

Perdana Petroleum scraps work barge purchase

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KUALA LUMPUR: Perdana Petroleum Bhd has aborted its plan to buy at least one of the two 500-men accommodation work barges ordered from Nam Cheong Ltd.

The offshore marine service provider told Bursa Malaysia that it had terminated the memorandum of agreement (MoA) with Nam Cheong dated June 23, 2014, for vessel SK316 as there had been no potential charter contract identified to-date for the vessel.

That month Perdana Petroleum had signed an agreement to buy two vessels - SK316 and SK31 - for US\$84mil (RM330.2mil). The first barge was to be delivered in the first quarter of 2016 and the second in the following quarter.

“The board is of the view that by accepting the delivery of the vessel SK316, the group will have to incur additional operating costs and finance costs for servicing the loan, thereby putting unnecessary strain on the group’s balance sheet and cash flows, especially if the new vessel, SK316, remains idle for a prolonged period,” Perdana Petroleum said.

In view of the current market conditions, the company said, it had decided to cancel the MOA for this vessel.

The group has written-off RM36.1mil being the 20% deposit for the vessel SK316 in the financial statement for the year ended Dec 31, 2015.

It said the board did not foresee any financial impact in 2016.

It is not known whether Perdana Petroleum would terminate the purchase of the other barge.

During the signing of the MoA in June 2014, the company said the new vessels would be the first of its kind in the country, equipped with a 300-tonne work crane and accommodation for 500 men.

Reference:

<http://www.thestar.com.my/business/business-news/2016/03/30/perdana-petroleum-scraps-work-barge-purchase/>