Foreign			
	Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrants Reserve RM	Capital Reserve RM	Treasury Shares RM	Exchange Reserve RM	Retained Earnings RM	Total Equity RM
Balance at 1 February 2016	296,180,112	80,724,591	43,955	94,013,783	15,000	(26,020,693)	(72,318)	93,069,017	537,953,447
Total comprehensive income for the financial year:-									
Profit for the financial year	-	-	-	-	-	-	-	46,446,065	46,446,065
Other comprehensive income for the financial year	-	-	-	-	-	-	17,858	-	17,858
Total comprehensive income	-	-	-	-	-	-	17,858	46,446,065	46,463,923
Transactions with owners:-									
Issuance of shares by way of ESOS	6,700,000	2,010,000	-	-	-	-	-	-	8,710,000
Acquisition of treasury shares	-	-	-	-	-	(1,349,786)	-	-	(1,349,786)
Total transactions with owners	6,700,000	2,010,000	-	-	-	(1,349,786)	-	-	7,360,214
Balance at 31 January 2017	302,880,112	82,734,591	43,955	94,013,783	15,000	(27,370,479)	(54,460)	139,515,082	591,777,584

Statements of Changes in Equity (cont'd)

Company	Attributable to Owners of the Company							
	Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrants Reserve RM	Capital Reserve RM	Treasury Shares RM	Distributable Retained Earnings RM	Total Equity RM
Balance at 1 February 2015	35,129,183	73,269,421	43,955	1,559,972	172,457,367	(485,630)	-	281,974,268
Total comprehensive income	-	-	-	-	-	-	869,595	869,595
Transactions with owners:-								
Issuance of shares by way of ESOS	27,379,000	14,388,700	-	-	-	-	-	41,767,700
Acquisition of treasury shares	-	-	-	-	-	(26,020,693)	-	(26,020,693)
Disposal of treasury shares	-	116,486	-	-	-	485,630	-	602,116
Issuance of warrant C	-	-	-	93,532,156	-	-	(93,532,156)	-
Exercised of warrants	2,156,690	1,078,345	-	(1,078,345)	-	-	-	2,156,690
Rights issue	231,515,239	(8,128,361)	-	-	-	-	-	223,386,878
Reclassification	-	-	-	-	(172,457,367)	-	172,457,367	-
Total transactions with owners	261,050,929	7,455,170	-	92,453,811	(172,457,367)	(25,535,063)	78,925,211	241,892,691
Balance at 31 January 2016	296,180,112	80,724,591	43,955	94,013,783	-	(26,020,693)	79,794,806	524,736,554
Total comprehensive deficit	-	-	-	-	-	-	(185,511)	(185,511)
Transactions with owners:-								
Issuance of shares by way of ESOS	6,700,000	2,010,000	-	-	-	-	-	8,710,000
Acquisition of treasury shares	-	-	-	-	-	(1,349,786)	-	(1,349,786)
Total transactions with owners	6,700,000	2,010,000	-	-	-	(1,349,786)	-	7,360,214
Balance at 31 January 2017	302,880,112	82,734,591	43,955	94,013,783	-	(27,370,479)	79,609,295	531,911,257

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

for the Financial Year ended 31 January 2017

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
		Restated		Restated
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit before taxation	48,652,682	12,391,241	(185,511)	697,595
Adjustments for:-				
Allowance for impairment on obsolete inventories	47,059	–	–	–
Amortisation of prepaid lease rental	842,519	1,123,359	–	–
Bad debts written off	1,209,920	12,075	50,000	45,000
Deposits written off	27,168	–	–	–
Depreciation of property, plant and equipment	6,616,683	5,732,596	1,326,956	1,240,525
Fair value gain on investment properties	(52,700,319)	–	–	–
Fair value loss on investment in quoted securities	115,720	(116,538)	–	–
Goodwill written off	–	11,833	–	–
(Gain)/Loss on disposal of property, plant and equipment	(863,989)	(2,328)	(5,999)	–
Gain on disposal of investment properties	(4,558,235)	–	–	–
Impairment loss on investment in quoted securities	–	77,124	–	–
Interest income	(3,847,728)	(1,468,229)	(3,813,106)	(1,464,111)
Interest expenses	2,608,598	1,433,059	2,600,528	943,404
Property, plant and equipment written off	3,293,616	762	–	–
Prepaid lease rental written off	9,201,070	–	–	–
Project cost written off	–	50,000	–	–
Reversal of allowance for impairment	–	(21,917)	–	(32,000)
Reversal of impairment loss on investment in quoted securities	(25,000)	(44,193)	–	–
Reversal of impairment loss on investment in subsidiaries	–	–	–	(2,499,999)
	10,619,764	19,178,844	(27,132)	(1,069,586)

Statements of Cash Flows (cont'd)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
		Restated		Restated
Changes in working capital:-				
Inventories	6,060,314	(5,612,076)	–	4,200,000
Trade and other receivables	94,550,346	(95,778,414)	93,854,930	(90,597,248)
Financial assets at fair value	(155,892,867)	(72,003,985)	–	–
Trade and other payables	132,817,463	70,979,605	(16,849)	(5,139,277)
Subsidiary companies	–	–	(139,565,732)	(97,041,862)
	88,155,020	(83,236,026)	(45,754,783)	(189,647,973)
Tax paid	(369,721)	(845,147)	(144,999)	(132,913)
Tax refunded	32,349	86,652	–	–
Interest received	3,847,728	1,468,229	3,813,106	1,464,111
Net Operating Cash Flows	91,665,376	(82,526,292)	(42,086,676)	(188,316,775)
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Addition of development expenditure	(154,850)	8,675,123	–	–
Addition of exploration expenditure	(10,000,000)	–	–	–
Addition of other investments	(5,821,203)	–	–	–
Purchase of investment properties	(29,058,250)	(52,699,330)	–	–
Purchase of intellectual property rights	–	(14,000,000)	–	–
Purchase of quoted shares	–	(3,942,461)	–	–
Purchase of property, plant and equipment	(121,545,497)	(22,913,321)	(197,092)	(453,816)
Proceeds from disposal of property, plant and equipment	1,901,001	6,964,390	6,000	–
Proceeds from disposal of investment properties	15,500,000	–	–	–
Proceeds from disposal of investment in quoted securities	9,701,437	–	–	–
(Placement)/Withdrawal of fixed deposits pledged to banks	160,903,943	(162,533,789)	161,519,162	(162,498,587)
Net Investing Cash Flows	21,426,581	(240,449,388)	161,328,070	(162,952,403)

Statements of Cash Flows (cont'd)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
		Restated		Restated
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Acquisition of treasury shares	(1,349,786)	(25,535,063)	(1,349,786)	(25,535,063)
Disposal of treasury shares	–	–	–	–
Issuance of ordinary shares	8,710,000	267,789,265	8,710,000	267,789,265
Repayment of hire purchase payables, net	808,883	(14,831,693)	–	–
Repayment of bank overdraft	(94,123,467)	94,583,360	(94,583,360)	94,583,360
Repayment of term loans	(811,083)	(5,500,261)	–	–
Interest paid	(2,608,598)	(1,433,059)	(2,600,528)	(943,404)
Net Financing Cash Flows	(89,374,051)	315,072,549	(89,823,674)	335,894,158
NET CHANGE IN CASH AND CASH EQUIVALENTS	23,717,906	(7,903,131)	29,417,720	(15,375,020)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(179,998)	(11,804)	–	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	19,168,559	27,083,494	1,781,717	17,156,737
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	42,706,467	19,168,559	31,199,437	1,781,717
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Cash and bank balances	42,706,467	19,168,559	31,199,437	1,781,717

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

The Company's principal activities are investment holding and provision of corporate and management services to the Group. The principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

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

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

The principal places of business of the Company is located at Lot 180, Section 19 KTLD, Jalan Satok, 93400 Kuching, Sarawak and 17th Floor, Menara Hap Seng, Letter Box No.63, No.1 & 3, Jalan P.Ramlee, 50250 Kuala Lumpur.

The financial statements are expressed in Ringgit Malaysia.

The financial statements of the Group and of the Company have been authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 May 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 2.4 to the financial statements.

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 reported period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.5 to the financial statements.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")**

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Continued)**

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

- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application for the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period or prior period financial statements of the Group and of the Company except as mentioned below:

(i) MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue- Barter Transactions Involving Advertising Services.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease- Incentive and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

(iii) MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 New Companies Act effective beginning 31 January 2017

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders.

The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, would be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company upon the commencement of the New Act on 31 January 2017 are:

- (i) removal of the authorised share capital;
- (ii) shares of the Company will cease to have par or nominal value; and
- (iii) the Company's share premium account will become part of the Company's share capital.

Notwithstanding this provision, the Group and the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account for purposes as set out in Sections 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The adoption of the New Act is not expected to have any financial impact on the Group and the Company for the current financial year as any accounting implications will only be applied prospectively, if applicable.

2.4 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(i) Subsidiaries (Continued)

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

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

(ii) Accounting for Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

From 1 January 2011, the Group has applied MFRS 3 Business Combination (Revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

For acquisition on or after 1 January 2011, the Group measures goodwill at the acquisition date as:-

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For acquisition between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

For acquisition prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in fair values of the net identifiable assets and liabilities.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(iii) Accounting for Acquisition of Non-controlling Interest

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's reserve.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost in initial measurement of the investment.

(v) Non-controlling Interest

Non-controlling interest at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interest in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interest and the owners of the Company.

Since the beginning of the reporting period, the Group has applied MFRS 127 Consolidated and Separate Financial Statements (Revised) where losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

Where losses applicable to the non-controlling interest exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, were charged against the Group's interest except to the extent that the non-controlling interest had a binding obligation to, and was able to make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interest's share of losses previously absorbed by the Group had been recovered.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(a) Basis of Consolidation (Continued)****(vi) Transactions Eliminated on Consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised within “realised gains and losses” in the statement of comprehensive income.

(ii) Subsequent Measurement

The cost of replacing part of an item of property, 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 property, plant and equipment are recognised in the statement of comprehensive income as incurred. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(i).

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant Accounting Policies (Continued)

(b) Property, Plant and Equipment and Depreciation (Continued)

(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 %
Leasehold land	2
Bridge	2
Stone quarry	2
Factory	10
Leasehold building	1.5
Coldroom	10
Furniture, fixture and fittings	5 - 20
Motor vehicles	10 - 20
Machinery and equipment	10 - 25
Office equipment	10
Exploration	20

Land is not depreciated. Depreciation of these assets commences when the assets are ready for their intended use.

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

(c) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(d) 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 2.4(i).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the profit or loss.

(e) Investments in Golf Club Membership

Investments in golf club membership are stated at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2.4(i).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the profit or loss.

(f) Intangible assets**(i) Goodwill**

Goodwill is measured as the excess of consideration transferred, any non-controlling interests and the acquisition-date fair value of any previously-held equity interest over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the business combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(f) Intangible assets****(ii) 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.

Right acquired for the use of certain brand names and trademarks are stated as 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. Patents and rights are assessed for impairment annually or wherever there is an indication that the intangible assets may be impaired.

(iii) Intellectual Property Rights

Intellectual property 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.

Intellectual property rights registered is exclusive and perpetual from the date of application with no renewal terms and therefore have indefinite useful lives and are stated at costs less impairment losses. Intellectual property rights are assessed for impairment annually or wherever there is an indication that the intangible assets may be impaired.

(iv) Development Expenditures

Development expenditures 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.

Cost recognised with internally generated development expenditure arising from research activities are recognised in profit or loss in the period in which the expenditure is incurred.

An internally generated intangible asset arising from development activities is recognised only when all of the following conditions are demonstrated:-

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and thereafter use it or sell it;
- the ability to either use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and thereafter use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

Other development expenditure is recognised in profit or loss as and when it is incurred. Capitalised development expenditures are amortised from that point at which the asset is ready for use or sale, on a straight-line basis over the estimated useful life. Development expenditures are assessed for impairment annually or wherever there is an indication that the intangible assets may be impaired.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant Accounting Policies (Continued)

(f) Intangible assets (Continued)

(v) Exploration Expenditure

Expenditure incurred on the exploration and evaluation of gold mining resources. The accounting policy for exploration expenditure is described separately in Note 2.4(g).

(g) Exploration Expenditure

The Group and the Company follow the successful efforts method of accounting for the exploration expenditure.

(i) Exploration and evaluation expenditure

Pre-acquisition costs on gold mining assets are recognised in profit or loss when incurred. Following the acquisition of a concession right to explore a licensed area, the direct attributable costs incurred such as geological and geophysical surveys, drilling, commercial appraisal costs and other directly attributable costs of exploration and appraisal including technical and administrative costs, are initially capitalised as intangible assets, presented as exploration and development assets until the results have been evaluated.

