Bukit Jambul Indah, Penang

Parkview Towers

Lakeview Towers

Fabrication and Fit-up of Arch segments for Bridge BR-8 at Putrajaya

Load-out of two units of Quayside Container cranes from jetty at Plant 3 for Kelang Container Terminal

MANUFACTURING & QUARRYING

The Industries Division rebounded into positive territory after reporting a loss in the preceding year. The year's pre-tax profit of RM8.69 million was achieved on the back of a 17.0% increase in turnover to RM155.61 million. The result was commendable as some of the operating units in the Division are still continuing to recover from poor demand.

In spite of an over-capacity situation in the industry, the steel engineering business under subsidiary Torsco Berhad again turned in a commendable set of results. A 10.6% increase in pre-tax profit to RM5.95 million (1998: RM5.38 million) was achieved on a turnover of RM42.03 million (1998: RM37.00 million).

The quarrying operation took another dive in aggregate sales, this time by 17%, after a 43% decline in the previous year. The total sales of 2.4 million tons in 1999 was a mere 50% of the high of 4.8 million tons achieved in 1997 before recession gripped the country. Particularly hit were our quarries in Kulai, Masai and Ulu Choh, all in Johore, and Labu, Negri Sembilan. The two quarries at Damansara and Kuang were less affected. During the year, intense production and stock management was put into place. Debt collection continued to receive high priority. Overall, quarrying operations were able to report a slight profit due to better cost controls and lower asset depreciation charges.

Premix sales was also 20% lower at 273,000 tons. Spiralling crude oil prices caused a steep rise in bitumen prices and this wreaked havoc on the sale of premix products. Similarly, movements in diesel and light fuel oil costs affected production costs. All these reduced significantly profit margins in the premix business.

The ready-mixed concrete business was able to turn in satisfactory results in 1999 having undertaken severe rationalisation measures in 1998. The sales at RM30.60 million were sustained at about the previous year's level and the unit was able to chalk up a nominal profit. Spurred by in-house demand and the anticipated recovery in the construction industry, it was clear that the demand for ready-mixed concrete was expected to increase in year 2000. The management has taken steps to cater for such increases by mobilising additional manpower resources and equipment.

The rental volume and rates of scaffolding continued to be affected in 1999. While in-house usage was well maintained, external demand was severely affected by the huge surpluses of used scaffolding stocks in the construction industry. Rental rates took a beating and debt collection was also difficult. The plant personnel took advantage of the lull to carry out extensive maintenance work on existing stocks. Prices of new scaffoldings are expected to increase significantly in 2000 due to higher steel prices. This is expected to have a positive impact on our rental business.

The last few months have witnessed resurgence in construction activities resulting in improved demands for our products and services. We are optimistic that the worse is indeed over and that the year 2000 will see better days ahead. The Group's new project bases such as in Tanjung Pelepas will also result in significant improvements to the Division's bottomline, as huge synergies are evident. The management has managed to run a tight ship in the last two years and will need to focus on increasing sales to better utilise the existing capacities. Other resources will have to be expanded progressively.

PLANTATIONS

The Division's turnover decreased by 27% to RM114.9 million compared to RM158.3 million in 1998. Pre-tax profit achieved of RM24.3 million represents a decrease of 39% over the previous year. The decrease in pre-tax profit was mainly attributed to the lower crude palm oil (CPO) prices which averaged approximately RM1,332 per tonne compared to RM2,315 per tonne in 1998. In terms of key industry parameters of yield and costs, the Group's achievements continue to be among the leaders in the industry.

The Division's land bank totalled 56,794 acres at the end of 1999, an increase of 5,967 acres over the previous year. The matured estates, which increased to 20,903 acres (1998: 18,566 acres) produced a total of 199,815 tonnes of fresh fruit bunches (FFB) in 1999 compared to 120,928 tonnes in 1998. The increase in FFB production was mainly due to increased matured acreage and better weather conditions as compared to 1998.

As at 31 December 1999, immature planted acreage of the Division, located mainly at Labuk Sugut Region, was 12,143 acres and are expected to mature in the third quarter of 2001. The balance of the land bank of 23,748 acres represent newly acquired acreage which will be planted over the next two years.

The Desa Talisai Palm Oil Mill processed 303,632 tonnes of FFB in 1999 compared to 236,000 tonnes of FFB in 1998. The second 30-45 ton/hour palm oil mill under associate Minat Teguh Sdn Bhd was completed at the end of the year and will greatly increase the FFB processing capacity of the Group in the year 2000. Earthworks for a third 30-60 ton/hour palm oil mill under subsidiary Sabang Mills Sdn Bhd to be located at Labuk Sugut region shall commence in the middle of 2000. This mill is scheduled for completion in the third quarter of 2001, in time for the maturity of newly planted acreage in the region.

Healthy young palms at Sijas Oil Palm Estate, Beluran, Sabah