

ANNUAL REPORT 2018

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Proxy Form

Corporate Information

Board Of Directors

Mr. Tan Kok Chor

Chairman
(Independent Non- Executive Director)

Mr. Teo Kiew Leong

(Executive Director)

Mr. Chan Keng Leong

(Executive Director)

Mr. Michael Moo Kai Wah

(Independent Non-Executive Director)

Mr. Seroop Singh Ramday

(Senior Independent Non-Executive Director)

Audit Committee

Chairman

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

Member

Mr Tan Kok Chor
(Independent Non-Executive Director)

Member

Mr Seroop Singh Ramday
(Senior Independent Non-Executive Director)

Nomination Committee

Mr Seroop Singh Ramday
(Senior Independent Non-Executive Director)
- **Chairman**

Mr Tan Kok Chor
(Independent Non-Executive Director)
- **Member**

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

Remuneration Committee

Mr Seroop Singh Ramday
(Senior Independent Non-Executive Director)
- **Chairman**

Mr Tan Kok Chor
(Independent Non-Executive Director)
- **Member**

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

Company Secretaries

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

Share 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

Registered Office

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

Stock Exchange Listing

Listed on Main Market of Bursa
Malaysia Securities Berhad on
28 Nov 1997.
Stock Name : BORNOIL
Stock Code : 7036

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)
Public Bank Berhad (6463-H)
Malayan Banking Berhad (3813-K)
RHB Bank Berhad (6171-M)
RHB Trustees Berhad (573019-U)
HSBC Bank Malaysia Berhad
(127776-V)
Standard Chartered Bank Malaysia
Berhad (115793-P)

Solicitors

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

Website

www.borneo-oil.com.my

Chairman's Review

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present herewith the Company's Annual Report for the new financial period ended 30th June, 2018.

2018 is a memorable year.

The Country had a regime change on 10th May 2018 after almost 61 years of a government under Barisan Nasional. Unlike most other regime changes, Malaysia's was civil and peaceful, a shining example to the rest of the world.

The Company too had its own change. Not on any kind of regime but change of financial year-end date from 31st January to 30th June, effective from this Annual Report. Whilst the election result gave hope to most of if not all Malaysians of a new Malaysia, the Company and the Group's result, consequent to the said change, for 17 months period ended 30th June 2018, was not that impressive.

The Group recorded total revenue of RM137.11 million and registered a loss before tax of RM1.59 million for the new financial period ended 30th June 2018 as compared to total revenue of RM160.83 million and profit before tax of RM48.65 million in the preceding year.

The overall performances under circumstances in which they were achieved was satisfactory. However, as a result of the year end adjustment of RM11.14 million made to provide for share-based payment expense on Employee Share Option Scheme (ESOS) granted to employees in compliance with MFRS-2, the Group would have otherwise posted a more realistic profit before tax of RM9.56 million.

Further information on the Group's results and analysis are discussed in detail under the Management Discussion and Analysis section.

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

Our most valued shareholders, 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.

Thank you and till we meet again next year.

Mr. Tan Kok Chor
Chairman

26 October 2018

Director's Profile



Tan Kok Chor

Chairman - Independent Non-Executive Director

Tan Kok Chor, aged 68, was appointed to the Board of Borneo Oil Berhad on 21st August 2001. He has more than 10 years experience in legal line which involved litigation, conveyancing and preparing legal documentation and related matters. He holds various directorships in several other private limited companies, incorporated in Malaysia.



Teo Kiew Leong

Executive Director

Teo Kiew Leong, aged 53, 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 2002, he was involved and responsible for the New Kitchen settings and layout together with products development and implementation when the company revamped its existing traditional OSR Western Menu to introducing new Asian Cuisine Meals. This paradigm shift to create the differentiation and variety in menu offerings largely contributed to the success of the group today.

In June 2005, he was appointed the General Manager and subsequently the Executive Director since 2007. Under him, the Franchise division grew from 14 to over 85 outlets in less than 6 years.



Chan Keng Leong

Executive Director

Mr Chan Keng Leong, aged 71 was appointed to 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.

As an Executive Director of Borneo Oil Berhad, he has been entrusted to spearhead the renewable energy project and other new projects. He is expected to provide significant contributions to the management of these projects drawing from his vast domestic and international working experiences and exposure in broad spectrum of oil and gas, and petrochemical industries being served as Petronas Country Manager (Philippines), Chief Executive Officer ("CEO's"), Board Directors and General Managers during his long career with Petronas.

He will work with other Board members and also provide stewardship to the project teams to accomplish these projects.



Michael Moo Kai Wah

Independent Non-Executive Director

Michael Moo Kai Wah, aged 66, is a Non-Executive Director appointed to the Board of Borneo Oil Berhad on 15th January 2008. He obtained his college education at the University of Huddersfield, United Kingdom in 1977 in Business Studies.

He had more than 10 years working experience in the United Kingdom and in Malaysia in accounting, tax, audit and secretarial matters. He is also actively involved in his alma mater as board treasurer for more than 10 years.



Seroop Singh Ramday

Senior Independent Non-Executive Director

Seroop Singh Ramday, aged 61, 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.

Prior to returning to Malaysia in 2014, he set up and headed a novel research and technology company in the UK. He successfully engineered technology collaborations with 2 Fortune 500 companies and several multinationals including securing global commercial licensing agreements and international patents for leading edge technology in passive fire protective coatings.

Management Discussion and Analysis

REVIEW OF PERFORMANCE AND RESULT

“The Group recorded total revenue of RM137.11 million and registered a loss before tax of RM1.59 million for the new financial period ended 30th June 2018 as compared to total revenue of RM160.83 million and profit before tax of RM48.65 million in the preceding year.

The overall performances under circumstances in which they were achieved was satisfactory. However, as a result of the year end adjustment of RM11.14 million made to provide for share-based payment expense on Employee Share Option Scheme (ESOS) granted to employees in compliance with MFRS-2, the Group would have otherwise posted a more realistic profit before tax of RM9.55 million.”

FAST FOOD AND FRANCHISE DIVISION

The division recorded total revenue of RM71.04 million and a loss before tax of RM2.62 million in the new financial period against its corresponding total revenue of RM54.34 million revenue and RM3.53 million profit before tax in the preceding year. The overall achievement was satisfactory considering the various challenges faced during the year and the loss was after adjustments made for the division’s proportionate share of the ESOS expense as mentioned earlier; which would have otherwise been a positive result of RM2.32 million profit before tax.

Total number of outlets (SugarBun & Pezzo) as at the date of writing is 135 compared to 137 previously. The division continued to face higher costs due to the fluctuating Ringgit and pressure on keeping the price of products competitive against stiff competition from other operators, which have invariably resulted in lower margins. It was further compounded by lower sales caused generally by more caution in the spending pattern of the general population.

The division is optimistic that this situation will change and gradually improve, perhaps commencing with the abolition of GST on the 1st of June 2018. It was the imposition of GST that served as a catalyst for lower sales, as consumers would patronise cheaper food outlets that did not charge GST.

Moving forward, with the opening of the first “Broasted by SugarBun” kiosk in Pahang and the subsequent one in Johor under a new micro-concept as approved by The Ministry of Domestic Trade and Consumer Affairs, there are plans for 20 more such outlets to be opened in Sabah, 15 in Peninsular Malaysia and 5 in Sarawak. Whilst overseas, one of this new micro-concept outlet is expected to be opened in Brunei. Besides, there are plans to expand into smaller towns as main cities are already saturated with fast-food restaurants and difficulty in securing good locations. In Bangladesh, 5 more SugarBun outlets (3 outlets in Chittagong and 2 outlets in Dhaka) will be opening in the later part of this year and early 2019.



The acceptance of Borneo Asian Food (BAF) in Johor has been very encouraging. More similar openings are in the pipeline.



Management Discussion and Analysis (cont'd)

Overseas, Aunty Franklee has been constantly voted as being one of the top places in Melbourne to enjoy good authentic Malaysian food. A new outlet was opened in Hawthorne, Melbourne in February 2018 and one more is expected to be opened in Adelaide soon. A similar food court concept operated by Aunty Franklee will be opening in Menara Hap Seng II, Kuala Lumpur in the earlier part of next year.



PROPERTY, MANAGEMENT & RELATED OPERATIONS DIVISION



The division's overall performance was satisfactory with total revenue of RM32.72 million and a loss of RM1.64 million as compared to its corresponding total revenue of RM3.37 million but a higher loss of RM14.04 million in the preceding year. The Division would have otherwise contributed a positive result of RM1.26 million profit if not for its similar share of the ESOS expense.

The above achievement was mainly attributable to the project management for construction of an Integrated Limestone Processing Plant (ILPP) which is about 50% completed to date and expected to be completed by the first quarter of 2019. With careful planning and cooperation with the ILPP owners, the Company is confident to reap further benefits from it upon completion through the supply of limestone and other mutually beneficial arrangements. Any development in such arrangements with the ILPP, once finalised and if it involves the Company or the Group, will be announced in due course.

MINING, ENERGY & RELATED OPERATIONS DIVISION

The division's total revenue of RM35.24 million and profit before tax of RM19.21 million as compared to the preceding year's total revenue of RM103.94 million and profit before tax of RM7.81 million was commendable.

The new financial period's profit was contributed mainly from the Limestone section's tribute income from certain quarry lands operated by contractors and its sales of limestone which included debris from the leased lands which were at no cost to the company and gain arising from the disposal of a subsidiary company of the Gold mining section. The comparative drop in total revenue was due to the reduction in gold spot trading activities for the current financial period.

Gold



Total production of gold for the current financial period ended 30 June 2018 was 40.53kg as compared to 40.47kg in the preceding year. The proportionate decline in production this year was attributed to delay in commencing the heap leach operations at Bukit Ibam due to metallurgy studies. Mine mitigation and rectification works carried out at Merapoh Mine also affected the mining operations.

The 1st phase of the exploration and drilling activities in Bukit Ibam mine were completed with 5,000 metres of core drill and a total of 3,749 samples were completed and sent for lab analysis. With the completion of the 1st phase of exploration and drilling, the Company has also successfully completed the metallurgy testing. The Company has started the testing of the heap leaching on a large scale and barring unforeseen circumstances, the production will be scaled up gradually.



Limestone



The highlight for this coming financial year will be the role that the limestone operations will play in the almost completed ILPP at Lahad Datu. The ILPP is expected to be commissioned by the 1st or 2nd Quarter of 2019. It is expected to consume 1,000 to 2,000 tonnes of limestones a day. The Group will play a part in the supply of limestone in crushed or powdered form to the ILPP which includes the manufacture of clinker and cement.

Sabah is the only State without a Clinker and Cement Plant and the demand for cement is in the region of 1.0 to 1.5 million tonnes a year. With the relaunching of the Pan Borneo Highway, the demand for cement is estimated to increase tremendously in the next 12 to 60 months. Turning to the marble blocks produced by Lung Shing Sdn Bhd (LSSB), 24,945.02 m³ and 3,971 blocks were produced during the financial period and 972 containers were exported by LSSB.



Bio-Fraction project

Climate change is among the most pressing challenges of our time and one that needs to be tackled urgently if we are to preserve the habitability of our planet. In line with the Company's Green Business Initiative, the division had invested in a Bio-Fraction project which involves a thermo-chemical process that converts palm biomass wastes for examples, empty fruit branch (EFB) and palm kernel shell (PKS) which are in abundant in Malaysia into bio-oil, bio-syngas and bio-char. With the completion of the Bio-Fraction plant and its successful trial run recently, the Company is ready to venture into renewable and sustainable energy which is in line with the said Green Business Initiatives. The successful transitioning to renewable energy will not only allow us to reduce our carbon emissions but will also make business sense by offering us a hedge against fuel price risk. The Company is currently in the process of discussion with potential partners to cooperate and expand our network in the field of renewable and sustainable energy. The Company believes that this project will be a positive game changer to the Biomass Industry. In Sabah alone, there is over 3 million tonnes per annum of suitable Biomass in the form of EFB pellets and PKS for the bio-fraction process.



Corporate Governance Overview Statement

The Board of Borneo Oil Berhad (“BOB” or “the Company”) is fully committed to maintain the highest standards in Corporate Governance Practices, professionalism and integrity in driving the Company to safeguard and enhance Shareholders’ value and performance of the Company and its subsidiaries (“the Group”).

In reinforcing the importance of corporate governance, the Board is dedicated in ensuring that good corporate governance is practiced and complied with throughout. The Corporate Governance Overview Statement (“CG Overview Statement”) is prepared pursuant to Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance 2017 (“MCCG”) issued by the Securities Commission.

This Corporate Governance Overview Statement provides a summary of the Company’s corporate governance practices during the financial period under review, with reference to the following key principles:-

- Principle A : Board Leadership and Effectiveness
- Principle B : Effective Audit and Risk Management
- Principle C : Integrity in Corporate Reporting & Meaningful Relationship with Stakeholders

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

1. Board’s Responsibilities

- 1.1 The Board plays a key and active role in the formulation and development of the Group and the Company’s policies and strategies and is responsible for oversight and overall management of the Group and the Company. The Board, in carrying out its responsibility has delegated certain responsibilities to the Audit Committee (“AC”), Nomination Committee (“NC”) and Remuneration Committee (“RC”). All committees have clearly defined terms of reference. The Chairman of the various committees report to the Board the outcomes of the committee meetings. The ultimate responsibility for the final decisions on all matters, however rests with the entire Board.

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

- 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

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board's Responsibilities (Cont'd)

- 1.2 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 EDs. This segregation between the duties of the Independent Non-Executive Chairman and the COO and EDs ensures an appropriate balance of role, responsibility and accountability at Board level. The Board consider it necessary to nominate a recognised Senior Independent NED given the separation of the roles of the Chairman who is an Independent NED and the COO or EDs.

The Independent Non-Executive Chairman is primarily responsible for the orderly conduct and effective running of the Board, whilst the COO and EDs have overall responsibility for the operating units, organisational 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.

- 1.3 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 minimised.

The Company Secretary organises 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.

- 1.4 The Board has in place a Board Charter which demarcates the responsibilities between Board, Board Committee, Chairman, Independent Non-Executive and Executive Directors and Company Secretary.

The Board comprises of members from various professions and specialisation 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.

The Board Charter will be periodically reviewed and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities.

- 1.5 The Board continues to adhere to the Code of conduct and ethics 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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition

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

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

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.

2.2 The Board takes cognizance of Practice 4.2 of the MCCG's recommendation that the tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine years, an independent director may continue to serve on the Board as a non-independent director. If the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the 12th year, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

The Board opined that Independent Non-Executive Directors would have developed a good understanding of the Group's businesses over time and could lose their valuable contributions simply by phasing out Independent Non-Executive Directors who have reached the limit. The Board believes that term limits do not in any way interfere with an Independent Non-Executive Director's judgement and ability to act in the best interest of the Company. The Board has no policy which limits the tenure of its independent directors to nine (9) years.

2.3 The Board acknowledges the recommendation of the Malaysian Code of Corporate Governance 2017 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.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

- 2.4 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.

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.

- 2.5 The Nomination Committee's ("NC") responsibility, among others, is to identify and recommend the right candidate with the necessary skills, experience and competencies to be filled in the Board and Board Committees. Recruitment matters are discussed in detail by the NC before the entire Board makes the final decision on new appointments.

The NC comprises three (3) Non-Executive Directors, the majority of whom are Independent. The members are :

- **Mr Seroop Singh Ramday (Chairman)**
Senior Independent Non-Executive Director
- **Mr Tan Kok Chor**
Independent Non-Executive Director
- **Mr Michael Moo Kai Wah**
Independent Non-Executive Director

The NC oversees the selection and assessment of Directors to ensure the Board's composition remains relevant and optimal. The NC reviews the composition and size of the Board and each Board Committee and the skills and core competencies of its members to ensure an appropriate balance and diversity of skills and experience.

- 2.6 Eleven (11) Board meetings were held during the financial period ended 30 June 2018. All Directors fulfilled the requirements of the Constitution with respect to the Board meetings' attendance that every Director must attend at least fifty (50%) percent of the Board meetings held in each financial year.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. Details of the attendance of the Directors at the meetings for the financial period are as set out below:-

Names of Directors		Attendance
(i)	Tan Kok Chor	11/11
(ii)	Teo Kiew Leong	9/11
(iii)	Chan Keng Leong	9/11
(iv)	Michael Moo Kai Wah	11/11
(v)	Seroop Singh Ramday	11/11

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

2. Board Composition (Cont'd)

2.7 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.

3. 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 period ended 30 June 2018 for the Group and their respective detailed disclosure on named basis are as follows :

Category	EDs RM	Non-EDs RM	Total RM
Fees	171,000	212,500	383,500
Salaries and Bonus	251,550	–	251,550
EPF and SOCSO	24,934	–	24,934
Total	447,484	212,500	659,984

Directors	Salaries	Fees	Bonuses	Benefits in-kind	Statutory Contributions	TOTAL
	RM					
Executive Directors						
1. Chan Keng Leong		86,000				86,000
2. Teo Kiew Leong	240,550	85,000	11,000		24,934	361,484
Non-Executive Directors						
1. Michael Moo Kai Wah		42,500				42,500
2. Seroop Singh Ramday		85,000				85,000
3. Tan Kok Chor		85,000				85,000
	240,550	383,500	11,000	–	24,934	659,984

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. Remuneration (Cont'd)

The number of Directors whose total remuneration falls within the following bands for the financial period ended 30 June 2018 are as follows :

Range of Remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	–	1
RM50,001 to RM100,000	1	2
RM100,001 to RM200,000	–	–
RM200,001 to RM300,000	–	–
RM300,001 to RM400,000	1	–

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Audit Committee ("AC") currently comprises three (3) members, all of whom are Independent Non-Executive Directors. None of the current members of the AC is a former key audit partner involved in auditing the Group.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors. Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This confirmation would be re-affirmed by the external auditors to the AC upon their completion of annual audit. This confirmation is made pursuant to the Independent Guidelines of the Malaysian Institute of Accountants.

