

BORNEO OIL BERHAD

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED
30 JUNE 2021**

(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 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Apr 2021 to 30 Jun 2021 RM'000	3 Months 1 Apr 2020 to 30 Jun 2020 RM'000	12 Months 1 July 2020 to 30 Jun 2021 RM'000	12 Months 1 July 2019 to 30 Jun 2020 RM'000
Revenue	15,817	16,161	51,408	88,289
Cost of sales	(13,850)	(7,808)	(39,738)	(59,700)
Gross profit	1,967	8,353	11,670	28,589
Other income	48,024	5,416	58,253	8,250
Operating expenses	(14,367)	(10,331)	(40,547)	(31,650)
Profit from operations	35,624	3,438	29,376	5,189
Finance costs	(213)	(257)	(921)	(1,126)
Profit before taxation	35,411	3,181	28,455	4,063
Taxation	99	(1,883)	55	(2,465)
Profit for the period	35,510	1,298	28,510	1,598
Other comprehensive income for the financial period				
- Foreign currency translation	43	(266)	(176)	(61)
Total comprehensive income for the financial period	35,553	1,032	28,334	1,537
Income attributable to:				
- Owners of the parent	35,510	1,298	28,510	1,598
Total comprehensive income attributable to:				
- Owners of the parent	35,553	1,032	28,334	1,537
Earnings per share				
- basic (sen)	0.52	0.03	0.42	0.03
- diluted (sen)	0.52	0.02	0.42	0.03

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 2020.

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(THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 30 Jun 2021 RM'000	Audited as at 30 Jun 2020 RM'000
Non Current Assets		
Property, plant and equipment	16,556	15,136
Right-of-use assets	9,175	9,087
Investment properties	614,567	612,267
Goodwill	8	-
Other investments	45,395	393
Development expenditure	-	-
Exploration expenditure	5,310	1,693
Receivables	19,135	17,351
	<u>710,146</u>	<u>655,927</u>
Current Assets		
Inventories	42,807	21,209
Trade receivables	6,073	27,101
Other receivables	27,416	13,021
Contract asset	426	851
Tax recoverable	531	1,824
Fixed deposits with licensed banks	4,050	3,957
Cash and bank balances	31,424	5,597
	<u>112,727</u>	<u>73,560</u>
Total Assets	<u>822,873</u>	<u>729,487</u>
Share holders' Fund		
Share capital	618,968	536,349
Reserves	61,803	77,273
Retained earnings	86,720	58,186
	<u>767,491</u>	<u>671,808</u>
Non Current Liabilities		
Long term borrowings	14,189	10,968
Hire purchase creditors	632	1,246
Lease liabilities	3,546	3,504
Deferred tax liabilities	17,725	18,370
Payables	793	699
	<u>36,885</u>	<u>34,787</u>
Current Liabilities		
Trade payables	6,201	6,738
Other payables	7,740	9,789
Hire purchase creditors	865	792
Short term borrowings	1,649	1,569
Lease liabilities	1,303	1,825
Bank overdraft	909	1,590
Tax payable	(170)	589
	<u>18,497</u>	<u>22,892</u>
Total Equity and Liabilities	<u>822,873</u>	<u>729,487</u>
Net assets per share (RM)	<u>0.11</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 2020.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non-Distributable Reserves				Distributable Reserves	Total Equity	
	Share Capital	ESOS Reserve	Warrants Reserve	Treasury Shares	Translation Reserve		Retained Earnings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 July 2020	536,349	-	93,441	(16,200)	32	58,186	671,808
Prior year adjustment	-	-	-	-	-	24	24
At 1 July 2020, restated	536,349	-	93,441	(16,200)	32	58,210	671,832
Total comprehensive income for the financial period:-							
Profit for the financial period	-	-	-	-	-	28,510	28,510
Other comprehensive deficit for the financial period	-	-	-	-	(177)	-	(177)
Total comprehensive income	-	-	-	-	(177)	28,510	28,333
Transactions with owners:-							
Issue of shares	49,982	(10,499)	-	-	-	-	39,483
Share- based payment transactions	-	10,499	-	-	-	-	10,499
ESOS exercised	32,637	-	-	-	-	-	32,637
Acquisition of treasury shares	-	-	-	(15,293)	-	-	(15,293)
Total transactions with owners	82,619	-	-	(15,293)	-	-	67,326
At 30 June 2021	618,968	-	93,441	(31,493)	(145)	86,720	767,491

