

Realmild banking on shipyard business

| BY M SHANMUGAM |

Right at the start of the interview, Realmild Sdn Bhd's executive chairman made it very clear that he wanted to stay away from politics that has cast a shadow over the company since it shot to prominence in 1993.

"I own 99.9% of this company. I want it to be run like any other private company and don't want to drive up the debts. I have appointed a set of professionals as board members. I stay away from appointing directors with strong political affiliations," says Latif, who is the first Realmild official that has come out to speak about the company publicly.

To this end, Latif, who took over in May 2006, has appointed a board that comprises lawyers and former merchant bankers to the board of Realmild. Apart from Latif, the others are ex-merchant bankers Syed Elias Alhabshi and Fad-I Mohamed, lawyer Mahathir Azizan and Datuk Dr Mohd Shahari Abdul Jabar, who was previously with Intan.

Realmild today only has two subsidiaries — Radicare (M) Sdn Bhd where it has a 59% stake and Labuan Shipyard & Engineering Sdn Bhd, which operates from a yard leased from the Ministry of Finance (MoF).

Radicare has a concession to provide non-clinical support services to government hospitals. Its other shareholders are former Berita Harian group editor Datuk Ahmad Nazri Abdullah and Datuk Azmi Jaafar.

Nazri was at the helm of Realmild during its heyday that started with a management buy-out of The New Straits Times Press Bhd (NSTP) for RM800 million in 1993. It was the biggest buy-out then.

Then, Realmild was the vehicle for former supporters of former Depu-



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ty Prime Minister Datuk Seri Anwar Ibrahim and was touted as another Renong in the making. Renong Bhd was the flagship company set up by Tun Daim Zainuddin, then the treasurer of Umno, for the party.

While Renong had numerous companies under its stable, Realmild's listed entities were NSTP, Malaysian Resources Corporation Bhd (MRCB) and Media Prima (then known as Sistem Televisyen Malaysia Bhd). MRCB in turn controlled Malakoff Bhd and KL Sentral Sdn Bhd, the developer of the biggest urban property project.

Besides Nazri, the other directors of Realmild were Datuk Khalid Ahmad, Mohd Nor Mutalib and Datuk Kadir Jasin. Nazri and his team left Realmild after Anwar's sacking in 1998. In their place came Datuk Seri Abdul Rahman Maidin, who was there until 2002.

An associate of Daim, Rahman was also at the helm of NSTP and MRCB. He was replaced by Datuk Seri Syed Anwar Jamalullail who effectively oversaw the de-gearing of Realmild.

It had by then defaulted on a loan

taken from the Employees Provident Fund (EPF) amounting to some RM500 million. Finally, Realmild sold its interest in MRCB and Media Prima, which controlled NSTP.

Gabungan Kasturi Sdn Bhd, a company linked to Umno, became the major shareholder of Media Prima while the EPF took over Realmild's stake in MRCB.

Growth in Labuan shipyard

Today, Latif says Realmild's gearing is manageable. The company still owes EPF RM75 million, which it expects to settle by next year.

The growth for Realmild is going to come from the shipyard, where it has a 20-year lease from the MoF. When the MoF awarded the lease to Realmild, the deal had the critics sniping away, contending that Realmild was back at its old self of getting favours from the government.

But Latif hits back at the critics, stating that Realmild paid market rates for the lease.

"We don't get any handouts. Even the jobs for the shipyard do not come

easy for us. Some 70% of the jobs with the shipyard are from the private sector," he says.

But why is Realmild taking the tough route of competing for jobs instead of lobbying the government for jobs? After all, with its history and links to Umno, it could easily land some of the jobs given by Petronas.

Latif says it is more rewarding to sweat and get the things done.

"If we depend on handouts, what do we do when the handouts stop? The money that comes into Realmild is what we earn to keep," says Latif.

The shipyard has an order book of RM100 million, but its chief operating officer S Kumar hopes to land a major fabrication job for an oil and gas client in a few weeks.

"We are looking at a RM600-million job. Once the job comes in, we will have more than enough on our hands to keep us busy," he says.

Kumar adds that the shipyard's strategic location helps it land jobs from the oil and gas companies and also other shipyards. For instance, as the oil majors embark on deep-sea

exploration off Sabah, some of the work awarded to other yards come into Labuan's way.

Realmild is also confident that the growing revenue and profits from the shipyard will be enough to tide them over and repay the EPF loan. Latif is keeping his fingers crossed that the earnings from the shipyard will grow when the company completes the major oil and gas job.

Realmild worked on the shipyard from scratch. When it took over the yard in August 2005, it only had few jobs in hand, although fabrication yards elsewhere were already filled up with work. It landed the first major job — a RM96 million work to modernise mine counter vessels for the Royal Malaysian Navy.

"We had to fight for the job. The sceptics contended that we could not finish the work. But now we are ahead of schedule in completing it," says Latif.

Going forward, he is looking to secure an armaments contract and, for this purpose, its subsidiary Realmild Defence Technology has entered into an arrangement with Societe Esplosive Industriale Spi of Italy. Realmild is also looking at expanding its marine logistics business, something that he is familiar with.

When Latif took over Realmild, it had nothing to show. Now, he is looking at rebuilding the company on a strong foundation so that it can enjoy a sustained recurring income. But he does not see Realmild going into media-related business.

"Media business are political assets... we don't want to be in it," says Latif.

Latif's aim to keep Realmild's nose out of politics is indeed laudable. But whether he can achieve it remains to be seen, considering the nexus between business and politics in this country. ■