The Audit Committee met the External Auditors twice without the presence of the Management Team. A more detailed report on its composition and activities is presented in the Audit Committee Report of the Annual Report.

2. Risk Management & Internal Control Framework

The Board has put in place a systematic risk management framework and processes to identify, evaluate and monitor principal risks and implement appropriate internal control processes to manage risks across the Group. Risks such as long-term business strategies, regulatory and compliance concerns, substitution and technology applications and fraudulent practices. Although many risks are outside the Company's direct control, a range of activities are in place to mitigate the key risks identified as set out in the Statement on Risk Management and Internal Control.

The risk management and internal control system is regularly reviewed and mitigated by Management to ensure that the Group's assets and shareholders' investments are protected and preserved.

The Group's internal audit function was outsourced to a professional firm who reports to the Audit Committee. In addition, there is also an internal audit overseeing the audit of the operations, who also report to the Audit Committee. Internal Auditors report on the weaknesses of internal controls and risks and recommend corrective measures to the Audit Committee for its inward submission to the Board. The AC, with the assistance of Internal Auditors, ensures continuous review of the key risks of the Group, and monitors the implementation of the mitigation plans on a quarterly basis. The internal audit function is prescribed in detail in the Audit Committee Report of this Annual Report.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

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.

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.

2. Conduct of General Meetings

The Board acknowledges that general meetings are important avenues in engaging with shareholders and investors who may seek clarification on the Group's business, performance and prospects.

Shareholders are notified of the AGM and provided with a copy of the Company's Annual Report in CD-ROM format, at least twenty-one (21) days before the meeting. The printed version of the Annual Report is provided to shareholders upon request. The request for printed copies are provided in the mailer. Our Share Registrar will ensure that printed copies reach shareholders within four (4) market days from receipt of written request.

At the Annual General Meeting ("AGM"), shareholders are encouraged to ask questions or seek clarifications on the agenda of the meeting. All Directors are available to respond to questions raised from shareholders during the meeting. The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders.

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.

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 period ended 30 June 2018. The Company will continue to strengthen its governance practices to safeguard the best interest of its shareholders and stakeholders.

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 128,746,000 (2017 : 7,310,000) shares in the Company through purchase from the open market during the financial period. The total amount paid to acquire the shares was RM11,961,246 (2017:RM1,349,786). The average cost paid for the shares repurchased was RM0.095 (2017: RM0.155) per share, including transaction costs. This was presented as a component within shareholder's equity.

As at 30 June 2018, the Company has 128,746,000 (2017:171,350,000) ordinary shares held as treasury shares.

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Options, Warrants or Convertible Securities

There were certain options, warrants or convertible securities issued during the financial period. The granting/ exercise of options under the Employees Share Option Scheme are as disclosed in the Directors' Report.

The expiry date of the warrants B 2008/2018 is on 28th February 2018. Total unexercised warrant of 10,052,675 lapsed and cease to be valid.

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

The exercise period for the warrants D 2017/2027 is ten years commencing from 30 May 2017 and expiring 29 May 2027.

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

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

Non-Audit Fees

The Non-audit fees paid to the External Auditors, STYL Associates, Chartered Accountants (AF 001929) for the financial period ended 30 June 2018 amounted to RM3,000.00.

Profit Guarantees

There were no profit guarantees given by the Group during the financial period ended 30 June 2018.

Variance in results

There was a material variances of 10% or more in the profit after tax and minority interest between the audited and unaudited results announced for the financial period ended 30 June 2018.

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 period ended 30 June 2018.

Sustainability Statement

INTRODUCTION

Borneo Oil Bhd and its Group of Companies (“BOB”) recognises the impact of our business operations has on the economic, environmental and social risks. We are committed to our responsibility to engage with the internal and external stakeholders to create a positive social impact through our sustainability initiatives.

SCOPE

The Sustainability Statement covers three (3) main business of BOB, namely:

- fast food and franchise operations
- management and operation of properties
- oil, gas, energy and mining related business

which collectively contributed 99% (percent) of the Group’s total revenue for the financial period ended 30 June 2018.

OUR GOVERNANCE STRUCTURE

We are constantly formulating strategies to embed environmental sustainability principles in our business process and practices with the objective of safeguarding shareholders’ interest whilst protecting the environment and the communities in which we operate. We have in place a governance structure within BOB to govern our sustainability function.

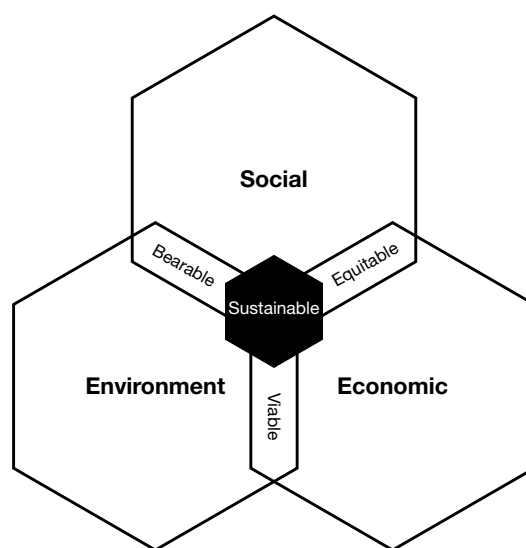
Our Risk Management & Sustainability Committee is represented by each department manager and chaired by our ED. The Committee is responsible for the formulation sustainability policies and implementation of sustainability initiatives. The Committee works with various business operations to oversee the development, execution and reporting of the sustainability strategy. The Committee meets with the Board quarterly to review the sustainability performance of the Group.

OUR STAKEHOLDERS ENGAGEMENT

Our stakeholders’ interests are vital to our long-term success. We have been introducing various engagement platforms to facilitate the engagement with our stakeholders to identify key issues and formulate actions to improve on our business operations.

STAKEHOLDERS	KEY ISSUES	ENGAGEMENT PLATFORMS	ACTIONS
Customers	<ul style="list-style-type: none"> • Customer satisfaction • Product quality and services 	<ul style="list-style-type: none"> • Customer surveys • Feedback platforms 	<ul style="list-style-type: none"> • Continue to enhance customer satisfaction level with improved service and quality products
Suppliers	<ul style="list-style-type: none"> • Quality assurance • Supply chain management 	<ul style="list-style-type: none"> • Supplier’s code of conduct • Monthly suppliers visit 	<ul style="list-style-type: none"> • Quality control checks • Regular suppliers review
Franchisees	<ul style="list-style-type: none"> • Quality of service • Growth and expansion 	<ul style="list-style-type: none"> • Regular dialogue sessions • Visit to outlets by rotation 	<ul style="list-style-type: none"> • Training and briefings • Conduct audit checks • Marketing and promotional events

STAKEHOLDERS	KEY ISSUES	ENGAGEMENT PLATFORMS	ACTIONS
Employees	<ul style="list-style-type: none"> Talent retention and attraction Training and well-being 	<ul style="list-style-type: none"> Annual performance appraisals Regular department meetings Whistle-blowing policy 	<ul style="list-style-type: none"> Compensation and benefits Career progression Continuous learning and skills upgrading
Community	<ul style="list-style-type: none"> Responsible corporate citizenship 	<ul style="list-style-type: none"> Festive season celebration events Charity events and donations 	<ul style="list-style-type: none"> Helping the needy in the community Foster strong community ties
Investors	<ul style="list-style-type: none"> Financial stability Long-term growth Risk management Corporate governance 	<ul style="list-style-type: none"> Quarterly financial results announcements Annual General Meeting (AGM) Media 	<ul style="list-style-type: none"> Performance and financial results Business strategy and outlook Explore new business and opening new markets



ECONOMIC

A sustainable economy in our view is based on ethical principles, innovation, investment and a healthy financial foundation and using available resources to our best advantage. The idea is to promote the use of those resources in a way that are efficient, responsible and likely to provide long-term benefits, while consistently returning a profit.

- Building our reputation, products and brands with consumers and stakeholders.
- Efficient and effective use of our available resources to maximise return for our shareholders.
- Explore new markets and business to increase wealth of our shareholders.

ENVIRONMENT

BOB aspires to minimise its impact on our environment and maximise the effective use of resources. We strive to achieve this by increasing communication and awareness of our efforts in accordance with this policy and fostering responsible environmental behaviour amongst staff, volunteers, and users at all levels.

We are committed not only to complying with applicable law in all its operations but to minimise risks and impacts to the environment and the broader community through the initiatives embedded in our business process.

- Providing a safe and healthful workplace;
- Having an environmentally sustainable aware culture, where responsibility is assigned and understood;
- Being an environmentally responsible neighbour in our community;
- Conserving natural resources by reusing and recycling;
- Used cooking oil is collected by registered waste oil company for recycling;
- Using, in our own operations, processes that do not adversely affect the environment;
- Ensuring the responsible use of energy throughout the organisation;
- Participating in efforts to improve environmental protection and understanding;
- Taking steps to improve environmental performance continually;
- Conducting rigorous audits, evaluations, and self-assessments of the implementation of this policy;
- Working with suppliers who promote sound environmental practices; and
- Enhancing awareness among our employees, volunteers, and users – educating and motivating them to act in an environmentally responsible manner.

SOCIAL

Our corporate culture is built on respect for the society in which we operate and an inclusive perspective on our stakeholders embracing not just shareholders and staff, customers and business partners but the community at large.

- Equal opportunities for employees from different background, gender, age and ethnicity.
- Foster the skills and abilities of our employees for their career growth.
- Committed to compliance with all relevant occupational health and safety regulations and promote behavior that minimise risk to create a safe working environment.
- Participate and organising charitable events to help the needy in the community.

Audit Committee Report

The Audit Committee (“AC”) of Borneo Oil Berhad is pleased to present the AC Report for the financial period ended 30 June 2018 in compliance with Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad.

The AC was established in July 1999 to serve as a committee for the Board of Directors of Borneo Oil Berhad. In performing their duties and discharging their responsibilities, the AC is guided by its Terms of Reference.

COMPOSITION AND MEETINGS

The AC convened six (6) meetings during the financial period ended 30 June 2018. The details of their attendance are as follows:

AC Members	Number of meetings attended
Mr Michael Moo Kai Wah (Chairman) Independent Non-Executive Director	6/6
Mr Tan Kok Chor (Member) Independent Non-Executive Director	6/6
Mr Seroop Singh Ramday (Member) Senior Independent Non-Executive Director	6/6

The AC had met two (2) times with the external auditors without the presence of the Executive Board members.

SUMMARY OF THE WORK OF THE AC

In line with the Terms of Reference of the AC, the work carried out by the AC in the discharge of its functions and duties for the financial period ended 30 June 2018 are as follows:

Financial Procedures and Financial Reporting

- Reviewed the Group’s quarterly results and financial statements, and made Recommendations to the Board for approval of the same, as detailed below:

DATE OF AC MEETINGS	QUARTERLY RESULTS/FINANCIAL STATEMENTS REVIEWED
30 March 2017	Unaudited 4th Quarterly results for the period ended 31 January 2017.
30 June 2017	Unaudited 1st Quarterly results for the period ended 30 April 2017.
28 September 2017	Unaudited 2nd Quarterly results for the period ended 31 July 2017.
28 December 2017	Unaudited 3rd Quarterly results for the period ended 31 October 2017.
30 March 2018	Unaudited 4th Quarterly results for the period ended 31 January 2018.
29 June 2018	Unaudited 5th Quarterly results for the period ended 30 April 2018.
28 August 2018	Unaudited 6th Quarterly results for the period ended 30 June 2018.

The review of the unaudited quarterly financial results is to ensure the disclosures are in compliance with the Malaysian Financial Reporting Standard 134- Interim Financial Reporting and applicable disclosure provisions in the MMLR.

SUMMARY OF THE WORK OF THE AC (CONT'D)

Financial Procedures and Financial Reporting (Cont'd)

The AC had also reviewed the audited financial statements of the Company and the Group for the financial period ended 30 June 2018 which covers the financial position and performance for the period from 1.2.2017 to 30.6.2018 and ensured that it complied with all disclosures and regulatory requirements and recommended the audited financial statements to the Board for approval.

- Reviewed the significant matters highlighted by the external auditors in the financial statements and significant judgements made by the Management.

External Audit

- Reviewed and endorsed the external auditors' audit strategy, scope of work and audit plan for the period, including the review on audit documentation of significant component auditors in the subsidiaries.
- Met with the external auditors two (2) times during the year without the presence of the Management to review and discuss on the key issues within their duties and responsibilities. There were no major concerns raised by the external auditors at the meetings.
- Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment and audit fees.
- Reviewed and approved the audit and non-audit services provided by the external auditors. The amounts of audit and non-audit fees were disclosed in the Additional Compliance Information on page 18.
- Obtained written assurance from the external auditors to confirm on their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- The AC was satisfied with the work performed by the external auditors based on the quality of services, sufficiency of resources, performance, independence and professionalism, and their ability to conduct the external audit within an agreeable timeline fixed by the Management. Accordingly, it was recommended to the Board to re-appoint STYL Associates as the Auditors of the Company as well as proposed audit fees for approval. A resolution for their re-appointment will be tabled for shareholders' approval at the forthcoming Annual General Meeting.

Internal Audit

- To review the risk-based annual audit plan to ensure adequate scope and coverage on the activities of the Company and the Group.
- To review and deliberated on reports of audits conducted by the Internal Audit Department.
- To appraise the adequacy of actions and remedial measures taken by the Management in resolving the audit issues reported and recommended further improvement measures.
- To review the adequacy of staff resources and access to information to ensure audit works were carried out effectively.
- To prepare periodic reports to the Board summarising the work performed in fulfilling the Audit Committee's primary responsibilities.
- 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.
- 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.

SUMMARY OF THE WORK OF THE AC (CONT'D)

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 auditors, the audit plan;
 - (b) with the external auditors, his evaluation of the system of internal controls;
 - (c) with the external auditors, his audit report;
 - (d) the assistance given by the employees to the external auditors;
 - (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 events or transactions;
 - significant judgements made by the Management;
 - the going concern assumptions; 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 are reasons (supported by grounds) to believe that the Company's external auditors are 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 period ended 30 June 2018:

- Reviewed the quarterly financial results 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 auditor 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.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT

The Board recognised 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 period under review, all of which had 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 period ended 30 June 2018 amounted to RM76,500.

Statement on Risk Management and Internal Control

Introduction

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia, the Board of Directors of Borneo Oil Berhad ("the Board") is committed to maintain a sound risk management framework and internal control system in the Group and is pleased to present herewith the Statement on Risk Management and Internal Control which outlines the nature and state of risk management and internal control of the Group during the financial period ended 30 June 2018.

Board Responsibility

The Board affirms its overall responsibility in maintaining a sound risk management and internal control system at Borneo Oil Berhad to safeguard the interest of shareholders, customers, employees and the Group's assets. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance against material misstatement of management and financial information, financial losses, fraud and breaches of laws or regulations.

The Risk Management Process

The Group recognises 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 were 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 period under review. In compliance with the Guidelines for Directors of Listed Issuers which was issued by Bursa Securities Malaysia 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.

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 are 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 roles of the working group includes reporting on an annual basis, the status of the risk mitigation actions, new risks identified and risks that have been changed characteristically together with the corresponding controls. This report was 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.

1. Risk Management (Cont'd)

a. Roles and Responsibilities (Cont'd)

The Finance Manager had 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 period ended 30 June 2018.

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 period, 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 Audit Committee 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.
- 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.

2. Internal Control Function (Cont'd)

a. The Internal Control Process (Cont'd)

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:

- Organisational Structure

The Board has put in place an organisational 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 were 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 organisation'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 were 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.

- 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.

2. Internal Control Function (Cont'd)

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 authorised limits requires decision by the Board. Comprehensive appraisal procedures apply to all major investment decisions.

- Financial Performance

Interim financial results, annual budgets and forecasts were 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 were analysed for effective management actions thereafter, and presented to the Audit Committee and the Board .

The financial results and analysis of the Group's state of affairs for the period were 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 were internally reviewed by key personnel. Updates on internal policies and procedures were undertaken to reflect changing risks or resolve operational deficiencies.

Internal audit visits were 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 were 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.

Regular Board meetings were held to discuss and decide on policies and major business matters, while the Management Committees' discussions , briefings and meetings were 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.

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

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the period ended 30 June 2018, 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.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

The Board's Conclusion

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the period under review and up to the date of approval of this statement for the inclusion in the Annual Report, and is of the view that the risk management and internal control system is satisfactory and there was no material losses incurred during the period under review as a result of internal control weakness or adverse compliance events.

For the period under review, 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.

This Statement on Risk Management and Internal Control was approved by the Board of Directors of Borneo Oil Berhad on 26th October 2018.

Corporate Social Responsibility ("CSR") Statement

The Board of Directors acknowledge the importance of Corporate Social Responsibility ("CSR") and strive to fulfill the expectation of its stakeholders by enhancing its social environmental and economic performance while ensuring the sustainability and operational success of the Group. Firm commitment to the CSR form the foundation of good corporate citizenship and upholds the utmost level of corporate governance.

The Group continues to focus on improving the health and safety as well as welfare of the employees and workers within the organisation. Sustainability is an integral part of the business and the Group's corporate responsibility practices focus on four (4) main areas: namely on the Workplace, the Community, the Environment and the Market Place which aim to deliver sustainable value to the society at large.

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 minimise 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 organisation.