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Non-Distributable Reserves				Distributable Reserves	Total Equity RM'000
	Share Capital RM'000	Warrants Reserve RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Retained Earnings RM'000	
Balance as at 1 July 2019	536,349	93,441	(13,238)	93	56,833	673,478
Adjustment on application of MFRS 16, net of tax	-	-	-	-	(244)	(244)
At 1 July 2019	536,349	93,441	(13,238)	93	56,589	673,234
Total comprehensive income/ (deficit) for the financial period:-						
Profit for the financial year	-	-	-	-	1,597	1,597
Other comprehensive deficit for the financial period	-	-	-	(61)	-	(61)
Total comprehensive (deficit)/income	-	-	-	(61)	1,597	1,536
Transactions with owners:-						
Acquisition of treasury shares	-	-	(2,962)	-	-	(2,962)
Total transactions with owners	-	-	(2,962)	-	-	(2,962)
Balance as at 30 June 2020	536,349	93,441	(16,200)	32	58,186	671,808

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 2020.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 Months 1 July 2020 to 30 Jun 2021 RM'000	12 Months 1 July 2019 to 30 Jun 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES:-		
Profit before taxation	28,455	4,063
Adjustments for:		
Allowance for impairment on obsolete inventories	1,083	-
Bad debts written back - other receivables	(8,501)	(330)
Equity settled share- based payment	10,499	-
Fair value adjustment on biological assets	-	33
Fair value discount on receivables	(473)	2,080
Fair value discount on retention	30	(140)
Fair value gain on investment in quoted securities	(26,464)	-
Fair value adjustment on investment properties	1,950	(3,231)
Gain on disposal of investment in quoted securities	(30)	-
Gain on disposal of investment in subsidiary company	(12)	-
Gain on disposal of investment properties	-	(557)
Gain on disposal of business assets	(1,911)	-
Gain on disposal of property, plant and equipment	(803)	-
Gain on disposal of right of use assets	-	(40)
Gain on unrealised exchange difference	(244)	(107)
Reversal on impairment loss on development expenditure	(4,105)	-
Reversal on impairment loss on intellectual property right	(14,000)	-
Reversal of impairment loss on other receivables	(125)	-
Reversal of impairment loss on trade receivables	(215)	-
Reversal of waiver of debts- Non trade	92	-
Reversal on written off of PPE	(181)	-
Depreciation of properties, plant and equipment	3,766	2,916
Depreciation of right-of-use	1,506	3,997
Bad debts written off- trade	2	58
Bad debts written off- others	1,074	60
Deposits written off	-	8
Fair value loss on investment in quoted securities	60	405
Impairment on development expenses	-	221
Impairment on other investments	23	9
Impairment on other receivables	1,580	(1,292)
Impairment on trade receivables	3,763	209
Lease modification	2	-
Loss on disposal of property, plant and equipment	2	621
Loss on unrealised exchange difference	4	-

