

# Cess, if implemented, to cost Tradewinds RM10m

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TRADEWINDS (M) Bhd, oil palm planter and sugar refiner, expects the Supply and Cooking Oil Stabilisation cess to cost them RM10 million if it is implemented.

Chairman Tan Sri Zainol Abidin Abd Rashid said Tradewinds is still discussing with the Malaysian Palm Oil Board (MPOB) on the matter.

"It is not final yet (but) if the tax is implemented, it will affect us by about RM10 million," he told reporters after the company's annual general meeting in Kuala Lumpur yesterday.

The cess, which is supposed to start this month, for up to 12 months, aims to help refiners cope with high crude palm oil (CPO) prices. Applicable to planters with over 40ha land, MPOB will collect RM2 per tonne of fresh fruit bunches for every RM100 per tonne rise in the CPO prices — as long they stay above RM1,500 a tonne.

As at December 31 last year, Tradewinds, through its 69.76 per cent-owned Tradewinds Plantation Bhd, had a plantation land bank of 140,684ha in Peninsular Malaysia, Sabah, Sarawak and Indonesia.

About 67.2 per cent have been planted with oil palm, of which 84 per cent have matured.

The company also owns and operates three palm oil mills in the Peninsular, and five in Sabah and Sarawak. Another mill is being built in Sarawak, which is scheduled for completion in the second half of the year.

Zainol said the firm has sold 4,031ha plantation in Indonesia for US\$13 million

(RM44.85 million) as it is not commercially viable. "We are still looking at Indonesia, but not aggressively. We are focusing on operations here."

In the financial year ended December 31 2006, the group's plantation sector recorded a pre-tax profit of RM38.9 million on the back of RM448.6 million revenue.

For the current financial year, Tradewinds expects plantations to contribute 55 per cent to its revenue, and sugar refinery the remaining 45 per cent.

The plantation side will be driven by the higher yield for the oil palm trees in their prime age as well as the expected higher crude palm oil prices.

Tradewinds also expects to export 700,000 tonnes of sugar this year, or about 35 per cent of the total production.

From the total exports, 250,000 tonnes would be produced by the newly-acquired sugar refinery Gula Padang Terap Sdn Bhd, while the rest from the company's wholly-owned Central Sugar Refinery Sdn Bhd (CSR).

Zainol said, last year, the company exported less sugar due to the export ban imposed by the Government in view of sugar shortage in the country.

He said despite the volatile raw sugar prices last year, CSR managed to register higher revenue and profit. During that year, CSR posted 6.3 per cent increase in pre-tax profit to RM54.4 million, and 12.7 per cent increase in revenue to RM687.1 million.