

BORNEO OIL BERHAD

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED
30 JUNE 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 FOURTH QUARTER ENDED 30 JUNE 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Apr 2020 to 30 Jun 2020 RM'000	3 Months 1 Apr 2019 to 30 Jun 2019 RM'000	12 Months 1 Jul 2019 to 30 Jun 2020 RM'000	12 Months 1 Jul 2018 to 30 Jun 2019 RM'000
Revenue	16,161	25,903	88,289	93,170
Cost of sales	(7,808)	(17,538)	(59,700)	(64,991)
Gross profit	8,353	8,365	28,589	28,179
Other income	5,337	114,649	8,171	115,388
Operating expenses	(10,144)	(117,466)	(31,463)	(137,562)
Profit from operations	3,546	5,548	5,297	6,005
Finance costs	(252)	(217)	(1,121)	(709)
Profit before taxation	3,294	5,331	4,176	5,296
Taxation	(1,852)	(11,849)	(2,434)	(11,906)
Profit/(Loss) for the period	1,442	(6,518)	1,742	(6,610)
Other comprehensive income for the financial period				
- Foreign currency translation	(266)	(11)	(61)	22
Total comprehensive income/(deficit) for the financial period	1,176	(6,529)	1,681	(6,588)
Income/(Deficit) attributable to:				
- Owners of the parent	1,442	(6,518)	1,742	(6,610)
Total comprehensive income/(deficit) attributable to:				
- Owners of the parent	1,176	(6,529)	1,681	(6,588)
Earnings/(Loss) per share				
- basic (sen)	0.03	(0.13)	0.03	(0.13)
- diluted (sen)	0.02	(0.09)	0.02	(0.09)

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.

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(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 Jun 2020 RM'000	Audited as at 30 Jun 2019 RM'000
Non Current Assets		
Property, plant and equipment	19,156	34,585
Right-of-use assets	5,000	-
Investment properties	612,268	615,545
Other investments	453	64
Development expenditure	-	-
Exploration expenditure	1,694	-
Trade receivables	17,351	-
	<u>655,922</u>	<u>650,194</u>
Current Assets		
Inventories	21,209	25,206
Biological assets	-	33
Trade receivables	26,998	15,754
Other receivables	12,950	7,713
Contract asset	851	6,442
Tax recoverable	1,786	1,827
Fixed deposits with licensed banks	3,957	3,625
Cash and bank balances	5,597	24,019
	<u>73,348</u>	<u>84,619</u>
Total Assets	<u>729,270</u>	<u>734,813</u>
Shareholders' Fund		
Share capital	536,349	536,349
Reserves	77,273	80,296
Retained earnings	58,337	56,833
	<u>671,959</u>	<u>673,478</u>
Non Current Liabilities		
Long term borrowings	10,937	9,224
Hire purchase creditors	1,197	1,905
Lease liabilities	3,637	-
Deferred tax liabilities	18,300	17,121
	<u>34,071</u>	<u>28,250</u>
Current Liabilities		
Trade payables	7,193	7,946
Other payables	9,666	20,760
Hire purchase creditors	841	1,066
Short term borrowings	1,599	1,488
Lease liabilities	1,762	-
Bank overdraft	1,590	1,731
Tax payable	589	94
	<u>23,240</u>	<u>33,085</u>
Total Equity and Liabilities	<u>729,270</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.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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	
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	-	-	-	-	(238)	(238)
At 1 July 2019, restated	536,349	93,441	(13,238)	93	56,595	673,240
Total comprehensive income for the financial period:-						
Profit for the financial period	-	-	-	-	1,742	1,742
Other comprehensive income for the financial period	-	-	-	(61)	-	(61)
Total comprehensive income	-	-	-	(61)	1,742	1,681
Transactions with owners:-						
Acquisition of treasury shares	-	-	(2,962)	-	-	(2,962)
Total transactions with owners	-	-	(2,962)	-	-	(2,962)
At 30 June 2020	536,349	93,441	(16,200)	32	58,337	671,959