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	12 Months 1 July 2020 to 30 Jun 2021 RM'000	12 Months 1 July 2019 to 30 Jun 2020 RM'000
Prepayment written off	-	4
Property, plant and equipment written off	687	1,572
Waiver of debts	-	(130)
Waiver of deposits	(78)	-
Waiver of rental	(115)	-
Interest expense	921	1,126
Interest income	(213)	(191)
Changes in working capital:-	(1,971)	11,364
Inventories	(22,610)	3,997
Trade receivables	16,407	(34,757)
Other receivables, deposits and prepayments	(7,906)	-
Trade payables	(476)	(11,455)
Other payables and accruals	(2,007)	-
Contract asset	424	5,592
	(18,139)	(25,259)
Interest paid	(921)	(1,126)
Tax paid	(1,246)	(719)
Tax refunded	1,148	-
Net Operating Cash Flows	(19,158)	(27,104)
CASH FLOWS FROM INVESTING ACTIVITIES:-		
Acquisition of investment properties	(4,250)	(65)
Acquisition of quoted securities	(18,968)	-
Acquisition of subsidiaries	(750)	-
Additional of development expenditure	(196)	(221)
Additional of exploration expenditure	(3,616)	(1,693)
Placement of fixed deposits	(93)	(332)
Proceeds from disposal of quoted securities	188	(744)
Proceeds from disposal of properties, plant and equipment	1,267	412
Proceeds from disposal of investment properties	-	15,500
Proceeds from disposal of right of use assets	-	1,250
Proceeds from disposal of business assets	20,212	-
Purchases of properties, plant and equipment	(5,654)	(1,390)
Interest received	213	191
Net Investing Cash Flows	(11,647)	12,908

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	12 Months 1 July 2020 to 30 Jun 2021 RM'000	12 Months 1 July 2019 to 30 Jun 2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES:-		
Acquisition of treasury shares	(15,293)	(2,962)
Issuance of ordinary shares	39,482	-
Net lease liabilities	(2,521)	(2,006)
Repayment of hire purchase payables, net	(541)	(933)
Drawdown of term borrowings, net	4,029	1,738
(Repayment)/Drawdown of banker's acceptance, net	(727)	86
Proceeds from ESOS exercised	32,637	-
Net Financing Cash Flows	57,066	(4,077)
NET CHANGE IN CASH AND CASH EQUIVALENTS	26,261	(18,273)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(177)	(8)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	4,431	22,288
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	30,515	4,007
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	31,424	5,597
Bank overdrafts	(909)	(1,590)
	30,515	4,007

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 2020.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2021

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 2020.

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 2020.

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 2020 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations: -

Effective for financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 3, Business Combinations- Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instrument: Disclosures- Interest Rate Benchmark Reform

Effective for financial periods beginning on or after 1 June 2020:

- Amendments to MFRS16, Leases- Covid-19 Related Rent Concessions

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations did not result in material impact on the interim financial statements of the Group.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2021

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)

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 2021: -

- Interest Rate Benchmark Reform Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

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

- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards, MFRS 9, Financial Instruments, Illustrative Examples accompanying MFRS 16, Leases and MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018 – 2020 cycle)

Effective for financial periods beginning on or after 1 January 2023: -

- MFRS 17, Insurance Contracts*
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Error- Definition of Accounting Estimate

MFRSs, Interpretations and amendments effective for annual periods on or after 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 2020 was not qualified.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2021

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

A4. Seasonal or Cyclical Factors

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

A5. Unusual Items

During the quarter under review, the Company had on 10 May 2021 announced that Borneo Energy Sdn Bhd, its indirect wholly-owned subsidiary, had entered into a Sale and Purchase Agreement with Gold Billion Global Limited (BVI Company No. 1759774), a wholly-owned subsidiary of Verde Resources Inc., a Nevada USA corporation listed under OTCQB for the disposal of Technology Assets and Intellectual Property Rights for a total consideration of USD5 million to be fully settled by way of allotment of shares in Verde Resources Inc. The shares in Verde Resources Inc. had been reflected as an investment in quoted securities and fair value through profit and loss accordingly in the quarter under review.

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.

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

During the quarter under review, a total of 110,600,000 and 223,000,000 new ordinary shares were issued pursuant to the exercise of ESOS and issuance of private placement respectively. As at the quarter ended, there were a total of 7,450,289,529 issued ordinary shares.

There were repurchases of 90,200,000 issued ordinary shares from the open market during the quarter. The cumulative total number of shares repurchased at the end of the quarter was 541,526,000. 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.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2021

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

A9. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the quarter under review.

