

BORNEO OIL BERHAD

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED
31 JANUARY 2018**

(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 31 JANUARY 2018
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Fourth Quarter		Cummulative Year	
	Unaudited	Corresponding	Unaudited	Audited
	Current Period	Period	Current year	Previous year
	31-Jan-18	31-Jan-17	31-Jan-18	31-Jan-17
	RM'000	RM'000	RM'000	RM'000
Revenue	26,676	30,744	90,193	160,826
Cost of sales	(16,710)	(26,129)	(52,171)	(139,599)
Gross profit	9,966	4,615	38,022	21,227
Other income	258	14,427	4,129	82,989
Operating expenses	(16,553)	(8,731)	(36,591)	(52,955)
Profit/(loss) from operations	(6,329)	10,311	5,560	51,261
Finance cost	(102)	(96)	(199)	(2,608)
Profit/(loss) before tax	(6,431)	10,215	5,361	48,653
Taxation	(60)	523	(70)	(2,207)
Profit/(loss) for the period	(6,491)	10,738	5,291	46,446
Exchange diff. from translation of foreign ops	-	-	-	18
Comprehensive profit/(loss) for the period	(6,491)	10,738	5,291	46,464
Profit/(loss) attributable to:				
- equity holders of the Company	(6,491)	10,738	5,291	46,464
- non-controlling interest	-	-	-	-
	(6,491)	10,738	5,291	46,464
Total comprehensive profit/(loss) attributable to:				
- equity holders of the Company	(6,491)	10,738	5,291	46,464
- non-controlling interest	-	-	-	-
	(6,491)	10,738	5,291	46,464
Profit/(loss) per share (sen)				
- basic (sen)	(0.13)	0.35	0.15	1.55
- fully diluted (sen)	n/a	n/a	n/a	n/a

BORNEO OIL BERHAD
(Company No. 121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31-Jan-18	Audited as at 31-Jan-17
	RM'000	RM'000
Non Current Assets		
Property, plant & equipment	207,193	194,141
Investment properties	294,471	271,784
Prepaid lease payments	1,250	-
Intangible assets	18,971	14,000
Development expenditure	3,075	2,280
Exploration expenditure	37,536	27,337
Other investment	64	64
	562,560	509,606
Current Assets		
Inventories	15,383	14,268
Trade receivables	3,843	3,345
Other receivables	65,102	14,451
Gold spot contracts	-	227,897
Amount owing by customer for contract works	2,895	-
Biological assets	24	-
Fixed deposits with licensed banks	4,404	4,040
Cash and bank balances	41,421	42,706
Tax recoverable	-	274
	133,072	306,981
Total Assets	695,632	816,587
Shareholders' Fund		
Share capital	511,909	302,880
Share premium	-	82,735
Other reserves	82,347	66,648
Retained profits	77,754	139,515
	672,010	591,778
Non-controlling interest	1	-
	672,011	591,778
Current Liabilities		
Trade Payables	3,630	7,132
Other Payables	11,383	213,424
Short term borrowings	788	610
Tax payable	194	-
	15,995	221,166
Non Current Liabilities		
Deferred taxation	2,984	2,984
Long term borrowings	4,643	659
	7,627	3,643
Total Equity and Liabilities	695,632	816,587
Net assets per share (RM)	0.13	0.19

BORNEO OIL BERHAD
(Company No. 121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-distributable reserves						Distributable reserves		Total Equity	
	Share capital	Share premium	Exchange reserves	Treasury Shares	ESOS reserves	Capital reserves	Warrants reserves	Accumulated (losses)/Profit		Non-controlling interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>Year ended 31 January 2017</u>										
Balance as of 1 February 2016	296,180	80,725	(72)	(26,021)	44	15	94,014	93,069	-	537,954
Issue of shares	6,700	2,010	-	-	-	-	-	-	-	8,710
Acquisition of treasury shares	-	-	-	(1,349)	-	-	-	-	-	(1,349)
Exchange reserve	-	-	17	-	-	-	-	-	-	17
Net profit for the year	-	-	-	-	-	-	-	46,446	-	46,446
Balance as of 31 January 2017	302,880	82,735	(55)	(27,370)	44	15	94,014	139,515	-	591,778
<u>Year ended 31 January 2018</u>										
Balance as of 1 February 2017	302,880	82,735	(55)	(27,370)	44	15	94,014	139,515	-	591,778
Issue of shares	209,029	(82,735)	-	-	-	-	-	(67,052)	-	59,242
Acquisition of treasury shares	-	-	-	(11,671)	-	-	-	-	-	(11,671)
Disposal of treasury shares	-	-	-	27,370	-	-	-	-	-	27,370
Net profit for the period	-	-	-	-	-	-	-	5,291	-	5,291
Balance as of 31 January 2018	511,909	-	(55)	(11,671)	44	15	94,014	77,754	-	672,010

