

BORNEO OIL BERHAD

**Company Reg. No. 198901005309 (121919-H)
(Incorporated in Malaysia)**

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED
31 MARCH 2020**

(THE FIGURES HAVE NOT BEEN AUDITED)

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Jan 2020 to 31 Mar 2020 RM'000	3 Months 1 Jan 2019 to 31 Mar 2019 RM'000	9 Months 1 Jul 2019 to 31 Mar 2020 RM'000	9 Months 1 Jul 2018 to 31 Mar 2019 RM'000
Revenue	19,722	22,737	72,128	67,267
Cost of sales	(12,664)	(15,500)	(51,892)	(47,453)
Gross profit	7,058	7,237	20,236	19,814
Other income	158	268	2,834	739
Operating expenses	(7,009)	(6,728)	(21,319)	(20,097)
Profit from operations	207	777	1,751	456
Finance costs	(263)	(238)	(869)	(492)
Profit/(Loss) before taxation	(56)	539	882	(36)
Taxation	(544)	(57)	(582)	(57)
Profit/(Loss) for the period	(600)	482	300	(93)
Other comprehensive income for the financial period				
- Foreign currency translation	187	20	205	32
Total comprehensive income/(deficit) for the financial period	(413)	502	505	(61)
Income/(Deficit) attributable to:				
- Owners of the parent	(600)	482	300	(93)
Total comprehensive income/(deficit) attributable to:				
- Owners of the parent	(413)	502	505	(61)
Earnings/(Loss) per share				
- basic (sen)	(0.01)	0.01	0.01	0.00
- diluted (sen)	(0.01)	0.01	0.00	0.00

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 30 June 2019.

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 Mar 2020 RM'000	Audited as at 30 Jun 2019 RM'000
Non Current Assets		
Property, plant and equipment	21,163	34,585
Right-of-use assets	3,614	-
Investment properties	625,456	615,545
Other investments	64	64
Development expenditure	235	-
	<u>650,532</u>	<u>650,194</u>
Current Assets		
Inventories	21,420	25,206
Biological assets	-	33
Trade receivables	38,186	15,754
Other receivables	4,643	7,713
Contract asset	2,456	6,442
Tax recoverable	2,399	1,827
Fixed deposits with licensed banks	3,916	3,625
Cash and bank balances	7,302	24,019
	<u>80,322</u>	<u>84,619</u>
Total Assets	<u>730,854</u>	<u>734,813</u>
Shareholders' Fund		
Share capital	536,349	536,349
Reserves	77,539	80,296
Retained earnings	56,737	56,833
	<u>670,625</u>	<u>673,478</u>
Non Current Liabilities		
Long term borrowings	10,866	9,224
Hire purchase creditors	1,195	1,905
Lease liabilities	1,913	-
Deferred tax liabilities	17,121	17,121
	<u>31,095</u>	<u>28,250</u>
Current Liabilities		
Trade payables	3,766	7,946
Other payables	18,249	20,760
Hire purchase creditors	913	1,066
Short term borrowings	1,674	1,488
Lease liabilities	2,120	-
Bank overdraft	1,732	1,731
Tax payable	680	94
	<u>29,134</u>	<u>33,085</u>
Total Equity and Liabilities	<u>730,854</u>	<u>734,813</u>
Net assets per share (RM)	<u>0.13</u>	<u>0.13</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 30 June 2019.

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable Reserves				Distributable Reserves	Total Equity
	Share Capital	Warrants Reserve	Treasury Shares	Translation Reserve	Retained Earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2019, previously stated	536,349	93,441	(13,238)	93	56,833	673,478
Adjustment on initial application of MFRS 16, net of tax	-	-	-	-	(396)	(396)
At 1 July 2019, restated	536,349	93,441	(13,238)	93	56,437	673,082
Total comprehensive income for the financial period:-						
Profit for the financial period	-	-	-	-	300	300
Other comprehensive income for the financial period	-	-	-	205	-	205
Total comprehensive income	-	-	-	205	300	505
Transactions with owners:-						
Acquisition of treasury shares	-	-	(2,962)	-	-	(2,962)
Total transactions with owners	-	-	(2,962)	-	-	(2,962)
At 31 March 2020	536,349	93,441	(16,200)	298	56,737	670,625

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Non-Distributable Reserves				Distributable Reserves	Total Equity RM'000
	Share Capital RM'000	Warrants 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:-						
Loss 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 accompanying notes and the Annual Audited Financial Statements for the year ended 30 June 2019.

