

BORNEO OIL BERHAD

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED
31 MARCH 2019**

(THE FIGURES HAVE NOT BEEN AUDITED)

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(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Current Quarter | Cumulative Quarter |
|---|-----------------|--------------------|
| | 3 Months | 9 Months |
| | 1 Jan 2019 to | 1 Jul 2018 to |
| | 31 Mar 2019 | 31 Mar 2019 |
| | RM'000 | RM'000 |
| Revenue | 22,737 | 67,267 |
| Cost of sales | (15,500) | (47,453) |
| Gross profit | 7,237 | 19,814 |
| Other income | 268 | 739 |
| Operating expenses | (6,728) | (20,097) |
| Profit/(Loss) from operations | 777 | 456 |
| Finance costs | (238) | (492) |
| Profit/(Loss) before taxation | 539 | (36) |
| Taxation | (57) | (57) |
| Profit/(Loss) for the period | 482 | (93) |
| Other comprehensive income/(deficit) for the period | | |
| - Foreign currency translation | 20 | 33 |
| Total comprehensive income/(deficit) for the period | 502 | (60) |
| Income/(Deficit) attributable to: | | |
| - Owners of the parent | 482 | (93) |
| Total comprehensive income/(deficit) attributable to: | | |
| - Owners of the parent | 502 | (60) |
| Earnings/(Loss) per share | | |
| - basic (sen) | 0.01 | (0.00) |
| - fully diluted (sen) | 0.01 | (0.00) |

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited as at 31 Mar 2019 RM'000 | Audited as at 30 Jun 2018 RM'000 |
|---|---|---|
| Non Current Assets | | |
| Property, plant and equipment | 66,027 | 65,745 |
| Investment properties | 501,469 | 500,847 |
| Other investments | 64 | 64 |
| Development expenditure | 3,766 | 3,370 |
| Exploration expenditure | 43,720 | 39,154 |
| Intangible assets | 14,000 | 14,000 |
| | <u>629,046</u> | <u>623,180</u> |
| Current Assets | | |
| Inventories | 26,242 | 13,603 |
| Biological assets | 31 | 31 |
| Trade receivables | 38,898 | 32,190 |
| Other receivables | 18,974 | 26,533 |
| Amount owing by customer for contract works | 9,487 | - |
| Tax recoverable | 2,148 | 1,166 |
| Fixed deposits with licensed banks | 3,533 | 4,303 |
| Cash and bank balances | 4,641 | 16,042 |
| | <u>103,954</u> | <u>93,868</u> |
| Total Assets | <u><u>733,000</u></u> | <u><u>717,048</u></u> |
| Shareholders' Fund | | |
| Share capital | 536,349 | 536,349 |
| Reserves | 80,531 | 81,551 |
| Retained profits | 66,603 | 66,696 |
| | <u>683,483</u> | <u>684,596</u> |
| Non Current Liabilities | | |
| Long term borrowings | 9,373 | 1,383 |
| Hire purchase creditors | 2,192 | 2,716 |
| Deferred tax liabilities | 5,223 | 5,223 |
| | <u>16,788</u> | <u>9,322</u> |
| Current Liabilities | | |
| Trade payables | 9,716 | 6,694 |
| Other payables | 18,827 | 13,590 |
| Hire purchase creditors | 913 | 912 |
| Short term borrowings | 1,776 | 839 |
| Bank overdraft | 1,318 | 842 |
| Tax payable | 179 | 253 |
| | <u>32,729</u> | <u>23,130</u> |
| Total Equity and Liabilities | <u><u>733,000</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 | |
| Balance as at 1 February 2017 | 302,880 | 82,734 | 44 | 94,014 | 15 | (27,370) | (54) | 139,515 | 591,778 |
| Total comprehensive income/ (deficit) for the financial period:- | | | | | | | | | |
| Loss for the financial period | - | - | - | - | - | - | - | (5,898) | (5,898) |
| Other comprehensive income for the financial period | - | - | - | - | - | - | 125 | - | 125 |
| Total comprehensive income/(deficit) | - | - | - | - | - | - | 125 | (5,898) | (5,773) |
| Transactions with owners:- | | | | | | | | | |
| 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 |
| Total transactions with owners | 233,469 | (82,734) | (44) | (573) | (15) | 15,409 | - | (66,921) | 98,591 |
| Balance as at 30 June 2018 | 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 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 | |
| Balance as at 1 July 2018 | 536,349 | - | - | 93,441 | - | (11,961) | 71 | 66,696 | 684,596 |
| Total comprehensive income/ (deficit) for the financial period:- | | | | | | | | | |
| Profit for the financial period | - | - | - | - | - | - | - | (93) | (93) |
| Other comprehensive income for the financial period | - | - | - | - | - | - | 32 | - | 32 |
| Total comprehensive income/(deficit) | - | - | - | - | - | - | 32 | (93) | (61) |
| Transactions with owners:- | | | | | | | | | |
| Acquisition of treasury shares | - | - | - | - | - | (1,052) | - | - | (1,052) |
| Total transactions with owners | - | - | - | - | - | (1,052) | - | - | (1,052) |
| Balance as at 31 March 2019 | 536,349 | - | - | 93,441 | - | (13,013) | 103 | 66,603 | 683,483 |

