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Transmile to buy aircraft, upgrade services

TRANSMILE Group Bhd intends to purchase between three and four new wide-bodied aircraft possibly DC-10s as part of its expansion plans for the future.

The company currently owns a fleet of seven Boeing 737-200s and four Cessna Caravans which are used to operate its air cargo business and air passenger charter service.

Speaking at its share underwriting agreement signing ceremony yesterday, chief executive officer Gan Boon Aun said that a major portion of the proceeds of RM40 million from its public issue of 6.04 million shares will be used for the purchase of new aircraft.

The rest of the proceeds will be used for upgrading of its engineering services and to buy a new computer system for monitoring its air cargo and passengers.

Also present at the press conference was Transmile's chairman Mirzan Mahathir who said that its air cargo business hopes to expand with the assistance of the Government and its customers in order to compete with established air cargo companies.

Transmile air cargo business currently accounts for more than 60 per cent of its business activities while air passenger charter service accounts for the rest.

According to Gan, the company's air cargo business is expected to grow much faster than the industry's annual growth of 7.3 per cent per year.

Its major subsidiary, Transmile Air Service Sdn Bhd started out in 1993 by providing air courier services to Pos Malaysia Bhd who later took a 30 per cent equity interest.

In 1995, it started the air passenger charter service which flies to about 20 destinations in the Asean region and China.

Another subsidiary, Transmile (M) Sdn Bhd leases aircrafts to other airlines such as P T Garuda.

It is also the sole authorised sales representative of Cessna Caravans, Pilatus Britten-Norman and Beechcraft aircrafts with major customers such as the Malaysian Air Force and the Police.

In conjunction with its listing on the second board of the Kuala Lumpur Stock Exchange, Transmile will make a public issue of 6.04 million new shares of RM1.00 each priced at RM5.20 each thus increasing its issued and paid-up share capital to RM40 million from RM33.96 million.

The public issue will be managed and underwritten by Commerce International Merchant Bankers Bhd and a consortium of underwriters.

Transmile's after-tax profit for 1997 is expected to increase to RM13 million from RM9.87 million in 1996.

The prospectus for the public issue will be out by early May while the flotation of its shares on the second board of KLSE is expected to be in June.

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