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 that in order to optimise the employees' talents and capabilities, various in-house trainings, external training programmes including online training, webinar and seminar are continuously provided to all employees to enhance their knowledge and skills while promoting a motivated working team and fostering a closer relationship with each other.

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.

THE WORKPLACE (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 worked 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.

Organise occasions for regular meet-ups between Management and staff to foster better working relationships.

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

(e) Healthy Lifestyle

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

THE COMMUNITY

The Group recognises the co-relationship between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibility to the community in which it conducts its business, the Group is obligated to nourish and improve the quality of the society.

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

THE ENVIRONMENT

The Directors are committed to seek in the operation's continuous improvements to minimise any negative impact on the environment by implementing environmental friendly work processes while raising the environmentally awareness among its staff.

(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 (paperless environment) in the daily operations and to practice recycling of papers.

(iii) Re-cycle 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.

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 organised 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, emphasising on corporate accountability, corporate governance, reputation, business trust and integrity.

Last but not the least we consider ourselves to be on a mission to make a difference in the communities that we live and work. A great deal of effort and resources are channeled into the Group’s CSR programs and the top management is directly involved in the Group’s CSR efforts.

Directors' Responsibility Statement

The Directors are responsible to ensure that the annual audited financial statements of the Group and the Company are properly drawn up in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs, the financial position and the cash flows of the Group and of the Company for the financial period ended 30 June 2018.

In preparing the financial statements of the Group and of the Company for the financial period ended 30 June 2018 as contained in this Annual Report, the Directors have 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 for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company which enable them to ensure that the financial statements comply with MFRS, IFRS, the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

Financial Statements

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DIRECTORS' REPORT

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period from 1 February 2017 to 30 June 2018

CHANGE OF FINANCIAL YEAR END

During the financial period, the Company changed its financial year end from 31 January to 30 June. The current financial statements have, therefore, been made up for a period of seventeen (17) months from 1 February 2017 to 30 June 2018. The comparative figures are for the previous twelve (12) months period from 1 February 2016 to 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 period.

RESULTS

	Group RM	Company RM
Net (loss)/profit for the financial period	(5,897,919)	6,176,267
Other comprehensive income, net of tax	124,970	–
Total comprehensive (deficit)/income for the financial period	(5,772,949)	6,176,267
Attributable to:-		
Owners of the parent	(5,772,949)	6,176,267

DIVIDENDS

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

The directors do not recommend payment of any dividends in respect of the financial period from 1 February 2017 to 30 June 2018.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period 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.

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 period 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 period.

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 period 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 period 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 period 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 period in which this report is made.

ISSUES OF SHARES AND DEBENTURES

During the financial period, the Company increased its issued and fully paid up share capital from 3,028,801,117 ordinary shares to 5,340,383,754 ordinary shares by way of:-

- (i) issuance of 747,966,000 ordinary shares pursuant to 747,966,000 options exercised under Employees' Share Option Scheme at an exercise price of RM0.09 per share;
- (ii) bonus issue of 1,515,236,958 ordinary shares on the basis of four (4) bonus shares for every eight (8) existing shares held; and
- (iii) issuance of 48,379,679 ordinary shares arising from the exercise of Warrants B 2008/2018, Warrants C 2015/2025 and Warrants D 2017/2027 at the exercise prices ranging from RM0.06 each to RM0.11 each for cash.

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

There were no issue of debenture by the Company during the financial period.

TREASURY SHARES

During the financial period, the Company purchased 128,746,000 issued share capital from the open market for a total consideration of RM11,961,246/-. The average price paid for the share repurchased was RM0.093 per share. The shares repurchased are held as treasury shares.

During the financial period, the Company sold 171,350,000 treasury shares in the open market for a total consideration of RM29,584,492/-. The average resale price of the treasury shares was RM0.17 per share. At 30 June 2018, the Company held 128,746,000 (2017: 171,350,000) of its own shares.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial period other than the issue of options pursuant to the Employees' Share Option Scheme ("ESOS") and Warrants.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 31 July 2017. The ESOS was implemented on 1 August 2017 and will be in force for a period of 5 years from the date of implementation, with extension of a further 5 years.

The salient features and details of the ESOS are disclosed in Note 22 to the financial statements.

The options offered to take up unissued ordinary shares and the weighted average exercise prices ("WAEP") are as follows:

Date of offer	Expiry date	WAEP	Number of share options			
			At 01.02.2017	Granted	Exercised	At 30.06.2018
16.08.2017	15.05.2018	RM 0.09	–	747,966,000	(747,966,000)	–

WARRANTS B (WARRANTS 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 salient features and details of the Warrants B are disclosed in Note 23 to the financial statements.

The movement of the Warrants B (Warrants 2008/2018) during the financial period is as follows:-

	Number of Warrants B				
	At 01.02.2017	Issued	Exercised	Expired	At 30.06.2018
Warrants B (Warrants 2008/2018)	38,306,322	18,878,082	(47,131,729)	(10,052,675)	–

WARRANTS C (WARRANTS 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 salient features and details of the Warrants C are disclosed in Note 23 to the financial statements.

The movement of the Warrants C (Warrants 2015/2025) during the financial period is as follows:

	Number of Warrants C			
	At 01.02.2017	Issued	Exercised	At 30.06.2018
Warrants C (Warrants 2015/2025)	1,157,576,189	578,226,611	(1,122,950)	1,734,679,850

WARRANTS D (WARRANTS 2017/2027)

The Company's issuance of new warrants via a Bonus Issue of one (1) free warrant for every eight (8) existing ordinary shares held on 26 May 2017 were granted listing and quotation on the Bursa Malaysia Securities Berhad on 7 June 2017.

The salient features and details of the Warrants D were disclosed in Note 23 to the financial statements.

The movement of the Warrants D (Warrant 2017/2027) during the financial period is as follows:

	Number of Warrant D			
	At 01.02.2017	Issued	Exercised	At 30.06.2018
Warrants D (Warrants 2017/2027)	–	378,808,984	(125,000)	378,683,984

DIRECTORS

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

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

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act, 2016 in Malaysia, the directors who held office in the subsidiaries of the Company during the financial period and during the period from the end of the financial period to the date of report are:-

TAN KOK CHOR
TEO KIEW LEONG
CHAN KENG LEONG
MICHAEL MOO KAI WAH
SEROOP SINGH RAMDAY
ANTHONY FOO
PRASHAD M. KOSHY @ MATHEW KOSHY
TING LAH CHING
SIN DARRELL
ONG SOON TEIK

(Appointed on 16 July 2018)
(Resigned on 16 July 2018)

DIRECTORS' INTERESTS

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

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 period 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 period are disclosed in Note 32 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 period, 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 31 to the financial statements.

SUBSIDIARIES OF THE COMPANY

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

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL PERIOD

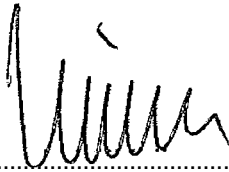
Details of the significant events during and after the financial period are disclosed in Note 43 to the financial statements.

Directors' Report (cont'd)

AUDITORS

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

Signed on behalf of the Board of Directors,



TEO KIEW LEONG
Director



CHAN KENG LEONG
Director

Kota Kinabalu

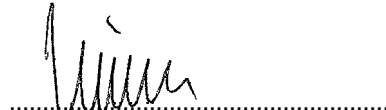
Date: 29 October 2018

STATEMENT BY DIRECTORS

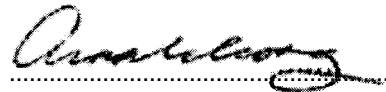
(Pursuant to Section 251(2) of the Companies Act, 2016 in Malaysia)

We, **TEO KIEW LEONG** and **CHAN KENG LEONG**, being two of the directors of **BORNEO OIL BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements and notes attached thereto 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 30 June 2018 and of their financial performance and cash flows of the Group and of the Company for the financial period then ended.

Signed on behalf of the Board of Directors,



TEO KIEW LEONG
Director



CHAN KENG LEONG
Director

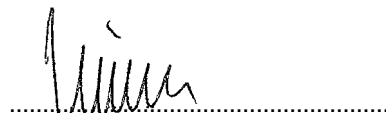
Kota Kinabalu

Date: 29 October 2018

STATUTORY DECLARATION

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

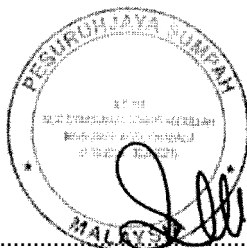
I, **TEO KIEW LEONG**, being the director primarily responsible for the financial management of **BORNEO OIL BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements and notes attached thereto are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



TEO KIEW LEONG

Subscribed and solemnly declared by the abovenamed at Kota Kinabalu in the state of Sabah on 29 October 2018

Before me,



NUR SYAKIRAH ANTONIUS ABDULLAH
Commissioner for Oaths (A-S 111)
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 30 June 2018 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 132.

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 30 June 2018, and of their financial performance and their cash flows for the financial period 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 period. 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.

Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matters
<p>Impairment assessment of exploration expenditure, intellectual property rights and development expenditure</p> <p>As at 30 June 2018, the Group recognised development expenditure of RM3,370,283/-, exploration expenditure of RM39,154,387/- and intellectual property rights of RM14,000,000/-. The Group disclosed their assessment for impairment of development expenditure in Note 8, exploration expenditure in Note 9 and intellectual property rights in Note 10 to the financial statements.</p> <p>The recoverable amount of development expenditure, exploration expenditure and intellectual property rights were determined based on value-in-use, which involves significant judgement on the discount rates applied in the recoverable amounts calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin.</p> <p>Refer to summary of significant accounting policies in Note 2.4(f)(iii), Note 2.4(f)(iv), Note 2.4(g), significant accounting estimates and judgment in Note 2.5(b)(x) and the disclosure in Notes 8, 9 and 10 to the financial statements.</p>	<p>Our audit procedures include the following:-</p> <ul style="list-style-type: none"> - We evaluated whether the cash flow projections prepared by the management are in accordance with the requirements of <i>MFRS 136 Impairment of Assets</i>. - We assessed the reasonableness of the growth rates, gross profit margin and significant assumptions used by the management in forecasting and projecting the cash flow projections. - We assessed the management's determination of discount rates by evaluating the appropriateness of the models used. - We reviewed management's sensitivity and stress testing analysis and tested independently those assumptions to which the outcome of the recoverable amounts is most sensitive.
<p>Share option expenses</p> <p>The Group recognised share-based payment of RM11,144,693/- to the statement of comprehensive income for the financial period ended 30 June 2018. The determination of fair value of Employees' Share Option Scheme ("ESOS") granted was made using the Black-Scholes model. This model uses various inputs some of which are required to be estimated as disclosed in Note 22 to the financial statements.</p> <p>Refer to summary of significant accounting estimates and judgment in Note 2.5(b)(xiii) and the disclosure in Note 22 to the financial statements.</p>	<p>Our audit procedures include the following:-</p> <ul style="list-style-type: none"> - We evaluated whether the model used complies with the requirements of <i>MFRS 2 Share-based Payment</i>. - We validated the inputs used against historical information and market available data. - We checked whether the inputs obtained by the management were correctly applied to the valuation model.

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

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 the information included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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.

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.

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)

- 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 period 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.

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 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. 1200/08/2020(J)
Chartered Accountant

Petaling Jaya

Date: 29 October 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2018

		Group		Company	
	Note	30.06.2018 RM	31.01.2017 RM	30.06.2018 RM	31.01.2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	65,744,528	194,141,317	11,360,707	13,172,375
Investment properties	4	500,846,895	271,783,881	–	–
Investment in subsidiaries	5	–	–	70,000,007	70,000,007
Other investments	6	64,001	64,001	64,000	64,000
Prepaid lease payments	7	–	–	–	–
Development expenditure	8	3,370,283	2,279,731	–	–
Exploration expenditure	9	39,154,387	27,336,637	–	–
Intangible assets	10	14,000,000	14,000,000	–	–
Total non-current assets		623,180,094	509,605,567	81,424,714	83,236,382
Current assets					
Inventories	11	13,602,647	14,267,821	–	–
Biological assets	12	31,099	–	–	–
Trade receivables	13	32,189,995	3,345,135	–	6,360
Other receivables	14	26,532,883	14,450,793	992,703	682,349
Amount owing by customers for contract work	15	–	–	–	–
Gold spot contracts	16	–	227,896,852	–	–
Tax recoverable		1,166,550	273,915	295,982	472,085
Amount owing by subsidiaries	17	–	–	547,430,818	418,998,150
Fixed deposits with licensed banks	18	4,302,859	4,040,139	2,850,748	3,383,245
Cash and bank balances	19	16,041,656	42,706,467	9,894,636	31,199,437
Total current assets		93,867,689	306,981,122	561,464,887	454,741,626
TOTAL ASSETS		717,047,783	816,586,689	642,889,601	537,978,008

Statements of Financial Position
As at 30 June 2018 (cont'd)

		Group		Company	
	Note	30.06.2018 RM	31.01.2017 RM	30.06.2018 RM	31.01.2017 RM
EQUITY AND LIABILITIES					
Share capital	20	536,349,192	302,880,112	536,349,192	302,880,112
Reserves	21	81,550,686	149,382,390	81,480,176	149,421,850
Retained earnings		66,695,909	139,515,082	18,849,308	79,609,295
TOTAL EQUITY		684,595,787	591,777,584	636,678,676	531,911,257
Non-current liabilities					
Loans and borrowings	24	4,099,322	659,265	–	–
Deferred tax liabilities	27	5,222,579	2,983,816	–	–
Total non-current liabilities		9,321,901	3,643,081	–	–
Current liabilities					
Trade payables	28	6,693,595	7,132,365	–	–
Other payables and accruals	29	13,590,511	213,424,148	993,702	852,997
Amount owing to subsidiaries	17	–	–	5,217,223	5,213,754
Loans and borrowings	24	2,593,182	609,511	–	–
Tax payables		252,807	–	–	–
Total current liabilities		23,130,095	221,166,024	6,210,925	6,066,751
Total liabilities		32,451,996	224,809,105	6,210,925	6,066,751
TOTAL EQUITY AND LIABILITIES		717,047,783	816,586,689	642,889,601	537,978,008

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2017 TO 30 JUNE 2018

		Group		Company	
		01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
	Note				
Revenue	30	137,108,230	160,826,213	1,921,000	1,356,000
Cost of sales		(93,969,022)	(139,598,700)	–	–
Gross Profit		43,139,208	21,227,513	1,921,000	1,356,000
Other income		11,754,322	65,806,170	26,268,948	5,134,692
Net (loss)/gain from gold spot contracts		(3,812,516)	17,182,899	–	–
Administrative and other expenses		(52,290,887)	(52,955,302)	(21,083,807)	(4,075,675)
Operating (Loss)/Profit	31	(1,209,873)	51,261,280	7,106,141	2,415,017
Finance costs	33	(379,292)	(2,608,598)	–	(2,600,528)
(Loss)/Profit Before Taxation		(1,589,165)	48,652,682	7,106,141	(185,511)
Taxation	34	(4,308,754)	(2,206,617)	(929,874)	–
(Loss)/Profit for the Financial Period/Year		(5,897,919)	46,446,065	6,176,267	(185,511)
Other Comprehensive Income for the Financial Period/Year:-					
Foreign currency translation		124,970	17,858	–	–
Total Comprehensive (Deficit)/Income for the Financial Period/Year		(5,772,949)	46,463,923	6,176,267	(185,511)
(Loss)/Profit attributable to:-					
Owners of the parent		(5,897,919)	46,446,065	6,176,267	(185,511)
Total Comprehensive (Deficit)/Income attributable to:-					
Owners of the parent		(5,772,949)	46,463,923	6,176,267	(185,511)
Basic (loss)/earnings per share (sen)	35	(0.13)	1.64		
Diluted (loss)/earnings per share (sen)	35	(0.13)	1.64		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2017 TO 30 JUNE 2018

Group	Attributable to Owners of the Company					Distributable		
	Share Capital	Share Premium	ESOS Reserve	Warrants Reserve	Capital Reserve	Treasury Shares	Translation Reserve	Retained Earnings
	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 February 2017	302,880,112	82,734,591	43,955	94,013,783	15,000	(27,370,479)	(54,460)	139,515,082
Total comprehensive income/ (deficit) for the financial period:-								
Loss for the financial period	-	-	-	-	-	-	-	(5,897,919)
Other comprehensive income for the financial period	-	-	-	-	-	-	124,970	-
Total comprehensive income/ (deficit)	-	-	-	-	-	-	124,970	(5,897,919)
Transactions with owners:-								
Transfer in accordance with Section 618(2) of the Companies Act, 2016	82,734,591	(82,734,591)	-	-	(15,000)	-	-	15,000
Share-based payment transactions	-	-	11,144,693	-	-	-	-	-
ESOS exercised	78,461,633	-	(11,144,693)	-	-	-	-	-
ESOS expired	-	-	(43,955)	-	-	-	-	43,955
Warrants exercised	3,483,751	-	-	(501,578)	-	-	-	-
Warrants lapsed	-	-	-	(70,783)	-	-	-	70,783
Bonus shares issued	68,789,105	-	-	-	-	-	-	(68,789,105)
Bonus issue expenses	-	-	-	-	-	-	-	(475,900)
Acquisition of treasury shares	-	-	-	-	-	(11,961,246)	-	(11,961,246)
Disposal of treasury shares	-	-	-	-	-	27,370,479	-	2,214,013
Total transactions with owners	233,469,080	(82,734,591)	(43,955)	(572,361)	(15,000)	15,409,233	-	(66,921,254)
Balance at 30 June 2018	536,349,192	-	-	93,441,422	-	(11,961,246)	70,510	66,695,909
								684,595,787

