

BORNEO OIL BERHAD

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SIXTH QUARTER ENDED
30 JUNE 2018**

(THE FIGURES HAVE NOT BEEN AUDITED)

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	2 Months 1 May 2018 to 30 Jun 2018 RM'000	2 Months 1 May 2017 to 30 Jun 2017 RM'000	17 Months 1 Feb 2017 to 30 Jun 2018 RM'000	17 Months 1 Feb 2016 to 30 Jun 2017 RM'000
Revenue	22,782	N/A	137,318	N/A
Cost of sales	(18,868)	N/A	(96,256)	N/A
Gross profit	3,914	N/A	41,062	N/A
Other income	7,512	N/A	11,752	N/A
Operating expenses	(4,554)	N/A	(42,812)	N/A
Profit/(Loss) from operations	6,872	N/A	10,002	N/A
Finance costs	(67)	N/A	(379)	N/A
Profit/(Loss) before taxation	6,805	N/A	9,623	N/A
Taxation	(2,795)	N/A	(4,309)	N/A
Profit/(Loss) for the period	4,010	N/A	5,314	N/A
Other comprehensive income:				
Exchange difference arising from translation of foreign operations	(15)	N/A	71	N/A
Comprehensive income/(loss) for the period	3,995	N/A	5,385	N/A
Loss attributable to:				
- equity holders of the Company	4,012	N/A	5,314	N/A
- non-controlling interest	(2)	N/A	-	N/A
	4,010	N/A	5,314	N/A
Total comprehensive income/(loss) attributable to:				
- equity holders of the Company	3,997	N/A	5,385	N/A
- non-controlling interest	(2)	N/A	-	N/A
	3,995	N/A	5,385	N/A
Loss per share (sen)				
- basic (sen)	0.08	0.17	0.12	N/A
- fully diluted (sen)	N/A	N/A	N/A	N/A

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 Jun 2018 RM'000	Audited as at 31-Jan-17 RM'000
Non Current Assets		
Property, plant and equipment	250,035	194,141
Investment properties	315,383	271,784
Prepaid lease payment	1,241	-
Intangible assets	14,000	14,000
Development expenditure	3,370	2,280
Exploration expenditure	39,154	27,337
Other investments	64	64
	<u>623,247</u>	<u>509,606</u>
Current Assets		
Inventories	13,603	14,268
Trade receivables	32,190	3,345
Other receivables	25,943	14,451
Gold spots contracts	-	227,897
Amount owing by customer for contract works	-	-
Biological assets	31	-
Fixed deposits with licensed banks	4,347	4,040
Cash and bank balances	15,998	42,706
Tax recoverable	1,167	274
	<u>93,279</u>	<u>306,981</u>
Total Assets	<u>716,526</u>	<u>816,587</u>
Shareholders' Fund		
Share capital	524,703	302,880
Share premium	-	82,735
Other reserves	78,379	66,648
Retained profits	81,582	139,515
	<u>684,664</u>	<u>591,778</u>
Non-controlling interest	-	-
	<u>684,664</u>	<u>591,778</u>
Current Liabilities		
Trade payables	6,694	7,132
Other payables	13,001	213,424
Hire purchase creditors	986	150
Short term borrowings	1,619	-
Bank overdraft	-	460
Tax payable	253	-
	<u>22,553</u>	<u>221,166</u>
Non Current Liabilities		
Deferred taxation	5,223	2,984
Hire purchase creditors	2,688	659
Long term borrowings	1,398	-
	<u>9,309</u>	<u>3,643</u>
Total Equity and Liabilities	<u>716,526</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)	-	-	-	-	(3,804)	(63,247)	-	72,037
Acquisition of treasury shares	-	-	-	(11,961)	-	-	-	-	-	(11,961)
Disposal of treasury shares	-	-	-	27,370	-	-	-	-	-	27,370
Exchange reserve	-	-	126	-	-	-	-	-	-	126
Net loss for the period	-	-	-	-	-	-	-	5,314	-	5,314
Balance as at 30 June 2018	524,703	-	71	(11,961)	44	15	90,210	81,582	-	684,664

