BORNEO OIL

Borneo Oil Berhad (Reg. No.: 198901005309 (121919-H))
Incorporated in Malaysia

ANNUAL REPORT

2019

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.... **Proxy Form**

Corporate Information

From left to right:Chin Siew Kim(Company Secretary), Teo Kiew Leong(Executive Director), Datuk Joseph Lee Yok Min @ Ambrose(Executive Director), Tan Kok Chor(Chairman-Independent Non-Executive Director), Chan Keng Leong(Executive Director), Seroop Singh Ramday(Senior Independent Non-Executive Director), Michael Moo Kai Wah(Independent Non-Executive Director)

BOARD OF DIRECTORS

Tan Kok Chor
Chairman
(Independent Non- Executive Director)

Datuk Joseph Lee Yok Min @ Ambrose
(Executive Director)

Teo Kiew Leong
(Executive Director)

Chan Keng Leong
(Executive Director)

Michael Moo Kai Wah
(Independent Non-Executive Director)

Seroop Singh Ramday
(Senior Independent Non-Executive Director)

COMPANY SECRETARIES

Chin Siew Kim (L.S.0000982)
Andrea Huong Jia Mei (MIA 36347)

REGISTERED OFFICE

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

Corporate Information (cont'd)

AUDIT COMMITTEE

Chairman : Michael Moo Kai Wah (Independent Non-Executive Director)

Member : Tan Kok Chor (Independent Non-Executive Director)

Member : Seroop Singh Ramday (Senior Independent Non-Executive Director)

NOMINATION COMMITTEE

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

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

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

REMUNERATION COMMITTEE

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

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

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

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

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 PLT
(LLP0019500-LCA & 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

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)
Ambank(M) Berhad (8515-D)
United Overseas Bank (Malaysia) Berhad (271809-K)

SOLICITORS

Satem, Chai & Dominic Lai Advocates
Jaini Robert Lau & Rajjish
Chung & Associates
H.C. Lee & Partners Advocates
Lai & Co.

WEBSITE

www.borneo-oil.com.my

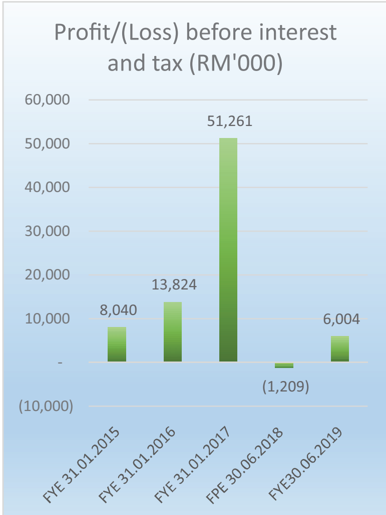
Financial Highlights

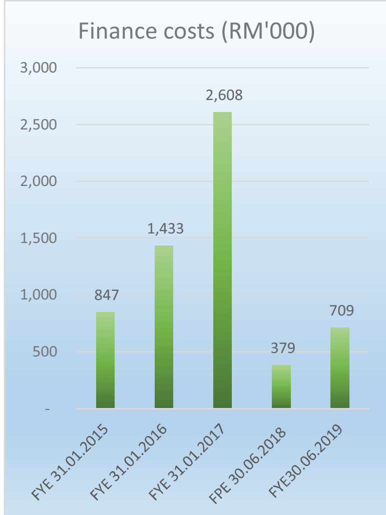
Group Financial Summary

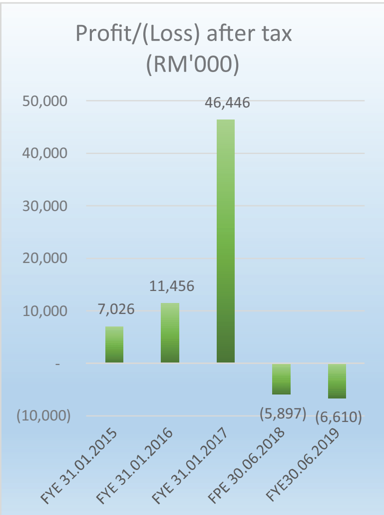
	FYE 31.01.2015 RM'000	FYE 31.01.2016 RM'000	FYE 31.01.2017 RM'000	FPE 30.06.2018 RM'000	FYE 30.06.2019 RM'000
For the Year/Period					
Revenue	84,245	256,118	160,826	137,108	93,169
Profit/(Loss) before interest and tax	8,040	13,824	51,261	(1,209)	6,004
Finance costs	847	1,433	2,608	379	709
Profit/(Loss) after tax	7,026	11,456	46,446	(5,897)	(6,610)
At Year End					
Shareholders'equity	284,616	537,953	591,777	681,342	673,477
Total assets	323,468	627,898	816,586	716,854	734,813
Total liabilities	38,851	89,944	224,809	35,511	61,336
	RM	**RM**	**RM**	**RM**	**RM**
Net asset per share	0.81	0.19	0.21	0.13	0.13
	sen	**sen**	**sen**	**sen**	**sen**
Earnings/(Loss) per share	2.73	0.97	1.64	(0.13)	(0.13)

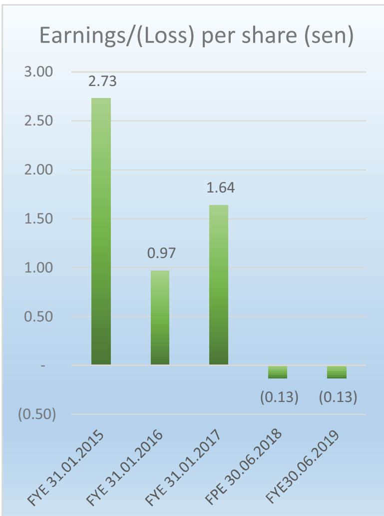
Financial Highlights (cont'd)

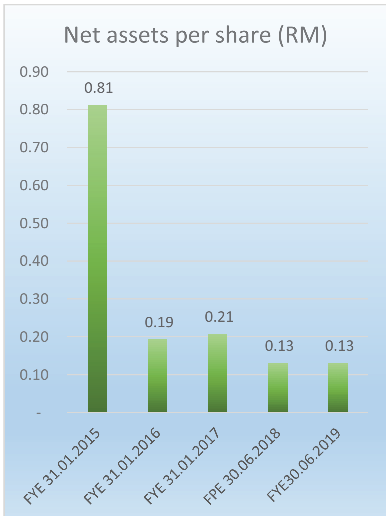
Group Financial Highlights











Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Borneo Oil Berhad for the financial year ended 30th June, 2019.

The Group recorded a total revenue of RM93.17 million for the year ended 30th June, 2019 as compared to RM137.11 million in its preceding financial period of 17 months ended 30th June 2018, consequent to the change in its financial year-end date from 31st January previously. A net profit before taxation of RM5.29 million was registered for the current year as compared to a corresponding loss before taxation of RM1.59 million for the preceding financial period.

The Group's overall results was acceptable, given the prevailing circumstances under which it was achieved. Please refer to the Management Discussion and Analysis Section and other explanatory notes for a better understanding.

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

Our shareholders, valued customers, suppliers, bankers, advisors, business associates, the relevant authorities, government agencies, management and staff at all levels for their continuing support, commitment, contribution and confidence in our Group.

Thank You.

Tan Kok Chor
Chairman

25 October 2019

Profile of Directors

From left to right: Seroop Singh Ramday (Senior Independent Non-Executive Director), Datuk Joseph Lee Yok Min @ Ambrose (Executive Director), Tan Kok Chor (Chairman- Independent Non-Executive Director), Chan Keng Leong (Executive Director), Teo Kiew Leong (Executive Director), Michael Moo Kai Wah (Independent Non-Executive Director)

TAN KOK CHOR

Chairman

Tan Kok Chor, aged 69, was appointed to the Board of Borneo Oil Berhad on 21st August 2001. He has over four decades of experience in the commercial, legal and administrative fields. He holds various directorships in several other private limited companies, incorporated in Malaysia.

DATUK JOSEPH LEE YOK MIN @ AMBROSE

Executive Director

Datuk Joseph Lee Yok Min @ Ambrose, aged 61 was appointed as an Executive Director of Borneo Oil Berhad on 27th March 2019. Prior to his appointment as an Executive Director, he acted as a consultant on legal and financial matters for the Group. He graduated with a Bachelor of Law (Honours) Degree from Central Lancashire University, United Kingdom (1980) and qualified as a Barrister At Law (Lincoln's Inn) London in 1981. He was called to the Sabah Bar in 1982 and is an Advocate and Solicitor of the High Court of Sabah and Sarawak.

He is a Practicing Legal Consultant and an established businessman with more than 30 years of experience in various industries. He currently spearheads the strategic and sustainable growth of Borneo Oil Berhad.

CHAN KENG LEONG

Executive Director

Chan Keng Leong, aged 72 was appointed to the Board of Borneo Oil Berhad on 5th November 2015. He has been serving Borneo Oil Berhad's subsidiaries in various senior managerial capacities since 2006 after retirement from Petronas where he served for 29 years.

As an Executive Director of Borneo Oil Berhad, he has been entrusted to spearhead the renewable energy and integrated limestones projects.

TEO KIEW LEONG

Executive Director

Teo Kiew Leong, aged 54, obtained his college education at Graphic Design & Photography, Regent Fine Art & Design Academy, Kuala Lumpur. He joined the group in 1986 and in June 2005, he was appointed General Manager of the fast food and franchise division and subsequently Executive Director of the same in 2007.

Profile of Directors (cont'd)

SEROOP SINGH RAMDAY

Senior Independent Non-Executive Director

Seroop Singh Ramday, aged 62, 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 Kingdom and United Nations accredited independent expert on International Joint Ventures and development projects and have delivered assignments across Europe, United States of America, Asia and Africa.

MICHAEL MOO KAI WAH

Independent Non-Executive Director

Michael Moo Kai Wah, aged 67, 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 served over 20 years in the United Kingdom and in Malaysia on matters and positions involving accounting, tax, audit and secretarial services.

Management Discussion and Analysis

REVIEW OF PERFORMANCE AND RESULTS

The Group recorded a total revenue of RM93.17 million and a profit before tax of RM5.29 million for the financial year ended 30 June 2019 as compared to the total revenue of RM137.11 million and loss before tax of RM1.59 million for the preceding financial period.

The overall revenue for the current financial year was comparable to the preceding pro-rated financial period of 17 months despite tensions and global downturn stemming from the U.S.-China trade war. However, the Group registered a revaluation gain on investment properties of RM114.07 million and managed to post a profit before tax of RM5.29 million after impairment made on its mining and energy related assets and expenditure.

The Board has considered all aspects and adopted a prudent stance for this financial year and provided for the necessary impairment in accordance to MFRS 9 Financial Instruments, which is applicable for annual periods beginning on or after 1 January 2018.

FAST FOOD, RESTAURANTS AND RELATED BUSINESSES

The division recorded a total revenue of RM48.83 million and a loss before tax of RM0.50 million during the financial year against its corresponding total revenue of RM69.54 million and loss before tax of RM3.4 million for the preceding financial period.

The division's total revenue for the current year was comparable to the preceding pro-rated financial period of 17 months after taking into account the variation in seasonal trends. The loss for the current year was mainly attributed to the effect of Sales & Service Tax implemented on 1 September 2018 which resulted in a higher cost of sales. The situation was exacerbated by increasingly stiff market competition with the influx of new trendy cafeterias, bubble tea outlets, new quick service restaurants and kopitiams, which ultimately compromised profit margins. As at 30 June 2019, the total number of SugarBun and Pezzo outlets were 132 as compared to 135 for the previous period ended.

Birthday Event at Sugarbun outlet (Shell Plaza, Kota Kinabalu)

Our SugarBun booth at Malaysian International Retail & Franchise Exhibition at KLCC-2019

Management Discussion and Analysis (cont'd)

Spring Lab Kiosk at JB

Ongoing market analysis noted an underlying emphasis on distribution and cost effective access to consumers. The recent food delivery has also gained popularity due to changing consumer behavior notably for the younger generation who prefer easier alternatives compared to cooking at home.

In this connection, SugarBun undertook a trial exercise in collaboration with FOODPANDA effectively increasing distribution and access to consumers at discounted prices. Following the success of this exercise, SugarBun will expand this strategy going forward whilst also pursuing other opportunities to compete and stay ahead of the competition.

Borneo Weekend, a community event held at Sugarbun, Menara Hap Seng, KL

CONSTRUCTION, PROPERTY AND MANAGEMENT OPERATIONS

The division achieved a total revenue of RM36.67 million and a profit before tax of RM82.28 million as compared to the total revenue of RM32.72 million and profit before tax of RM0.54 million for preceding financial period.

Top view of the ILPP

The revenue was derived mainly from the ongoing project management for the construction of an Integrated Limestone Processing Plant ("ILPP") during the financial year. The division also contributed a fair value gain of RM80.75 million on its investment properties.

Going forward, the Board is confident that with the completion of the ILPP, the Group will continue to benefit from additional business arrangements with the owners of the ILPP.

Aerial view of the ILPP site

ILPP under construction

Management Discussion and Analysis (cont'd)

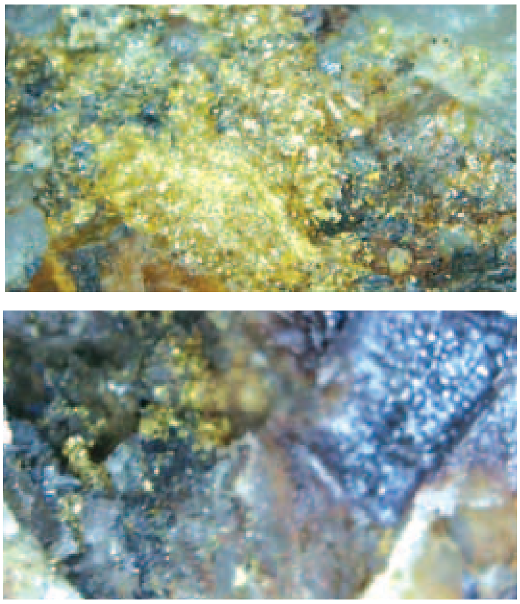
MINING, ENERGY & RELATED BUSINESSES

The division posted a total revenue of RM7.62 million and loss before tax of RM72.83 million against a total revenue of RM35.24 million and profit before tax of RM10 million for the preceding financial period.

The reduction in total revenue for the current financial year was due to reduction in gold trading activities and sale of limestone. The current year losses were mainly due to the impairment of its mining and energy related assets and expenditure in accordance to MFRS 9 which is applicable for annual periods beginning on or after 1 January 2018.

After extensive field studies and metallurgical assessments, the Pilot Heap Leach project was found not to be technically viable.

On a positive note, the division's exploration team had yielded encouraging results on the gold exploration conducted at Bukit Ibam, Pahang with inferred reserves of 1.8 metric tonnes of gold. Initial findings covering an area of about 1.98 hectares out of a total of 187 hectares in the tenement showed that the indicated gold grade is about 1.08 grams of gold per metric ton with a total probable gold reserves of about 550 kilograms.



Visible gold under 1000 times microscope

High grade quartz veins

The Management is evaluating all options available for optimal production arrangements to extract the gold ores which will contribute positively to the Group in the foreseeable future.

Limestone aggregates stockpile ready for shipment

Limestone crushing in-progress

Sustainability Statement

As a responsible corporate citizen, Borneo Oil Berhad is committed to operate in an Economically, Environmentally and Socially ("EES") conscious manner for the long-term sustainable growth of our businesses. We are committed to long-term value creation for shareholders, minimise environmental impact through conscientious use of resources while addressing the interests of all stakeholders.

SCOPE

The scope of our activities encompassed all business divisions under the Group covering the reporting period from 1 July 2018 to 30 June 2019. This statement and its related information were disclosed in accordance with the Main Market Listing Requirements ("MMLR").

STAKEHOLDERS ENGAGEMENT

We identified stakeholders as groups that might potentially be affected by our businesses, including external organisations that have concerns in areas that we consider material. Through pro-active engagement with them, we identified material topics and focus on areas which would allow us to align our business practices to best address their concerns and interests.

SUSTAINABILITY TARGETS

The economic landscape for our businesses remains competitive. We will continue to explore ways to reduce our operating costs through better supply chain management whilst preserving our product quality and safety.

Environmentally, we are committed to strict compliance with all environmental protection-related legal requirements imposed by local regulatory authorities. We will continue our energy and water conservation practices, along with minimising wastage, reducing construction waste and impact to the environment.

We believe we can make an impact on the social systems by giving back to the communities and to support the less privileged. We will maintain our stance to benefit the communities where we operate in. The Group also recognises the importance of occupational health and safety and will continue to aim for zero incidences at our work sites.

RESPONSIBLE SOURCING

Supplier Assessment

The Group views the sustainability of its supply chain as a key part of its sustainability performance. We believe that supply chain assessments are crucial in ensuring that only high quality ingredients were sourced and used in the production and preparation of food.

Our procurement team maintains the highest standards in both food quality and safety and oversees our strategic cost management to drive long term sustainable savings. Our suppliers are selected after stringent assessment to ensure that they are in compliance with the various mandatory requirements in health, safety and quality including ISO 22000, HACCP and Halal certification where appropriate.

We are sensitive to the impact of responsible food sourcing and will continue to monitor and conduct regular inspections on our suppliers to maintain a high standard for food health safety in the forthcoming year.

Halal Certification

Being a Halal certified food business, it is important for us to ensure that the products are sourced from our suppliers that are compliant with the Department of Islamic Development Malaysia (JAKIM). All products received from our suppliers must be certified by JAKIM.

Sustainability Statement (cont'd)

PRODUCT QUALITY AND SAFETY

As a restaurant, franchisor and food processing operator, ensuring that our food and beverage products are safe for consumption is our top priority. We maintain stringent food quality standards through implementing our food handling and processing practices in our day-today operations. We closely monitor our food preparation process and conduct regular checks to ensure that our practices are complied with.

There were no incidents of significant fines or non-monetary sanctions for non-compliance with the requirements of the Food Act 1983 and Food Hygiene Regulations 2009 in FY2019.

For the forthcoming year, we target to maintain the same standing.

All of our outlets have an "A" Premis Bersih rating from the Food Hygiene Regulations 2009 since the day of opening for its level of cleanliness and standard of hygiene. We will continue to maintain this rating in the forthcoming year.

WASTE MANAGEMENT

We believe in the proper management of waste and effective use of resources in carrying out our day-to-day operations in an environmentally friendly and responsible manner. These actions will reduce the impact to the environment and lower the operating costs.

Our waste management approach is to minimise the amount of waste generated from our business operations and to encourage recycling efforts where possible. Our used cooking oil is sold to an external contractor that processes the used oil into biodiesel and other environmentally acceptable products. In doing so, the used oil is recycled and will not be improperly disposed. All of our used cooking oil were sold for recycling in FY2019 and we target to maintain this in the forthcoming financial year.

OCCUPATIONAL HEALTH AND SAFETY

The nature of our industry and working environment means that some of our employees are exposed to some health and safety risks. As a responsible employer, we are committed to address and mitigate these risks where possible to create a zero-accident workplace environment.

This is achieved through a combination of the following:

- Instilling a people-orientated safety culture
- Developing and implementing policies and practices for day-to-day operations and undertaking periodic checks and inspections
- Ensuring that requisite training and certification is received by relevant employees

In FY2019, there were no workplace injuries resulting in a fatality or permanent injury. In FY2020, we target to maintain zero workplace injuries resulting in a fatality or permanent disability.

COMMUNITY ENGAGEMENT

We recognise our business operations can have impacts on the communities which we operate in. We try to anticipate and avoid creating negative impacts on our local communities and at the same time, it is important to us that we consciously continue to engage in activities that positively impact our local communities.

We have partnered with various organisation including governmental bodies and registered charities to address a variety of identified concerns and focus on causes that the local communities are concerned about.

During FY2019, we have engaged with ASNAF Petrajaya, Lions Club, Sarawak Christmas Charity Bazaar & Run, Nursing home, old folks home, Salvation Army and IkatTepi 2019.

Please refer to the section on Corporate Social Responsibilities in our annual report for more details on these activities. In FY2019, we participated in a total of 20 community projects and charities. In the forthcoming year, we hope to maintain these interactions with the community projects and charities.

Corporate Governance Overview Statement

The Board of Directors of Borneo Oil Berhad ("BOB" or "the Company") acknowledges the importance of the Principles and Best Practices as set out in the Malaysian Code on Corporate Governance 2017 ("the Code") and is committed to adhere to good Corporate Governance throughout the Group.

This statement outlines the corporate governance principles and best practices duly applied by the Group during the financial year ended 30 June 2019. This statement is to be read together with the Corporate Governance Report 2019 ("CG Report") which provides the details on how the Company has applied each Practice as set out in the Code during the financial year 2019.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

1. Roles and Responsibilities of the Board

The Board is collectively responsible for the overall conduct of the Group's business and takes full responsibility for the performance of the Company and the Group. The members of the Board exercise due diligence and care in discharging their responsibilities to ensure high ethical standards are applied, through compliance with relevant rules and regulations, directives and guidelines in addition to adopting the best practices in the Code and CG Guide, and act in the best interest of all major and minority shareholders of BOB.

The Directors bring to the Board considerable knowledge, a wealth of business and professional experience relevant to the Company in the pursuit of its business objectives.

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 on the outcome of the meetings.

The Chairman is primarily responsible for the orderly conduct and working of the Board by ensuring that all its required functions and responsibilities are met. The Non-Executive Directors are independent of management and free from any business relationship and decision-making that could interfere with the exercise of their independent judgement to the Company and Group.

The following are among the key responsibilities of the Board:

(a) Identifying principal risks and ensuring the implementation of appropriate internal controls and risk management measures.

The Audit Committee ("AC"), through guidance by the Internal Auditors, advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organization. The AC reviews the action plans implemented and makes relevant recommendations to the Board to manage risks.

(b) Reviewing and adopting the Company's strategic plans

The Board has put in place a strategy planning process, whereby the Directors present to the Board its recommended strategies, together with the proposed business plans for the Board's review and approval.

(c) Overseeing the conduct of the Company's business

Monitoring and review of the business and its operations in respect of regulatory, corporate and operational functions. The performance is assessed by the Board against the relevant targets and objectives of the Group.

Corporate Governance Overview Statement (cont'd)

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

1. Roles and Responsibilities of the Board (Cont'd)

(d) Succession Planning

The Board has entrusted the Nomination Committee ("NC") and Remuneration Committee ("RC") with the responsibilities to review candidates for the Board and key management positions and to determine remuneration packages for these appointments, and to formulate nomination, selection, remuneration and succession policies for the Group.

This policy is designed to ensure the Company recognize and develop employees through training and job rotation to enhance skills and knowledge allowing for progression and succession.

(e) Overseeing the development and implementation of an investors communication policy for the Company

The Company strongly believes that effective and timely communication is essential in maintaining good relations with the investors. The Board strives to provide useful and timely information via the timely release of announcements. The Company endeavors to provide as much information as possible within the legal and regulatory framework governing the release of material and price sensitive information.

(f) Reviewing the adequacy and integrity of management information and internal control system of the Company.