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

| | Unaudited 9 Months 1 July 2018 to 31 Mar 2019 RM'000 |
|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | |
| Profit before taxation | (36) |
| Adjustments for: | |
| Depreciation of properties, plant and equipment | 5,389 |
| Gain on disposal of properties, plant and equipment | (12) |
| Interest expense | 492 |
| Interest income | (51) |
| Operating profit before working capital changes | 5,782 |
| Inventories | (12,639) |
| Trade receivables | (6,708) |
| Other receivables, deposits and prepayments | 7,559 |
| Trade payables | 3,022 |
| Other payables and accruals | 5,235 |
| Amount owing by contract customer | (9,487) |
| Cash (used in)/generated from operations | (7,236) |
| Interest received | 51 |
| Tax paid | (1,113) |
| Net cash (used in)/from operating activities | <u>(8,298)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | |
| Acquisition of investment properties | (622) |
| Additional of development expenditure | (396) |
| Additional of exploration expenditure | (4,565) |
| (Placement)/withdrawal of fixed deposits | 770 |
| Proceeds from disposal of properties, plant and equipment | 199 |
| Purchases of properties, plant and equipment | (5,859) |
| Net cash (used in)/from investing activities | <u>(10,473)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | |
| Acquisition of treasury shares | (1,052) |
| Addition of hire purchase payables, net | 810 |
| Drawdown/(repayment) of bank overdraft | 476 |
| Drawdown/(repayment) of short term borrowings | 7,595 |
| Interest paid | (492) |
| Net cash (used in)/from financing activities | <u>7,337</u> |
| Net (decrease)/increase in cash and cash equivalents | (11,434) |
| Effect of foreign exchange rate changes | 33 |
| Cash and cash equivalents at the beginning of period | 16,042 |
| Cash and cash equivalents at the end of period | <u>4,641</u> |

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Notes on the quarterly report – 31 March 2019

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

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 January 2019 to 31 March 2019 and represents the third 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.

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 5,400,000 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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A14. Group Segmental Information

Group segmental results by business activities.

| | Current Quarter | | Cumulative Quarter | |
|--|----------------------------------|-------------------|----------------------------------|-------------------|
| | 1 Jan 2019 to 31 Mar 2019 | | 1 Jul 2018 to 31 Mar 2019 | |
| | Profit/(Loss) | | Profit/(Loss) | |
| | Revenue | Before Tax | Revenue | Before Tax |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Head office & others | 9 | (982) | 27 | (3,069) |
| Fast food & franchise operations | 11,591 | 38 | 36,324 | 631 |
| Property, Management & operations | 10,163 | 1,866 | 24,364 | 2,295 |
| Mining, energy & related operations | 974 | (383) | 6,552 | 107 |
| | 22,737 | 539 | 67,267 | (36) |
| Group revenue and profit from operations (net of finance cost) | 22,737 | 539 | 67,267 | (36) |

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

B1. Review of Performance

The Group ended the third quarter of the financial year with a total overall revenue of RM22.73 million.

