

**BORNEO OIL BERHAD**

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED  
30 JUNE 2019**

**(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 30 JUNE 2019**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|                                                     | Current Quarter                                    |                                                    | Cumulative Quarter                                  |                                                     |
|-----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
|                                                     | 3 Months<br>1 Apr 2019 to<br>30 Jun 2019<br>RM'000 | 3 Months<br>1 Apr 2018 to<br>30 Jun 2018<br>RM'000 | 12 Months<br>1 Jul 2018 to<br>30 Jun 2019<br>RM'000 | 12 Months<br>1 Jul 2017 to<br>30 Jun 2018<br>RM'000 |
| Revenue                                             | 25,903                                             | N/A                                                | 93,170                                              | N/A                                                 |
| Cost of sales                                       | (17,538)                                           | N/A                                                | (64,991)                                            | N/A                                                 |
| Gross profit                                        | 8,365                                              | N/A                                                | 28,179                                              | N/A                                                 |
| Other income                                        | 114,649                                            | N/A                                                | 115,388                                             | N/A                                                 |
| Operating expenses                                  | (117,596)                                          | N/A                                                | (137,693)                                           | N/A                                                 |
| Profit from operations                              | 5,418                                              | N/A                                                | 5,874                                               | N/A                                                 |
| Finance costs                                       | (217)                                              | N/A                                                | (709)                                               | N/A                                                 |
| Profit before taxation                              | 5,201                                              | N/A                                                | 5,165                                               | N/A                                                 |
| Taxation                                            | (11,849)                                           | N/A                                                | (11,906)                                            | N/A                                                 |
| Loss for the period                                 | (6,648)                                            | N/A                                                | (6,741)                                             | N/A                                                 |
| Other comprehensive (deficit)/income for the period |                                                    |                                                    |                                                     |                                                     |
| - Foreign currency translation                      | (11)                                               | N/A                                                | 22                                                  | N/A                                                 |
| Total comprehensive deficit for the period          | (6,659)                                            | N/A                                                | (6,719)                                             | N/A                                                 |
| Deficit attributable to:                            |                                                    |                                                    |                                                     |                                                     |
| - Owners of the parent                              | (6,648)                                            | N/A                                                | (6,741)                                             | N/A                                                 |
| Total comprehensive deficit attributable to:        |                                                    |                                                    |                                                     |                                                     |
| - Owners of the parent                              | (6,659)                                            | N/A                                                | (6,719)                                             | N/A                                                 |
| Loss per share                                      |                                                    |                                                    |                                                     |                                                     |
| - basic (sen)                                       | (0.13)                                             | N/A                                                | (0.13)                                              | N/A                                                 |
| - fully diluted (sen)                               | (0.13)                                             | N/A                                                | (0.13)                                              | N/A                                                 |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the period 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

Note:

In 2017, the Company changed its financial year ended from 31 January to 30 June and made up its financial statements for the 17 months period ended 30 June 2018.

# As such, no comparative figures are presented for Condensed Consolidated Statement of Comprehensive Income as there are no comparable interim periods (3 months ended 30 June 2018 and 12 months ended 30 June 2018) in the immediately preceding financial year. Comparative figures for the same financial year ended, ending 30 June will be available for interim financial reports for the financial year ending 30 June 2020 onwards.

**BORNEO OIL BERHAD**  
**(Company No. 121919-H)**  
**Incorporated in Malaysia**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|                                     | <b>Unaudited<br/>as at<br/>30 Jun 2019<br/>RM'000</b> | <b>Audited<br/>as at<br/>30 Jun 2018<br/>RM'000</b> |
|-------------------------------------|-------------------------------------------------------|-----------------------------------------------------|
| <b>Non Current Assets</b>           |                                                       |                                                     |
| Property, plant and equipment       | 34,454                                                | 65,745                                              |
| Investment properties               | 615,545                                               | 500,847                                             |
| Investment in golf club membership  | 64                                                    | 64                                                  |
| Development expenditure             | -                                                     | 3,370                                               |
| Exploration expenditure             | -                                                     | 39,154                                              |
| Intangible assets                   | -                                                     | 14,000                                              |
|                                     | <u>650,063</u>                                        | <u>623,180</u>                                      |
| <b>Current Assets</b>               |                                                       |                                                     |
| Inventories                         | 25,206                                                | 13,603                                              |
| Biological assets                   | 33                                                    | 31                                                  |
| Trade receivables                   | 15,754                                                | 32,190                                              |
| Other receivables                   | 7,713                                                 | 26,533                                              |
| Contract assets                     | 6,442                                                 | -                                                   |
| Tax recoverable                     | 1,827                                                 | 1,166                                               |
| Fixed deposits with licensed banks  | 3,625                                                 | 4,303                                               |
| Cash and bank balances              | 24,019                                                | 16,042                                              |
|                                     | <u>84,619</u>                                         | <u>93,868</u>                                       |
| <b>Total Assets</b>                 | <u>734,682</u>                                        | <u>717,048</u>                                      |
| <b>Shareholders' Fund</b>           |                                                       |                                                     |
| Share capital                       | 536,349                                               | 536,349                                             |
| Reserves                            | 80,296                                                | 81,551                                              |
| Retained profits                    | 56,702                                                | 66,696                                              |
|                                     | <u>673,347</u>                                        | <u>684,596</u>                                      |
| <b>Non Current Liabilities</b>      |                                                       |                                                     |
| Term loans                          | 9,224                                                 | 1,383                                               |
| Hire purchase creditors             | 1,901                                                 | 2,716                                               |
| Deferred tax liabilities            | 17,121                                                | 5,223                                               |
|                                     | <u>28,246</u>                                         | <u>9,322</u>                                        |
| <b>Current Liabilities</b>          |                                                       |                                                     |
| Trade payables                      | 7,335                                                 | 6,694                                               |
| Other payables                      | 21,371                                                | 13,590                                              |
| Hire purchase creditors             | 1,070                                                 | 912                                                 |
| Term loans                          | 307                                                   | 62                                                  |
| Banker acceptance                   | 1,181                                                 | 777                                                 |
| Bank overdraft                      | 1,731                                                 | 842                                                 |
| Tax payable                         | 94                                                    | 253                                                 |
|                                     | <u>33,089</u>                                         | <u>23,130</u>                                       |
| <b>Total Equity and Liabilities</b> | <u>734,682</u>                                        | <u>717,048</u>                                      |
| Net assets per share (RM)           | <u>0.13</u>                                           | <u>0.13</u>                                         |