A10. Material Subsequent Event

Save as disclosed in Note B6 “Status of Corporate Proposals”, there were no material events subsequent to the end of the current financial quarter under review that have not been reflected in the Condensed Consolidated Financial Statement.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter under review, other than the disposal of a dormant and wholly-owned subsidiary, Borneo Resources Limited (“BRL”), incorporated in the British Virgin Islands for a cash consideration of USD1.00 to Lamax Gold Limited (BVI Company No. 262027). Following completion of the disposal on 30 June 2021, BRL ceased to be a subsidiary of the Group.

A12. Changes in Contingent Liabilities or Contingent Assets

The Group’s contingent liabilities totalling RM34.40 million comprises of corporate guarantees to licensed financial institutions for banking facilities granted to the subsidiaries of the Group.

A13. Capital Commitments

There was no capital commitment for the Group at the end of the current quarter.

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

A14. Significant Related Party Transactions (Intercompany within the Group)

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Apr 2021 to 30 Jun 2021 RM'000	3 Months 1 Apr 2020 to 30 Jun 2020 RM'000	12 Months 1 July 2020 to 30 Jun 2021 RM'000	12 Months 1 July 2019 to 30 Jun 2020 RM'000
Dividend income among subsidiaries	-	25,000	-	25,000
Purchase of property, plant and equipment among subsidiaries	4,810	-	4,810	-
Sales of fast food and restaurant operations among subsidiaries	108	119	555	730
Sales of limestone among subsidiaries	86	720	435	1,431
Rental income among subsidiaries	18	24	72	96
Management fee among subsidiaries	330	330	1,320	1,320
Consultancy fee among subsidiaries	139	101	503	399
Rental expenses among subsidiaries	18	24	72	96

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NOTES ON THE QUARTERLY REPORT- 30 JUNE 2021

A15. Group Segmental Information

	Head office & others		Food and franchise operations		Property investment & management		Resources & sustainable energy		Total Consolidated	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External revenue	36	323	37,560	40,731	6,252	30,946	7,560	16,289	51,408	88,289
Inter-segment revenue	1,823	1,719	555	730	-	-	435	1,431	2,813	3,880
Total revenue	1,859	2,042	38,115	41,461	6,252	30,946	7,995	17,720	54,221	92,169
Less: Inter-segment revenue									(2,813)	(3,880)
									51,408	88,289
Results										
Segment results	14,108	12,900	(5,379)	1,305	(16,849)	5,203	43,453	8,308	35,333	27,716
Consolidation elimination									(898)	(15,805)
									34,435	11,911
<i>Not included in the measure of segment profit/(loss):-</i>										
Depreciation and amortisation									(5,272)	(6,913)
Finance costs									(921)	(1,126)
Interest income									213	191
Income tax expenses									55	(2,465)
Profit for the financial period									28,510	1,598

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A15. Group Segmental Information (Continued)

	Head office & others		Food and franchise operations		Property investment & management		Resources & sustainable energy		Total Consolidated	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets										
Segment assets	721,221	641,059	32,284	34,520	513,163	508,401	304,056	270,121	1,570,724	1,454,101
Consolidation elimination									(747,851)	(724,614)
Consolidated total assets									822,873	729,487
Liabilities										
Segment liabilities	6,585	7,243	41,279	33,907	318,932	447,223	112,438	272,265	479,234	760,638
Tax payables	-	-	-	7	-	-	(170)	582	(170)	589
Loans and borrowings	-	-	4,413	5,207	201	320	13,630	10,637	18,244	16,164
Deferred tax liabilities	-	-	532	366	13,861	13,861	3,332	4,143	17,725	18,370
Lease liabilities	264	368	3,615	4,029	22	-	947	932	4,848	5,329
Consolidation elimination									(464,499)	(743,411)
Consolidated total liabilities									55,382	57,679

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2021

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

B1. Financial Review for the Current Quarter

	Individual Quarter		Individual Quarter	
	1 Apr 2021 to 30 Jun 2021		1 Apr 2020 to 30 Jun 2020	
	Revenue	Profit/(Loss)	Revenue	Profit/(Loss)
	RM'000	RM'000	RM'000	RM'000
Head office & others	9	25,105	9	(993)
Food and franchise operations	9,849	(959)	7,365	(29)
Property investment & management	5,356	(5,712)	5,383	3,613
Resources & sustainable energy	603	16,977	3,404	590
Group revenue and profit from (net of finance cost)	15,817	35,411	16,161	3,181

The Head Office and Others (“HOO”) recorded profit before tax of RM25.11 million against a loss before tax of RM0.99 million mainly due to the fair value gain on quoted securities of RM26.46 million for the quarter under review.

