

# EPF may buy into, or take over Pharmaniaga

*The pension fund was previously a substantial shareholder in the healthcare company*

by **BHUPINDER SINGH**

**THE** Employees Provident Fund Board (EPF) is a possible candidate to take-over or to buy a stake in Pharmaniaga Bhd from the UEM Group Bhd.

Sources tell *The Malaysian Reserve* the pension fund has held talks on the stake possibility as UEM seeks to meet the March 29 deadline on the public shareholding spread set by the Securities Commission (SC).

"Pharmaniaga has a government concession that offers very good distribution margins — the general feeling is that selling the stake to an institution like the EPF would be a lot more palatable than selling it to an individual or company which could irk a lot of parties," said the industry source.

UEM currently holds about 87% stake in Pharmaniaga and was given three months by the SC last December to divest its stake to meet listing rules requirement of at least 25% of stock be held by the public. The public shareholding spread at the end of last year was 12.98%.

The bulk of Pharmaniaga's

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## EPF was big shareholder, sold its stake in Oct 2008

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business is from the concession to supply and distribute pharmaceutical and medical products to hospitals and medical institutions under the Ministry of Health (MOH). The company is said to be making margins of 17-18% on the distribution business.

The entry of the pension fund into Pharmaniaga, which has a market capitalisation of about RM470 million, would not be something new as it used to be a substantial shareholder in Pharmaniaga until it sold out of the company in October 2008.

Talk of UEM, which is a wholly-owned unit of Khazanah Nasional Bhd, wanting to divest is not new with re-

cent reports linking the stake sale to Equiti Nasional Bhd and Tan Sri Rozali Ismail of Puncak Niaga Holdings Bhd.

The EPF has also tabled a conditional take-over offer for Malaysian Resources Corporation Bhd (MRCB) this month after its stake in the company inched above the 33% threshold after a corporate exercise.

Meanwhile, in a release to the exchange yesterday, Pharmaniaga announced that it has been reissued a manufacturing licence by the MOH which was revoked at the beginning of the month due to some non-compliance issues uncovered in an audit of its manufacturing plant in Bangi, Selangor.

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**Money - Page 1 & 4**

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**Pharmaniaga**