**BORNEO OIL BERHAD**  
**(Company No. 121919-H)**  
**Incorporated in Malaysia**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(CONTINUED)**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 30 June 2018 and the accompanying 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 FOURTH QUARTER ENDED 30 JUNE 2019**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

|                                                                         | Non-Distributable Reserves |               |              |                  |                 |                 |                     | Distributable Reserves | Total Equity |
|-------------------------------------------------------------------------|----------------------------|---------------|--------------|------------------|-----------------|-----------------|---------------------|------------------------|--------------|
|                                                                         | Share Capital              | Share Premium | ESOS Reserve | Warrants Reserve | Capital Reserve | Treasury Shares | Translation Reserve | Retained Earnings      |              |
|                                                                         | RM'000                     | RM'000        | RM'000       | RM'000           | RM'000          | RM'000          | RM'000              | RM'000                 | RM'000       |
| <b>Balance as at 1 July 2018</b>                                        |                            |               |              |                  |                 |                 |                     |                        |              |
| - as previously stated                                                  | 536,349                    | -             | -            | 93,441           | -               | (11,961)        | 71                  | 66,696                 | 684,596      |
| - initial application of MFRS 9                                         | -                          | -             | -            | -                | -               | -               | -                   | (194)                  | (194)        |
| - initial application of MFRS 15                                        | -                          | -             | -            | -                | -               | -               | -                   | (3,059)                | (3,059)      |
| - restated                                                              | 536,349                    | -             | -            | 93,441           | -               | (11,961)        | 71                  | 63,443                 | 681,343      |
| <b>Total comprehensive income/ (deficit) for the financial period:-</b> |                            |               |              |                  |                 |                 |                     |                        |              |
| Profit for the financial period                                         | -                          | -             | -            | -                | -               | -               | -                   | (6,741)                | (6,741)      |
| Other comprehensive income for the financial period                     | -                          | -             | -            | -                | -               | -               | 22                  | -                      | 22           |
| <b>Total comprehensive income/(deficit)</b>                             | -                          | -             | -            | -                | -               | -               | 22                  | (6,741)                | (6,719)      |
| <b>Transactions with owners:-</b>                                       |                            |               |              |                  |                 |                 |                     |                        |              |
| Acquisition of treasury shares                                          | -                          | -             | -            | -                | -               | (1,277)         | -                   | -                      | (1,277)      |
| <b>Total transactions with owners</b>                                   | -                          | -             | -            | -                | -               | (1,277)         | -                   | -                      | (1,277)      |
| <b>Balance as at 30 June 2019</b>                                       | 536,349                    | -             | -            | 93,441           | -               | (13,238)        | 93                  | 56,702                 | 673,347      |

**BORNEO OIL BERHAD**  
**(Company No. 121919-H)**  
**Incorporated in Malaysia**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

|                                                                             | Non-Distributable Reserves |                         |                        |                            |                           |                           |                               | Distributable Reserves      | Total Equity<br>RM'000 |
|-----------------------------------------------------------------------------|----------------------------|-------------------------|------------------------|----------------------------|---------------------------|---------------------------|-------------------------------|-----------------------------|------------------------|
|                                                                             | Share Capital<br>RM'000    | Share Premium<br>RM'000 | ESOS Reserve<br>RM'000 | Warrants Reserve<br>RM'000 | Capital Reserve<br>RM'000 | Treasury Shares<br>RM'000 | Translation Reserve<br>RM'000 | Retained Earnings<br>RM'000 |                        |
| <b>Balance as at 1 February 2017</b>                                        | 302,880                    | 82,734                  | 44                     | 94,014                     | 15                        | (27,370)                  | (54)                          | 139,515                     | 591,778                |
| <b>Total comprehensive income/<br/>(deficit) for the financial period:-</b> |                            |                         |                        |                            |                           |                           |                               |                             |                        |
| Loss for the financial period                                               | -                          | -                       | -                      | -                          | -                         | -                         | -                             | (5,898)                     | (5,898)                |
| Other comprehensive income for<br>the financial period                      | -                          | -                       | -                      | -                          | -                         | -                         | 125                           | -                           | 125                    |
| <b>Total comprehensive income/(deficit)</b>                                 | -                          | -                       | -                      | -                          | -                         | -                         | 125                           | (5,898)                     | (5,773)                |
| <b>Transactions with owners:-</b>                                           |                            |                         |                        |                            |                           |                           |                               |                             |                        |
| Transfer in accordance with Section 618(2)<br>of the Companies Act, 2016    | 82,734                     | (82,734)                | -                      | -                          | (15)                      | -                         | -                             | 15                          | -                      |
| Share-based payment transactions                                            | -                          | -                       | 11,145                 | -                          | -                         | -                         | -                             | -                           | 11,145                 |
| ESOS exercised                                                              | 78,462                     | -                       | (11,145)               | -                          | -                         | -                         | -                             | -                           | 67,317                 |
| ESOS expired                                                                | -                          | -                       | (44)                   | -                          | -                         | -                         | -                             | 44                          | -                      |
| Warrants exercised                                                          | 3,484                      | -                       | -                      | (502)                      | -                         | -                         | -                             | -                           | 2,982                  |
| Warrant lapsed                                                              | -                          | -                       | -                      | (71)                       | -                         | -                         | -                             | 71                          | -                      |
| Bonus shares issued                                                         | 68,789                     | -                       | -                      | -                          | -                         | -                         | -                             | (68,789)                    | -                      |
| Bonus issue expenses                                                        | -                          | -                       | -                      | -                          | -                         | -                         | -                             | (476)                       | (476)                  |
| Acquisition of treasury shares                                              | -                          | -                       | -                      | -                          | -                         | (11,961)                  | -                             | -                           | (11,961)               |
| Disposal of treasury shares                                                 | -                          | -                       | -                      | -                          | -                         | 27,370                    | -                             | 2,214                       | 29,584                 |
| <b>Total transactions with owners</b>                                       | 233,469                    | (82,734)                | (44)                   | (573)                      | (15)                      | 15,409                    | -                             | (66,921)                    | 98,591                 |
| <b>Balance as at 30 June 2018</b>                                           | 536,349                    | -                       | -                      | 93,441                     | -                         | (11,961)                  | 71                            | 66,696                      | 684,596                |

