

MAS shares down despite report of new appointment to board

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SHARES in Malaysian Airline System Bhd fell eight per cent yesterday despite reports that the Prime Minister's financial and economic adviser Tan Sri Nor Mohamed Yakcop had been appointed to its board to speed up a RM9 billion debt restructuring plan.

Reuters quoted analysts as saying investors, eyeing the stock's 66 per cent gain over the past month, might prefer to cash out until more concrete restructuring details emerge from the Government, its main shareholder with a 49 per cent stake.

MAS shares were down 28 sen to RM3.22 at the closing yesterday on a volume of 351,000 shares traded.

MAS officials declined to comment immediately on yesterday's report in the *Asian Wall Street Journal* that Nor Mohamed had been appointed to the board of the ailing carrier.

Nor Mohamed was not available for comment yesterday while Malaysia Airlines managing director Datuk Md Nor Yusof said he has no comment on the report "at this stage".

According to a source, Nor Mohamed will not be appointed to the Malaysia Airlines' board. Instead, he will play an advisory role.

"It would not be a day-to-day operations for him," said the source.

Aviation analysts when contacted said having Nor Mohamed on board the troubled national airline was indeed "good news".

The analysts said his experience as a former central banker and as the principal adviser to the Prime Minister in the re-making and re-shaping of Malaysia Inc would help bring some cure for Malaysia Airlines as it dealt with its huge debt.

"If there is truth in the news that some RM2 billion will be raised via



the disposal of its assets, that would be good. It would be even better if Malaysia Airlines can do this at a faster pace, raising money and reducing its debts," said one analyst.

The *ASWJ* reported that some of the Malaysia Airlines assets up for sale were its food-catering unit, its headquarters in Kuala Lumpur and its operations complex in Kuala Lumpur International Airport in Sepang.

The reported appointment comes barely a month after Datuk Mohamed Azman Yahya, the respected chairman of the Corporate Debt Restructuring Committee, was made a director.

Malaysia Airlines' shares have gained about two thirds since early December after news of Azman's appointment broke, on hopes by investors that it would lead to quicker resolution of the airline's financial problems.

Analysts expect the Government to announce soon a plan to recapitalize Malaysia Airlines which might include a bond issue to refinance its loans, divestment of non-core businesses and an aircraft sale and leaseback scheme to a state agency to lighten the company's debt-servicing burden.

The airline's plan to get back into the black by 2004, after four straight years of losses, has been set back by the slump in global travel volumes following the Sept 11 attacks on the United States.

"Any appointment that can add weight to MAS finding its way out of its huge losses is market positive, but investors may want more details to hang onto their shares."

said C.K. Ngu, research head at TA Securities.

Ngu said a correction to the stock price was likely to be brief, as investors anticipated the Government's next move to resolve the carrier's problems.

Tuesday's comments made by Prime Minister Datuk Seri Dr Mahathir Mohamad that the Government would consider foreign partners for Malaysia Airlines were seen as confidence-boosting for both the stock and the market, though analysts ruled out any quick sale.

They said the airline would need to complete its restructuring, which could take years, before it could attract any foreign buyer.

"It is positive but don't read too much into it," said Noor Azwa of KAF Research.

"Getting foreign buyers at a time when the industry is in crisis won't be easy. MAS needs to put its house in order before anyone would want it."