

BORNEO OIL BERHAD

**Company No. 121919-H
(Incorporated in Malaysia)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIFTH QUARTER ENDED
30 APRIL 2018**

(THE FIGURES HAVE NOT BEEN AUDITED)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Feb 2018 to 30 Apr 2018 RM'000	3 Months 1 Feb 2017 to 30 Apr 2017 RM'000	15 Months 1 Feb 2017 to 30 Apr 2018 RM'000	15 Months 1 Feb 2016 to 30 Apr 2017 RM'000
Revenue	24,343	19,397	114,536	N/A
Cost of sales	(19,591)	(11,802)	(71,762)	N/A
Gross profit	4,752	7,595	42,774	N/A
Other income	111	4,175	4,240	N/A
Operating expenses	(7,293)	(6,491)	(43,884)	N/A
Profit/(Loss) from operations	(2,430)	5,279	3,130	N/A
Finance costs	(113)	(22)	(312)	N/A
Profit/(Loss) before taxation	(2,543)	5,257	2,818	N/A
Taxation	(1,444)	-	(1,514)	N/A
Profit/(Loss) for the period	(3,987)	5,257	1,304	N/A
Other comprehensive income:				
Exchange difference arising from translation of foreign operations	86	-	86	N/A
Comprehensive income/(loss) for the period	(3,901)	5,257	1,390	N/A
Loss attributable to:				
- equity holders of the Company	(3,989)	5,258	1,302	N/A
- non-controlling interest	2	(1)	2	N/A
	(3,987)	5,257	1,304	N/A
Total comprehensive income/(loss) attributable to:				
- equity holders of the Company	(3,903)	5,258	1,388	N/A
- non-controlling interest	2	(1)	2	N/A
	(3,901)	5,257	1,390	N/A
Loss per share (sen)				
- basic (sen)	(0.08)	0.17	0.03	N/A
- fully diluted (sen)	N/A	N/A	N/A	N/A

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QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIFTH QUARTER ENDED 30 APRIL 2018
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 Apr 2018 RM'000	Audited as at 31-Jan-17 RM'000
Non Current Assets		
Property, plant and equipment	240,574	194,141
Investment properties	314,471	271,784
Prepaid lease payment	1,250	-
Intangible assets	18,971	14,000
Development expenditure	3,156	2,280
Exploration expenditure	38,991	27,337
Other investments	64	64
	<u>617,477</u>	<u>509,606</u>
Current Assets		
Inventories	13,864	14,268
Trade receivables	12,351	3,345
Other receivables	32,164	14,451
Gold spots contracts	-	227,897
Amount owing by customer for contract works	3,403	-
Biological assets	24	-
Fixed deposits with licensed banks	14,755	4,040
Cash and bank balances	9,046	42,706
Tax recoverable	1,310	274
	<u>86,917</u>	<u>306,981</u>
Total Assets	<u>704,394</u>	<u>816,587</u>
Shareholders' Fund		
Share capital	524,703	302,880
Share premium	-	82,735
Other reserves	82,156	66,648
Retained profits	73,770	139,515
	<u>680,629</u>	<u>591,778</u>
Non-controlling interest	-	-
	<u>680,629</u>	<u>591,778</u>
Current Liabilities		
Trade payables	3,174	7,132
Other payables	10,427	213,424
Hire purchase creditors	785	150
Short term borrowings	858	-
Bank overdraft	1,000	460
Tax payable	7	-
	<u>16,251</u>	<u>221,166</u>
Non Current Liabilities		
Deferred taxation	3,090	2,984
Hire purchase creditors	2,979	659
Long term borrowings	1,445	-
	<u>7,514</u>	<u>3,643</u>
Total Equity and Liabilities	<u>704,394</u>	<u>816,587</u>
Net assets per share (RM)	<u>0.13</u>	<u>0.19</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable Reserves						Distributable Reserves		Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Exchange reserves RM'000	Treasury shares RM'000	ESOS reserves RM'000	Capital reserves RM'000	Warrants reserves RM'000	Accumulated (losses)/profit RM'000		Non-controlling interest RM'000
Balance as at 1 February 2016	296,180	80,725	(72)	(26,021)	44	15	94,014	93,069	-	537,954
Issuance of shares	6,700	2,010	-	-	-	-	-	-	-	8,710
Acquisition of treasury shares	-	-	-	(1,349)	-	-	-	-	-	(1,349)
Exchange reserve	-	-	17	-	-	-	-	-	-	17
Net profit for the period	-	-	-	-	-	-	-	46,446	-	46,446
Balance as at 31 January 2017	302,880	82,735	(55)	(27,370)	44	15	94,014	139,515	-	591,778
Balance as at 1 February 2017	302,880	82,735	(55)	(27,370)	44	15	94,014	139,515	-	591,778
Issuance of shares	221,823	(82,735)	-	-	-	-	-	(67,051)	-	72,037
Acquisition of treasury shares	-	-	-	(12,003)	-	-	-	-	-	(12,003)
Disposal of treasury shares	-	-	-	27,370	-	-	-	-	-	27,370
Exchange reserve	-	-	141	-	-	-	-	-	-	141
Net loss for the period	-	-	-	-	-	-	-	1,306	-	1,306
Balance as at 30 April 2018	524,703	-	86	(12,003)	44	15	94,014	73,770	-	680,629