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	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
Balance as at 1 July 2018	536,349	93,441	(11,961)	71	66,696	684,596
Adjustment on initial application of MFRS 9, net of tax	-	-	-	-	(194)	(194)
Adjustment on application of MFRS 15, net of tax	-	-	-	-	(3,059)	(3,059)
At 1 July 2018, restated	536,349	93,441	(11,961)	71	63,443	681,343
Total comprehensive income/ (deficit) for the financial period:-						
Loss for the financial period	-	-	-	-	(6,610)	(6,610)
Other comprehensive income for the financial period	-	-	-	22	-	22
Total comprehensive income/(deficit)	-	-	-	22	(6,610)	(6,588)
Transactions with owners:-						
Acquisition of treasury shares	-	-	(1,277)	-	-	(1,277)
Total transactions with owners	-	-	(1,277)	-	-	(1,277)
Balance as at 30 June 2019	536,349	93,441	(13,238)	93	56,833	673,478

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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 Months 1 Jul 2019 to 30 Jun 2020 RM'000	12 Months 1 July 2018 to 30 Jun 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:-		
Profit before taxation	4,176	5,296
Adjustments for:		
Amortisation of prepaid lease rental	160	-
Bad debts written back - other receivables	(460)	-
Fair value adjustment on biological assets	33	(2)
Fair value discount on trade receivable	2,080	-
Fair value discount on retention	(140)	-
Fair value gain on investment in quoted securities	(15)	-
Fair value gain on investment properties	(2,984)	(114,076)
Fair value loss on investment in quoted securities	360	-
Gain on disposal of investment properties	(557)	-
Gain on disposal of property, plant and equipment	(40)	(16)
Gain on unrealised exchange difference	(37)	(1)
Reversal of impairment loss on other receivables	(1,740)	-
Reversal of impairment loss on trade receivables	(454)	-
Depreciation of properties, plant and equipment	6,618	6,394
Bad debts written off	118	204
Deposits written off	11	14,575
Impairment on development expenses	221	3,884
Impairment on exploration expenses	-	44,557
Impairment on intangible assets	-	14,000
Impairment on other investments	9	-
Impairment on other receivables	448	3,788
Impairment on properties, plant and equipment	-	181
Impairment on trade receivables	663	1,344
Loss on disposal of property, plant and equipment	671	-
Prepayment written off	-	978
Property, plant and equipment written off	1,235	26,831
Interest expense	1,121	709
Interest income	(124)	(292)
Changes in working capital:-	11,373	8,354

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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	12 Months 1 Jul 2019 to 30 Jun 2020 RM'000	12 Months 1 July 2018 to 30 Jun 2019 RM'000
Inventories	3,998	(11,604)
Trade receivables	(30,905)	11,059
Other receivables, deposits and prepayments	(3,557)	3,115
Trade payables	(613)	641
Other payables and accruals	(11,095)	4,723
Contract asset	5,592	(6,442)
	<hr/>	<hr/>
	(25,207)	9,846
Interest paid	(1,121)	(709)
Tax paid	(719)	(1,176)
Tax refunded	-	349
	<hr/>	<hr/>
Net Operating Cash Flows	(27,047)	8,310
 CASH FLOWS FROM INVESTING ACTIVITIES:-		
Acquisition of investment properties	-	(622)
Acquisition of quoted investments	(744)	-
Additional of development expenditure	(221)	(514)
Additional of exploration expenditure	(1,693)	(3,995)
(Placement)/withdrawal of fixed deposits	(332)	678
Proceeds from disposal of properties, plant and equipment	1,653	203
Proceeds from disposal of investment properties	15,435	-
Purchases of properties, plant and equipment	(1,390)	(3,888)
Interest received	124	292
	<hr/>	<hr/>
Net Investing Cash Flows	12,832	(7,846)

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.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	12 Months 1 Jul 2019 to 30 Jun 2020 RM'000	12 Months 1 July 2018 to 30 Jun 2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:-		
Acquisition of treasury shares	(2,962)	(1,277)
Net lease liabilities	(2,013)	-
Repayment of hire purchase payables, net	(933)	(657)
Drawdown of term borrowings, net	1,738	8,086
Drawdown of banker's acceptance, net	86	404
Net Financing Cash Flows	(4,084)	6,556
NET CHANGE IN CASH AND CASH EQUIVALENTS	(18,299)	7,020
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	18	68
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	4,007	22,288
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,597	24,019
Bank overdrafts	(1,590)	(1,731)
	4,007	22,288

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- 30 JUNE 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- 30 JUNE 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	7,173
Non-current liabilities	
Lease liabilities	5,244
Current liabilities	
Lease liabilities	2,168
Equity	
Retained earnings	(238)

NOTES ON THE QUARTERLY REPORT- 30 JUNE 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- 30 JUNE 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- 30 JUNE 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 no issuance and repayment of debt and equity securities, repurchase, cancellation, and resale of treasury shares during the current quarter under review.