If the area of interest does not result in successful discovery of economically recoverable volume of golds, such costs are written off.

Gold mining expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward in relation to each area of interest to the extent the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions are also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

All such carried costs are reviewed at least once a year to determine whether the reserves found or appraised remain economically viable. When this is no longer the case, the costs are written off.

Where development plan is commercially viable and approved by the relevant authorities, the related exploration and evaluation costs are transferred to projects-in-progress in property, plant and equipment.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(g) Exploration Expenditure (Continued)****(ii) Development expenditure**

Development expenditure comprises all costs incurred in bringing the area of interest to commercial production and is capitalised as incurred. The amount capitalised includes attributable interests and other financing costs incurred on exploration and development before commencement of production.

Upon commencement of production, the exploration and development expenditure initially capitalised and transferred to projects-in-progress in property, plant and equipment and are amortised using unit of production method, over the life of the area according to the rate of depletion of the proved developed reserves.

(h) Financial Instruments

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

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

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 to 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**Financial assets at fair value through profit or loss**

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition. Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in the profit or loss.

The Group's gold spot contracts are classified as financial instruments measured at fair value through profit or loss. Changes in fair values of the gold spot contracts are recognised as gains and losses in profit or loss. At the end of each reporting period, the net long position of the gold quantity is measured at fair value using the closing spot rate in the statement of financial position.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(h) Financial Instruments (Continued)****(i) Financial Assets (Continued)****Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market, trade and other receivables and cash and cash equivalents 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.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-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.

Available-for-sale financial assets

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

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

(ii) Financial Liabilities

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

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

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant Accounting Policies (Continued)

(h) Financial Instruments (Continued)

(ii) Financial Liabilities (Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes 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.

Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

(iii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant Accounting Policies (Continued)

(h) Financial Instruments (Continued)

(iv) Regular Way Purchase or Sale of Financial Assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention of the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:-

- the recognition of an asset to be received and the liability to pay for it on the trade date; and
- derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(i) Impairment

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

(i) Impairment of Financial Assets

Trade and other receivables

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

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

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant Accounting Policies (Continued)

(i) Impairment (Continued)

(i) Impairment of Financial Assets (Continued)

Trade and other receivables (Continued)

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

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

Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(ii) Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period 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.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(i) Impairment (Continued)****(ii) Impairment of Non-Financial Assets (Continued)**

An assessment is made at the end of each reporting period 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.

(j) 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.

(k) Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at net of bank overdrafts and deposits pledged to the financial institution.

(l) 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.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(l) Hire purchase and leases (Continued)****(i) Finance leases (Continued)**

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 2.4(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.

(m) Foreign currency**(i) Functional and presentation currency**

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

(ii) Foreign currency transactions

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

Exchange difference arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(m) Foreign currency (Continued)****(ii) Foreign currency transactions (Continued)**

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.

(n) Provisions for liabilities

Provisions for liabilities are recognised when the Group has 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.

(o) 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) Sale of goods

Revenue relating to sale of goods is recognised net of sales tax, goods and services 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, goods and services tax and discounts.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant Accounting Policies (Continued)

(o) Revenue recognition (Continued)

(iii) Franchisee fees income

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

(iv) Sale of gold

Revenue relating to sale of gold is recognised net of goods and services tax and discounts upon transfer of risks and rewards.

(v) Rental income

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

(vi) Management income

Management fee is recognised on an accrual basis.

(p) 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.

(q) Income tax

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(q) Income tax (Continued)**

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.

(r) Employee benefits**(i) Short term benefits**

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

(ii) Defined contribution plans

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

(iii) Share-based compensation

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

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

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(r) Employee benefits (Continued)****(iii) Share-based compensation (Continued)**

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 19(b) to the financial statements.

(s) 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 36 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

(t) Share Capital

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the end of the reporting period. A dividend proposed or declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period.

Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The adoption of the New Companies Act 2016 is not expected to have any financial impact on the Group and the Company for the current financial year as any accounting implications will only be applied prospectively, if applicable, as disclosed in Note 2.3 to the financial statements.

(u) Treasury shares

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction cost is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are resold, the difference between the sale consideration and the carrying amount of the treasury shares is shown as a movement in equity.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Significant Accounting Policies (Continued)****(v) 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.

(w) 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 Group 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.

(x) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant Accounting Estimates and Judgements

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

(a) Judgements Made in Applying Accounting Policies

There are no critical judgements made by the management in the application of accounting policies of the Group that have a significant effect on the financial statements.

(b) Key Sources of Estimation Uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period 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) 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.

(ii) 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.

(iii) 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 impairment to be made to the amount owing by these subsidiaries.

*Notes to the Financial Statements (cont'd)***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5 Significant Accounting Estimates and Judgements (Continued)****(b) Key Sources of Estimation Uncertainty (Continued)****(iii) Impairment of Investment in Subsidiaries (Continued)**

Significant judgment 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 judgment 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.

(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 judgment 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 judgments 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 in October 2016 and January 2017. Fair value was based on market evidence of transaction prices for similar properties in which the values are adjusted for differences in key attributes such as location of the property, property size, accessibility, physical condition and topographical features of the property using market approach based on the comparison valuation method. The most significant input into this valuation method is price per acre. Fair value is determined primarily based on comparison approaches. During the financial year, changes in fair value on investment properties are recognised in statement of comprehensive income.

Notes to the Financial Statements (cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant Accounting Estimates and Judgements (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(viii) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment 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) 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.

(x) Impairment of Intangible Assets

The Group reviews the carrying amount of its intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. Significant judgment is required to determine the extent and amount of the impairment loss (if any).

(xi) Impairment of Exploration Expenditure and Intangible Assets

The Group perform an annual assessment of the carrying value of its exploration expenditure and intangible assets against the recoverable amount of the cash-generating units ("CGU") to which the exploration expenditure and intangible assets have been allocated. The measurement of the recoverable amount of CGUs are determined based on the value in use method, incorporating the present value of estimated future cash flows expected to arise from the respective CGU's ongoing operations. Management estimates and judgements are used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long-term sustainable cash flows, and reflect management's view of future performance.

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM	Stone quarry RM	Bridge RM	Factory RM	Leasehold building RM	Coldroom RM	Furniture, fixture and fittings RM	Motor vehicles RM	Machinery and equipment RM	Exploration RM	Construction in progress RM	Total RM
Cost												
At 1 February 2016	39,039,730	1,000,000	790,000	6,875,567	4,000,000	703,511	19,112,986	8,254,310	39,194,233	8,586,401	-	127,556,738
Additions	103,569,464	-	-	-	-	354,150	2,115,269	1,294,761	3,315,948	8,750,236	2,145,669	121,545,497
Disposals	-	-	-	-	-	(101,905)	(296,699)	(273,024)	(716,027)	-	-	(1,387,655)
Written off	-	-	(790,000)	-	-	(2,240)	(6,132,746)	(181,557)	(4,880,577)	-	-	(11,987,120)
Reclassification	-	-	-	-	-	-	-	-	-	(17,336,637)	-	(17,336,637)
Adjustments	-	-	-	-	-	-	(267,579)	-	-	-	-	(267,579)
Exchange differences	-	-	-	-	-	-	10,404	4,660	223,899	-	-	238,963
At 31 January 2017	142,609,194	1,000,000	-	6,875,567	4,000,000	953,516	14,541,635	9,099,150	37,137,476	-	2,145,669	218,362,207
Accumulated depreciation												
At 1 February 2016	60,292	20,000	63,200	436,747	80,000	127,247	9,692,390	4,131,288	11,995,865	267,799	-	26,874,828
Charge for the financial year	118,597	20,000	11,850	137,511	80,000	80,571	1,601,037	1,216,228	3,350,889	-	-	6,616,683
Disposals	-	-	-	-	-	(21,366)	(59,340)	(202,565)	(67,372)	-	-	(350,643)
Written off	-	-	(75,050)	-	-	(616)	(4,667,022)	(96,055)	(3,854,761)	-	-	(8,693,504)
Reclassification	-	-	-	-	-	-	(5,682)	-	-	(267,799)	-	(273,481)
Exchange differences	-	-	-	-	-	-	3,744	1,211	42,052	-	-	47,007
At 31 January 2017	178,889	40,000	-	574,258	160,000	185,836	6,565,127	5,050,107	11,466,673	-	-	24,220,890
Net book value at 31 January 2017	142,430,305	960,000	-	6,301,309	3,840,000	767,680	7,976,508	4,049,043	25,670,803	-	2,145,669	194,141,317

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Land RM	Stone quarry RM	Bridge RM	Factory RM	Leasehold building RM	Coldroom RM	Furniture, fixture and fittings RM	Motor vehicles RM	Machinery and equipment RM	Exploration RM	Construction in progress RM	Total RM
Cost												
At 1 February 2015	35,303,765	1,000,000	790,000	6,875,567	10,500,000	559,111	17,985,077	5,848,924	32,227,204	1,160,454	-	112,250,102
Additions	3,735,965	-	-	-	-	144,400	1,876,985	2,405,388	7,324,636	7,425,947	-	22,913,321
Disposals	-	-	-	-	(6,500,000)	-	(749,076)	(2)	(357,607)	-	-	(7,606,685)
At 31 January 2016	39,039,730	1,000,000	790,000	6,875,567	4,000,000	703,511	19,112,986	8,254,310	39,194,233	8,586,401	-	127,556,738
Accumulated depreciation												
At 1 February 2015	28	-	47,400	299,235	194,030	56,896	8,778,806	3,159,147	9,231,332	19,219	-	21,786,093
Charge for the financial year	60,264	20,000	15,800	137,512	(114,030)	70,351	1,416,955	972,141	2,905,023	248,580	-	5,732,596
Disposals/Written off	-	-	-	-	-	-	(503,371)	-	(140,490)	-	-	(643,861)
At 31 January 2016	60,292	20,000	63,200	436,747	80,000	127,247	9,692,390	4,131,288	11,995,865	267,799	-	26,874,828
Net book value at 31 January 2016	38,979,438	980,000	726,800	6,438,820	3,920,000	576,264	9,420,596	4,123,022	27,198,368	8,318,602	-	100,681,910

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Leasehold building RM	Furniture, fixture and fittings RM	Motor vehicles RM	Office equipment RM	Total RM
Cost					
At 1 February 2015	4,000,000	3,787,493	478,172	7,383,712	15,649,377
Additions	–	155,790	290,000	8,026	453,816
At 31 January 2016	4,000,000	3,943,283	768,172	7,391,738	16,103,193
Additions	–	194,091	1	3,000	197,092
Disposals	–	–	(45,124)	–	(45,124)
At 31 January 2017	4,000,000	4,137,374	723,049	7,394,738	16,255,161
Accumulated depreciation					
At 1 February 2015	–	42,055	463,728	54,645	560,428
Charge for the financial year	80,000	389,040	32,980	738,505	1,240,525
At 31 January 2016	80,000	431,095	496,708	793,150	1,800,953
Charge for the financial year	80,000	445,527	61,980	739,449	1,326,956
Disposals	–	–	(45,123)	–	(45,123)
At 31 January 2017	160,000	876,622	513,565	1,532,599	3,082,786
Net book value at 31 January 2016	3,920,000	3,512,188	271,464	6,598,588	14,302,240
Net book value at 31 January 2017	3,840,000	3,260,752	209,484	5,862,139	13,172,375

- (a) Included under property, plant and equipment are leasehold land and buildings which are charged as security for the bank and credit facilities of the Group as disclosed in Note 23 to the financial statements.
- (b) The net book value of motor vehicles of the Group held under hire purchase payables is RM1,001,461/- (2016: Nil).

Notes to the Financial Statements (cont'd)

4. INVESTMENT PROPERTIES

	2017 RM	Group 2016 RM
At Fair Value:-		
At 1 February	190,767,078	138,067,748
Additions	29,058,250	52,699,330
Disposals	(10,941,766)	–
Net gain arising from fair value adjustment	52,700,319	–
Reclassification	10,200,000	–
At 31 January	271,783,881	190,767,078

Certain investment properties of the Group with carrying amount of RM2,500,000/- (2016: RM1,166,805/-) are pledged to financial institutions for borrowings granted to the Group as disclosed in Note 23 to the financial statements.

The investment properties consist of the following:-

	2017 RM	Group 2016 RM
Short term leasehold land	167,602,630	167,554,163
Long term leasehold land and building	101,681,251	22,046,111
Freehold condominium	2,500,000	1,166,804
	271,783,881	190,767,078

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

The following amounts are recognised in statement of comprehensive income in respect of investment properties:-

	2017 RM	Group 2016 RM
Rental income	280,432	–
Professional fee- valuation costs	47,170	–

The fair value of investment properties were estimated based on inputs provided by an accredited independent valuer, which were based on market evidence of transaction prices for similar properties in which the values are adjusted for differences in key attributes such as location of the property, property size, accessibility, physical condition and topographical features of the property using market approach based on the comparison valuation method. The most significant input into this valuation method is price per acre. Fair value is determined primarily based on comparison approaches.

