

**BORNEO OIL BERHAD**

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FIRST QUARTER ENDED  
30 SEPTEMBER 2018**

**(THE FIGURES HAVE NOT BEEN AUDITED)**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Current Quarter</b> <b>3 Months</b> <b>1 Jul 2018 to</b> <b>30 Sep 2018</b> <b>RM'000</b>
Revenue	20,773
Cost of sales	(13,915)
Gross profit	6,858
Other income	324
Operating expenses	(6,381)
Profit/(Loss) from operations	801
Finance costs	(88)
Profit/(Loss) before taxation	713
Taxation	-
Profit/(Loss) for the period	713
Other comprehensive income/(deficit) for the period	
- Foreign currency translation	(15)
Total comprehensive income/(deficit) for the period	698
Income/(Deficit) attributable to:	
- Owners of the parent	713
Total comprehensive income/(deficit) attributable to:	
- Owners of the parent	698
Earnings/(Loss) per share	
- basic (sen)	0.01
- fully diluted (sen)	0.01

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>Unaudited as at 30 Sep 2018 RM'000</b>	<b>Audited as at 30-Jun-18 RM'000</b>
<b>Non Current Assets</b>		
Property, plant and equipment	65,365	65,745
Investment properties	500,969	500,847
Other investments	64	64
Development expenditure	3,507	3,370
Exploration expenditure	40,951	39,154
Intangible assets	14,000	14,000
	<u>624,856</u>	<u>623,180</u>
<b>Current Assets</b>		
Inventories	26,311	13,603
Biological assets	31	31
Trade receivables	27,390	32,190
Other receivables	24,345	26,533
Amount owing by customer for contract works	423	-
Tax recoverable	1,533	1,166
Fixed deposits with licensed banks	4,344	4,303
Cash and bank balances	10,880	16,042
	<u>95,257</u>	<u>93,868</u>
<b>Total Assets</b>	<u><u>720,113</u></u>	<u><u>717,048</u></u>
<b>Shareholders' Fund</b>		
Share capital	536,349	536,349
Reserves	80,727	81,551
Retained profits	67,409	66,696
	<u>684,485</u>	<u>684,596</u>
<b>Non Current Liabilities</b>		
Long term borrowings	1,788	1,383
Hire purchase creditors	2,575	2,716
Deferred tax liabilities	5,223	5,223
	<u>9,586</u>	<u>9,322</u>
<b>Current Liabilities</b>		
Trade payables	9,727	6,694
Other payables	12,979	13,590
Hire purchase creditors	825	912
Short term borrowings	1,271	839
Bank overdraft	1,000	842
Tax payable	240	253
	<u>26,042</u>	<u>23,130</u>
<b>Total Equity and Liabilities</b>	<u><u>720,113</u></u>	<u><u>717,048</u></u>
Net assets per share (RM)	<u>0.13</u>	<u>0.13</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	ESOS Reserve RM'000	Warrants Reserve RM'000	Capital Reserve RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Retained Earnings 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/ (deficit) for the financial period:-</b>									
Loss for the financial period	-	-	-	-	-	-	-	(5,898)	(5,898)
Other comprehensive income for 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) 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

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

	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	
<b>Balance as at 1 July 2018</b>	536,349	-	-	93,441	-	(11,961)	71	66,696	684,596
<b>Total comprehensive income/ (deficit) for the financial period:-</b>									
Profit for the financial period	-	-	-	-	-	-	-	713	713
Other comprehensive income for the financial period	-	-	-	-	-	-	(15)	-	(15)
<b>Total comprehensive income/(deficit)</b>	-	-	-	-	-	-	(15)	713	698
<b>Transactions with owners:-</b>									
Acquisition of treasury shares	-	-	-	-	-	(809)	-	-	(809)
<b>Total transactions with owners</b>	-	-	-	-	-	(809)	-	-	(809)
<b>Balance as at 30 September 2018</b>	536,349	-	-	93,441	-	(12,770)	56	67,409	684,485

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.

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**CONSOLIDATED CASH FLOW STATEMENT**

	<b>Unaudited</b>
	<b>3 Months</b>
	<b>1 July 2018 to</b>
	<b>30 Sep 2018</b>
	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before taxation	713
Adjustments for:	
Depreciation of properties, plant and equipment	1,434
Interest expense	88
Interest income	(21)
Operating profit before working capital changes	2,214
Inventories	(12,709)
Trade receivables	4,800
Other receivables, deposits and prepayments	2,187
Trade payables	3,033
Other payables and accruals	(611)
Amount owing by contract customer	(423)
Cash (used in)/generated from operations	(1,509)
Interest received	21
Tax paid	(379)
Net cash (used in)/from operating activities	(1,867)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Acquisition of investment properties	(122)
Additional of development expenditure	(137)
Additional of exploration expenditure	(1,481)
(Placement)/withdrawal of fixed deposits	(41)
Purchases of properties, plant and equipment	(1,370)
Net cash (used in)/from investing activities	(3,151)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
Acquisition of treasury shares	(809)
Addition of hire purchase payables, net	1,106
Drawdown of bank overdraft	158
Drawdown/(repayment) of short term borrowings	(496)
Interest paid	(88)
Net cash (used in)/from financing activities	(129)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,147)</b>
<b>Effect of foreign exchange rate changes</b>	<b>(15)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>16,042</b>
<b>Cash and cash equivalents at the end of period</b>	<b>10,880</b>

**Notes on the quarterly report – 30 September 2018**

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

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**A1. Change in Financial Year End**

During the previous financial period, 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 July 2018 to 30 September 2018 and represents the first quarter subsequent to the change of the Group's financial year end. Accordingly, there were no comparative results and cash flow statement are presented.