A8. Dividends Paid

There was no dividend paid during the quarter under review.

A9. Valuation of Investment Properties

During the quarter under review, a revaluation was carried out on a property previously held under properties, plant and equipment that was reclassified to Investment Properties. The revaluation was carried out in accordance to MFRS 140 which resulted in a fair value gain of RM2.98 million. The revaluation was conducted by an independent valuer, VPC Alliance (Sabah) Sdn. Bhd.

A10. Significant Event

There were no significant events during the quarter.

A11. Material Subsequent Event

Subsequent to the quarter under review, the Group had announced that SB Resorts Sdn Bhd, its wholly owned subsidiary had on 23 July 2020 entered into a Share Sale Agreement for the acquisition of 750,000 Ordinary shares representing the entire equity interest of Winamewah Sdn Bhd for a total cash consideration of RM750,000.00.

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.

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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 (Inter- company within the Group)

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Apr 2020 to 30 Jun 2020 RM'000	3 Months 1 Apr 2019 to 30 Jun 2019 RM'000	12 Months 1 Jul 2019 to 30 Jun 2020 RM'000	12 Months 1 Jul 2018 to 30 Jun 2019 RM'000
Dividend income among subsidiaries	25,000	100,000	25,000	100,000
Purchase of property, plant and equipment among subsidiaries	-	8,207	-	8,207
Sales of fast food and restaurant operations among subsidiaries	119	189	730	1,003
Sales of limestone among subsidiaries	720	-	1,431	-
Rental income among subsidiaries	24	24	96	104
Management fee among subsidiaries	330	330	1,320	1,320
Consultancy fee among subsidiaries	101	82	399	327
Rental expenses among subsidiaries	24	24	96	104

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NOTES ON THE QUARTERLY REPORT- 30 JUNE 2020

A16. Group Segmental Information

	Head office & others		Food and franchise operations		Property investment & management		Resources & sustainable energy		Total Consolidated	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External revenue	36	36	41,018	48,837	30,946	36,675	16,289	7,622	88,289	93,170
Inter-segment revenue	1,719	1,647	730	1,002	-	-	1,431	-	3,880	2,649
Total revenue	1,755	1,683	41,748	49,839	30,946	36,675	17,720	7,622	92,169	95,819
Less: Inter-segment revenue									(3,880)	(2,649)
									88,289	93,170
Results										
Segment results	13,023	6,273	1,305	(2,316)	5,064	81,041	8,284	(52,038)	27,676	32,960
Consolidation elimination									(15,885)	(20,853)
									11,791	12,107
<i>Not included in the measure of segment profit/(loss):-</i>										
Depreciation and amortisation									(6,618)	(6,394)
Finance costs									(1,121)	(709)
Interest income									124	292
Income tax expenses									(2,434)	(11,906)
Profit/(Loss) for the financial period									1,742	(6,610)

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A16. Group Segmental Information (Continued)

	Head office & others		Food and franchise operations		Property investment & management		Resources & sustainable energy		Total Consolidated	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	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	640,990	631,757	34,342	34,109	508,461	491,086	270,091	267,534	1,453,884	1,424,486
Consolidation elimination									(724,614)	(689,673)
Consolidated total assets									729,270	734,813
Liabilities										
Segment liabilities	7,119	7,300	33,810	52,755	447,782	412,690	272,847	272,931	761,558	745,676
Loans and borrowings	368	-	8,517	3,411	1,140	445	11,538	11,558	21,563	15,414
Deferred tax liabilities	-	-	323	254	13,834	13,535	4,143	3,332	18,300	17,121
Consolidation elimination									(744,110)	(716,876)
Consolidated total liabilities									57,311	61,335

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2020

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

B1. Financial Review for the Current Quarter

	Individual Quarter		Individual Quarter	
	1 Apr 2020 to 30 Jun 2020		1 Apr 2019 to 30 Jun 2019	
	Profit/(Loss)		Profit/(Loss)	
	Revenue	Before Tax	Revenue	Before Tax
	RM'000	RM'000	RM'000	RM'000
Head office & others	9	(938)	9	(586)
Food and franchise operations	7,365	(31)	12,513	(1,136)
Property investment & management	5,383	2,242	12,311	79,992
Resources & sustainable energy	3,404	2,021	1,070	(72,939)
Group revenue and profit from operations (net of finance cost)	16,161	3,294	25,903	5,331

The Group registered a revenue of RM16.16 million and a profit before tax of RM3.29 million for the current quarter against a revenue of RM25.90 million and a profit before tax of RM5.33 million for the corresponding quarter.