The Food and Franchise Operations (“FFO”) recorded a revenue of RM9.85 million and a loss before tax of RM0.96 million for the current quarter against the revenue of RM7.37 million and a loss before tax of RM0.03 million for the corresponding quarter. The lower reported revenue for the corresponding quarter was due to MCO 1.0 and CMCO, which lasted until 9 June 2020. During the quarter under review, a total of RM1.08 million of slow-moving equipment were impaired due to the slowdown in outlets opening.

The Property Investment & Management (“PIM”) registered a revenue of RM5.36 million and a loss before tax RM5.71 million for the current quarter compared to a revenue of RM5.38 million and a profit before tax of RM3.61 million for the corresponding quarter. The loss before tax for the current quarter was mainly due to fair value adjustments on investment properties of RM1.95 million compared to a fair value gain of RM2.98 million for the corresponding quarter.

The Resources & Sustainable Energy (“RSE”) reported a revenue of RM0.60 million and a profit before tax of RM16.98 million for the current quarter against the revenue of RM3.40 million and a profit before tax of RM0.59 million for the corresponding quarter. The reduction in revenue of RM2.80 million was mainly due to a decrease in the sale of limestones and marble tribute received from the operator during the quarter under review. The profit before tax of RM16.98 million for the current quarter was mainly due to the gain of RM20.54 million on reversal of impairment loss and disposal of business assets.

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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 2021 RM'000	Preceding Quarter ended 31 Mar 2021 RM'000	Variances	
			RM'000	%
Revenue	15,817	13,546	2,271	17%
Profit/(Loss) before taxation	35,411	(3,614)	39,025	-1080%

The Group registered a revenue of RM15.82 million and a profit before tax of RM35.41 million for the current quarter compared to a revenue of RM13.55 million and a loss before tax of RM3.61 million for the immediate preceding quarter.

The Group posted an increase in revenue of RM2.27 million, which was mainly attributable to the resumption of installation activities on-site for the project management of an Integrated Limestone Processing Plant (“ILPP”) during the quarter under review.

The Group reported a profit before tax of RM35.41 million compared to a loss before tax of RM3.61 million mainly due to the fair value gain on investment in quoted securities of RM26.46 million, reversal of impairment loss of RM18.63 million and disposal of business assets of RM1.91 million.

B3. Prospects

The Malaysian gross domestic product (GDP) expanded by 16.1% year on year in the second quarter of 2021 after shrinking for four consecutive quarters. The operating environment is expected to remain challenging due to the rapid escalation of COVID-19 cases and the emergence of the Delta variant despite the ramp-up of the Covid-19 National Immunisation Programme.

Nevertheless, the Group will continue to leverage digital online marketing platforms and sales campaigns to reach out to potential customers. In addition, SugarBun launched its homegrown range of hot sauces, Sabasco Borneo Chilli Sauce using Mompoporok chilli as the primary ingredient in late May this year, and the response had been well received.

The economic conditions for the next 12 months are expected to remain uncertain. The Board will continue to monitor the development of COVID-19 pandemic closely and focus on cost optimisation and streamlining its existing business.

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**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	12 Months
	1 Apr 2021 to 30 Jun 2021	1 July 2020 to 30 Jun 2021
	RM'000	RM'000
Income tax- current year	(431)	(470)
Income tax- prior year	(115)	(120)
Deferred tax- current year	645	645
	99	55

The disproportionate tax charge of the Group was mainly due to the capital gain on disposal of business assets and fair value gain on quoted securities which were non-taxable in nature.

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

B6. Status of Corporate Proposals

There was no corporate proposal announced but not completed as at the date of this report, the latest practical date which is not earlier than 7 days from the date of issue of this quarterly report, except for the followings: -

- (a) Establishment of a new employees' share option scheme of Bornoil ("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 ESOS ("New ESOS").