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 Months 1 Jul 2019 to 31 Mar 2020 RM'000	9 Months 1 July 2018 to 31 Mar 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:-		
Profit/(Loss) before taxation	882	(36)
Adjustments for:		
Amortisation of prepaid lease rental	10	-
Bad debts written back - other receivables	(330)	-
Fair value adjustment on biological assets	33	-
Gain on disposal of property, plant and equipment	-	(12)
Reversal of impairment loss on other receivables	(1,740)	-
Reversal of impairment loss on trade receivables	(21)	-
Depreciation of properties, plant and equipment	5,043	5,389
Loss on disposal of property, plant and equipment	669	-
Loss on unrealised exchange difference	275	-
Property, plant and equipment written off	262	-
Interest expense	869	492
Interest income	(86)	(51)
Changes in working capital:-	<u>5,866</u>	<u>5,782</u>
Inventories	3,787	(12,639)
Trade receivables	(22,685)	(6,708)
Other receivables, deposits and prepayments	5,139	7,559
Trade payables	(4,180)	3,022
Other payables and accruals	(2,513)	5,235
Contract asset	3,987	(9,487)
	<u>(10,599)</u>	<u>(7,236)</u>
Interest paid	(869)	(492)
Tax paid	(569)	(1,113)
Tax refunded	-	-
Net Operating Cash Flows	<u>(12,037)</u>	<u>(8,841)</u>

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 31 MARCH 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	9 Months 1 Jul 2019 to 31 Mar 2020 RM'000	9 Months 1 July 2018 to 31 Mar 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES:-		
Acquisition of investment properties	(65)	(622)
Additional of development expenditure	(235)	(396)
Additional of exploration expenditure	-	(4,565)
(Placement)/withdrawal of fixed deposits	(291)	770
Proceeds from disposal of properties, plant and equipment	389	199
Purchases of properties, plant and equipment	(1,349)	(5,859)
Interest received	86	51
Net Investing Cash Flows	(1,465)	(10,422)
CASH FLOWS FROM FINANCING ACTIVITIES:-		
Acquisition of treasury shares	(2,962)	(1,052)
Net lease liabilities	(1,449)	-
(Repayment)/drawdown of hire purchase payables, net	(862)	810
Drawdown of term borrowings, net	1,757	6,819
Drawdown of banker's acceptance, net	70	776
Net Financing Cash Flows	(3,446)	7,353
NET CHANGE IN CASH AND CASH EQUIVALENTS	(16,948)	(11,910)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	230	33
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	22,288	15,200
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	5,570	3,323
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,302	4,641
Bank overdrafts	(1,732)	(1,318)
	5,570	3,323

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes and the Annual Audited Financial Statements for the year ended 30 June 2019.

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

A1. 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 2019.

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 year ended 30 June 2019.

A2. 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 year ended 30 June 2019 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations:-

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

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 16: Leases

MFRS 16 replaces 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 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

A2. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations (Continued)

accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees is also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group has adopted MFRS 16 using the modified retrospective method. Accordingly, the Group has not restated the comparative information. The Group has elected to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group therefore has not applied the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

The summary of the impact (increase/(decrease)) from MFRS 16 adoption on the statement of financial position as at 1 July 2019 is as follows:

Group	RM'000
Non-current assets	
Right-of-use assets	5,086
Non-current liabilities	
Lease liabilities	3,577
Current liabilities	
Lease liabilities	1,905
Equity	
Retained earnings	(396)

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

A2. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations (Continued)

(a) MFRS 16: Leases (continued)

- 1) Recognition of right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments immediately before the date of initial application.
- 2) Recognition of lease liability at the date of initial application, measured at the present value of remaining lease payments, discounted at the Group's weighted average incremental borrowing rate of 4.9%.

