

Tradewinds to go big in rubber plantation

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Group is diversifying its income stream

KUALA LUMPUR: Tradewinds Plantation Bhd is poised to be Malaysia's largest rubber plantation owner in a single location given its recent proposed acquisition of 11,411ha in Kedah.

Chief operating officer Chan Seng Fatt said rubber would be predominantly cultivated on the land going forward.

To date, 51.4% of the total plantation land is cultivated with sugar cane (4,591ha), rubber (1,017ha) and oil palm (265ha), while the remaining area consists of an idle former sugar cane plantation.

Chan said the foray into rubber plantation was mainly to diversify the group's income stream.

"Palm oil will remain the major contributor to the group's earnings, while rubber will start contributing

»Palm oil will remain the major contributor while rubber will contribute in five years«

CHAN SENG FATT

in five years," he told reporters after the company AGM and EGM yesterday.

As at end-December 2006, the group's total plantation land bank stood at 126,985ha, of which 41,013ha were in the peninsula and the rest in Sabah and Sarawak.

Chan said Tradewinds had allocated a capital expenditure of RM200mil this year.

"We are setting up a 40-tonne per hour palm oil mill each in Johor and Sarawak, estimated at RM26mil each, as well as developing over 4,000ha for oil palm plantation," he added.

Chan expects the group's crude palm oil (CPO) production to increase to over 200,000 tonnes this year from 186,000 tonnes last year.

He said Tradewinds was targeting to reduce its average cost of production to RM775 per tonne in three years compared with RM860 per

tonne currently.

In the first quarter, the group achieved an average CPO price of RM1,650 per tonne compared with about RM1,400 per tonne last year.

"Based on the current bullish spot market prices, we hope to get a good average price of not less than RM1,900 per tonne this year," he said. "We should not be measured with the other big plantation boys given our status as a young plantation player with a young tree age profile." Tradewinds is ranked seventh in terms of plantation landbank size in Malaysia.

"We have no immediate plans to expand outside Malaysia as we still have about 30,000ha to be developed. The focus will be on existing assets and making them productive," Chan added.