

15/05/2000

`Naluri expected to keep its stake in MAS' (HL)

Francis Fernandez

NALURI Bhd is expected to keep its 29.09 per cent stake in Malaysia Airlines System Bhd (MAS), despite having a RM1.2 billion in 2 per cent redeemable bank guaranteed bonds hanging over its head. The bonds will mature on June 12 this year.

Naluri is currently under the Corporate Debt Restructuring Committee (CDRC) to broker a debt restructuring scheme.

Sources said Naluri will hold on to the airline as it considered a national interest company.

Prime Minister Datuk Seri Dr Mahathir Mohamad had also said that the airline should remain in local hands.

Naluri and mobile operator Celcom Bhd have just completed blueprints to reorganise debts totalling RM2.5 billion and are scheduled to make an announcement today.

The plan will determine the fate of MAS and Celcom's listed-parent Technology Resources Industries Bhd (TRI).

Naluri had pledged investments, including its stake in the national airline, for its borrowings.

The resolution of the debt problem will help both companies turn around from a bad patch during the last recession.

Sources say it does not make sense for Khazanah, the Government's investment arm, to buy some of Naluri's stake in the airline since the Government already has a golden share.

The CDRC has hinted that Naluri is expected to sell part of its MAS stake under its debt resolution.

Well-informed sources, however, said Tan Sri Tajudin Ramli who holds 47.41 per cent of Naluri will keep control of the national airline as local companies are not interested in acquiring a stake in the airline.

"MAS is still a very viable company but the cost of turning around the company at this critical stage may not appeal to local companies," the sources said.

Naluri, meanwhile incurred losses amounting to RM316.3 million for the year ended December 31 1999. For the first nine months of its financial year MAS made an audited pre-tax profit RM60.95 million.

During the same period in the preceding year, the group suffered a loss of RM702.66 million.

The airline is currently in the midst of finalising its accounts for the financial year ended March 31 2000.

The preliminary draft of its accounts is expected to be completed this week.

Sources said TRI, in which Tajudin controls more than 40 per cent, may be a more logical choice for a sell-off.

Tajudin is the chairman of Naluri and TRI.

An acquisition of TRI will not only land the buyer Celcom in which TRI is the major stakeholder but it will also allow the buyer access to the capital market via TRI's listing status on the main board of the Kuala Lumpur Stock Exchange.

Celcom controls the biggest cellular phone operations in Malaysia with a 1.1 million subscription base.

TRI meanwhile is said to be close to obtaining approval to defer payment of US\$531 million (US\$1 = RM3.80) to holders of its Eurobonds for another two years.

In the event it fails in its bid to appease the bondholders, the company will either have to go to the CDRC or file for court protection from the bond holders.

The other option is to sell of a stake in TRI, and with it, part of the company's commitment to the holders of the Euro bond holders.

TRI has long been linked to a possible tie-up with Telekom Malaysia Bhd, the country's dominant fixed line operator.

However, both TRI and Telekom has strongly denied such a possibility.

But, a string of events which unfolded in the past few weeks has once again flared up speculation that a deal could materialise soon.

One was speculation that Encik Rosli Man, a founder member of Celcom would join the board of Telekom, and the other was Nippon Telegraph & Telephone Co of Japan finally completing its snail pace due diligence test on Telekom which it started in November last year.

(END)