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 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* *

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

- MFRS 17, *Insurance Contracts* *

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

A2. Changes in accounting policies arising from adoption of new MFRSs, Amendments to MFRSs and IC Interpretations (Continued)

Effective for financial periods beginning on or after 1 January 2022:-

- Amendment to MFRS 101, Presentation of Financial Statement – Classification of Liabilities as Current or Non-current

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

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*

A3. Audit Report

The auditors' report on the audited financial statements for the financial year ended 30 June 2019 was not qualified.

A4. Seasonal or Cyclical Factors

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

A5. Unusual Items

There were no items or events that arose, which affect the assets, liabilities, equity, net income or cash flows, that were unusual by reason of their nature, size or incidence.

A6. 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.

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

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

There were repurchases of 15,370,000 issued ordinary shares from the open market during the quarter. Cumulative total number of shares repurchased at the end of the quarter was 217,946,000. 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.

A8. Dividends Paid

There was no dividend paid during the quarter under review.

A9. Valuation of Investment Properties

There were no valuations conducted during the quarter.

A10. Significant Event

There were no significant events during the quarter.

A11. Material Subsequent Event

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

A12. Changes in Composition of the Group

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

A13. Changes in Contingent Liabilities or Contingent Assets

The Group's contingent liabilities totalling RM 20.10 million comprises of corporate guarantees to licensed financial institutions for banking facilities granted to the subsidiaries of the Group.

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

A14. Capital Commitments

There was no material capital commitment which was not provided for in the Interim Financial Statements as at reporting date.

A15. Significant Related Party Transactions

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Jan 2020 to 31 Mar 2020 RM'000	3 Months 1 Jan 2019 to 31 Mar 2019 RM'000	9 Months 1 Jul 2019 to 31 Mar 2020 RM'000	9 Months 1 Jul 2018 to 31 Mar 2019 RM'000
Sales of fast food and restaurant operations among subsidiaries	134	206	611	814
Sales of limestones among subsidiaries	493	-	711	-
Rental income among subsidiaries	24	24	72	72
Management fee among subsidiaries	330	330	990	990
Consultancy fee among subsidiaries	134	81	298	244

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

A16. Group Segmental Information

	Head office & others		Food and franchise operations		Property investment & management		Resources & sustainable energy		Total Consolidated	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External revenue	27	27	33,653	36,324	25,563	24,363	12,885	6,553	72,128	67,267
Inter-segment revenue	1,288	464	611	814	-	-	711	-	2,610	1,278
Total revenue	1,315	491	34,264	37,138	25,563	24,363	13,596	6,553	74,738	68,545
Less: Inter-segment revenue									(2,610)	(1,278)
									72,128	67,267
Results										
Segment results	(1,896)	(1,563)	1,474	1,598	600	2,323	6,557	3,440	6,735	5,798
Consolidation elimination									(27)	(4)
									6,708	5,794
<i>Not included in the measure of segment profit/(loss):-</i>										
Depreciation and amortisation									(5,043)	(5,389)
Finance costs									(869)	(492)
Interest income									86	51
Income tax expenses									(582)	(57)
Profit/(Loss) for the financial period									300	(93)

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

A16. Group Segmental Information (Continued)

	Head office & others		Food and franchise operations		Property investment & management		Resources & sustainable energy		Total Consolidated	
	31.03.2020	30.06.2019	31.03.2020	30.06.2019	31.03.2020	30.06.2019	31.03.2020	30.06.2019	31.03.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets										
Segment assets	626,350	631,757	33,281	34,109	506,478	491,086	269,816	267,534	1,435,925	1,424,486
Consolidation elimination									(705,071)	(689,673)
Consolidated total assets									730,854	734,813
Liabilities										
Segment liabilities	7,333	7,300	34,083	52,755	427,145	412,690	271,867	272,931	740,428	745,676
Loans and borrowings	-	-	5,223	3,411	332	445	10,825	11,558	16,380	15,414
Deferred tax liabilities	-	-	254	254	13,535	13,535	3,332	3,332	17,121	17,121
Consolidation elimination									(713,700)	(716,876)
Consolidated total liabilities									60,229	61,335