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

BORNEO OIL BERHAD
(Company No. 121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018
THE FIGURES HAVE NOT BEEN AUDITED

CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	Audited
	Current year	Preceding year
	to date	to date
	31-Jan-18	31-Jan-17
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	5,361	48,653
Adjustment for:		
Allowance for impairment of obsolete inventories	-	47
Amortisation of prepaid lease rental	-	842
Bad debts written off	-	1,210
Deposits written off	-	27
Fair value loss on investment in quoted shares	-	116
Fair value loss on gold spot contracts	9,438	-
Fair value gain on investment properties	-	(52,700)
Depreciation - current year	5,030	6,617
Gain on disposal of investment properties	(2,846)	(4,558)
(Gain)/loss on disposal of property, plant & equipment	57	(864)
Prepaid lease rental	(1,250)	9,201
Property, plant & equipment written off	-	3,294
Reversal of impairment loss on investment in quoted securities	-	(25)
Interest income	(417)	(3,848)
Interest expenses	200	2,608
Operating profit before working capital changes	15,573	10,620
Receivables	(54,447)	94,550
Payables	(205,543)	132,818
Gold spot contracts	227,897	(155,893)
Inventory	(1,115)	6,060
Cash used in operations	(17,635)	88,155
Interest received	417	3,848
Tax refund	-	32
Tax paid	(2,114)	(370)
Net cash used in operating activities	(19,332)	91,665

BORNEO OIL BERHAD
(Company No. 121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 JANUARY 2018
THE FIGURES HAVE NOT BEEN AUDITED

CONSOLIDATED CASH FLOW STATEMENT (Continue)

	Unaudited current year to date	Audited Preceding Year to date
	31-Jan-18	31-Jan-17
	RM'000	RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Additional development expenditure	(795)	(155)
Additional exploration expenditure	(10,200)	(10,000)
Additions of other investments	-	(5,821)
Addition of intangible assets	-	-
Purchase of property, plant & equipment	(18,138)	(121,545)
Purchase of investment property	(26,368)	(29,058)
Proceeds from disposal of investment in quoted shares	-	9,701
Proceeds from disposal of property, plant & equipment	(24)	1,901
Proceeds from disposal of investment properties	-	15,500
(Placement)/withdrawal of fixed deposits pledged to banks	(363)	160,904
Net cash outflow from acquisition of subsidiary	(4,970)	-
Net cash used in investing activities	(60,858)	21,427
CASH FLOW FROM FINANCING ACTIVITIES		
Acquisition of treasury shares	-	(1,350)
Proceeds from disposal of treasury shares	15,699	-
Proceeds from issuance of shares	59,243	8,710
Repayment of term loan	1,445	(811)
Repayment of finance lease payables	2,717	809
Repayment of bank overdraft	-	(94,124)
Interest paid	(199)	(2,608)
Net cash from financing activities	78,905	(89,374)
Net (decrease)/increase in cash and cash equivalents	(1,285)	23,718
Exchange reserve	-	(180)
Cash & cash equivalents at the beginning of period	42,706	19,168
Cash & cash equivalents at the end of period	41,421	42,706
Cash & cash equivalents at the end of the financial period:		
Cash and bank balances	41,421	42,706

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

Notes on the quarterly report – 31 January 2018

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

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and Chapter 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 January 2017. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 January 2017.

All the MFRSs and IC Interpretations applicable to the Group have been applied in the preparation of the current quarter report as in previous quarters.

A2. Audit Report

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

A3. Seasonal or Cyclical Factors

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

A4. 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.

A5. 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.

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

Notes on the quarterly report – 31 January 2018

A6. Issuance, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

During the quarter:

- 1) 84,496,000 ordinary shares were repurchased amounting to RM7.76 million.
- 2) 417,448,000 ESOS shares were issued, and
- 3) 12,227,550 Warrant B were converted.

A7. Dividends Paid

There is no dividend paid during the quarter under review.

A8. Valuation of Property, Plant & Equipment

There were no valuation conducted during the quarter.

A9. Significant Event

There were no significant events during the quarter.

A10. Subsequent Events

- a) On 13 February 2018, the Company announced the acquisition via sublease of one (1) parcel of quarry land measuring 5.378 hectares situated at Ulu Segama, District of Lahad Datu, Sabah.
- b) On the 16 March 2018, the Company announced the disposal of the entire shareholding of Segama Ventures Sdn Bhd by Segama Resources Sdn Bhd, being one of the wholly owned subsidiary of Borneo Oil & Gas Corporation Sdn Bhd, which is a wholly owned subsidiary of Borneo Oil Berhad.
- c) On 26th January 2018, a notice to Warrant B Holders notifying them of the expiry of the Said Warrant B (2008/2018) that was due on 28th February 2018.