The Food and Franchise Operations (“FFO”) recorded a reduction in revenue of RM5.14 million against the corresponding quarter due to the extension of MCO till 12 May 2020 in Sarawak and Sabah where most of our F&B outlets are located. The reduced loss before tax of RM0.31 million for the quarter was mainly due to the Wage Subsidy Programme received during the quarter under review.

The Property Investment & Management (“PIM”) registered a lower revenue of RM5.38 million and a corresponding profit before tax RM2.24 million. This was mainly due to the reduction in activities on site for the project management of a construction of an Integrated Limestone Processing Plant (“ILPP”) during MCO. The progress of the construction was further dampened with the implementation of restricted entry of foreign nationals to Malaysia who possesses the prerequisite expertise to install the prefabricated plant equipment at the ILPP.

The Resources & Sustainable Energy (“RSE”) reported a revenue of RM3.40 million with a corresponding profit before tax of RM2.02 million for the current quarter was mainly contributed from the sale of limestone. The loss before tax of RM72.94 million for the corresponding quarter was primarily due to the impairment of assets and expenditure relating to the mining division.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 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 30 Jun 2020	Preceding Quarter ended 31-Mar-20	Variances	
	RM'000	RM'000	RM'000	%
Revenue	16,161	19,722	(3,561)	-18%
Profit/(Loss) before taxation	3,294	(56)	3,350	-5982%

The Group registered a revenue of RM16.16 million and a profit before taxation of RM3.29 million for the current quarter as compared to a revenue of RM19.72 million and a loss before taxation of RM0.56 million for the immediate preceding quarter.

The Group posted a lower revenue of RM3.56 million which was primarily due to the restricted and prohibited business activities during the MCO which was further extended to 12 May 2020 for both states of Sarawak and Sabah. The weak market sentiment also further curtailed consumers spending at our F&B outlets.

However, the Group reported a profit before taxation of RM3.29 million against the reduction in revenue mainly due to the revaluation that was conducted on a property previously held under properties, plant and equipment that was reclassified to Investment Properties in accordance to MFRS 140. The revaluation resulted in a fair value gain of RM2.98 million.

B3. Prospects

The spread of the COVID-19 pandemic took the world by surprise and Malaysia's Gross Domestic Product (GDP) contracted by 17.1% in the second quarter of 2020. While the full economic impact of the COVID-19 pandemic is still unfolding, the scale and duration of which remain uncertain, coupled with the volatile stocks markets have resulted in investors flocking to gold as a safe haven asset and pushing gold prices to a record-breaking run reaching an all-time high of above USD2,000 per ounce.

Subsequent to our announcement on an Independent Reserves Assessment under the Australasian Code on Reporting of Exploration Results - Mineral Resources and Ore Reserves (JORC Report) on the Bukit Ibam Gold Prospect at Mukim Keratong, a Memorandum of Understanding ("MOU") was signed with Minetech Construction Sdn Bhd on 10 August 2020 and 13 August 2020 respectively. The proposed joint collaboration between the parties will reduce the Group's capital outlay required for the gold mining works and free the Group's resources to continue with the gold exploration works on other Zones. The Board will continue to exploit the Group's assets to take advantage of the soaring gold prices.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2020

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

B3. Prospects (Continued)

Amidst these external headwinds, the Board will remain cautious and focus on drawing on our advantages through effective collaboration with external parties to enhance our ability to face the challenges ahead.

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	12 Months
	1 Apr 2020 to 30 Jun 2020	1 Jul 2019 to 30 Jun 2020
	RM'000	RM'000
Income tax- current year	(551)	(1,133)
Income tax- prior year	(123)	(123)
Deferred tax- current year	(1,178)	(1,178)
Deferred tax- prior year	-	-
	(1,852)	(2,434)

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.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2020

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

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:

B6.1) New Issue Of Securities (Chapter 6 of Listing Requirements) - ESOS

- 1) On 10 April 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd 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.
- 2) On 20 April 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd 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 Securities (M) Sdn Bhd 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.
- 3) 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- 30 JUNE 2020

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

B6. Corporate Proposals (Continued)

B6.1) New Issue Of Securities (Chapter 6 of Listing Requirements) - ESOS (Continued)

whichever is the later.