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
(Company No. 121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIFTH QUARTER ENDED 30 APRIL 2018
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CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 15 Months 1 Feb 2017 to 30 Apr 2018 RM'000	Audited 15 Months 1 Feb 2016 to 30-Apr-17 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,818	N/A
Adjustments for:		
Bad debts written off	100	N/A
Depreciation of properties, plant and equipment	6,456	N/A
Fair value gain on biological assets	(24)	N/A
Loss on gold spot contract	3,813	N/A
Gain on disposal of investment properties	(2,846)	N/A
Gain on disposal of properties, plant and equipment	(12)	N/A
Gain on disposal of subsidiaries	(12)	N/A
Interest expense	312	N/A
Interest income	(426)	N/A
Operating profit before working capital changes	10,179	N/A
Inventories	404	N/A
Trade receivables	(9,006)	N/A
Other receivables, deposits and prepayments	(18,109)	N/A
Gold spot contracts	224,084	N/A
Trade payables	(3,959)	N/A
Other payables and accruals	(202,728)	N/A
Amount owing by/(to) contract customer	(3,403)	N/A
Cash (used in)/generated from operations	(2,538)	N/A
Interest received	426	N/A
Tax paid	(2,699)	N/A
Tax refund	262	N/A
Net cash (used in)/from operating activities	(4,549)	N/A

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Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIFTH QUARTER ENDED 30 APRIL 2018
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CONSOLIDATED CASH FLOW STATEMENT (Continued)

	Unaudited 15 Months 1 Feb 2017 to 30-Apr-18 RM'000	Audited 15 Months 1 Feb 2016 to 30-Apr-17 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of investment properties	(44,042)	N/A
Acquisition of subsidiary, net of cash acquired	(4,970)	N/A
Addition of prepaid lease payments	(1,250)	N/A
Additional of development expenditure	(876)	N/A
Additional of exploration expenditure	(11,655)	N/A
Disposal of a subsidiary, net of cash disposed of (Placement)/withdrawal of fixed deposits	41 (10,715)	N/A N/A
Proceeds from disposal of investment properties	4,200	N/A
Proceeds from disposal of properties, plant and equipment	66	N/A
Purchases of properties, plant and equipment	(52,941)	N/A
Net cash (used in)/from investing activities	<u>(122,142)</u>	<u>N/A</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Acquisition of treasury shares	(12,003)	N/A
Addition of hire purchase payables, net	2,955	N/A
Drawdown of bank overdraft	540	N/A
Drawdown of short term borrowings	2,303	N/A
Interest paid	(312)	N/A
Proceeds from disposal of treasury shares	27,370	N/A
Proceeds from issuance of ordinary shares	72,037	N/A
Net cash from/(used in) financing activities	<u>92,890</u>	<u>N/A</u>
Net (decrease)/increase in cash and cash equivalents	(33,801)	N/A
Effect of foreign exchange rate changes	141	N/A
Cash and cash equivalents at the beginning of period	42,706	N/A
Cash and cash equivalents at the end of period	<u>9,046</u>	<u>N/A</u>
Cash and cash equivalents at the end of period:		
Cash and bank balances	<u>9,046</u>	<u>-</u>

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.

Notes on the quarterly report – 30 April 2018

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

A1. Change in Financial Year End

As announced on 25 May 2018, the Group has changed its financial year end from 31 January 2018 to 30 June 2018. Accordingly the current financial year shall be for a period of 17 months from 1 Feb 2017 to 30 June 2018 and thereafter, the financial year end shall be on 30 June for each subsequent year.