Statements of Changes in Equity

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

Group	Attributable to Owners of the Company						
	Non-distributable			Distributable			Total Equity
	Share Capital	Share Premium	ESOS Reserve	Warrants Reserve	Capital Reserve	Treasury Shares	Retained Earnings
	RM	RM	RM	RM	RM	RM	RM
Balance at 1 February 2016	296,180,112	80,724,591	43,955	94,013,783	15,000	(26,020,693)	93,069,017
Total comprehensive income for the financial year:-							
Profit for the financial year	-	-	-	-	-	-	46,446,065
Other comprehensive income for the financial year	-	-	-	-	-	17,858	17,858
Total comprehensive income	-	-	-	-	-	17,858	46,463,923
Transactions with owners:-							
ESOS exercised	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)	591,777,584

Statements of Changes in Equity
For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

Company	Attributable to Owners of the Company					
	Share Capital RM	Share Premium RM	Share Reserve RM	Non-distributable ESOS Reserve RM	Warrants Reserve RM	Distributable Retained Earnings RM
Balance at 1 February 2016	296,180,112	80,724,591	43,955	94,013,783	(26,020,693)	524,736,554
Total comprehensive deficit	-	-	-	-	-	(185,511)
Transactions with owners:-						
ESOS exercised	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)	531,911,257
Total comprehensive income	-	-	-	-	-	6,176,267
Transactions with owners:-						
Transfer in accordance with Section 618(2) of the Companies Act, 2016	82,734,591	(82,734,591)	-	-	-	-
Share-based payment transactions	-	-	11,144,693	-	-	11,144,693
ESOS exercised	78,461,633	-	(11,144,693)	-	-	67,316,940
ESOS expired	-	-	(43,955)	-	-	-
Warrants exercised	3,483,751	-	-	(501,578)	-	2,982,173
Warrants lapsed	-	-	-	(70,783)	-	-
Bonus shares issued	68,789,105	-	-	-	-	-
Bonus issue expenses	-	-	-	-	-	(475,900)
Acquisition of treasury shares	-	-	-	-	(11,961,246)	(11,961,246)
Disposal of treasury shares	-	-	-	-	27,370,479	29,584,492
Total transactions with owners	233,469,080	(82,734,591)	(43,955)	(572,361)	15,409,233	98,591,152
Balance at 30 June 2018	536,349,192	-	-	93,441,422	(11,961,246)	636,678,676

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2017 TO 30 JUNE 2018

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES:-				
(Loss)/Profit Before Taxation	(1,589,165)	48,652,682	7,106,141	(185,511)
Adjustments for:-				
Allowance for impairment on obsolete inventories	-	47,059	-	-
Amortisation of prepaid lease rental	-	842,519	-	-
Bad debts written off	135,000	1,209,920	-	50,000
Deposits written off	-	27,168	-	-
Depreciation of property, plant and equipment	7,483,909	5,373,361	1,885,749	1,326,956
Dividend income	-	-	(24,000,000)	-
Equity settled share-based payment	11,144,693	-	11,144,693	-
Fair value gain on biological assets	(31,099)	-	-	-
Fair value gain on investment properties	-	(52,700,319)	-	-
Fair value loss on investment in quoted securities	-	115,720	-	-
Fair value loss/(gain) on gold spot contract	3,812,516	(17,182,899)	-	-
Gain on disposal of property, plant and equipment	(11,620)	(863,989)	(7,000)	(5,999)
Gain on disposal of investment properties	(2,846,000)	(4,558,235)	-	-
Gain on disposal of quoted shares	(33,847)	-	-	-
Gain on disposal of subsidiaries	(5,135,720)	-	-	-
Loss/(Gain) on foreign exchange	122,048	(95,167)	252,320	-
Interest income	(446,655)	(3,847,728)	(367,935)	(3,813,106)
Interest expenses	379,292	2,608,598	-	2,600,528
Property, plant and equipment written off	56,000	3,293,616	-	-
Prepaid lease rental written off	-	9,201,070	-	-
Reversal of impairment loss on investment in quoted securities	-	(25,000)	-	-
	13,039,352	(7,901,624)	(3,986,032)	(27,132)

Statements of Cash Flows
For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
Changes in working capital:-				
Inventories	665,174	6,060,314	–	–
Trade and other receivables	(41,258,969)	94,645,513	(556,314)	93,854,930
Financial assets at fair value	224,084,336	(138,709,968)	–	–
Trade and other payables	(186,582,204)	132,817,463	140,705	(16,849)
Subsidiary companies	–	–	(128,429,199)	(139,565,732)
	9,947,689	86,911,698	(132,830,840)	(45,754,783)
Tax paid	(2,971,875)	(369,721)	(898,771)	(144,999)
Tax refunded	262,057	32,349	145,000	–
Interest received	446,655	3,847,728	367,935	3,813,106
Net Operating Cash Flows	7,684,526	90,422,054	(133,216,676)	(42,086,676)
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Addition of development expenditure	(1,090,552)	(154,850)	–	–
Addition of exploration expenditure	(10,676,116)	(8,756,678)	–	–
Addition of other investments	–	(5,821,203)	–	–
Dividend received	–	–	24,000,000	–
Purchase of investment properties	(44,952,785)	(29,058,250)	–	–
Purchase of property, plant and equipment	(79,431,146)	(121,545,497)	(77,081)	(197,092)
Purchase of quoted securities	(110,147)	–	–	–
Proceeds from disposal of property, plant and equipment	20,413	1,901,001	10,000	6,000
Proceeds from disposal of investment properties	4,200,000	15,500,000	–	–
Proceeds from disposal of investment in quoted securities	143,994	9,701,437	–	–
(Placement)/Withdrawal of fixed deposits pledged to banks	(262,720)	160,903,943	532,497	161,519,162
Net cash outflow from acquisition and disposal of subsidiaries	5,040,815	–	–	–
Net Investing Cash Flows	(127,118,244)	22,669,903	24,465,416	161,328,070

Statements of Cash Flows

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Acquisition of treasury shares	(11,961,246)	(1,349,786)	(11,961,246)	(1,349,786)
Proceeds from sale of treasury shares	29,584,492	–	29,584,492	–
Proceeds from ESOS exercised	67,316,940	8,710,000	67,316,940	8,710,000
Proceeds from warrants exercised	2,982,173	–	2,982,173	–
Bonus issue expenses	(475,900)	–	(475,900)	–
Drawdown/(Repayment) of hire purchase payables, net	2,819,055	808,883	–	–
Drawdown/(Repayment) of bank overdraft	382,562	(94,123,467)	–	(94,583,360)
Drawdown/(Repayment) of term loans	1,445,111	(811,083)	–	–
Drawdown of banker's acceptance, net	777,000	–	–	–
Interest paid	(379,292)	(2,608,598)	–	(2,600,528)
Net Financing Cash Flows	92,490,895	(89,374,051)	87,446,459	(89,823,674)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(26,942,823)	23,717,906	(21,304,801)	29,417,720
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	278,012	(179,998)	–	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/YEAR	42,706,467	19,168,559	31,199,437	1,781,717
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/YEAR	16,041,656	42,706,467	9,894,636	31,199,437
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Cash and bank balances	16,041,656	42,706,467	9,894,636	31,199,437

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 FEBRUARY 2017 TO 30 JUNE 2018

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 period.

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.

During the financial period, the Company changed its financial year end from 31 January to 30 June.

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 29 October 2018.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 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
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendment to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangement (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 119, Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associate and Joint Ventures – Long-term Interests in Associates and Joint Ventures

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2, Share-based payment
- Amendments to MFRS 3, Business Combinations
- Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources
- Amendment to MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 101, Presentation of Financial Statements
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 134, Interim Financial Reporting
- Amendment to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets
- Amendment to MFRS 138, Intangible Assets
- Amendment to IC Interpretation 12, Service Concession Arrangements
- Amendment to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendment to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to IC Interpretation 132, Intangible Assets – Web Site Costs

MFRSs effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

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

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

- from the annual period beginning on 1 July 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 July 2019 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2019.
- from the annual period beginning on 1 July 2020 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2020.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (Cont'd)

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

(i) 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.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. MFRS 9 also introduces a new impairment model with a forward-looking expected credit loss (ECL) model.

The Group has assessed the estimated impact that the initial application of MFRS 9 will have on their financial statements as at 1 July 2018. Based on the assessment, the Group do not expect the application of MFRS 9 to have a significant impact on their financial statements.

(ii) 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.

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The standard specifies that the revenue is to be recognised when control over the goods or services is transferred to customer, moving from the transfer of risks and rewards.

The Group has assessed the estimated impact that the initial application of MFRS 15 will have on their financial statements as at 1 July 2018. Based on the assessment, the Group do not expect the application of MFRS 15 to have a significant impact on their financial statements.

(iii) 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.

MFRS 16 introduces a single on-balance-sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continue to be classified as finance or operating lease.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 period 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 structured 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.

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. Potential voting rights are considered when assessing control only when such rights are substantive. 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation (Cont'd)

(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.

For new acquisitions, 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(a) Basis of Consolidation (Cont'd)

(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.

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.

(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 statements 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 statements of comprehensive income as incurred. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(i).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(b) Property, Plant and Equipment and Depreciation (Cont'd)

(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, other than construction in progress which is not depreciated as it is not available for use, are depreciated on the straight-line method at rates based on their estimated useful lives. The principal annual rates used are as follows:

	Rate
Bridge	2%
Stone quarry	2%
Factory	10%
Leasehold land	30-99 years
Leasehold building	2%
Coldroom	10%
Furniture, fixture and fittings	5% - 20%
Motor vehicles	10% - 20%
Machinery and equipment	10% - 25%
Quarters	10%
Bearer plants	25 years
Office equipment	10%

Freehold land is not depreciated. Depreciation of these assets commence 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 statements of comprehensive income 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(d) Bearer Plants

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period. Bearer plants (oil palm trees) include mature plantations (fresh fruit bunches), immature plantations and nursery that are established or acquired by the Group.

Mature plantations are stated at cost, less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated useful lives of 25 years.

Costs incurred in the preparation of the nursery, purchase of seedlings and their maintenance are stated at cost. The accumulated costs will be transferred to immature plantations account at the time of planting.

Immature plantations are stated at cost. The costs of immature plantations consist mainly of the accumulated cost of planting, fertilising and maintaining the plantation, including borrowing costs on such borrowings and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. An oil palm plantation is considered mature when such plantation starts to produce at the beginning of the fourth year.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposed. Any gains or losses on disposal of bearer plants are recognised in the statements of comprehensive income in the year of disposal.

The residual values and useful lives of bearer plants are reviewed, and adjusted as appropriate, at the end of each reporting period.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(f) Intangible Assets (Cont'd)

(i) Goodwill (Cont'd)

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.

(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.

Rights acquired for the use of certain brand names and trademarks are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful life of 10 years. 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 are exclusive and perpetual from the date of application with no renewal terms and therefore have indefinite useful lives and are stated at cost 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(f) Intangible Assets (Cont'd)

(iv) Development Expenditures (Cont'd)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(g) Exploration Expenditure (Cont'd)

(i) Exploration and Evaluation Expenditure (Cont'd)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(h) Financial Instruments (Cont'd)

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 statements of financial position.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(h) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(h) Financial Instruments (Cont'd)

(ii) Financial Liabilities (Cont'd)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(h) Financial Instruments (Cont'd)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(i) Impairment (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(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) Biological Assets

The fresh fruit bunches ("FFB") that are growing on the bearer plants (oil palm trees) are accounted for as biological assets until the point of harvest. Biological assets are measured at fair value less estimated point-of-sale costs at the point of harvest. The fair values of FFB were determined with reference to their market prices. Any resultant gains or losses arising from changes in fair value are recognised in the profit or loss.

(l) 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.

(m) Hire Purchase and Leases

(i) Finance Leases

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

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase or lease payments at the inception of the hire purchase or lease, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum hire purchase or lease payments, the discount factor used is the interest rate implicit in the hire purchase or lease, when it is practicable to determine, otherwise, the Group's incremental borrowing rate is used.

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

The depreciation policy for hire purchase or leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2.4(c).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(m) Hire Purchase and Leases (Cont'd)

(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 is 30 to 99 years.

(n) Foreign Currency

(i) Functional and Presentation Currency

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

(ii) Foreign Currency Transactions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(n) Foreign Currency (Cont'd)

(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 period, 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.

(o) 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.

(p) Revenue Recognition

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

(i) 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 franchise operations

Revenue from fast food and franchise operations are recognised at point of sales, net of service tax, goods and services tax and discounts.

(iii) Franchisee fees income

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

(iv) Sale of goods

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(p) Revenue Recognition (Cont'd)

(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.

(vii) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.4 (r).

(viii) Revenue from sales of oil palm produce

Revenue relating to sale of oil palm produce at invoice value is recognised when delivery has taken place and transfer of risks and rewards have been completed.

(q) 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.

(r) Construction Costs

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity at the reporting date, based on work performed as certified by architects. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract cost incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as an allowance for foreseeable loss.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(r) Construction Costs (Cont'd)

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(s) Income Tax

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(t) 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 Payment

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on Malaysia's government bonds rate). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(u) 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 39 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(v) 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 period as any accounting implications will only be applied prospectively, if applicable, as disclosed in Note 2.3 to the financial statements.

(w) 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.

(x) 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.

(y) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant Accounting Policies (Cont'd)

(z) 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(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. Changes in fair value on investment properties are recognised in statements of comprehensive income.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgements (Cont'd)

(b) Key Sources of Estimation Uncertainty (Cont'd)

(x) 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.

(xi) Construction Contract

The Company recognises contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the contract costs incurred for work performed to date to the estimated total contract costs.

Significant judgements are required in determining the stage of completion, the extent of contract costs incurred, the estimated total costs, as well as the recoverability of the construction projects. In making the judgement, the Company evaluates based on past experience and by relying on the work of specialists.

(xii) Fair Value of Biological Assets

The Company attributes a fair value on the fresh fruit bunches ("FFB") at the reporting date. FFB are produce of oil palm trees and are harvested continuously throughout the financial period. Each FFB takes approximately 22 weeks from pollination to reach maximum oil content to be ready for harvesting. The value of each FFB at each point of the production cycle will vary based on the cumulative oil content in each fruit.

In determining the fair values of FFB, the management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 4 weeks prior to harvest, the FFB prior to 4 weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

The valuation model adopted by the Company is a discounted cash flow model which includes all cash inflows and cash outflows. The net present value of cash flows is then determined with reference to the market value of FFB.

(xiii) Share Options Payments

The fair value of the share options granted was measured by using the Black-Scholes model. The valuation model uses inputs which are required to be estimated. The fair value of the share options granted is recognised as an expense over the vesting period of the options and this requires the estimate of the number of options that is expected to vest. Any changes in these estimates and assumptions will impact the profit or loss of the Group and of the Company.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM	Stone quarry RM	Factory RM	Leasehold building RM	Coldroom RM	Furniture, fixture and fittings RM	Motor vehicles RM	Machinery and equipment RM	Quarter RM	Bearer Plants RM	Construction in progress RM	Total RM
Cost												
At 1 February 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
Additions	65,768,994	-	-	-	8,844	1,754,359	888,638	6,350,007	16,795	334,006	4,309,503	79,431,146
Disposals	-	-	-	-	-	(3,519)	(73,083)	(2,980)	-	-	-	(79,582)
Disposal of a subsidiary	(13,070,965)	-	-	-	-	-	-	-	-	-	-	(13,070,965)
Written off	-	-	-	-	-	(369,490)	-	(16,957)	-	-	-	(386,447)
Reclassification	-	-	-	5,025,000	-	-	-	-	-	-	(5,025,000)	-
Transfer to investment properties	(185,464,229)	-	-	-	-	-	-	-	-	-	-	(185,464,229)
Exchange differences	-	-	-	-	-	(43,712)	(2,672)	(244,086)	-	-	-	(290,470)
At 30 June 2018	9,842,994	1,000,000	6,875,567	9,025,000	962,360	15,879,273	9,912,033	43,223,460	16,795	334,006	1,430,172	98,501,660
Accumulated depreciation												
At 1 February 2017	178,889	40,000	574,258	160,000	185,836	6,565,127	5,050,107	11,466,673	-	-	-	24,220,890
Charge for the financial period	-	-	-	-	-	-	-	-	-	-	-	-
- recognised in profit or loss	208,599	28,333	194,808	113,333	143,631	1,896,954	1,500,658	3,374,883	426	22,284	-	7,483,909
- capitalised in exploration expenditure	-	-	-	-	-	13,058	272,589	1,602,834	-	-	-	1,888,481
Disposals	-	-	-	-	-	(484)	(70,082)	(223)	-	-	-	(70,789)
Disposal of a subsidiary	(297,485)	-	-	-	-	-	-	-	-	-	-	(297,485)
Written off	-	-	-	-	-	(325,014)	-	(5,433)	-	-	-	(330,447)
Exchange differences	-	-	-	-	-	(17,920)	15,530	(135,037)	-	-	-	(137,427)
At 30 June 2018	90,003	68,333	769,066	273,333	329,467	8,131,721	6,768,802	16,303,697	426	22,284	-	32,757,132
Net book value												
At 30 June 2018	9,752,991	931,667	6,106,501	8,751,667	632,893	7,747,552	3,143,231	26,919,763	16,369	311,722	1,430,172	65,744,528

Notes to the Financial Statements

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

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

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 in progress 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	-	-	-	-	-	-	-	-	-	-	-	-
- recognised in profit or loss	118,597	20,000	11,850	137,511	80,000	80,571	1,596,992	1,043,206	2,284,634	-	-	5,373,361
- capitalised in exploration expenditure	-	-	-	-	-	-	4,045	173,022	1,066,255	-	-	1,243,322
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

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

Company	Leasehold building RM	Furniture, fixture and fittings RM	Motor vehicles RM	Office equipment RM	Total RM
Cost					
At 1 February 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
Additions	–	28,831	–	48,250	77,081
Disposals	–	–	(15,000)	–	(15,000)
At 30 June 2018	4,000,000	4,166,205	708,049	7,442,988	16,317,242
Accumulated depreciation					
At 1 February 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
Charge for the financial period	113,333	636,791	85,647	1,049,978	1,885,749
Disposals	–	–	(12,000)	–	(12,000)
At 30 June 2018	273,333	1,513,413	587,212	2,582,577	4,956,535
Net book value					
At 31 January 2017	3,840,000	3,260,752	209,484	5,862,139	13,172,375
At 30 June 2018	3,726,667	2,652,792	120,837	4,860,411	11,360,707

- (a) Included in 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 26 to the financial statements.
- (b) The net book value of motor vehicles of the Group held under hire purchase payables is RM1,146,177/- (2017: RM1,001,461/-).
- (c) The net book value of plant and machinery of the Group held under hire purchase payables is RM3,360,002/- (2017: Nil).
- (d) During the financial period, land with a cost of RM185,464,229/- has been transferred from property, plant and equipment to investment properties following a change in usage from the Group's occupied property to being held for leasing or capital appreciation.