In view of the above and on behalf of Board, UOB Kay Hian Securities (M) Sdn Bhd 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.

- 4) On 18 May 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd 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.
- 5) On 21 May 2020, the Company announced the Notice of Extraordinary General Meeting in relation to the Proposed New ESOS which will be conducted through live streaming on 5 June 2020.
- 6) 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.

- 7) On 5 June 2020, the Company conducted a virtual Extraordinary General Meeting ("EGM") for the remote participation and voting of the establishment of New Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of Issued Shares in the Company (excluding Treasury Shares) at any point in time.

All the 7 resolutions as prescribed in the EGM of the Company dated 22 May 2020 was duly passed by the shareholders of the Company by way of poll via remote participation and voting at the EGM of the Company.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2020

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

B6. Corporate Proposals (Continued)

B6.1) New Issue Of Securities (Chapter 6 of Listing Requirements) - ESOS (Continued)

- 8) On 22 June 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the effective date for the implementation of the New ESOS is 22 June 2020, being the date on which the Company is in full compliance with Paragraph 6.43(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- 9) On 2 July 2020, the Company announced the offer of 400,000,000 ESOS options at an exercise price of RM0.027 has been made on 2 July 2020 to the eligible employees of the Company and its subsidiaries ("Eligible Persons") to subscribe for new ordinary shares in the Company under the ESOS ("Offer").
- 10) On 15 July 2020, the Company announced the exercise of 27,500,000 ESOS share options at RM0.027 per share will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 16 July 2020.
- 11) On 22 July 2020, the Company announced the exercise of 32,500,000 ESOS share options at RM0.027 per share will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 23 July 2020.
- 12) On 28 July 2020, the Company announced the exercise of 23,500,000 ESOS share options at RM0.027 per share will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 29 July 2020.
- 13) On 4 August 2020, the Company announced the exercise of 59,000,000 ESOS share options at RM0.027 per share will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 5 August 2020.
- 14) On 7 August 2020, the Company announced the offer of 400,000,000 ESOS options at an exercise price of RM0.0434 has been made on 6 August 2020 to the eligible employees of the Company and its subsidiaries ("Eligible Persons") to subscribe for new ordinary shares in the Company under the ESOS ("Offer").
- 15) On 12 August 2020, the Company announced the exercise of 78,000,000 ESOS share options at RM0.027 per share will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 13 August 2020.
- 16) On 25 August 2020, the Company announced the exercise of 124,500,000 ESOS share options at RM0.027 per share will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 26 August 2020.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2020

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

B6. Corporate Proposals (Continued)

B6.2) New Issue of Securities (Chapter 6 Of Listing Requirements) - Fund Raising

- 1) On 11 June 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the Company proposes to undertake a private placement of up to 10% of the total number of issued shares of the Company to third party investor(s).
- 2) On 19 June 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced the listing application in relation to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad on 19 June 2020.
- 3) On 8 July 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced additional information in relation to the Proposed Private Placement.
- 4) On 9 July 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd clarified on the statement made on the additional announcement dated 8 July 2020 in relation to the Proposed Private Placement
- 5) On 15 July 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 14 July 2020, resolved to approve the listing and quotation of up to 745,374,758 Bornoil Shares to be issued pursuant to the Proposed Private Placement.
- 6) On 21 July 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the Board had on 21 July 2020 resolved to fix the issue price for the Private Placement at RM0.0316 per Placement Share.
- 7) On 28 July 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the Board had on 28 July 2020 resolved to fix the issue price for the Private Placement at RM0.0373 per Placement Share.
- 8) On 30 July 2020, the Company announced the issuance of 329,000,000 shares at RM0.0316 under the Private Placement will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 3 August 2020.
- 9) On 3 August 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that 329,000,000 Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 3 August 2020.
- 10) On 7 August 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that the Board had on 7 August 2020 resolved to fix the issue price for the Private Placement at RM0.0435 per Placement Share.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2020

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

B6. Corporate Proposals (Continued)

B6.2) New Issue of Securities (Chapter 6 Of Listing Requirements) - Fund Raising (Continued)

11) On 10 August 2020, the Company announced the issuance of 10,300,000 shares at RM0.0373 per share under the Private Placement of Borneo Oil Berhad will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 11 August 2020.

