Tradewinds aims to be back in the black

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KUALA LUMPUR: Tradewinds Corp Bhd expects to return to profitability in the current financial year ending Dec 31, 2006, and has targeted a net profit of over RM28.5mil.

The figure is an internal target, but the profit could be higher if the acquisition of sugar refinery Gula Padang Terap Sdn Bhd is completed earlier. For now, the company expects the purchase to be completed in the fourth quarter of 2006 as two conditions have yet to be met.

Speaking yesterday after the company AGM that lasted nearly two hours, chairman Datuk Seri Megat Najmuddin Megat Khas said: "We bit the bullet and took all the impairment last year. The results this year should be better."

Last year, Tradewinds reported net loss of RM48.4mil on turnover of RM1.4bil. The huge loss was due to higher cost of raw sugar, lower average selling price of oil palm products, higher allowance for impairment loss in associates of RM68mil and impairment loss on property, plant and equipment of RM33.9mil. In comparison, it recorded a net profit of RM56mil in 2004.

Datuk Seri Megat Najmuddin Megat Khas (right) and Azlan Abdullah in good spirits at the press conference

Group chief executive officer Azlan Abdullah said the manufacturing sector would continue to be a major revenue contributor at 45%, followed by the plantation division at 23%, hotel and property business 15% each, and other businesses the remaining 2%.

Part of the strategy going forward is to hive off some of the hotels within the group. The group has 10 hotels in the country and one in Hanoi.

Najmuddin said the company had over the past two weeks received several enquiries from international investors and company officials would begin talks with them soon. The hotels being sought after are the ones in Kuala Lumpur and Hanoi.

While the group wants to remain in the hotel business, it would not mind hiving off some properties to maintain a stronger portfolio of hotels.

"We are business people and we would sell (anything) for a price but we have a minimum price. However, some investors want it at fire sale prices," Najmuddin said.

He added that the group enjoyed "good occupancy rates of up to 70%" but the concern was the rates..He said the rates charged by hotels in Kuala Lumpur in ringgit terms were the same as what other hotels in the region were charging but in US dollar terms.

He called for "regulated planning and approval process" to avoid a glut in hotel rooms in the city.