KAZAKHSTAN

Seven banks turn negative

Fitch Ratings has downgraded the outlook for the long-term Issuer Default Ratings (IDRs) of seven Kazakhstani banks from stable to negative. At the same time, Fitch has affirmed the long-term IDRs of Temirbank (Temir) and Bank Caspian (Caspian) with stable outlooks. The long-term IDRs of these banks are not directly dependent on potential sovereign support.

Fitch has also reviewed — and affirmed — the individual ratings of four banks: Alliance Bank, ATF Bank, Bank CenterCredit and Caspian. This follows the recent affirmations of the individual ratings of Halyk Bank, Kazkommertsbank, Bank TuranAlem and Temir.

The negative outlooks on the long-term IDRs of six of the seven banks reflect the increased likelihood of deterioration in the ability of the Kazakhstani authorities to provide support to the banks, reflected in the change in sovereign ratings.

MALAYSIA

Al-Aqar Sukuk gets final RAM ratings

Al-Aqar Capital's RM300 million Sukuk Ijarah Program has received its final ratings by RAM Ratings. The agency said it had respectively assigned ratings of AAA to the program's RM165 million Class A Islamic Medium-Term Notes (IMTN), AA2 to the RM30 million Class B IMTN, AAA(bg) to the Class C IMTN and P1 to the RM15 million Islamic Commercial Papers.

Al-Aqar Capital is a special purpose vehicle wholly owned by Al-Aqar KPJ REIT, where the shares of the former are held by Amanah Raya on behalf of the latter. Under the program, Al-Aqar Capital would acquire the beneficial interest in six hospitals, namely Ampang Puteri Specialist Hospital, Damansara Specialist Hospital, Johor Specialist Hospital, Ipoh Specialist Hospital, Selangor Medical Center and Puteri Specialist Hospital from the REIT Trustee.

After the purchase, Al-Aqar Capital would enter into an Ijarah (lease) agreement with the REIT Trustee, with a specific lease period and payments that would be used to distribute returns to the Sukuk Ijarah investors.

The redemption of the Sukuk Ijarah was expected to be met via a purchase undertaking by the REIT trustee to repurchase the six hospitals upon the expected maturity or via disposal on the open market.

Al-Aqar REIT would use the proceeds to refinance its existing borrowings and acquire another five hospitals from KPJ Healthcare.

SRI LANKA

The Finance Company affirmed

Fitch Ratings Lanka has affirmed the BBB(lka) national long-term rating assigned to The Finance Company plc (TFC). At the same time, the agency has affirmed the BBB-(lka) rating of TFC's subordinated debentures. The ratings are fortified with a stable outlook.

TFC's ratings are backed by the financial strength of its main shareholder, Ceylinco Consolidated Group (CCG). The rating is, however, constrained by TFC's low capitalization, weak asset quality and the risks inherent to the finance company sector.

MALAYSIA

Nestlé CP/MTN reaffirmed

RAM Ratings has reaffirmed the respective long- and short-term ratings of AAA and P1 for Nestlé Foods (Malaysia)'s (Nestlé Foods) RM700 million Al-Murabahah Commercial Papers/Medium-Term Notes Program (2003/2010) (CP/MTN), with a stable outlook. Nestlé Foods is a wholly owned subsidiary of Nestlé (Malaysia) (Nestlé).

As the CP/MTN was backed by a corporate guarantee from Nestlé, the ratings are based on the credit-risk profile of Nestlé as a group, RAM Ratings said.

"Nestlé continues to lead the competitive local packaged food and beverage market with its strong brand equity.

Based on AC Nielsen's September/October 2007 moving annual total (in terms of volume), the group's core brands, ie Milo and Nescafé, retained their lion's shares of 92.8% (2006: 92.3%) and 85.8% (2006: 85.4%) in their respective healthfood-drink and instant coffee markets."

RAM Ratings said that in line with its overall market dominance, Nestlé's pre-tax profit climbed 18.0% year-on-year to RM342.78 million for the first nine months of FYE 31st December 2007 (FY Dec 2007). The rating agency said this achievement was better than the group's full year pre-tax profit in FY2005.

It said the latest accomplishment had been despite more costly raw materials, packaging materials and energy, which had been outweighed by the divestment of the group's loss-making operations for canned liquid-milk products and the price hikes in April and July 2007 for several items, not to mention a better sales mix and enhanced operating efficiency.

MALAYSIA

'AAA' for PLUS senior Sukuk

RAM Rating Services has assigned 'AAA' rating to Projek Lebuhraya Utara-Selatan's (PLUS) RM3.55 billion (US$1.07 billion) senior Sukuk, with a stable outlook. In a statement last monday, RAM Ratings said the rating continued to be underscored by PLUS' sturdy business operations and robust financial profile.

"Due to its strategic importance as the backbone of connectivity for Peninsular Malaysia, the company's operations remain commendable and largely within the traffic consultant's forecasts despite fuel-price increases," it said.

It said the senior Sukuk was part of PLUS' debt-replacement exercise for its RM5.1 billion (US$1.54 billion) Al-Bai Bithaman Ajil Islamic Debt Securities (BaIDS), of which RM3.55 billion of nominal value had remained outstanding.

"Prior to the debt swap, the BaIDS had carried an 'AAA' rating with a stable outlook from RAM Ratings. Following the swap, the agency no longer has any rating obligations on the BaIDS," it said.

RAM Ratings said the debt-swap exercise would enable PLUS' holding company, PLUS Expressways, to maintain its Shariah compliant status under the Dow Jones Islamic Market index.