BORNEO OIL BERHAD

Company No. 121919-H

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE THIRD QUARTER ENDED

31 OCTOBER 2017

(THE FIGURES HAVE NOT BEEN AUDITED)

BORNEO OIL BERHAD

(Company No. 121919-H)

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE THIRD QUARTER ENDED 31 OCTOBER 2017

THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



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| BORNEO OIL BERHAD(Company No. 121919-H)Incorporated in MalaysiaQUARTERLY REPORT ON CONSOLIDATED RESULTSFOR THE THIRD QUARTER ENDED 31 OCTOBER 2017THE FIGURES HAVE NOT BEEN AUDITEDCONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION |  |  |  |  |  |
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BORNEO OIL BERHAD

(Company No. 121919-H)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE THIRD QUARTER ENDED 31 OCTOBER 2017

THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

BORNEO OIL BERHAD

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QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE THIRD QUARTER ENDED 31 OCTOBER 2017

THE FIGURES HAVE NOT BEEN AUDITED

CONSOLIDATED CASH FLOW STATEMENT



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QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE THIRD QUARTER ENDED 31 OCTOBER 2017

THE FIGURES HAVE NOT BEEN AUDITED

CONSOLIDATED CASH FLOW STATEMENT (Continue)

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The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

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BORNEO OIL BERHAD

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Notes on the quarterly report – 31 October 2017

 A. EXPLANATORY NOTES AS PER FRS 134 – INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 January 2017. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 January 2017.

All the MFRSs and IC Interpretations applicable to the Group have been applied in the preparation of the current quarter report as in previous quarters.

A2. Audit Report

The auditors’ report on the audited financial statements for the year ended 31 January 2017 was not qualified.

A3. Seasonal or Cyclical Factors

The operations of the Group generally move in tandem with the performance of the various industries undertaken.

A4. Unusual Items

During the quarter under review there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that were unusual by reason of their nature, size or incidence.

A5. Changes in Estimates

There were no changes in estimates of amounts reported that have a material effect on the results in the quarter under review.

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BORNEO OIL BERHAD

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Notes on the quarterly report – 31 October 2017

A6. Issuance, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

 During the quarter:

1. 39,900,000 ordinary shares were repurchased amounting to RM3.99 million.
2. 210,262,000 ESOS shares were issued, and
3. 1,500,000 Warrant B were converted.

A7. Dividends Paid

 There is no dividend paid during the quarter under review.

A8. Valuation of Property, Plant & Equipment

 There were no valuation conducted during the quarter.

A9. Significant Event

 There were no significant events during the quarter.

A10. Subsequent Events

 There were no subsequent events during the quarter.

A11. Changes in Composition of the Group

There was no major changes in the Group’s composition during the quarter.

A12. Changes in Contingent Liabilities or Contingent Assets

The Group’s contingent liabilities totaling RM 1.84 million comprises of corporate guarantees given on behalf of subsidiaries in securing banking facilities.

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BORNEO OIL BERHAD

(Company No. 121919-H)

Incorporated in Malaysia

Notes on the quarterly report – 31 October 2017

A13. Group Segmental Information

 Group segmental results by business activities.

 

 A14. Financial assets and liabilities

The amount of financial assets of RM 454,420,000 and financial liabilities of RM 440,520,000 were related to unsold balance of gold spot contracts and the amount financed by the financial institution in respect of gold spot trading respectively.

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|  BORNEO OIL BERHAD(Company No. 121919-H)Incorporated in MalaysiaNotes on the quarterly report – 31 October 2017 B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTSB1. Review of Performance The group recorded a total turnover of RM20.72 million for the current quarter. The amount achieved was higher than that of the preceding period of RM19.40 million. Contributions by the Group’s respective divisions are as follows:- 1. Fast food & franchise operation division maintained total revenue of RM10.26 million, slightly lower than that of the preceding period of RM10.96 million. During the quarter, two new SugarBun outlets were opened and one reopening, with two closures and one re-opening of Pezzo outlet.
2. Mining, energy & related operation division’s turnover of RM8.79 million was comparatively higher than that of RM6.89 million achieved in the preceding quarter.

During the quarter, the division’s mining operation produced 302.03 oz. of gold dore out of 107,365.40 MT of ore mined as compared to the preceding quarter of 317.49 oz and 153,667.20 MT of ores mined respectively. As for the trading of gold spot contracts, a total of 37,257 kg was purchased and 37.054 kg sold.As for the limestone operation, 1,052 blocks (6,867.43 m3) of marble blocks were extracted by the operator and 161 containers were exported during the quarter. A total tribute of RM 476,370.00 was paid by the operator to the division during the quarter.1. Property, management & operation division also contributed to the overall turnover with its revenue of RM1.67 million achieved during the quarter.