The Board is responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and the reviews of its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

2. Company Secretary

The Company Secretaries are responsible for advising the Board on issues relating to compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practice of governance. They are also responsible for advising the Directors of their obligations and duties to disclose both potential common and conflict of interest. All Directors have full and unrestricted access to their advice and services.

The Company complies with Practice 1.4 of the Code where the Company is supported by the Company Secretaries who are qualified, competent and capable of carrying out the duties required . Such tasks include:-

(i) Managing all Board and Committees' meeting logistics. Attending all Board meetings and ensuring that the minutes of all Board and Committees' meetings are properly recorded and kept.
(ii) Advising the Board on fulfilling the fiduciary roles and responsibilities in shaping the corporate direction of the Company.
(iii) Assisting the Company to ensure that the processes and proceedings of the Annual General Meeting are managed properly.
(iv) Facilitating board communications and ensuring that the deliberations performed at Board and Committees' meeting are properly conveyed to the relevant Management Personnel for further actions.
(v) Monitoring the development in corporate governance and assisting the Board to apply governance practices to meet the Board's needs and stakeholders' expectations.
(vi) Advising the Board on issues relating to compliance with provisions of Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, the Companies Act, 2016 in Malaysia and other relevant laws, rules, procedures and regulations affecting the Board and the Group.

Corporate Governance Overview Statement (cont'd)

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

3. Conflict of Interest

Members of the Board are required to make a declaration to that effect at the Board meeting in the event that they have interests in proposals being considered by the Board, including where such interest arises through family members, in line with various statutory requirements on disclosure.

Any Director with an interest in a proposed subject shall abstain themselves from deliberations and decision of the Board.

4. Insider Trading

In line with the MMLR and the relevant provisions of the Capital Markets and Services Act 2007, all Directors, key management personnel and principal officers of the Company are prohibited from trading in securities on any kind of price sensitive information and knowledge, which have not been publicly announced.

5. Code of Conduct and Ethics, whistleblowing Policy and Sustainability Policy

The Board provides a safe and confidential avenue for all employees of the Group and members of the public to raise concerns on any poor or unacceptable practice and misconduct. The whistle blowers are reassured that they will be protected from detrimental action or unfair treatment for disclosing concerns in good faith. The policy will help to deter misconduct and promote standards of good corporate practices.

6. Board Composition and Balance

As at the date of this Statement, there are six (6) members of the Board, comprising :

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

the composition of which is in compliance with Practice 4.1 of the Code and Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The presence of Independent Non-Executive Directors on the Board, not only act as a caretaker of the minority shareholders but also fulfills a pivotal role in corporate accountability. The Board places great importance on the balance of its Independent Non-Executive Directors since they serve as an essential source of impartial and professional guidance to protect the interest of the shareholders.

7. Board Diversity

The Board believes that the appointment of board members regardless of gender should be based on experience, character, integrity and competence as these are the essential criteria for an effective board.

The Group adheres to the practice of non-discrimination of any form, whether based on age, gender, race or religion. The Board does not specify a target for gender diversity for the appointment of Board members. The Group is of the view that the appointment of Board members should be based on experience, character, integrity and competence for the effective running of the Board.

A brief description of the background of each Director is stated in the Directors' profile in page 7 to 8 of this Annual Report.

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

8. Board Meetings and Supply of Information

The Board met regularly, with additional meetings where urgent matters need to be discussed.

The Board has held fifteen (15) meetings during the financial year under review and their attendance record are as follows:-

	Names of Directors	Attendance
(i)	Tan Kok Chor	15/15
(ii)	Datuk Joseph Lee Yok Min@Ambrose (recently appointed on 27.3.2019)	5/5
(iii)	Teo Kiew Leong	15/15
(iv)	Chan Keng Leong	15/15
(v)	Michael Moo Kai Wah	15/15
(vi)	Seroop Singh Ramday	15/15

The Board regularly reviews reports on progress against financial objectives, business development and also receive regular reports and presentations on strategy and updates, risks profiles and material litigation.

The Board agenda and supporting papers are distributed in advance to all the Members for review. This would enable the Directors to have sufficient preparation time and information to make an informed decision at each meeting.

All issues raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are minuted.

Authority is also given to the Board to seek independent professional advice, if necessary, at the Company's expense from time to time in the performance of their duties.

9. Board Performance Evaluation

The Board, through the NC, had conducted annual assessment to determine the effectiveness of the board and each director.

The effectiveness of the Board is assessed based on the composition and experience of the respective members, fulfilment of objectives in line with their respective Terms of Reference, effectiveness and efficiency of decision making process, the quality of information communicated.

10. Appointment to the Board

The nominees to the Board will be first considered by the NC, taking into consideration the various skills, competencies, experience and other qualities required before they are recommended to the Board. The NC assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies and other qualities, before recommending their appointment to the Board for approval.

Corporate Governance Overview Statement (cont'd)

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

11. Re-election of Directors

In accordance with the Articles of the Company, one-third (1/3) of the Board, shall retire from office by rotation and be eligible for re-election at each Annual General Meeting ("AGM"). The Directors to retire in every year shall be those who have been longest in office since their last re-election or appointment and all Directors (including the Managing Director) shall retire at least once in every three(3) years. Newly appointed Directors during the year must offer themselves to the shareholders for re-election at the first AGM following their appointment.

The NC has assessed the performance of all the Directors particularly the Directors who are standing for re-election at the forthcoming 35th AGM. The NC confirmed that they met the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors.

At the forthcoming 35th AGM, Datuk Joseph Lee Yok Min @ Ambrose by way of Article 96; Mr. Michael Moo Kai Wah and Mr Seroop Singh Ramday will be retiring by rotation pursuant to Article 91 and 92 of the Company's M & A, all of which shall be eligible for re-election.

All Directors have indicated their willingness to seek for re-election.

Based on the results of the assessment and recommendation by the Board, save for the members who had abstained from deliberations on their own re-election/re-appointment, supported the NC's endorsement and recommended that shareholders vote in favour of the resolutions for their re-election/re-appointment at the AGM.

12. Board Committees

The Board delegates certain of its governance responsibilities to the following Board Committees, which operate within clearly defined terms of references, primarily to assist the Board in discharging its responsibilities. The Chairman of the various committees will report to the Board the outcome of the respective committee meetings and such reports were incorporated in the minutes of the Board meeting.

(a) Audit Committee

The AC is authorized by the Board to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Group. The composition of the AC and the activities carried out are by the AC are summarized in the AC Report as stated on page 25 to 27 of this Annual Report.

(b) Nomination Committee

The NC comprises of entirely Independent Non-Executive Directors, of which the Chairman is the Senior Independent Non-executive Director of the Company.

(c) Remuneration Committee

The primary purpose of the RC is to assist the Board in fulfilling its oversight responsibility to shareholders by ensuring that the Company has coherent remuneration policies that fairly and responsibly reward individuals having regard to performance, the risk management framework, the law and good corporate governance.

The RC is responsible for recommending to the Board the remuneration of the Directors in all its forms drawing from outside advice as necessary and the Directors shall play no part in the decisions on their own remuneration.

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

12. Board Committees (Cont'd)

(c) Remuneration Committee (Cont'd)

Determination of remuneration packages of the Independent Non-Executive Directors, including Independent Non-Executive Chairman, shall be determined by the Board as a whole and the individuals concerned should abstain from discussing their own remuneration. The Directors who are shareholders should also abstain from voting at general meetings to approve their fees.

The full details of the RC's terms of Reference are as follows :

- **Remuneration Procedure**

  The Board establishes the RC and it operates under a Terms of Reference approved by the Board. The RC oversees the remuneration arrangement for Directors and Management Team of the Company within the Remuneration Policy.

  The RC assesses the appropriateness of Directors and Management Team's remuneration on an annual basis by reference to the principles of this Policy, overall employment market conditions, scope of work and the Company's financial position.

  The RC recommends remuneration for all the Directors to the Board for approval.

- **Remuneration of the Board**

  The Independent Non-Executive Directors' fees reflects the experience , expertise and level of responsibilities undertaken by the Independent Non-Executive Directors.

  The Directors' fees payable to the Independent Non-Executive Directors and any benefit payable to the Directors of the Company shall from time to time be determined and approved by the Shareholders at the AGM.

  The remuneration of the Executive Directors are reviewed and recommended by the RC to the Board for approval, taking into account the individual performance, economic conditions, the inflation price index, achievement of budget and information from independent sources on the rates of salary for similar positions in other comparable companies.

- **Directors' Remuneration**

  The details of the Directors' remuneration of the Group for the financial year ended 30 June 2019 are as follows :

Category	EDs RM	Non-EDs RM	Total RM
Fees			
- Company	320,000	247,980	567,980
- Subsidiary	36,000	3,000	39,000
Salaries	173,760	–	173,760
EPF and SOCSO	17,243	–	17,243
Total	547,003	250,980	797,983

Corporate Governance Overview Statement (cont'd)

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

12. Board Committees (Cont'd)

(c) Remuneration Committee (Cont'd)

Directors		salaries	fees	Benefits in Kind	Statutory Contributions	TOTAL
		RM	RM	RM	RM	RM
Executive Directors						
1.	Datuk Joseph Lee Yok Min @ Ambrose	–	200,000	–	–	200,000
2.	Chan Keng Leong					
	- Company	–	60,000	–	–	60,000
	- Subsidiary	–	36,000	–	–	36,000
3.	Teo Kiew Leong	173,760	60,000	–	17,243	251,003
Non-Executive Directors						
1.	Michael Moo Kai Wah					
	- Company	–	61,980	–	–	61,980
	- Subsidiary	–	3,000	–	–	3,000
2.	Seroop Singh Ramday	–	60,000	–	–	60,000
3.	Tan Kok Chor	–	126,000	–	–	126,000
		173,760	606,980	–	17,243	797,983

The number of Directors whose total remuneration falls within the following bands for the financial year ended 30 June 2019 are as follows :

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

13. Tenure of Independent Directors

The Board may seek shareholders' approval to re-elect an Independent non-executive Director who has served over the stipulated tenure if it deems that it is in the best interest of the Group.

14. Time commitment of the Board members

The Board is mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. Thus, each director is expected to commit sufficient time and required to notify the Board prior to accepting any additional appointment of directorships in other public listed companies. The notification shall include an indication of time commitment required under the new appointment as recommended by the Code. The number of directorships in listed corporations held by any Board member at any one time shall comply with the MMLR of Bursa Malaysia Securities Berhad. Currently, none of the existing Directors of the Company hold any other directorships in other public listed corporations.

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

15. Directors' Training

The Board also firmly believes that it is important for its Directors to invest the time and effort to update their knowledge and enhance their skill-set through relevant training programs. This will ensure that members of the Board are kept abreast of the latest developments in the areas of the capital markets, regulatory and corporate governance while equipping themselves with the know-how to contribute further to the effectiveness of the Board.

All Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme as required by the MMLR of Bursa Malaysia Securities Berhad. The Directors are encouraged to attend continuous education programmes, talks, seminars, workshops and conferences to further enhance their knowledge and to ensure Directors keep abreast with new developments in the business environment and enhance their skills and knowledge.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

- **AUDIT COMMITTEE**

The Audit Committee ("AC") of the Company comprises three (3) Independent Non-Executive Directors of the Company. The Chairman of the AC is not the Chairman of the Board so as not to impair the objective of the Board's view of the AC's findings and recommendation.

The AC is authorized by the Board to investigate any activities within its Terms of Reference and has unrestricted access to both the internal and external auditors and members of the senior management of the Company.

The AC is responsible to carry out a review of the performance of External Auditors, including assessment of suitability and independence of External Auditors. The AC would obtain the written assurance from the External Auditors which confirmed that they were and had been independent throughout the conduct of the audit engagement in accordance to the terms of all relevant professional and regulatory requirements, including the By-laws of the Malaysian Institute of Accountants.

The AC would also undertake an annual assessment of the quality of audit which encompassed the performance of the External Auditors, including the quality of services, sufficiency of resources, communications and interaction with AC, and their independence, level of non-audit fees, objectivity and professionalism.

- **ACCOUNTABILITY AND AUDIT**

Financial Reporting and Disclosure

The Board aims to provide and present a clear, balanced and comprehensive view of the Group's financial performance and prospects, primarily through the annual audited financial statements, quarterly announcements and the annual report as well as corporate announcement on significant developments affecting the Company in accordance with the MMLR. The AC assists the Board in scrutinizing information for disclosure to ensure accuracy and completeness and oversee the Group's financial reporting processes and the quality of its financial reporting.

Relationship with External Auditors

The Company's transparent and professional relationship with the External Auditors is primarily maintained through the AC and the Board. The key features underlying the AC's relationship with both Internal and External Auditors are detailed in the AC report at page 25 to 27 The AC is of the opinion that the External Auditors are independent with respect to the Group, within the meaning of the provisions of the By-laws on Professional Independence of the Malaysian Institute of Accountants. To the best of the AC's knowledge, the AC is not aware of any non-audit services that had compromised the External Auditors' independence for the financial year ended 30 June 2019.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

- **RECOGNISE AND MANAGE RISKS**

  The Board acknowledges its responsibility for maintaining a sound risk management framework and internal control system, which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines. The internal control system also aims at identifying and managing any risks that the company may encounter in pursuit of its business objectives.

  The Statement on Risk Management and Internal Control which provides an overview of the state of risk management and internal control within the Group is disclosed on page 29 to 31.

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

The Board is committed to provide accurate, clear, timely and complete disclosure of material information pertaining to the Company's performance and operations to shareholders, investors and public generally. In responding to the recommendations contained in the Code and the disclosure requirements contained in the MMLR of Bursa Malaysia Securities Berhad, the Group has formalized a Corporate Disclosure Policy.

The disclosures made are within the prescribed disclosure requirements under the MMLR issued by Bursa Malaysia Securities Berhad. Such disclosures would only be released to Bursa Malaysia Securities Berhad, shareholders, investors and media after having been reviewed and approved by the Board.

Dialogue between the Company and Investors

The Board recognises the importance of an effective communications channel between the Board , stakeholders, institutional investors and the investing public at large, both in Malaysia and internationally, with the objective of providing a clear and complete picture of the Group's performance and position as much as possible.

In this respect, the Company is committed to keeping the shareholders and investors informed of the Group's business and corporate developments. Such information is disseminated via the Group's annual reports, circulars to shareholders, quarterly financial results and the various prescribed announcements made to Bursa Malaysia Securities Berhad from time to time.

General Meetings

The Group's AGM and Extraordinary General Meetings represent the primary platforms for dialogue and communication between the shareholders, Board and Management of the Group. The Notice of 35th AGM was despatched to the shareholders together with a copy of the Company's annual report at least twenty-eight (28) days before the meeting, in excess of the 21 days requirement under the Companies Act, 2016 in Malaysia. This would allow the shareholders to make the necessary arrangements to attend the AGM in person or through corporate representatives, proxies or attorneys.

The shareholders will be given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. They are encouraged to participate in the open question and answer session on the resolutions to be proposed or about the Group's operations in general. Shareholders who are unable to attend are allowed to appoint proxies in accordance with their Company's Constitution to attend and vote on their behalf. The Chairman and the Board members are in attendance to respond to the shareholders' queries and to provide clarification on the queries.

The External Auditors are also present to provide professional and independent clarification on issues and concerns raised by the shareholders during the meeting.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

General Meetings (Cont'd)

The Board also encourages shareholders to participate, speak and vote at general meetings as well the right to demand poll voting in the general meetings.

Pursuant to Paragraph 8.29A(1) of the MMLR, any resolutions set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting of the Company will be subjected to poll voting by the shareholders. The votes cast at the general meeting will be validated by a scrutineer, who is independent of the person undertaking the polling process, is not an officer of the Company and is not interested in the resolution to be passed at the general meeting.

Other than through the issuance of its Annual Reports, the Group has been actively promoting proactive engagements and communications with its shareholders and stakeholders through the following channels:-

- Release of financial results on a quarterly basis;
- Press releases and announcements to Bursa Securities and subsequently to the media; and
- An Investor Relations section on the Group's website.

COMPLIANCE STATEMENT

The Board is of the opinion that the Group has substantially applied with the best practices of the Code throughout the financial year ended 30 June 2019.

ADDITIONAL COMPLIANCE INFORMATION

Share Buy-Back

The Company had obtained its shareholders' approval at the Annual 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.

As at 30 June 2019, the Company has 151,646,000 (2018:128,746,000) ordinary shares held as treasury shares.

Options, Warrants or Convertible Securities

There were certain options, warrants or convertible securities still existing at the FYE 30.6.2019.

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 Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

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

Corporate Governance Overview Statement (cont'd)

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Non-Audit Fees

The Non-audit fees paid to the External Auditors, STYL Associates PLT, Chartered Accountants (LLP0019500-LCA & AF 001929) for the FYE 30 June 2019 amounted to RM20,000.00.

Profit Guarantees

There were no profit guarantees given by the Group during FYE 30 June 2019.

Variance in results

There were no material variances of 10% or more in the profit after tax and minority interest between the audited and unaudited results announced for the FYE 30 June 2019.

Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 30 June 2019.

Audit Committee Report

From left to right: Tan Kok Chor (Independent and Non-Executive), Michael Moo Kai Wah (Independent and Non-Executive) & Seroop Singh Ramday (Senior Independent and Non-Executive).

The Audit Committee ("AC") was established to assist the Board of Directors ("Board") in fulfilling its oversight responsibilities, specifically in the areas of corporate governance, risk management, internal control and financial reporting practices of the Group.

COMPOSITION AND ATTENDANCE

The AC comprises of three members. All the Committee members are Independent Non-Executive Directors. The AC's composition and the respective members' attendance at meetings for FYE 30 June 2019 are as follows:

Audit Committee	Director's Name	Status of Directorship	Meetings Attended
Chairman	Michael Moo Kai Wah	Independent and Non-Executive	5/5
Member	Tan Kok Chor	Independent and Non-Executive	5/5
Member	Seroop Singh Ramday	Senior Independent and Non-Executive	5/5

Audit Committee Report (cont'd)

MEETINGS

During the FYE 30 June 2019, the AC held five (5) meetings. The AC meetings were conducted in accordance with the requisite quorum as stipulated in the AC's Terms of Reference.

By invitation, other Directors and senior management were requested to assist in direct communications, as well as to provide clarification on audit issues and the Group's operations. The External Auditors were also invited to present their respective views, comments and audit findings, where appropriate, to the AC.

Minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for their attention and actions.

SUMMARY OF THE WORK OF THE AC

The work carried out by the AC in discharging its functions and duties for the FYE 30 June 2019 were as follows:-

1. Financial Procedures and Financial Reporting

- Reviewed the Group's quarterly results and financial statements, and made recommendations to the Board for approval.

  The review of the unaudited quarterly results and financial statements was to ensure the disclosures were in compliance with the applicable Malaysian Financial Reporting Standards ("MFRS"), and other regulatory requirements as laid out in accordance with the MMLR.

  The AC had also reviewed the audited financial statements of the Company and the Group for the financial year ended 30 June 2019 which covered the financial position and performance for the year and ensured that it complied with all disclosures and regulatory requirements and recommended the same to the Board for approval.

2. External Audit

a. Reviewed the external auditors' FYE 30 June 2019 audit planning memorandum, outlining their scope of work, timeline and their proposed fees for the annual statutory audit.

b. Reviewed the list of services comprising of audit and non-audit services provided by the External Auditors to ensure the engagement was in compliance with the Group's policy on the "Provision of Non-Audit Services by External Auditors" which was not likely to create any conflict of interest or impair their independence and objectivity. The non-audit service fees incurred for the FYE 30 June 2019 was RM20,000.00.

c. Reviewed with the External Auditors on any key findings, significant key audit matters highlighted, significant judgements made by the Management, changes in or implementation of major accounting policy, proposed audit adjustments and evaluation of the system of internal controls arising from their audit.

d. Reviewed and evaluated the External Auditors' independence in accordance with the International Federation of Accountants and the Malaysian Institute of Accountants' By-laws before being recommended to the Board for approval of their reappointment as the External Auditors and proposed fees for the annual audit including other audit related and non-audit services.

3. Internal Audit

The Group outsourced its internal audit function to an independent professional firm. The roles and responsibilities of the outsourced Internal Auditors was to provide the AC with independent and objective assurances on the adequacy and co-effectiveness of the system of internal controls, the extent of compliances with the Group's established internal policies and procedures and recommending ways to rectify shortfalls, if any. The internal audit service fees incurred for the FYE 30 June 2019 was RM15,000.00

a. Reviewed the Internal Audit Reports submitted by the outsourced Internal Auditors, including their findings, recommendations, management's responses, and actions taken.

b. Reviewed the Internal Audit Function in relation to the adequacy and effectiveness of the internal control systems conducted through

- Review of procurement and payment Standard Operating Procedure ("SOP"),
- Review of material transactions, and
- Review of cost control and availability of supplies.

4. Risk Management and Internal Control

a. The Group developed and implemented its risk management framework.

b. Reviewed the risk map associated with medium to high impact potential risks to the Group. The AC also reviewed the adequacy and effectiveness of the policies and procedures and system of internal controls to monitor risks in specific areas, based on the outsourced Internal Auditors' reports on specific business functions within the Group.

c. Reviewed the Statement on Risk Management and Internal Control for inclusion in this Annual Report.

5. Related Party Transactions

The AC had reviewed any related party transactions and conflict of interests situation that may arise within the Group, including any transactions, procedures or course of conduct that raises questions of management integrity and to ensure its compliance with MMLR.

6. Others

a. Reviewed the revaluation of the Group's investment properties which was undertaken by an independent professional valuers to ensure that its market valuation was in compliance with MFRS 140, Investment Property, prior to the same being recommended to the Board for approval.

b. Reviewed the impairment in accordance with MFRS 9 and proposed the same to the Board for adoption.

This Report have been reviewed by the AC and approved by the Board for inclusion in this Annual Report. The AC was of the view that there were no weaknesses in the system of internal control that had resulted in any material losses, contingencies or uncertainties which would require disclosure in the Company's Annual Report.

Nomination Committee Report

The Nomination Committee ("NC") was established comprising exclusively of Independent Non-Executive Directors of the Company with the primary objective of discharging the following duties and responsibilities under its written terms of reference:-

1. Performance

- Review the performance of the board, individual directors and committee members annually to determine the effectiveness of the board, its committees and each director and whether they have carried out their duties in accordance with their terms of reference.

2 Selection and assessment

- Review the policy on board composition having regards to the mix of skills, diversity and independence required to meet the need of the Company,
- Review the board nomination and election process of directors and criteria used in the selection process; and
- The assessment undertaken together with the criteria used in respect of its board, committees and individual directors.

