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Budget spur

THIS year's budget speech in parliament setting out the national spending plan for 2002 was much awaited following the suicide hijackings in the United States. Prime Minister Datuk Seri Dr Mahathir Mohamad, donning his Finance Minister's hat set out measures designed to counter the financial effects of the attack's aftershocks.

After the massive RM3 billion and RM4.3 billion stimulus packages introduced in March and September this year in the face of the world economic slowdown, it was no surprise that there would not be any additional pump-priming measures of a similar size apart from the RM33.5 billion allocated as development expenditure.

Of interest to the investing community were recommendations relating to the capital market and the securities industry especially in areas which facilitate capital restructuring for public listed companies.

Conditions for share buy backs and the injection of quality investment properties have been relaxed - the latter proposal especially welcome news for distressed public listed companies. Listed companies with unsatisfactory financial positions have also been given up till December 2002, to comply with the KLSE Listing Requirements. The breathing space will also enable them to regularize their financial positions to comply with the minimum issued and paid-up capital requirements of RM60 million and RM40 million for Main Board and Second Board companies respectively.

KLSE executive chairman Dato' Mohd Azlan Hashim notes that the budget recommendations take cognizance of the fact that distressed public listed companies need more time to restructure with the impact of recent events. 'The relaxation would encourage greater restructuring efforts by affected public listed companies,' he says.

With this spur provided by Dr Mahathir in his budget speech, the groundwork has been laid for a concentrated effort to regroup, reorganize and restructure companies that have fallen on hard times. This economic jolt should be seen as a blessing in disguise, awakening our corporate players that in good times, one has to be prepared for the bad times. Mohd Azlan says not only affected listed issuers but all listed companies should take this valuable opportunity provided by the recommendations in the budget to achieve full compliance with the KLSE Listing Requirements. When that happens, the stresses and strains that the corporate world is undergoing through now would not have been in vain.