On 22 June 2020, the Company announced that the effective date for implementing 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.

- (b) Proposed subscription of up to 1,205,827,550 new ordinary shares in Bornoil ("Bornoil share(s)" or "Share(s)") by Macquarie Bank Limited ("Proposed Subscription")

On 25 January 2021, the ordinary resolution on the Proposed Subscription as prescribed in the Notice of the Extraordinary General Meeting ("EGM") of the Company dated 08 January 2021 was duly passed and approved by the shareholders of the Company by way of poll via remote participation and voting at the EGM of the Company held on 25 January 2021.

As at the date of this report, a total of 915,000,000 Bornoil Shares had been issued pursuant to the Proposed Subscription at an issue price ranging from RM0.0250 to RM0.0400 per Bornoil Share. As at to-date, a total of fifty-five (55) tranches had been completed, and the Company has raised total proceeds of RM29.03 million from the Proposed Subscription. The Proposed Subscription is still ongoing.

NOTES ON THE QUARTERLY REPORT- 30 JUNE 2021

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

B7. Status of Utilisation of Proceeds from Corporate Proposal

- (a) On 13 January 2021, the Company completed the Proposed Private Placement with the issuance of 633,405,775 Bornoil Shares and raised total proceeds of RM23.98 million.

The status of the utilisation of the Proposed Private Placement proceeds as at the date of this announcement is as follows: -

No.	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
1	Upgrading of general infrastructure at limestone quarry operations site	5,000	-	Within 24 months from the receipt of placement funds
2	Working capital expenses	18,865	18,865	Within 24 months from the receipt of placement funds
3	Estimated expenses in relation to the Placement	110	110	Upon completion of the Placement
Total		<u>23,975</u>	<u>18,975</u>	

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

- (b) On 25 January 2021, the Company proposed to undertake a Proposed Subscription of up to 1,205,827,550 new ordinary shares, representing approximately 20% of its existing total number of issued shares. As at the date of this report, a total of fifty-five (55) tranches comprising 915,000,000 Bornoil Shares had been issued pursuant to the Proposed Subscription. The total proceeds raised to date is approximately RM29.03 million.

The status of the utilisation of the Proposed Subscription proceeds as at the date of this announcement is as follows: -

No.	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
1	Business expansion and/or new investments	20,000	500	Within 36 months from the receipt of placement funds
2	Gold exploration works at Hutan Simpan Bukit Ibam, Mukim Keratong, Pahang ("Plant")	10,000	3,264	Within 36 months from the receipt of placement funds
3	Working capital expenses	12,410	7,832	Within 36 months from the receipt of placement funds
4	Estimated expenses in relation to the Proposed subscription	1,000	286	Upon completion of the Proposed Subscription
	Total	43,410	11,882	

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES
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B.8 Borrowings and Debts Securities

	Unaudited as at 30 Jun 2021 RM'000	Audited as at 30 Jun 2020 RM'000
Short term borrowings:		
- Bank overdrafts	909	1,590
- Bankers' acceptances	540	1,267
- Term loans	1,109	302
- Hire purchase payables	865	792
	<u>3,423</u>	<u>3,951</u>
Long term borrowings:		
- Term loans	14,189	10,967
- Hire purchase payables	632	1,246
	<u>14,821</u>	<u>12,213</u>
Total borrowings	<u>18,244</u>	<u>16,164</u>

B9. 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.

B10. Dividends

No dividend has been proposed and paid for during the current financial quarter.

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

B11. Earnings per Share

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Apr 2021 to 30 Jun 2021	3 Months 1 Apr 2020 to 30 Jun 2020	12 Months 1 July 2020 to 30 Jun 2021	12 Months 1 July 2019 to 30 Jun 2020
(a) Basic EPS				
Net profit for the period attributable to equity holders (RM'000)	35,510	1,298	28,510	1,598
Weighted average number of ordinary shares in issue ('000)	6,774,434	5,122,438	6,818,660	5,122,483
Basic earnings per share (sen)	0.52	0.03	0.42	0.03
Diluted earnings per share (sen)	0.52	0.03	0.42	0.03

The Group does not have any potential dilutive ordinary shares as the market price of the shares was lower than the exercise price. As a result, the warrants are anti-dilutive in nature and have not been considered in the computation of diluted earnings per share.