Certain comparative figures denoted as N/A are not available due to change of year end date.

A2. 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.

A3. Audit Report

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

A4. Seasonal or Cyclical Factors

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

A5. 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.

Notes on the quarterly report – 30 April 2018

A6. 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.

A7. Issuance, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

During the quarter there were:

- 1) Repurchase of 4,350,000 ordinary shares.
- 2) Conversion of Warrant B to 32,854,312 ordinary shares.
- 3) Issuance of 120,256,000 ordinary shares under ESOS.

A8. Dividends Paid

There is no dividend paid during the quarter under review.

A9. Valuation of Property, Plant & Equipment

There were no valuation conducted during the quarter.

A10. Significant Event

There were no significant events during the quarter.

A11. Subsequent Events

Borneo Oil & Gas Corporation Sdn Bhd, the wholly owned subsidiary of the Company has disposed off its entire 95% equity in Jusra Mining Merapoh Sdn Bhd as announced to Bursa on 27 June 2018.

A12. Changes in Composition of the Group

There were no major changes in the Group's composition during the quarter except for the disposal of Segama Ventures Sdn Bhd and Borneo Investments Ltd as announced to Bursa on 16 March 2018 and 25 April 2018 respectively.

BORNEO OIL BERHAD
(Company No. 121919-H)
Incorporated in Malaysia

Notes on the quarterly report – 30 April 2018

A13. Changes in Contingent Liabilities or Contingent Assets

The Group's contingent liabilities totaling RM 8.04 million comprises of corporate guarantees given on behalf of subsidiaries in securing banking facilities.

A14. Group Segmental Information

Group segmental results by business activities.

	Current Quarter To Date		Preceding Quarter To Date	
	1 Feb 2018 to 30 Apr 2018		1 Feb 2017 to 30 Apr 2017	
	Profit/(Loss)		Profit/(Loss)	
	Revenue	Before Tax	Revenue	Before Tax
	RM'000	RM'000	RM'000	RM'000
Head office & others	9	(593)	9	(551)
Fast food & franchise operations	11,042	(307)	10,573	607
Property, Management & operations	11,205	327	1,419	(690)
Mining, energy & related operations	2,087	(1,970)	7,396	5,891
Group revenue and profit from operations (net of finance cost)	24,343	(2,543)	19,397	5,257

Notes on the quarterly report – 30 April 2018

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

B1. Review of Performance

The Group's performance for the current quarter ended 30 April 2018 with total revenue of RM24.34 million as compared to its corresponding quarter of RM19.39 million representing an overall increase of approximately 25.52% was satisfactory.

The Group's fast food and franchise division (FFD) continued to contribute positively with its recorded revenue of RM11.04 million as compared to its corresponding quarter of RM10.57 million despite unfavorable market conditions still prevailing then. There were five new openings (SugarBun-3 & Pezzo-2) and seven closures (SugarBun-2 & Pezzo-5) of franchised outlets during the quarter.

The property management and operations division (PMD) recorded a commendable revenue of RM11.20 million, which was mainly attributable to an on-going project that is scheduled to be completed by early next year, as against its corresponding quarter of RM1.41 million.

The mining, energy and related operations division (MED) however posted a lower revenue of RM2.08 million as compared to RM7.39 million in the corresponding quarter which included there-in gold spot trading transactions that has since been discontinued. During the quarter a total of 152.38 oz of gold dore extracted out of 42,150.40 MT of ore mined as compared to the corresponding quarter of 194.95 oz of gold dore out of 142,218.40 MT. Comparatively, the division has managed to improve its efficiency as reflected in the higher yield of 0.36oz/MT as compared to 0.13oz/MT previously.

B2. Review of Results

Despite the increase in its overall revenue, the Group recorded a loss of RM2.54 million for the current quarter as compared to RM5.25 million profits achieved in its previous corresponding quarter. This disproportionate results were attributable mainly to MED's reported loss of RM1.97 million suffered at the back of its much lower revenue whilst its comparative profit of RM5.89 million included fair value gains arising from gold spot trading transactions which has since been discontinued.

FFD's result for the quarter with its reported loss of RM0.30 million was reasonable although a disappointment considering that it was suffered against unfavorable market conditions that still prevailing then. PMD's contribution of RM0.32 million profit accrued mainly from the project undertaken was as envisaged.

B3. Current Year Prospects

Notwithstanding the poor results for reasons as explained, the Group's overall performance for the current quarter was satisfactory and as planned. Accordingly, the Board was confident that the various divisions' ongoing activities and those in the pipe-line will continue smoothly as planned.