COMPOSITION AND ATTENDANCE

The NC comprises of three members. All the committee members are Independent Non-Executive Directors. The NC's composition and the respective members' attendance at meetings for FYE 30 June 2019 are as follows:-

Nominating Committee	Director's Name	Status of Directorship	Meetings Attended
Chairman	Seroop Singh Ramday	Senior Independent Non-Executive	3/3
Member	Tan Kok Chor	Independent Non-Executive	3/3
Member	Michael Moo Kai Wah	Senior Independent Non-Executive	3/3

SUMMARY OF THE WORK OF THE NC

The work carried out by the NC in discharging its duties for the FYE 30 June 2019 were as follows:-

- Review the board composition with regards to the mix of skills, independence and diversity required to meet the need of the Company to comply with Para 2.20A of MMLR. The NC has considered the Company's existing board composition which is based on the right mix of skill, experience and other qualities and will endeavor to fulfil it in all aspects at an appropriate time in the future;
- Reviewed the board composition on the right mix of Independent Non-Executive Directors, not only to protect the interest of the minority shareholders but also to fulfill its pivotal role in corporate accountability;
- Reviewed the performance of the board, committee and individual directors to ensure that they have carried out their respective duties and responsibilities in line with their terms of reference;
- Reviewed and assessed the effectiveness of the board, committee and individual directors taking into consideration their efficiency, skill, competence, integrity, professionalism, experience, time devoted and other qualities before being recommended to the Board for approval of their appointment;
- Assessed and endorsed the appointment of a new Executive Director.
- Endorsed the re-election of directors standing for re-election at the forthcoming 35th AGM after having assessed their suitability.

Statement on Risk Management and Internal Control

Introduction

This Statement on Risk Management and Internal Control was prepared in accordance with the "Statement on Risk Management and Internal Control – Guidance for Directors of Listed Issuers" , Paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice 9.2 of the Malaysian Code on Corporate Governance.

Board Responsibilities

The Board acknowledges the importance of good practice of corporate governance and is committed to maintaining a sound system of internal control and for reviewing its effectiveness, adequacy and integrity.

The Board recognises that for the Group to achieve its business objectives and sustain success, it is vital that the risk management and internal control processes are effective.

The Management is accountable to the Board for the smooth implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control.

In view of the limitations that are inherent in any internal control system, the Group's system of internal control can only minimize the risk of failure to achieve the policies, goals and business objectives of the Group. It can therefore only provide reasonable and not absolute assurance against material misstatement, financial losses, fraud or breach of any laws/regulations.

Notwithstanding this, the Board requires that the procedures and controls in place are subject to regular review as part of an on-going process for identifying, evaluating and managing the significant risks faced by the Group.

Risk Management Framework

The Board is responsible for reviewing and overseeing the Group's system of internal control based on an on-going process designed to identify, evaluate and manage risks towards achieving strategic goals and business objectives and to manage those risks efficiently, effectively and economically.

The Group has in place Standard Operating Policies and Procedures for its main business operations highlighting the control objectives, policies, procedures, authorities and responsibilities of personnel.

The Board engaged the services of an outsourced Internal Audit firm to review a wide scope of areas namely related party transactions, accounting and finance functions, human resources, production and operations to occupational health and safety so as to identify any weaknesses in internal controls. The Management is pro-active in identifying new areas for the Internal Auditors to conduct their testing one of which is the secondary process operations and control.

The Audit Committee reviews internal control issues identified by the Internal Auditors and Management. In the process, it evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

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

Internal Audit Function

The Group's internal audit function was outsourced to a professional service firm, to assist the Board and the Audit Committee in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system. The internal audit activities of the Group were carried out according to an annual audit plan that was reviewed and approved by the Audit Committee and reported to the Board.

During the financial year ended 30 June 2019, the business processes were reviewed namely procurement and payment Standard Operating Procedure ("SOP"), review of material transactions, and review of cost control and supply availability.

The results of the internal audit reviews were discussed with senior management and subsequently, the audit findings, including the recommendations for improvement, if any, were presented to the Audit Committee. In addition, follow up reviews on previous auditable activities of the Group were also conducted to ensure that corrective actions have been implemented in a timely manner and the results of follow up reviews were also reported timely to the Audit Committee.

Other Key Elements Of Internal Control Processes

An effective check and balance control environment within the Group is fundamental for ensuring a sound system of internal control. The following sets out other key elements of the Group's internal control processes established for maintaining strong corporate governance:-

1. Authorities and responsibilities

The Board delegates certain responsibilities to the Board's Committee with the Terms of Reference of each committee adequately and clearly defined. An organizational structure that is aligned to the Group's business and operational requirements has been established, where key Management personnel are delegated with the responsibility to manage risk of their respective areas of responsibilities.

2. Audit Committee

The AC assists the Board in fulfilling its responsibilities with respect to oversight, focusing on the integrity of the Group's financial reporting process, management of governance, risk, system of internal control, external and internal audit processes as well as compliance with legal and regulatory matters. Quarterly and annual financial results were reviewed by the AC prior to being recommended to the Board for approval. The functions that the AC undertook during the financial year ended 30 June 2019 are set out in the AC Report on pages 25 to 27.

3. Audit

Statutory audit engagement is carried out based on the Annual Audit Planning Memorandum that is developed taking into consideration several key factors after which key areas are identified for the audit scope. For any significant gaps identified in governance, risk management and control during the engagement, the External Auditors will provide recommendations to the Management through their Management Letter to improve the design and/or effectiveness where applicable.

Review of this Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in 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 ("MIA") for inclusion in the Annual Report of the Group for the year ended 30 June 2019, and reported to the Board that nothing has come to their attention. The External Auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purpose or parties. As stated in their report, the External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

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 of Directors and management thereon.

Review by The Board

The Board considered the system of internal controls and risk management described in this Statement to be satisfactory and generally adequate in the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and maintain the integrity of the internal control framework.

The Board's Conclusion

The Board, through the Audit Committee, confirms that it has reviewed the effectiveness of the internal control framework and considers it sufficient in safeguarding the shareholders' interests and assets of the Group.

This Statement is approved in accordance with a resolution of the Board dated 29th August 2019.

Corporate Social Responsibility

Borneo Oil Berhad ("BOB") strongly believes in lending a helping hand to the underprivileged and giving back to the community in which it operates. Inevitably, as the country progress over the years, some of our fellow people will be disenfranchised and left behind. BOB is committed to give the less fortunate a helping hand to move forward and live a better life.

BOB's Corporate Social Responsibility ("CSR") efforts are driven to elevate the communities in which it operates through 3 distinct areas: social empowerment, fostering education and extending assistance to local communities.

Through self-organised or partnership programs, support of expertise, funds and employee participation, BOB employees have given generously of themselves to make a positive contribution to improving lives as a whole.

another community project

Another Community Project ("ACP") by SugarBun is a volunteering platform for employees to participate in driving social awareness for poverty, underprivileged, handicapped and filial piety.

SOCIAL EMPOWERMENT

SugarBun & Pezzo Aidilfitri

In conjunction with Hari Raya Aidilfitri 2018, ACP by SugarBun in collaboration with MAMACARE; a Non-Government Organization group of part-time midwives to organize "SugarBun Aidilfitri" and "Pezzo Aidilfitri". Both events purpose was to drive social consciousness towards poverty-stricken children also known as "ASNAF" living in Petra Jaya, Sarawak. The event was also supported by Astro Radio's Era FM.

Group photo with ASNAF Children, MAMACARE, Era FM's announcers and SugarBun Management Team during SugarBun Aidilfitri 2018

Corporate Social Responsibility (cont'd)

CSR Visit to PDK Satok

ACP by SugarBun in collaboration with Non-Government Organizations including Kuching Welfare, Lions Club, GETFOOD and contestants of Mrs. & Miss Malaysia Kebaya Week for a CSR visit to PDK Satok, a community care centre for down-syndrome children.

During the visit, down-syndrome children were encouraged to perform and socialize with volunteers and volunteers were educated on how to handle children with special needs.

Christmas Charity Bazaar & Run 2018

The employees participated in making chicken burgers for fundraising sales to support projects under The Catholic Welfare Service Council Sarawak which includes Vocational Training for underprivileged youths for Sabah and Sarawak, Rural education system and many more. In addition to that, the corporate office contributed 3,000 pieces of discount vouchers to participants of the fundraising run.

Corporate Social Responsibility (cont'd)

Christmas Fundraising Food Fair

With long term partners in community service, Lion Club of Kuching, employees volunteered in making chicken burgers for sale during a Christmas fundraising food fair to raise funds for the maintenance of Lions Nursing Home Kuching for support of Awareness for Filial Piety.

CSR Visit - Chinese New Year Visit to Rumah Seri Kenanga Old Folks Home

An annual CSR visit to Rumah Seri Kenangan Old Folks Home for Chinese New Year is Another Community Project by SugarBun's commitment to addressing awareness of filial piety.

During this visit, volunteers distributed meals, ang pow packets and socialised with the senior citizen residents. Group Photo with employees and residents of Rumah Seri Kenangan Old Folks Home.

CSR Visit - The Salvation Army Children's Home Kuching

An Annual Event committed to Awareness of Underprivileged Children, The Salvation Army Children's Home Kuching residents were invited for a treat in SugarBun during Chinese New Year.

During this time, employees prepared and served meals, distributed Ang Pow packets and organised games and activities.

Corporate Social Responsibility (cont'd)

Group Photo with employees and The Salvation Army Children's Home Kuching

IkatTepi 2019

In conjunction to Ramadhan, SugarBun and Pezzo collaborated with Spativate, Plaza Merdeka, The Waterfront Hotel and Grab to support IkatTepi 2019, a community project for meal distribution during Ramadhan month.

Corporate Social Responsibility (cont'd)

Kota Kinabalu Blood Donation Drive Day 2019 organised by Queen Elizabeth Hospital

Pezzo provided a free slice of Pizza for each blood donor during Blood Donation Drive Day organized by Queen Elizabeth Hospital

Other Notable CSR Sponsorship under Social Awareness includes;

- Trinity Hope Charity Food Bazaar
- Lions Club Charity Sales and Food Fair
- Blood Donation Drive by Alumni Josipa'82
- Ikat Tepi Ramadhan 2019 by Spativate
- Kota Kinabalu Blood Donation Drive Day 2019 organized by Queen Elizabeth Hospital

EDUCATION

Education is vital in influencing the minds and growth of the younger generation and BOB takes responsibility in fostering quality education through sponsorship of youth events and supporting school activities.

Sin Chew Education Fair 2019

A multi-state event organised by a pioneer publishing company, Sin Chew Daily, SugarBun collaborated as co-sponsor in Sin Chew Education 2019. The event was held in main cities namely Kuching, Sibu, Bintulu, Miri, Kota Kinabalu and Sandakan.

Corporate Social Responsibility (cont'd)

During this event, SugarBun sponsored a total of 3,000 discount vouchers for all participating students as well as opened a job opportunity and franchise opportunity booth. The purpose of SugarBun presence was to introduce F&B as an option for employment or business opportunity for young graduates.

Kuching Interschool Prefect Telematch

SugarBun sponsored meals for Kuching Interschool Prefect Telematch organised by SMK St. Joseph Secondary School.

SK Chung Hua Matu (Daro) Study Trip Program 2019

SugarBun sponsored meals for SK Chung Hua Matu (Daro) Study Trip Program 2019 to Sibu town. Hosted by SugarBun Sungai Merah, Sibu.

Corporate Social Responsibility (cont'd)

SUGARBUN READING COMPETITION

In conjunction with the Ministry of Education Campaign "Malaysia Membaca", SugarBun together with Pelangi Publishing House and Nestle Milo organised a campaign to cultivate and promote reading culture amongst young children.

As part of the campaign, SugarBun included a FREE Storybook from the First Science Story Book Series which included Augmented Reality features. The book was the first of the kind for a Malaysian Publication.

Other Notable CSR Sponsorship under Education included;

- SMK St. Teresa School Zumba Fitness 2018
- SMK Cheras Jaya Selangor School Trip to Sarawak (Program Pendidikan Khas Integrasi (PPKI)
- State Level Kindergarten School Day 2018
- Interschool Sports Day for students under Special Education Division 2018 organized by YAYASAN Kemajuan Insan Sarawak (YAKIN)
- SJK Chung Hua Matu Student Trip Program to Kuching
- Program Sukaneka dan Kesenian by PPKI SK Assyakirin Bintulu hosted by SugarBun Times Square Bintulu

Statement on Directors' Responsibility
(In Respect of Financial Statements)

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

The Directors are required by the Companies Act, 2016 in Malaysia to prepare the financial statements for each financial year so as to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cash flow of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:-

- complied with the applicable approved Malaysian Financial Reporting Standards ("MFRS") and the provisions of the Companies Act, 2016 in Malaysia ("the Act");
- adopted suitable approved accounting standards and policies and applied them consistently;
- prepared the financial statements on a going concern basis; and
- made judgements and estimates that are prudent and reasonable.

The Directors have the responsibility in ensuring that the Group and the Company keeps proper accounting records which discloses with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with MFRS, International Financial Reporting Standards ("IFRS"), the Companies Act, 2016 in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and are prepared in accordance with the applicable approved accounting standard.

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.

The Board is satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 30 June 2019, the Group and the Company have used appropriate accounting policies and applied them consistently and prudently. The Board is of the opinion that the financial statements have been prepared in accordance with all relevant approved accounting standards and adopted on a going concern basis.

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Directors' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

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.

RESULTS

	Group RM	Company RM
Net (loss)/profit for the financial year	(6,610,452)	5,643,060
Other comprehensive income, net of tax	22,110	–
Total comprehensive (deficit)/income for the financial year	(6,588,342)	5,643,060
Attributable to:-		
Owners of the parent	(6,588,342)	5,643,060

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

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 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 require the further writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

Directors' Report (cont'd)

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group and of the Company which has arisen since the end of the financial year.

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

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 which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

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

ISSUES OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company purchased 22,900,000 of its issued ordinary shares from the open market for a total consideration of RM1,277,220/- including transaction costs. The average price paid for the share repurchased was RM0.056 per share. The shares purchased are being held as treasury shares in accordance with Section 127 (6) of the Companies Act, 2016 in Malaysia and are presented as a deduction of equity.

At 30 June 2019, the Company held as treasury shares a total of 151,646,000 (2018: 128,746,000) issued and paid-up ordinary shares. The treasury shares are held at a carrying amount of RM13,238,466/-. The details of the treasury shares are disclosed in Note 18(c) to the financial statements.

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 18(a) to the financial statements.

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 19 to the financial statements.

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 were disclosed in Note 19 to the financial statements.

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

	← Number of Warrants C →			
	At 01.07.2018	**Issued**	**Exercised**	**At 30.06.2019**
Warrants C (Warrants 2015/2025)	1,734,679,850	–	–	1,734,679,850

Directors' Report (cont'd)

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 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 19 to the financial statements.

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

	Number of Warrants D			
	At 01.07.2018	**Issued**	**Exercised**	**At 30.06.2019**
Warrants D (Warrants 2017/2027)	378,683,984	–	–	378,683,984

DIRECTORS

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

TAN KOK CHOR
TEO KIEW LEONG
CHAN KENG LEONG
MICHAEL MOO KAI WAH
SEROOP SINGH RAMDAY
DATUK JOSEPH LEE YOK MIN @ AMBROSE *(Appointed on 27.03.2019)*

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 year and during the period from the end of the financial year to the date of this report not including those directors mentioned above, are as follows:-

ANTHONY FOO
PRASHAD M. KOSHY @ MATHEW KOSHY
TING LAH CHING
SIN DARRELL

DIRECTORS' INTERESTS

According to the register of the directors' shareholdings, the interest of directors who held office at the end of the financial year in shares or debentures in the Company or its subsidiaries during the financial year are as follows:-

	Number of ordinary shares			
	At 01.07.2018	**Bought**	**Sold**	**At 30.06.2019**
The Company				
Direct Interests				
DATUK JOSEPH LEE YOK MIN @ AMBROSE	93,476,100	–	–	93,476,100
Indirect Interests				
DATUK JOSEPH LEE YOK MIN @ AMBROSE *	26,163,085	–	–	26,163,085

	Number of Warrants D 2017/2027			
	At 01.07.2018	**Bought**	**Sold**	**At 30.06.2019**
The Company				
Direct Interests				
DATUK JOSEPH LEE YOK MIN @ AMBROSE	9,370,000	101,000	(9,000)	9,462,000

* Deemed interested through immediate family members's shareholding in the Company.

None of the other directors in office at the end of the reporting year held any interests in shares of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group and 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' Report (cont'd)

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors of the Company comprising remunerations received/receivable from the Group and the Company during the financial year are disclosed in Note 27 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

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

AUDITORS' REMUNERATIONS

Total amounts paid or receivable by the auditors as remunerations for their statutory audit services is disclosed in Note 26 to the financial statements.

SUBSIDIARIES OF THE COMPANY

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

AUDITORS

The auditors, STYL Associates PLT (LLP0019500-LCA & AF 001929), have expressed their willingness to continue in office.

STYL Associates PLT (LLP0019500-LCA & AF 001929) was registered on 13 March 2019 and with effect from that date, STYL Associates (AF 001929), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board of Directors,

....

TEO KIEW LEONG
Director

....

DATUK JOSEPH LEE YOK MIN @ AMBROSE
Director

Kota Kinabalu

Date: 25 October 2019

Statement by Directors

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

We, **TEO KIEW LEONG** and **DATUK JOSEPH LEE YOK MIN @ AMBROSE**, 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 2019 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors,

....
TEO KIEW LEONG
Director

....
DATUK JOSEPH LEE YOK MIN @ AMBROSE
Director

Kota Kinabalu

Date 25 October 2019

Statutory Declaration

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

I, **DATUK JOSEPH LEE YOK MIN @ AMBROSE**, 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, I960.

....
DATUK JOSEPH LEE YOK MIN @ AMBROSE

Subscribed and solemnly declared by the abovenamed at Kota Kinabalu in the state of Sabah
on 25 October 2019

Before me,

PESURUHJAYA SUMPAH MALAYSIA

....
Commissioner for Oaths

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 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 54 to 146.

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 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the significance judgements associated with determining the fair value. As at 30 June 2019, the carrying amount of investment properties of the Group is amounted to RM615,545,480/- and, during the financial year, the Group recognised a net gain of RM114,076,346/- from the changes in fair value of investment properties as disclosed in Note 4 to the financial statements. The Group's investment properties are stated at fair value based on valuation performed by an independent qualified professional valuer ("Valuer"). The fair value of investment properties was derived using the direct comparison method and investment method. Details of the valuation techniques used in the valuation are disclosed in Note 4(c) to the financial statements. Refer to summary of significant accounting policies in Note 2.3(c), significant accounting estimates and judgement in Note 2.4(c) and the disclosure in Note 4 to the financial statements.	Our audit procedures in relation to the valuation of the investment properties include the following:- - Evaluated the competence, capabilities and objectivity of the Valuer and obtained an understanding of the Valuer's scope of work and the term of engagement; - Evaluated the appropriateness of the Valuer's valuation approach to assess if it is consistent with the requirements of MFRSs and industry norms; - Challenged the reasonableness of the key assumptions and judgements applied based on available market data and our knowledge of the property industry; - Obtained the detailed work of the Valuer on investment properties to evaluate the accuracy and relevance of key data inputs underpinning the valuation, including the recent market transaction of properties in similar location and condition and the adjustment factors applied in the valuation; and - Obtained the valuation reports and meeting with the Valuer to assess the reasonableness of the significant unobservable inputs and the accuracy of the source data used by the management and the Valuer by comparing them to where relevant and publicly available information of similar comparable properties and our knowledge of the property industry.

Independent Auditors' Report (cont'd)

Key Audit Matters (Cont'd)

<table>
<tr><th>Key audit matter (Cont'd)</th><th>How our audit addressed the key audit matter (Cont'd)</th></tr>
<tr><td>Expected credit loss on trade and other receivables and amount owing by subsidiaries

We identified the expected credit loss ("ECL") on trade and other receivables and amount owing by subsidiaries as a key audit matter due to the significance management determined estimations and judgement used in the calculation of the ECL and uncertainty inherent in the estimation process.

The Group and the Company adopted MFRS 9 "Financial Instruments" with a date of transition of 1 July 2018. MFRS 9 introduces an expected credit loss ("ECL") impairment model, which takes into account the credit behaviour and reasonable and supportable forward-looking information.

As at 30 June 2019, the carrying amount of trade and other receivables of the Group is amounted to RM15,754,434/- and RM1,905,273/- respectively. During the financial year, the Group recognised allowance for impairment of trade and other receivables of RM1,344,035/- and RM3,787,846/- respectively.

As at 30 June 2019, the carrying amount of amount owing by subsidiaries of the Company is amounted to RM553,157,496/-. During the financial year, the Company recognised allowance for impairment of amount owing by subsidiaries of RM52,356,090/-.

The Group and the Company assess at each reporting date whether the trade and other receivables and amount owing by subsidiaires carried at amortised cost are credit-impaired. The Group and the Company have applied simplified method to determine the allowance for impairment of trade and other receivables. The ECL model involves the use of various assumptions, economic factors and historical credit behaviour of trade and other receivables.

