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On Monday: What's next for Ranhill?

Eksons expects earnings to be resilient

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PETALING JAYA: Eksons Corp Bhd expects more earnings resilience despite the cooling of the US housing market, thanks to its niche plywood products that cater to furnishing and refurbishment activities, said executive director Tang Seng Fatt.

"Our thinner plywood is used to make doors, panels and furniture and there is demand for them even if there is no new housing," Tang told *StarBiz*.

He noted that plywood demand for interior furnishing was creeping back in the United States.

Eksons is one of the region's largest thin plywood (3mm and below) manufacturers. It has a plant each in Sibu, Sarawak, and Tawau, Sabah with a combined capacity of 285,000 cu m a year.

Over 90% of its products are exported, mainly to the United States, the Middle East, Africa, Mexico and Taiwan.

During the first quarter ended June 30, the company posted a 75.8% increase in net profit to RM13.7mil against RM7.8mil in the

previous corresponding period. This was due to a swift shift in sales concentration to the Middle East and North Africa from the United States, which helped widen its customer base.

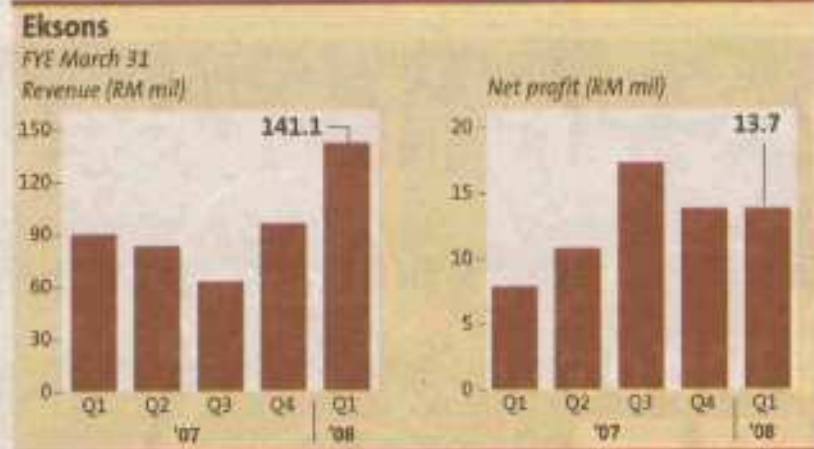
Tang said delivery to the Middle East had increased significantly due to the rapid development in the region prompted by oil money.

While plywood prices are unlikely to reach the peak levels of end-2006 anytime soon, Eksons will see the full impact of the 20% capacity expansion at its Tawau mill to 150,000 cu m a year in the current year ending March 31, 2008 (FY08).

Furthermore, there will be cost savings in power generation after the recent commissioning of its three-megawatt biomass power plant in Tawau. Fuelled by waste wood from the Tawau mill, the plant also generates steam for production use.

"Based on current estimates, we expect savings of up to 70% per annum on the Tawau mill's power generation costs. At the peak of the diesel prices, it costs us RM850,000 to RM900,000 per month to use the diesel generators," Tang said.

Eksons expects plywood prices to



Source: Bursa Malaysia

remain at current levels for the next few months while demand from the Middle East may fluctuate when the fasting month begins.

"The current soft market is mainly brought about by slower US housing starts as well as high stock volumes in some major plywood importing markets, especially Japan," Tang said, adding that prices were likely to trend upwards again when stock levels in Japan returned to normal.

Moreover, the US housing market was unlikely to stay soft for long and should rebound after it adjusted to

the present credit phase, he said.

On the group's venture into property, Tang said it was likely to launch the first of three phases by March next year. Its 60% subsidiary, Vibrant Hub Sdn Bhd, owns the development rights to a 51-acre site in Seri Kembangan.

The project comprises mainly three-storey shops, single-storey shops and a hypermarket.

The contributions would only flow in from FY09, Tang said, but added that property development would not be a core business.

(GLCs) on Sept 10.
In a statement, CCM said the seminar would outline the effects of the recent amendments to the Companies Act, 1965 on GLCs as the amendments were expected to have a significant impact on the roles, responsibilities and liabilities of the directors. — Bernama

LCL ASSOCIATE GETS SUB-CONTRACT IN DUBAI: LCL Corp Bhd said its indirect associate company in Dubai, LCL Interiors Contracting LLC, has been asked by Arabtec Construction to do sub-contract work for the supply and installation of interior design fit-out for Tiara Hotel at Palm Jumeirah for 117.23 million dirham (RM111.39mil). — Bernama

MALAKOFF UNIT BUYING STAKE IN JORDAN FIRM: NMC Corp Bhd said its 51% owned unit Malakoff Corp Bhd's wholly owned subsidiary Malakoff Jordan Generation Ltd has signed an agreement with Jordan Dubai Capital and Consolidated Contractors Group, SAL, to take up stakes in Enara Energy Investments Co PSC.

Enara is a special-purpose vehicle incorporated in Jordan.