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Tongkah Holdings to maintain operations

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TONGKAH Holdings Bhd has the financial resources to maintain its current level of operations, until its short term borrowings become payable towards the second half of the financial year ending June 30 1999, says the company in its latest annual report.

In the notes to the accounts, Tongkah says cash generated from operations alone will not be sufficient to pay the short term borrowings as and when they fall due without the sale of some assets, refinancing the bank facilities or further capital being raised.

As a result, Tongkah says it has determined that it will divest some of the company's assets to significantly reduce its short term debt.

The company is now having ongoing negotiations with investors who are interested in acquiring some of the company's assets.

Tongkah also said that it has engaged financial consultants to assist the company in raising long term funds and restructuring part of its existing borrowing from short term to long term.

According to its annual report, for the year ended June 30 1998, long term liabilities of the group was RM99.63 million, of which RM49.37 million was for the 5 per cent redeemable unsecured bonds 1994/1999.

The group's short term bank borrowings was RM512.48 million, of which RM432.09 million was secured and RM80.39 million unsecured.

For the year under review, Tongkah has, among others, agreed to purchase the entire equity interest of stockbroking company Kestrel Securities Sdn Bhd for RM300 million.

It also agreed to dispose of a 51 per cent stake in Tongkah Medinvest Sdn Bhd for RM35 million.

For the financial year ended June 30 1998, Tongkah group's pre-tax profit dropped to RM549,960, as against RM100.27 million before. This was achieved on the back of a RM608.24 million turnover, as compared to RM468.74 million previously.

However, the group suffered a net loss of RM19.03 million, as compared to net profit of RM61.65 million, which gave a loss per share of 11.95 sen, as compared to earnings per share of 38.88 sen before.

Meanwhile, executive chairman Mokhzani Mahathir, in his statement, said that the economic situation has hindered the group's earlier plans to restructure the group's business activities with Hospital Pantai Bhd.

Nevertheless, a revised programme is being implemented which will enable the company to seek ways to mobilise its resources to greater heights.

Mokhzani also says that they are optimistic of maintaining its position as a major player in each of its respective sectors and it will continue to support the activities of its companies.

In the meantime, Mokhzani said, the group will be building its core competencies by forming strategic alliances with suitable business partners.

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