Refer to summary of significant accounting policies in Note 2.3(h) and Note 2.3(k), significant accounting estimates and judgement in Note 2.4(b) and the disclosure in Note 12 and Note 14 to the financial statements.</td><td>Our audit procedures in relation to the expected credit loss on trade and other receivables include the following:-

- Evaluated the methodologies of ECL model developed by the Group is in accordance with MFRS 9;

- Tested the accuracy and completeness of underlying data used in the model and arithmetical accuracy of the calculation of ECL; and

- Challenged the reasonableness of the key assumptions and judgements used to calculate the likelihood of default and loss on default by comparing to historical data. We also considered the appropriateness of forward-looking factors used to determine expected credit loss.</td></tr>
</table>

Independent Auditors' Report (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 on the other information that we obtained prior to the date of this auditors' report, 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:

Independent Auditors' Report (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditors' Report (cont'd)

Report on Other Legal and Regulatory Requirements

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

Other Matter

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 PLT
LLP0019500-LCA & AF 001929
Chartered Accountants

ONG THIAN GHIM
No. 03331/10/2021(J)
Chartered Accountant

Petaling Jaya

Date: 25 October 2019

Statements of Financial Position
as at 30 June 2019

		Group		Company	
	Note	2019 RM	2018 RM Restated	2019 RM	2018 RM Restated
ASSETS					
Non-current assets					
Property, plant and equipment	3	34,584,906	65,744,528	3,030,710	11,360,707
Investment properties	4	615,545,480	500,846,895	–	–
Investment in subsidiaries	5	–	–	70,000,007	70,000,007
Other investment	6	1	1	–	–
Golf club membership		64,000	64,000	64,000	64,000
Development expenditure	7	–	3,370,283	–	–
Exploration expenditure	8	–	39,154,387	–	–
Intangible assets	9	–	14,000,000	–	–
Total non-current assets		650,194,387	623,180,094	73,094,717	81,424,714
Current assets					
Inventories	10	25,206,167	13,602,647	–	–
Biological assets	11	32,790	31,099	–	–
Receivables	12	23,467,642	58,529,168	361,066	992,703
Contract asset	13	6,442,347	–	–	–
Tax recoverable		1,826,560	1,166,550	213,822	295,982
Amount owing by subsidiaries	14	–	–	553,157,496	531,346,823
Fixed deposits with licensed banks	15	3,624,588	4,302,859	2,089,002	2,850,748
Cash and bank balances	16	24,019,161	16,041,656	2,325,844	9,894,636
Total current assets		84,619,255	93,673,979	558,147,230	545,380,892
TOTAL ASSETS		734,813,642	716,854,073	631,241,947	626,805,606

Statements of Financial Position (cont'd)

	Note	Group 2019 RM	Group 2018 RM Restated	Company 2019 RM	Company 2018 RM Restated
EQUITY AND LIABILITIES					
Share capital	17	536,349,192	536,349,192	536,349,192	536,349,192
Reserves	18	80,295,576	81,550,686	80,202,956	81,480,176
Retained earnings		56,832,658	63,443,110	8,408,373	2,765,313
TOTAL EQUITY		673,477,426	681,342,988	624,960,521	620,594,681
Non-current liabilities					
Loans and borrowings	20	11,128,646	4,099,322	–	–
Deferred tax liabilities	23	17,121,267	5,222,579	–	–
Total non-current liabilities		28,249,913	9,321,901	–	–
Current liabilities					
Payables	24	28,707,196	23,343,195	1,041,432	993,702
Amount owing to subsidiaries	14	–	–	5,239,994	5,217,223
Loans and borrowings	20	4,285,414	2,593,182	–	–
Tax payables		93,693	252,807	–	–
Total current liabilities		33,086,303	26,189,184	6,281,426	6,210,925
Total liabilities		61,336,216	35,511,085	6,281,426	6,210,925
TOTAL EQUITY AND LIABILITIES		734,813,642	716,854,073	631,241,947	626,805,606

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

Statements of Comprehensive Income

for the financial year ended 30 June 2019

	Note	Group 01.07.2018 to 30.06.2019 RM	Group 01.02.2017 to 30.06.2018 RM	Company 01.07.2018 to 30.06.2019 RM	Company 01.02.2017 to 30.06.2018 RM
Revenue	25	93,169,595	137,108,230	1,356,000	1,921,000
Cost of sales		(64,991,018)	(93,969,022)	–	–
Gross Profit		28,178,577	43,139,208	1,356,000	1,921,000
Other income		115,388,335	11,754,322	60,161,746	26,268,948
Net loss from gold spot contracts		–	(3,812,516)	–	–
Administrative and other expenses		(137,561,935)	(52,290,887)	(55,874,686)	(21,083,807)
Operating Profit/(Loss)	26	6,004,977	(1,209,873)	5,643,060	7,106,141
Finance costs	28	(709,294)	(379,292)	–	–
Profit/(Loss) Before Taxation		5,295,683	(1,589,165)	5,643,060	7,106,141
Taxation	29	(11,906,135)	(4,308,754)	–	(929,874)
(Loss)/Profit for the Financial Year/Period		(6,610,452)	(5,897,919)	5,643,060	6,176,267
Other Comprehensive Income for the Financial Year/Period:-					
Foreign currency translation		22,110	124,970	–	–
Total Comprehensive (Deficit)/ Income for the Financial Year/Period		(6,588,342)	(5,772,949)	5,643,060	6,176,267
(Loss)/Profit attributable to:-					
Owners of the parent		(6,610,452)	(5,897,919)	5,643,060	6,176,267
Total Comprehensive (Deficit)/ Income attributable to:-					
Owners of the parent		(6,588,342)	(5,772,949)	5,643,060	6,176,267
Basic loss earnings per share (sen)	30	(0.13)	(0.13)		
Diluted loss earnings per share (sen)	30	(0.13)	(0.13)		

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

Statements of Changes in Equity

for the financial year ended 30 June 2019

Group	Note	Share Capital RM	Warrants Reserve RM	Treasury Shares RM	Translation Reserve RM	Retained Earnings RM	Total Equity RM
		Attributable to Owners of the Company					
			Non-distributable			Distributable	
At 1 July 2018, previously stated		536,349,192	93,441,422	(11,961,246)	70,510	66,695,909	684,595,787
Adjustment on initial application of MFRS 9, net of tax	36(b)	–	–	–	–	(193,710)	(193,710)
Adjustment on application of MFRS 15, net of tax	36(a)	–	–	–	–	(3,059,089)	(3,059,089)
At 1 July 2018, restated		536,349,192	93,441,422	(11,961,246)	70,510	63,443,110	681,342,988
Total comprehensive income/(deficit) for the financial year:-							
Loss for the financial year		–	–	–	–	(6,610,452)	(6,610,452)
Other comprehensive income for the financial year		–	–	–	22,110	–	22,110
Total comprehensive income/(deficit)		–	–	–	22,110	(6,610,452)	(6,588,342)
Transactions with owners:-							
Acquisition of treasury shares		–	–	(1,277,220)	–	–	(1,277,220)
Total transactions with owners		–	–	(1,277,220)	–	–	(1,277,220)
At 30 June 2019		536,349,192	93,441,422	(13,238,466)	92,620	56,832,658	673,477,426

Statements of Changes in Equity (cont'd)

Group	Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrants Reserve RM	Capital Reserve RM	Treasury Shares RM	Translation Reserve RM	Retained Earnings RM	Total Equity RM
	Attributable to Owners of the Company								
	Non-distributable							Distributable	
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	591,777,584
Total comprehensive income/ (deficit) for the financial period:-									
Loss for the financial period	–	–	–	–	–	–	–	(5,897,919)	(5,897,919)
Other comprehensive income for the financial period	–	–	–	–	–	–	124,970	–	124,970
Total comprehensive income/(deficit)	–	–	–	–	–	–	124,970	(5,897,919)	(5,772,949)
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	–	–	–	–	–	11,144,693
ESOS exercised	78,461,633	–	(11,144,693)	–	–	–	–	–	67,316,940
ESOS expired	–	–	(43,955)	–	–	–	–	43,955	–
Warrants exercised	3,483,751	–	–	(501,578)	–	–	–	–	2,982,173
Warrants lapsed	–	–	–	(70,783)	–	–	–	70,783	–
Bonus shares issued	68,789,105	–	–	–	–	–	–	(68,789,105)	–
Bonus issue expenses	–	–	–	–	–	–	–	(475,900)	(475,900)
Acquisition of treasury shares	–	–	–	–	–	(11,961,246)	–	–	(11,961,246)
Disposal of treasury shares	–	–	–	–	–	27,370,479	–	2,214,013	29,584,492
Total transactions with owners	233,469,080	(82,734,591)	(43,955)	(572,361)	(15,000)	15,409,233	–	(66,921,254)	98,591,152
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 (cont'd)

		Attributable to Owners of the Company				
		Non-distributable			Distributable	
Company	**Note**	**Share Capital RM**	**Warrants Reserve RM**	**Treasury Shares RM**	**Retained Earnings RM**	**Total Equity RM**
At 1 July 2018, previously stated		536,349,192	93,441,422	(11,961,246)	18,849,308	636,678,676
Adjustment on initial application of MFRS 9, net of tax	36(b)	–	–	–	(16,083,995)	(16,083,995)
At 1 July 2018, restated		536,349,192	93,441,422	(11,961,246)	2,765,313	620,594,681
Total comprehensive income		–	–	–	5,643,060	5,643,060
Transactions with owners:-						
Acquisition of treasury shares		–	–	(1,277,220)	–	(1,277,220)
Total transactions with owners		–	–	(1,277,220)	–	(1,277,220)
At 30 June 2019		536,349,192	93,441,422	(13,238,466)	8,408,373	624,960,521

Statements of Changes in Equity (cont'd)

Company	Share Capital RM	Share Premium RM	ESOS Reserve RM	Warrants Reserve RM	Treasury Shares RM	Retained Earnings RM	Total Equity RM
	← Attributable to Owners of the Company						→
		← Non-distributable			→	Distributable	
At 1 February 2017	302,880,112	82,734,591	43,955	94,013,783	(27,370,479)	79,609,295	531,911,257
Total comprehensive income	–	–	–	–	–	6,176,267	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)	–	–	43,955	–
Warrants exercised	3,483,751	–	–	(501,578)	–	–	2,982,173
Warrants lapsed	–	–	–	(70,783)	–	70,783	–
Bonus shares issued	68,789,105	–	–	–	–	(68,789,105)	–
Bonus issue expenses	–	–	–	–	–	(475,900)	(475,900)
Acquisition of treasury shares	–	–	–	–	(11,961,246)	–	(11,961,246)
Disposal of treasury shares	–	–	–	–	27,370,479	2,214,013	29,584,492
Total transactions with owners	233,469,080	(82,734,591)	(43,955)	(572,361)	15,409,233	(66,936,254)	98,591,152
At 30 June 2018	536,349,192	–	–	93,441,422	(11,961,246)	18,849,308	636,678,676

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

Statements of Cash Flows

for the financial year ended 30 June 2019

	Group		Company	
	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM Restated	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM Restated
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit/(Loss) Before Taxation	5,295,683	(1,589,165)	5,643,060	7,106,141
Adjustments for:-				
Adjustment on initial application of				
- MFRS 9	–	193,710	–	16,083,995
- MFRS 15	–	(3,059,089)	–	–
Bad debts written off	203,989	135,000	2,000	–
Deposits written off	14,575,361	–	2,776	–
Depreciation of property, plant and equipment	6,394,384	7,483,909	637,938	1,885,749
Dividend income	–	–	(60,000,000)	(24,000,000)
Equity settled share-based payment	–	11,144,693	–	11,144,693
Fair value gain on biological assets	(1,691)	(31,099)	–	–
Fair value gain on investment properties	(114,076,346)	–	–	–
Fair value gain on gold spot contract	–	3,812,516	–	–
Gain on disposal of investment properties	–	(2,846,000)	–	–
Gain on disposal of quoted shares	–	(33,847)	–	–
Gain on disposal of subsidiaries	–	(5,135,720)	–	–
Gain on disposal of property, plant and equipment	(15,590)	(11,620)	(42,473)	(7,000)
(Gain)/Loss on foreign exchange	(1,243)	122,048	(18,441)	252,320
Impairment loss on:-				
- intangible assets	14,000,000	–	–	–
- development expenditure	3,884,200	–	–	–
- exploration expenditure	44,556,514	–	–	–
- trade receivables	1,344,035	–	–	–
- other receivables	3,787,846	–	–	–
- property, plant and equipment	180,774	–	–	–
- amount owing by subsidiaries	–	–	52,356,090	–
Interest income	(292,232)	(446,655)	(100,281)	(367,935)
Interest expenses	709,294	379,292	–	–
Property, plant and equipment written off	26,831,175	56,000	–	–
Prepayment written off	977,754	–	–	–
	8,353,907	10,173,973	(1,519,331)	12,097,963

Statements of Cash Flows (cont'd)

	Group		Company	
	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM Restated	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM Restated
Changes in working capital:-				
Inventories	(11,603,520)	665,174	–	–
Receivables	14,173,784	(41,452,679)	626,862	(556,314)
Financial assets at fair value	–	224,084,336	–	–
Payables	5,364,001	(183,523,115)	47,730	140,705
Contract assets	(6,442,347)	–	–	–
Subsidiary companies	–	–	(5,961,020)	(144,513,194)
	9,845,825	9,947,689	(6,805,759)	(132,830,840)
Tax paid	(1,175,773)	(2,971,875)	–	(898,771)
Tax refunded	349,203	262,057	82,160	145,000
Interest paid	(709,294)	(379,292)	–	–
Net Operating Cash Flows	8,309,961	6,858,579	(6,723,599)	(133,584,611)
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Addition of development expenditure	(513,917)	(1,090,552)	–	–
Addition of exploration expenditure	(3,994,855)	(10,676,116)	–	–
Interest received	292,232	446,655	100,281	367,935
Dividend received	–	–	–	24,000,000
Purchase of investment properties	(622,239)	(44,952,785)	–	–
Purchase of property, plant and equipment	(3,887,921)	(79,431,146)	(534,000)	(77,081)
Purchase of quoted securities	–	(110,147)	–	–
Proceeds from disposal of property, plant and equipment	203,348	20,413	104,000	10,000
Proceeds from disposal of investment properties	–	4,200,000	–	–
Proceeds from disposal of investment in quoted securities	–	143,994	–	–
Withdrawal/(Placement) of fixed deposits pledged to banks	678,271	(262,720)	761,746	532,497
Net cash outflow from acquisition and disposal of subsidiaries	–	5,040,815	–	–
Net Investing Cash Flows	(7,845,081)	(126,671,589)	432,027	24,833,351

Statements of Cash Flows (cont'd)

	Group		Company	
	01.07.2018 to 30.06.2019 RM	**01.02.2017 to 30.06.2018 RM Restated**	**01.07.2018 to 30.06.2019 RM**	**01.02.2017 to 30.06.2018 RM Restated**
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Acquisition of treasury shares	(1,277,220)	(11,961,246)	(1,277,220)	(11,961,246)
Proceeds from sale of treasury shares	–	29,584,492	–	29,584,492
Proceeds from ESOS exercised	–	67,316,940	–	67,316,940
Proceeds from warrants exercised	–	2,982,173	–	2,982,173
Bonus issue expenses	–	(475,900)	–	(475,900)
(Repayment)/Drawdown of hire purchase payables, net	(657,288)	2,819,055	–	–
Drawdown/(Repayment) of term loans, net	8,086,405	1,445,111	–	–
Drawdown of banker's acceptance, net	404,000	777,000	–	–
Net Financing Cash Flows	6,555,897	92,487,625	(1,277,220)	87,446,459
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,020,777	(27,325,385)	(7,568,792)	(21,304,801)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	68,288	278,012	–	–
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR/PERIOD	15,199,201	42,246,574	9,894,636	31,199,437
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR/PERIOD	22,288,266	15,199,201	2,325,844	9,894,636
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Cash and bank balances	24,019,161	16,041,656	2,325,844	9,894,636
Bank overdrafts	(1,730,895)	(842,455)	–	–
	22,288,266	15,199,201	2,325,844	9,894,636

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

Notes to the Financial Statements
for the financial year ended 30 June 2019

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 disclosed in Note 5 to the financial statements.

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

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

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

The financial statements are expressed in Ringgit Malaysia.

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 October 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company are 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 convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies in Note 2.3 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 2.4 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 Group and the Company:-

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

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

- Amendment to MFRS 3, Business Combinations - Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for annual periods on or after 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 2019 for the accounting standard, 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 the accounting standard, 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 period beginning on 1 July 2021 as it is not applicable to the Group and the Company.

Notes to the Financial Statements (cont'd)

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:-

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.

2.3 Significant accounting policies

The following accounting policies have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

On 1 July 2018, the Group and the Company have applied the new MFRSs, MFRS 15, Revenue from Contracts with Customers and MFRS 9, Financial Instruments. There are changes to the accounting policies of:-

(i) revenue recognition;
(ii) financial instruments; and
(iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the change are disclosed in Note 36 to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it 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 also 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.

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

2.3 Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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

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

(ii) Accounting for business combinations

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

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

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

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquire either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, 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.

(iii) Accounting for non-controlling interest

The Group accounts for 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 former subsidiary, any non-controlling interest and the other components of equity related to the former subsidiary from consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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 financial asset depending on the level of influence retained.

Notes to the Financial Statements (cont'd)

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

2.3 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 interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests 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

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Leasehold land is depreciated on a straight-line basis over the lease terms of 60-99 years. Bearer plants, which represent the capitalised costs on new planting and replanting of oil palm, is depreciated on a straight line over the estimated remaining useful life of oil palm of 9 years. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

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

2.3 Significant accounting policies (Cont'd)

(b) Property, plant and equipment and depreciation (Cont'd)

The annual rates used for depreciation purpose are as follows:-

	Rate
Stone quarry	2%
Factory	2%
Leasehold building	2%
Coldroom	10%
Equipment, furniture, fixture and fittings	10% - 20%
Motor vehicles	10% - 20%
Machinery and equipment	10% - 25%
Quarters	10%
Office equipment	10%
Renovation	10% - 20%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

(c) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Notes to the Financial Statements (cont'd)

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

2.3 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 remaining useful lives of 9 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 the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements.

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

(f) Intangible assets

(i) 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 cost of such assets can be reliably measured.

Patents and rights is measured at cost less accumulated amortisation and impairment losses. The development expenditure is amortised on a straight-line method over a period of 10 years. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

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

2.3 Significant accounting policies (Cont'd)

(f) Intangible assets (Cont'd)

(ii) Intellectual property rights

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

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

(ii) Development expenditure

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

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

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

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

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

(iii) Exploration expenditure

Expenditure incurred on the exploration and evaluation of gold mining resources. The accounting policy for exploration expenditure is described separately in Note 2.3(g).

Notes to the Financial Statements (cont'd)

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

2.3 Significant accounting policies (Cont'd)

(g) Exploration expenditure

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

(i) Exploration and evaluation expenditure

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

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

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

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

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

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

(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.

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

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments

On 1 July 2018, the Group and the Company generally applied the accounting policies in accordance with MFRS 9, Financial Instruments. The Group and the Company have elected not to restate the comparatives.

Recognition and initial measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured 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.

Prior to 1 July 2018

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

An embedded derivative was 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 was not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

Financial instrument categories and subsequent measurement

Financial assets

On 1 July 2018, the categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Notes to the Financial Statements (cont'd)

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

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(i) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets as disclosed in Note 2.3(k) to the financial statements, where the effective interest rate is applied to the amortised cost.

(ii) Fair value through other comprehensive income

(a) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets, where the effective interest rate is applied to the amortised cost.

(b) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

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

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

(iii) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

Prior to 1 July 2018

Financial assets of the Group and the Company were classified and measured under MFRS 139, Financial Instruments: Recognition and Measurement as follows:-

(i) 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.

(ii) 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.

Notes to the Financial Statements (cont'd)

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

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

Financial assets (Cont'd)

Prior to 1 July 2018 (Cont'd)

Financial assets of the Group and the Company were classified and measured under MFRS 139, Financial Instruments: Recognition and Measurement as follows:- (Cont'd)

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group or the Company has 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.

(iv) 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.

Financial liabilities

On 1 July 2018, the categories of financial liabilities at initial recognition are as follows:-

(i) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

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

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

(i) Fair value through profit or loss (Cont'd)

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:-

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(ii) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

Prior to 1 July 2018

Financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss. Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost. Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Notes to the Financial Statements (cont'd)

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

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

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.

On 1 July 2018, financial guarantees issued are initially measured at fair value. Subsequently measured at higher of:-

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

Prior to 1 July 2018

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.

Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:-

(i) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(ii) 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.

Settlement date accounting refers to:-

(i) the recognition of an asset on the day it is received by the Group or the Company, and
(ii) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

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

2.3 Significant accounting policies (Cont'd)

(h) Financial instruments (Cont'd)

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(i) Leased assets

(i) Finance leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables. The impairment policy is in accordance with Note 2.3(k) to the financial statements.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(ii) Operating leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Notes to the Financial Statements (cont'd)

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

2.3 Significant accounting policies (Cont'd)

(j) Inventories

Inventories of finished goods, work-in-progress and raw materials are stated at the lower of cost and net realisable value. The cost of inventories is measured based on weighted average basis.

The cost of work-in-progress includes cost of raw materials, consumables, direct labour and an appropriate allocation of overhead. The cost of raw materials includes the original purchase price plus costs incurred to bring the inventories to their present locations and conditions.

Net realisable value is estimated based on the most reliable evidence available at the time the estimates are made as to what the inventories are expected to realise upon completion of the cycle.

(k) Impairment

(i) Impairment of financial assets

On 1 July 2018, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, Financial Instruments, the Group and the Company elected not to restate the comparatives.

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

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

2.3 Significant accounting policies (Cont'd)

(k) Impairment (Cont'd)

(i) Impairment of financial assets (Cont'd)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

Prior to 1 July 2018

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

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

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

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Notes to the Financial Statements (cont'd)

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

2.3 Significant accounting policies (Cont'd)

(k) Impairment (Cont'd)

(i) Impairment of financial assets (Cont'd)

<u>*Prior to 1 July 2018 (Cont'd)*</u>

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

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

(ii) Impairment of other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

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

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

2.3 Significant accounting policies (Cont'd)

(l) Provision for liabilities

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

(m) Contract asset and contract liability

A contract is presented in the statements of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.3(k). A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

(n) Contract cost

(i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

(ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(o) Equity instruments

Equity instruments are measured at cost on initial recognition and are not remeasured subsequently. Ordinary shares are classified as equity. Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

Notes to the Financial Statements (cont'd)

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

2.3 Significant accounting policies (Cont'd)

(p) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, bank balances, deposits with banks 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 with original maturity periods of three months or less. Cash and cash equivalents are stated at net of bank overdrafts and deposits pledged to the financial institution.

(q) Foreign currency

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the required presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

(r) 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.

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

2.3 Significant accounting policies (Cont'd)

(s) Revenue and other income

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of goods

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

(ii) Rendering of services

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the customer simultaneously receives and consumes the benefits of the performance as the Group performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group measures the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed or milestones reached.

(iii) 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.

(iv) Franchisee fees income

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

(v) Construction contracts

The Group determines that the transfer of control of promised services generally coincides with the Group's performance as the performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Accordingly, revenue from construction contracts is recognised over time during the construction period. The Group measures the progress towards complete satisfaction of the performance obligation using an input method, i.e. costs incurred relative to the total expected costs. The effects of any costs incurred that do not depict the Group's performance are excluded from the calculation.

(vi) Rental income

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

Notes to the Financial Statements (cont'd)

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

2.3 Significant accounting policies (Cont'd)

(s) Revenue and other income (Cont'd)

(vii) Management income

Management fee is recognised on an accrual basis.

(viii) Revenue from sale of oil palm produce

The Group determines that the transfer of control of promised agricultural produce generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of agricultural produce is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

(ix) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Income tax

Income tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Current tax expense is the expected tax payable or receivable to the taxation authorities in respect of the taxable profit or loss for the financial year and is measured using the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period are recognised in profit or loss, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

2.3 Significant accounting policies (Cont'd)

(u) Income tax (Cont'd)

Current tax assets and liabilities or deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised investment tax allowance being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(v) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held for the effects of all dilutive potential ordinary shares, which comprise convertible notes, bonus issue and share options granted to employees.

(w) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(x) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss, where appropriate, in the period in which the associated services are rendered by the employee.

(ii) Post-employment benefits

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss where appropriate, in the period in which the associated services are rendered by the employee.

Notes to the Financial Statements (cont'd)

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

2.3 Significant accounting policies (Cont'd)

(y) Contingencies

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

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

(z) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(aa) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following:-

Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.

Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.

Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity 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.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

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

2.3 Significant accounting policies (Cont'd)

(aa) Fair value measurement (Cont'd)

Non-financial assets

The fair value measurement of the investment properties is determined by using the market approach (i.e. Level 3). The fair value is determined primary based on investment, cost replacement and comparison method. The fair value measurement of the investment properties is based on the highest and best use, which does not differ from their actual use.

The fair value measurement of the produce growing on bearer plants is determined by using the market approach (i.e. Level 2) by applying the estimated volume of the produce to the market price applicable at the reporting date.

Financial assets and financial liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 3).

The fair values of unquoted investments that are not making an adequate return on assets or are making only marginal levels of profits are measured using the adjusted net asset method which involves deriving the fair values of the investees' equity instruments by reference to the fair values of their assets and liabilities (i.e. Level 3).

2.4 Significant accounting estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:-

(a) Impairment assessment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Notes to the Financial Statements (cont'd)

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

2.4 Significant accounting estimates and judgements (Cont'd)

(b) Impairment assessment of financial assets

The Group and the Company assess the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition on an individual basis. To determine whether there is a significant increase in credit risk, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is significant increase in credit risk, the Group and the Company determine the lifetime expected credit loss by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or full when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

The carrying amounts of the receivables and amount owing by subsidiaries are disclosed in Note 12 and Note 14 respectively to the financial statements.