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2018 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 FOURTH QUARTER ENDED 30 JUNE 2019**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

**Unaudited**  
**12 Months**  
**1 July 2018 to**  
**30 Jun 2019**  
**RM'000**

**CASH FLOW FROM OPERATING ACTIVITIES**

|                                                     |           |
|-----------------------------------------------------|-----------|
| Profit before taxation                              | 5,165     |
| Adjustments for:                                    |           |
| Bad debts written off                               | 204       |
| Depreciation of properties, plant and equipment     | 6,394     |
| Fair value gain on biological assets                | (2)       |
| Gain on disposal of properties, plant and equipment | (16)      |
| Gain on unrealised exchange differences             | (1)       |
| Impairment of development expenditure               | 3,884     |
| Impairment of exploration expenditure               | 44,557    |
| Impairment on intangible assets                     | 14,000    |
| Impairment on properties, plant and equipment       | 181       |
| Property, plant and equipment written off           | 26,962    |
| Impairment on receivables                           | 5,132     |
| Interest expense                                    | 709       |
| Interest income                                     | (191)     |
| Prepayment written off                              | 978       |
| Deposit written off                                 | 13,598    |
| Fair gain on investment properties                  | (114,076) |
| Operating profit before working capital changes     | 7,478     |
| Inventories                                         | (11,604)  |
| Trade receivables                                   | 11,059    |
| Other receivables, deposits and prepayments         | 4,093     |
| Trade payables                                      | 641       |
| Other payables and accruals                         | 4,723     |
| Contract assets                                     | (6,442)   |
| Cash generated from operations                      | 9,948     |
| Interest paid                                       | (709)     |
| Tax paid                                            | (1,176)   |
| Tax refund                                          | 349       |
| Net cash generated from operating activities        | 8,412     |

**BORNEO OIL BERHAD**  
**(Company No. 121919-H)**  
**Incorporated in Malaysia**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FOURTH QUARTER ENDED 30 JUNE 2019**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

|                                                             | <b>Unaudited<br/>12 Months<br/>1 July 2018 to<br/>30 Jun 2019<br/>RM'000</b> |
|-------------------------------------------------------------|------------------------------------------------------------------------------|
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                  |                                                                              |
| Acquisition of investment properties                        | (622)                                                                        |
| Additional of development expenditure                       | (514)                                                                        |
| Additional of exploration expenditure                       | (3,975)                                                                      |
| Withdrawal of fixed deposits                                | 678                                                                          |
| Proceeds from disposal of properties, plant and equipment   | 203                                                                          |
| Purchases of properties, plant and equipment                | (3,862)                                                                      |
| Interest received                                           | 191                                                                          |
| Net cash used in investing activities                       | <u>(7,901)</u>                                                               |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                  |                                                                              |
| Acquisition of treasury shares                              | (1,277)                                                                      |
| Addition of hire purchase payables, net                     | 676                                                                          |
| Drawdown of short term borrowings                           | 7,157                                                                        |
| Net cash generated from financing activities                | <u>6,556</u>                                                                 |
| <b>Net increase in cash and cash equivalents</b>            | <b>7,067</b>                                                                 |
| <b>Effect of foreign exchange rate changes</b>              | <b>22</b>                                                                    |
| <b>Cash and cash equivalents at the beginning of period</b> | <b>15,199</b>                                                                |
| <b>Cash and cash equivalents at the end of period</b>       | <b><u>22,288</u></b>                                                         |
| Cash and cash equivalents at the end of period:             |                                                                              |
| Cash and bank balances                                      | 24,019                                                                       |
| Less: Bank overdraft                                        | (1,731)                                                                      |
|                                                             | <u>22,288</u>                                                                |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the period ended 30 June 2018 and the accompanying explanatory notes attached to the interim financial statements.

Note:

In 2017, the Company changed its financial year ended from 31 January to 30 June and made up its financial statements for the 17 months period ended 30 June 2018.

