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KONSORTIUM-MERGER

KONSORTIUM TO BE LARGEST HAULAGE FIRM AFTER MERGER

PETALING JAYA, June 26 (Bernama) -- Konsortium Logistik Bhd expects to be the largest haulage operator locally when the company's proposal to merge its haulage operations with those of Diperdana Holdings Bhd is completed by year end.

"We are the second now after Kontena Nasional (the national container haulage corporation). Our nationwide market share is expected to double to almost 40 percent after the merger," said Konsortium Logistik group executive vice president Loo Hooi Keat today.

Speaking after the company's annual general meeting here, he said the company is conducting a due diligence before submitting a proposal to the Securities Commission for the merger exercise.

"Hopefully we will sign the deal in July and complete the acquisition some time before the end of the year," he said

Diperdana has proposed to dispose its entire haulage business to Konsortium Logistik to move into the manufacturing of stationery if the deal on its acquisition of stationery producer, Pelikan Holding AG is successful.

Konsortium Logistik executive chairman, Mairzan Mahathir said the proposed merger with Diperdana would help Konsortium Logistik to raise efficiency and benefit from economies of scale to be able to operate in a tougher environment.

With the two companies' large client base, the merged entity could withstand a possible slow-growth or stagnant haulage sector in the short term and stiffer price competition.

"There's a discounting by the new players coming in to acquire customers," Mirzan said in reference to the introduction of 55 new players in the domestic haulage industry following the government's liberalisation of the controlled industry.

On another note, Loo said Kumpulan Logistik has obtained Bank Negara Malaysia's approval to enter into negotiations with Pacificmas Bhd to dispose its general insurance business.

Pacificmas, which surrendered its banking license early this year, has said it had identified two to three potential merger partners for its subsidiary, The Pacific Insurance Bhd.

Konsortium, which core business is the provision of haulage and bulk liquid distribution services is involved in general insurance business via 96 percent-controlled Konsortium Insurans Bhd. -- BERNAMA

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