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

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CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 17 Months 1 Feb 2017 to 30 Jun 2018 RM'000	Audited 17 Months 1 Feb 2016 to 30-Jun-17 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	9,623	N/A
Adjustments for:		
Bad debts written off	135	N/A
Depreciation of properties, plant and equipment	9,065	N/A
Fair value gain on biological assets	(31)	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	(5,134)	N/A
Interest expense	379	N/A
Interest income	(447)	N/A
Properties, plant and equipment written off	56	N/A
Operating profit before working capital changes	14,601	N/A
Inventories	665	N/A
Trade receivables	(28,845)	N/A
Other receivables, deposits and prepayments	(11,925)	N/A
Gold spot contracts	224,084	N/A
Trade payables	(399)	N/A
Other payables and accruals	(199,354)	N/A
Amount owing by/(to) contract customer	-	N/A
Cash (used in)/generated from operations	(1,173)	N/A
Interest received	447	N/A
Tax paid	(2,972)	N/A
Tax refund	262	N/A
Net cash (used in)/from operating activities	(3,436)	N/A

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CONSOLIDATED CASH FLOW STATEMENT (Continued)

	Unaudited 17 Months 1 Feb 2017 to 30 Jun 2018 RM'000	Audited 17 Months 1 Feb 2016 to 30-Jun-17 RM'000
ASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of investment properties	(44,953)	N/A
Acquisition of subsidiary, net of cash acquired	(4,970)	N/A
Addition of prepaid lease payments	(1,241)	N/A
Additional of development expenditure	(1,091)	N/A
Additional of exploration expenditure	(12,565)	N/A
Disposal of a subsidiary, net of cash disposed of (Placement)/withdrawal of fixed deposits	10,041 (306)	N/A N/A
Proceeds from disposal of investment properties	4,200	N/A
Proceeds from disposal of properties, plant and equipment	69	N/A
Purchases of properties, plant and equipment	(65,072)	N/A
et cash (used in)/from investing activities	<u>(115,888)</u>	<u>N/A</u>
ASH FLOW FROM FINANCING ACTIVITIES		
Acquisition of treasury shares	(11,961)	N/A
Addition of hire purchase payables, net	2,866	N/A
Drawdown of bank overdraft	(460)	N/A
Drawdown of short term borrowings	3,018	N/A
Interest paid	(379)	N/A
Proceeds from disposal of treasury shares	27,370	N/A
Proceeds from issuance of ordinary shares	72,037	N/A
et cash from/(used in) financing activities	<u>92,491</u>	<u>N/A</u>
et (decrease)/increase in cash and cash equivalents	(26,833)	N/A
ffect of foreign exchange rate changes	125	N/A
ash and cash equivalents at the beginning of period	42,706	N/A
ash and cash equivalents at the end of period	<u>15,998</u>	<u>N/A</u>
ash and cash equivalents at the end of period:		
ash and bank balances	<u>15,998</u>	<u>-</u>

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

Notes on the quarterly report – 30 June 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 period ended shall be for a period of 17 months from 1 Feb 2017 to 30 June 2018 and the current financial quarter is for the 2 months period from 1 May 2018 to 30 June 2018. There are no comparative figures available for the previous corresponding quarter.

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 June 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

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter under review.

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

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.

A11. Subsequent Events

There were no significant events after the quarter.

A12. Changes in Composition of the Group

There was no major changes in the Group's composition during the quarter except for A10 above.

A13. Changes in Contingent Liabilities or Contingent Assets

The Group's contingent liabilities totaling RM 16.97 million comprises of corporate guarantees given on behalf of subsidiaries in securing banking facilities.

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A14. Group Segmental Information

Group segmental results by business activities.

	Current Quarter To Date		Preceding Quarter To Date	
	1 May 2018 to 30 Jun 2018		1 May 2017 to 30 Jun 2017	
	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)
	RM'000	RM'000	RM'000	RM'000
Head office & others	6	(826)	N/A	N/A
Fast food & franchise operations	8,295	666	N/A	N/A
Property, Management & operations	10,280	953	N/A	N/A
Mining, energy & related operations	4,201	6,012	N/A	N/A
Group revenue and profit from operations (net of finance cost)	22,782	6,805	N/A	N/A

Notes on the quarterly report – 30 June 2018

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

B1. Review of Performance

The Group's revenue of RM22.78 million for the current quarter was commendable as compared to its preceding quarter of RM24.34 million and the total overall revenue of RM137.31 million for the financial year of 17 months ended 30 June 2018 considering that it was only for a period of 2 months.

