

## Eksons diversifies into property development

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TIMBER outfit Eksons Corp Bhd (9016) is diversifying its income stream by venturing into property development to help offset any shortfall in plywood trading. Eksons, one of the largest manufacturer of tropical thin plywood in Asia Pacific, sells its plywood under the "Panda" brand name. Eksons executive director, Tang Seng Fatt, said there are challenges in the business, including the sourcing of logs, government policies, exchange rates and price fluctuations. The price of plywood has been hovering between US\$440 (RM1,368) and US\$450 (RM1,399.5) per cu m in the past six months, Tang said. "The challenges are affecting the whole market. Demand is there for our products and we are penetrating new markets, but we need to diversify to remain profitable. "We have started a flagship property project in South Klang Valley and are sourcing for land in Ampang, Mont' Kiara and in other areas," Tang said in an interview with Business Times, recently. Eksons is developing The Atmosphere, a RM850 million mixed commercial development in Seri Kembangan, Selangor, in a 60:40 joint venture with Tempo Properties Sdn Bhd. The project, launched in August last year, is due to be completed within the next three to five years. Currently, all of the company's earnings come from plywood manufacturing and it aims to have property making up 15 per cent of its net profit. The Atmosphere project, for instance, is expected to contribute RM40 million a year. For the year ended March 31 2010, Eksons posted a net profit of RM28 million on revenue of RM279.1 million. On plywood manufacturing, Tang said Eksons is not setting up more factories, saying the existing ones are enough to meet fresh demand. Eksons has a factory each in Sibul, Sarawak, and Tawau, Sabah, which can produce 285,000 cu m of plywood per year. The plants are currently running at 80 per cent capacity. Some 70 per cent of its production is exported to the Middle East. Around 20 per cent is sold in the US, Taiwan and South Korea, while the rest is for the local market.