**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 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 Company since the financial year ended 30 June 2018.

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 period ended 30 June 2018 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 September 2018**

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**A6. Changes in Estimates**

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

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

During the quarter, there were no issuance, cancellations, resale and repayment of debt and equity securities other than the repurchase of 12,400,000 ordinary shares held as treasury shares.

**A8. Dividends Paid**

There is no dividend paid during the quarter under review.

**A9. Valuation of Property, Plant & Equipment**

There were no valuation conducted during the quarter.

**A10. Significant Event**

There were no significant event during the quarter.

**A11. Subsequent Event**

There were no significant event after the quarter.

**A12. Changes in Composition of the Group**

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

**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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**Notes on the quarterly report – 30 September 2018**

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**A14. Group Segmental Information**

Group segmental results by business activities.

	<b>Current Quarter</b>	
	<b>1 Jul 2018 to 30 Sep 2018</b>	
		<b>Profit/(Loss)</b>
	<b>Revenue</b>	<b>Before Tax</b>
	<b>RM'000</b>	<b>RM'000</b>
Head office & others	9	(890)
Fast food & franchise operations	11,907	384
Property, Management & operations	4,475	193
Mining, energy & related operations	4,382	1,026
Group revenue and profit from operations (net of finance cost)	<u>20,773</u>	<u>713</u>

**Notes on the quarterly report – 30 September 2018**

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

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**B1. Review of Performance**

The Group ended the first quarter of the new financial year with a total overall revenue of RM20.77 million.

The Fast Food and Franchise Division (FFD) recorded a revenue of RM11.90 million. There were one new franchised outlet opening and three closures for SugarBun, while Pezzo reported two closures during the quarter. As at end of this quarter, there were a total of 90 SugarBun outlets and 41 Pezzo outlets.

The Property Management and Operations Division (PMD) posted a revenue of RM4.47 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 RM4.38 million. During the quarter, a total of 137.50oz of gold dore were extracted from 36,376 MT of ore mined under the Gold Mining section and 100,986 MT of limestones was sold under Limestones section.

**B2. Review of Results**

The Group registered an overall profit before taxation of RM0.71 million for the current quarter.

FFD contributed a profit of RM0.38 million to the Group's current quarter results were due mainly to the abolishment of GST starting from 1 June 2018 which triggered the sales increase and contributed favorably to the bottom line.

PMD's profit of RM0.19 million for the current quarter was in line with the profit accruing from the project undertaken as stated above.

MED recorded a profit of RM1.02 million for the current quarter was primary attributable to the sales of limestones which is progressing well as planned.

**B3. Current Year Prospects**

The Group's plan for each division are progressing well as envisage. Barring unforeseen circumstances, the Board is confident that the overall operations will continue to contribute positively to the overall Group's results.

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**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**

	<b>Unaudited as at 30 Sep 2018 RM'000</b>	<b>Audited as at 30 Jun 2018 RM'000</b>
Short term borrowings:		
- Bank overdrafts	1,000	842
- Term loans	1,271	839
- Hire purchase payables	825	912
	<u>3,096</u>	<u>2,593</u>
Long term borrowings:		
- Term loans	1,788	1,383
- Hire purchase payables	2,575	2,716
	<u>4,363</u>	<u>4,099</u>
Total borrowings	<u>7,459</u>	<u>6,692</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**

	<b>Current Quarter</b>
	<b>3 Months</b>
	<b>1 Jul 2018 to</b>
	<b>30 Sep 2018</b>
Net profit/(loss) for the period attributable to equity holders (RM'000)	713
Weighted average number of ordinary shares in issue ('000)	5,199,796
Basic profit/(loss) per share (sen)	0.01

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**Notes on the quarterly report – 30 September 2018**

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

	<b>Current Quarter</b>
	<b>3 Months</b>
	<b>1 Jul 2018 to</b>
	<b>30 Sep 2018</b>
	<b>RM'000</b>
<b>Profit/(loss) before tax is arrived after (charging)/crediting:</b>	
Amortisation of prepaid lease rental	(5)
Audit fee	(20)
Bank overdraft interest	(5)
Depreciation	(1,434)
Directors' fee	(41)
Directors' remuneration	(66)
Hire purchase interest	(69)
Interest on term loan	(14)
Rental of heavy equipment	(1)
Rental of hostel	(48)
Rental of land	(17)
Rental of office	(172)
Rental of premises	(366)
<b>and crediting the following items:</b>	
Gain on exchange difference	9
Interest income	21

By Order of the Board

Chin Siew Kim  
Company Secretary

29 November 2018