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

B1. Financial Review for the Current Quarter

	Individual Quarter		Individual Quarter	
	1 Jan 2020 to 31 Mar 2020		1 Jan 2019 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	(1,534)	9	(982)
Food and franchise operations	8,813	(995)	11,591	38
Property investment & management	2,270	(692)	10,163	1,866
Resources & sustainable energy	8,630	3,165	974	(383)
Group revenue and (loss)/(profit) from operations (net of finance cost)	19,722	(56)	22,737	539

The Group's revenue of RM19.72 million for the current quarter was lower by RM3.02 million as compared to RM22.74 million for the corresponding quarter. This was mainly due to the decline in revenue registered by the Food and franchise operations and Property investment & management caused by the ongoing COVID-19 pandemic and Movement Control Order ("MCO").

The Group registered a loss before tax of RM0.06 million for the current quarter as compared to a profit before tax of RM0.54 million for the corresponding quarter. This was mainly due to the lower revenue registered from the above mentioned segments for the current quarter.

The Food and Franchise Operations ("FFO") recorded a reduction in revenue of RM2.78 million due to the MCO, which took effect on 18 March 2020 to rein in the spread of COVID-19. Our FFO was adversely affected as with many other F&B operations in Malaysia. Our F&B revenue for the month of March 2020 saw a sharp decline of more than 50% prior to the outbreak of COVID-19 as our F&B outlets were only restricted to take-away and food delivery services during this period. The loss before tax of RM1.00 million for the quarter was mainly due to the reduction in revenue and loss of RM0.55 million on disposal of property, plant and equipment.

The Property Investment & Management ("PIM") registered a lower revenue of RM7.89 million and a corresponding loss before tax RM0.69 million against the preceding corresponding quarter. This was mainly due to the reduction in activities on site for the project management of a construction of an Integrated Limestone Processing Plant nearing completion which was further dampened with the restricted business activities during MCO.

The Resources & Sustainable Energy ("RSE") reported an increase in revenue of RM7.66 million with a corresponding profit before tax of RM3.17 million for the current quarter mainly contributed by the increase in sale of limestones just before the imposition of the MCO.

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

B2. Financial Review for the Current Quarter Compared with the Immediate Preceding Quarter

	Current Quarter ended 31 Mar 2020 RM'000	Preceding Quarter ended 31-Dec-19 RM'000	Variances	
			RM'000	%
Revenue	19,722	29,173	(9,451)	-32%
(Loss)/Profit before taxation	(56)	534	(590)	-110%

The Group registered a revenue of RM19.72 million and a loss before taxation of RM0.56 million for the current quarter as compared to a revenue of RM29.17 million and a profit before taxation of RM0.53 million for the immediate preceding quarter.

The Group posted a lower revenue of RM9.45 million which was primarily due to the restricted and prohibited business activities during the MCO.

However, the disproportionate decrease in loss before taxation of RM0.59 million was mainly due to the decline in revenue for the current quarter for the above mentioned reasons coupled with the loss on disposal of property, plant and equipment of RM0.55 million registered during the current quarter.

B3. Prospects

The COVID-19 pandemic is still raging globally. Experts globally are predicting multiple waves of infections as countries start to ease their measures.

Although Malaysia has achieved positive developments in the fight against the COVID-19 epidemic during the MCO, the Government may be forced to reinstate the MCO on affected areas if there is any resurgence of significant cases during the MCO. The economy of Malaysia may sink into a deeper recession this year with negative spillover from the outbreak of COVID-19 pandemic, declining crude oil prices and deteriorating US-China trade war. While the Government had responded with Prihatin Rakyat Economic Stimulus Package, the outlook for the overall economy remains weak and may worsen in the coming quarters.

Against this backdrop, the Board anticipates our businesses will be faced with challenges ahead, nonetheless, the Board will continue to exercise caution and guide the Group through these turbulent waters.