As such, no comparative figures are presented for Condensed Consolidated Statement of Cash Flow as there are no comparable interim periods (12 months ended 30 June 2018) in the immediately preceding financial year. Comparative figures for the same financial year ended, ending 30 June will be available for interim financial reports for the financial year ending 30 June 2020 onwards.



**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, *INTERIM FINANCIAL REPORTING***

---

**A1. Change in Financial Year End**

In year 2017, the Group changed its financial year end from 31 January to 30 June effective from the financial period ended 30 June 2018.

The current financial quarter under review covers three (3) months period from 1 April 2019 to 30 June 2019 and represents the fourth quarter subsequent to the change of the Group's financial year end.

**A2. Basis of Preparation**

This interim financial report is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and complies with MFRS 134, *Interim Financial Reporting* and other MFRS issued by the Malaysian Accounting Standards Board ("MASB").

The interim financial report is unaudited and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2018.

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 Group since the financial period ended 30 June 2018.

**A3. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations**

The accounting policies adopted for the interim financial statements are consistent with those of the audited financial statements for the financial period ended 30 June 2018 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations:-

- MFRS 9, *Financial Instruments*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- Amendments to MFRS 1, *First-Time Adoption of MFRS 1 (Annual Improvements to MFRSs 2014 - 2016 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*
- Amendments to MFRS 140, *Transfers of Investment Property*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, INTERIM FINANCIAL REPORTING**

**A3. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations (Continued)**

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations did not result in material impact to the interim financial statements of the Group, except for the following:-

(a) MFRS 9, Financial Instruments

MFRS 9 replaces the provisions of MFRS 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

*Impact on financial statements*

The following table summarises the impact of transition to MFRS 9 on the opening balance of retained profits.

|                                         | <b>As<br/>previously<br/>stated<br/>RM'000</b> | <b>Effects of<br/>MFRS 9<br/>adoption<br/>RM'000</b> | <b>As restated<br/>RM'000</b> |
|-----------------------------------------|------------------------------------------------|------------------------------------------------------|-------------------------------|
| <b>STATEMENTS OF FINANCIAL POSITION</b> |                                                |                                                      |                               |
| <b>1 JULY 2018</b>                      |                                                |                                                      |                               |
| Retained profits                        | 66,696                                         | (194)                                                | 66,502                        |

*Classification and measurement of financial assets and financial liabilities*

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification and measurement of financial liabilities. However, it eliminates the previous MFRS 139 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of MFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments). The impact of MFRS 9 on the classification and measurement of financial assets is set out below.

Under MFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity instrument; or fair value through profit or loss ("FVTPL"). The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD  
(MFRS) 134, *INTERIM FINANCIAL REPORTING***

---

**A3. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations (Continued)**

(a) MFRS 9, Financial Instruments (Continued)

*Classification and measurement of financial assets and financial liabilities (Continued)*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; 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.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, INTERIM FINANCIAL REPORTING**

**A3. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations (Continued)**

(a) MFRS 9, Financial Instruments (Continued)

*Classification and measurement of financial assets and financial liabilities (Continued)*

The following table and the accompanying notes below explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's financial assets as at 1 July 2018.

|                                    | 30 JUNE 2018 | 1 JULY 2018                         |                                   |                |
|------------------------------------|--------------|-------------------------------------|-----------------------------------|----------------|
|                                    |              | Reclassification to MFRS 9 category |                                   |                |
|                                    | MFRS 139     | Remeasurement                       | Fair Value through Profit or Loss | Amortised cost |
|                                    | RM'000       | RM'000                              | RM'000                            | RM'000         |
| <b>FINANCIAL ASSETS</b>            |              |                                     |                                   |                |
| <b>Available-For-Sale</b>          |              |                                     |                                   |                |
| Other investments                  | 64           | -                                   | -*                                | -              |
| <b>Loan and receivables</b>        |              |                                     |                                   |                |
| Trade receivables                  | 32,190       | (173)                               | -                                 | 32,017         |
| Other receivables                  | 26,533       | (20)                                | -                                 | 26,513         |
| Fixed deposits with licensed banks | 4,303        | -                                   | -                                 | 4,303          |
| Cash and bank balances             | 16,042       | -                                   | -                                 | 16,042         |
|                                    | 79,132       | (194)                               | -                                 | 78,874         |

\* Consist of investment in unquoted securities with carrying amount of RM1.

*Impairment of financial assets*

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments. The Group applies the simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. This resulted in an increase of the loss allowance as disclosed in Note A3(a) *Classification and measurement of financial assets and financial liabilities* above.

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, *INTERIM FINANCIAL REPORTING***

---

**A3. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations (Continued)**

(a) MFRS 9, Financial Instruments (Continued)

*Hedge accounting*

MFRS 9 also incorporates new hedge accounting rules that intend to align hedge accounting with risk management practices. MFRS 9 does not cover guidance on macro hedge accounting as it will be addressed as a separate accounting standard project. MFRS 9 includes an accounting policy choice to defer the adoption of MFRS 9 hedge accounting and to continue with MFRS 139 hedge accounting. However, hedge accounting is not applicable to the Group.

(b) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, of *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:-

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Under MFRS 15, any bundled goods or services that are distinct should be separately recognised and any discounts or rebates on the contract price should generally be allocated to the separate elements. Consideration payable to a customer should be accounted for as a reduction of the revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfer to the entity. The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point of time at the end of a contract may have to be recognised over the contract term and vice versa.

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, INTERIM FINANCIAL REPORTING**

**A3. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations (Continued)**

*(b) MFRS 15, Revenue from Contracts with Customers (Continued)*

The Group has adopted MFRS 15 using modified retrospective method with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 July 2018). Accordingly, the information presented for financial year ended 2018 has not been restated – i.e. it is presented, as previously reported, under MFRS 118 and related interpretations.