The Fast Food and Franchise Division (FFD) was back to its previous applaudable track record performance with a recorded revenue of RM8.29 million as compared to its preceding quarter of RM11.04 million despite facing with a competitive and challenging environment and that it was achieved for a lesser period of only 2 months. There were one new franchised outlet opening each for both SugarBun and Pezzo and no reported closure during the quarter.

The Property Management and Operations Division (PMD) as expected posted a revenue of RM10.28 million which was mainly attributable to an on-going project that is expected to be completed by early next year.

The Mining, Energy and Related Operations division (MED) recorded a total revenue of RM4.20 million. During the quarter, a total of 132.27 oz of gold dore were extracted from 32,366 MT of ore mined under the Gold Mining section and 435,000 MT of limestones was sold under Limestone section.

B2. Review of Results

The Group registered an overall profit before taxation of RM6.80 million for the current quarter and RM9.62 million for the financial year ended 30 June 2018.

MED contributed most of it with the profit achieved of RM6.01 million attributable mainly to the gain arising from its disposal of Jusra Mining Merapoh Sdn Bhd of RM5.12 million as stated in Note A10 above as well as positive contribution from its Mining section during the quarter.

The other divisions that contributed to it were in line with the reasons as explained above were FFD and PMD with their recorded profits of RM0.66 million and RM0.95 million each respectively.

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B3. Current Year Prospects

As pointed out in the preceding quarter, the Heap Leaching gold mining, commissioning of Bio-Fraction Vetrolysis plant and the Limestones operations progressed satisfactory as planned. With these and other existing ongoing activities, the Board is confident that the overall operations would contribute positive results to the Group.

B4. Variation Profit Forecast / Profit Guarantee

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

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 Jun 2018 RM'000	Audited as at 31 Jan 2017 RM'000
Short term borrowings:		
- Bank overdrafts	-	460
- Term loans	1,619	-
- Hire purchase payables	986	150
	<u>2,605</u>	<u>610</u>
Long term borrowings:		
- Term loans	1,398	-
- Hire purchase payables	2,688	659
	<u>4,086</u>	<u>659</u>
Total borrowings	<u>6,691</u>	<u>1,269</u>

All the above borrowings are denominated in Ringgit Malaysia.

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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.

B9. Dividends

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

B10. Earnings per Share

	Quarter Ended		Year To Date Ended	
	2 Months 1 May 2018 to 30 Jun 2018	2 Months 1 May 2017 to 30 Jun 2017	17 Months 1 Feb 2017 to 30 Jun 2018	17 Months 1 Feb 2016 to 30 Jun 2017
Net profit/(loss) for the period attributable to equity holders (RM'000)	4,012	N/A	5,314	N/A
Number/Weighted average number of ordinary shares in issue ('000)	5,211,638	N/A	4,436,670	N/A
Basic profit/(loss) per share (sen)	0.08	N/A	0.12	N/A

B11. Realised and Unrealised Profits/Losses Disclosure

	Current Period To Date 30 Jun 2018 RM'000	Preceding Period To Date 30 Jun 2017 RM'000
Total unappropriated profit of the Company and its subsidiaries :		
- Realised	15,700	N/A
- Unrealised	(5,223)	N/A
	10,477	N/A
Add : Consolidation adjustments	71,105	N/A
Total Group retained profits	81,582	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.

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B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

	Current Period To Date 30 Jun 2018 RM'000	Preceding Period To Date 30 Jun 2017 RM'000
Profit/(loss) before tax is arrived after (charging)/crediting:		
Audit fee - current year	(407)	N/A
Bad debts written off	(135)	N/A
Depreciation	(9,065)	N/A
Directors' fee	(602)	N/A
Directors' remuneration	(348)	N/A
Loss on gold spots contracts	(3,813)	N/A
Hire purchase interest	(242)	N/A
Loss on foreign exchange	(122)	N/A
Property, plant and equipment written off	(56)	N/A
Rental of heavy equipment	(510)	N/A
Rental of hostel	(201)	N/A
Rental of land	(88)	N/A
Rental of office	(888)	N/A
Rental of premises	(2,280)	N/A
Term loan interest	(137)	N/A
and crediting the following items:		
Fair value gain on biological assets	31	N/A
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	5,134	N/A
Interest income	447	N/A

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B13. STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE EXERCISES

The proceeds from the previous rights issue exercise had been fully utilised as follow:

	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	30,000	-
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>228,780</u>	<u>-</u>

By Order of the Board

Chin Siew Kim
Company Secretary

28 August 2018