The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period. Fair value is determined using Level 3 inputs (defined as unobservable inputs for asset or liability) in the fair value hierarchy of MFRS 13 Fair Value Measurement. Changes in fair value are recognised in profit or loss during the reporting period in which they are reviewed.

Notes to the Financial Statements (cont'd)

5. INVESTMENT IN SUBSIDIARIES

	2017 RM	Company 2016 RM
Unquoted shares, at cost		
At 1 February	30,100,000	30,100,000
Add: Additions during the financial year	40,000,006	–
Less: Accumulated impairment losses	(99,999)	(99,999)
At 31 January	70,000,007	30,000,001

Details of the subsidiary companies are as follows:

Name of Companies	Effective Equity Interest		Country of incorporation	Principal Activities
	2017	2016		
Direct Subsidiaries				
Borneo Oil & Gas Corporation Sdn. Bhd.	100	100	Malaysia	Mining operations and related activities.
SB Partners Sdn. Bhd.	100	100	Malaysia	Investment holding.
Tong Meng Global Pte. Ltd. * @	100	–	Singapore	Dormant
SB Resorts Sdn. Bhd.	100	–	Malaysia	Property management, Lodging, food, entertainment and related activities
Indirect Subsidiaries				
Held through Borneo Oil & Gas Corporation Sdn. Bhd.				
Borneo Energy Sdn. Bhd.	100	100	Malaysia	Oil, gas and energy and its related businesses
Borneo Investments Ltd. * @	100	100	Labuan	Investment holding
Segama Resources Sdn. Bhd.	100	100	Malaysia	Investment holding
Borneo Resources Limited * @	100	100	British Virgin Islands	Investment holding

Notes to the Financial Statements (cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiary companies are as follows: (Continued)

Name of Companies	Effective Equity Interest		Country of incorporation	Principal Activities
	2017	2016		
Held through SB Partners Sdn. Bhd.				
SB Resorts Sdn. Bhd.	–	100	Malaysia	Property management, lodging, food, entertainment and related activities
SB Supplies & Logistics Sdn. Bhd.	100	100	Malaysia	Manufacturing, sales and distributions of food products, franchisee, provision of management and marketing services
Sugarbun Pty Ltd. *	100	100	Australia	Fast food restaurants and related activities
Held through SB Resorts Sdn. Bhd.				
SB Lifestyle Sdn. Bhd.	100	100	Malaysia	Investment holding company
The Borneo Bar Sdn. Bhd.	100	100	Malaysia	Dormant
SB Rainforest Travel & Tours Sdn. Bhd.*	100	100	Malaysia	Dormant
Bonushopping Sdn. Bhd.	100	100	Malaysia	Dormant
Applebee’s Bakery Sdn. Bhd.	100	100	Malaysia	Dormant
SB Food Enterprise Sdn. Bhd.	100	100	Malaysia	Dormant
Held through Segama Resources Sdn. Bhd.				
Segama Ventures Sdn. Bhd.	100	100	Malaysia	Dormant
Held through SB Supplies & Logistics Sdn. Bhd.				
SB Franchise Management Sdn. Bhd.	100	100	Malaysia	Franchisee and provision of management and marketing services
SBFM Singapore Pte. Ltd.* #	–	100	Singapore	Dormant

*Notes to the Financial Statements (cont'd)***5. INVESTMENT IN SUBSIDIARIES (CONTINUED)**

Details of the subsidiary companies are as follows: (Continued)

Name of Companies	Effective Equity Interest		Country of incorporation	Principal Activities
	2017	2016		
Held through SB Franchise Management Sdn. Bhd.				
L & V Trading Sdn. Bhd.	100	100	Malaysia	Supply of franchise equipment and spare parts

* Not audited by STYL Associates

@ These subsidiaries were consolidated based on its unaudited management accounts as at 31 January 2017. The audited financial statements and auditor's report for the financial year were not available as it is not mandatory for Labuan and British Virgin Islands incorporated companies to be audited. However, the financial statements of these subsidiaries used for consolidation purposes were reviewed by STYL Associates.

SBFM Singapore Pte. Ltd. was not consolidated as at 31 January 2016 as the investment was held for temporary only.

On 23 December 2015, the Company acquired 100% equity interest in SBFM Singapore Pte. Ltd., a company incorporated in Singapore for a total consideration of RM6 (SGD2). Subsequently, this wholly-owned subsidiary company was disposed on 1 March 2016 for a total consideration of RM16,061/- (SGD5,396/-).

On 1 March 2016, the Company acquired 100% equity interest in Tong Meng Global Pte. Ltd., a company incorporated in Singapore for a total consideration of RM23,600/- (SGD7,929/-).

Notes to the Financial Statements (cont'd)

6. OTHER INVESTMENTS

	Quoted Securities RM	Golf Club Membership RM	Total RM
Group and Company			
2017			
Cost			
At 1 February 2016	7,272,670	64,000	7,336,670
Additions	5,821,203	–	5,821,203
Disposals	(9,817,156)	–	(9,817,156)
At 31 January 2017	3,276,717	64,000	3,340,717
Impairment losses			
At 1 February 2016	3,301,716	–	3,301,716
Reversal of impairment	(25,000)	–	(25,000)
At 31 January 2017	3,276,716	–	3,276,716
Carrying amount			
At 31 January 2017	1	64,000	64,001
2016			
Cost			
At 1 February 2015	3,330,210	64,000	3,394,210
Additions	3,942,460	–	3,942,460
At 31 January 2016	7,272,670	64,000	7,336,670
Impairment losses			
At 1 February 2015	3,268,785	–	3,268,785
Additions	77,124	–	77,124
Reversal of impairment	(44,194)	–	(44,194)
At 31 January 2016	3,301,715	–	3,301,715
Carrying amount			
At 31 January 2016	3,970,955	64,000	4,034,955

*Notes to the Financial Statements (cont'd)***7. PREPAID LEASE PAYMENTS**

	2017 RM	Group 2016 RM
At Cost:-		
At 1 February	10,043,589	11,166,948
Less: Amortisation during the financial year	(842,519)	(1,123,359)
Less: Written off during the financial year	(9,201,070)	–
At 31 January	–	10,043,589

Prepaid lease payments are 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. During the financial year, the Group had written off the prepaid lease rental of RM9,201,070/- as the tenure of the leases had since expired.

8. DEVELOPMENT EXPENDITURE

	2017 RM	Group 2016 RM
Cost		
At 1 February	13,829,883	22,505,006
Additions during the financial year	154,850	11,337,486
Reversal during the financial year	–	(1,391,471)
Disposals during the financial year	–	(18,621,138)
Reclassification	(10,200,000)	–
At 31 January	3,784,733	13,829,883
Impairment losses		
At 1 February	1,505,001	1,505,001
Addition during the financial year	1	–
At 31 January	1,505,002	1,505,001
Carrying amount		
At 31 January	2,279,731	12,324,882

The development expenditure represents costs direct attributable to gold mining projects, biomass project on the Group's leasehold land.

Notes to the Financial Statements (cont'd)

9. EXPLORATION EXPENDITURE

	2017 RM	Group 2016 RM
At 1 February	–	–
Additions during the financial year	10,000,000	–
Transfer from property, plant and equipment	17,336,637	–
At 31 January	27,336,637	–

Exploration expenditure consists of concession right to explore a licensed area, the costs incurred such as geological and geophysical surveys, drilling, commercial appraisal costs and other direct attributable costs of exploration and appraisal including technical and administrative costs.

10. INTANGIBLE ASSETS

Group and Company	Goodwill RM	Patents and Rights RM	Intellectual Property Rights RM	Total RM
2017 Cost				
At 1 February 2016/ 31 January 2017	–	5,000,000	14,000,000	19,000,000
Accumulated amortisation				
At 1 February 2016/ 31 January 2017	–	5,000,000	–	5,000,000
Carrying amount				
At 31 January 2017	–	–	14,000,000	14,000,000
2016 Cost				
At 1 February 2015	11,833	5,000,000	–	5,011,833
Additions	–	–	14,000,000	14,000,000
Written off	(11,833)	–	–	(11,833)
At 31 January 2016	–	5,000,000	14,000,000	19,000,000
Accumulated amortisation				
At 1 February 2015/ 31 January 2016	–	5,000,000	–	5,000,000
Carrying amount				
At 31 January 2016	–	–	14,000,000	14,000,000

The intellectual property rights represent a perpetuity technology license for proprietary pyrolysis technology that converts biomass into biochar, biofuel and biogas.

*Notes to the Financial Statements (cont'd)***11. INVENTORIES**

	2017 RM	Group 2016 RM Restated
At cost		
Food and beverages and packing materials	4,635,129	7,203,401
Machinery and spare parts	1,751,422	1,521,191
Gold stock	7,881,270	10,112,124
Oils and fuel	–	1,538,478
Total	14,267,821	20,375,194

During the financial year, the cost of inventories recognised as an expense in the Group amounted to RM133,722,764/-.

12. TRADE RECEIVABLES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables	3,345,135	4,658,342	6,360	3,180
Less: Allowance for impairment	–	(50,000)	–	–
Trade receivables, net	3,345,135	4,608,342	6,360	3,180

The Group and the Company'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 currency exposure profiles of trade receivables for the Group and for the Company are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Brunei Dollar	37,511	31,985	–	–
Indonesian Rupiah	–	14,265	–	–
Ringgit Malaysia	3,307,624	4,595,571	6,360	3,180
United States Dollar	–	16,521	–	–
Total	3,345,135	4,658,342	6,360	3,180

Notes to the Financial Statements (cont'd)

12. TRADE RECEIVABLES (CONTINUED)

The ageing analysis of the Group and the Company's trade receivables are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Neither past due nor impaired	1,183,077	4,481,171	3,180	3,180
Past due not impaired				
1 to 30 days	1,011,451	–	–	–
31 to 60 days	160,281	–	–	–
61 to 90 days	803,004	77,171	–	–
More than 120 days	187,322	–	3,180	–
	2,162,058	77,171	3,180	–
Impaired	–	50,000	–	–
	3,345,135	4,608,342	6,360	3,180

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company'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

Based on historical default rates, the Group and the Company believes that no allowance for impairment in respect of trade receivables that are past due. These receivables are mainly arising from trade receivables that have a good credit record with the Group and the Company.

The trade receivables that are past due but not impaired are unsecured in nature.

Trade 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:

	Group	
	2017 RM	2016 RM
At 1 February	50,000	71,917
Less: Transfer to other receivables	(50,000)	–
Less: Reversal during the financial year	–	(21,917)
At 31 January	–	50,000

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

*Notes to the Financial Statements (cont'd)***13. OTHER RECEIVABLES**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	5,470,913	103,799,483	658,122	94,350,243
Less: Allowance for impairment	(50,725)	(725)	–	–
Other receivables, net	5,420,188	103,798,758	658,122	94,350,243
Deposits	7,121,052	4,838,457	24,227	26,717
Prepayments	1,909,553	337,805	–	213,499
Total	14,450,793	108,975,020	682,349	94,590,459

- (a) Included in other receivables of the Group and of the Company, is an amount of Nil (2016: RM93,943,731/-) being placed with the Group's solicitor for acting as stakeholder in relating to the Group's studies and geological surveys works with third parties.
- (b) Included in deposits of the Group are deposits paid to contractors total amounting to RM5,273,384/- (2016: RM3,273,384/-) for sharing of mining project costs and undertake of sub-contract mining works.
- (c) Included in deposits of the Group is an amount of Nil (2016: RM354,888/-) for the acquisition of 3 units of semi-detached workshop cum office for the total consideration of RM3,548,880/-. Capital commitments of such acquisition is disclosed in Note 34 to the financial statements.

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:

	Group	
	2017 RM	2016 RM
At 1 February	725	725
Add: Transfer from trade receivables	50,000	–
At 31 January	50,725	725

Notes to the Financial Statements (cont'd)

14. GOLD SPOT CONTRACTS

	2017 RM	Group 2016 RM Restated
At Fair Value		
Gold Spot Contracts- At 31 January	227,896,852	72,003,985

The Group's gold spot contracts are classified as financial instruments measured at fair value through profit or loss. Changes in fair values of the gold spot contracts are recognised as gains and losses in profit or loss. At the end of each reporting period, the net long position of the gold quantity is measured at fair value using the closing spot rate in the statement of financial position.

