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Coral Alliance leads the pack for RM1 bil O&G jobs

Jose Barrock

Private held Coral Alliance Sdn Bhd is understood to be the front runner for about RM1 billion worth of top-side maintenance (TSM) jobs for oil fields located in Peninsular Malaysia and Sarawak.

While details are scarce, industry sources say Coral Alliance has emerged as the front runner due to its low bids.

The latest development in the race for jobs from Petrolina Nasional Bhd (Petronas) has created a keen contest among several players for the Sabah portion of TSM works, sources say.

It was earlier rumoured that the TSM jobs for oil fields located in the peninsula and the two East Malaysian states could be worth about RM1.6 billion.

The private company was earlier reported to be in talks to partner Ramunia Holdings Bhd, but whether the tie-up has been firmed up is unclear. Ramunia CEO Nor Badli Munawir Mohamad Alias Lafti could not be reached for comment. There was also talk that Labuan Shipyard & Engineering Sdn Bhd would be roped in as well, but this also remains unconfirmed.

According to the Companies Commission of Malaysia (CCM), Coral Alliance is based in Miri, Sarawak. It is controlled by Wan Abdillah Wan Hamid, who has 70% equity interest. Other shareholders are Diana Tony Ngau with a 25% stake and Tan Chin Shen with a 5% shareholding. The directors of Coral Alliance are the three shareholders and S Soeraya Diana Wan Abdillah.

Wan Abdillah is an executive director of Sarawak based BLD Plantations Bhd, and controls about 20.5% equity interest in the company. He and his brother Wan Mohd Shebli Wan Hamid control a substantial stake in BLD Plantations.

According to the CCM, Coral Alliance posted an after-tax profit of RM1.61 million on the back of RM25.26 million in revenue for FY2009. While little is known about Coral Alliance, the company is understood to have been a subcontractor for Petra Energy Bhd.

The CCM says that Coral Alliance's mainstay is manpower supply, general trading, engineering and maintenance services and the letting of property and equipment and vessels. The company has a paid up capital of RM2.8 million.

Although small in size, Coral Alliance is relatively well-known in O&G circles.

It was previously involved in Petra Energy's RM52 million Kumang project, awarded by Petronas Carigali Sdn Bhd in September 2008. The contract involved the procuring,

construction and commissioning of the Kumang Cluster onshore tie-in at Malaysia LNG-2 in Bintulu, Sarawak, and upgrading and modifications of the integrated onshore facilities.

However, sources say ties between Petra Energy and Coral Alliance soured after an issue with some of the pipes that were procured for the Kumang project led to disputes.

The main businesses of Labuan Shipyard & Engineering (formerly known as Hydro Master Sdn Bhd) are shipbuilding, ship repair, naval craft maintenance and oil and gas fabrication.

The company is controlled by the well-connected Realmild (M) Sdn Bhd. According to the CCM, the directors of Labuan Shipyard & Engineering are Datuk Latif Abdullah, Datuk Zulkifly Rafique and Datuk Zakri Afandi Ismail.

Ramunia, meanwhile, posted a net profit of RM67.98 million on RM34.86 million in sales for its year ended October. As at July 31, Ramunia was sitting on cash and bank balances of RM27.80 million and fixed deposits of RM103.75 million. However it does not have a core business yet.

Conglomerate Sime Darby Bhd acquired Ramunia's main asset, its 170-acre O&G fabrication yard in Teluk Ramunia, Johor, for RM530 million cash. The deal was concluded in 2010. Since then, Ramunia and its controlling shareholder, pilgrim fund Lembaga Tabung Haji (LTH), have been on the lookout for assets to acquire and inject into the company. LTH has about 25.17% equity interest in Ramunia.

Ramunia is a Practice Note 17 counter and has been looking to regularise its financial position.

It is also noteworthy that Ramunia has a working arrangement with Pleasant Engineering Sdn Bhd, a unit of Coastal Contracts Bhd which has a fabrication yard, to undertake the tendering, bidding and fabrication of structures for the O&G industry.

It is believed that LTH is sitting on a huge paper loss in its investments in Ramunia and is likely to want to turn things around at the company.

The others competing for the TSM jobs are bigwigs such as Petra Energy, Dayang Enterprise Holdings Bhd, Kencana Petroleum Bhd and SapuraCrest Petroleum Bhd, industry sources say.

In early November, *The Edge* reported that the five companies had cleared the technical stage in their respective bids for the retrofitting and hook-up and commissioning jobs for oil fields located in both Peninsular and East

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Malaysia.

Among the front runners for the jobs in Sarawak was Dayang Enterprise, which is 36% controlled by Naim Holdings Bhd, a company believed to be closely linked to politicians in Sarawak. Dayang is the incumbent contract holder in Sabah, which strengthens its position. However, it is not clear if Dayang will bag the job this time around.

Another favourite was Kencana, 38.61% controlled by Datuk Mokhzani Mahathir. However, Kencana, with its technical partner London-based Petrofac Ltd, is said to be the front runner for the exploration job for the Berantai oil and gas field at PM309, and

a US\$250 million (RM773 million) engineering, procurement, construction and commissioning (EPCC) job at Block PM313, the Sepat oil field.

In December, Petra Energy bagged a RM400 million hook-up and commissioning job from Petronas Carigali Sdn Bhd, the exploration arm of Petronas.

Dayang ended trading last Wednesday at RM2.93, gaining five sen. Kencana Petroleum closed unchanged at RM2.39, while Sapura-Crest Petroleum inched up three sen to RM3.06. Petra Energy, meanwhile, strengthened one sen to RM1.56. **E**