The Fast Food and Franchise Division (FFD) recorded a revenue of RM11.59 million. There were three new franchised outlet opening and five closure for SugarBun, while Pezzo reported two new franchised outlet opening and four closure during the quarter. As at end of this quarter, there were a total of 92 SugarBun outlets and 42 Pezzo outlets.

The Property Management and Operations Division (PMD) posted a revenue of RM10.16 million which was mainly attributable to an on-going project being undertaken.

The Mining, Energy and Related Operations Division (MED) recorded a total revenue of RM0.97 million. During the quarter, a total of 41.78oz of gold dore were extracted from 16,464 MT of ore mined under the Gold Mining section.

B2. Review of Results

The Group registered a profit before taxation of RM0.53 million for the current quarter.

FFD posted a slight profit of RM0.03 million for the current quarter due to the decline in revenue of RM1.23 million as compared to the previous quarter. This was mainly due to the effect of Sales & Service Tax which resulted in a higher cost of sales and coupled with the persistent weak market sentiment which continued to affect the overall revenue for FFD.

PMD contribution of RM1.86 million profit to the Group's results for the current quarter was in line with the profit arising from the project undertaken as stated above.

MED's recorded loss of RM0.38 million for the current quarter was primary attributable to the reduction in mine activities during the quarter.

B3. Current Year Prospects

The Board is satisfied with the above results for the current quarter under circumstances which they were achieved. Notwithstanding this, the Board is optimistic and hopeful that the overall results for the coming quarters will improve.

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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

| | Unaudited as at 31 Mar 2019 RM'000 | Audited as at 30 Jun 2018 RM'000 |
|--------------------------|---|---|
| Short term borrowings: | | |
| - Bank overdrafts | 1,318 | 842 |
| - Term loans | 1,776 | 839 |
| - Hire purchase payables | 913 | 912 |
| | <u>4,007</u> | <u>2,593</u> |
| Long term borrowings: | | |
| - Term loans | 9,373 | 1,383 |
| - Hire purchase payables | 2,192 | 2,716 |
| | <u>11,565</u> | <u>4,099</u> |
| Total borrowings | <u>15,572</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

| | Current Quarter | Cumulative Quarter |
|--|------------------------|---------------------------|
| | 3 Months | 9 Months |
| | 1 Jan 2019 to | 1 Jul 2018 to |
| | 31 Mar 2019 | 31 Mar 2019 |
| Net profit/(loss) for the period attributable to equity holders (RM'000) | 482 | (93) |
| Weighted average number of ordinary shares in issue ('000) | 5,196,411 | 5,198,507 |
| Basic profit/(loss) per share (sen) | 0.01 | (0.00) |

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B11. Notes to the Condensed Consolidated Statement of Comprehensive Income

| | Current Quarter | Cumulative Quarter |
|--|-----------------|--------------------|
| | 3 Months | 9 Months |
| | 1 Jan 2019 to | 1 Jul 2018 to |
| | 31 Mar 2019 | 31 Mar 2019 |
| | RM'000 | RM'000 |
| Profit/(loss) before tax is arrived after (charging)/crediting: | | |
| Amortisation of prepaid lease rental | (6) | (16) |
| Audit fee | (18) | (40) |
| Bank overdraft interest | (21) | (45) |
| Depreciation | (1,473) | (4,328) |
| Directors' fee | (47) | (117) |
| Directors' remuneration | (118) | (250) |
| Hire purchase interest | (104) | (235) |
| Interest on term loan | (112) | (212) |
| Loss on exchange difference | 41 | (15) |
| Rental of heavy equipment | - | (1) |
| Rental of hostel | (66) | (182) |
| Rental of land | (11) | (40) |
| Rental of office | (247) | (892) |
| Rental of premises | (365) | (1,078) |
| and crediting the following items: | | |
| Gain on disposal of property, plant and equipment | 11 | 11 |
| Interest income | 5 | 51 |

By Order of the Board

Chin Siew Kim
Company Secretary

28 May 2019