The Group's spot purchases quantity, notional amount and fair value gains or losses recognised in statement of comprehensive income are as follows:-

	Quantity of gold Ounce	Group Notional Value RM	Fair Value Gain/(Loss) RM
Gold Spot Contracts:-			
Spot purchases during the financial year 2017	851,300	4,419,449,658	17,182,899
Spot purchases during the financial year 2016	41,500	193,938,843	1,106,940

Fair value measurement

The fair value of the Group's gold spot contracts is measured by reference to market prices quoted by the counterparty broker/dealer in active markets. It is a Level 1 measurement in accordance with MFRS 13 Fair Value Measurement. There are no significant assumptions or inputs used in the valuation.

Sensitivity analysis for gold spot contracts

The Group's gold spot contracts are quoted in the US Dollar and it subject to both price risk and currency risk.

(i) Price Risk

At the end of the reporting period, if price of gold spot contracts had been 5% lower/higher, with all other variables held constant, the Group's profit would have been RM11,394,843/- (2016: RM3,600,199/-) higher/lower, arising mainly as a result of a lower/higher of price of gold spot contracts from the active market.

(ii) Currency Risk

At the end of the reporting period, if currency rate of US Dollar had been 5% lower/higher, with all other variables held constant, the Group's profit would have been RM11,394,843/- (2016: RM3,600,199/-) higher/lower, arising mainly as a result of a lower/higher of currency rate of US Dollar from the active market.

Notes to the Financial Statements (cont'd)

15. AMOUNT OWING BY/(TO) SUBSIDIARIES

Amount owing by/(to) subsidiaries is unsecured, interest free and recoverable/(repayable) on demand.

16. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The interest rate of the Group's and of the Company's fixed deposits ranges from 3.15% to 3.31% (2016: 3.10% to 3.15%) per annum.

17. CASH AND BANK BALANCES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash in hand	170,230	165,774	10,009	7,000
Cash at banks	42,536,237	19,002,785	31,189,428	1,774,717
Total	42,706,467	19,168,559	31,199,437	1,781,717

18. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.10 each				
Authorised:-				
At 1 February/ 31 January	50,000,000,000	5,000,000,000	50,000,000,000	5,000,000,000
Issued and fully paid:-				
At 1 February	2,961,801,117	296,180,112	351,291,832	35,129,183
Issuance by way of ESOS	67,000,000	6,700,000	273,790,000	27,379,000
Rights issue	–	–	2,315,152,386	231,515,239
Exercised of warrants	–	–	21,566,899	2,156,690
At 31 January	3,028,801,117	302,880,112	2,961,801,117	296,180,112

During the financial year, the Company increased its issued and fully paid up share capital from RM296,180,112/- to RM302,880,112/- by way of issuance of 67,000,000 ordinary shares of RM0.10 each via exercise of Employee Share Options Scheme at an exercise price of RM0.13 per share.

The adoption of the New Companies Act 2016 is not expected to have any financial impact on the Group and the Company for the current financial year as any accounting implications will only be applied prospectively, if applicable, as disclosed in Note 2.3 to the financial statements.

Notes to the Financial Statements (cont'd)

19. RESERVES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Share premium	82,734,591	80,724,591	82,734,591	80,724,591
ESOS reserve	43,955	43,955	43,955	43,955
Warrants reserve	94,013,783	94,013,783	94,013,783	94,013,783
Capital reserve	15,000	15,000	–	–
Treasury shares	(27,370,479)	(26,020,693)	(27,370,479)	(26,020,693)
Foreign exchange reserve	(54,460)	(72,318)	–	–
Total reserves	149,382,390	148,704,318	149,421,850	148,761,636

(a) Share premium reserves

The reserves comprise of the surplus arising from the issuance of shares at prices above the par value of the respective shares.

(b) ESOS reserve

The reserves relate to the issuance of shares to the employees under the Employee Share Options Scheme as part of their benefits.

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 February 2012.

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.
- (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.

*Notes to the Financial Statements (cont'd)***19. RESERVES (CONTINUED)****(b) ESOS reserve (Continued)**

- (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.

During the financial year, the Company issued 67,000,000 of ordinary shares of RM0.10 each via exercise of Employee Share Options Scheme at an exercise price of RM0.13 per share.

(c) Warrant reserve

Warrants reserve represents the proceeds from the issuance of warrants which is non-distributable. The warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings. Details of warrants are disclosed in Note 20 to the financial statements.

(d) Capital reserve

The reserves comprise of the reserves arising from the surplus on revaluation of investments in subsidiary companies against their respective cost of investments and the reduction of the Company's par value from RM1.00 to RM0.10 per share. The amount as stated represents the surplus of the amount net of any permitted utilisation of the same in the future. The reserves relate to the reduction of Company's par value from RM1.00 to RM0.10 per share which has been reclassified to unappropriated profit.

(e) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount as stated represents acquisition costs of the treasury shares.

Details movement of treasury shares purchased and sold are as follows:

	Group and Company			
	2017		2016	
	Number of shares	RM	Number of shares	RM
At 1 February	164,040,000	26,020,693	623,000	485,630
Purchase of shares	7,310,000	1,349,786	164,040,000	26,020,693
Sale of shares	–	–	(623,000)	(602,116)
Disposal of shares	–	–	–	116,486
At 31 January	171,350,000	27,370,479	164,040,000	26,020,693

(f) Foreign exchange reserve

The reserves comprise of all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than the RM.

Notes to the Financial Statements (cont'd)

20. WARRANTS

WARRANT B (WARRANT 2008/2018)

The Company's issuance of 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 of the warrants B was 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. On 18 January 2008, the exercise price was RM1.00. It was adjusted to RM0.10 on 24 September 2014 upon the implementation of the Par Value Reduction.

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. The movement of the warrant B (warrant 2008/2018) is as follows:

	Company	
	2017 RM	2016 RM
At 1 February	9,632,535	31,199,434
Warrants exercised during the financial year	–	(21,566,899)
Additional warrants issued during the financial year (after adjustment on Right Issue)	28,673,787	–
At 31 January	38,306,322	9,632,535

WARRANT C (WARRANT 2015/2025)

The Company's issuance of new warrants via a Renounceable Rights Issue of 2,315,152,386 new ordinary shares of RM0.10 each on the basis of one (1) new warrant for every two (2) right issues subscribed were listed on the Bursa Malaysia Securities Berhad on 17 November 2015.

The issue date for 1,157,576,189 warrant C was 9 November 2015. The warrants will expire on 8 November 2025. The exercise period for the warrants 2015/2025 is ten (10) years commencing from and inclusive of the date of issue of the Warrants 2015/2025. Warrants 2015/2025 which are not exercised during the exercise period shall thereafter lapse and cease to be valid. The movement of the warrant C (warrant 2015/2025) is as follows:

	Company	
	2017 RM	2016 RM
At 1 February	1,157,576,189	–
Warrants exercised during the financial year (after adjustment on Right Issue)	–	1,157,576,189
At 31 January	1,157,576,189	1,157,576,189

Notes to the Financial Statements (cont'd)

21. LOANS AND BORROWINGS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current				
Secured:-				
Bank overdraft	459,893	94,583,360	–	94,583,360
Hire purchase payables (Note 22)	149,618	–	–	–
Term loans (Note 23)	–	811,083	–	–
	609,511	95,394,443	–	94,583,360
Non-current				
Secured:-				
Hire purchase payables (Note 22)	659,265	–	–	–
Total loans and borrowings	1,268,776	95,394,443	–	94,583,360

Interest rates on bank overdraft for the financial year is 8.35% per annum. The bank overdraft is secured by way of:-

- (i) pledged of fixed deposits; and
- (ii) corporate guarantee by the Company.

22. HIRE PURCHASE PAYABLES

	2017 RM	2016 RM
Minimum hire purchase payments:-		
- not later than one year	195,864	–
- later than one year but not later than five years	737,478	–
	933,342	–
Less: Future finance charges	(124,459)	–
	808,883	–
Analysis of present value of hire purchases payables:-		
Current (Note 21)		
- not later than one year	149,618	–
Non-current (Note 21)		
- later than one year but not later than five years	659,265	–
	659,265	–
Total hire purchase payables	808,883	–

Interest rates on the hire purchase payables for the financial year ranging from 4.04% to 8.05% (2016: Nil) per annum.

Notes to the Financial Statements (cont'd)

23. TERM LOANS

	2017 RM	Group 2016 RM
Current (Note 21)		
Within the next twelve months	–	811,083
Non-current (Note 21)		
After the next twelve months	–	–
Total term loans	–	811,083

Interest rates on term loans for the financial year range is Nil (2016: 3.75% to 8.35%) per annum. The term loans are secured by way of:-

- (i) First legal charge over leasehold land and buildings of the Group as disclosed in Note 3 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 9 to the financial statements.

24. DEFERRED TAX LIABILITIES

	2017 RM	Group 2016 RM
At 1 February	1,147,300	226,900
Recognised in profit or loss (Note 31)	1,836,516	920,400
At 31 January	2,983,816	1,147,300
Presented after appropriate offsetting as follows:-		
Deferred tax assets	–	–
Deferred tax liabilities	2,983,816	1,147,300
	2,983,816	1,147,300

*Notes to the Financial Statements (cont'd)***25. TRADE PAYABLES**

The credit period granted to the Group for trade purchases ranges from 30 to 90 days (2016: 30 to 90 days).

The currency exposure profiles of trade payables for the Group are as follows:-

	Group	
	2017 RM	2016 RM
Singapore Dollar	–	343,904
Indonesian Rupiah	–	25,265
Ringgit Malaysia	5,390,499	12,500,651
United States Dollar	1,741,866	105,425
Total	7,132,365	12,975,245

26. OTHER PAYABLES

	Group		Company	
	2017 RM	2016 RM Restated	2017 RM	2016 RM
Other payables	204,827,502	66,065,500	791,471	48,328
Deposits	6,871,500	3,499,404	–	185,100
Accruals	1,725,146	5,198,901	61,526	636,418
Total	213,424,148	74,763,805	852,997	869,846

- (a) Included in the other payables is an amount of RM198,086,096/- (2016: RM65,500,548/-) being the margin financing outstanding in respect of gold spot transactions undertaken.
- (b) Included in deposits is an amount of RM3,200,000/- paid by sub-contractor for the quarry operations.
- (c) Included in deposits is an amount of RM3,574,500/- (2016: RM2,816,000/-) received from outlet franchisees.

27. REVENUE

	Group		Company	
	2017 RM	2016 RM Restated	2017 RM	2016 RM
Oil, gas, energy and mining related businesses	103,935,351	65,598,789	–	–
Fast food and restaurant operations	48,158,076	44,696,057	–	–
Management and marketing	320,249	590,650	1,356,000	1,416,000
Franchise fees	5,967,120	6,004,945	–	–
Property income	280,432	150,000	–	150,000
Machinery and spare parts	2,164,985	4,056,251	–	–
Total	160,826,213	121,096,692	1,356,000	1,566,000

Notes to the Financial Statements (cont'd)

28. OPERATING PROFIT

Operating profit has been arrived at:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
After charging:-				
Allowance for impairment on obsolete inventories	47,059	—	—	—
Amortisation of prepaid lease rental	842,519	1,123,359	—	—
Auditors' remuneration:-				
- current year	229,976	204,128	50,000	45,000
- prior year	(32,010)	—	—	—
Bad debts written off	1,209,920	12,075	—	—
Deposits written off	27,168	—	—	—
Depreciation of property, plant and equipment	6,616,683	5,732,596	1,326,956	1,240,525
Directors' remuneration (Note 29)	432,399	364,284	240,000	162,500
Goodwill written off	—	11,833	—	—
Impairment losses on investment in quoted securities	—	77,124	—	—
Property, plant and equipment written off	3,293,616	762	—	—
Prepaid lease rental written off	9,201,070	—	—	—
Project cost written off	—	50,000	—	—
Rental of equipment, machinery and vehicle	217,193	260,228	—	—
Rental of hostel	128,908	54,466	—	—
Rental of land	24,000	24,000	—	—
Rental of premises	1,541,157	1,065,372	120,000	24,000
Staff costs:-				
- salaries, wages and bonuses	7,838,900	6,890,871	554,755	508,013
- Employees' Provident Fund & SOCSO	823,085	617,512	66,379	52,742
- other related staff costs	297,851	558,578	9,645	171,081
And crediting:-				
Allowance for impairment written back	—	21,917	—	32,000
Dividend income	—	6,210	—	—
Fair value gain on investment properties	52,700,319	—	—	—
Fair value (loss)/gain on investment in quoted securities	(115,720)	116,538	—	—
Gain on disposal of investment properties	4,558,235	—	—	—
Gain on disposal of property, plant and equipment	863,989	2,328	5,999	—
Gain on foreign exchange	95,167	79,377	—	2,404
Interest income	3,847,728	1,468,229	3,813,106	1,464,111
Insurance claimed	—	53	—	—
Reversal of impairment loss on investment in subsidiary	—	—	—	2,499,999
Reversal of impairment loss on investment in quoted securities	25,000	44,193	—	—

*Notes to the Financial Statements (cont'd)***29. DIRECTOR REMUNERATIONS**

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive Directors				
- salaries, allowances and bonuses	169,800	270,784	–	69,000
- fees	96,000	–	96,000	–
- others	16,599	–	–	–
Total	282,399	270,784	96,000	69,000
Non-Executive Directors				
- fees	150,000	93,500	144,000	93,500
Grand Total	432,399	364,284	240,000	162,500

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

	Number of Directors			
	2017		2016	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	1	3	1	3
RM50,001 - RM100,000	–	–	–	–
RM100,001 - RM200,000	1	–	1	–
RM200,001 - RM300,000	–	–	–	–

30. FINANCE COSTS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Interest expenses on:-				
- bank overdraft	2,628,461	943,404	2,600,528	943,404
- hire purchase	(29,856)	247,378	–	–
- term loans	9,993	242,277	–	–
	2,608,598	1,433,059	2,600,528	943,404

Notes to the Financial Statements (cont'd)

31. TAXATION

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Income tax				
- current year	370,052	27,000	–	27,000
- underaccrual in prior years	49	(12,185)	–	(18,000)
	370,101	14,815	–	9,000
Deferred tax (Note 24)				
- current year	2,729,816	–	–	–
- overaccrual in prior years	(893,300)	920,400	–	(181,000)
	1,836,516	920,400	–	(181,000)
	2,206,617	935,215	–	(172,000)

The income tax is calculated at Malaysian statutory rate of 24% of the estimated assessable profit for the fiscal year.