The following table summarises the impact of transition of MFRS 15 on retained earnings at 1 July 2018.

|                                         | As<br>previously<br>stated<br>RM'000 | Effects of<br>MFRS 15<br>adoption<br>RM'000 | As restated<br>RM'000 |
|-----------------------------------------|--------------------------------------|---------------------------------------------|-----------------------|
| <b>STATEMENTS OF FINANCIAL POSITION</b> |                                      |                                             |                       |
| <b>1 JULY 2018</b>                      |                                      |                                             |                       |
| Retained profits                        | 66,696                               | (3,059)                                     | 63,637                |
| Deferred income                         | -                                    | 3,059                                       | 3,059                 |
| <b>STATEMENTS OF COMPREHENSIVE</b>      |                                      |                                             |                       |
| <b>INCOME FOR FINANCIAL YEAR</b>        |                                      |                                             |                       |
| <b>ENDED 1 JULY 2018</b>                |                                      |                                             |                       |
| Revenue                                 | 137,108                              | (3,059)                                     | 134,049               |
| Cost of sales                           | (93,969)                             | -                                           | (93,969)              |
| Gross profit                            | 43,139                               | (3,059)                                     | 40,080                |

The Group recognises revenue for franchise fee on the basis of the consideration received and receivable from franchisee. Upon adoption of MFRS 15, the Group is required to identify each promise to provide a service in a contract to a customer. A promise constitutes a performance obligation if the promised service is distinct. Based on the management's assessment, the franchise fee constitute a separate obligation and the revenue recognition should be deferred until the performance obligation is satisfied.

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, INTERIM FINANCIAL REPORTING**

---

**A3. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations (Continued)**

*MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective*

The following MFRSs, Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted other than marked “\*” which are not applicable to the Group:-

**Effective for financial periods beginning on or after 1 January 2019:-**

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendment to MFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to MFRS 128, *Long-term Interests in Associates and Joint Ventures*
- Amendment to MFRS 3, *Business Combinations* and MFRS 11, *Joint Arrangements- Previously Held Interest in a Joint Arrangements*
- Amendment to MFRS 112, *Income Taxes Consequences of Payments on Financial Instruments Classified as Equity*
- Amendments to MFRS 119, *Plan Amendment, Curtailment or Settlement*
- Amendment to MFRS 123, *Borrowing Costs Eligible for Capitalisation*

**Effective for financial periods beginning on or after 1 January 2020:**

- Amendments to MFRS 2, *Share-based Payment* \*
- Amendments to MFRS 3, *Business Combinations*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources*
- Amendments to MFRS 14, *Regulatory Deferral Accounts* \*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134, *Interim Financial Reporting*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*
- Amendments to MFRS 138, *Intangible Assets*
- Amendments to IC Interpretation 12, *Service Concession Arrangements* \*
- Amendments to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments* \*
- Amendments to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine* \*
- Amendments to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration* \*
- Amendments to IC Interpretation 132, *Intangible Assets – Web Site Costs* \*

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, INTERIM FINANCIAL REPORTING**

---

**A3. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations (Continued)**

*MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective (Continued)*

**Effective for annual periods beginning on or after 1 January 2021:-**

- MFRS 17, *Insurance Contracts* \*

**Effective for 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 initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group except for:-

**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 Leases – Incentives* 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 obligations 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 continues 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.



**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, *INTERIM FINANCIAL REPORTING***

---

**A4. Audit Report**

The auditors' report on the audited financial statements for the financial period ended 30 June 2018 was not qualified.

**A5. Seasonal or Cyclical Factors**

The operations of the Group are not materially affected by seasonal or cyclical factors.

**A6. Unusual Items**

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.

**A7. Material Changes in Estimates**

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

**A8. Issuance, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities**

There were repurchases of 5,100,000 issued ordinary shares from the open market during the quarter. Cumulative total number of shares repurchased at the end of the quarter was 151,646,000. The shares repurchased are being held as treasury shares in accordance with Section 127 of Companies Act 2016.

There were no other issuance, cancellations, resale and repayment of debt and equity securities other than disclosed above.

**A9. Dividends Paid**

There were no dividend paid during the quarter under review.

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD  
(MFRS) 134, *INTERIM FINANCIAL REPORTING***

---

**A10. Valuation of Investment Properties**

During the quarter, a revaluation exercise was carried out by the Group on the properties classified under Investment Properties. The revaluation resulted in a fair value gain of RM114 million. The revaluation was conducted by an independent valuer, VPC Alliance (Sabah) Sdn. Bhd..

**A11. Significant Event**

There were no significant event during the quarter.

**A12. Material Subsequent Event**

There were no material subsequent event to the end of the current quarter under review to the date of this report.

**A13. Changes in Composition of the Group**

There were no changes in the Group's composition during the quarter.

**A14. Changes in Contingent Liabilities or Contingent Assets**

The Group's contingent liabilities totaling RM 17.10 million comprises of corporate guarantees to licensed financial institutions for banking facilities granted to the subsidiaries of the Group.

**A15. Capital Commitments**

There were no capital commitments during the quarter.