4. INVESTMENT PROPERTIES

	Group 30.06.2018 RM	31.01.2017 RM
At Fair Value		
At beginning of financial period/year	271,783,881	190,767,078
Additions	44,952,785	29,058,250
Disposals	(1,354,000)	(10,941,766)
Net gain arising from fair value adjustment	–	52,700,319
Transfer from development expenditure	–	10,200,000
Transfer from property, plant and equipment	185,464,229	–
At end of financial period/year	500,846,895	271,783,881

Certain investment properties of the Group with carrying amount of RM2,500,000/- (2017: RM2,500,000/-) are pledged to financial institution for borrowings granted to the Group as disclosed in Note 24(b) to the financial statements.

The investment properties consist of the following:-

	Group 30.06.2018 RM	31.01.2017 RM
At Fair Value:-		
Short term leasehold land	352,104,759	167,602,630
Long term leasehold land and building	146,242,136	101,681,251
Freehold condominium	2,500,000	2,500,000
	500,846,895	271,783,881

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 statements of comprehensive income in respect of investment properties:-

	Group 01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
Rental income	527,254	280,432
Professional fee- valuation costs	–	47,170

The fair value of investment properties was 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.

4. INVESTMENT PROPERTIES (CONT'D)

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.

5. INVESTMENT IN SUBSIDIARIES

		Company 30.06.2018 RM	31.01.2017 RM
At cost			
Unquoted shares		70,100,006	30,100,000
Additions during the financial year	–	40,000,006	
Less: Impairment loss		(99,999)	(99,999)
Total		70,000,007	70,000,007

Details of the subsidiary companies are as follows:-

Name of Companies	Effective Equity Interest		Country of Incorporation	Principal Activities
	30.06.2018 %	31.01.2017 %		
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	100	Singapore	Dormant
SB Resorts Sdn. Bhd.	100	100	Malaysia	Property management, plantation, construction 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	Labuan	Investment holding
Segama Resources Sdn. Bhd.	100	100	Malaysia	Investment holding
Borneo Resources Limited * @	100	100	British Virgin Islands	Investment holding

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiary companies are as follows:- (Cont'd)

Name of Companies	Effective Equity Interest		Country of Incorporation	Principal Activities
	30.06.2018 %	31.01.2017 %		
Held through SB Partners Sdn. Bhd.				
SB Supplies & Logistics Sdn. Bhd. #	100	100	Malaysia	Manufacturing, sales and distributions of food products, franchising, 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	Fast food restaurants and related activities
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	Malaysia	Dormant
Held through SB Supplies & Logistics Sdn. Bhd.				
SB Franchise Management Sdn. Bhd.	100	100	Malaysia	Franchising and provision of management and marketing services

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiary companies are as follows:- (Cont'd)

Name of Companies	Effective Equity Interest		Country of Incorporation	Principal Activities
	30.06.2018 %	31.01.2017 %		
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 30 June 2018. The audited financial statements and auditor's report for the financial period 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.

The audited financial statements and auditors' report for the financial period ended 30 June 2018 consists of emphasis of matter on going concern assumption.

(a) Acquisition of Jusra Mining Merapoh Sdn. Bhd.

On 20 February 2017, the Company acquired 95% equity interest in Jusra Mining Merapoh Sdn. Bhd. ("JMMSB"), a company incorporated in Malaysia for a total consideration of RM5,000,000/-. The Group recognised a goodwill of RM4,971,339/- arising from the investment in JMMSB. Subsequently, the Company has disposed its entire equity interest in JMMSB on 28 June 2018 as disclosed in Note 5(b) to the financial statements. No further details disclosed as the effects arising from this acquisition is immaterial.

(b) Disposals of Segama Ventures Sdn. Bhd., Borneo Investments Ltd. and Jusra Mining Merapoh Sdn. Bhd.

On 16 March 2018, a wholly owned subsidiary of the Company, Segama Resources Sdn. Bhd. disposed its 100% equity interest in Segama Ventures Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM50,000/-.

On 25 April 2018, a wholly owned subsidiary of the Company, Borneo Oil & Gas Corporation Sdn. Bhd., disposed its 100% equity interest in Borneo Investments Ltd, a company incorporated in Wilayah Persekutuan Labuan for a total consideration of RM25,000/-.

On 28 June 2018, the Company disposed its 95% equity interest in Jusra Mining Merapoh Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM10,000,000/-.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Disposals of Segama Ventures Sdn. Bhd., Borneo Investments Ltd. and Jusra Mining Merapoh Sdn. Bhd. (Cont'd)

Summary of the effects of disposals during the financial period:-

	Segama Ventures Sdn Bhd RM	Borneo Investment Ltd RM	Jusra Mining Merapoh Sdn Bhd RM	Total RM
Fair value of identifiable assets/(liabilities):-				
Property, plant and equipment	12,773,480	–	–	12,773,480
Exploration expenditure	–	–	746,847	746,847
Other receivables	297,019	–	–	297,019
Cash and bank balances	374	33,811	–	34,185
Total assets	13,070,873	33,811	746,847	13,851,531
Less: Other payables	(13,027,027)	(15,000)	(840,055)	(13,882,082)
Net identifiable assets/(liabilities) disposed	43,846	18,811	(93,208)	(30,551)
Goodwill disposed	–	–	4,971,339	4,971,339
Non-controlling interests disposed	–	–	(1,508)	(1,508)
Gain on disposals (Note 31)	6,154	6,189	5,123,377	5,135,720
Cash proceeds from disposal	50,000	25,000	10,000,000	10,075,000
Cash and cash equivalents disposed	(374)	(33,811)	–	(34,185)
Net cash inflows/(outflows) on disposals	49,626	(8,811)	10,000,000	10,040,815

6. OTHER INVESTMENTS

	Quoted Securities RM	Unquoted Securities RM	Golf Club Membership RM	Total RM
Group				
30.06.2018				
Cost				
At 1 February 2017	–	3,276,717	64,000	3,340,717
Addition	110,147	–	–	110,147
Disposal	(110,147)	–	–	(110,147)
At 30 June 2018	–	3,276,717	64,000	3,340,717

6. OTHER INVESTMENTS (CONT'D)

	Quoted Securities RM	Unquoted Securities RM	Golf Club Membership RM	Total RM
Impairment losses				
At 1 February 2017/ 30 June 2018	–	3,276,716	–	3,276,716
Carrying amount				
At 1 February 2017/ 30 June 2018	–	1	64,000	64,001
31.01.2017				
Cost				
At 1 February 2016	3,995,953	3,276,717	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	25,000	3,276,716	–	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
			Golf Club Membership RM	
Company				
30.06.2018				
Cost/Carrying amount				
At 1 February 2017/30 June 2018				64,000
31.01.2017				
Cost/Carrying amount				
At 1 February 2016/31 January 2017				64,000

Notes to the Financial Statements

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

7. PREPAID LEASE PAYMENTS

	Group 30.06.2018 RM	31.01.2017 RM
At cost		
At 1 February 2017/2016	–	10,043,589
Less: Amortisation during the financial year	–	(842,519)
Less: Written off during the financial year	–	(9,201,070)
At 30 June 2018/31 January 2017	–	–

During the financial year ended 31 January 2017, prepaid lease payments were 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. 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

	Group 30.06.2018 RM	31.01.2017 RM
Cost		
At 1 February 2017/2016	3,784,733	13,829,883
Additions during the financial period/year	1,090,552	154,850
Transfer to investment properties	–	(10,200,000)
At 30 June 2018/31 January 2017	4,875,285	3,784,733
Impairment losses		
At 1 February 2017/2016	1,505,002	1,505,001
Addition during the financial year	–	1
At 30 June 2018/31 January 2017	1,505,002	1,505,002
Carrying amount		
At 30 June 2018/31 January 2017	3,370,283	2,279,731

Development expenditure principally comprise internally generated expenditure on Bio-Fraction Project where it is reasonably anticipated that the costs will be recovered through future commercial activities in converting biomass into biochar, biofuel and biogas.

The recoverable amount of the development expenditure is determined based on value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a five (5) years period.

Based on the assessment, the directors are of the view that no impairment loss is required as the recoverable amount is higher than its carrying amount.

9. EXPLORATION EXPENDITURE

	Group 30.06.2018 RM	31.01.2017 RM
At cost		
At 1 February 2017/2016	27,336,637	–
Additions during the financial period/year:-		
- exploration costs	10,676,116	8,756,678
- depreciation capitalised	1,888,481	1,243,322
- transfer from property, plant and equipment	–	17,336,637
Less: disposal of subsidiary	(746,847)	–
At 30 June 2018/31 January 2017	39,154,387	27,336,637

Exploration expenditure consists of concession right to explore licensed areas, 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.

The Group reviews the carrying amounts of exploration expenditure as at the end of the reporting period to determine whether there is any indication of impairment. If any such indications exist, the recoverable amount is determined based on its value-in-use. The value-in-use is determined by discounting the future cash flows to be generated from projects based on the financial budgets prepared by the management covering a period of five (5) years.

Based on the assessment, the directors are of the view that no impairment loss is required as the recoverable amount is higher than its carrying amount.

10. INTANGIBLE ASSETS

	Goodwill RM	Patents and Rights RM	Intellectual Property Rights RM	Total RM
Group and Company				
30.06.2018				
Cost				
At 1 February 2017	–	5,000,000	14,000,000	19,000,000
Addition	4,971,339	–	–	4,971,339
Disposal	(4,971,339)	–	–	(4,971,339)
At 30 June 2018	–	5,000,000	14,000,000	19,000,000
Accumulated amortisation				
At 1 February 2017/30 June 2018	–	5,000,000	–	5,000,000
Carrying amount				
At 30 June 2018	–	–	14,000,000	14,000,000

10. INTANGIBLE ASSETS (CONT'D)

	Goodwill RM	Patents and Rights RM	Intellectual Property Rights RM	Total RM
31.01.2017				
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				
As at 31 January 2017	–	–	14,000,000	14,000,000

(a) Goodwill

Goodwill arising from business combination has been allocated to a cash-generating unit ("CGU") for impairment testing purpose. The carrying amount of goodwill amounted to, RM4,971,339/- has been allocated to the investment in Jusra Mining Merapoh Sdn. Bhd.. As of 28 June 2018, the goodwill was derecognised following the disposal of the subsidiary.

(b) Intellectual property rights

The intellectual property rights represent technology license for proprietary Bio-Fraction Project that converts biomass into biochar, biofuel and biogas.

The recoverable amount of the intellectual property rights is determined based on value-in-use calculation using cash flow projections based on financial budgets approved by the management covering a ten (10) years period.

11. INVENTORIES

	30.06.2018 RM	Group 31.01.2017 RM
At net realisable value		
Gold stock	283,662	7,881,270
At cost		
Food and beverages and packing materials	3,636,263	4,635,129
Machinery and spare parts	1,227,912	1,751,422
Limestone	8,454,810	–
Total	13,602,647	14,267,821

During the financial period, the cost of inventories recognised as an expense in the Group amounted to RM57,881,608/- (2017: RM133,722,764/-).

12. BIOLOGICAL ASSETS

	Group	
	30.06.2018 RM	31.01.2017 RM
At fair value		
At 1 February 2017/2016	–	–
Changes in fair value	31,099	–
At 30 June 2018/31 January 2017	31,099	–

The biological assets of the Group comprise of unripe fresh fruit bunches (“FFB”) prior to harvest. In determining the fair values of FFB, the management has considered the oil content of all unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 4 weeks prior to harvest, the FFB prior to 4 weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

The fair value of FFB is calculated based on a discounted cash flow which considers the net present value of all directly attributable net cash flows.

There were no transfers between all three levels of the fair value hierarchy during the financial period.

During the financial period, the Group harvested approximately 560 metric tonnes (“MT”) of FFB (2017: Nil).

As at reporting date, the quantity of unharvested FFB of the Group used in the fair value was 95 MT (2017: Nil).

13. TRADE RECEIVABLES

	Group		Company	
	30.06.2018 RM	31.01.2017 RM	30.06.2018 RM	31.01.2017 RM
Trade receivables	32,189,995	3,345,135	–	6,360

The Group and the Company’s normal trade credit terms ranges from 30 to 60 days (2017: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

13. TRADE RECEIVABLES (CONT'D)

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

	Group		Company	
	30.06.2018	31.01.2017	30.06.2018	31.01.2017
	RM	RM	RM	RM
Brunei Dollar	78,104	37,511	–	–
Ringgit Malaysia	32,101,055	3,307,624	–	6,360
United States Dollar	10,836	–	–	–
Total	32,189,995	3,345,135	–	6,360

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

	Group		Company	
	30.06.2018	31.01.2017	30.06.2018	31.01.2017
	RM	RM	RM	RM
Neither past due nor impaired	29,322,686	1,183,077	–	3,180
Past due not impaired				
1 to 30 days	279,726	1,011,451	–	–
31 to 60 days	289,267	160,281	–	–
61 to 90 days	1,627,606	803,004	–	–
More than 90 days	670,710	187,322	–	3,180
	2,867,309	2,162,058	–	3,180
Total	32,189,995	3,345,135	–	6,360

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 period.

13. TRADE RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

Based on historical default rates, the Group and the Company believe that no allowance for impairment is required in respect of trade receivables that are past due. Most of these receivables have good credit record with the Group and the Company.

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

Receivables that are impaired

None of the Group's and Company's trade receivables are impaired at the end of reporting period.

14. OTHER RECEIVABLES

	Group		Company	
	30.06.2018	31.01.2017	30.06.2018	31.01.2017
	RM	RM	RM	RM
Other receivables	8,769,525	5,470,913	967,666	658,122
Less: Allowance for impairment	(50,725)	(50,725)	–	–
Other receivables, net	8,718,800	5,420,188	967,666	658,122
Deposits	16,312,536	7,121,052	25,037	24,227
Prepayments	1,501,547	1,909,553	–	–
Total	26,532,883	14,450,793	992,703	682,349

Included in deposits of the Group are deposits paid to contractors totalling to RM14,500,000/- (2017: RM5,273,384/-) for share of mining project costs and undertake of sub-contract mining works.

The currency exposure profiles of other receivables for the Group and for the Company are as follows:-

	Group		Company	
	30.06.2018	31.01.2017	30.06.2018	31.01.2017
	RM	RM	RM	RM
Australian Dollar	1,131,731	422,085	–	–
Ringgit Malaysia	7,637,794	5,048,828	967,666	658,122
Total	8,769,525	5,470,913	967,666	658,122

Notes to the Financial Statements

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

14. OTHER RECEIVABLES (CONT'D)

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 30.06.2018 RM	31.01.2017 RM
At beginning of period/year	50,725	725
Addition during the financial year	–	50,000
At end of period/year	50,725	50,725

15. AMOUNT OWING BY CUSTOMERS FOR CONTRACT WORK

	Group 30.06.2018 RM	31.01.2017 RM
Aggregate construction contract costs incurred to date	28,473,760	–
Add: Attributable profits	2,847,371	–
	31,321,131	–
Less: Progress billings	(31,321,131)	–
	–	–
Amount owing by customers for contract work	–	–
Amount owing to customers for contract work	–	–
	–	–
Contract revenue recognised during the financial period	31,321,131	–
Contract costs charged to statements of comprehensive income during the financial period	28,473,760	–
Retention sums on contracts, included within trade payables (Note 28)	275,618	–

16. GOLD SPOT CONTRACTS

	Group 30.06.2018 RM	31.01.2017 RM
At fair value		
Gold Spot Contracts	–	227,896,852

The Group's gold spot contracts are classified as financial instruments measured at fair value through profit or loss. Changes in fair value 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 statements 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 period 2018	1,463,510	7,981,797,064	(3,812,516)
Spot purchases during the financial year 2017	851,300	4,419,449,658	17,182,899

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 are 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 Nil (2017: RM11,394,843/-) 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 Nil (2017: RM11,394,843/-) 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

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

17. AMOUNT OWING BY/(TO) SUBSIDIARIES

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

18. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The interest rate of the Group's and of the Company's fixed deposits ranges from 3.30% to 3.31% (2017: 3.15% to 3.31%) per annum. Fixed deposit was pledged with a licensed bank as security for facilities granted to the Group.

