

Headline	Harzani allays concerns about Tanjung Offshore		
MediaTitle	The Star		
Date	15 Jan 2015	Color	Full Color
Section	StarBiz	Circulation	288,916
Page No	4	Readership	866,748
Language	English	ArticleSize	374 cm ²
Journalist	GURMEET KAUR	AdValue	RM 18,822
Frequency	Daily	PR Value	RM 56,466



Harzani allays concerns about Tanjung Offshore

He expects middle-ground solution soon to put the company forward

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PETALING JAYA: Disagreements over certain issues among board members in Tanjung Offshore Bhd have led to the deferment in the re-appointment of former managing director Datuk Harzani Azmi (pic) as a director.

Harzani, who is currently adviser to Tanjung Offshore, was supposed to return to the helm of the engineering and oil and gas (O&G) company last week.

But the decision was deferred, and instead, an independent committee was set up to look into some matters in relation to Tanjung Offshore's operations that had been brought up by minority shareholders to the management of the company before the re-appointment was made.

Harzani, when contacted, said there were some grouses voiced by directors and hence the formation of an independent committee. "But I expect a middle-ground solution to be found soon to put the company forward," he told *StarBiz*.

Harzani had resigned from his post in June last year at about the time when a reverse takeover (RTO) by Paris-based O&G giant Bourbon SA was being proposed. The RTO, which would have seen Tanjung Offshore's return to the offshore support vessel (OSV) market, was aborted last month because of the decline in oil prices.

The exercise had been drawn based on a 70.8-sen-per-share valuation.

The single largest shareholder of Tanjung Offshore is Lembaga Tabung Haji, with a 7.99% stake. Its other substantial shareholder is Tan Sri Tan Kean Soon, who owns close to 6% based on filings as of Oct 7. Sources said Tan sometimes had differing points of view with other board members.

Tan declined to comment when contacted.

A group of minority shareholders with close to a 4% shareholding had recently raised concerns on the direction of the company and its acquisition of assets locally and overseas.

Allaying the concerns on the acquisitions, Harzani said Tanjung Offshore was in a strong financial position after a restructuring two years ago and that the oil price decline had put it in good stead for new acquisitions.

"The oil price rout is a blessing in disguise, as the valuation of assets has come down.

Tanjung Offshore is cash-rich with zero-gearing and we can cherry-pick for the right vehicle at reasonable valuations," he said.

He said Tanjung Offshore remained focused on the O&G sector and would not divert from it. "We are open to quality acquisitions that are regional in nature. However, we have not set a timeline for this."

Tanjung Offshore had sold off its core business of providing OSVs to O&G companies in

2012 and has been on the lookout for a new line of business since then. Even so, Harzani said that the existing businesses in engineering packages, product services and maintenance "were sustainable to ride out the choppy waters".

"We have a bright star in Gas Generators (M) Sdn Bhd, while our offshore services outfit has an order book of about RM200mil that will keep us busy for the next three years," he said.

On the company's property venture in Birmingham in the UK, he explained that it was purely an investment to hedge against currency depreciation. He dismissed claims that management had marginalised minorities in the deal, given that a shareholders' nod was not required.

The transaction, he said, was done in two separate transactions, and therefore, did not breach listing requirements.

In March last year, Tanjung Offshore acquired UK-based Wavenet Investments Ltd for £6.70mil cash or RM37.18mil (based on an exchange rate of £1:RM5.55). But in its third-quarter results ended Sept 30, 2014, it was stated that RM58.07mil had been disbursed as purchase of property, plant and equipment.

Harzani clarified that the additional monies had gone as subsequent expenditure to refurbish the property into a place of residence for better yields and asset appreciation. Yields are expected to kick in next year, but the company does not rule out disposing the property should it fetch the right price with the proceeds being channeled back into the O&G sector.

Tanjung Offshore's shares have halved in value from the 65-sen high it had hit in June last year. It closed 0.5 sen higher to 34.5 sen yesterday.

Tanjung Offshore had RM59mil in cash as of end-September 2014, while short-term paya-