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

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, *INTERIM FINANCIAL REPORTING***

**A16. Group Segmental Information**

|                                                               | Investment holdings               |                                 | Fast food, restaurants and related businesses |                                 | Contructions, property and management operations |                                 | Mining, energy and related businesses |                                 | Total Consolidated                |                                 |
|---------------------------------------------------------------|-----------------------------------|---------------------------------|-----------------------------------------------|---------------------------------|--------------------------------------------------|---------------------------------|---------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                                                               | Unaudited<br>30.06.2019<br>RM'000 | Audited<br>30.06.2018<br>RM'000 | Unaudited<br>30.06.2019<br>RM'000             | Audited<br>30.06.2018<br>RM'000 | Unaudited<br>30.06.2019<br>RM'000                | Audited<br>30.06.2018<br>RM'000 | Unaudited<br>30.06.2019<br>RM'000     | Audited<br>30.06.2018<br>RM'000 | Unaudited<br>30.06.2019<br>RM'000 | Audited<br>30.06.2018<br>RM'000 |
| <b>Revenue</b>                                                |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 |                                   |                                 |
| External revenue                                              | 36                                | 51                              | 48,837                                        | 69,543                          | 36,675                                           | 32,272                          | 7,622                                 | 35,242                          | 93,170                            | 137,108                         |
| Inter-segment revenue                                         | 1,647                             | 1,870                           | 1,003                                         | 1,500                           | -                                                | -                               | -                                     | -                               | 2,650                             | 3,370                           |
| <b>Total revenue</b>                                          | <b>1,683</b>                      | <b>1,921</b>                    | <b>49,840</b>                                 | <b>71,043</b>                   | <b>36,675</b>                                    | <b>32,272</b>                   | <b>7,622</b>                          | <b>35,242</b>                   | <b>95,820</b>                     | <b>140,478</b>                  |
| Less: Inter-segment revenue                                   |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | (2,650)                           | (3,370)                         |
|                                                               |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | <b>93,170</b>                     | <b>137,108</b>                  |
| <b>Results</b>                                                |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 |                                   |                                 |
| Segment results                                               | 6,273                             | (15,411)                        | (2,444)                                       | (2,626)                         | 91,854                                           | (1,642)                         | (51,037)                              | 19,209                          | 44,646                            | (470)                           |
| Consolidation elimination                                     |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | (20,663)                          | 6,297                           |
|                                                               |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | <b>23,983</b>                     | <b>5,827</b>                    |
| <i>Not included in the measure of segment profit/(loss):-</i> |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 |                                   |                                 |
| Depreciation and amortisation                                 |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | (6,394)                           | (7,484)                         |
| Finance costs                                                 |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | (709)                             | (379)                           |
| Interest income                                               |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | 191                               | 447                             |
| Income tax expenses                                           |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | (11,906)                          | (4,309)                         |
| <b>Profit/(Loss) for the financial period</b>                 |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | <b>5,165</b>                      | <b>(5,898)</b>                  |

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, *INTERIM FINANCIAL REPORTING***

**A16. Group Segmental Information (Continued)**

|                                       | Investment holdings               |                                 | Fast food, restaurants and related businesses |                                 | Contructions, property and management operations |                                 | Mining, energy and related businesses |                                 | Total Consolidated                |                                 |
|---------------------------------------|-----------------------------------|---------------------------------|-----------------------------------------------|---------------------------------|--------------------------------------------------|---------------------------------|---------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                                       | Unaudited<br>30.06.2019<br>RM'000 | Audited<br>30.06.2018<br>RM'000 | Unaudited<br>30.06.2019<br>RM'000             | Audited<br>30.06.2018<br>RM'000 | Unaudited<br>30.06.2019<br>RM'000                | Audited<br>30.06.2018<br>RM'000 | Unaudited<br>30.06.2019<br>RM'000     | Audited<br>30.06.2018<br>RM'000 | Unaudited<br>30.06.2019<br>RM'000 | Audited<br>30.06.2018<br>RM'000 |
| <b>Assets</b>                         |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 |                                   |                                 |
| Segment assets                        | 631,757                           | 645,395                         | 34,109                                        | 38,469                          | 491,086                                          | 415,206                         | 267,404                               | 328,920                         | 1,424,356                         | 1,427,990                       |
| Consolidation elimination             |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | (689,674)                         | (710,942)                       |
| <b>Consolidated total assets</b>      |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | <b>734,682</b>                    | <b>717,048</b>                  |
| <b>Liabilities</b>                    |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 |                                   |                                 |
| Segment liabilities                   | 7,300                             | 6,535                           | 52,755                                        | 51,750                          | 412,690                                          | 317,724                         | 272,931                               | 286,839                         | 745,676                           | 662,848                         |
| Loans and borrowings                  | -                                 | -                               | 3,411                                         | 2,736                           | 445                                              | 422                             | 11,558                                | 3,535                           | 15,414                            | 6,693                           |
| Deferred tax liabilities              | -                                 | -                               | 254                                           | 378                             | 13,536                                           | 2,730                           | 3,332                                 | 2,114                           | 17,122                            | 5,222                           |
| Consolidation elimination             |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | (716,877)                         | (642,311)                       |
| <b>Consolidated total liabilities</b> |                                   |                                 |                                               |                                 |                                                  |                                 |                                       |                                 | <b>61,335</b>                     | <b>32,452</b>                   |

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

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

**A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134, INTERIM FINANCIAL REPORTING**

**A16. Group Segmental Information (Continued)**

|                                                                | Current Quarter           |            | Cumulative Quarter        |            |
|----------------------------------------------------------------|---------------------------|------------|---------------------------|------------|
|                                                                | 1 Apr 2019 to 30 Jun 2019 |            | 1 Jul 2018 to 30 Jun 2019 |            |
|                                                                | Profit                    |            | Profit                    |            |
|                                                                | Revenue                   | Before Tax | Revenue                   | Before Tax |
|                                                                | RM'000                    | RM'000     | RM'000                    | RM'000     |
| Investment holdings                                            | 9                         | (586)      | 36                        | (3,655)    |
| Fast food, restaurants and related businesses                  | 12,513                    | (1,136)    | 48,837                    | (505)      |
| Contructions, property and management operations               | 12,311                    | 79,992     | 36,675                    | 82,287     |
| Mining, energy and related businesses                          | 1,070                     | (73,069)   | 7,622                     | (72,962)   |
| Group revenue and profit from operations (net of finance cost) | 25,903                    | 5,201      | 93,170                    | 5,165      |