19. CASH AND BANK BALANCES

	Group		Company	
	30.06.2018 RM	31.01.2017 RM	30.06.2018 RM	31.01.2017 RM
Cash in hand	118,005	170,230	11,089	10,009
Cash at banks	15,923,651	42,536,237	9,883,547	31,189,428
Total	16,041,656	42,706,467	9,894,636	31,199,437

The currency exposure profiles of cash and bank balances for the Group and for the Company are as follows:-

	Group		Company	
	30.06.2018 RM	31.01.2017 RM	30.06.2018 RM	31.01.2017 RM
Australian Dollar	296,773	188,013	–	–
Singapore dollar	43,744	90,285	–	–
Ringgit Malaysia	15,701,139	42,423,426	9,894,636	31,199,437
United States Dollar	–	4,743	–	–
Total	16,041,656	42,706,467	9,894,636	31,199,437

20. SHARE CAPITAL

	Group and Company			
	30.06.2018		31.01.2017	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares				
Issued and fully paid:-				
At beginning of period/year	3,028,801,117	302,880,112	2,961,801,117	296,180,112
Transfer from share premium account	–	82,734,591	–	–
Add:-				
- ESOS exercised	747,966,000	78,461,633	67,000,000	6,700,000
- Warrants exercised	48,379,679	3,483,751	–	–
- bonus shares issued	1,515,236,958	68,789,105	–	–
At end of period/year	5,340,383,754	536,349,192	3,028,801,117	302,880,112

During the financial period, the Company increased its issued and fully paid up share capital from 3,028,801,117 ordinary shares to 5,340,383,754 ordinary shares by way of:-

- (i) issuance of 747,966,000 ordinary shares pursuant to 747,966,00 options exercised under Employees' Share Option Scheme at an exercise price of RM0.09 per share;
- (ii) bonus issue of 1,515,236,958 ordinary shares on the basis of four (4) bonus shares for every eight (8) existing shares held; and
- (iii) issuance of 48,379,679 ordinary shares arising from the exercise of Warrants B 2008/2018, Warrants C 2015/2025 and Warrants D 2017/2027 at the exercise prices ranging from RM0.06 each to RM0.11 each for cash.

The new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares in the Company.

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM82,734,591/- becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM82,734,591/- for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

Notes to the Financial Statements

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

21. RESERVES

	Group		Company	
	30.06.2018	31.01.2017	30.06.2018	31.01.2017
	RM	RM	RM	RM
Share premium	–	82,734,591	–	82,734,591
ESOS reserve	–	43,955	–	43,955
Warrants reserve	93,441,422	94,013,783	93,441,422	94,013,783
Capital reserve	–	15,000	–	–
Treasury shares	(11,961,246)	(27,370,479)	(11,961,246)	(27,370,479)
Translation reserve	70,510	(54,460)	–	–
Total reserves	81,550,686	149,382,390	81,480,176	149,421,850

(a) Share premium

Share premium comprise of the surplus arising from the issuance of shares at prices above the par value of the respective shares. Pursuant to Section 618(2) of the Companies Act 2016, the sum of RM82,734,591/- standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 20 to the financial statements.

(b) ESOS reserve

ESOS reserve relate to the issuance of share options to the employees under the Employees' Share Option Scheme and unexercised options at the expiry of the share option scheme will be transferred to retained earnings. Details of ESOS is disclosed in Note 22 to the financial statements.

(c) Warrants reserve

Warrants reserve represents the proceeds from the issuance of warrants which is non-distributable. 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 23 to the financial statements.

(d) Capital reserve

Capital reserve comprises reserve 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 reserve relates to the reduction of Company's par value from RM1.00 to RM0.10 per share which has been reclassified to retained earnings.

21. RESERVES (CONT'D)

(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			
	30.06.2018		31.01.2017	
	Number of shares Unit	RM	Number of shares Unit	RM
At beginning of period/year	171,350,000	27,370,479	164,040,000	26,020,693
Purchase of shares	128,746,000	11,961,246	7,310,000	1,349,786
Sale of shares	(171,350,000)	(27,370,479)	–	–
At end of period/year	128,746,000	11,961,246	171,350,000	27,370,479

(f) Translation reserve

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group's entities with functional currencies other than the Ringgit Malaysia.

22. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company's ESOS is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 31 July 2017. The ESOS was implemented on 1 August 2017 and will be in force for a period of 5 years from the date of implementation, with extension of a further 5 years.

The salient features of the ESOS scheme are, inter alia, as follows:-

- (i) The ESOS shall be in force for a period of five (5) years from the effective date and may be extended for a further period of up to five (5) years, but will not in aggregate exceed ten (10) years from the effective date or such longer period as may be allowed by the relevant authorities.
- (ii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 15% of the total number of shares issued of the Company (excluding treasury shares, if any) at any point in time during the tenure of the ESOS.
- (iii) Eligible employees are those who must be at least eighteen (18) years of age and must have been confirmed in service in any company within the Group, which is not dormant. The eligibility for participation in the ESOS shall be determined at the discretion of the ESOS Committee after taking consideration, amongst others and where relevant, the performance, contribution, employment grade and length of service of the eligible person.
- (iv) Any director of the Group shall be eligible to participate in the ESOS, if as at the date of offer, such director has been confirmed in service in any company within the Group, which is not dormant. An eligible director who is non-executive director in the Group shall not sell, transfer or assign the shares obtained through the exercise of the ESOS granted to him within one (1) year from the date of offer.

22. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The salient features of the ESOS scheme are, inter alia, as follows:- (Cont'd)

- (v) The aggregate number of new shares that may be offered under the ESOS and allotted to an eligible person shall be:
 - a) at any one time when an offer is made, not more than ten per centum (10%) of the new shares available under the ESOS be allocated to any eligible person who, either singly or collectively through persons connected with the eligible person, holds twenty per centum (20%) or more in the total number of issued shares in the Company (excluding treasury shares, if any);
 - b) at any one time during the ESOS period, not more than fifty per centum (50%) of the new shares available under the ESOS shall be allocated in aggregate to the directors and senior management of the Group; and
 - c) the directors and senior management of the Group do not participate in the deliberation or discussion of their own allocation of ESOS;

provided that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.
- (vi) The subscription price for each share shall be based on the five (5) days weighted average market price of the shares immediately preceding the date of offer, with a discount of not more than 10%.
- (vii) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate or as determined by the board of directors.
- (viii) The option granted to eligible person will lapse when they are no longer in employment with the Group.

Movement of share options and weighted average exercise price ("WAEP") during the financial period are as follows:-

	Group 30.06.2018	
	Number of shares	WAEP RM
At 1 February 2017	–	–
Granted during the financial period	747,699,000	0.09
Exercised during the financial period	(747,699,000)	0.09
At 30 June 2018	–	–

22. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The fair value of share options granted, measured using a Black-Scholes model, with the following inputs:-

	Group and Company 30.06.2018
Fair value of share options and variables used	
Grant date	16 August 2017
Weighted average share price (RM)	0.098
Fair value of share option at grant date (RM)	0.0149
Option life (days)	272
Risk-free rate (%)	3.30
Expected volatility (%)	27.22

Share-based payment recognised in the statements of comprehensive income during the financial period:-

	Group RM	Company RM
30.06.2018		
Share-based payment	11,144,693	11,144,693
Less: charge to subsidiary companies	–	(8,327,401)
Total	11,144,693	2,817,292

23. WARRANTS

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

23. WARRANTS (CONT'D)

WARRANTS B (WARRANTS 2008/2018) (Cont'd)

	Company 30.06.2018	
	Unit	RM
At 1 February 2017	38,306,322	481,627
Bonus issued during the financial period	18,878,082	–
Warrants exercised during the financial period	(47,131,729)	(410,844)
Unexercised warrants expired during the financial period	(10,052,675)	(70,783)
At 30 June 2018	–	–

On 28 February 2018, total unexercised warrants of 10,052,675 lapsed and cease to be valid. The corresponding unexercised warrants reserve of RM70,783/- was transferred to retained earnings.

WARRANTS C (WARRANTS 2015/2025)

The Company's issuance of new warrants via a Renounceable Rights Issue of 2,315,152,386 new warrants 2015/2025 on the basis of one (1) new warrant for every two (2) existing shares held were listed on Bursa Malaysia Securities Berhad on 17 November 2015. The issue price of the Warrants C was RM0.10 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 28 September 2015. On 28 September 2015, the exercise price was RM0.11.

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

	Company 30.06.2018	
	Unit	RM
At 1 February 2017	1,157,576,189	93,532,156
Bonus issued during the financial period	578,226,611	–
Warrants exercised during the financial period	(1,122,950)	(90,734)
At 30 June 2018	1,734,679,850	93,441,422

WARRANTS D (WARRANTS 2017/2027)

The Company's issuance of new warrants via a Bonus Issue of 528,085,453 new warrants 2017/2027 on the basis of one (1) free warrant for every eight (8) existing ordinary shares held were listed on Bursa Malaysia Securities Berhad on 7 June 2017. The issue price of the Warrants D was free. 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 12 May 2017. On 12 May 2017, the exercise price was RM0.07.

23. WARRANTS (CONT'D)

The issue date of 378,808,984 Bonus Issue of warrants was 30 May 2017. The warrants will expire on 29 May 2027. The exercise period for Warrants D is ten (10) years commencing from and inclusive of the date of issue of Warrants D. Warrants D which are not exercised during the exercise period shall thereafter lapse and cease to be valid. The movement of Warrants D (Warrants 2017/2027) is as follows:-

	Company 30.06.2018 Unit	RM
At 1 February 2017	–	–
Bonus issued during the financial period	378,808,984	–
Warrants exercised during the financial period	(125,000)	–
At 30 June 2018	378,683,984	–

24. LOANS AND BORROWINGS

	Group 30.06.2018 RM	31.01.2017 RM
Current		
Secured:-		
Bank overdrafts	842,455	459,893
Bankers' acceptances	777,000	–
Hire purchase payables (Note 25)	911,799	149,618
Term loans (Note 26)	61,928	–
	2,593,182	609,511
Non-current		
Secured:-		
Hire purchase payables (Note 25)	2,716,139	659,265
Term loans (Note 26)	1,383,183	–
	4,099,322	659,265
Total loans and borrowings	6,692,504	1,268,776

(a) Interest rates on bank overdraft for the financial period is 8.35% (2017: 8.35%) per annum. The bank overdraft is secured by way of:-

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

(b) Interest rates on bankers' acceptances for the financial period range from 3.76% to 4.19% (2017: Nil) per annum. The bankers' acceptances are secured by way of:-

- (i) corporate guarantee by the Company; and
- (ii) first fixed legal charge over investment properties of a subsidiary company.

Notes to the Financial Statements

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

25. HIRE PURCHASE PAYABLES

	Group 30.06.2018 RM	31.01.2017 RM
Minimum hire purchase payments:-		
- not later than one year	1,224,067	195,864
- later than one year but not later than five years	2,916,798	737,478
	4,140,865	933,342
Less: Future finance charges	(512,927)	(124,459)
	3,627,938	808,883

Analysis of present value of hire purchases payables:-

Current		
- not later than one year	911,799	149,618
Non-current		
- later than one year but not later than five years	2,716,139	659,265
Total hire purchase payables	3,627,938	808,883

Interest rates on the hire purchase payables for the financial period range from 3.91% to 8.02% (2017: 4.04% to 8.05%) per annum.

26. TERM LOANS

	Group 30.06.2018 RM	31.01.2017 RM
Current		
Not later than one year	61,928	-
Non-current		
After the next twelve months		
- later than one year but not later than five years	347,990	-
- later than five years	1,035,193	-
	1,383,183	-
Total term loans	1,445,111	-

Interest rate on term loans for the financial period is at 6.72% (2017: Nil) per annum. The term loans are secured by way of the first legal charge over land and building of the Group as disclosed in Note 3 to the financial statements.

27. DEFERRED TAX LIABILITIES

	Group 30.06.2018 RM	31.01.2017 RM
At 1 February 2017/2016	2,983,816	1,147,300
Recognised in profit or loss (Note 34)	2,238,763	1,836,516
At 30 June 2018/31 January 2017	5,222,579	2,983,816
Presented after appropriate offsetting as follows:-		
Deferred tax assets	-	-
Deferred tax liabilities	5,222,579	2,983,816
	5,222,579	2,983,816

28. TRADE PAYABLES

	Group 30.06.2018 RM	31.01.2017 RM
Trade payables	6,417,977	7,132,365
Retention sums (Note 15)	275,618	-
Total	6,693,595	7,132,365

The credit period granted to the Group for trade purchases ranges from 30 to 90 days (2017: 30 to 90 days).

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

	Group 30.06.2018 RM	31.01.2017 RM
Ringgit Malaysia	6,583,995	5,390,499
United States Dollar	109,600	1,741,866
Total	6,693,595	7,132,365

Notes to the Financial Statements

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	30.06.2018 RM	31.01.2017 RM	30.06.2018 RM	31.01.2017 RM
Other payables	3,918,599	204,827,502	949,429	791,471
Deposits	9,119,885	6,871,500	–	–
Accruals	552,027	1,725,146	44,273	61,526
Total	13,590,511	213,424,148	993,702	852,997

- (a) Included in the other payables is an amount of Nil (2017: RM198,086,096/-) being the margin financing outstanding in respect of gold spot transactions undertaken.
- (b) Included in deposits is an amount of RM5,225,000/- (2017: RM3,200,000/-) paid by sub-contractor for the quarry operations.
- (c) Included in deposits is an amount of RM3,805,785/- (2017: RM3,574,500/-) received from outlet franchisees.

The currency exposure profiles of other payables for the Group and the Company are as follows:-

	Group		Company	
	30.06.2018 RM	31.01.2017 RM	30.06.2018 RM	31.01.2017 RM
Australian Dollar	54,836	11,991	–	–
Ringgit Malaysia	3,863,763	204,815,511	949,429	791,471
Total	3,918,599	204,827,502	949,429	791,471

30. REVENUE

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
Oil, gas, energy and mining related businesses	35,241,803	103,935,351	–	–
Fast food and restaurant operations	10,813,367	48,158,076	–	–
Management and marketing	3,205,218	320,249	1,921,000	1,356,000
Franchise fees	55,082,660	5,967,120	–	–
Property income	528,094	280,432	–	–
Machinery and spare parts	662,788	2,164,985	–	–
Construction services	31,321,131	–	–	–
Sales of fresh fruit bunches	253,169	–	–	–
Total	137,108,230	160,826,213	1,921,000	1,356,000

31. OPERATING (LOSS)/PROFIT

Operating (loss)/profit has been arrived at:-

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
After charging:-				
Allowance for impairment on obsolete inventories	-	47,059	-	-
Amortisation of prepaid lease rental	-	842,519	-	-
Auditors' remuneration:-				
- current period/year	404,923	229,976	87,000	50,000
- prior year	4,000	(32,010)	-	-
Bad debts written off	135,000	1,209,920	-	50,000
Deposits written off	-	27,168	-	-
Depreciation of property, plant and equipment	7,483,909	5,373,361	1,885,749	1,326,956
Directors' remuneration (Note 32)	659,984	432,399	354,000	240,000
Fair value loss on investment in quoted securities	-	115,720	-	-
Impairment losses on amount owing by subsidiaries	-	-	11,368,439	-
Loss on foreign exchange	327,178	-	252,320	-
Property, plant and equipment written off	56,000	3,293,616	-	-
Prepaid lease rental written off	-	9,201,070	-	-
Rental of equipment, machinery and vehicle	510,467	217,193	-	-
Rental of hostel	200,568	128,908	-	-
Rental of land	87,913	24,000	-	-
Rental of premises	3,167,644	1,541,157	-	120,000
Staff costs:-				
- salaries, wages and bonuses	12,530,548	7,838,900	765,360	554,755
- Employees' Provident Fund & SOC SO	1,446,984	823,085	98,414	66,379
- other related staff costs	654,183	297,851	24,890	9,645
- share-based payment (Note 22)	11,144,693	-	2,817,292	-

Notes to the Financial Statements

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

31. OPERATING (LOSS)/PROFIT (CONT'D)

Operating (loss)/profit has been arrived at:- (Cont'd)

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
And crediting:-				
Dividend income	–	–	24,000,000	–
Fair value gain on investment properties	–	52,700,319	–	–
Fair value gain on biological assets	31,099	–	–	–
Gain on disposal of investment properties	2,846,000	4,558,235	–	–
Gain on disposal of investment in quoted securities	33,847	–	–	–
Gain on disposal of property, plant and equipment	11,620	863,989	7,000	5,999
Gain on disposal of subsidiaries	5,135,720	–	–	–
Gain on foreign exchange	205,130	95,167	–	–
Interest income	446,655	3,847,728	367,935	3,813,106
Reversal of impairment loss on investment in quoted securities	–	25,000	–	–
Reversal of impairment loss on investment in subsidiaries	–	–	1,585,298	–

32. DIRECTOR REMUNERATIONS

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
Executive Directors				
- salaries, allowances and bonuses	251,550	169,800	–	–
- fees	171,000	96,000	150,000	96,000
- others	24,934	16,599	–	–
Total	447,484	282,399	150,000	96,000
Non-Executive Directors				
- fees	212,500	150,000	204,000	144,000
Grand Total	659,984	432,399	354,000	240,000

33. FINANCE COSTS

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
Interest expenses on:-				
- bank overdraft	58,871	2,628,461	–	2,600,528
- banker's acceptance	31,681	–	–	–
- hire purchase	242,359	(29,856)	–	–
- term loans	46,381	9,993	–	–
Total	379,292	2,608,598	–	2,600,528

34. TAXATION

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
Income tax				
- current period/year	1,074,108	370,052	66,396	–
- under accrual in prior years	995,883	49	863,478	–
	2,069,991	370,101	929,874	–
Deferred tax (Note 27)				
- current period/year	2,183,470	2,729,816	–	–
- under/(over) accrual in prior years	55,293	(893,300)	–	–
	2,238,763	1,836,516	–	–
Total	4,308,754	2,206,617	929,874	–

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

Notes to the Financial Statements

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

34. TAXATION (CONT'D)

A reconciliation of income tax expense applicable to (loss)/profit 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	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
(Loss)/Profit before taxation	(1,589,165)	48,652,682	7,106,141	(185,511)
Taxation at applicable tax rate of 24%	(381,400)	11,676,644	1,705,474	(44,523)
Tax effects arising from:-				
- expenses not deductible for tax purposes	6,654,897	3,302,760	4,550,888	152,295
- income not subject to tax	(2,634,779)	(14,426,768)	(6,140,472)	-
- deferred tax assets not recognised	184,357	-	(49,494)	(107,772)
- utilisation of deferred tax assets previously not recognised	(565,497)	(182,584)	-	-
- deferred tax liabilities on valuation gain	-	2,729,816	-	-
- under/(over) accrual in prior years:-				
- income tax	995,883	49	863,478	-
- deferred tax	55,293	(893,300)	-	-
Tax expense for the financial period/year	4,308,754	2,206,617	929,874	-

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

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
Property, plant and equipment	(279,055)	8,504,830	(484,157)	(618,163)
Unabsorbed losses carry forward	(17,691,242)	(19,540,257)	-	-
Unrealised capital allowance carry forward	(4,683,310)	(13,206,270)	(428,276)	(500,497)
	(22,653,607)	(24,241,697)	(912,433)	(1,118,660)
Potential deferred tax assets not recognised	(5,436,866)	(5,818,006)	(218,984)	(268,478)

35. (LOSS)/EARNINGS PER ORDINARY SHARE

	Group 01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
Net (loss)/profit attributable to owners of the parent	(5,897,919)	46,446,065
Number of shares in issue as of 1 February 2017/2016	3,028,801,117	2,961,801,117
Effect of:-		
- ESOS exercised	295,744,478	44,083,333
- bonus issue	1,165,114,243	-
- Warrants exercised	14,406,876	-
Less: Treasury shares	(66,720,658)	(171,350,000)
Weighted average number of ordinary shares in issue	4,437,346,056	2,834,534,450
Basic (loss)/earnings per ordinary share (sen)	(0.13)	1.64

The basic (loss)/earnings per ordinary share is calculated by dividing the consolidated net (loss)/profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

There is no dilution in the (loss)/earnings per share as the market value of the Company's ordinary shares at the end of the financial period is lower than the exercise price of the outstanding Warrants C (Warrants 2015/2025) and Warrants D (Warrants 2017/2027). Accordingly, there would no conversion of these outstanding instruments for the purpose of calculating diluted (loss)/earnings per share.