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

B4. Variation Profit Forecast/Profit Guarantee

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

B5. Taxation

The tax charge for the Group are as follows:-

	Individual Quarter	Cumulative Quarter
	3 Months	9 Months
	1 Jan 2020 to 31 Mar 2020	1 Jul 2019 to 31 Mar 2020
	RM'000	RM'000
Income tax- current year	(544)	(582)
Income tax- prior year	-	-
Deferred tax- current year	-	-
Deferred tax- prior year	-	-
	(544)	(582)

The disproportionate tax charge of the Group for the current quarter was mainly due to the utilisation of tax losses bought forward by the subsidiary companies.

B6. Corporate Proposals

The following status of corporate proposals announced but not completed at the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report:

- 1) On 28 February 2020, the Company announced the withdrawal that the previous listing application pursuant to the Multiple Proposals which had been submitted to Bursa Securities on 14 February 2020 will be withdrawn after taking into consideration the uncertainty of the current market condition, which may impact the Proposed Private Placement.

Nevertheless, the Board intends to proceed with the ESOS Proposals (i.e. Proposed Termination of ESOS and Proposed New ESOS). In this respect, an announcement on the ESOS Proposals will be made in due course. Accordingly thereafter, a new application pursuant to the ESOS Proposals will be submitted to Bursa Securities.

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

B6. Corporate Proposals (Continued)

- 2) On 12 March 2020, the Company announced the undertaking of the proposed New Issue of Securities (Chapter 6 of Listing Requirements) ESOS.
 - (i) termination of the existing ESOS ("Existing ESOS"); and
 - (ii) an establishment of a new ESOS of up to 15% of the total number of issued shares in Borneo Oil Berhad (excluding treasury shares) at any point in time over the duration of the ESOS for eligible persons ("New ESOS").
- 3) On 10 April 2020, the Company announced that the listing application in relation to the proposed New Issue of Securities (Chapter 6 of Listing Requirements) ESOS has been submitted to Bursa Malaysia Securities Berhad on 10 April 2020.
- 4) On 20 April 2020, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 17 April 2020, resolved to approve the listing of such number of additional new ordinary shares representing up to 15% of the total issued shares of Borneo Oil Berhad (excluding treasury shares, if any) to be issued pursuant to the exercise of options under the Proposed New ESOS, subject to the following conditions:-
 - (i) UOB Kay Hian is required to submit a confirmation to Bursa Securities of full compliance of the Proposed New ESOS pursuant to Paragraph 6.43(1) of the Main Market Listing Requirements of Bursa Securities and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting approving the Proposed New ESOS, and
 - (ii) Borneo Oil Berhad is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of options under the Proposed New ESOS as at the end of each quarter together with a detailed computation of listing fees payable.
- 5) On 5 May 2020, an announcement was made with reference to the earlier announcements dated 12 March 2020, 10 April 2020 and 20 April 2020 in relation to the proposed New Issue of Securities (Chapter 6 of Listing Requirements) ESOS.

Pursuant to Paragraph 9.33(1)(b) of the Main Market Listing Requirements of Bursa Securities ("Bursa Securities"), Borneo Oil Berhad must issue the circular in relation to the Proposals within 14 market days after receipt of:-

- (i) Bursa Securities' confirmation that it has no further comments; or
- (ii) the approval from other relevant authorities in respect of the corporate proposal, where such approval is required,

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

B6. Corporate Proposals (Continued)

whichever is the later.

In view of the above and on behalf of Board, UOB Kay Hian had, on 5 May 2020, submitted an application to Bursa Securities to seek its approval for an extension of time for the Company to issue the circular pertaining to the proposals to its shareholders.

- 6) On 18 May 2020, the Company announced that Bursa Securities had, vide its letter dated 15 May 2020, resolved to grant the Company an extension of time from 13 May 2020 up to 27 May 2020 for the issuance of circular pertaining to the proposed New Issue of Securities (Chapter 6 of Listing Requirements) ESOS to its shareholders.
- 7) The Company had on 22 May 2020 issued the Circular/Notice in relation to the
 - (i) Proposed termination of existing Employees' Share Option Scheme ("ESOS") of Borneo Oil Berhad ("Bornoil"); and
 - (ii) Proposed establishment of new ESOS of up to 15% of the total number of issued shares in Bornoil (excluding treasury shares) at any point in time over the duration of the new ESOS

for the approval by shareholders of the Company at an Extraordinary General Meeting to be held on 5 June 2020.