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

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit/(Loss) before taxation	48,652,682	12,391,241	(185,511)	697,595
Taxation at applicable tax rate of 24%	11,676,644	2,973,898	(44,523)	167,423
Tax effects arising from:-				
- expenses not deductible for tax purposes	3,302,760	2,768,383	152,295	467,257
- income not subject to tax	(14,426,768)	(815,846)	–	(607,680)
- deferred tax assets not recognised	(182,584)	(4,899,435)	(107,772)	–
- deferred tax liabilities on valuation gain	2,729,816	–	–	–
- (under)/over accrual in prior years:-				
- income tax	49	(12,185)	–	(18,000)
- deferred tax	(893,300)	920,400	–	(181,000)
Tax expense for the financial year	2,206,617	935,215	–	(172,000)

Notes to the Financial Statements (cont'd)

31. TAXATION (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Property, plant and equipment	(11,774,190)	(9,257,420)	(59,952)	(775,116)
Unabsorbed losses carry forward	(7,594,150)	(8,907,428)	–	–
Unrealised capital allowance carry forward	(7,584,414)	(9,548,671)	(266,113)	–
	(26,952,754)	(27,713,519)	(326,065)	(775,116)
Potential deferred tax assets not recognised	(6,468,661)	(6,651,245)	(78,256)	(186,028)

32. EARNINGS PER ORDINARY SHARE

	2017 RM	Group 2016 RM
Net profit attributable to owners of the parent	46,446,065	11,456,026
Number of shares in issue as of 1 January	2,961,801,117	351,291,832
Effect of:-		
- issuance by way of ESOS	44,083,333	45,631,667
- rights issue	–	771,717,463
- exercised of warrants	–	10,783,450
Weighted average number of ordinary shares in issue	3,005,884,450	1,179,424,412
Basic earnings per ordinary share of RM0.10 (sen)	1.55	0.97

The basic earnings per ordinary share is calculated by dividing the consolidated net profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the financial year. The basic and diluted earnings per share are equal as the Group has no dilutive potential ordinary shares outstanding as at 31 January 2017.

33. CORPORATE GUARANTEES

As of 31 January 2017, the Company is contingently liable in respect of guarantees given mainly for banking facilities totaling RM843,200/- (2016: RM1,125,000/-) granted by local licensed banks to the subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.

Notes to the Financial Statements (cont'd)

34. CAPITAL COMMITMENT

	2017 RM	Group 2016 RM
Capital expenditure in respect of the acquisition of 3 units of semi-detached workshop cum office		
- contracted but not provided for	2,129,328	3,193,992

35. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:-

- (i) Direct subsidiaries;
- (ii) Indirect subsidiaries;
- (iii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

(b) Significant Related Party Transactions and Balances

During the financial year, the significant related party transactions are as follows:-

	2017 RM	Group 2016 RM	Company 2017 RM	2016 RM
Management fee received from				
- SB Franchise Management Sdn. Bhd.	-	-	-	20,000
- SB Supplies & Logistics Sdn. Bhd.	-	-	1,320,000	1,360,000
Revenue received from				
SB Resorts Sdn. Bhd. to SB Supplies & Logistics Sdn. Bhd.	852,667	1,282,639	-	-
Rental income received from				
SB Supplies & Logistics Sdn. Bhd. to Borneo Oil & Gas Corporation Sdn. Bhd.	63,000	50,000	-	-
Rental income received from				
Borneo Oil & Gas Corporation Sdn. Bhd. to SB Supplies & Logistics Sdn. Bhd.	16,000	10,000	-	-

Notes to the Financial Statements (cont'd)

35. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Key management personnel remuneration**

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 Company.

The remuneration of the key management personnel during the financial year is as follows:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, allowances and bonuses	169,800	270,784	–	69,000
Fees	96,000	–	96,000	–
Others	16,599	–	–	–
Total	282,399	270,784	96,000	69,000

36. SEGMENT REPORTING

The Group adopted MFRS 8 Operating Segments. MFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the products and services, and has four reportable operating segments as follows:-

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

Except as above, no other operating segment has been aggregated to form the above reportable operating segments.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements. Segment profit or loss is profit earned or loss incurred by each segment without allocation of depreciation and amortisation, finance cost, income from other investment, fair value gain on investment properties and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

All the Group's assets and liabilities are allocated to reportable segments other than deferred tax assets and deferred tax liabilities.

Notes to the Financial Statements (cont'd)

36. SEGMENT REPORTING (CONTINUED)

Group 2017	Head office and others RM	Fast food and restaurant operations RM	Management and operations of properties RM	Oil, gas, energy and mining related businesses RM	Eliminations RM	Note	Consolidated RM
Revenue							
External sales	36,000	53,482,673	3,372,189	103,935,351	–		160,826,213
Inter-segment sales	1,320,000	852,667	–	–	(2,172,667)	(a)	–
Total revenue	1,356,000	54,335,340	3,372,189	103,935,351			160,826,213
Results							
Segment results	3,801,638	3,527,231	(14,047,123)	7,806,828	1,083,861	(a)	2,172,435
Depreciation and amortisation							(7,459,202)
Finance costs							(2,608,598)
Interest income							3,847,728
Income tax expenses							(2,206,617)
Fair value gain on investment properties							52,700,319
Foreign currency translation							17,858
Net profit attributable to the owners of the parent							46,463,923
Total comprehensive income							46,463,923

Notes to the Financial Statements (cont'd)

36. SEGMENT REPORTING (CONTINUED)

Group 2017	Head office and others RM	Fast food and restaurant operations RM	Management and operations of properties RM	Oil, gas, energy and mining related businesses RM	Eliminations RM	Note	Consolidated RM
Assets							
Segment assets	549,074,627	32,420,181	287,048,178	490,815,817	(542,772,114)	(b)	816,586,689
Consolidated total assets							<u>816,586,689</u>
Other information							
Addition to property, plant and equipment	197,092	4,530,240	172,753	116,645,412	-		121,545,497
Liabilities							
Segment liabilities	20,376,037	45,449,944	155,236,814	263,415,044	(462,007,422)	(c)	22,470,417
Loans and borrowings	-	697,676	-	198,657,196	-		199,354,872
Deferred tax liabilities	-	254,000	2,729,816	-	-		2,983,816
Consolidated total liabilities							<u>224,809,105</u>

Notes to the Financial Statements (cont'd)

36. SEGMENT REPORTING (CONTINUED)

Group 2016	Head office and others RM	Fast food and restaurant operations RM	Management and operations of properties RM	Oil, gas, energy and mining related businesses RM	Eliminations RM	Note	Consolidated RM
Revenue							
External sales	186,000	50,908,583	4,403,320	65,598,789	–		121,096,692
Inter-segment sales	1,380,000	1,305,317	–	–	(2,685,317)	(a)	–
Total revenue	1,566,000	52,213,900	4,403,320	65,598,789	(2,685,317)		121,096,692
Results							
Segment results	(1,062,863)	10,645,261	1,439,607	9,648,583	9,667	(a)	20,680,255
Depreciation and amortisation							(6,855,955)
Finance costs							(1,433,059)
Income tax expenses							(935,215)
Foreign exchange translation							(11,857)
Net profit attributable to the owners of the parent							11,444,169
Total comprehensive income							11,444,169

Notes to the Financial Statements (cont'd)

36. SEGMENT REPORTING (CONTINUED)

Group 2016	Head office and others RM	Fast food and restaurant operations RM	Management and operations of properties RM	Oil, gas, energy and mining related businesses RM	Eliminations RM	Note	Consolidated RM
Assets							
Segment assets	276,313,743	27,686,494	226,343,910	192,137,633	-		722,481,780
Consolidated total assets							<u>722,481,780</u>
Other information							
Addition to property, plant and equipment	456,964	3,405,213	-	19,051,144	-		22,913,321
Liabilities							
Segment liabilities	1,049,631	6,563,271	4,071,990	77,448,998	-		89,133,890
Loans and borrowings	94,583,360	811,083	-	-	-		95,394,443
Consolidated total liabilities							<u>184,528,333</u>

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- (a) Inter-segment transactions and revenue are eliminated on consolidation;
- (b) Inter-segment assets are eliminated on consolidation; and
- (c) Inter-segment liabilities are eliminated on consolidation.

Geographical segments

No information is prepared on the geographical segment.

Notes to the Financial Statements (cont'd)

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of Fair Value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:-

	<u>Note</u>
Financial assets	
Trade receivables	12
Other receivables	13
Amount owing by subsidiaries	15
Fixed deposits with licensed banks	16
Cash and bank balances	17
Financial liabilities	
Trade payables	25
Other payables	26
Amount owing to subsidiaries	15
Loans and borrowings	21

The carrying amounts of cash and bank equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

(b) Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:-

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

*Notes to the Financial Statements (cont'd)***37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)****(b) Fair Value Hierarchy (Continued)**

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2017				
Non-Financial Asset				
Investment properties	–	–	271,783,881	271,783,881
Financial Asset				
Gold spot contracts	227,896,852	–	–	227,896,852
2016				
Non-Financial Asset				
Investment properties	–	–	190,767,078	190,767,078
Financial Asset				
Gold spot contracts	72,003,985	–	–	72,003,985

(c) Fair Value of Financial Instruments not carried at Fair Value

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2017				
Financial liability				
Hire purchase payables	–	–	808,883	808,883
2016				
Financial liability				
Term loans	–	–	811,083	811,083

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Notes to the Financial Statements (cont'd)

38. FINANCIAL RISK MANAGEMENT AND OBJECTIVE

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

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

(a) Credit Risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investment and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2017		2016	
	RM	%	RM	%
Head office and others	6,360	0%	3,180	0%
Fast food and restaurant operations	3,025,579	90%	2,683,886	58%
Management and operations of properties	280,432	8%	–	0%
Oil, gas, energy and mining related businesses	32,764	1%	1,921,276	42%
Total trade receivables	3,345,135	100%	4,608,342	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 12 and Note 13 to the financial statements. Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

*Notes to the Financial Statements (cont'd)***38. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONTINUED)****(a) Credit Risk (Continued)****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 Note 12 and Note 13 to the financial statements.

Inter-company balances

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by its carrying amounts as disclosed in the statement of financial position as at the end of the financial year.

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

Financial guarantees

The financial guarantees have not been recognised as it is not practicable to make a reliable estimate due to the uncertainties of timing, costs and eventual outcome.

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantees is RM Nil.