(c) Fair value of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialist to assess fair value for investment properties. Fair value is arrived at using comparison method, cost method or investment method and the key assumptions used to determine the fair value of the properties and sensitivity analysis are disclosed in Note 4 to the financial statements.

(d) Net realisable values of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories as disclosed in Note 10 to the financial statements.

(e) Income taxes

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

(f) Construction contract

The Group considers the effects of variable consideration in determining the transaction price of a performance obligation satisfied over time, and recognises revenue accordingly by measuring the progress towards complete satisfaction of the performance obligation. These procedures involve judgements and estimation uncertainty in predicting the outcome of the performance obligation based on past experience, work of experts and continuous monitoring mechanism. Any changes in these accounting estimates will affect the carrying amounts of contract assets and contract liabilities as disclosed in Note 13 to the financial statements.

Notes to the Financial Statements (cont'd)

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

2.4 Significant accounting estimates and judgements (Cont'd)

(g) Share option

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.

(h) Deferred tax

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.

Notes to the Financial Statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM	Leasehold building RM	Stone quarry RM	Factory RM	Coldroom RM	Equipment, furniture, fixture and fittings RM	Motor vehicles RM	Machinery and equipment RM	Quarters RM	Bearer Plants RM	Renovation RM	Construction in progress RM	Total RM
Cost													
At 1 July 2018	9,842,994	9,025,000	1,000,000	6,875,567	962,360	15,624,313	8,721,302	31,088,652	16,795	334,006	7,176,530	1,430,172	92,097,691
Additions	–	–	–	–	–	419,386	331,100	1,722,020	–	–	1,364,125	51,290	3,887,921
Disposals	–	–	–	–	–	(177,303)	(132,148)	(115,061)	–	–	–	–	(424,512)
Written off	–	–	(1,000,000)	(6,875,567)	–	(5,125,545)	–	(22,601,210)	–	–	(332,501)	(1,445,514)	(37,380,337)
Exchange differences	–	–	–	–	–	(5,055)	(920)	(19,166)	–	–	(32,874)	–	(58,015)
At 30 June 2019	9,842,994	9,025,000	–	–	962,360	10,735,796	8,919,334	10,075,235	16,795	334,006	8,175,280	35,948	58,122,748
Accumulated depreciation													
At 1 July 2018	90,003	273,333	68,333	769,066	329,467	5,643,806	5,578,075	10,752,552	426	22,284	2,825,818	–	26,353,163
Charge for the financial year													
- recognised in P/L	29,869	502,500	39,861	137,512	95,645	1,055,196	1,097,366	2,489,056	1,680	29,712	915,987	–	6,394,384
- capitalised in exploration expenditure	–	–	–	–	–	77,550	194,601	1,134,434	–	–	687	–	1,407,272
Disposals	–	–	–	–	–	(115,777)	(100,647)	(20,330)	–	–	–	–	(236,754)
Written off	–	–	(108,194)	(906,578)	–	(1,140,663)	–	(8,292,523)	–	–	(101,204)	–	(10,549,162)
Exchange differences	–	–	–	–	–	(1,378)	(566)	(6,866)	–	–	(3,025)	–	(11,835)
At 30 June 2019	119,872	775,833	–	–	425,112	5,518,734	6,768,829	6,056,323	2,106	51,996	3,638,263	–	23,357,068
Accumulated impairment losses													
At 1 July 2018	–	–	–	–	–	–	–	–	–	–	–	–	–
Additions	–	–	–	–	–	–	–	180,774	–	–	–	–	180,774
At 30 June 2019	–	–	–	–	–	–	–	180,774	–	–	–	–	180,774
Net Book Value													
At 30 June 2019	9,732,122	8,249,167	–	–	537,248	5,217,062	2,150,505	3,838,138	14,689	282,010	4,537,017	35,948	34,584,906

Notes to the Financial Statements (cont'd)

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

Group	Leasehold land RM	Leasehold building RM	Stone quarry RM	Factory RM	Coldroom RM	Equipment, furniture, fixture and fittings RM	Motor vehicles RM	Machinery and equipment RM	Quarters RM	Bearer Plants RM	Renovation RM	Construction in progress RM	Total RM
Cost													
At 1 February 2017	142,609,194	4,000,000	1,000,000	6,875,567	953,516	15,291,595	7,858,502	25,668,626	–	–	6,399,823	2,151,367	212,808,190
Additions	65,768,994	2,515,224	–	–	8,844	1,084,731	996,973	5,496,493	16,795	334,006	1,419,582	1,789,504	79,431,146
Disposals	–	–	–	–	–	(719,595)	(127,249)	–	–	–	(139,605)	–	(986,449)
Disposal of a subsidiary	(13,070,965)	–	–	–	–	–	–	–	–	–	–	–	(13,070,965)
Written off	–	–	–	–	–	(16,957)	–	–	–	–	(369,490)	–	(386,447)
Reclassification	–	2,509,776	–	–	–	–	–	–	–	–	–	(2,509,776)	–
Transfer to investment properties	(185,464,229)	–	–	–	–	–	–	–	–	–	–	–	(185,464,229)
Exchange differences	–	–	–	–	–	(15,461)	(6,924)	(76,467)	–	–	(133,780)	(923)	(233,555)
At 30 June 2018	9,842,994	9,025,000	1,000,000	6,875,567	962,360	15,624,313	8,721,302	31,088,652	16,795	334,006	7,176,530	1,430,172	92,097,691
Accumulated depreciation													
At 1 February 2017	178,889	160,000	40,000	574,258	185,836	3,689,302	3,871,823	7,067,491	–	–	2,951,363	–	18,718,962
Charge for the financial period													
- recognised in profit or loss	208,599	113,333	28,333	194,808	143,631	2,150,099	1,508,203	2,308,862	426	22,284	805,331	–	7,483,909
- capitalised in exploration expenditure	–	–	–	–	–	122,067	272,589	1,492,613	–	–	1,212	–	1,888,481
Disposals	–	–	–	–	–	(282,458)	(61,720)	28,778	–	–	(662,256)	–	(977,656)
Disposal of a subsidiary	(297,485)	–	–	–	–	–	–	–	–	–	–	–	(297,485)
Written off	–	–	–	–	–	(6,191)	–	–	–	–	(324,256)	–	(330,447)
Exchange differences	–	–	–	–	–	(29,013)	(12,820)	(145,192)	–	–	54,424	–	(132,601)
At 30 June 2018	90,003	273,333	68,333	769,066	329,467	5,643,806	5,578,075	10,752,552	426	22,284	2,825,818	–	26,353,163
Net book value													
At 30 June 2018	9,752,991	8,751,667	931,667	6,106,501	632,893	9,980,507	3,143,227	20,336,100	16,369	311,722	4,350,712	1,430,172	65,744,528

Notes to the Financial Statements (cont'd)

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 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
Additions	–	534,000	–	–	534,000
Disposals	(4,000,000)	–	(97,148)	(6,918,100)	(11,015,248)
At 30 June 2019	–	4,700,205	610,901	524,888	5,835,994
Accumulated depreciation					
At 1 February 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
Charge for the financial year	–	579,938	58,000	–	637,938
Disposals	(273,333)	–	(97,147)	(2,418,709)	(2,789,189)
At 30 June 2019	–	2,093,351	548,065	163,868	2,805,284
Net book value					
At 30 June 2018	3,726,667	2,652,792	120,837	4,860,411	11,360,707
At 30 June 2019	–	2,606,854	62,836	361,020	3,030,710

(a) The leasehold buildings have been pledged to licensed banks as security for the bank and credit facilities granted to the Group as disclosed in Note 22 to the financial statements.

(b) Included in the property, plant and equipment of the Group at the end of the reporting period which were acquired under hire purchase terms, as follows:-

	Group 2019 RM	2018 RM
Motor vehicles	889,823	1,146,177
Machinery and equipment	2,893,733	3,360,002
Equipment, furniture, fixture and fittings	14,671	–
Total	3,798,227	4,506,179

4. INVESTMENT PROPERTIES

	Group	
	2019	**2018**
	RM	**RM**
At Fair Value		
At 1 July 2018/1 February 2017	500,846,895	271,783,881
Additions during the financial year/period	622,239	44,952,785
Disposals during the financial year/period	–	(1,354,000)
Changes in fair value	114,076,346	–
Transfer from property, plant and equipment (Note 3)	–	185,464,229
At 30 June	615,545,480	500,846,895

Certain investment properties of the Group with carrying amount of RM3,125,000/- and RM10,500,000/- respectively (2018: RM2,500,000/- and RM14,662,000/-) are pledged to financial institution for borrowings granted to the Group as disclosed in Note 20(b) and Note 22 to the financial statements.

The investment properties consist of the following:-

	Group	
	2019	**2018**
	RM	**RM**
At Fair Value		
Short term leasehold land	397,350,229	352,104,759
Long term leasehold land and building	215,070,251	146,242,136
Freehold condominium	3,125,000	2,500,000
	615,545,480	500,846,895

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	
	01.07.2018 to 30.06.2019	**01.02.2017 to 30.06.2018**
	RM	**RM**
Rental income	397,723	527,254

(a) Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the end of the reporting period and changes in fair value are recognised in profit or loss.

Notes to the Financial Statements (cont'd)

4. INVESTMENT PROPERTIES (CONT'D)

(b) External valuers are involved for valuation of significant assets. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the external valuers of the Group, which valuation techniques and inputs to use for each case and compares changes in fair value with relevant external sources to determine whether the change is reasonable. Management also verifies major inputs by agreeing information in the valuation to contracts and other relevant documents.

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.

(c) Method of valuation

<u>Comparison method</u>

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property.

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer would not pay more for the property than it would cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

The land is valued by reference to transactions of similar lands in surrounding with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

All investment properties valued using the comparison method are categorised as Level 3 in the fair value hierarchy.

<u>Investment method</u>

A property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the investment method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models:-

4. INVESTMENT PROPERTIES (CONT'D)

(c) Method of valuation (Cont'd)

Description of valuation techniques and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison approach:-		
Sales price of comparable land and buildings in close proximately are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Price per square foot	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower)
Investment approach:-		
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from the property, taking into consideration of the rights to extract limestones reserve and market price of marble blocks. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of limestones reserve extracted.	Limestone reserves calculation and estimation	The estimated fair value would increase/(decrease) if the volume of extraction and the price per marble block is higher/(lower)

5. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM	2018 RM
At cost		
Unquoted shares	70,100,006	70,100,006
Accumulated impairment losses	(99,999)	(99,999)
Total	70,000,007	70,000,007

Notes to the Financial Statements (cont'd)

5. INVESTMENT IN SUBSIDIARIES (Cont'd)

Details of the subsidiaries are as follows:-

Name of Companies	Effective Equity Interest 2019 %	Effective Equity Interest 2018 %	Country of Incorporation	Principal Activities
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
Segama Resources Sdn. Bhd.	100	100	Malaysia	Investment holding
Borneo Resources Limited * @	100	100	British Virgin Islands	Investment holding
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

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Companies	Effective Equity Interest 2019 %	2018 %	Country of Incorporation	Principal Activities
Indirect Subsidiaries (Cont'd)				
Held through SB Resorts Sdn. Bhd. (Cont'd)				
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 SB Supplies & Logistics Sdn. Bhd.				
SB Franchise Management Sdn. Bhd.	100	100	Malaysia	Franchising and provision of management and marketing services
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 PLT

@ This subsidiary was consolidated based on its unaudited management accounts as at 30 June 2019. The audited financial statements and auditor's report for the financial year was not available as it is not mandatory for British Virgin Islands incorporated companies to be audited. However, the financial statements of this subsidiary used for consolidation purposes were reviewed by STYL Associates PLT.

The audited financial statements and auditors' report for the financial year ended 30 June 2019 consists of emphasis of matter on going concern assumption.

Impairment of investment in subsidiaries

The recoverable amounts are determined based on the value in use calculations using cash flow projections approved by directors covering a five-year period. The future cash flows are based on management's five-year business plan, which is the best estimate of future performance. The pre-tax discount rate applied to the cash flow projections for the five-year period is 6.6% per annum.

Notes to the Financial Statements (cont'd)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The calculation of value in use is most sensitive to the following assumptions:-

(i) Budgeted revenue – Revenue is based on the sale of limestones.

(ii) Budgeted gross margin – Gross margin is based on average values achieved in prior years preceding the start of the budget period. The anticipated growth rate for gross margin is projected to be minimal.

(iii) Growth rates – Based on industry outlook for that segment and directors past experience.

(iv) Pre-tax discount rate – Discount rate of 6.6% represents the weighted average cost of capital.

The value assigned to the key assumptions represents directors' assessment of future trends in the mining related business and construction and are based on both external sources and internal sources.

Sensitivity to changes in assumptions

Directors believe that no reasonable possible changes in any of the key assumptions above will cause the carrying values to materially exceed its recoverable amount.

6. OTHER INVESTMENT

	Group	
	2019 RM	**2018 RM**
Equity investments		
Available-For-Sale, at cost		
Unquoted outside Malaysia	–	3,276,717
Accumulated impairment losses	–	(3,276,716)
Carrying amount	–	1
Fair value through other comprehensive income		
Unquoted outside Malaysia	1	–

Unquoted ordinary shares of the Group are categorised as Level 3 in the fair value hierarchy. Fair value of unquoted ordinary shares of the Group are estimated based on adjusted net asset method.

Notes to the Financial Statements (cont'd)

7. DEVELOPMENT EXPENDITURE

	Group	
	2019 RM	**2018 RM**
Cost		
At 1 July 2018/1 February 2017	4,875,285	3,784,733
Additions during the financial year/period	513,917	1,090,552
At 30 June	5,389,202	4,875,285
Accumulated impairment losses		
At 1 July 2018/1 February 2017	(1,505,002)	(1,505,002)
Additions during the financial year/period	(3,884,200)	–
At 30 June	(5,389,202)	(1,505,002)
Carrying amount		
At 30 June	–	3,370,283

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.

During the financial year, an impairment of RM3,884,200/- (2018: RM Nil) was recognised as the recoverable amount is less than the carrying amount.

8. EXPLORATION EXPENDITURE

	Group	
	2019 RM	**2018 RM**
At cost		
At 1 July 2018/1 February 2017	39,154,387	27,336,637
Additions during the financial year/period:-		
- exploration costs	3,994,855	10,676,116
- depreciation capitalised	1,407,272	1,888,481
Disposal of subsidiary	–	(746,847)
Impairment during the financial year	(44,556,514)	–
At 30 June	–	39,154,387

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.

Notes to the Financial Statements (cont'd)

8. EXPLORATION EXPENDITURE (CONT'D)

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.

During the financial year, an impairment of RM44,556,514/- (2018: RM Nil) was recognised as the recoverable amount is less than the carrying amount.

9. INTANGIBLE ASSETS

Group and Company	Goodwill RM	Patents and Rights RM	Intellectual Property RM	Total RM
2019				
Cost				
At 30 June 2019	–	5,000,000	14,000,000	19,000,000
Accumulated amortisation				
At 30 June 2019	–	(5,000,000)	–	(5,000,000)
Accumulated impairment losses				
At 1 July 2018	–	–	–	–
Addition during the financial year	–	–	(14,000,000)	(14,000,000)
At 30 June 2019	–	–	(14,000,000)	(14,000,000)
Carrying amount				
At 30 June 2019	–	–	–	–
Cost				
At 1 February 2017	–	5,000,000	14,000,000	19,000,000
Additions during the financial period	4,971,339	–	–	4,971,339
Disposal during the financial period	(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

Notes to the Financial Statements (cont'd)

9. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill

Goodwill arising from business combination has been allocated to a cash-generating unit ("CGU") for impairment testing purpose. In previous financial period, 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.

During the financial year, an impairment of RM14,000,000/- (2018: RM Nil) was recognised as the recoverable amount is less than the carrying amount.

10. INVENTORIES

	Group	
	2019 RM	2018 RM
At net realisable value		
Gold stock	96,952	283,662
At cost		
Food and beverages and packing materials	2,797,351	3,636,263
Machinery and spare parts	1,962,960	1,227,912
Limestone	20,348,904	8,454,810
Total	25,206,167	13,602,647

During the financial year/period, the cost of inventories recognised as an expense in the Group amounted to RM31,055,897/- (2018: RM57,881,608/-).

11. BIOLOGICAL ASSETS

	Group	
	2019 RM	2018 RM
At fair value		
At 1 July 2018/1 February 2017	31,099	–
Changes in fair value	1,691	31,099
At 30 June	32,790	31,099

Notes to the Financial Statements (cont'd)

11. BIOLOGICAL ASSETS (CONT'D)

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 four (4) weeks prior to harvest, the FFB prior to four (4) weeks before harvesting are excluded in the valuation as the fair values are considered negligible.

The fair value measurement of FFB is determined by using the market approach (i.e. Level 3) by applying the estimated volume of the produce to the market price applicable at the reporting date.

During the financial year/period, the Group harvested approximately 1,353 metric tonnes ("MT") of FFB (2018: 560 MT).

As at reporting date, the quantity of unharvested FFB of the Group used in the fair value was 98 MT (2018: 95 MT).

12. RECEIVABLES

		Group		Company	
	Note	**2019 RM**	**2018 RM Restated**	**2019 RM**	**2018 RM**
Trade receivables		17,344,881	32,189,995	–	–
Less: Accumulated for impairment losses		(1,517,286)	(173,251)	–	–
Less: Bad debts written off		(73,161)	–	–	–
Trade receivables, net	(a)	15,754,434	32,016,744	–	–
Other receivables		5,895,131	8,904,525	276,805	967,666
Less: Accumulated for impairment losses		(3,859,030)	(71,184)	–	–
Less: Bad debts written off		(130,828)	(135,000)	–	–
Other receivables, net	(b)	1,905,273	8,698,341	276,805	967,666
Deposits	(c)	5,636,350	16,312,536	84,261	25,037
Prepayments	(d)	171,585	1,501,547	–	–
		7,713,208	26,512,424	361,066	992,703
Receivables		23,467,642	58,529,168	361,066	992,703

12. RECEIVABLES (CONT'D)

(a) Trade receivables

The Group's credit period granted ranges from 30 days to 60 days (2018: 30 days to 60 days). Other credit terms are assessed and approved on a case by case basis.

The currency exposure profile of trade receivables is as follows:-

	Group	
	2019 RM	**2018 RM Restated**
Brunei Dollar	39,839	77,739
Ringgit Malaysia	15,695,180	31,928,325
United States Dollar	19,415	10,680
Total	15,754,434	32,016,744

Ageing analysis

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

	Group	
	2019 RM	**2018 RM Restated**
Neither past due nor impaired	14,922,564	30,493,359
Past due not impaired		
1 to 30 days	637,588	33,410
31 to 60 days	297,941	367,984
61 to 90 days	179,101	258,594
More than 90 days	1,234,526	1,036,648
	17,271,720	32,189,995
Impaired	(1,517,286)	(173,251)
	15,754,434	32,016,744

Impairment of trade receivables

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

Notes to the Financial Statements (cont'd)

12. RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Impairment of trade receivables (Cont'd)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates). The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the diversity of customer base.

The average credit loss rates were based on the payment profile of revenue over a period of 12 months and the corresponding historical credit losses experienced during the period. The rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The reconciliation of trade receivables' movements accumulated impairment losses of the Group is as follows:-

	Group RM
At 1 February 2017 - under MFRS 139	–
Impairment loss during the period	–
At 30 June 2018 - under MFRS 139	–
Adjustment on initial application of MFRS 9	(173,251)
Adjusted as per MFRS 9	(173,251)
Impairment loss during the financial year	(1,344,035)
At 30 June 2019 - under MFRS 9	(1,517,286)

(b) Other receivables

Other receivables are unsecured and non-interest bearing. The amount owing by other receivables mainly consist of advance which have no fixed repayment terms.

The currency exposure profile of other receivables is as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Australian Dollar	437,398	1,131,731	–	–
Ringgit Malaysia	1,467,875	7,566,610	276,805	967,666
Total	1,905,273	8,698,341	276,805	967,666

12. RECEIVABLES (CONT'D)

(b) Other receivables (Cont'd)

The reconciliation of other receivables' movements in accumulated impairment losses of the Group is as follows:-

	Group RM
At 1 February 2017 - under MFRS 139	(50,725)
Impairment loss during the period	–
At 30 June 2018 - under MFRS 139	(50,725)
Adjustment on initial application of MFRS 9	(20,459)
Adjusted as per MFRS 9	(71,184)
Impairment loss during the year	(3,787,846)
At 30 June 2019 - under MFRS 9	(3,859,030)

(c) Deposits

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Deposits	20,211,711	16,312,536	84,261	25,037
Written off during the year/period	(14,575,361)	–	–	–
Total	5,636,350	16,312,536	84,261	25,037

Included in deposits of the Group are deposits paid to contractors totaling RM Nil (2018: RM14,500,000/-) for share of mining project costs and undertake of sub-contract mining works.

(d) Prepayments

	Group	
	2019 RM	2018 RM
Prepayments	1,149,339	1,501,547
Written off during the year/period	(977,754)	–
Total	171,585	1,501,547

Notes to the Financial Statements (cont'd)

13. CONTRACT ASSET

	Group 2019 RM	2018 RM
Contract asset	6,442,347	–

The contract asset primarily relates to the Group's right to consideration for work completed on construction contract but not yet billed at the reporting date.

	Group 2019 RM	2018 RM
Represented by:-		
Contract asset		
Aggregate construction contract costs incurred to date	55,798,188	28,473,760
Add: Attributable profits	11,603,537	2,847,371
	67,401,725	31,321,131
Less: Progress billings	(60,959,378)	(31,321,131)
Total	6,442,347	–

14. AMOUNT OWING BY/(TO) SUBSIDIARIES

	Company 2019 RM	2018 RM Restated
Amount owing by subsidiaries		
Non-trade balances	633,209,032	559,042,269
Accumulated impairment losses	(80,051,536)	(27,695,446)
	553,157,496	531,346,823
Amount owing (to) subsidiaries		
Non-trade balances	5,239,994	5,217,223

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

Notes to the Financial Statements (cont'd)

14. AMOUNT OWING BY/(TO) SUBSIDIARIES (CONT'D)

The reconciliation of amount owing by subsidiaries movements in accumulated impairment losses of the Company is as follows:-

	Company RM
At 1 February 2017 - under MFRS 139	(11,611,451)
Impairment loss during the period	–
At 30 June 2018 - under MFRS 139	(11,611,451)
Adjustment on initial application of MFRS 9	(16,083,995)
Adjusted as per MFRS 9	(27,695,446)
Impairment loss during the year	(52,356,090)
At 30 June 2019 - under MFRS 9	(80,051,536)

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.98% to 3.50% and 2.98% to 3.30% respectively (2018: 3.30% to 3.31% and 2.76% to 3.31% respectively) per annum. Fixed deposits with an amount of RM617,744/- (2018: RM545,000/-) were pledged with licensed banks as security for banking facilities granted to the Group and to the Company as disclosed in Note 20(a) to the financial statements.

