

Friday May 25, 2007

TH Plantations' planting target

KUALA LUMPUR: TH Plantations Bhd expects to finish planting 4,000ha on its newly acquired land in Betong, Sarawak, by the year-end.

The rest of the land would be planted next year, managing director Datuk Rashidi Omar said after the company AGM yesterday.

He expects the newly planted land to start contributing to revenue in five years.

The acquisition of 100% in subsidiary Zecon Plantation Sdn Bhd has given TH Plantations another 10,390ha of land in Sarawak.

In December, TH Plantations signed a conditional sale and purchase agreement for the proposed acquisition of the entire stake in Zecon Plantation for RM30.5mil.

With this, the company would be on track to hitting its key performance indicator of doubling its landbank to 32,000ha by 2009, Rashidi said.

He said further expansion would be either through acquisition of "green field" plantation land or the purchase of existing plantation land from its parent, Lembaga Tabung Haji.

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TH Plantations had also early last month signed a 70:30 joint-venture agreement with Yayasan Terengganu to jointly develop 2,594ha in Setiu as an oil palm plantation.

On the company's expected revenue for the year ending Dec 31, 2007, Rashidi said that depended on crude palm oil (CPO) prices.

"We have been selling at an average CPO price of RM2,100 per tonne so far this year, above our budgeted price of RM1,600 per tonne," he said.

For the financial year 2006, the company achieved an average selling price of RM1,502 per tonne.

On the outlook for CPO prices, chairman Tan Sri Dr Yusof Basiran, also Malaysian Palm Oil Council chief executive officer, said prices were expected to remain stable.

Supply from Malaysia and Indonesia for the year had so far been below expectations, while global demand remained robust, he added.

CPO futures for May and June delivery closed at RM2,239 and RM2,510 respectively yesterday.

Except for the new acquisition in Sarawak, TH Plantations only had plantation assets in Peninsular Malaysia, Yusof said.