(b) 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 risks arises primarily from mismatched 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 Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Notes to the Financial Statements (cont'd)

38. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONTINUED)

(b) Liquidity Risk (Continued)

Maturity analysis

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

Group	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
2017					
Financial liabilities					
Trade payables	7,132,365	7,132,365	7,132,365	–	–
Other payables	213,424,148	213,424,148	213,424,148	–	–
Bank overdraft	459,893	459,893	459,893	–	–
Hire purchase payables	808,883	933,342	195,864	737,478	–
	221,825,289	221,949,748	221,212,270	737,478	–
2016					
Financial liabilities					
Trade payables	12,975,245	12,975,245	12,975,245	–	–
Other payables	74,763,805	74,763,805	74,763,805	–	–
Bank overdraft	94,583,360	94,583,360	94,583,360	–	–
Term loans	811,083	811,083	811,083	–	–
	183,133,493	183,133,493	183,133,493	–	–
Company					
2017					
Financial liability					
Other payables	852,997	852,997	852,997	–	–
2016					
Financial liabilities					
Other payables	869,846	869,846	869,846	–	–
Bank overdraft	94,583,360	94,583,360	94,583,360	–	–
	95,453,206	95,453,206	95,453,206	–	–

Notes to the Financial Statements (cont'd)

38. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONTINUED)**(c) Interest Rate Risk**

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

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group does not hedge its investment in fixed rate debt securities as they have active secondary or resale markets to ensure liquidity. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
Group					
2017					
Financial asset					
Fixed deposits placed with licensed banks	3.15 - 3.31	4,040,139	–	–	4,040,139
Financial liabilities					
Bank overdraft	8.35	459,893	–	–	459,893
Hire purchase payables	4.04 – 8.05	195,864	737,478	–	933,342
2016					
Financial asset					
Fixed deposits placed with licensed banks	3.10 – 3.15	164,944,082	–	–	164,944,082
Financial liabilities					
Bank overdraft	4.98 – 5.34	94,583,360	–	–	94,583,360
Term loans	3.75 – 8.35	811,083	–	–	811,083
Company					
2017					
Financial asset					
Fixed deposits placed with licensed banks	3.00 – 3.30	3,383,245	–	–	3,383,245
2016					
Financial asset					
Fixed deposits placed with licensed banks	3.10 – 3.15	164,902,407	–	–	164,902,407
Financial liabilities					
Bank overdraft	4.98 – 5.34	94,583,360	–	–	94,583,360

Notes to the Financial Statements (cont'd)

38. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONTINUED)

(c) Interest Rate Risk (Continued)

Sensitivity analysis for interest rate

At the end of the reporting period, if interest rates had been 5% lower/higher, with all other variables held constant, the Group's profit net of tax and the Company's profit net of tax would have been RM179,012/- (2016: RM3,477,482/-) and RM169,162/- (2016: RM3,515,952/-) higher/lower respectively, arising mainly as a result of a lower/higher of interest expenses from pre-determined rate of borrowings and fixed deposits. The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment.

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entity are kept to an acceptable level.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Australia, Singapore and British Virgin Island. The Group's investments in foreign operations are not hedged.

The financial assets and financial liabilities of the Group that are not denominated in the functional currencies are disclosed in respective notes to the financial statements.

Sensitivity analysis for foreign currency

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the exchange rates of United States Dollar ("USD"), Singapore Dollar ("SGD"), Indonesia Rupiah ("IDR") and Brunei Dollar ("BRD") against the functional currency of the Group, with all other variables held constant.

		2017 RM Profit/(loss) for the year	Group 2016 RM Profit/(loss) for the year
USD/RM	- strengthened 5%	(87,093)	(4,445)
	- weakened 5%	87,093	4,445
SGD/RM	- strengthened 5%	-	(20,799)
	- weakened 5%	-	20,799
IDR/RM	- strengthened 5%	-	(550)
	- weakened 5%	-	550
BRD/RM	- strengthened 5%	(1,876)	(1,599)
	- weakened 5%	1,876	1,599

Notes to the Financial Statements (cont'd)

38. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONTINUED)**(e) Precious metals and stones risk**

The industry is generally affected by fluctuations in the price and supply of precious metal and stones. The supply and price of precious metal and stones in the principal world market are significantly influenced by the supply and demand for precious metal and stones in the world markets. To date, there has been no material impact on the availability and pricing of and demand for precious metal and stones. There are no hedging transactions entered into for other precious metals and stones.

(f) Market Price Risk

Market price 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 price (other than interest or exchange rates).

The Group has in place policies to manage the Group's exposure to fluctuations in the selling price or services rendered of the Group's products and purchase prices of the key raw materials used in the operations. The management conducts constant survey of the global market price and trend in order to determine the selling price.

39. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 January 2016 and 31 January 2017.

The Group and the Company monitors capital using a gearing ratio, which is total debts divided by total capital plus total debts. The Group's and the Company's policy is to keep the gearing ratio between 20% to 40%. The Group and the Company includes within total debts, trade and other payables, amount owing by directors and loans and borrowings. Capital includes equity attributable to the owners of the parent.

The gearing ratio of the Group and of the Company is as follows:-

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables	25	7,132,365	12,975,245	–	–
Other payables	26	213,424,148	74,763,805	852,997	869,846
Loans and borrowings	21	1,268,776	95,394,443	–	94,583,360
Total debts		221,825,289	183,133,493	852,997	95,453,206
Equity attributable to owners of the parent		591,777,584	537,953,447	531,911,257	524,736,554
Capital and total debts		813,602,873	721,086,940	532,764,254	620,189,760
Gearing ratio		27.3%	25.4%	0.2%	15.4%

Notes to the Financial Statements (cont'd)

40. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

- (a) On 1 March 2016, the Company disposed its 100% equity interest in SBFM Singapore Pte. Ltd., a company incorporated in Singapore for a total consideration of RM16,061/- (SGD5,396/-).
- (b) On 1 March 2016, the Company acquired 100% equity interest in Tong Meng Global Pte. Ltd., a company incorporated in Singapore for a total consideration of RM23,600/- (SGD7,929/-).
- (c) On 24 January 2017, a wholly owned subsidiary, Borneo Oil & Gas Corporation Sdn. Bhd. entered into a Term Sheet ("Agreement") for the acquisition of 304,000 ordinary shares of RM1.00 each representing 95% of equity interest of Jusra Mining Merapoh Sdn. Bhd. for a cash consideration of RM5,000,000/-. The acquisition to be completed within 2 months from the agreement date.
- (d) On 13 March 2017, the Company announced a proposed bonus issue of shares and warrants as follows:-
 - (i) a bonus issue of up to 2,112,341,814 new ordinary shares in Borneo Oil Berhad to be credited as fully paid-up on the basis of four (4) Bonus Shares for every eight (8) existing ordinary shares held on an entitlement date to be determined later and;
 - (ii) a bonus issue of up to 528,085,453 new warrant in Borneo Oil Berhad on the basis of one (1) free Warrant D for every eight (8) existing ordinary shares held on the same entitlement as the proposed bonus issue of shares.

41. ADJUSTMENTS

In prior year, the Group has treated the gold spot contracts as sales and purchases in accordance with MFRS 118 Revenue, whilst the unsold balance contracted for under MFRS 102 Inventories. The Group has subsequently reassessed the appropriateness of this policy and is of the view that the said transactions would be more appropriately accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement. Accordingly, the Group has changed its basis in the current quarter to account for such contracts as financial instruments and measure them at fair value through profit and loss in accordance with MFRS 139.

Effects of the restatement of the financial statements are summarised as follows:-

	Note	As previously stated RM	Adjustments RM	As restated RM
Group				
31 January 2016				
Statements of Financial Position				
Inventories		92,379,179	(72,003,985)	20,375,194
Gold spot contracts		–	72,003,985	72,003,985
Trade payables		78,475,793	(65,500,548)	12,975,245
Other payables		9,263,257	65,500,548	74,763,805
Statements of Comprehensive Income				
Sales		256,118,838	(135,022,146)	121,096,692
Cost of sales		(225,152,031)	133,915,206	(91,236,825)
Net gain from gold spot contracts		–	1,106,940	1,106,940

*Notes to the Financial Statements (cont'd)***SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES**

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

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

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31 January 2017 are as follows:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits of the Company and its subsidiaries				
- realised	128,042,521	80,843,801	79,609,295	79,794,806
- unrealised	(2,983,816)	(1,147,300)	–	–
	125,058,705	79,696,501	79,609,295	79,794,806
Less: Consolidation adjustments	14,456,377	13,372,516	–	–
Total retained profits	139,515,082	93,069,017	79,609,295	79,794,806
Total retained profits as per statements of financial position	139,515,082	93,069,017	79,609,295	79,794,806

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

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

List of Properties

Particulars of the Group's Properties

The properties of the Group as at 31 January 2017 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	2,616	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	430	3.7.2002
3.	FR 014015706, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	23.15 acres	Nil	11,575	3.7.2002
4.	NT 013068570, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	16.90 acres	Nil	700	3.7.2002
5.	FR 014013462, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	15.00 acres	Nil	705	3.7.2002
6.	NT 013096985, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	3.766 hectares	Nil	400	3.7.2002
7.	NT 013091202, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	11.70 acres	Nil	5,850	3.7.2002
8.	NT 013068954, Tombongan, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	12.67 acres	Nil	2,534	3.7.2002
9.	CL 015279099, Kg. Kiansom, Kota Kinabalu, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2059	22.15 acres	Nil	10,390	26.12.2002
10.	NT 013068589, Kg Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	6.75 acres	Nil	317	5.3.2003
11.	NT 013067939, Kg. Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	2.76 acres	Nil	143	5.3.2003
12.	NT 013067742, Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	5.65 acres	Nil	1,130	5.3.2003
13.	NT 013064821, Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	3.89 acres	Nil	202	5.3.2003

List of Properties (cont'd)

Particulars of the Group's Properties (continued)

The properties of the Group as at 31 January 2017 and their carrying values are indicated as follows: (continued)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM '000	Date of Acquisition
14.	NT 013067751, Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	12.95 acres	Nil	6,475	5.3.2003
15.	NT 013068043, Kg. Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	2.65 acres	Nil	115	5.3.2003
16.	NT 065313804, Kg. Kundasang, Ranau, Sabah	Vacant land	Leasehold, 99 years expiring on 31.12.2081	1.57 acres	Nil	250	5.3.2003
17.	FR 014009057, Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	12.66 acres	Nil	658	5.3.2003
18.	NT 014009066, Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 2.7.2032	14.59 acres	Nil	2,978	5.3.2003
19.	CL 115379265, Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 99 years expiring on 31.12.2086	14.41 acres	Nil	288	25.7.2008
20.	NT 113016336, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	11.28 acres	Nil	226	18.2.2008
21.	NT 113016345, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	14.63 acres	Nil	292	18.2.2008
22.	NT 113016354, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	15.80 acres	Nil	316	18.2.2008
23.	NT 113050392, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	14.36 acres	Nil	287	18.2.2008
24.	NT 113019551, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	15.28 acres	Nil	305	18.2.2008
25.	NT 113019597, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	14.69 acres	Nil	293	18.2.2008
26.	NT 113018492, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	15.79 acres	Nil	315	18.2.2008

List of Properties (cont'd)

Particulars of the Group's Properties (continued)

The properties of the Group as at 31 January 2017 and their carrying values are indicated as follows: (continued)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM '000	Date of Acquisition
27.	NT 113018527, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	14.88 acres	Nil	297	29.2.2008
28.	NT 113018554, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	16.53 acres	Nil	330	29.2.2008
29.	NT 113053277, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	15.85 acres	Nil	317	29.2.2008
30.	NT 013064214, Pulau Gaya, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring on 31.1.2042	2.05 acres	Nil	1,137	1.2.2012
31.	NT 013077300, Pulau Gaya Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring on 31.01.2042	5.16 acres	Nil	2,863	1.02.2012
32.	1 unit Waikiki Condominium HC-1202, Kota Kinabalu, Sabah	Condominium	Leasehold, 999 years expiring on 15.3.2925	4,350 sq ft	33 years	2,500	17.11.2003
33.	PL 066290104, Kg. Lesau, District of Ranau, Sabah	Vacant land	Leasehold, 99 years expiring on 31.12.2068	31.80 acres	Nil	3,057	20.12.2013
34.	NT 053047199, Kg. Rukam, Kudat	Vacant land	Leasehold, 30 years expiring on 14.7.2040	5.09 acres	Nil	1,018	30.7.2010
35.	NT 053047297, Kg. Rukam, Kudat	Vacant land	Leasehold, 30 years expiring on 14.7.2040	3.36 acres	Nil	336	30.7.2010
36.	CL 095310071, Sg. Metah, Kinabatangan District, Sandakan, Sabah	Vacant land	Leasehold, 99 years expiring on 31.12.2073	100.07 acres	Nil	2,001	25.7.2008
37.	NT 113026305, Kampung Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	14.79 acres	Nil	60,000	18.2.2008

List of Properties (cont'd)

Particulars of the Group's Properties (continued)