12) On 11 August 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that 10,300,000 Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 11 August 2020.

13) On 17 August 2020, the Company announced the issuance of 242,000,000 shares at RM0.0435 per share under the Private Placement of Borneo Oil Berhad will be listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 18 August 2020.

14) On 18 August 2020, on behalf of the Board, UOB Kay Hian Securities (M) Sdn Bhd announced that 242,000,000 Placement Shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 18 August 2020.

B7. Borrowings and Debts Securities

	Unaudited as at 30 Jun 2020 RM'000	Audited as at 30 Jun 2019 RM'000
Short term borrowings:		
- Bank overdrafts	1,590	1,731
- Bankers' acceptances	1,267	1,181
- Lease liabilities	1,762	-
- Term loans	332	307
- Hire purchase payables	841	1,066
	<u>5,792</u>	<u>4,285</u>
Long term borrowings:		
- Lease liabilities	3,637	-
- Term loans	10,937	9,224
- Hire purchase payables	1,197	1,905
	<u>15,771</u>	<u>11,129</u>
Total borrowings	<u>21,563</u>	<u>15,414</u>

All the above borrowings are denominated in Ringgit Malaysia.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2020

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

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- 30 JUNE 2020

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

B10. Earnings per Share

(a) Basic EPS

	3 Months 1 Apr 2020 to 30 Jun 2020	3 Months 1 Apr 2019 to 30 Jun 2019	12 Months 1 Jul 2019 to 30 Jun 2020	12 Months 1 Jul 2018 to 30 Jun 2019
Net profit/(loss) for the period attributable to equity holders (RM'000)	1,442	(6,518)	1,742	(6,610)
Weighted average number of ordinary shares in issue ('000)	5,122,438	5,193,088	5,142,583	5,197,013
Basic earnings/(loss) per share (sen)	0.03	(0.13)	0.03	(0.13)

(b) Diluted EPS

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Apr 2020 to 30 Jun 2020	3 Months 1 Apr 2019 to 30 Jun 2019	12 Months 1 Jul 2019 to 30 Jun 2020	12 Months 1 Jul 2018 to 30 Jun 2019
Net profit/(loss) for the period attributable to equity holders (RM'000)	1,442	(6,518)	1,742	(6,610)
Weighted average number of ordinary shares in issue ('000)	5,122,438	5,193,088	5,142,583	5,197,013
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)	7,235,802	7,306,452	7,255,947	7,310,377
Diluted earnings/(loss) per share (sen)	0.02	(0.09)	0.02	(0.09)

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NOTES ON THE QUARTERLY REPORT- 30 JUNE 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	12 Months
	1 Apr 2020 to	1 Jul 2019 to
	30 Jun 2020	30 Jun 2020
	RM'000	RM'000
Profit before tax is arrived after (charging):		
Amortisation of prepaid lease rental	(150)	(160)
Bad debts written off	(118)	(118)
Deposits written off	(11)	(11)
Fair value discount on trade receivables	(2,080)	(2,080)
Fair value loss on investment in quoted securities	(345)	(345)
Impairment on development expenses	(221)	(221)
Impairment on other investments	(9)	(9)
Impairment on other receivables	(448)	(448)
Impairment on trade receivables	(663)	(663)
Loss on disposal of property, plant and equipment	(2)	(671)
Property, plant and equipment written off	(973)	(1,235)
Depreciation of property, plant and equipment	(1,575)	(6,618)
Interest expense	(252)	(1,121)
and crediting the following items:		
Fair value gain on investment properties	2,984	2,984
Fair value loss on biological assets	-	(33)
Fair value discount on retention	140	140
Gain on disposal of investment properties	557	557
Gain on disposal of property, plant and equipment	40	40
Gain on unrealised exchange difference	37	37
Government grant / subsidies	539	539
Bad debts written back - other receivables	130	460
Gain / (Loss) on unrealised exchange difference	275	-
Interest income	38	124
Reversal of impairment loss on other receivables	-	1,740
Reversal of impairment loss on trade receivables	433	454

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
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Incorporated in Malaysia

NOTES ON THE QUARTERLY REPORT- 30 JUNE 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 30 June 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 30 June 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

28 August 2020