With MED's Limestones section presently in full swing, its Energy section's Bio-Fraction Vetrolysis plant expected commissioning in the near future and its Heap Leaching gold mining commencing soon, the Board is optimistic of their success and positive contribution to the Group in the future.

B4. Variation Profit Forecast / Profit Guarantee

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

BORNEO OIL BERHAD
(Company No. 121919-H)
Incorporated in Malaysia

Notes on the quarterly report – 30 April 2018

B5. Taxation

The required provision made was as disclosed in the Condensed Consolidated Statement of Comprehensive Income.

B6. Corporate Proposals

There was no new corporate proposal during the quarter.

B7. Borrowings and Debts Securities

	Unaudited as at 30 Apr 2018 RM'000	Audited as at 31 Jan 2017 RM'000
Short term borrowings:		
- Bank overdrafts	1,000	460
- Term loans	858	-
- Hire purchase payables	785	150
	<u>2,643</u>	<u>610</u>
Long term borrowings:		
- Term loans	1,445	-
- Hire purchase payables	2,979	659
	<u>4,424</u>	<u>659</u>
Total borrowings	<u>7,067</u>	<u>1,269</u>

All the above borrowings are denominated in Ringgit Malaysia.

B8. Material Litigation

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

BORNEO OIL BERHAD
(Company No. 121919-H)
Incorporated in Malaysia

Notes on the quarterly report – 30 April 2018

B9. Dividends

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

B10. Earnings per Share

	Quarter Ended		Year To Date Ended	
	3 Months 1 Feb 2018 to 30 Apr 2018	3 Months 1 Feb 2017 to 30 Apr 2017	15 Months 1 Feb 2017 to 30 Apr 2018	15 Months 1 Feb 2016 to 30 Apr 2017
Net profit/(loss) for the period attributable to equity holders (RM'000)	(3,989)	5,257	1,302	N/A
Number/Weighted average number of ordinary shares in issue ('000)	5,125,779	3,028,928	4,332,544	N/A
Basic profit/(loss) per share (sen)	(0.08)	0.17	0.03	N/A

B11. Realised and Unrealised Profits/(Losses) Disclosure

	Current Period To Date 30 Apr 2018 RM'000	Preceding Period To Date 30 Apr 2017 RM'000
Total unappropriated profit of the Company and its subsidiaries :		
- Realised	63,033	N/A
- Unrealised	(3,090)	N/A
	59,943	N/A
Add : Consolidation adjustments	13,827	N/A
Total Group retained profits	73,770	N/A

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.

BORNEO OIL BERHAD
(Company No. 121919-H)
Incorporated in Malaysia

Notes on the quarterly report – 30 April 2018

B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Period To Date 30 Apr 2018 RM'000	Preceding Period To Date 30 Apr 2017 RM'000
Profit/(loss) before tax is arrived after (charging)/crediting:		
Audit fee - current year	(245)	N/A
Bad debts written off	(135)	N/A
Depreciation	(6,456)	N/A
Directors' fee	(516)	N/A
Directors' remuneration	(72)	N/A
Loss on gold spots contracts	(3,813)	N/A
Hire purchase interest	(248)	N/A
Loss on foreign exchange	(135)	N/A
Rental of heavy equipment	(495)	N/A
Rental of hostel	(220)	N/A
Rental of land	(77)	N/A
Rental of office	(860)	N/A
Rental of premises	(1,884)	N/A
Term loan interest	(65)	N/A
and crediting the following items:		
Gain on disposal of investment properties	2,846	N/A
Gain on disposal of property, plant and equipment	12	N/A
Gain on disposal of subsidiaries	12	N/A
Interest income	426	N/A

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(Company No. 121919-H)
Incorporated in Malaysia

Notes on the quarterly report – 30 April 2018

B13. STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE EXERCISES

Rights Issue Exercise:

	Proposed Utilisation RM'000	Time Frame for Utilisation (Months)	Actual Utilisation RM'000	Balance Unutilised RM'000
Exploration expenditure for gold mining operation	15,000	Within 24 mths	15,000	-
Purchase of machineries & equipment for gold mining operation	30,000	Within 24 mths	29, 231	769
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	-
	<u>228,780</u>		<u>228,011</u>	<u>769</u>

By Order of the Board

Chin Siew Kim
Company Secretary

29 June 2018