

The F1 quest: It's fast and furious but not clear

ANYONE who has been to a Formula One race would know that it is an expensive sport. My first experience was the country's first race in 1999 and I wanted to buy a t-shirt to remember the occasion. I recalled looking at the prices and ended buying a key-chain instead. Even that was a bit too much for a key-chain, I thought.

Now the country wants to have an F1 team. The most obvious question is why? The explanation is that it will raise our profile, in other words, brand Malaysia would be out there for the world to see.

Fine, but we already have a race in Kuala Lumpur and F1 is not a mass market sport. It has a cult following but football has a bigger audience. I don't think I need to have published numbers, you could just walk into a mamak restaurant when Manchester United is playing against Liverpool and compare the crowd with an F1 race on television.

Secondly, can we afford it? Hopefully no taxpayers money will be involved but that seems highly unlikely. So far we have been told that the bill will probably be split four ways between Datuk Kamarudin Meranun and Datuk Tony Fernandes of AirAsia Bhd, chief of the Naza Group S.M. Nasaruddin S.M. Nasimuddin, and Proton Holdings Bhd as the constructor of the car.

I'm not worried about the businessmen, but what about Proton? Although it has quite a bit of cash, RM914 million as at March 31 2009 to be exact, the car business needs a lot of cash for research.

In fact, it spent about RM500 million on



Weekend Notes

By Shahriman Johari

Exora, the multi-purpose vehicle. And it actually gets a grant from the government for research work. It received RM275 million in total for the last two years. So taxpayers' money is actually used to help Proton. Does this mean the government will pump in more money in Proton for the F1 venture?

We also want to have full facilities in Sepang, where the current race track is located. The investment in things like a wind tunnel could run up to billions, admitted the Sepang International Circuit chief. Will the government pay for this?

Thirdly, if it's for technology, Proton had focused on performance or so called sporty cars before. What it found was that people actually wanted family cars. Proton also already owns Lotus, a good brand for auto engineering. Has it managed to fully use Lotus to help boost sales?

The F1 team will need at least RM10 billion over 10 years. Football would have been a cheaper option I believe. For example, if we became shirt sponsors for Manchester United (or Liverpool or Chelsea for that matter), the record so far is

a reported £20 million (RM114 million) a year for four years. That would amount to £200 million or roughly RM1.2 billion for 10 years.

The three teams are good bets to become champions, which is great for any brand to be associated with, and even if they don't win, they would probably be in the top three, ensuring loyal fans throughout the world.

As a sponsor, we can take advantage of this and help Malaysia develop the football talent that we already have. We can learn how they train and improve players. There are far more successful Asians in top-flight football than in F1, I believe.

I might be missing something in my analysis of the F1 venture, but I would gladly be proven wrong. What concerns me is the fact that the explanations were not enough to convince me. Details on the investment, potential returns, examples of success and how we can emulate them, among others, are seriously lacking.

We have had the Sepang track for 10 years now and the benefits of the race on tourism have been significant. What are the additional benefits if we have a team? Petronas has also been involved in F1 for almost the same time and maybe the government can share what the oil and gas giant has gained so far.

Should we attempt big things? Sure, by all means. But let's have more meaningful success stories like the ones shown by AirAsia for example. We surely need more of that and Fernandes has shown that it can be done.

By Sharen Kaur
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RADIO frequency identification (RFID) technology specialist Multimedia Display Technologies Sdn Bhd (MDT) is aiming for more than RM100 million in revenue by 2012, driven by its new green technology product, PaperCard.

PaperCard is made of hardened paper layers without adding any plastic additives or laminating plastic foils.

It looks like an ATM card and is embedded with microchip tags and scanners to identify, authenticate, monitor and manage objects using RFID.

RFID rides on radio waves to automatically identify an object via a serial number or a microchip attached to an antenna.

MDT chairman and chief executive officer Liew Choon Lian said PaperCard does not generate any electrostatics and allows various optical personalisation methods.