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| B2. Review of results.The Group’s overall profit of RM2.41 million was comparatively lower than that of the preceding quarter of RM4.35 million. This was mainly attributable to lower profit contributions by the fast food & franchise and mining, energy & related operation divisions for the quarter as follows:-1. Fast food & franchise operation division’s comparatively lower profit for the quarter corresponded with comparatively lower turnover for the current quarter. This was commendable despite the many challenges facing the food franchise industry such as lower margins, higher food costs, price competition and the general cautious and lower spending behavior of customers as a whole.

 10BORNEO OIL BERHAD(Company No. 121919-H)Incorporated in MalaysiaNotes on the quarterly report – 31 October 2017B2. Review of results. (continue)1. The mining energy & related operation’s drop in profit was mainly due to fair value loss from its trading of gold spot contracts although there was positive contribution from its limestone operation

Property, management & related division’s profit was mainly from its gain from disposal of two properties during the quarter.B3. Current year prospectsGold prices for the quarter have been weak and volatile mainly caused by the hike in the US Dollar interest rates. 2017 has seen three hikes and another three more are expected in 2018. The DOW is trading at historical high (almost 25,000 points) and is currently a great display of risk appetite. The US tax reform implementation coupled with the expectation of the rebuilding of America’s infrastructure will be challenges that gold prices may face in the coming months. The Board is mindful of the situation but is of the view that inflation will sooner or later come into play and gold prices will reflect the value of all things.The Franchise division had started rolling out “Broasted by Sugar Bun” through the opening of its first outlet at Gambang, Pahang. Borneo Asian Food (BAF) food court concept to be operated by Tong Meng will have its first outlet in Menara Hap Seng 2, Kuala Lumpur before the 2nd quarter of 2018.The Biofraction Vetrolysis Plant in Lahad Datu is expected to be completed in December 2017 and will commence test runs in late January 2018.The Heap Leaching Pilot Project will have its first trial run soon, after a delay of almost nine months due to metallurgy testing. An estimated 2.0 million tons of non-marble limestone have been produced through the extraction of marble blocks and the same is an ideal feedstock for lime-based products. Once the various processing plans are finalized and if agreed to be implemented by the Division, relevant announcements will be madeB4. Variation Profit Forecast / Profit GuaranteeThere were no profit forecast or guarantee made during the quarter.11BORNEO OIL BERHAD(Company No. 121919-H)Incorporated in MalaysiaNotes on the quarterly report – 31 October 2017B5. Taxation No taxation was provided during the quarter under review.B6. Corporate ProposalsThere was no new corporate proposal during the quarter.  |  |   |   |
| B7. Borrowings and Debts Securities All the above borrowings are denominated in Ringgit Malaysia  B8. Material LitigationThere is no material litigation that will have a material effect on the financial position and operation of the Company and the Group.B9. Dividends There was no dividend proposed or declared during the current quarter. 12BORNEO OIL BERHAD(Company No. 121919-H)Incorporated in MalaysiaNotes on the quarterly report – 31 October 2017 |  |  |  |
| B10. Earnings per share  |  |  |  |

B11. Realised and Unrealised Profits/Losses Disclosure



The disclosure of realised and unrealised profits/losses above is solely for compliance with the directive

 issued by BURSA and should not be used for any other purpose.

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Notes on the quarterly report – 31 October 2017

B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

Profit/(loss) before tax is derived after charging / (crediting) :



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Notes on the quarterly report – 31 October 2017

B13. STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE EXERCISES

Rights Issues Exercise:

 Proposed Time frame Actual Balance Utilisation for utilisation utilization unutilised

 RM’000 (Months) RM’000 RM’000

Exploration expenditure for

gold mining operation 15,000 Within 24 mths 12,518 2,482

Purchase of machineries &

Equipment for gold mining

operation 30,000 Within 24 mths 28,254 1,746

Working capital for gold

Mining operation 75,621 Within 30 mths 75,621 -

Purchase of plant and

equipment for limestone

mining operation 10,000 Within 12 mths 10,000 -

Working capital for limestone

mining operation 8,000 Within 24 mths 8,000 -

Working capital for fast food

Operation 5,000 Within 12 mths 5,000 -

Future investments 60,000 Within 24 mths 60,000 -

Repayment of borrowings 20,409 Within 3 mths 20,409 -

Estimated expenses in

relation to the Rights

Issue with warrants 4,750 Within 3 mths 4,750 -

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 228,780 224,552 4,228

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Private Placement Exercise:

The remaining allocation of RM 5.0 million for the food processing factory has been fully utilised.

By Order of the Board

Chin Siew Kim

Company Secretary

28 December 2017

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