16. CASH AND BANK BALANCES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash in hand	170,710	118,005	11,762	11,089
Cash at banks	23,848,451	15,923,651	2,314,082	9,883,547
Total	24,019,161	16,041,656	2,325,844	9,894,636

The currency exposure profile of cash and bank balances is as follows:-

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Australian Dollar	105,505	296,773	–	–
Singapore Dollar	710,996	43,744	691,273	–
Ringgit Malaysia	23,155,572	15,701,139	1,634,571	9,894,636
United States Dollar	47,088	–	–	–
Total	24,019,161	16,041,656	2,325,844	9,894,636

Notes to the Financial Statements (cont'd)

17. SHARE CAPITAL

	Group and Company			
	2019		2018	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares				
Issued and fully paid:-				
At beginnning of year/period	5,340,383,754	536,349,192	3,028,801,117	302,880,112
Transfer from share premium account	–	–	–	82,734,591
Add:-				
- ESOS exercised	–	–	747,966,000	78,461,633
- warrants exercised	–	–	48,379,679	68,789,105
- bonus shares issued	–	–	1,515,236,958	3,483,751
At end of year/period	5,340,383,754	536,349,192	5,340,383,754	536,349,192

There were no issue of shares by the Company during the financial year.

In previous financial period, the Company abolished the concept of authorised share capital and par value of share capital when Companies Act, 2016 (the "Act") came into operation on 31 January 2017. Consequently, the amount standing to the credit of the share premium account of RM Nil (2018: 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 RM Nil (2018: 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.

18. RESERVES

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ESOS reserve	18(a)	–	–	–	–
Warrants reserve	18(b)	93,441,422	93,441,422	93,441,422	93,441,422
Treasury shares	18(c)	(13,238,466)	(11,961,246)	(13,238,466)	(11,961,246)
Translation reserve	18(d)	92,620	70,510	–	–
Share premium	18(e)	–	–	–	–
Capital reserve	18(f)	–	–	–	–
Total reserves		80,295,576	81,550,686	80,202,956	81,480,176

(a) 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.

18. RESERVES (CONT'D)

(a) ESOS Reserve (Cont'd)

Details of 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 five (5) years from the date of implementation, with extension of a further five (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.

(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 Malaysia Securities Berhad 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 preceeding 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.

Notes to the Financial Statements (cont'd)

18. RESERVES (CONT'D)

(a) ESOS Reserve (Cont'd)

(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 year/period are as follows:-

	Group 2019		Group 2018	
	Number of shares	**WAEP RM**	**Number of shares**	**WAEP RM**
At 1 February 2017/1July 2018	–	–	–	–
Granted during the financial year/period	–	–	747,699,000	0.09
Exercised during the financial year/period	–	–	(747,699,000)	0.09
At 30 June	–	–	–	–

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

	Group and Company 2018
Fair value of share options and variables used	
Grant date	16 August 2017
Weighted average share price (RM)	0.0983
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 year/period:-

	2019		2018	
	Group RM	**Company RM**	**Group RM**	**Company RM**
Share-based payment	–	–	11,144,693	11,144,693
Less: charge to subsidiary companies	–	–	–	(8,327,401)
Total	–	–	11,144,693	2,817,292

18. RESERVES (CONT'D)

(b) Warrants Reserve

Warrants reserve represents the proceeds from the issuance of warrants which is non-distributable. The warrants reserve is transferred to the share capital account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings. Details of warrants are disclosed in Note 19 to the financial statements.

(c) 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			
	2019		2018	
	Number of shares Unit	RM	Number of shares Unit	RM
At beginnning of year/period	128,746,000	11,961,246	171,350,000	27,370,479
Purchase of shares	22,900,000	1,277,220	128,746,000	11,961,246
Sale of shares	–	–	(171,350,000)	(27,370,479)
At end of year/period	151,646,000	13,238,466	128,746,000	11,961,246

(d) 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.

(e) Share premium

Share premium comprise of the surplus arising from the issuance of shares at prices above the par value of the respective shares. In previous financial period, 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 17 to the financial statements.

(f) 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.

Notes to the Financial Statements (cont'd)

19. 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 Warrant 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:-

	Company			
	2019		2018	
	Unit	RM	Unit	RM
At 1 July 2018/1 February 2017	–	–	38,306,322	481,627
Bonus issued during the financial year/period	–	–	18,878,082	–
Warrants exercised during the financial year/period	–	–	(47,131,729)	(410,844)
Unexercised warrants expired during the financial period	–	–	(10,052,675)	(70,783)
At 30 June	–	–	–	–

On 28 February 2018, total unexercised warrants of 10,052,675 lapsed and ceased 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 Warrant 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			
	2019		2018	
	Unit	RM	Unit	RM
At 1 July 2018/1 February 2017	1,734,679,850	93,441,422	1,157,576,189	93,532,156
Bonus issued during the financial year/period	–	–	578,226,611	–
Warrants exercised during the financial year/period	–	–	(1,122,950)	(90,734)
At 30 June	1,734,679,850	93,441,422	1,734,679,850	93,441,422

19. WARRANTS (CONT'D)

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 Warrant 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.

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			
	2019		2018	
	Unit	RM	Unit	RM
At 1 July 2018/1 February 2017	378,683,984	–	–	–
Bonus issued during the financial year/period	–	–	378,808,984	–
Warrants exercised during the financial year/period	–	–	(125,000)	–
At 30 June	378,683,984	–	378,683,984	–

20. LOANS AND BORROWINGS

	Group	
	2019	2018
	RM	RM
Current		
Secured:-		
Bank overdrafts (floating rate)	1,730,895	842,455
Bankers' acceptances (fixed rate)	1,181,000	777,000
Hire purchase payables (fixed rate) (Note 21)	1,066,082	911,799
Term loans (floating rate) (Note 22)	307,437	61,928
	4,285,414	2,593,182
Non-current		
Secured:-		
Hire purchase payables (fixed rate) (Note 21)	1,904,567	2,716,139
Term loans (floating rate) (Note 22)	9,224,079	1,383,183
	11,128,646	4,099,322
Total loans and borrowings	15,414,060	6,692,504

Notes to the Financial Statements (cont'd)

20. LOANS AND BORROWINGS (CONT'D)

(a) Interest rates on bank overdrafts for the financial year is 8.35% (2018: 8.35%) per annum. The bank overdrafts are secured by way of:-

(i) pledged of fixed deposits; and

(ii) corporate guarantee by the Company.

(b) Interest rates on bankers' acceptance for the financial year range from 3.81% to 4.14% (2018: 3.76% to 3.83%) 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.

21. HIRE PURCHASE PAYABLES

	Group	
	2019 RM	**2018 RM**
Minimum hire purchase payments:-		
- not later than one year	1,246,391	1,224,067
- later than one year but not later than five years	2,025,216	2,916,798
	3,271,607	4,140,865
Less: Future finance charges	(300,958)	(512,927)
	2,970,649	3,627,938
Analysis of present value of hire purchases payables:-		
Current (Note 20)		
- not later than one year	1,066,082	911,799
Non-current (Note 20)		
- later than one year but not later than five years	1,904,567	2,716,139
Total hire purchase payables	2,970,649	3,627,938

Interest rates on the hire purchase payables for the financial year range from 3.82% to 7.51% (2018: 3.91% to 8.02%) per annum.

Notes to the Financial Statements (cont'd)

22. TERM LOANS

	Group 2019 RM	Group 2018 RM
Current (Note 20)		
Not later than one year	307,437	61,928
Non-current (Note 20)		
- later than one year but not later than five years	2,875,828	347,990
- later than five years	6,348,251	1,035,193
	9,224,079	1,383,183
Total term loans	9,531,516	1,445,111

Interest rates on term loans for the financial year is at 4.62% to 4.90% (2018: 4.62%) per annum. The term loans are secured by way of the first legal charge over leasehold buildings and investment properties of the Group as disclosed in Note 3 and Note 4 to the financial statements.

23. DEFERRED TAX LIABILITIES

	Group 2019 RM	Group 2018 RM
At 1 July 2018/1 February 2017	5,222,579	2,983,816
Recognised in profit or loss (Note 29)	11,898,688	2,238,763
At 30 June	17,121,267	5,222,579
Presented after appropriate offsetting as follows:-		
Deferred tax liabilities	17,121,267	5,222,579

24. PAYABLES

	Note	Group 2019 RM	Group 2018 RM Restated	Company 2019 RM	Company 2018 RM
Trade payables	(a)	7,946,199	6,693,595	–	–
Other payables	(b)	4,719,300	6,977,688	1,009,282	949,429
Deposits	(c)	15,170,417	9,119,885	–	–
Accruals		871,280	552,027	32,150	44,273
		20,760,997	16,649,600	1,041,432	993,702
Total payables		28,707,196	23,343,195	1,041,432	993,702

Notes to the Financial Statements (cont'd)

24. PAYABLES (CONT'D)

(a) The credit period granted to the Group for trade purchases ranges from 30 to 90 days (2018: 30 to 90 days).

Included in trade payables as at financial year end are retentions sum of RM550,515/- (2018: RM275,618/-) relating to construction contracts. Retention sum are unsecured, interest-free and are expected to be collected within 12 months.

The currency exposure profile of trade payables is as follows:-

	Group	
	2019 RM	**2018 RM**
Ringgit Malaysia	7,946,199	6,583,995
United States Dollar	–	109,600
Total	7,946,199	6,693,595

(b) The currency exposure profile of other payables is as follows:-

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Australian Dollar	34,071	110,994	–	–
United States Dollar	–	109,600	–	–
Ringgit Malaysia	4,658,777	6,743,695	1,009,282	949,429
Singapore Dollar	26,452	13,399	–	–
Total	4,719,300	6,977,688	1,009,282	949,429

Included in other payables is an amount of RM2,993,591/- (2018: RM3,059,089/-) of deferred income in relation to the franchise fees received from outlet franchisees.

(c) Included in deposits is an amount of RM3,950,000/- (2018: RM5,225,000/-) paid by sub-contractor for the quarry operations.

Included in deposits is an amount of RM3,410,000/- (2018: RM3,805,785/-) received from outlet franchisees.

25. REVENUE

	Group		Company	
	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM
Oil, gas, energy and mining related businesses	7,621,242	35,241,803	–	–
Fast food and restaurant operations	48,177,494	10,813,367	–	–
Management and marketing	120,720	3,205,218	1,356,000	1,921,000
Franchise fees	418,717	55,082,660	–	–
Property income	36,000	528,094	–	–
Machinery and spare parts	241,066	662,788	–	–
Construction services	36,080,594	31,321,131	–	–
Sale of fresh fruit bunches	473,762	253,169	–	–
Total	93,169,595	137,108,230	1,356,000	1,921,000
Timing and recognition:				
- at point in time	57,089,001	105,787,099	1,356,000	1,921,000
- over time	36,080,594	31,321,131	–	–
	93,169,595	137,108,230	1,356,000	1,921,000

The following information reflects the typical transactions of the Group and the Company:-

Nature of goods and services	Timing of recognition	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Oil, gas, energy and mining related business	Revenue is recognised at a point in time when the goods are delivered to customers.	Credit period of 30 to 60 days from the invoice date.	Not applicable.	Not applicable.	Not applicable.
Fast food and restaurant operations	Revenue is recognised at a point in time when services rendered to customers.	Cash collection basis with no credit terms.	Trade discounts.	Not applicable.	Not applicable.
Management and marketing	Revenue is recognised at a point in time with the substance of the relevant terms of agreements/contracts.	Credit period of 30 days from the invoice date.	Not applicable.	Not applicable.	Not applicable.
Franchise fees	Revenue is recognised at a point in time with the substance of the relevant terms of agreements/contracts.	Credit period of 30 days from the invoice date.	Not applicable.	Not applicable.	Not applicable.
Property income	Revenue is recognised at a point in time with the substance of the relevant terms of agreements/contracts.	Credit period of 30 days from the invoice date.	Not applicable.	Not applicable.	Not applicable.
Machinery and spare parts	Revenue is recognised at a point in time when the goods are delivered to customers.	Credit period of 15 to 30 days from the invoice date.	Trade discounts.	Not applicable.	Not applicable.
Construction services	Revenue from construction contracts is recognised overtime using the cost incurred method.	Based on the stage of completion certified by architects. Credit period of 30 days from the invoice date.	Variation orders.	Not applicable.	Not applicable.
Sale of fresh fruit bunches	Revenue is recognised at a point in time when the goods are delivered to customers.	Credit period of 30 days from the invoice date.	Trade discounts.	Not applicable.	Not applicable.

Notes to the Financial Statements (cont'd)

26. OPERATING PROFIT/(LOSS)

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

	Group		Company	
	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM
After charging:-				
Auditors' remuneration:-				
- current year/period	310,391	404,923	66,000	87,000
- prior year	–	4,000	–	–
Impairment losses:-				
- trade receivables	1,344,035	–	–	–
- other receivables	3,787,846	–	–	–
- amount owing by subsidiaries	–	–	52,356,090	–
- development expenditure	3,884,200	–	–	–
- exploration expenditure	44,556,514	–	–	–
- intangible asset	14,000,000	–	–	–
- property, plant and equipment	180,774	–	–	–
Written off:-				
- bad debts	203,989	135,000	2,000	–
- deposits	14,575,361	–	2,776	–
- prepayments	977,754	–	–	–
- property, plant and equipment	26,831,175	56,000	–	–
Depreciation of property, plant and equipment	6,394,384	7,483,909	637,938	1,885,749
Directors' remuneration (Note 27)	917,983	659,984	567,980	354,000
Unrealised loss on foreign exchange	19,290	327,178	–	252,320
Rental expenses:-				
- equipment, machinery and vehicle	15,391	510,467	–	–
- hostel	269,064	200,568	–	–
- land	50,000	87,913	–	–
- premises	2,668,997	3,167,644	80,000	–
Staff costs:-				
- salaries, wages and bonuses	9,834,345	12,530,548	522,527	765,360
- Employees' Provident Fund & SOCSO	1,167,863	1,446,984	61,935	98,414
- other related staff costs	560,627	654,183	35,381	24,890
- share-based payment	–	11,144,693	–	2,817,292

Notes to the Financial Statements (cont'd)

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

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

	Group		Company	
	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM
And crediting:-				
Dividend income	–	–	60,000,000	24,000,000
Fair value gain on investment properties	114,076,346	–	–	–
Fair value gain on biological assets	1,691	31,099	–	–
Gain on disposal:-				
- investment properties	–	2,846,000	–	–
- investment in quoted securities	–	33,847	–	–
- property, plant and equipment	15,590	11,620	42,473	7,000
- investment in subsidiaries	–	5,135,720	–	–
Unrealised gain on foreign exchange	20,533	205,130	18,441	–
Rental income	397,723	528,094	–	–
Interest income	292,232	446,655	100,282	367,935
Reversal of impairment losses on:-				
- investment in subsidiaries	–	–	–	1,585,298

27. DIRECTORS' REMUNERATION

	Group		Company	
	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM
Executive Directors				
- salaries, allowances and bonuses	173,760	251,550	–	–
- fees	476,000	171,000	320,000	150,000
- others	17,243	24,934	–	–
Total	667,003	447,484	320,000	150,000
Non-Executive Directors				
- fees	250,980	212,500	247,980	204,000
Grand Total	917,983	659,984	567,980	354,000

Notes to the Financial Statements (cont'd)

28. FINANCE COSTS

	Group		Company	
	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM
Interest expenses on:-				
- bank overdraft	70,664	58,871	–	–
- banker's acceptance	69,774	31,681	–	–
- hire purchase	238,901	242,359	–	–
- term loans	329,955	46,381	–	–
Total	709,294	379,292	–	–

29. TAXATION

	Group		Company	
	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM
Income tax				
- current year/period	142,400	1,074,108	–	66,396
- (over)/under accrual in prior years	(134,953)	995,883	–	863,478
	7,447	2,069,991	–	929,874
Deferred tax (Note 23)				
- current year/period	14,329,040	2,183,470	–	–
- (over)/under accrual in prior years	(2,430,352)	55,293	–	–
	11,898,688	2,238,763	–	–
Total	11,906,135	4,308,754	–	929,874

29. TAXATION (CONT'D)

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

	Group		Company	
	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM	01.07.2018 to 30.06.2019 RM	01.02.2017 to 30.06.2018 RM
Profit/(Loss) before taxation	5,295,683	(1,589,165)	5,643,060	7,106,141
Taxation at applicable tax rate of 24%	1,270,964	(381,400)	1,354,334	1,705,474
Tax effects arising from:-				
- expenses not deductible for tax purposes	24,232,129	6,654,897	12,927,666	4,550,888
- income not subject to tax	(27,378,323)	(2,634,779)	(14,400,000)	(6,140,472)
- deferred tax assets not recognised	3,961,220	184,357	118,000	(49,494)
- utilisation of deferred tax assets previously not recognised	(1,752,000)	(565,497)	–	–
- deferred tax liabilities on valuation gain	14,137,450	–	–	–
- (over)/under provision in previous years:-				
- income tax	(134,953)	995,883	–	863,478
- deferred tax	(2,430,352)	55,293	–	–
Tax expense for the financial year/period	11,906,135	4,308,754	–	929,874

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Property, plant and equipment	(5,267,264)	10,181,384	(320,000)	(483,000)
Unabsorbed losses carry forward	(3,915,907)	(3,043,477)	(3,333,667)	(2,863,000)
Unrealised capital allowance carry forward	(428,000)	(244,000)	(428,000)	(244,000)
	(9,611,171)	6,893,906	(4,081,667)	(3,590,000)
Potential deferred tax assets not recognised	(2,306,681)	1,654,539	(979,600)	(861,600)

Notes to the Financial Statements (cont'd)

30. LOSS PER ORDINARY SHARE

(a) Basic loss per share

	Group	
	01.07.2018 to 30.06.2019 RM	**01.02.2017 to 30.06.2018 RM**
Loss for the financial year attributable to owners of the parent	(6,610,452)	(5,897,919)
Number of shares in issue as of 1 July 2018/1 February 2017	5,340,383,754	3,028,801,117
Effect of:-		
- ESOS exercised	–	295,744,478
- bonus issue	–	1,165,114,243
- warrants exercised	–	14,406,876
Less: Treasury shares	(143,371,000)	(66,720,658)
Weighted average number of ordinary shares in issue	5,197,012,754	4,437,346,056
Basic loss per ordinary share (sen)	(0.13)	(0.13)

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

(b) Diluted loss per share

There is no dilution in the loss 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 be no conversion of these outstanding instruments for the purpose of calculating diluted loss per share.

31. CONTIGENT LIABILITIES

As of 30 June 2019, the Company is contingently liable in respect of guarantees given mainly for banking facilities totaling RM17,097,888/- (2018: RM8,043,288/-) granted by local licensed banks to the subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.

Notes to the Financial Statements (cont'd)

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of related parties

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

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

(b) Significant related party transactions

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

	Group		Company	
	01.07.2018 to 30.06.2019 RM	**01.02.2017 to 30.06.2018 RM**	**01.07.2018 to 30.06.2019 RM**	**01.02.2017 to 30.06.2018 RM**
<u>Subsidiary:</u>				
Management fee	–	–	1,320,000	1,870,000
Dividend income	–	–	60,000,000	24,000,000
<u>Among subsidiaries</u>				
Dividend income	100,000,000	36,000,000	–	–
Purchase of property, plant and equipment	8,206,554	820,427	–	–
Sales of fast food and restaurant operations	1,002,569	1,263,968	–	–
Rental income	104,000	116,000	–	–
Rental expenses	24,000	24,000	–	–
Consultancy fee	326,509	238,946	–	–

Notes to the Financial Statements (cont'd)

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel remuneration

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

	Group		Company	
	01.07.2018 to 30.06.2019 RM	**01.02.2017 to 30.06.2018 RM**	**01.07.2018 to 30.06.2019 RM**	**01.02.2017 to 30.06.2018 RM**
Salaries, allowances and bonuses	173,760	251,550	–	–
Fees	476,000	171,000	320,000	150,000
Others	17,243	24,934	–	–
Total	667,003	447,484	320,000	150,000

Key management personnel are defined as the members of Board of Directors of the Company and its subsidiaries whereby the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly lies.

33. 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 five reportable operating segments as follows:-

(a) Head office and others;
(b) Fast food and franchise operations;
(c) Management and operation of properties*; and
(d) Oil, gas, energy and mining related services.

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

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 and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss. All the Group's assets and liabilities are allocated to reportable segments other than deferred tax assets and deferred tax liabilities.

33. SEGMENT REPORTING (CONT'D)

Group 2019	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	48,837,277	36,675,076	7,621,242	–		93,169,595
Inter-segment sales	1,646,509	1,002,569	–	–	(2,649,078)	(a)	–
Total revenue	1,682,509	49,839,846	36,675,076	7,621,242			93,169,595
Results							
Segment results	6,171,813	(2,443,917)	91,853,832	(50,906,025)	(20,662,439)	(a)	24,013,264
Not included in the measure of segment profit/(loss):-							
Depreciation and amortisation							(6,394,384)
Finance costs							(709,294)
Interest income							292,232
Income tax expense							(11,906,135)
Profit for the financial year							5,295,683

Notes to the Financial Statements (cont'd)

33. SEGMENT REPORTING (CONT'D)

Group 2019	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	631,756,585	34,108,792	491,085,909	267,534,010	(689,671,654)	(b)	734,813,642
Consolidated total assets							734,813,642
Other information							
Addition to property, plant and equipment	534,000	1,911,497	3,127,849	7,495,595	(8,206,554)		4,862,387
Liabilities							
Segment liabilities	7,300,093	52,754,597	412,689,861	272,931,047	(716,874,709)	(c)	28,800,889
Loans and borrowings	–	3,410,925	445,207	11,557,928			15,414,060
Deferred tax liabilities	–	254,000	13,535,599	3,331,668			17,121,267
Consolidated total liabilities							61,336,216

33. SEGMENT REPORTING (CONT'D)

Group 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
Not included in the measure of segment profit/(loss):-							
Depreciation and amortisation							(7,483,909)
Finance costs							(379,292)
Interest income							446,655
Income tax expense							(4,308,754)
Loss for the financial period							(5,897,919)

Notes to the Financial Statements (cont'd)

33. SEGMENT REPORTING (CONT'D)

Group 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	38,407,626	415,073,787	328,920,241	(710,942,095)	(b)	716,854,073
Consolidated total assets							716,854,073
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	54,809,313	317,723,946	286,838,521	(642,310,614)	(c)	23,596,002
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							35,511,085

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.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 June 2019 categorised as follows:-

(i) Financial assets measured at amortised cost
(ii) Financial assets measured at fair value through other comprehensive income
(iii) Financial liabilities measured at amortised cost

	Carrying amounts RM	Financial assets at fair value through other comprehensive income RM	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM
Group				
2019				
Financial assets				
Other investment	1	1	–	–
Receivables	23,296,057	–	23,296,057	–
Contract assets	6,442,347	–	6,442,347	–
Fixed deposits with licensed banks	3,624,588	–	3,624,588	–
Cash and bank balances	24,019,161	–	24,019,161	–
	57,382,154	1	57,382,153	–
Financial liabilities				
Payables	28,707,196	–	–	28,707,196
Loans and borrowings	15,414,060	–	–	15,414,060
	44,121,256	–	–	44,121,256
Company				
2019				
Financial assets				
Receivables	361,066	–	361,066	–
Amount owing by subsidiaries	553,157,496	–	553,157,496	–
Fixed deposits with licensed banks	2,089,002	–	2,089,002	–
Cash and bank balances	2,325,844	–	2,325,844	–
	557,933,408	–	557,933,408	–
Financial liabilities				
Payables	1,041,432	–	–	1,041,432
Amount owing to subsidiaries	5,239,994	–	–	5,239,994
	6,281,426	–	–	6,281,426

Notes to the Financial Statements (cont'd)

34. FINANCIAL INSTRUMENTS (CONT'D)

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

The table below provides an analysis of financial instruments as at 30 June 2018 categorised as follows:-

(i) Loan and receivables
(ii) Available-for-sale
(iii) Financial liabilities measured at amortised cost

	Carrying amounts RM	Available-for-sale RM	Loan and receivables RM	Financial liabilities at amortised cost RM
Group				
2018				
Financial assets				
Other investment	1	1	–	–
Receivables	57,027,621	–	57,027,621	–
Fixed deposits with licensed banks	4,302,859	–	4,302,859	–
Cash and bank balances	16,041,656	–	16,041,656	–
	77,372,137	1	77,372,136	–
Financial liabilities				
Payables	23,343,195	–	–	23,343,195
Loans and borrowings	6,692,504	–	–	6,692,504
	30,035,699	–	–	30,035,699
Company				
2018				
Financial assets				
Receivables	992,703	–	992,703	–
Amount owing by subsidiaries	531,346,823	–	531,346,823	–
Fixed deposits with licensed banks	2,850,748	–	2,850,748	–
Cash and bank balances	9,894,636	–	9,894,636	–
	545,084,910	–	545,084,910	–
Financial liabilities				
Payables	993,702	–	–	993,702
Amount owing to subsidiaries	5,217,223	–	–	5,217,223
	6,210,925	–	–	6,210,925

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Net gains/(losses) arising from financial instruments

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Net gain/(losses) on:-				
Amortised cost:-				
Financial assets	292,232	–	–	–
Financial liabilities	(709,294)	(379,292)	–	–
Loan and receivables	–	446,655	100,282	367,935
	(417,062)	67,363	100,282	367,935

Net loss on impairment of financial instruments:-				
Financial assets at amortised cost	5,131,881	–	52,356,090	–

(c) Financial risk management

The activities of the Group and of the Company are exposed to certain financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and other price risk. The overall financial risk management objective of the Group and of the Company are to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

(i) Credit risk

The Group's and the Company's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statements of financial position. The Company is also exposed to credit risk in respect of its advances to subsidiaries and financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 31 to the financial statements.

