BORNEO OIL BERHAD

Company No. 121919-H

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED

31 JANUARY 2018

(THE FIGURES HAVE NOT BEEN AUDITED)

BORNEO OIL BERHAD

(Company No. 121919-H)

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

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 Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



BORNEO OIL BERHAD

(Company No. 121919-H)

Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

BORNEO OIL BERHAD

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QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

THE FIGURES HAVE NOT BEEN AUDITED

CONSOLIDATED CASH FLOW STATEMENT



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QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018

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

(Company No. 121919-H)

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Notes on the quarterly report – 31 January 2018

 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 January 2018

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

Securities

 During the quarter:

1. 84,496,000 ordinary shares were repurchased amounting to RM7.76 million.
2. 417,448,000 ESOS shares were issued, and
3. 12,227,550 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

1. On 13 February 2018, the Company announced the acquisition via sublease of one (1) parcel of quarry land measuring 5.378 hectares situated at Ulu Segama, District of Lahad Datu, Sabah.
2. On the 16 March 2018, the Company announced the disposal of the entire shareholding of Segama Ventures Sdn Bhd by Segama Resources Sdn Bhd, being one of the wholly owned subsidiary of Borneo Oil & Gas Corporation Sdn Bhd, which is a wholly owned subsidiary of Borneo Oil Berhad.
3. On 26th January 2018, a notice to Warrant B Holders notifying them of the expiry of the Said Warrant B (2008/2018) that was due on 28th February 2018.

A11. Changes in Composition of the Group

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

disposal of Segama Ventures Sdn Bhd as stated in A10 (b) above.

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Notes on the quarterly report – 31 January 2018

A12. Changes in Contingent Liabilities or Contingent Assets

The Group’s contingent liabilities totaling RM 5.66 mil comprises of corporate guarantees given on behalf of subsidiaries in securing banking facilities.

A13. Group Segmental Information

Group segmental results by business activities.

 

A14. Financial Assets and Liabilities

There were none during the quarter.

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BORNEO OIL BERHAD

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of Performance

The Group’s overall performance was satisfactory based on total revenue of RM26.67 mil achieved in the current quarter and RM90.19 mil for the year ended 31 January 2018, notwithstanding the vast and disproportionate difference in comparative figures, attributable mainly to certain revenues of non-operational in revenue included there-in. This was expected considering that it was achieved at the back of various factors prevailing then as explained below.

The fast food and franchise division’s (FFD) performance was commendable despite slightly lower recorded revenue of RM11.51 mil in the current quarter against its corresponding quarter of RM12.61 mil considering that it was achieved against the continuing unfavorable market conditions that prevailed in previous quarters. During the quarter, one Pezzo and four SugarBun new franchised outlets were opened with two closures.

The property, management & related operation (PMD) division performed well this quarter with its RM13.25 mil contribution to the Group against its corresponding quarter of RM1.50 mil. It was attributable mainly to a project undertaken by the division’s management section during the quarter.

The mining, energy & related operation division (MED) contributed RM1.89 mil in the current quarter as compared to its corresponding quarter of RM16.62 mil. This was mainly due to unrealized loss arising from fair value valuation of unsold gold spot contracts based on the price and exchange rate as at the closing date. During the quarter a total of 158.89 oz of gold dore out of 47,900.20 MT of ore mined as compared to the preceding quarter of 302.03 oz of gold dore out of 103,365.40 MT.The reduction in gold production for the 4th Quarter of 158.89 oz was due to the unusual monsoon with heavy rain which hampered operations. Mitigation and rectification works were carried out during this period.

B2. Review of Results

The Group’s recorded a profit of RM5.29 mil for the year was much lower as compared to the corresponding year of RM46.46 mil with a recorded loss of RM6.49 mil for the quarter against RM10.73 mil profit made in the corresponding quarter.

FFD’s result for the quarter given the factors as stated above was reasonable. The loss of RM0.33 mil was mainly due to expenses incurred on promotional events undertaken which otherwise would have recorded a profit for the quarter.

PMD’s profit of RM0.82 mil for the quarter was in line with profit accruing from the project undertaken as stated above whilst increase in fair value of RM17.10 mil arising from revaluation of investment property was included in the corresponding quarter.

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Notes on the quarterly report – 31 January 2018

B2. Review of Results (Con’t)

MED’s loss of RM5.28 mil in the current quarter was mainly due to the gold spot trading activities undertaken following the division’s consolidation exercise on this activity by squaring-off of all outstanding gold spot contracts. This resulted in a loss, being the difference between the trading account’s actual net position and the book’s net assets and liabilities which were accounted for previously on a fair value basis based on gold price and exchange rates as at the closing date.

B3. Current Year Prospects

Despite the overall poor results as recorded for reasons as explained above the Group’s ongoing operations and those in the pipeline are in order. With close monitoring and necessary actions being taken, both remedial and prevention, the Board is confident that they would contribute positively as previously envisaged.

With the successful test run of the Bio-Fraction Vetrolysis Plant and the division working closely with foreign experts in this field, the Board is optimistic that the project will contribute positively to the Group upon its full completion for commercial production in the near future.

The 1st phase of the exploration and drilling activities in Bukit Ibam mine were completed with 5,000 metres of core drill and lab analysis. The company is in the process of compiling all geological data. With the completion of the 1st phase of exploration and drilling, the initial mining operation is expected to start operations in April 2018. The Heap Leaching Pilot Project had successfully tested its process and a small scale start-up production will begin operation by the end of April 2018. Bearing unforeseen circumstances, once successful, the production will be scaled up gradually, with a target production of 2 kg to 10 kg dore gold monthly.

The Licence Holder(LH) of the Integrated Limestone Processing Plant (ILPP) had commenced earth and foundation works. With careful planning and corporation with LH, the Group hopes to benefit from the ILPP through the supply of limestone to the same and through some other mutually beneficial arrangements with LH. Any development in such arrangements of the ILPP, once finalised and if it involved the Group will be announced accordingly.

B4. Variation Profit Forecast / Profit Guarantee

There were no profit forecast or guarantee made during the quarter.

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B5. Taxation

The amount of provision made was as discussed under the Condensed Consolidated Statement

of Comprehensive Income.

B6. Corporate Proposals

There was no new corporate proposal during the quarter

B7. Borrowings and Debts Securities



B8. Material Litigation

There is no material litigation that will have a material effect on the financial position and operation of the Company and the Group.

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Notes on the quarterly report – 31 January 2018

B9. Dividends

There was no dividend proposed or declared during the current quarter.

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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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 January 2018

B13. STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE EXERCISES

Rights Issue Exercise:

 Proposed Time Frame Actual Balance Utilisation for Utilisation Utilisation Unutilised

 RM’000 (Months) RM’000 RM’000

Exploration expenditure for 15,000 Within 24 mths 15,000 -

gold mining operation

Purchase of machineries & 30,000 Within 24 mths 28,725 1,275

equipment for gold mining

operation

Working capital for gold 75,621 Within 30 mths 75,621 -

mining operation

Purchase of plant and 10,000 Within 12 mths 10,000 -

equipment for limestone

mining operation

Working capital for limestone 8,000 Within 24 mths 8,000 -

mining operation

Working capital for fast food 5,000 Within 12 mths 5,000 -

operation

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

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

Estimated expenses in 4,750 Within 3 mths 4,750 -

relation to the Rights

Issue with warrants

 228,780 227,505 1,275

By Order of the Board

Chin Siew Kim

Company Secretary

30 March 2018

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