

Borneo Oil secures contract to construct storage tanks in Sarawak, Sabah

BY JACK WONG

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KUCHING: Borneo Oil Bhd has secured a contract to implement biodiesel storage tanks project in Sarawak and Sabah.

The company said the award of the contract augured well for the group's diversification into renewable energy, bio-fuel and related activities from its core fast food business under SugarBun.

"The group's new venture into mining of alluvial and lode gold since March-2014 has been encouraging so far.

"Despite the short period of operation, it was able to contribute to the group's overall revenue," Borneo Oil said in notes to its latest quarterly financials.

In the first quarter to April 30, 2014, Borneo Oil posted group's pre-tax loss of RM1.6mil, which widened from RM515,000 in the same period last year, as revenue improved marginally to RM10.2mil from RM10mil.

The group's main revenue was derved from its fast food division which currently has a network of some 70 SugarBun outlets in Malaysia, Brunei, China, Australia and Bangladesh.

The company said its financial results for the quarter under review was weak due to the initial preparatory, operating and related expenditure incurred in the mining activities.

To recap, wholly-owned subsidiary — Borneo Oil & Gas Corporation Sdn Bhd — was recently appointed by Champmark Sdn Bhd as the contractor to carry out prospecting and mining of alluvial and lode gold on an exclusive basis in an area covering 162ha in Pahang.

Borneo Oil plans to utilise RM15mil from a proposed fund raising exercise to purchase new mining plant and equipment as well as to finance gold exploration activities.

In May, the company announced a proposed private placement, which is expected to raise up RM35.5mil, upon the completion of a proposed par value reduction which would involve the cancellation of 90 sen of the par value of the existing company share of RM1 each.

The proposed reduction will help to offset the company's accumulated losses of RM32.5mil.

Borneo Oil has proposed the issuance of new shares up to 20% of its issued and paid-up capital under the proposed private placement.

The listing application pursuant to the proposed private placement was submitted to Bursa Malaysia a week ago.