A11. Changes in Composition of the Group

There was no major changes in the Group's composition during the quarter except for the disposal of Segama Ventures Sdn Bhd as stated in A10 (b) above.

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

Notes on the quarterly report – 31 January 2018

A12. Changes in Contingent Liabilities or Contingent Assets

The Group's contingent liabilities totaling RM 5.66 mil comprises of corporate guarantees given on behalf of subsidiaries in securing banking facilities.

A13. Group Segmental Information

Group segmental results by business activities.

	Current quarter to date		Corresponding quarter to date	
	31-Jan-18		31-Jan-17	
	Revenue	Profit/(Loss) before tax	Revenue	Profit/(Loss) before tax
	RM'000	RM'000	RM'000	RM'000
Head office & others	9	(1,642)	9	419
Fast food & franchise operations	11,517	(336)	12,613	390
Property, Management & operations	13,256	828	1,501	16,875
Mining, energy & related operations	1,894	(5,281)	16,621	(7,469)
Group revenue and profit from operations (net of finance cost)	26,676	(6,431)	30,744	10,215

A14. Financial Assets and Liabilities

There were none during the quarter.

Notes on the quarterly report – 31 January 2018

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

B1. Review of Performance

The Group's overall performance was satisfactory based on total revenue of RM26.67 mil achieved in the current quarter and RM90.19 mil for the year ended 31 January 2018, notwithstanding the vast and disproportionate difference in comparative figures, attributable mainly to certain revenues of non-operational in revenue included there-in. This was expected considering that it was achieved at the back of various factors prevailing then as explained below.

The fast food and franchise division's (FFD) performance was commendable despite slightly lower recorded revenue of RM11.51 mil in the current quarter against its corresponding quarter of RM12.61 mil considering that it was achieved against the continuing unfavorable market conditions that prevailed in previous quarters. During the quarter, one Pezzo and four SugarBun new franchised outlets were opened with two closures.

The property, management & related operation (PMD) division performed well this quarter with its RM13.25 mil contribution to the Group against its corresponding quarter of RM1.50 mil. It was attributable mainly to a project undertaken by the division's management section during the quarter.

The mining, energy & related operation division (MED) contributed RM1.89 mil in the current quarter as compared to its corresponding quarter of RM16.62 mil. This was mainly due to unrealized loss arising from fair value valuation of unsold gold spot contracts based on the price and exchange rate as at the closing date. During the quarter a total of 158.89 oz of gold dore out of 47,900.20 MT of ore mined as compared to the preceding quarter of 302.03 oz of gold dore out of 103,365.40 MT. The reduction in gold production for the 4th Quarter of 158.89 oz was due to the unusual monsoon with heavy rain which hampered operations. Mitigation and rectification works were carried out during this period.

B2. Review of Results

The Group's recorded a profit of RM5.29 mil for the year was much lower as compared to the corresponding year of RM46.46 mil with a recorded loss of RM6.49 mil for the quarter against RM10.73 mil profit made in the corresponding quarter.

FFD's result for the quarter given the factors as stated above was reasonable. The loss of RM0.33 mil was mainly due to expenses incurred on promotional events undertaken which otherwise would have recorded a profit for the quarter.

PMD's profit of RM0.82 mil for the quarter was in line with profit accruing from the project undertaken as stated above whilst increase in fair value of RM17.10 mil arising from revaluation of investment property was included in the corresponding quarter.

B2. Review of Results (Con't)

MED's loss of RM5.28 mil in the current quarter was mainly due to the gold spot trading activities undertaken following the division's consolidation exercise on this activity by squaring-off of all outstanding gold spot contracts. This resulted in a loss, being the difference between the trading account's actual net position and the book's net assets and liabilities which were accounted for previously on a fair value basis based on gold price and exchange rates as at the closing date.

B3. Current Year Prospects

Despite the overall poor results as recorded for reasons as explained above the Group's ongoing operations and those in the pipeline are in order. With close monitoring and necessary actions being taken, both remedial and prevention, the Board is confident that they would contribute positively as previously envisaged.

With the successful test run of the Bio-Fraction Vetrolysis Plant and the division working closely with foreign experts in this field, the Board is optimistic that the project will contribute positively to the Group upon its full completion for commercial production in the near future.

The 1st phase of the exploration and drilling activities in Bukit Ibam mine were completed with 5,000 metres of core drill and lab analysis. The company is in the process of compiling all geological data. With the completion of the 1st phase of exploration and drilling, the initial mining operation is expected to start operations in April 2018. The Heap Leaching Pilot Project had successfully tested its process and a small scale start-up production will begin operation by the end of April 2018. Bearing unforeseen circumstances, once successful, the production will be scaled up gradually, with a target production of 2 kg to 10 kg dore gold monthly.