Trade receivables and contract asset

Risk management objectives, policies and processes for managing the risk

The Group 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. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables and contract asset are monitored on an ongoing basis via Group management reporting procedures.

At each reporting date, the Group assesses whether any of the trade receivables and contract asset are credit impaired or written off.

Notes to the Financial Statements (cont'd)

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract asset (Cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract asset are represented by the carrying amounts in the statements of financial position.

As at 30 June 2019, the Group has significant concentration of credit risk in the form of outstanding amount of approximately RM12,303,153/- due from one (1) trade receivable represents 78% of the total trade receivables of the Group. The directors are of the opinion that these amounts outstanding are fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk are monitored individually.

Expected credit losses ("ECL") assessment for trade receivables and contract asset as at 30 June 2019

The Group uses simplified matrix approach to measure the ECLs of trade receivables and contract asset from individual customers. To measure the expected credit losses, trade receivables have been grouped based on credit risk ranking and days past due.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2019:-

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
2019			
Trade receivables			
Current (not past due)	14,922,564	(627,506)	14,295,058
1 to 30 days past due	637,588	(5,031)	632,557
31 to 60 days past due	297,941	(1,774)	296,167
61 to 90 days past due	179,101	(1,036)	178,065
More than 90 days past due	1,234,526	(881,939)	352,587
	17,271,720	(1,517,286)	15,754,434
Contract assets	6,442,347	–	6,442,347

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract asset (Cont'd)

Movements in the allowance for impairment losses in respect of trade receivables.

For trade receivables, there was an adjustment on the initial application of MFRS 9 as disclosed in Note 12 to the financial statements.

Comparatives under MFRS 139 Financial Instruments

The ageing of trade receivables as at 30 June 2018 was as follows:-

Group	Gross carrying amount RM	Impairment RM	Net balance RM
2018			
Trade receivables			
Current (not past due)	30,493,359	–	30,493,359
1 to 30 days past due	33,410	–	33,410
31 to 60 days past due	367,984	–	367,984
61 to 90 days past due	258,594	–	258,594
More than 90 days past due	1,036,648	–	1,036,648
	32,189,995	–	32,189,995

Other receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from other receivables is represented by the carrying amounts in the statements of financial position.

Expected credit loss of other receivables is determined individually after considering the financial strength, payment patterns and expected default rate of the other receivables. During the financial year, the Group recognised RM3,787,846/- of ECLs for other receivables as disclosed in Note 12 to the financial statements.

There was an adjustment on the initial application of MFRS 9 as disclosed in Note 12 to the financial statements.

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on individual basis.

The maximum exposure to credit risk amounts to RM17,097,888/- representing the outstanding banking facilities of the subsidiaries as at the end of the reporting date.

Notes to the Financial Statements (cont'd)

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantee (Cont'd)

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when the subsidiary is unlikely to repay its credit obligation to the bank in full.

During the financial year, the Company has not credit impaired any financial guarantee.

Inter-company loans and advances

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

Credit risk and impairment losses for inter-company loans and advances

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Expected credit loss of inter-company loans and advances are determined individually after considering the financial strength, payment patterns and expected default rate of the inter-company. During the financial year, the Company recognised RM52,356,090/- of ECLs for inter-company loans and advances.

There was an adjustment on the initial application of MFRS 9 as disclosed in Note 14 to the financial statements.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risks arises primarily from mismatched of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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

Notes to the Financial Statements (cont'd)

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

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.

	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
Group					
2019					
Financial liabilities					
Payables	28,707,196	28,707,196	28,707,196	–	–
Bank overdrafts	1,730,895	1,730,895	1,730,895	–	–
Bankers' acceptances	1,181,000	1,181,000	1,181,000	–	–
Hire purchase payables	2,970,649	3,271,607	1,246,391	2,025,216	–
Term loans	9,531,516	14,712,180	762,180	3,048,720	10,901,280
	44,121,256	49,602,878	33,627,662	5,073,936	10,901,280
2018					
Financial liabilities					
Payables	23,343,195	23,343,195	23,343,195	–	–
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
	30,035,699	30,548,626	26,248,645	3,264,788	1,035,193
Company					
2019					
Financial liability					
Payables	1,041,432	1,041,432	1,041,432	–	–
2018					
Financial liability					
Payables	993,702	993,702	993,702	–	–

Notes to the Financial Statements (cont'd)

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(iii) Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits and loans and borrowings.

The Group observes the movements in interest rates and strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments.

	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
Group					
2019					
Financial asset					
Fixed deposits placed with licensed banks	2.98 - 3.50	3,624,588	–	–	3,624,588
Financial liabilities					
Bank overdrafts	8.35	1,730,895	–	–	1,730,895
Bankers' acceptances	3.81 - 4.14	1,181,000	–	–	1,181,000
Hire purchase payables	3.82 - 7.51	1,246,391	2,025,216	–	3,271,607
Term loans	4.62 - 4.90	307,437	2,875,828	6,348,251	9,531,516
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
Company					
2019					
Financial asset					
Fixed deposits placed with licensed banks	2.98 - 3.30	2,089,002	–	–	2,089,002
2018					
Financial asset					
Fixed deposits placed with licensed banks	3.30 - 3.31	2,850,748	–	–	2,850,748

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(iii) Interest Rate Risk (Cont'd)

Sensitivity analysis for interest rate

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any changes in interest rates at the end of reporting year/period would not affect its profit or loss. For floating rate financial instruments stated at amortised cost, the following table demonstrates the sensitivity of profit or loss to changes in interest rates that were reasonably possible at the end of the reporting year/period, with all other variables held constant:-

	Group	
	(Decrease)/ Increase in Profit or Loss 01.07.2018 to 30.06.2019 RM	(Decrease)/ Increase in Profit or Loss 01.02.2017 to 30.06.2018 RM
Increase in interest rate by 5%	(427,972)	(86,928)
Decrease in interest rate by 5%	427,972	86,928

(iv) 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.

Notes to the Financial Statements (cont'd)

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Financial risk management (Cont'd)

(iv) Foreign Currency Risk (Cont'd)

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	
		Increase/ (Decrease) in Profit or Loss 01.07.2018 to 30.06.2019 RM	Increase/ (Decrease) in Profit or Loss 01.02.2017 to 30.06.2018 RM
USD/RM	- strengthened 5%	2,527	(3,759)
	- weakened 5%	(2,527)	3,759
SGD/RM	- strengthened 5%	26,013	1,153
	- weakened 5%	(26,013)	(1,153)
AUD/RM	- strengthened 5%	19,336	50,065
	- weakened 5%	(19,336)	(50,065)
BRD/RM	- strengthened 5%	1,514	2,954
	- weakened 5%	(1,514)	(2,954)

(v) 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.

34. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value information

The carrying amounts of cash and cash 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.

The table below analyses financial instruments carried at fair value and those not carried at fair value:-

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
Group								
2019								
Financial asset								
Other investment	–	–	–	–	–	1	1	1
Financial liabilities								
Retentions sum (trade payables)	–	–	–	–	–	550,515	550,515	550,515
Hire purchase payables	–	–	–	–	–	1,724,258	1,724,258	1,904,567
Term loans	–	–	–	–	–	11,779,002	11,779,002	9,224,079
	–	–	–	–	–	14,053,775	14,053,775	11,679,161
2018								
Financial assets								
Other investment	–	–	–	–	–	1	1	1
Financial liabilities								
Retentions sum (trade payables)	–	–	–	–	–	275,618	275,618	275,618
Hire purchase payables	–	–	–	–	–	2,403,871	2,403,871	2,716,139
Term loans	–	–	–	–	–	1,740,109	1,740,109	1,383,183
	–	–	–	–	–	4,419,598	4,419,598	4,374,940

34. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value information (Cont'd)

Fair Value Hierarchy

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

There has been no transfer between level 1 and level 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. The Group uses valuation techniques in determining fair values for financial instruments.

The following shows the valuation techniques used in the determination of fair values within level 3 for financial instruments not carried at fair value, as well as the key unobservable inputs used in the valuation models.

Type of financial instruments	Description of valuation technique and inputs used
Retentions sums	Discounted cash flows using a rate based on the weighted average of cost of capital of the Group
Hire purchase payables	Discounted cash flows using a rate based on effective interest rate from hire purchase agreement
Term loans	Discounted cash flows using a rate based on current market rate of borrowings of the Group

35. CAPITAL MANAGEMENT

The overall capital management objective of the Group and the Company is to safeguard its ability to continue as a going concern so as to provide fair returns to shareholders and benefits to other stakeholders. In order to meet this objective, the Group and the Company always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group and the Company consider its total equity (including non-controlling interests) and total loans and borrowings to be the key components of its capital structure and do, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group and the Company monitor capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity.

35. CAPITAL MANAGEMENT (CONT'D)

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

	Note	Group 2019 RM	Group 2018 RM Restated	Company 2019 RM	Company 2018 RM
Payables	24	28,707,196	23,343,195	1,041,432	993,702
Loans and borrowings	20	15,414,060	6,692,504	–	–
Total debts		44,121,256	30,035,699	1,041,432	993,702
Equity attributable to owners of the parent		673,477,426	681,342,988	624,960,521	620,594,681
Capital and total debts		717,598,682	711,378,687	626,001,953	621,588,383
Gearing ratio		6.1%	4.2%	0.2%	0.2%

36. CHANGES IN ACCOUNTING POLICIES

During the financial year, the Group and the Company adopted MFRS 15, Revenue from Contracts with Customers and MFRS 9, Financial Instruments on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

(a) MFRS 15 adoption

There is no significant impact on the adoption of MFRS 15 on the financial statements of the Group, other than the reclassification of accounts as follows:-

Group	As previously stated RM	MFRS 15 adjustment RM	As restated RM
Consolidated Statements of Financial Position as at 1 July 2018 (Extract)			
Retained earnings	66,695,909	(3,059,089)	63,636,820
Payables	20,284,106	3,059,089	23,343,195
Consolidated Statements of Cash Flows as at 1 July 2018 (Extract)			
Adjustments for:-			
Adjustment on initial application of - MFRS 15	–	(3,059,089)	(3,059,089)
Payables	(186,582,204)	3,059,089	(183,523,115)

Notes to the Financial Statements (cont'd)

36. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) MFRS 9 adoption

In the adoption of MFRS 9, the following transitional exemptions, as permitted by the standard, have been adopted:-

(i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 July 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, Financial Instruments: Recognition and Measurement.

(ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:-

- the determination of the business model within which a financial asset is held; and
- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

(iii) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 9 on the Group's and the Company's financial statements:-

Group	As previously stated RM	MFRS 9 adjustments RM	As restated RM
Consolidated Statements of Financial Position as at 1 July 2018 (Extract)			
Receivables	58,722,878	(193,710)	58,529,168
Retained earnings	63,636,820	(193,710)	63,443,110
Consolidated Statements of Cash Flows as at 1 July 2018 (Extract)			
Adjustments for:-			
Adjustment on initial application of - MFRS 9	–	193,710	193,710
Receivables	(41,258,969)	(193,710)	(41,452,679)

36. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) MFRS 9 adoption (Cont'd)

Impacts on financial statements (Cont'd)

Company	As previously stated RM	MFRS 9 adjustments RM	As restated RM
Statement of Financial Position as at 1 July 2018 (Extract)			
Amount owing by subsidiaries	547,430,818	(16,083,995)	531,346,823
Retained earnings	18,849,308	(16,083,995)	2,765,313
Statement of Cash Flows as at 1 July 2018 (Extract)			
Adjustments for:-			
Adjustment on initial application of - MFRS 9	–	16,083,995	16,083,995
Subsidiary companies	(128,429,199)	(16,083,995)	(144,513,194)

Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

Group	MFRS 139 RM	Remeasurement RM	1 July 2018 Reclassification to MFRS 9 category: Fair value through other comprehensive income RM	Amortised cost RM
Financial assets				
Available-for-sale				
Other investment	1	–	1	–
Loan and receivables				
Receivables	58,722,878	(193,710)	–	58,529,168
Fixed deposits with licensed banks	4,302,859	–	–	4,302,859
Cash and bank balances	16,041,656	–	–	16,041,656
	79,067,394	(193,710)	1	78,873,683
Financial liabilities				
Other financial liabilities measured at amortised cost				
Payables	23,343,195	–	–	23,343,195
Loans and borrowings	6,692,504	–	–	6,692,504
	30,035,699	–	–	30,035,699

Notes to the Financial Statements (cont'd)

36. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) MFRS 9 adoption (Cont'd)

Classification of financial assets and financial liabilities on the date of initial application of MFRS 9 (Cont'd)

		1 July 2018	
	MFRS 139 RM	Remeasurement RM	Reclassification to MFRS 9 category Amortised cost RM
Company			
Financial assets			
Loan and receivables			
Receivables	992,703	–	992,703
Amount owing by subsidiaries	547,430,818	(16,083,995)	531,346,823
Fixed deposits with licensed banks	2,850,748	–	2,850,748
Cash and bank balances	9,894,636	–	9,894,636
	561,168,905	(16,083,995)	545,084,910
Financial liability			
Other financial liability measured at amortised cost			
Payables	993,702	–	993,702
	993,702	–	993,702

List of Properties

List of Properties held by the Group as at 30 June 2019 and their carrying values are indicated as follows:

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM '000	Date of Revaluation/ Acquisition
1	Kg. Mansiang, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	13.08 acres	Nil	2,616	21.6.2019
2	Kg. Mansiang, Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	5.70 acres	Nil	451	21.6.2019
3	Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	23.15 acres	Nil	14,469	26.6.2019
4	Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	16.90 acres	Nil	875	25.6.2019
5	Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	15.00 acres	Nil	881	25.6.2019
6	Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	9.30 acres	Nil	500	26.6.2019
7	Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	11.70 acres	Nil	7,312	26.6.2019
8	Tombongan, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	12.67 acres	Nil	2,534	25.6.2019
9	Kg. Kiansom, Kota Kinabalu, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2069	20.78 acres	Nil	12,988	13.6.2019
10	Kg Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	6.75 acres	Nil	396	25.6.2019
11	Kg. Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	2.76 acres	Nil	178	21.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2019 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM '000	Date of Revaluation/ Acquisition
12	Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	5.65 acres	Nil	1,130	21.6.2019
13	Kg. Mansiang, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	3.89 acres	Nil	252	21.6.2019
14	Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	12.95 acres	Nil	8,094	26.6.2019
15	Kg. Togung, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 28.2.2033	2.65 acres	Nil	140	21.6.2019
16	Kg. Kundasang, Ranau, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2081	1.57 acres	Nil	312	25.6.2019
17	Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	12.66 acres	Nil	822	21.6.2019
18	Kg. Kokol, Menggatal, Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 30.4.2047	14.59 acres	Nil	2,978	21.6.2019
19	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2086	14.41 acres	Nil	360	27.6.2019
20	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	11.28 acres	Nil	282	27.6.2019
21	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	14.63 acres	Nil	365	27.6.2019
22	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.80 acres	Nil	395	27.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2019 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM '000	Date of Revaluation/ Acquisition
23	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	14.36 acres	Nil	359	27.6.2019
24	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.28 acres	Nil	381	27.6.2019
25	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	14.69 acres	Nil	366	27.6.2019
26	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.79 acres	Nil	394	27.6.2019
27	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	14.88 acres	Nil	371	27.6.2019
28	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	16.53 acres	Nil	412	27.6.2019
29	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years 30.7.2046	15.84 acres	Nil	396	27.6.2019
30	Pulau Gaya, Kota Kinabalu, Sabah	Vacant land	Leasehold 30 years expiring 31.1.2042	2.05 acres	Nil	1,421.25	25.6.2019
31	Pulau Gaya Kota Kinabalu, Sabah	Vacant land	Leasehold, 30 years expiring 31.01.2042	5.16 acres	Nil	3,578.75	25.6.2019
32	1 unit Waikiki Condominium HC-1202, Kota Kinabalu, Sabah	Condominium	Leasehold, 999 years expiring 15.3.2925	4,550 sq ft	35 years	3,125	17.6.2019
33	Kg. Lesau, District of Ranau, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2068	31.80 acres	Nil	3,180	25.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2019 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM '000	Date of Revaluation/ Acquisition
34	Sg. Metah, Kinabatangan District, Sandakan, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2073	100.07 acres	Nil	2,500	27.6.2019
35	Kampung Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	14.79 acres	Nil	29,600	28.6.2019
36	Ulu Segama, Lahad Datu	Vacant land	Leasehold, 99 years expiring 31.12.2072	71.47 acres	Nil	185,000	28.6.2019
37	Kg. Sabandar, District of Tuaran	Vacant land	Leasehold, 30 years expiring 31.5.2045	4.66 acres	Nil	10,042	28.5.2015
38	Kg. Sabandar, District of Tuaran	Vacant land	Leasehold, 30 years expiring 31.5.2045	4.33 acres	Nil	4,901	28.5.2015
39	Kg. Kokol, District of Kota Kinabalu	Vacant land	Leasehold, 30 years expiring 31.12.2046	3.00 acres	Nil	1,873	25.6.2019
40	Kg. Kokol, District of Kota Kinabalu	Vacant land	Leasehold, 30 years expiring 31.7.2046	1.45 acres	Nil	905	17.6.2019
41	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.24 acres	Nil	18,286	28.6.2019
42	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.17 acres	Nil	18,202	28.6.2019
43	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	15.12 acres	Nil	18,158	28.6.2019
44	Kg Upak, Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 30 years expiring 30.7.2046	16.51 acres	Nil	19,822	28.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2019 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM '000	Date of Revaluation/ Acquisition
45	District of Labuan	shoplot	Leasehold, 99 years expiring 27.11.2055	9,800 sq ft	52 years	10,500	27.6.2019
46	Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.9.2042	8.47 acres	Nil	169	28.6.2019
47	Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.9.2042	8.68 acres	Nil	174	28.6.2019
48	Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.9.2042	7.65 acres	Nil	153	28.6.2019
49	Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.9.2042	8.69 acres	Nil	174	28.6.2019
50	Kampung Silad, Ranau, Sabah	Vacant land	Leasehold, 30 years expiring 30.11.2042	18.08 acres	Nil	361	25.6.2019
51	Kampung Bongkud, Ranau, Sabah	Vacant land	Leasehold, 99 years expiring 31.8.2047	5.00 acres	Nil	99	25.6.2019
52	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.6.2046	13.58 acres	Nil	27,162	28.6.2019
53	Silam Road Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 28.2.2042	16.16 acres	Nil	808	28.6.2019
54	Kampung Bongkud, Ranau, Sabah	Vacant land	Leasehold, 99 years expiring 31.12.2072	11.51 acres	Nil	230	25.6.2019
55	Kampung Kilimu Ranau, Sabah	Vacant land	Leasehold, 30 years expiring 1.6.2042	11.76 acres	Nil	940	25.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2019 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM '000	Date of Revaluation/ Acquisition
56	Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.6.2043	7.91 acres	Nil	158	28.6.2019
57	Kg. Upak, Ulu Segama, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.3.2047	16.90 acres	Nil	336	28.6.2019
58	Bakapit, Lahad Datu, Sabah	Vacant land	Leasehold, 30 years expiring 30.3.2047	13.93 acres	Nil	417	28.6.2019
59	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.33 acres	Nil	26,662	28.6.2019
60	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.38 acres	Nil	26,762	28.6.2019
61	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.41 acres	Nil	26,826	28.6.2019
62	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.25 acres	Nil	26,518	28.6.2019
63	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.19 acres	Nil	26,390	28.6.2019
64	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 30.1.2047	13.90 acres	Nil	27,804	28.6.2019
65	Ulu Segama, Lahad Datu, Sabah	Quarry land	Leasehold, 30 years expiring 28.2.2048	13.29 acres	Nil	26,578	28.6.2019

List of Properties (cont'd)

List of Properties held by the Group as at 30 June 2019 and their carrying values are indicated as follows: (Cont'd)

	Location	Description	Tenure	Land Area	Approximate Age of Building	Carrying Value RM '000	Date of Revaluation/ Acquisition
66	Kg Sarang, Kota Belud, Sabah	Vacant land	Leasehold, 30 years expiring 31.8.2048	9.43 acres	Nil	1,886	17.6.2019
67	Kg Sarang, Kota Belud, Sabah	Vacant land	Leasehold, 30 years expiring 31.8.2048	14.18 acres	Nil	2,836	17.6.2019
68	Ulu Segama, Lahad Datu, Sabah	Land with oil palm	Leasehold, 99 years expiring 31.12.2096	464.10 acres	Nil	8,503	15.5.2017
69	Kg. Lingkabung Taas, Ulu Segama, Lahad Datu, Sabah	Vacant Land	Leasehold, 30 years expiring 22.1.2048	250.08 acres	Nil	1,220	23.1.2018
70	KKIP Selatan, Kota Kinabalu, Sabah	Factory	Leasehold, 99 years expiring 31.12.2096	759.9 sq ft	9 years	1,510	02.5.2018
71	Modern Light Industrial Estate, Muar Tuang Land, Kuching (Lot 40, Lot 41, Lot 42)	Shoplots	Leasehold, 99 years	35,564 sq ft	3 years	3,013	27.1.2016

Statement of Shareholdings

as at 30th September 2019

ANALYSIS OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES*	%
Less than 100	115	0.97	4,776	–
100 to 1,000	286	2.40	138,645	–
1,001 to 10,000	1,891	15.87	9,821,486	0.19
10,001 to 100,000	5,855	49.15	274,219,467	5.33
100,001 to less than 5% of Issued Shares	3,763	31.59	3,300,635,130	64.12
5% and above of Issued Shares	2	0.02	1,562,408,250	30.36
TOTAL	11,912	100.00	5,147,227,754	100.00

* The Number of 5,147,227,754 ordinary shares which was arrived at after deducting 193,156,000 treasury shares held by the Company from its issued shares of 5,340,383,754 ordinary share.