**A17. Significant Related Party Transactions**

|                                                                 | Current Quarter                                    | Cumulative Quarter                                  |
|-----------------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|
|                                                                 | 3 Months<br>1 Apr 2019 to<br>30 Jun 2019<br>RM'000 | 12 Months<br>1 Jul 2018 to<br>30 Jun 2019<br>RM'000 |
| Dividend income among subsidiaries                              | 100,000                                            | 100,000                                             |
| Purchase of property, plant and equipment among subsidiaries    | 8,207                                              | 8,207                                               |
| Sales of fast food and restaurant operations among subsidiaries | 188                                                | 1,003                                               |
| Rental income among subsidiaries                                | 24                                                 | 96                                                  |
| Management fee among subsidiaries                               | 1,100                                              | 1,320                                               |
| Consultancy fee among subsidiaries                              | 82                                                 | 327                                                 |

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

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

**B1. Review of Performance- 4<sup>th</sup> Quarter ended 30 June 2019**

The Group ended the fourth quarter of the financial year with a total overall revenue of RM25.90 million as compared to RM22.73 million for the previous quarter.

The Fast food, restaurant and related businesses division (FFD) recorded a revenue of RM12.51 million. There was one new franchised outlet opening and five closure for SugarBun, while Pezzo reported three new franchised outlet opening and one closure during the quarter. As at end of this quarter, there were a total of 88 SugarBun outlets and 44 Pezzo outlets.

The Construction, property and management operations division (PMD) posted a revenue of RM12.31 million which was mainly attributable to an on-going project being undertaken.

The Mining, energy and related businesses division (MED) recorded a total revenue of RM1.07 million attributed mainly to the sales of limestone aggregates and tribute.

**B2. Changes in the Profit Before Taxation for the Current Financial Quarter ended 30 June 2019 as compared with the Immediate Preceding Quarter**

|                        | <b>Current Quarter<br/>ended<br/>30.06.2019<br/>RM'000</b> | <b>Preceding<br/>Quarter ended<br/>31.03.2019<br/>RM'000</b> | <b>Variances</b> |          |
|------------------------|------------------------------------------------------------|--------------------------------------------------------------|------------------|----------|
|                        |                                                            |                                                              | <b>RM'000</b>    | <b>%</b> |
| Revenue                | 25,903                                                     | 22,737                                                       | 3,166            | 14%      |
| Profit before taxation | 5,201                                                      | 539                                                          | 4,662            | 865%     |

The Group registered a profit before taxation of RM5.20 million for the current quarter as compared to RM0.54 million for the previous quarter.

FFD posted a loss of RM1.13million due mainly to the increase in food and logistics costs for the current quarter. The additional costs were absorbed by FFD due to the persistent weak market sentiment amid the stiff market competition.

PMD contribution of RM79.99 million profit to the Group's results for the current quarter was due mainly to a revaluation exercise on the properties classified under Investment Properties. The revaluation resulted in a fair value gain of RM114.07 million for the Group.

MED's recorded loss of RM73.06 million for the current quarter was primary attributable to the impairment of assets and expenditure relating to the mining and energy operations.

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

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

**B3. Current Year Prospects**

The Board has adopted a prudent stance for this financial year and provided for impairment on its mining and energy related assets and expenditure. Going forward, the Board is optimistic for the new financial year with the improvement in its earning base and will continue to identify more robust and strong growth business model for the Group.

**B4. Variation Profit Forecast / Profit Guarantee**

Not applicable as there were no profit forecast or guarantee issued.

**B5. Taxation**

|                            | <b>Individual Quarter</b> |                   | <b>Cumulative Quarter</b> |                   |
|----------------------------|---------------------------|-------------------|---------------------------|-------------------|
|                            | <b>30.06.2019</b>         | <b>30.06.2018</b> | <b>30.06.2019</b>         | <b>30.06.2018</b> |
|                            | <b>RM'000</b>             | <b>RM'000</b>     | <b>RM'000</b>             | <b>RM'000</b>     |
| Income tax- current year   | 142                       | -                 | 142                       | 1,074             |
| Income tax- prior year     | (192)                     | 556               | (135)                     | 996               |
| Deferred tax- current year | 14,330                    | 2,184             | 14,330                    | 2,184             |
| Deferred tax- prior year   | (2,431)                   | 55                | (2,431)                   | 55                |
|                            | <b>11,849</b>             | <b>2,795</b>      | <b>11,906</b>             | <b>4,309</b>      |

The increased in tax of RM7.60 million for the current year was mainly due to the deferred tax of RM14.33 million on the revaluation gain on investment properties. This was offset by the over provision of income tax of RM0.14 million and deferred tax of RM2.43 million for the previous year.

**B6. Corporate Proposals**

There were no corporate proposals announced but not completed as at reporting date.