36. CORPORATE GUARANTEES

As of 30 June 2018, the Company is contingently liable in respect of guarantees given mainly for banking facilities totaling RM2,707,488/- (2017: RM843,200/-) granted by local licensed banks to the subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.

37. CAPITAL COMMITMENT

	Group 30.06.2018 RM	31.01.2017 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

38. 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 includes:-

- (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.

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

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
Management fee from a subsidiary	–	–	1,870,000	1,320,000
Dividend income from a subsidiary	–	–	24,000,000	–
Dividend income among subsidiaries	36,000,000	–	–	–
Purchase of property, plant and equipment among subsidiaries	820,427	–	–	–
Sales of fast food and restaurant operations among subsidiaries	1,263,968	852,667	–	–
Rental income among subsidiaries	78,000	47,000	–	–
Consultancy fee among subsidiaries	238,946	–	–	–

38. SIGNIFICANT RELATED PARTY TRANSACTIONS

(b) 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 period is as follows:-

	Group		Company	
	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM	01.02.2017 to 30.06.2018 RM	01.02.2016 to 31.01.2017 RM
Salaries, allowances and bonuses	251,550	169,800	–	–
Fees	171,000	96,000	150,000	96,000
Others	24,934	16,599	–	–
Total	447,484	282,399	150,000	96,000

39. 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 franchise operations
- (iii) Management and operation of properties*
- (iv) Oil, gas, energy and mining related businesses

* Plantation business is included in this segment as it is immaterial to show as separate segment.

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 period 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

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

39. SEGMENT REPORTING (CONT'D)

Group 30.06.2018	Head office and others RM	Fast food and franchise operations RM	Management and operation of properties RM	Oil, gas, energy and mining related businesses RM	Eliminations RM	Note	Consolidated RM
Revenue							
External sales	51,000	69,543,034	32,272,394	35,241,802			137,108,230
Inter-segment sales	1,870,000	1,499,880	–	–	(3,369,880)	(a)	–
Total revenue	1,921,000	71,042,914	32,272,394	35,241,802			137,108,230
Results							
Segment results	(15,411,060)	(2,626,152)	(1,641,555)	19,208,982	6,297,166	(a)	5,827,381
<i>Not included in the measure of segment profit/(loss):-</i>							
Depreciation and amortisation							(7,483,909)
Finance costs							(379,292)
Interest income							446,655
Income tax expenses							(4,308,754)
Loss for the financial period							(5,897,919)

39. SEGMENT REPORTING (CONT'D)

Group 30.06.2018	Head office and others RM	Fast food and franchise operations RM	Management and operation of properties RM	Oil, gas, energy and mining related businesses RM	Eliminations RM	Note	Consolidated RM
Assets							
Segment assets	645,394,514	38,468,933	415,206,190	328,920,241	(710,942,095)	(b)	717,047,783
Consolidated total assets							717,047,783
Other information							
Addition to property, plant and equipment	77,081	7,646,404	10,938,944	61,330,118	(561,401)		79,431,146
Liabilities							
Segment liabilities	6,534,836	51,750,224	317,723,946	286,838,521	(642,310,614)	(c)	20,536,913
Loans and borrowings	-	2,736,204	421,462	3,534,838			6,692,504
Deferred tax liabilities	-	378,411	2,729,816	2,114,352			5,222,579
Consolidated total liabilities							32,451,996

Notes to the Financial Statements

For the financial period from 1 February 2017 to 30 June 2018 (cont'd)

39. SEGMENT REPORTING (CONT'D)

Group 31.01.2017	Head office and others RM	Fast food and franchise operations RM	Management and operation 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
<i>Not included in the measure of segment profit/(loss):-</i>							
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
Profit for the financial year							46,446,065

39. SEGMENT REPORTING (CONT'D)

Group 31.01.2017	Head office and others RM	Fast food and franchise operations RM	Management and operation 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							816,586,689
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							224,809,105

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.

40. 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	13
Other receivables	14
Amount owing by customers for contract work	15
Amount owing by subsidiaries	17
Fixed deposits with licensed banks	18
Cash and bank balances	19
Financial liabilities	
Trade payables	28
Other payables and accruals	29
Amount owing to subsidiaries	17
Loans and borrowings	24

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.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

(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).

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.

There were no transfers between levels during the financial period and previous financial year.

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Value of Financial Instruments carried at Fair Value

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
30.06.2018				
Non-Financial Assets				
Investment properties	–	–	500,846,895	500,846,895
Biological assets	–	–	31,099	31,099
31.01.2017				
Non-Financial Assets				
Investment properties	–	–	271,783,881	271,783,881
Financial Assets				
Gold spot contracts	227,896,852	–	–	227,896,852

41. 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.

41. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(a) Credit Risk (Cont'd)

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:-

	30.06.2018		Group		30.01.2017	
	RM	%		RM	%	
Head office and others	–	0%		6,360	0%	
Fast food and restaurant operations	2,838,583	9%		3,025,579	91%	
Management and operations of properties	23,057,150	71%		280,432	8%	
Oil, gas, energy and mining related businesses	6,294,262	20%		32,764	1%	
Total trade receivables	32,189,995	100%		3,345,135	100%	

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in 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.

Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 13 to the financial statements.

Inter-company balances

The Group and the Company monitor the results of the holding company, subsidiaries and related companies in determining the recoverability of these intercompany balances. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, except for a balance of RM11,368,439/- (2017: Nil) due from subsidiaries which is deemed not recoverable and impaired, there was no indication that the loans and advances to the subsidiaries are not recoverable.

41. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(a) Credit Risk (Cont'd)

Financial guarantees

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM2,707,488/- (2017: RM843,200/-) as disclosed in Note 36 to the financial statements.

At the end of the reporting period, there was no indication that the subsidiaries would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(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.

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
30.06.2018					
Financial liabilities					
Trade payables	6,693,595	6,693,595	6,693,595	–	–
Other payables and accruals	13,590,511	13,590,511	13,590,511	–	–
Bank overdrafts	842,455	842,455	842,455	–	–
Bankers' acceptances	777,000	777,000	777,000	–	–
Hire purchase payables	3,627,938	4,140,865	1,224,067	2,916,798	–
Term loans	1,445,111	1,445,111	61,928	347,990	1,035,193
	26,976,610	27,489,537	23,189,556	3,264,788	1,035,193

41. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(b) Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

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
31.01.2017					
Financial liabilities					
Trade payables	7,132,365	7,132,365	7,132,365	–	–
Other payables and accruals	213,424,148	213,424,148	213,424,148	–	–
Bank overdrafts	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	–
Company					
30.06.2018					
Financial liability					
Other payables and accruals	993,702	993,702	993,702	–	–
31.01.2017					
Financial liability					
Other payables and accruals	852,997	852,997	852,997	–	–

(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.

41. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(c) Interest Rate Risk (Cont'd)

	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
Group					
30.06.2018					
Financial asset					
Fixed deposits placed with licensed banks	3.30 – 3.31	4,302,859	–	–	4,302,859
Financial liabilities					
Bank overdrafts	8.35	842,455	–	–	842,455
Bankers' acceptances	3.76 – 3.83	777,000	–	–	777,000
Hire purchase payables	3.95 – 8.02	1,224,067	2,916,798	–	4,140,865
Term loans	4.62	61,928	347,990	1,035,193	1,445,111
31.01.2017					
Financial asset					
Fixed deposits placed with licensed banks	3.15 – 3.31	4,040,139	–	–	4,040,139
Financial liabilities					
Bank overdrafts	8.35	459,893	–	–	459,893
Hire purchase payables	4.04 – 8.05	195,864	737,478	–	933,342
Company					
30.06.2018					
Financial asset					
Fixed deposits placed with licensed banks	3.30 – 3.31	2,850,748	–	–	2,850,748
31.01.2017					
Financial asset					
Fixed deposits placed with licensed banks	3.00 – 3.30	3,383,245	–	–	3,383,245

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 RM61,915/- (2017: RM179,012/-) and RM142,537/- (2017: RM169,162/-) 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.

41. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(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") Australian Dollar ("AUD") and Brunei Dollar ("BRD") against the functional currency of the Group, with all other variables held constant.

		Group	
		01.02.2017	01.02.2016
		to	to
		30.06.2018	31.01.2017
		RM	RM
		Profit/(loss)	Profit/(loss)
		for the year	for the year
USD/RM	- strengthened 5%	(4,938)	(86,856)
	- weakened 5%	4,938	86,856
SGD/RM	- strengthened 5%	2,187	4,514
	- weakened 5%	(2,187)	(4,514)
AUD/RM	- strengthened 5%	68,683	29,905
	- weakened 5%	(68,683)	(29,905)
BRD/RM	- strengthened 5%	3,905	1,876
	- weakened 5%	(3,905)	(1,876)

(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. As at reporting 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.

41. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (CONT'D)

(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.

Commodity price

The Group is exposed to price volatility arising from fluctuation in the prices of fresh fruit bunches ("FFB") in the commodity market.

Sensitivity analysis for commodity price risk

At the end of the reporting period, if the FFB selling price had been 5% lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM1,555/- higher/lower.

42. 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 manage its capital structure and make adjustment 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 period from 1 February 2017 to 30 June 2018 and year ended 31 January 2017.

The Group and the Company monitor 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 below 30%. The Group and the Company include 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.

42. CAPITAL MANAGEMENT (CONT'D)

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

	Note	Group		Company	
		30.06.2018 RM	31.01.2017 RM	30.06.2018 RM	31.01.2017 RM
Trade payables	28	6,693,595	7,132,365	–	–
Other payables and accruals	29	13,590,511	213,424,148	993,702	852,997
Loans and borrowings	24	6,692,504	1,268,776	–	–
Total debts		26,976,610	221,825,289	993,702	852,997
Equity attributable to owners of the parent		684,595,787	591,777,584	636,678,676	531,911,257
Capital and total debts		711,572,397	813,602,873	637,672,378	532,764,254
Gearing ratio		3.8%	27.3%	0.2%	0.2%

43. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL PERIOD

- On 20 February 2017, a wholly owned subsidiary, Borneo Oil & Gas Corporation Sdn. Bhd. acquired 95% of equity interest of Jusra Mining Merapoh Sdn. Bhd. for a cash consideration of RM5,000,000/- as disclosed in Note 5 to the financial statements.
- On 7 June 2017, bonus issue of 1,515,236,958 ordinary shares on the basis of four (4) bonus shares for every eight (8) existing shares held and Warrants D (Warrants 2017/2027) of 378,808,984 on the basis of one (1) free warrant for every eight (8) existing ordinary shares held were listed on Bursa Malaysia Securities Berhad.
- On 16 March 2018, a wholly owned subsidiary, Segama Resources Sdn. Bhd., disposed its 100% equity interest in Segama Ventures Sdn. Bhd., a company incorporated in Malaysia for a total consideration of RM50,000/- as disclosed in Note 5 to the financial statements.
- On 25 April 2018, a wholly owned subsidiary, Borneo Oil & Gas Corporation Sdn. Bhd., disposed its 100% equity interest in Borneo Investments Ltd, a company incorporated in Wilayah Persekutuan Labuan for a total consideration of RM25,000/- as disclosed in Note 5 to the financial statements.
- On 28 June 2018, the Company disposed its 95% equity interest in Jusra Mining Merapoh Sdn. Bhd., a company incorporated in Malaysia, for a total consideration of RM10,000,000/- as disclosed in Note 5 to the financial statements.

List of Properties

List of Properties held by the Group as at 30 June 2018 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

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2018 and their carrying values are indicated as follows:
(Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM '000	Date of Acquisition
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
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	319	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

List of Properties held by the Group as at 30 June 2018 and their carrying values are indicated as follows:
(Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM '000	Date of Acquisition
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
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	1.2.2012
32	1 unit Waikiki Condominium HC-1202, Kota Kinabalu, Sabah	Condominium	Leasehold, 999 years expiring on 15.3.2925	4,350 sq ft	34 years	2,500	17.11.2003

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2018 and their carrying values are indicated as follows:
(Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM '000	Date of Acquisition
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	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
35	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
36	CL 115349070, (undivided share) Ulu Segama, Lahad Datu	Vacant land	Leasehold, 99 years expiring on 31.12.2072	71.47 acres	Nil	115,813	23.1.2009 31.1.2017 17.1.2018 & 23.2.2018
37	NT 04353000, Kg. Sabandar, District of Tuaran	Vacant land	Leasehold, 30 years expiring 27.5.2045	9.32 acres	Nil	10,042	29.1.2016
38	NT 043178472, Kg. Sabandar, District of Tuaran	Vacant land	Leasehold, 30 years expiring 31.5.2045	4.33 acres	Nil	4,901	31.1.2016
39	NT 013106413, Kg. Kokol, District of Kota Kinabalu	Vacant land	Perpetuity	2.997 acres	Nil	13,441	1.3.2016
40	NT 013106459, Kg. Kokol, District of Kota Kinabalu	Vacant land	Perpetuity	1.45 acres	Nil	9,000	30.4.2016
41	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
42	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
43	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

List of Properties held by the Group as at 30 June 2018 and their carrying values are indicated as follows:
(Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM '000	Date of Acquisition
44	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
45	TL 207505299 District of Labuan	shoplot	Leasehold, 99 years expiring on 27.11.2055	9,800 sq ft	51 years	14,662	25.1.2016
46	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
47	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
48	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
49	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
50	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
51	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
52	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
53	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
54	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
55	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

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2018 and their carrying values are indicated as follows:
(Cont'd)

	Location	Description	Tenure	Land Area	Age of Building	Carrying Value RM '000	Date of Acquisition
56	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
57	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
58	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
59	NT 113026430, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.33 acres	Nil	13,593	23.1.2017
60	NT 113026421, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.38 acres	Nil	13,644	23.1.2017
61	NT 113026403, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.41 acres	Nil	13,676	23.1.2017
62	NT 113026396, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.25 acres	Nil	13,520	23.1.2017
63	NT 113026387, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.19 acres	Nil	13,455	23.1.2017
64	NT 113026350, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 30.1.2047	13.90 acres	Nil	14,175	23.1.2017
65	NT 113026369, Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring on 28.2.2048	13.29 acres	Nil	47,000	13.2.2018
66	NT 033200261, Kg Sarang, Kota Belud, Sabah	Vacant land	Leasehold, 30 years expiring on 23.5.2047	9.43 acres	Nil	3,235	29.6.2018
67	NT 033200270, Kg Sarang, Kota Belud, Sabah	Vacant land	Leasehold, 30 years expiring on 23.5.2047	14.18 acres	Nil	4,865	29.6.2018
68	CL 115357321, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring on 31.12.2096	464.10 acres	Nil	8,512	15.5.2017
69	PT 98110029, Kg. Lingkabung Taas, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring on 22.1.2048	250.08 acres	Nil	1,241	23.1.2018

Statement of Shareholdings

as at 28th September 2018

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHARE HOLDINGS	NO. OF SHARE HOLDERS	%	NO. OF SHARES	%
Less than 100	92	0.74	3,716	–
100 to 1,000	287	2.30	143,795	–
1,001 to 10,000	1,963	15.75	10,211,285	0.19
10,001 to 100,000	6,186	49.62	288,156,067	5.40
100,001 to less than 5% of Issued Shares	3,936	31.57	3,479,460,641 **	65.15
5% and above of Issued Shares	2	0.02	1,562,408,250	29.26
TOTAL	12,466	100.00	5,340,383,754	100.00

NOTE: ** is inclusive of 141,146,000 held as treasury shares.