The properties of the Group as at 31 January 2017 and their carrying values are indicated as follows: (continued)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM '000	Date of Acquisition
38.	Approximately 53% of the undivided Share of CL 115349070, Ulu Segama, Lahad Datu	Vacant land	Leasehold, 99 years expiring on 31.12.2072	49.41 acres (total of 92.48 acres)	Nil	71,563	23.1.2009 & 31.1.2017
39.	NT 04353000, Kg. Sabandar, District of Tuaran	Vacant land	Leasehold, 30 years expiring 27.5.2045	9.32 acres	Nil	10,000	29.1.2016
40.	NT 043178472, Kg. Sabandar, District of Tuaran	Vacant land	Leasehold, 30 years expiring 31.5.2045	4.33 acres	Nil	4,551	31.1.2016
41.	NT 013106413, Kg. Kokol, District of Kota Kinabalu	Vacant land	Perpetuity	2.997 acres	Nil	13,441	1.3.2016
42.	NT 013106459 Kg Kokol, District of Kota Kinabalu	Vacant land	Perpetuity	1.45 acres	Nil	9,000	30.4.2016
43.	NT 113019560, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	15.24 acres	Nil	6,200	18.2.2008
44.	NT 113019588, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	15.17 acres	Nil	6,200	18.2.2008
45.	NT 113018509, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	15.12 acres	Nil	6,400	29.2.2008
46.	NT 113018563, Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.1.2038	16.51 acres	Nil	6,400	29.2.2008
47.	TL 207505299 District of Labuan	shoplot	Leasehold 99 years Expiring on 27.11.2055	9,800 sq ft	50 years	14,382	25.1.2016
48.	NT 113065062, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring on 30.9.2042	8.47 acres	Nil	296	1.10.2012

List of Properties (cont'd)

Particulars of the Group's Properties (continued)

The properties of the Group as at 31 January 2017 and their carrying values are indicated as follows: (continued)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM '000	Date of Acquisition
49.	NT 113065071, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring on 30.9.2042	8.68 acres	Nil	304	1.10.2012
50.	NT 113053053, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring on 30.9.2042	7.65 acres	Nil	268	1.10.2012
51.	NT 113065053, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring on 30.9.2042	8.69 acres	Nil	304	1.10.2012
52.	NT 06301807, Kampung Silad, Ranau, Sabah	Vacant land	Leasehold, 30 years expiring on 30.11.2042	18.08 acres	Nil	4,520	1.12.2012
53.	NT 063118516, Kampung Bongkud, Ranau, Sabah	Vacant land	Leasehold, 99 years expiring on 31.1.2038	4.99 acres	Nil	3,800	1.8.2012
54.	NT 113026412, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 99 years expiring on 31.1.2038	13.58 acres	Nil	21,317	1.7.2016
55.	NT 113006474, Silam Road Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring on 28.2.2042	16.16 acres	Nil	5,040	21.3.2012
56.	CL 065311908, Kampung Bongkud, Ranau, Sabah	Vacant land	Leasehold, 99 years expiring on 31.12.2072	11.51 acres	Nil	3,453	12.12.2012
57.	NT 063064648, Kampung Kilimu Ranau, Sabah	Vacant land	Leasehold, 30 years expiring on 1.06.2042	11.76 acres	Nil	2,000	01.06.2012
58.	NT 113065080, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring on 1.06.2043	7.91 acres	Nil	500	31.07.2013
59.	NT 113054514, Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring on 28.02.2044	16.80 acres	Nil	4,000	14.11.2014

List of Properties (cont'd)

Particulars of the Group's Properties (continued)

The properties of the Group as at 31 January 2017 and their carrying values are indicated as follows: (continued)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM '000	Date of Acquisition
60.	CL 115474569, Mile 8, Jalan Silam, District of Lahad Datu	Land with factory	Leasehold, 99 years expiring on 04.01.2058	32.66 acres	10 years	12,125	14.11.2014
61.	NT 1133018705, Bakapit, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring on 30.07.2045	13.93 acres	Nil	2,500	28.1.2016
62.	NT 113026430, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.33 acres	Nil	13,583	23.1.2017
63.	NT 113026421, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.38 acres	Nil	13,634	23.1.2017
64.	NT 113026403, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.41 acres	Nil	13,666	23.1.2017
65.	NT 113026396, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.25 acres	Nil	13,510	23.1.2017
66.	NT 113026387, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.19 acres	Nil	13,445	23.1.2017
67.	NT 113026350, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.90 acres	Nil	14,165	23.1.2017

Statement of Shareholdings

as at 28th April 2017

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHARE HOLDINGS	NO. OF SHARE HOLDERS	%	NO. OF SHARES	%
Less than 100	40	0.38	849	-
100 to 1,000	567	5.42	449,026	0.01
1,001 to 10,000	2,324	22.21	15,160,148	0.50
10,001 to 100,000	5,428	51.88	255,898,500	8.45
100,001 to less than 5% of issued shares	2,102	20.09	1,716,052,532	56.65
5% and above of issued shares	2	0.02	1,041,605,500	34.39
TOTAL	10,463	100.00	3,029,166,555	100.00

DIRECTOR'S SHAREHOLDINGS AS AT 28TH APRIL 2017

Name	Direct Interest	%	Deemed Interest	%
1. Mr. Tan Kok Chor	-	-	-	-
2. Mr. Teo Kiew Leong	-	-	-	-
3. Mr. Chan Keng Leong	-	-	-	-
4. Mr. Michael Moo Kai Wah	-	-	-	-
5. Mr. Seroop Singh Ramday	-	-	-	-
TOTAL	-	-	-	-

LIST OF TOP 30 SHAREHOLDERS AS AT 28TH APRIL 2017

NO.	NAME	NO. OF SHARES	%
1	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lei Shing Hong Securities Limited)	859,605,500	28.38
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	182,000,000	6.01
3	KENANGA NOMINESS (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	85,619,000	2.83
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	72,977,200	2.41
5	KHOO YONG AI	42,700,000	1.41
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	38,920,000	1.28
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities CIMB Bank for Lee Yoke Foong)	32,896,000	1.09

Statement of Shareholdings (cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 28TH APRIL 2017

NO.	NAME	NO. OF SHARES	%
8	TAN SOH GEK	26,113,000	0.86
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Celeste Assets Sdn Bhd)	23,500,000	0.78
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Geok Hoon)	23,450,000	0.77
11	CITIGROUP NOMINEES (ASING) SDN BHD (Pledged Securities Account for OCBC Securities Private Limited)	22,775,000	0.75
12	LCP LIMITED	21,227,000	0.70
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	20,850,000	0.69
14	KHOO BUCK CHEW	20,790,000	0.69
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Su Haw Tieng @ John)	18,000,000	0.59
16	LEE ENG HOCK & CO. SENDIRIAN BERHAD	17,000,000	0.56
17	LCP LIMITED	16,000,000	0.53
18	JEREMY KHO HUI JAQ	15,100,000	0.50
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Fei Nee)	14,386,400	0.47
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities CIMB Bank for Phang Miow Sin)	12,622,000	0.42
21	WONG LEH ING	11,148,400	0.37
22	OLIVIA CARLA LING LEE LIAN	10,849,300	0.36
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Yap Chee Kheng)	10,600,000	0.35
24	VICTORIA CAPITAL SDN BHD	10,519,000	0.35
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities CIMB Bank for Goh Sin Bong)	10,500,000	0.35
26	PUBLIC NOMINEES (ASING) SDN BHD (Pledged Securities Account for Mohammed Arshad)	10,410,000	0.34
27	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	10,200,900	0.34

Statement of Shareholdings (cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 28TH APRIL 2017

NO.	NAME	NO. OF SHARES	%
28	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lu Li)	10,067,300	0.33
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Liew Jew Fook)	10,050,000	0.33
30	VICTORIA CAPITAL SDN BHD	10,000,000	0.33
		1,670,876,000	55.17

SUBSTANTIAL SHAREHOLDERS AS AT 28TH APRIL 2017

NO.	NAME	NO. OF SHARES HELD			
		Direct	%	Indirect	%
1	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lei Shing Hong Securities Limited)	859,605,500	28.38	–	–
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	182,000,000	6.01	–	–

Statement of Warrant B (2008/2018) Holdings

as at 28th April 2017

ANALYSIS OF WARRANT B (2008/2018) HOLDINGS

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	56	6.65	2,160	0.01
100 to 1,000	104	12.35	26,738	0.07
1,001 to 10,000	332	39.43	1,427,944	3.75
10,001 to 100,000	269	31.95	10,674,970	28.04
100,001 to less than 5% of issued warrants	79	9.38	20,774,905	54.57
5% and above of issued warrants	2	0.24	5,165,117	13.57
TOTAL	842	100.00	38,071,834	100.00

DIRECTOR'S WARRANT B SHAREHOLDING AS AT 28TH APRIL 2017

Name	Direct Interest	%	Deemed Interest	%
1. Mr. Tan Kok Chor	–	–	–	–
2. Mr. Teo Kiew Leong	–	–	–	–
3. Mr. Chan Keng Leong	–	–	–	–
4. Mr. Michael Moo Kai Wah	–	–	–	–
5. Mr. Seroop Singh Ramday	–	–	–	–
TOTAL	–	–	–	–

LIST OF TOP 30 WARRANT B (2008/2018) AS AT 28TH APRIL 2017

NO.	NAME	No. of Warrants	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for CIMB Securities (Singapore) Pte Ltd)	2,843,992	7.47
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	2,321,125	6.10
3	ENG CHONG HENG	1,390,040	3.65
4	KOAY WEI LOONG	1,152,000	3.03
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chua Peng Boon @ Choy Ah Mun)	707,472	1.86
6	UOB KAY HIAN NOMINEES (ASING) SDN BHD (Pledged Securities Account for UOB Kay Hian Pte Ltd)	689,716	1.81
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chiam Yeong Hock)	631,515	1.66
8	PUBLIC INVEST NOMINEES (ASING) SDN BHD (Pledged Securities Account for Phillip Securities Pte Ltd)	600,008	1.58

Statement of Warrant B (2008/2018) Holdings (cont'd)

LIST OF TOP 30 WARRANT B (2008/2018) AS AT 28TH APRIL 2017

NO.	NAME	No. of Warrants	%
9	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Jerome Chua Chwee Meng)	556,752	1.46
10	OOI LEE PENG	451,000	1.18
11	KO KIM KWA	430,886	1.13
12	GOH KOK CHAI	418,724	1.10
13	LIM TSHUNG YAW	402,405	1.06
14	CHEW LEE KIAN	397,680	1.04
15	NG KONG WENG	378,193	0.99
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Yeoh Boon Seong)	370,000	0.97
17	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lennie Chew Chon Giap)	314,800	0.83
18	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Eng Min)	300,000	0.79
19	LIM TECK HOCK	300,000	0.79
20	OOI LIP POH	300,000	0.79
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Sim Leong Yew)	300,000	0.79
22	OLIVIA CARLA LING LEE LIAN	298,260	0.78
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Sook Ping)	290,306	0.76
24	KENNETH YEOH CHIA HOU	269,900	0.71
25	LAI LOU JUAN	265,252	0.70
26	CITIGROUP NOMINEES (ASING) SDN BHD (Pledged Securities Account for UBS AG Hong Kong)	265,117	0.70
27	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ong Peik Aik)	258,492	0.68
28	NIK HALIJAH BT NIK MAHMOOD	253,186	0.67

*Statement of Warrant B (2008/2018) Holdings (cont'd)***LIST OF TOP 30 WARRANT B (2008/2018) AS AT 28TH APRIL 2017**

NO.	NAME	No. of Warrants	%
29	CIMSEC NOMINEES (ASING) SDN BHD (Pledged Securities Account for CIMB Securities (Singapore) Pte Ltd)	245,873	0.65
30	CHANG CHOO KIANG	245,000	0.64
		17,647,694	46.37

SUBSTANTIAL WARRANT B (2008/2018) HOLDERS AS AT 28TH APRIL 2017

NO.	Name	No. of Warrants	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for CIMB Securities (Singapore) Pte Ltd)	2,843,992	7.47
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	2,321,125	6.10

Statement of Warrant C (2015/2025) Holdings

as at 28th April 2017

ANALYSIS OF WARRANT C (2015/2025) HOLDINGS

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	66	1.75	2,945	–
100 to 1,000	50	1.33	25,517	–
1,001 to 10,000	525	13.94	3,260,080	0.28
10,001 to 100,000	1,983	52.66	100,192,500	8.66
100,001 to less than 5% of issued warrants	1,139	30.24	773,805,197	66.85
5% and above of issued warrants	3	0.08	280,159,000	24.20
TOTAL	3,766	100.00	1,157,445,239	100.00

DIRECTOR'S WARRANT C SHAREHOLDING AS AT 28TH APRIL 2017

Name	Direct Interest	%	Deemed Interest	%
1. Mr. Tan Kok Chor	–	–	–	–
2. Mr. Teo Kiew Leong	–	–	–	–
3. Mr. Chan Keng Leong	–	–	–	–
4. Mr. Michael Moo Kai Wah	–	–	–	–
5. Mr. Seroop Singh Ramday	–	–	–	–
TOTAL	–	–	–	–