The Licence Holder(LH) of the Integrated Limestone Processing Plant (ILPP) had commenced earth and foundation works. With careful planning and corporation with LH, the Group hopes to benefit from the ILPP through the supply of limestone to the same and through some other mutually beneficial arrangements with LH. Any development in such arrangements of the ILPP, once finalised and if it involved the Group will be announced accordingly.

B4. Variation Profit Forecast / Profit Guarantee

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

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

Notes on the quarterly report – 31 January 2018

B5. Taxation

The amount of provision made was as discussed under 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 current year to date		Audited Preceding year to date
	31-Jan-18		31-Jan-17
	RM'000		RM'000
Short term borrowings :			
- Bank overdraft	-		460
- Hire purchase payables	788		150
	<u>788</u>		<u>610</u>
Long term borrowings :			
- Term loans	1,445		-
- Hire purchase payables	3,198		659
	<u>4,643</u>		<u>659</u>
Total borrowings	<u><u>5,431</u></u>		<u><u>1,269</u></u>
All the above borrowings are denominated in Ringgit Malaysia.			

B8. Material Litigation

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

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

Notes on the quarterly report – 31 January 2018

B9. Dividends

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

B10. Earnings per Share

	Individual quarter ended		Cummulative period ended	
	31-Jan-18	31-Jan-17	31-Jan-18	31-Jan-17
Basic profit per share	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period attributable to equity holders	(6,490)	10,738	5,291	46,446
Number Weighted average number of shares in issue ('000)	4,880,573	3,028,801	3,496,753	3,005,884
Basic profit/(loss) per share (sen)	(0.13)	0.35	0.15	1.55

B11. Realised and Unrealised Profits/Losses Disclosure

	Current year to date	Preceding year to date
	31-Jan-18	31-Jan-17
	RM'000	RM'000
Total unappropriated profits/(losses) of the Company and its subsidiaries:		
- Realised	65,992	126,205
- Unrealised	(2,984)	(1,147)
	63,008	125,058
Add : Consolidation adjustments	14,746	14,457
Total Group Retained Profits	77,754	139,515

The disclosure of realised and unrealised profits/losses above is solely for compliance with the directive issued by BURSA and should not be used for any other purpose.

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

Notes on the quarterly report – 31 January 2018

B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

Profit/(loss) before tax is derived after charging / (crediting) :

	Current year	Preceding year to date
	31-Jan-18	31-Jan-17
	RM'000	RM'000
Allowance for impairment of obsolete inventories	-	47
Amortisation of prepaid lease rental	-	843
Audit fee - current year	230	230
- overprovision in prior years	-	(32)
Bad debts written off	-	1,210
Deposits written off	-	27
Depreciation	5,030	6,617
Directors' remuneration	461	432
Fair value loss on gold spot contracts	9,438	-
Prepaid lease rental written off	-	9,201
Hire purchase interest	166	-
IPO expenses written off	1,182	-
Loss on disposal of property, plant & equipment	57	-
Property, plant and equipment written off	-	3,294
Rental of heavy equipment	1,027	217
Rental of hostel	174	129
Rental of land	45	24
Rental of premises	1,478	1,541
Term loan interest	32	-
<u>And crediting the following items:</u>		
Fair value gain on investment properties	-	52,700
Fair value loss on investment in quoted securities	-	(116)
Gain on disposal of investment properties	2,846	4,558
Gain on disposal of property, plant and equipment	-	864
Gain on foreign exchange	140	95
Interest income	417	3,848
Reversal of impairment loss on investment in quoted securities	-	25
Rental income	78	-

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

Notes on the quarterly report – 31 January 2018

B13. STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE EXERCISES

Rights Issue Exercise:

	Proposed Utilisation RM'000	Time Frame for Utilisation (Months)	Actual Utilisation RM'000	Balance Unutilised RM'000
Exploration expenditure for gold mining operation	15,000	Within 24 mths	15,000	-
Purchase of machineries & equipment for gold mining operation	30,000	Within 24 mths	28,725	1,275
Working capital for gold mining operation	75,621	Within 30 mths	75,621	-
Purchase of plant and equipment for limestone mining operation	10,000	Within 12 mths	10,000	-
Working capital for limestone mining operation	8,000	Within 24 mths	8,000	-
Working capital for fast food operation	5,000	Within 12 mths	5,000	-
Future investments	60,000	Within 24 mths	60,000	-
Repayment of borrowings	20,409	Within 3 mths	20,409	-
Estimated expenses in relation to the Rights Issue with warrants	4,750	Within 3 mths	4,750	-
	<u>228,780</u>		<u>227,505</u>	<u>1,275</u>

By Order of the Board

Chin Siew Kim
Company Secretary

30 March 2018