DIRECTOR'S SHAREHOLDINGS AS AT 28TH SEPTEMBER 2018

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 SEPTEMBER 2018

NO.	NAME	NO. OF SHARES	%
1	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lei Shing Hong Securities Limited)	1,289,408,250	24.80
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	273,000,000	5.25
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	171,509,300	3.30
4	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	85,163,500	1.64
5	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	80,000,000	1.54
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Azeman Sipang)	77,224,300	1.49
7	KHOO YONG AI	64,050,000	1.23
8	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Gonawin Sdn Bhd)	61,383,700	1.18

Statement of Shareholdings (cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 28TH SEPTEMBER 2018 (CONT'D)

NO.	NAME	NO. OF SHARES	%
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	58,380,000	1.12
10	THIEN NYUK SHEN	53,953,900	1.04
11	TAN SOH GEK	44,069,500	0.85
12	LCP LIMITED	41,375,500	0.80
13	LCP LIMITED	40,782,000	0.78
14	GONAWIN SDN BHD	38,682,000	0.74
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Celeste Assets Sdn Bhd)	35,250,000	0.68
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Geok Hoon)	35,175,000	0.68
17	KHOO BUCK CHEW	31,185,000	0.60
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	30,000,000	0.58
19	GONAWIN SDN BHD	29,280,000	0.56
20	AMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Joseph Lee Yok Min @ Ambrose)	25,420,000	0.49
21	JEREMY KHO HUI JAQ	22,650,000	0.44
22	CITIGROUP NOMINEES (ASING) SDN BHD (Pledged Securities Account for Sunnyvale Holdings Ltd)	17,856,550	0.34
23	TAN BENG SIM	17,635,900	0.34
24	UOB KAY HIAN NOMINEES (ASING) SDN BHD (Pledged Securities Account for UOB Kay Hian Pte Ltd)	15,851,325	0.30
25	AMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Vicky Chong Yen Hung)	15,410,000	0.30
26	AMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Dg Suhimah Binti Ag Damit)	15,410,000	0.30
27	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lu Li)	15,100,950	0.29
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Liew Jew Fook)	15,075,000	0.29
29	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ong Yoong Nyock)	14,750,000	0.28
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Yayasan Pok dan Kassim)	13,965,000	0.27
		2,728,996,675	52.50

SUBSTANTIAL SHAREHOLDERS AS AT 28TH SEPTEMBER 2018

NO.	NAME	Direct	NO. OF SHARES HELD		%
			%	Indirect	
1	AFFIN HWANG NOMINEES (ASING) SDN BHD <i>(Pledged Securities Account for Lei Shing Hong Securities Limited)</i>	1,289,408,250	24.80	–	–
2	RHB NOMINEES (TEMPATAN) SDN BHD <i>(Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)</i>	273,000,000	5.25	–	–

Statement of Warrants C (2015/2025) Holdings as at 28th September 2018

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	91	2.74	5,739	–
100 to 1,000	44	1.32	21,578	–
1,001 to 10,000	323	9.71	2,046,917	0.12
10,001 to 100,000	1,437	43.19	71,347,596	4.11
100,001 to less than 5% of issued warrants	1,429	42.95	1,180,076,520	68.03
5% and above of issued warrants	3	0.09	481,181,500	27.74
TOTAL	3,327	100.00	1,734,679,850	100.00

DIRECTOR'S WARRANTS C SHAREHOLDING AS AT 28TH SEPTEMBER 2018

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 WARRANTS C (2015/2025) HOLDERS AS AT 28TH SEPTEMBER 2018

NO.	NAME	NO. OF WARRANTS	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account - CIMB Bank for Lee Yoke Foong)	257,789,700	14.86
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	117,000,000	6.74
3	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for UOB Kay Hian Pte Ltd)	106,391,800	6.13
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Dato' Wong Weng Kung)	48,845,200	2.82
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Poh Ewe Wing)	42,008,000	2.42
6	LEE ENG HOCK & CO. SENDIRIAN BERHAD	32,730,500	1.89
7	KHOO YONG AI	27,450,000	1.58
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	21,000,000	1.21
9	TAN JYH KHUANG	20,000,000	1.15

LIST OF TOP 30 WARRANTS C (2015/2025) HOLDERS AS AT 28TH SEPTEMBER 2018 (CONT'D)

NO.	NAME	NO. OF WARRANTS	%
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chow Choon Futt)	18,769,950	1.08
11	JEREMY KHO HUI JAQ	17,849,850	1.03
12	TAN SOH GEK	14,250,000	0.82
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Wong Weng Kung)	13,399,800	0.77
14	TAN KIN SENG	12,500,000	0.72
15	H'NG CHEOW SEN	11,900,075	0.69
16	LCP LIMITED	11,857,250	0.68
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tie Ming Chung)	11,100,000	0.64
18	KHOO BUCK CHEW	9,000,000	0.52
19	TA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Pang Chee Min)	8,404,650	0.48
20	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Liew Jew Fook)	7,695,075	0.44
21	TIE TECK CHUNG	7,500,000	0.43
22	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Teong Beng)	7,450,400	0.43
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account - CIMB Bank for Terry Yap Kwi Fah)	7,310,300	0.42
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Loh Teck Wah)	7,050,000	0.41
25	TYE SOK CIN	6,979,000	0.40
26	PUA SOON HUAT	6,250,000	0.36
27	BONG NAM JONG	6,050,000	0.35
28	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Pang Wan Lih)	6,000,000	0.35
29	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chew Boon Kian)	6,000,000	0.35
30	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tang Way Keong)	6,000,000	0.35
		876,531,550	50.52

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

SUBSTANTIAL WARRANTS C (2015/2025) HOLDERS AS AT 28TH SEPTEMBER 2018

NO.	NAME	NO. OF WARRANTS	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>(Pledged Securities Account - CIMB Bank for Lee Yoke Foong)</i>	257,789,700	14.86
2	RHB NOMINEES (TEMPATAN) SDN BHD <i>(Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)</i>	117,000,000	6.74
3	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD <i>(Pledged Securities Account for UOB Kay Hian Pte Ltd)</i>	106,391,800	6.13

Statement of Warrants D (2017/2027) Holdings as at 28th September 2018

ANALYSIS OF WARRANTS D (2017/2027) HOLDINGS

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	629	7.01	26,227	0.01
100 to 1,000	1,739	19.36	778,424	0.21
1,001 to 10,000	4,102	45.67	16,594,175	4.38
10,001 to 100,000	2,059	22.92	62,122,078	16.40
100,001 to less than 5% of issued warrants	451	5.02	255,413,080	67.45
5% and above of issued warrants	2	0.02	43,750,000	11.55
TOTAL	8,982	100.00	378,683,984	100.00

DIRECTOR'S WARRANTS D SHAREHOLDING AS AT 28TH SEPTEMBER 2018

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 WARRANTS D (2017/2027) HOLDERS AS AT 28TH SEPTEMBER 2018

NO.	NAME	NO. OF WARRANTS	%
1	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	22,750,000	6.01
2	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Gonawin Sdn Bhd)	21,000,000	5.55
3	TAN KIN SENG	11,000,000	2.90
4	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Joseph Lee Yok Min @ Ambrose)	9,370,000	2.47
5	LEE ENG HOCK & CO. SENDIRIAN BERHAD	7,125,000	1.88
6	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chuah Chaw Song)	6,000,000	1.58
7	PUA SOON HUAT	4,950,100	1.31
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	4,865,000	1.28
9	NIK FAIRUL ZAMRI BIN MOHD PAUZI	4,600,000	1.21
10	KHOO YONG AI	4,337,500	1.15
11	H'NG CHEOW SEN	4,300,000	1.14

Statement of Warrants D (2017/2027) Holdings (cont'd)

LIST OF TOP 30 WARRANTS D (2017/2027) HOLDERS AS AT 28TH SEPTEMBER 2018 (CONT'D)

NO.	NAME	NO. OF WARRANTS	%
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>(Pledged Securities Account for Ong Siew Liang)</i>	4,130,000	1.09
13	LCP LIMITED	4,000,125	1.06
14	LCP LIMITED	3,962,500	1.05
15	FIORN AMBER LEE YEE FONG	3,550,000	0.94
16	AFFIN HWANG NOMINESS (ASING) SDN BHD <i>(Pledged Securities Account for Mohamed Yazid Merzouk)</i>	3,500,000	0.92
17	PUA SOON HUAT	3,300,000	0.87
18	TAN SOH GEK	3,264,125	0.86
19	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>(Pledged Securities Account for Lee Yoke Foong)</i>	3,125,000	0.83
20	CHUAH SEONG AUN	2,580,000	0.68
21	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>(Pledged Securities Account for Tiong Ing Ping)</i>	2,577,000	0.68
22	LOH KHEE FEEI	2,568,750	0.68
23	TAN CHING CHUA	2,500,000	0.66
24	WONG KOK SIN	2,500,000	0.66
25	CHEAH YAW SONG	2,435,300	0.64
26	PUA SOON HUAT	2,240,000	0.59
27	HOR LAI WAH	2,200,000	0.58
28	HIAP LIANG KEK	2,100,000	0.55
29	NG KOK HENG	2,065,200	0.55
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>(Pledged Securities Account for Suraya Binti Ab Majid)</i>	2,013,825	0.53
		154,909,425	40.90

SUBSTANTIAL WARRANTS D (2017/2027) HOLDERS AS AT 28TH SEPTEMBER 2018

NO.	NAME	NO. OF WARRANTS	%
1	RHB NOMINEES (TEMPATAN) SDN BHD <i>(Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)</i>	22,750,000	6.01
2	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>(Pledged Securities Account for Gonawin Sdn Bhd)</i>	21,000,000	5.55

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 34th 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 Wednesday, 12 December 2018, at 8.00 am for the following purposes :-

AGENDA

AS ORDINARY BUSINESSES :

1. To receive the Audited Financial Statements for the period ended 30 June 2018 and the Directors' and Auditors' reports thereon.
Please refer to Explanatory Note 4 (i)
2. To re-elect the following Directors who retire by rotation in accordance with Company's Constitution (Article 91 & 92 of the Company's Articles of Association) and, being eligible, offer themselves for re-election:
Please refer to Explanatory Note 4 (ii)

(i) Mr. Tan Kok Chor	Resolution 1
(ii) Mr. Teo Kiew Leong	Resolution 2
3. To approve the payment of Directors' fees and benefits amounting to RM204,000 to Non-Executive Directors for the period ended 30 June 2018.
Please refer to Explanatory Note 4 (iii) **Resolution 3**
4. To approve the Directors' fees and benefits of up to RM205,000 payable to Non-Executive Directors from 1.7.2018 until the Next Annual General Meeting.
Please refer to Explanatory Note 4 (iii) **Resolution 4**
5. To re-appoint Messrs STYL Associates as the External Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS:

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

6. Ordinary Resolution
To approve the continuation in office of Mr. Tan Kok Chor as the Independent Non-Executive Director **Resolution 6**

"That subject to the passing of Resolution 2, Mr. Tan Kok Chor, whose tenure on the Board exceeds a cumulative term of more than nine (9) years be and is hereby retained as the Independent Non-Executive Director of the Company".
Please refer to Explanatory Note 5 (i).
7. Ordinary Resolution
To approve the continuation in office of Mr. Michael Moo Kai Wah as the Independent Non-Executive Director **Resolution 7**

"That Mr. Michael Moo Kai Wah, whose tenure on the Board exceeds a cumulative term of more than nine (9) years be and is hereby retained as the Independent Non-Executive Director of the Company".
Please refer to Explanatory Note 5 (i).

8. Authority to Issue Shares pursuant to Section 75 and Section 76 of the Companies Act, 2016: Resolution 8

"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 and Section 76 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 (ii).

9. Proposed Renewal of Authority to Buy Back its own shares by the Company Resolution 9

"That authority be given to the Company to buy back an aggregate number of shares in the Company ("Authority to Buy Back Shares") as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that at the time of purchase, the aggregate number of shares which may be purchased and/or held by the Company as treasury shares pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up share capital of the Company and that the maximum funds to be allocated for the Authority to Buy Back Shares shall not exceed the latest audited retained earnings of the Company;

THAT the shares purchased by the Company pursuant to Authority to Buy Back Shares may be dealt with by the Directors in all or any of the following manner:

- (a) distribute the shares as share dividends to the shareholders; or
- (b) resell the shares or any of the shares on Bursa Malaysia Securities Berhad; or
- (c) transfer the shares or any of the shares for the purpose of or under an Employees' Shares Options Scheme; or
- (d) transfer the shares or any of the shares as purchase consideration; or
- (e) cancel the shares or any of the shares; or
- (f) sell, transfer or otherwise use the shares for such other purposes as allowed by the Companies Act 2016.

AND THAT the Directors of the Company be and are hereby empowered to do all such acts and things to give full effect to the Authority to Buy Back Shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Authority shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of a purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority."

Please refer to Explanatory Note 5 (iii).

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10. 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 October 2018

NOTES :

1. Members Entitled To Attend

Only members whose names appear on the Register of Members or General Meeting Record of Depositors as at 5 December 2018 will be entitled to attend, speak and vote at the meeting.

2. Appointment of Proxy

- a. A member entitled to attend and vote at this 34th 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 not more than two (2) proxies in respect of each securities account it holds in 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 (1) 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 which will be voted by poll pursuant to paragraph 8.29A(1) of Bursa Securities Main Market Listing Requirements 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.

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 Businesses

i. Item 1 of the Agenda – Audited Financial Statements for the period ended 30 June 2018

The Audited Financial Statements are laid in accordance with Section 340(1)(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 34th 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 for Non-Executive Directors in respect of the period ended 30 June 2018.

Note : The Executive Directors are also receiving Directors remuneration amounting to RM426,484 for the financial period ended 30 June 2018.

5. Explanatory Notes on Special Business

i. Continuation in office of Independent Non-Executive Directors

Pursuant to the Malaysian Code on Corporate Governance 2017, the Board of Directors conducted an assessment to assess the independence of Mr. Tan Kok Chor and Mr. Michael Moo Kai Wah, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and has recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

Full details of the Board's justifications for the continuation in office of Mr. Tan Kok Chor and Mr. Michael Moo Kai Wah is set out in the Statement of Corporate Governance in the 2018 Annual Report.

ii. Resolution 8: Authority to Issue Shares pursuant to Section 75 and Section 76 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 8, 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.

iii. Resolution 9: Proposed Renewal of Authority to Buy Back Shares

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to buy back the Company's own share through Bursa Malaysia Securities Berhad at any time within the time period stipulated by utilizing the funds allocated out of the audited retained earnings of the Company.

Please refer to the Statement to Shareholders sent out with this Annual Report for further information.

Statement Accompanying Notice of 34th Annual General Meeting

1. The Directors who are standing for re-election at the 34th 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. Tan Kok Chor
- (ii) Mr Teo Kiew Leong

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

- (i) Directors' profile on pages 4 to 6
- (ii) Details of interest in the securities of the Company, if any, are disclosed in the Directors' shareholding on page 139

3. Board meetings held during the financial period ended 30 June 2018.

The Board has held eleven (11) meetings during the financial period 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	11/11
(ii) Teo Kiew Leong	2 April 2007	9/11
(iii) Chan Keng Leong	5 November 2015	9/11
(iv) Michael Moo Kai Wah	15 Jan 2008	11/11
(v) Seroop Singh Ramday	1 August 2014	11/11

4. The place , date and time of the 34th Annual General Meeting

2nd Floor , Victoria Point, Jalan OKK Awang Besar, 87007 , W.P. Labuan on Wednesday, 12 December 2018 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 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 5 December 2018, 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 34th Annual General Meeting of the Company to be held at 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007 Wilayah Persekutuan Labuan on Wednesday, 12 December 2018 at 8:00 a.m.

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

NO.	RESOLUTION	FOR	AGAINST
1.	To re-elect Mr. Tan Kok Chor as a Director.		
2.	To re-elect Mr. Teo Kiew Leong as a Director.		
3.	To approve the payment of Directors' fees and benefits amounting to RM204,000 to Non-Executive Directors for the period ended 30 June 2018.		
4.	To approve the Directors' fees and benefits of up to RM205,000 payable to the Non-Executive Directors from 1.7.2018 until the next Annual General Meeting.		
5.	To re-appoint Messrs STYL Associates as the External Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration.		
6.	As Special Business : <u>Ordinary Resolution</u> - To approve the continuation in office of Mr. Tan Kok Chor as the Independent Non-Executive Director (tenure more than 9 years)		
7.	<u>Ordinary Resolution</u> - To approve the continuation of Mr. Michael Moo Kai Wah as the Independent Non-Executive Director (tenure more than 9 years)		
8.	<u>Ordinary Resolution</u> - To authorize Directors to allot and issue shares pursuant to Section 75 & 76 of the Companies Act , 2016.		
9.	<u>Ordinary Resolution</u> - Renewal of Authority to buy back its 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*

Date:

Signature of Member(s)/
Common Seal of Appointer

Notes:-

1. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 5th December 2018 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.
2. 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 this case of a corporation, a duly authorized representative to attend, participate, speak and vote in its stead.
3. 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.
4. 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.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing or , if the appointer is a corporation , either under its common seal or under the hand of an officer or its attorney duly authorized in writing.
6. 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 twenty-four (24) hours before the time set for holding the meeting which will be voted by poll pursuant to paragraph 8.29A(1) of Bursa Securities Main Market Listing Requirements or any adjournment thereof.

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 October 2018.

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.