LIST OF TOP 30 WARRANT C (2015/2025) HOLDERS AS AT 28TH APRIL 2017

NO.	NAME	No. of Warrants	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for CIMB Bank for Lee Yoke Foong)	128,400,000	11.09
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	78,000,000	6.74
3	UOB KAY HIAN NOMINEES (Pledged Securities Account for UOB Kay Hian Pte Ltd)	73,759,000	6.37
4	TA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Phang Miow Sin)	20,878,000	1.80
5	KHOO YONG AI	18,300,000	1.58
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	16,331,650	1.41
7	LEE ENG HOCK & CO. SENDIRIAN BERHAD	15,000,000	1.30
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	14,000,000	1.21
9	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chow Choon Futt)	12,513,300	1.08

*Statement of Warrant C (2015/2025) Holdings (cont'd)***LIST OF TOP 30 WARRANT C (2015/2025) HOLDERS AS AT 28TH APRIL 2017**

NO.	NAME	No. of Warrants	%
10	JEREMY KHO HUI JAQ	11,899,900	1.03
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Loh Teck Wah)	11,700,000	1.01
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Azeman Sipang)	11,630,000	1.00
13	TAN SOH GEK	9,500,000	0.82
14	LIM ZHONG YONG	7,500,000	0.65
15	OLIVIA CARLA LING LEE LIAN	7,400,000	0.64
16	CARTABAN NOMINEES (ASING) SDN BHD (Pledged Securities Account for Credit Industriel ET Commercial)	7,300,000	0.63
17	TIE TECK CHUNG	6,930,000	0.60
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Gim Leong)	6,177,300	0.53
19	Pang Chee Min	6,103,100	0.53
20	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lei Shing Hong Securities Limited)	6,000,000	0.52
21	KHOO BUCK CHEW	6,000,000	0.52
22	LOK KENG HENG	5,500,000	0.48
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tee Kim Hew)	5,483,000	0.47
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Liew Jew Fook)	5,130,050	0.44
25	HELEN POON	5,000,000	0.43
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Toh Dee Kong)	5,000,000	0.43
27	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for CIMB Bank for Phang Miow Sin)	4,850,000	0.42
28	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lu Li)	4,700,000	0.41
29	TAN TIONG HWA	4,400,000	0.38
30	LCP LIMITED	4,371,500	0.38
		519,756,800	44.90

Statement of Warrant C (2015/2025) Holdings (cont'd)

SUBSTANTIAL WARRANT C (2015/2025) HOLDERS AS AT 28TH APRIL 2017

NO.	NAME	No. Of Warrants	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for CIMB Bank for Lee Yoke Foong)	128,400,000	11.09
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	78,000,000	6.74
3	UOB KAY HIAN NOMINEES (Pledged Securities Account for UOB Kay Hian Pte Ltd)	73,759,000	6.37

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 33rd 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 Monday, 31st July 2017, at 8.00 am for the transaction of the following businesses :-

AGENDA

AS ORDINARY BUSINESS:

- | | | |
|----|--|---------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 January 2017 and the Reports of the Directors and Auditors thereon
Please refer to Explanatory Note (i) | |
| 2. | To re-elect the following Directors who retire by rotation in accordance with Article 91 & 92 of the Company's Constitution and who being eligible offer themselves for re-election:
Please refer to Explanatory Note (ii) | |
| | (i) Mr. Michael Moo Kai Wah | Resolution 1 |
| | (ii) Mr. Seroop Singh Ramday | Resolution 2 |
| 3. | To approve the payment of Directors' fees amounting to RM 432,399.00 per annum for the Non-Executive Directors for the financial year ended 31 January 2017.
Please refer to Explanatory Note (iii) | Resolution 3 |
| 4. | To re-appoint Messrs STYL Associates as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. | Resolution 4 |

AS SPECIAL BUSINESS:

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

- | | | |
|----|--|---------------------|
| 5. | Authority to Issue Shares pursuant to Section 75 of the Companies Act, 2016: | Resolution 5 |
| | "THAT subject always to the Companies Act 2016, Constitution of the Company and the approvals of the relevant government/Regulatory authorities, the Directors be and are hereby empowered pursuant to Section 75 of the Companies Act 2016 to further allot and issue ordinary shares in the Company from time to time upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this resolution does not exceed ten percent (10%) of the total issued share capital of the Company in any one financial year and that such authority shall remain in force until the conclusion of the next Annual General Meeting of the Company".
Please refer to Explanatory Note 5 | |

Notice of Annual General Meeting (cont'd)

6. Proposed Renewal of Authority For the Company to Purchase its own Shares ("Proposed Share Buy-Back")

Resolution 6

"That subject to the Companies Act, 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution and the requirements of Bursa Securities and any other relevant authority, the Directors of the Company be and are hereby authorized to make purchases of ordinary shares of RM0.10 each in the Company's issued and paid-up share capital through Bursa Securities subject further to the following:

- (i) The maximum number of shares which may be purchased and/or be held by the Company shall be equivalent to 10% of the issued and paid-up share capital of the Company ("Purchased Shares") for the time being;
- (ii) The maximum funds to be allocated by the Company for the purpose of purchasing the Purchased Shares shall not exceed the aggregate of the retained profits and/or share premium account of the Company as certified by the auditors of the Company;
- (iii) The authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until :
 - (a) The conclusion of the next AGM of the Company: or
 - (b) The expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) It is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

Whichever occurs first,

- (iv) Upon completion of the purchase of the Purchased Shares by the Company, the Directors of the Company be and are hereby authorized to deal with the Purchased Shares in the following manner:
 - (a) to cancel the Purchased Shares so purchased; or
 - (b) to retain the Purchased Shares so purchased as treasury shares; or
 - (c) to retain part of the Purchased Shares so purchased as treasury shares and cancel the remainder; or
 - (d) to distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force;

AND THAT, the Directors of the Company be and are hereby authorized to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Purchased Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

Notice of Annual General Meeting (cont'd)

7. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

By Order of the Board

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

Labuan F.T.
Dated : 31 May 2017

NOTES :

1. Members Entitled To Attend

For the purpose of determining who shall be entitled to attend this 33rd Annual General Meeting, only members whose names appear on the Record of Depositors as at 24 July 2017 (General Meeting Record of Depositor) shall be entitled to attend, speak and vote at this 33rd Annual General Meeting or appoint proxy/proxies to attend and/or vote on his/her behalf;

2. Appointment of Proxy

- a. A member entitled to attend and vote at this 33rd Annual General Meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote in his/her stead. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the members to speak at the meeting.
- b. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, ("SICDA") it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- c. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- d. The Form of Proxy, in the case of an individual shall be signed by the appointor or his/her attorney and in the case of a corporation, shall be given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorized.
- e. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy pursuant to Section 334(2) of the Companies Act 2016.
- f. The Form of Proxy must be deposited at the Registered Office of the Company at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, W.P. Labuan not less than Twenty-Four(24) hours before the time set for holding the meeting or any adjournment thereof.
- g. By submitting the duly executed proxy form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of this Annual General Meeting and any adjournment thereof.

Notice of Annual General Meeting (cont'd)

3. Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

4. Explanatory Notes On Ordinary Business

i. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 January 2017

The Audited Financial Statements are laid in accordance with Section 340(l)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval, hence will not be put for voting.

ii. Resolution 1 & 2 : retirement of Directors

Pursuant to Article 91 and 92 of the Company's Constitution and paragraph 7.26(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements), at every annual general meeting, one-third (1/3) of the Directors of the Company for the time being shall retire from office once at least in every three (3) years and shall be eligible for re-election.

iii. Resolution 3 : Directors' fees

Section 230(1) of the Companies Act 2016 which came into effect on 31 January 2017, provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 33rd Annual General Meeting for the payment of fees payable to the Non-Executive Directors in the resolution as follows :

- Resolution 3 on payment of Directors' fees in respect of the financial year ended 31 January 2017.

Note : The Executive Directors are also receiving Directors fees amounting to RM282,399 for the financial year ended 31 January 2017.

5. Explanatory Notes on Special Business

Resolution 5: Authority to Issue Shares pursuant to Section 75 of the Companies Act 2016

This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate")

The previous mandate was not utilized and accordingly no proceeds were raised.

The proposed Ordinary Resolution 5, if passed, will empower the Directors of the Company to issue and allot shares in the Company up to an amount not exceeding ten percent (10%) of the issued capital of the Company for the time being. This authorization will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investment projects, working capital, acquisitions and/or implementation of Employees' Share Option Scheme by the issuance of shares in the Company to such persons at any time as the Directors may deem fit, without having to convene a general meeting.

This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.

*Notice of Annual General Meeting (cont'd)***6. Proposed Renewal of Authority to Purchase the Company's own shares**

The proposed Ordinary Resolution 6, if passed, will empower the Company to purchase and/or hold up to a maximum of ten per centum (10%) of the issued and paid-up share of the Company at any point of time, by utilizing the amount allocated which shall not exceed the total retained profits and/or share premium account of the Company, subject to the Act, Listing Requirements of Bursa Securities, any prevailing laws, orders, requirements, rules, regulations and guidelines issued by the relevant authorities at the time of purchase. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

Please refer to the Statement to Shareholders as set out in this Annual Report for further information.

Statement Accompanying Notice of 33rd Annual General Meeting

1. The Directors who are standing for re-election at the 33rd Annual General Meeting of the Company are as follows:

(a) Pursuant to Article 91 & 92 of the Company's Constitution on retirement by rotation :

- (i) Mr Michael Moo Kai Wah
- (ii) Mr. Seroop Singh Ramday

2. Further details of individuals who are standing for re-election as Directors

- (i) Directors' profile on pages 7.
- (j) Details of interest in the securities of the Company, if any, are disclosed in the Directors' shareholding on page 126.

3. Board meetings held during the financial year ended 31 January 2017.

The Board has held twelve (12) meetings 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 Held
(i) Tan Kok Chor	21 August 2001	12/12
(ii) Teo Kiew Leong	2 April 2007	8/12
(iii) Chan Keng Leong	5 November 2015	8/12
(iv) Michael Moo Kai Wah	15 Jan 2008	12/12
(v) Seroop Singh Ramday	1 August 2014	12/12

4. The place , date and time of the 33rd Annual General Meeting

2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007, W.P. Labuan on Monday, 31st July 2017 at 8.00 am.

5. 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 Constitution of the Company and Paragraph 7.16 (2) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, a Record of Depositors as of 24 July 2017, 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.

FORM OF PROXY

No. of shares held	
CDS account no.	

I/ We *NRIC/ Company No.
 of
 being *a member / members of BORNEO OIL BERHAD (121919-H) hereby appoint
 *NRIC No./ Passport No.
 of
 or failing *him/ her *NRIC No./ Passport No.
 of

or failing *him/ her the Chairman of the Meeting as *my/ our proxy/ proxies to attend, participate, speak and vote for *me/ us on *my/ our behalf at the 33rd Annual General Meeting of the Company to be held at 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007 Wilayah Persekutuan Labuan on Monday, 31 July 2017 at 8.00 a.m..

**My/ our proxy is to vote as indicated below:-*

NO.	RESOLUTION	FOR	AGAINST
1.	To re-elect Mr Michael Moo Kai Wah as Director.		
2.	To re-elect Mr Seroop Singh Ramday as Director.		
3.	To approve the Directors' fees of RM 432,399.00 for the financial year ended 31 January 2017.		
4.	To re-appoint Messrs STYL Associates.		
5.	As Special Business: <u>Ordinary Resolution 1</u> To authorize Directors to allot and issue shares pursuant to Section 75 of the Companies Act, 2016.		
6.	<u>Ordinary Resolution 2</u> Renewal of Authority for the purchase of own shares by the Company		

Please mark with "X " in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit.

* *Strike out whichever is not desired*

.....
Signature of Member(s)/ Common Seal

Date:

Notes:-

- In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 24 July 2017 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf.*
- A member of the Company who is entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies, and in the case of a corporation, a duly authorised representative to attend, participate, speak and vote in its stead.*
- A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. Where a member appoints more than one (1) proxy, he/ she shall specify the proportions of his/ her shareholdings to be represented by each proxy.*
- Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("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.*
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his/ her attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.*
- The original instrument appointing a proxy must be deposited at the Registered Office of the Company situated at 1st & 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007 Wilayah Persekutuan Labuan, not less than 24 hours before the time appointed for taking the poll.*

Personal Data Privacy:-

By submitting an instrument appointing a proxy(ies) and/ or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 May 2017.

Fold this flap for sealing

Then fold here

AFFIX
POSTAGE
STAMP

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

1st fold here

1st & 2nd Floor, Victoria Point,
Jalan OKK Awang Besar, 87007,
W.P. Labuan, Malaysia.