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

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

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

**B7. Borrowings and Debts Securities**

|                          | <b>Unaudited<br/>as at<br/>30 Jun 2019<br/>RM'000</b> | <b>Audited<br/>as at<br/>30 Jun 2018<br/>RM'000</b> |
|--------------------------|-------------------------------------------------------|-----------------------------------------------------|
| Short term borrowings:   |                                                       |                                                     |
| - Bank overdrafts        | 1,731                                                 | 842                                                 |
| - Term loans             | 307                                                   | 839                                                 |
| - Banker acceptance      | 1,181                                                 | -                                                   |
| - Hire purchase payables | 1,070                                                 | 912                                                 |
|                          | 4,289                                                 | 2,593                                               |
| Long term borrowings:    |                                                       |                                                     |
| - Term loans             | 9,224                                                 | 1,383                                               |
| - Hire purchase payables | 1,901                                                 | 2,716                                               |
|                          | 11,125                                                | 4,099                                               |
| Total borrowings         | 15,414                                                | 6,692                                               |

All the above borrowings are denominated in Ringgit Malaysia.

**B8. Material Litigation**

The management is not aware of any material litigation which will have a material effect on the financial position or the business of the Group and the Board is not aware of any proceedings pending or threatened against the Group or of any fact likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group at the date of this report.

**B9. Dividends**

No dividend has been proposed and paid for during the current financial quarter ended 30 June 2019 and the previous audited financial period ended 30 June 2018.



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

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

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

**B10. Loss per Share**

|                                                                 | <b>Current<br/>Quarter</b>           | <b>Cumulative<br/>Quarter</b>        |
|-----------------------------------------------------------------|--------------------------------------|--------------------------------------|
|                                                                 | <b>3 Months</b>                      | <b>12 Months</b>                     |
|                                                                 | <b>1 Apr 2019 to<br/>30 Jun 2019</b> | <b>1 Jul 2018 to<br/>30 Jun 2019</b> |
| Net loss for the period attributable to equity holders (RM'000) | (6,648)                              | (6,741)                              |
| Weighted average number of ordinary shares in issue ('000)      | 5,193,088                            | 5,197,170                            |
| Basic loss per share (sen)                                      | (0.13)                               | (0.13)                               |

The diluted earnings per share of the Group is similar to the basic earnings per share as the Group does not have any material potential dilutive ordinary shares in issue.

**B11. Notes to the Condensed Consolidated Statement of Comprehensive Income**

Total comprehensive loss is arrived at after crediting/(charging):-

|                                                                 | <b>Current Quarter</b>               | <b>Cumulative Quarter</b>            |
|-----------------------------------------------------------------|--------------------------------------|--------------------------------------|
|                                                                 | <b>3 Months</b>                      | <b>12 Months</b>                     |
|                                                                 | <b>1 Apr 2019 to<br/>30 Jun 2019</b> | <b>1 Jul 2018 to<br/>30 Jun 2019</b> |
|                                                                 | <b>RM'000</b>                        | <b>RM'000</b>                        |
| <b>Profit before tax is arrived after (charging)/crediting:</b> |                                      |                                      |
| Bad debts written off: - non-trade                              | (131)                                | (131)                                |
| Bad debts written off: - trade                                  | (73)                                 | (73)                                 |
| Depreciation of property, plant and equipment                   | (2,066)                              | (6,394)                              |
| Deposits written off                                            | (13,598)                             | (13,598)                             |
| Impairment on intangible                                        | (14,000)                             | (14,000)                             |
| Impairment loss on development expenditure                      | (3,884)                              | (3,884)                              |
| Impairment on exploration expenditure                           | (44,557)                             | (44,557)                             |
| Impairment on receivables                                       | (5,132)                              | (5,132)                              |
| Interest expense                                                | (217)                                | (709)                                |
| Prepayment written off                                          | (978)                                | (978)                                |
| Impairment of property, plant and equipment                     | (181)                                | (181)                                |
| Property, plant and equipment written off                       | (26,962)                             | (26,962)                             |

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

**NOTES ON THE QUARTERLY REPORT- 30 JUNE 2019**

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

**B11. Notes to the Condensed Consolidated Statement of Comprehensive Income (continued)**

Total comprehensive loss is arrived at after crediting/(charging) (continued):-

|                                                   | <b>Current Quarter</b> | <b>Cumulative Quarter</b> |
|---------------------------------------------------|------------------------|---------------------------|
|                                                   | <b>3 Months</b>        | <b>12 Months</b>          |
|                                                   | <b>1 Apr 2019 to</b>   | <b>1 Jul 2018 to</b>      |
|                                                   | <b>30 Jun 2019</b>     | <b>30 Jun 2019</b>        |
|                                                   | <b>RM'000</b>          | <b>RM'000</b>             |
| <b>and crediting the following items:</b>         |                        |                           |
| Fair value gain on investment properties          | 114,076                | 114,076                   |
| Fair value gain on biological assets              | 2                      | 2                         |
| Gain on disposal of property, plant and equipment | 5                      | 16                        |
| Gain on unrealised exchange difference            | 16                     | 1                         |
| Interest income                                   | 140                    | 191                       |

**B12. Review by External Auditors**

The Board had engaged the external auditors to review and report on the interim condensed consolidated financial statements for the three-month period ended 30 June 2019. Accordingly, the interim condensed consolidated financial report for the financial period under review has been reviewed by the Company's external auditors in accordance with International Standard on Review Engagement 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

Based on the review by the external auditors, nothing has come to the external auditors' attention that causes them to believe that the accompanying condensed consolidated financial statements of Borneo Oil Berhad for the three months ended 30 June 2019 are not prepared, in all material respects, in accordance with MFRS 134, *Interim Financial Reporting*. The report was made to the Board in accordance to the terms of the engagement letter with the external auditors and for no other purpose.

By Order of the Board

Chin Siew Kim  
Company Secretary

29 August 2019