The potential applications for PaperCard includes credit cards, loyalty cards, gift cards, transportation cards, SIM cards, identification cards and driving licence, ATMs and hotel room keys, he said.

Liew said MDT's biggest customer for PaperCard is a local hotel group, which is buying 2,000 pieces to replace its room keys for RM100,000.

China Mobile Communications Corp is also buying 200 pieces for RM11,000, he told Business Times.

"We are talking to DiGi.Com Bhd and Celcom Bhd to buy 200 million pieces each. We are selling each card at US\$15 (RM52)," Liew said.

Multimedia Display unveils its 'trump card'



Liew expects MDT's revenue to jump by triple digits this year

PaperCard is environmentally friendly, cheap and easy to produce, and comparable in strength to plastic cards.

It is the world's first durable (heat, water and oil resistance) and ISO standard compliant card made by recycled and biodegradable paper.

MDT is also finalising deals to supply the cards to the Philippines and Indonesia.

Liew said he expects MDT's revenue to

jump by triple-digit this year from RM5 million in 2008.

PaperCard, which is safe and emits no poisonous gases such as dioxins when incinerated, is manufactured by Japan's Toppan Printing Co Ltd, the world's largest printing company.

MDT has exclusive marketing rights to sell it in Malaysia, and non-exclusive rights worldwide.

K&N Kenanga eyes new markets in Southeast Asia

STOCKBROKING and investment banking group, K&N Kenanga Holdings Bhd, is eyeing new markets in Southeast Asia to tap into the huge growth potential from overseas markets.

Group director Tengku Zafrul Aziz said K&N Kenanga's overseas business have shown signs of recovery with a more positive global economic outlook.

"Through strategic alliances with various parties, we are involved in foreign ventures in Saudi Arabia, Indonesia, South Korea and Sri Lanka," he said.

K&N Kenanga recently announced its completion of the acquisition for a 49 per cent stake in Kenanga Vietnam Securities Corp last month.

"We expect more deals (mergers, acquisitions, corporate finance, initial public offerings) to come in early next year even if things may still look quiet this year," he said.

With the expected recovery in global economy as early as next year, Tengku Zafrul said overseas markets are now even more commercially viable especially as the Malaysian market has reached its saturation level. He said Malaysian companies did not look attractive with expensive pricing as compared to other regions.

Investors are looking for the listing of good companies like Maxis that will create excitement in the Malaysian equity market and put Malaysia on the radar screen for foreign investors, he said.

With higher prospects in terms of profitability growth in lucrative markets such as Indonesia, investors expect more excitement from the Indonesian market, he said.

"Now is a good time to venture overseas, many companies' prices have dropped, there is no way you can get this valuation when the economy picks up."

Against the backdrop of the current economic situation, K&N Kenanga expects modest profit growth for this year, he said.

"We are careful with investments, we rather keep the cash and strengthen the business," he said.

Tengku Zafrul said K&N Kenanga has also turned around from its loss-making position and was confident that its overseas ventures, which are mainly at its early stage, will see more growth potential with the better global economic climate.

K&N Kenanga reported a profit before tax of RM3.24 million for the six months ended June 30 2009 as compared to a loss before tax of RM10.178 million in the previous corresponding period. — Bernama

Agrobank to fully implement Islamic banking in 2015

AGROBANK is to fully implement Islamic banking system in 2015 instead of next year as was the initial plan.

Acting managing director Ahmad Said the extended timeline was due to changes in the bank's business plans.

He said though the bank had gradually introduced Islamic banking transactions, conventional banking was still necessary.

He said Agrobank will also introduce housing loans from the first quarter of next year.

"This means Agrobank will not be tied down with the agriculture sector merely," he told reporters after handing business titles to several institutions in the state.

Ahmad said Agrobank's higher profit last year had enabled the bank to increase its tithe contributions. — Bernama