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

B12. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Apr 2021 to 30 Jun 2021 RM'000	3 Months 1 Apr 2020 to 30 Jun 2020 RM'000	12 Months 1 July 2020 to 30 Jun 2021 RM'000	12 Months 1 July 2019 to 30 Jun 2020 RM'000
Profit before tax is arrived after (charging):				
Allowance for impairment on obsolete inventories	(1,083)	-	(1,083)	-
Bad debts written off	(964)	(118)	(1,068)	(118)
Deposits written off	-	(8)	-	(8)
Fair value adjustment on investment properties	(1,950)	-	(1,950)	-
Fair value discount on retention receivables	(473)	(2,080)	(473)	(2,080)
Impairment loss on investment in quoted securities	(60)	-	(60)	-
Impairment on development expenses	-	(221)	-	(221)
Impairment on other investments	(23)	(9)	(23)	(9)
Impairment on other receivables	(1,580)	(448)	(1,580)	(448)
Impairment on trade receivables	(3,763)	(663)	(3,763)	(663)
Lease modification	(2)	-	(2)	-
Loss on disposal of property, plant and equipment	-	48	(2)	(621)
Loss on realised exchange difference	-	-	(6)	-
Loss on exchange difference	(1)	381	(4)	106
Prepayment written off	-	(4)	-	(4)
Property, plant and equipment written off	(344)	(1,310)	(507)	(1,572)
Reversal on waiver of debts	12	-	(92)	-
Depreciation of property, plant and equipment	(900)	(426)	(3,767)	(3,997)
Depreciation of right-of-use	350	(1,444)	(1,505)	(2,916)
Interest expense	(213)	(257)	(921)	(1,126)
Share-based payment by ESOS	-	-	(10,499)	-

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

B12. Notes to the Condensed Consolidated Statement of Comprehensive Income (Continued)

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

	Individual Quarter		Cumulative Quarter	
	3 Months 1 Apr 2021 to 30 Jun 2021 RM'000	3 Months 1 Apr 2020 to 30 Jun 2020 RM'000	12 Months 1 July 2020 to 30 Jun 2021 RM'000	12 Months 1 July 2019 to 30 Jun 2020 RM'000
and crediting the following items:				
Bad debts written back	(3)	-	8,501	330
Fair value adjustment on biological assets	-	-	-	(33)
Fair value discount on payables	(30)	140	(30)	140
Fair value gain on investment in quoted securities	26,344	(405)	26,464	(405)
Fair value gain on investment properties	-	3,231	-	3,231
Gain on disposal of investment in quoted shares	-	-	30	-
Gain on disposal of investment in subsidiary company	12	-	12	-
Gain on disposal of investment properties	-	557	-	557
Gain on disposal of property, plant and equipment	789	-	803	-
Gain on disposal of business assets	1,911	-	1,911	-
Gain on disposal of right of use assets	-	40	-	40
Gain on exchange difference	-	-	244	-
Government grant / subsidies	51	539	604	539
Insurance claim	40	-	40	-
Interest income	124	105	213	191
Rental income	112	603	566	603
Reversal on impairment loss on development expenditure	4,105	-	4,105	-
Reversal on impairment loss on intellectual property right	14,000	-	14,000	-
Reversal of impairment loss on investment in quoted shares	-	-	-	-
Reversal of impairment loss on other receivables	125	-	125	1,740
Reversal of impairment loss on trade receivables	96	433	215	454
Reversal on written off of PPE	181	-	181	-
Waiver of debts	-	130	-	130
Waiver of deposit	78	-	78	-
Waiver of rental	115	-	115	-

B13. 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.

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES
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B14. 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 2021. 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 2021 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
30 Aug 2021