DIRECTOR'S SHAREHOLDINGS AS AT 30TH SEPTEMBER 2019

	Name	Direct Interest	%	Deemed Interest	%
1.	Mr. Tan Kok Chor	–	–	–	–
2.	Datuk Joseph Lee Yok Min @ Ambrose	93,476,100	1.82	26,163,085	0.51
3.	Mr. Chan Keng Leong	–	–	–	–
4.	Mr. Teo Kiew Leong	–	–	–	–
5.	Mr. Seroop Singh Ramday	–	–	–	–
6.	Mr. Michael Moo Kai Wah	–	–	–	–
	TOTAL	93,476,100	1.82	26,163,085	0.51

LIST OF TOP 30 SHAREHOLDERS AS AT 30TH SEPTEMBER 2019 ***

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	24.98
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	273,000,000	5.29
3	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	171,279,500	3.32
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	109,759,200	2.13
5	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chong Mee Fah @ Frederick Chong)	77,727,000	1.51

(*** : Source - Extract from Record of Depositors as at 30.9.2019 which exclude Treasury Shares.)

Statement of Shareholdings (cont'd)

LIST OF TOP 30 SHAREHOLDERS AS AT 30TH SEPTEMBER 2019 (Cont'd) ***

NO.	NAME	NO. OF SHARES	%
6	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Victoria Capital Sdn Bhd)	66,663,500	1.29
7	KHOO YONG AI	64,050,000	1.24
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	64,000,000	1.24
9	AMBANK (M) BERHAD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	55,556,000	1.08
10	TAN SOH GEK	44,069,500	0.85
11	LCP LIMITED	40,224,100	0.78
12	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Gonawin Sdn Bhd)	36,697,700	0.71
13	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chin Kim Fen)	36,130,000	0.70
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Celeste Assets Sdn Bhd)	35,250,000	0.68
15	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Geok Hoon)	35,175,000	0.68
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Azeman Sipang)	34,119,300	0.66
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	33,200,000	0.64
18	KHOO BUCK CHEW	31,185,000	0.60
19	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lim Nyuk Sang @ Freddy Lim)	29,000,000	0.56
20	CHU YI DONG BRANDON	27,500,000	0.53
21	JEREMY KHO HUI JAQ	22,650,000	0.44
22	LCP LIMITED	19,935,500	0.39
23	CITIGROUP NOMINEES (ASING) SDN BHD (Pledged Securities Account for Sunnyvale Holdings Ltd)	17,856,550	0.35
24	TAN BENG SIM	17,635,900	0.34
25	AMSEC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Joseph Lee Yok Min @ Ambrose	17,420,000	0.34
26	CHU SHENG TAUR	16,500,000	0.32
27	CHU SOONG TAU	16,500,000	0.32
28	AKAS PERMAI SDN BHD	15,300,000	0.30
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Liew Jew Fook)	15,075,000	0.29
30	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lu Li)	14,800,950	0.29
		2,727,667,950	52.85

(*** : Source - Extract from Record of Depositors as at 30.9.2019 which exclude Treasury Shares.)

Statement of Shareholdings (cont'd)

SUBSTANTIAL SHAREHOLDERS AS AT 30TH SEPTEMBER 2019 (Cont'd)

		NO. OF SHARES HELD			
NO.	**NAME**	**Direct**	**%**	**Indirect**	**%**
1	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Lei Shing Hong Securities Limited)	1,289,408,250	24.98	–	–
2	Datuk Lim Nyuk sang @ Freddy Lim	320,035,500	5.99	–	–
3	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	273,000,000	5.29	–	–

Statement of Warrant C
(2015/2025) Holdings As At 30th September 2019

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	100	3.19	6,064	–
100 to 1,000	45	1.44	21,078	–
1,001 to 10,000	311	9.92	1,967,742	0.11
10,001 to 100,000	1,342	42.81	66,471,921	3.83
100,001 to less than 5% of issued warrants	1,335	42.58	1,345,270,045	77.56
5% and above of issued warrants	2	0.06	320,943,000	18.50
TOTAL	3,135	100.00	1,734,679,850	100.00

DIRECTOR'S WARRANT C SHAREHOLDING AS AT 30TH SEPTEMBER 2019

	Name	Direct Interest	%	Deemed Interest	%
1.	Mr. Tan Kok Chor	–	–	–	–
2.	Datuk Joseph Lee Yok Min @ Ambrose	–	–	–	–
3.	Mr. Chan Keng Leong	–	–	–	–
4.	Mr. Teo Kiew Leong	–	–	–	–
5.	Mr. Seroop Singh Ramday	–	–	–	–
6.	Mr. Michael Moo Kai Wah	–	–	–	–
	TOTAL	–	–	–	–

LIST OF TOP 30 WARRANT C (2015/2025) HOLDERS AS AT 30TH SEPTEMBER 2019

NO.	NAME	No. of Warrants	%
1	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Yoke Foong)	203,943,000	11.76
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)	60,238,500	3.47
4	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Yoke Foong)	50,000,000	2.88
5	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Poh Ewe Wing)	50,000,000	2.88
6	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Dato' Wong Weng Kung)	49,224,400	2.84
7	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Poh Ewe Wing)	42,008,000	2.42
8	LEE ENG HOCK & CO. SENDIRIAN BERHAD	32,730,500	1.89
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tie Ming Chung)	27,732,300	1.60
10	KHOO YONG AI	27,450,000	1.58

Statement of Warrant C (cont'd)

LIST OF TOP 30 WARRANT C (2015/2025) HOLDERS AS AT 30TH SEPTEMBER 2019 (Cont'd)

NO.	NAME	No. of Warrants	%
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Wong Weng Kung)	24,781,900	1.43
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chow Choon Futt)	18,769,950	1.08
13	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd)	18,497,000	1.07
14	JEREMY KHO HUI JAQ	17,849,850	1.03
15	TAN SOH GEK	14,250,000	0.82
16	TAN KIN SENG	12,500,000	0.72
17	H'NG CHEOW SEN	12,275,075	0.71
18	LCP LIMITED	11,857,250	0.68
19	TIE MING CHUNG	10,500,000	0.61
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Loh Teck Wah)	9,756,900	0.56
21	KHOO BUCK CHEW	9,000,000	0.52
22	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Teong Beng)	8,551,700	0.49
23	TA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Pang Chee Min)	8,404,650	0.48
24	BONG NAM JONG	8,050,000	0.46
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Liew Jew Fook)	7,695,075	0.44
26	TIE TECK CHUNG	7,500,000	0.43
27	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Terry Yap Kwi Fah)	7,310,300	0.42
28	TIE MING CHUON	7,000,000	0.40
29	TYE SOK CIN	6,979,000	0.40
30	PUA SOON HUAT	6,650,000	0.38
		888,505,350	51.19

SUBSTANTIAL WARRANT C (2015/2025) HOLDERS AS AT 30TH SEPTEMBER 2019

NO.	NAME	No. of Warrants	%
1	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Yoke Foong)	203,943,000	11.76
2	RHB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Hap Seng Insurance Services Sdn Bhd)	117,000,000	6.74

Statement of Warrant D
(2017/2027) Holdings as at 30th September 2019

SIZE OF HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
Less than 100	767	8.71	32,898	0.01
100 to 1,000	1,724	19.57	769,633	0.20
1,001 to 10,000	3,938	44.70	15,779,605	4.17
10,001 to 100,000	1,940	22.02	59,148,868	15.62
100,001 to less than 5% of issued warrants	439	4.98	261,182,980	68.97
5% and above of issued warrants	2	0.02	41,770,000	11.03
TOTAL	8,810	100.00	378,683,984	100.00

DIRECTOR'S WARRANT D SHAREHOLDING AS AT 30TH SEPTEMBER 2019

	Name	Direct Interest	%	Deemed Interest	%
1.	Mr. Tan Kok Chor	–	–	–	–
2.	Datuk Joseph Lee Yok Min @ Ambrose	9,462,000	2.50	–	–
3.	Mr. Chan Keng Leong	–	–	–	–
4.	Mr. Teo Kiew Leong	–	–	–	–
5.	Mr. Seroop Singh Ramday	–	–	–	–
6.	Mr. Michael Moo Kai Wah	–	–	–	–
	TOTAL	9,462,000	2.50	–	–

LIST OF TOP 30 WARRANT D (2017/2027) HOLDERS AS AT 30TH SEPTEMBER 2019

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)	19,020,000	5.02
3	TAN KIN SENG	12,000,000	3.17
4	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Joseph Lee Yok Min @ Ambrose)	9,370,000	2.47
5	H'NG CHEOW SEN	7,430,000	1.96
6	LEE ENG HOCK & CO. SENDIRIAN BERHAD	7,125,000	1.88
7	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Chuah Chaw Song)	6,000,000	1.58
8	AFFIN HWANG NOMINEES (ASING) SDN BHD (Pledged Securities Account for Mohamed Yazid Merzouk)	5,331,500	1.41
9	PUA SOON HUAT	4,950,100	1.31
10	PUA SOON HUAT	4,550,000	1.20
11	KHOO YONG AI	4,337,500	1.15
12	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Ong Siew Liang)	4,130,000	1.09

Statement of Warrant D (cont'd)

LIST OF TOP 30 WARRANT D (2017/2027) HOLDERS AS AT 30TH SEPTEMBER 2019

NO.	NAME	No. of Warrants	%
13	LCP LIMITED	4,000,125	1.06
14	LCP LIMITED	3,962,500	1.05
15	NG KOK HENG	3,765,200	0.99
16	FIORN AMBER LEE YEE FONG	3,550,000	0.94
17	TAN SOH GEK	3,264,125	0.86
18	CGS - CIMB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Lee Yoke Foong)	3,125,000	0.83
19	HIAP LIANG KEK	3,100,000	0.82
20	HLIB NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tan Teong Beng)	2,902,900	0.77
21	NIK FAIRUL ZAMRI BIN MOHD PAUZI	2,750,000	0.73
22	KENANGA NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Tiong Ing Ping)	2,577,000	0.68
23	LOH KHEE FEEI	2,575,000	0.68
24	TAN CHING CHUA	2,516,200	0.66
25	WONG KOK SIN	2,500,000	0.66
26	CHEAH YAW SONG	2,435,300	0.64
27	CHUAH SEONG AUN	2,300,000	0.61
28	PUA SOON HUAT	2,240,000	0.59
29	LIM SYE GUEK	2,150,000	0.57
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD (Pledged Securities Account for Suraya Binti Ab Majid)	2,013,825	0.53
		158,721,275	41.92

SUBSTANTIAL WARRANT D (2017/2027) HOLDERS AS AT 30TH SEPTEMBER 2019

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)	19,020,000	5.02

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of BORNEO OIL BERHAD will be held at 2nd Floor , Victoria Point , Jalan OKK Awang Besar , 87007 , W.P. Labuan , on Wednesday, 18th December 2019, at 8.00 am for the following purposes :-

AGENDA

AS ORDINARY BUSINESSES :

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon.
   Please refer to Explanatory Note 4(i)

2. To re-elect the following directors who are retiring by rotation pursuant to Articles 91 & 92 of the Company's Articles of Association and being eligible offers themselves for re-election :-

   (a) Mr. Michael Moo Kai Wah — Ordinary Resolution 1

   (b) Mr. Seroop Singh Ramday — Ordinary Resolution 2

3. To re-elect Datuk Joseph Lee Yok Min @ Ambrose who retires by rotation in accordance with Article 96 of the Company's Articles of Association and being eligible offers himself for re-election. — Ordinary Resolution 3

4. To approve the payment of Directors' remuneration amounting to RM797,983 for the financial year ended 30 June 2019. — Ordinary Resolution 4
   Please refer to Explanatory Note 4(iii)

5. To approve the Directors' remuneration of up to RM1,600,000 payable from 19th December 2019 until the Next Annual General Meeting. — Ordinary Resolution 5

6. To re-appoint STYL Associates PLT 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. — Ordinary Resolution 6

7. AS SPECIAL BUSINESSES:

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

(a) Continuation in office as Independent Non-Executive Director

(i) "That authority be and is hereby given to Mr. Tan Kok Chor who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company". — Ordinary Resolution 7
Please refer to Explanatory Note 4(iv)

(ii) "That subject to the passing of Ordinary Resolution I, authority be and is hereby given to Mr. Michael Moo Kai Wah who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years to continue to act as an Independent Non-Executive Director of the Company". — Ordinary Resolution 8
Please refer to Explanatory Note 4(iv)

Notice of Annual General Meeting (cont'd)

(b) Authority to Issue Shares pursuant to Section 75 and Section 76 of the Companies Act, 2016:

Ordinary Resolution 9

"THAT subject always to the Companies Act 2016 ("Act"), Articles of Association of the Company and approvals of the relevant regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 75 and Section 76 of the Act, to allot and issue shares in the Company from time to time at such price, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the total number of issued shares(excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority as mentioned above shall continue in force until the conclusion of the next Annual General Meeting of the Company".
Please refer to Explanatory Note 4(v)

(c) Proposed Renewal of Existing Share Buy-Back Authority

Ordinary Resolution 10

"That subject to the Companies Act 2016 ("Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") , the Company's Articles of Association and other applicable laws, rules, regulations and guidelines of the relevant authorities, the Directors of the Company be and are hereby authorized to purchase such number of ordinary shares in the Company's total number of issued shares through the Bursa Securities at any time and upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit subject to the following:

(a) The aggregate number of shares which may be purchased and/or held by the Company shall not exceed ten per cent (10%) of the total number of issued shares of the Company for the time being ("Bornoil Shares")

(b) The maximum funds to be allocated by the Company for the purpose of purchasing the Bornoil Shares shall not exceed the total retained profits of the Company.

(c) the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the 35th AGM in which the resolution is passed at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM is required by law to be held; or

(iii) revoked or varied by ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earlier, but so as not to prejudice the completion of purchase(s) by the Company made before the aforesaid expiry date and in any event, in accordance with the Main Market Listing Requirements of Bursa Securities or any other relevant authorities;

Notice of Annual General Meeting (cont'd)

(d) upon completion of the purchase(s) of the Bornoil Shares by the Company, the Directors of the Company be and are hereby authorized to deal with the Bornoil Shares in the following manner:

(i) to cancel the Bornoil Shares so purchased; or
(ii) to retain the Bornoil Shares so purchased as treasury shares for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or for cancellation subsequently; or
(iii) to retain part of the Bornoil Shares so purchased as Treasury shares and cancel the remainder; or
(iv) in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary including to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities or as may be deemed necessary by the Directors and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company".
Please refer to Explanatory Note 4(vi)

(d) Proposed Adoption of a New Constitution of the Company to replace the existing Memorandum and Articles of Association. **Special Resolution**

"**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Part B of the Circular to Shareholders dated 31 October 2019 be and is hereby adopted as the Constitution of the Company ("Proposed Adoption")

AND THAT the Directors of the Company be and are hereby authorized to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with full powers to assent to any condition, modifications, variation and/or amendments as may be required by the relevant authorities to give effect to the Proposed Adoption.
Please refer to Explanatory Note 4(vii)

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend and vote at this 35th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 49 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 11 December 2019. Only a depositor whose name appears on the Record of Depositors as at 11 December 2019 shall be entitled to attend the said meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

By Order of the Board

CHIN SIEW KIM (L.S. 0000982)
ANDREA HUONG JIA MEI (MIA 36347)
Company Secretaries

Labuan F.T.
Dated : 31 October 2019

Notice of Annual General Meeting (cont'd)

NOTES :

1. **Members Entitled To Attend**

   A member of the Company entitled to attend and vote at the meeting may appoint up to two (2) proxies to attend and vote instead of him/her. If a Member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

2. **Appointment of Proxy**

   a. A Member of the Company entitled to attend and vote at the meeting may appoint up to two (2) proxies to attend and vote instead of him/her. If a Member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

   b. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds. An exempt authorized nominee refers to an authorized nominee defined under Securities Industries (Central Depository) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of Subsection 25A(1) of SICDA.

   c. 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.

   d. 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.

   e. 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 forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

   f. 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:**

   i. **Item 1 of the Agenda – Audited Financial Statements for the year ended 30 June 2019**

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require approval of the shareholders and hence, is not put forward for voting.

   ii. **Ordinary Resolution 1, 2 and 3: retirement of Directors**

   Pursuant to Article 91, 92 and 96 of the Company's Articles of Association 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.

   The Directors to retire in every year shall be those who, have been longest in office since their last election or appointment.

Notice of Annual General Meeting (cont'd)

4. EXPLANATORY NOTES: (CONT'D)

iii. Ordinary Resolution 4 and 5 : Directors' fees and benefits

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. Pursuant thereto, shareholders' approval will be sought at the 35th Annual General Meeting on the Directors' fees for the financial year ended 30 June 2019.

iv. Ordinary Resolution 7 and 8 : Continuation in office as Independent Non-Executive Directors

Pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017, the Board has vide its Nomination Committee conducted an assessment and reviewed the independence of those Directors who have served as Independent Non-Executive Directors for a cumulative term of more than 12 years . The Board is satisfied with the results and recommended that the resolutions be put up for shareholders' approval through a two-tier voting process for both Mr. Tan Kok Chor and Mr. Michael Moo Kai Wah, to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

The Board is of the view that Mr Tan Kok Chor's expertise and vast experience in various field provide the Board with a diverse set of experience and expertise which enhances the skills and experience profile of the Board. The Board is confident that his length of service on the Board does not in any way interfere with his duties as an Independent Non-Executive Director of the Company.

The Board also believes that with Mr. Michael Moo Kai Wah qualifications, expertise and extensive accumulative knowledge of the Group's business and operations, he has made and continues to make valuable contributions through his role as Chairman of the Audit Committee . The Board is confident that Mr. Michael Moo Kai Wah is able to carry out his duties and responsibilities independently and objectively notwithstanding his tenure on the Board.

v. Ordinary Resolution 9: Authority to Issue Shares pursuant to Section 75 and Section 76 of the Companies Act 2016

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 12 December 2018 and the said mandate will lapse at the conclusion of this 35th AGM.

This Ordinary Resolution, if passed, will give the Directors of the Company from the date of this 35th AGM, the authority to allot and issue Ordinary shares in the Company up to an aggregate of not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being pursuant to Section 75 and Section 76 of the Act ("Renewed Mandate"). This Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The Renewed Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions without any delay and without incurring additional expenses in convening a general meeting to approve the issuance of such shares.

vi. Ordinary Resolution 10: Proposed Renewal of Authority to Buy Back Shares

The proposed Ordinary Resolution 10, if passed, will enable the Company to purchase its own shares up to 10% of the total number of issued shares of the Company (inclusive of shares that have been purchased and/or retained as treasury shares). This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company.

The details of this proposed Ordinary Resolution are set out in Part A of the Circular to the Shareholders of the Company dated 31 October 2019 which is despatched together with the Company's 2019 Annual Report.

Notice of Annual General Meeting (cont'd)

4. EXPLANATORY NOTES: (CONT'D)

vii. Special Resolution

The proposed Special Resolution, if passed, will streamline the Company's Constitution with the provisions of the Companies Act 2016, amendments made to the Main Market Listing Requirements of Bursa Securities and to enhance administrative efficiency. The Board proposed that the existing Memorandum and Articles of Association be revoked in its entirety and the proposed new Constitution of the Company as set out in Part B of the Circular be adopted as the new Constitution of the Company.

The Proposed Adoption shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to attend and vote and do vote in person or by proxy at the 35th AGM.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

No Notice in writing has been received by the Company nominating any candidate for election as Directors at the 35th AGM of the Company. The Directors who are due for retirement and seeking for re-election pursuant to the Company's Articles of Association are as set out in the Notice of the 35th AGM and their profile are set out in the Directors' Profile in the 2019 Annual Report.

Authority to Issue Shares pursuant to Section 75 and Section 76 of the Companies Act 2016

This is a renewal of the mandate obtained from the shareholders of the Company at the Annual General Meeting of 12 December 2018 and if passed, will empower the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued Share Capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

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

The renewal of this mandate would provide flexibility to the Company for any possible fund raising exercise, including but not limited for further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions. This authority is to avoid any delay and cost involved in convening a general meeting to approve such issuance of shares.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 34th Annual General Meeting held on 12 December 2018 and which will lapse at the conclusion of the 35th AGM to be held on 18 December 2019.

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Borneo Oil Berhad (Reg. No: 198901005309 (121919-H)

Proxy form

No. of Shares held	
CDS Number	

I/We .... * NRIC/ Company No. ....

of ....

being *a member/members of BORNEO OIL BERHAD (Reg. No: 198901005309 (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 35 th Annual General Meeting of the Company to be held at 2nd Floor, Victoria Point, Jalan OKK Awang Besar, 87007 Wilayah Persekutuan Labuan on Wednesday , 18 December 2019 at 8.00 a.m.

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

NO.	RESOLUTION	FOR	AGAINST
	Ordinary Resolutions		
1.	To re-elect Mr.Michael Moo Kai Wah as a Director.		
2.	To re-elect Mr.Seroop Singh Ramday as a Director.		
3.	To re-elect Datuk Joseph Lee Yok Min @ Ambrose as a Director.		
4.	To approve the payment of Directors' remuneration amounting to RM797,983 to the Directors for the financial year ended 30 June 2019.		
5.	To approve the Directors' fees and benefits of up to RM1,600,000 payable to the Directors from 19.12.2019 until the next Annual General Meeting.		
6.	To re-appoint STYL Associates PLT 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.		
7.	To approve the continuation in office of Mr. Tan Kok Chor as the Independent Non-Executive Director (tenure more than 12 years)		
8.	To approve the continuation in office of Mr. Michael Moo Kai Wah as the Independent Non-Executive Director (tenure more than 12 years)		
9.	Authority to issue Shares pursuant to Section 75 & 76 of the Companies Act, 2016.		
10.	Proposed Renewal of Existing Share Buy-Back Authority		
11.	**Special Resolution** - Proposed adoption of a new constitution of the Company to replace the existing Memorandum and Articles of Association.		

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 11 December 2019 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(i) 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 Forty-Eight(48) 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 2019.

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.