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

B7. Borrowings and Debts Securities

	Unaudited as at 31 Mar 2020 RM'000	Audited as at 30 Jun 2019 RM'000
Short term borrowings:		
- Bank overdrafts	1,732	1,731
- Bankers' acceptances	1,251	1,181
- Lease liabilities	2,120	-
- Term loans	423	307
- Hire purchase payables	913	1,066
	<u>6,439</u>	<u>4,285</u>
Long term borrowings:		
- Lease liabilities	1,913	-
- Term loans	10,866	9,224
- Hire purchase payables	1,195	1,905
	<u>13,974</u>	<u>11,129</u>
Total borrowings	<u>20,413</u>	<u>15,414</u>

All the above borrowings are denominated in Ringgit Malaysia.

B8. Material Litigation

The Management is not aware of any 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.

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

B10. Earnings per Share

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Jan 2020 to 31 Mar 2020	3 Months 1 Jan 2019 to 31 Mar 2019	9 Months 1 Jul 2019 to 31 Mar 2020	9 Months 1 Jul 2018 to 31 Mar 2019
(a) Basic EPS				
Net profit/(loss) for the period attributable to equity holders (RM'000)	(600)	482	300	(93)
Weighted average number of ordinary shares in issue ('000)	5,128,800	5,196,411	5,149,249	5,198,507
Basic earnings/(loss) per share (sen)	(0.01)	0.01	0.01	0.00
	Individual Quarter		Cumulative Quarter	
	3 Months 1 Jan 2020 to 31 Mar 2020	3 Months 1 Jan 2019 to 31 Mar 2019	9 Months 1 Jul 2019 to 31 Mar 2020	9 Months 1 Jul 2018 to 31 Mar 2019
(b) Diluted EPS				
Net profit/(loss) for the period attributable to equity holders (RM'000)	(600)	482	300	(93)
Weighted average number of ordinary shares in issue ('000)	5,128,800	5,196,411	5,149,249	5,198,507
Effects of dilution of Warrants C (Warrants 2015/2025) ('000)	1,734,680	1,734,680	1,734,680	1,734,680
Effects of dilution of Warrants C (Warrants 2017/2027) ('000)	378,684	378,684	378,684	378,684
Adjusted weighted average number of ordinary shares in issue ('000)	7,242,164	7,309,775	7,262,613	7,311,871
Diluted earnings/(loss) per share (sen)	(0.01)	0.01	0.00	0.00

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

B11. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Individual Quarter	Cumulative Quarter
	3 Months	9 Months
	1 Jan 2020 to	1 Jul 2019 to
	31 Mar 2020	31 Mar 2020
	RM'000	RM'000
Profit before tax is arrived after (charging):		
Amortisation of prepaid lease rental	-	(10)
Loss on disposal of property, plant and equipment	(547)	(669)
Property, plant and equipment written off	-	(262)
Depreciation of property, plant and equipment	(1,682)	(5,043)
Interest expense	(263)	(869)
and crediting the following items:		
Bad debts written back - other receivables	-	330
Fair value adjustment on biological assets	(35)	(33)
Gain / (Loss) on unrealised exchange difference	(233)	(275)
Interest income	12	86
Reversal of impairment loss on other receivables	-	1,740
Reversal of impairment loss on trade receivables	-	21

B12. Fair Value Changes of Financial Liabilities

There were no material gain/loss arising from fair value changes of financial liabilities for the current financial quarter ended.

BORNEO OIL BERHAD
Company Reg. No. 198901005309 (121919-H)
Incorporated in Malaysia

NOTES ON THE QUARTERLY REPORT- 31 MARCH 2020

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

B13. 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 31 March 2020. 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 31 March 2020 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 May 2020