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`Perkapalan to concentrate on logistics'

KONSORTIUM Perkapalan Bhd will be put in a better financial position for future expansion as a result of the deal to sell off most of its shipping interests to Malaysia International Shipping Corporation Bhd.

Group executive chairman Mirzan Mahathir yesterday said the company would now focus on being a regional logistics operator and expressed relief that the original plan of hiving off the shipping business into a separate entity has finally come to pass - though not as originally intended.

"MISC, together with the addition of the Petronas tankers, will be in a very good position as it operates a number of LNG tankers which give a very steady income to tide out any future economic downturn."

Konsortium had previous plans to divest its shipping business to Diperdana Corporation Bhd but the scheme was aborted due to weak capital market conditions.

"We have not completely gotten out of the shipping business as we still have one vessel for transporting cars," he said after the US-Asean Business Council lunch in Kuala Lumpur.

"But, for now, we have to be realistic as to what our core competency is. It is the handling of cargo logistics and we originally went into shipping as a natural extension of this activity."

For now, Konsortium will focus on its logistics business as well as that of operating ports - which it is already in the process of doing at Mumbai in India and Sadao in Thailand.

"We expect contributions from the Mumbai port to start coming in by the next financial year, so the impact on earnings due to the divestment of our shipping business should not be too great."

In a statement issued late on Saturday, Konsortium said there will be no significant gain or loss for the current year ending Dec 31, 1997 resulting from the disposal of its shipping interests to MISC.

"The goodwill in relation to this (shipping) business of RM295 million and associated costs of RM65 million have been written off in the year ended Dec 31, 1997 as this is not expected to be recovered in view of the economic downturn."

MISC is buying Konsortium's shipping interests for about US\$220 million (RM836 million) in cash and also assumes the latter's net debts of US\$311 million (RM1.18 billion).

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