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GADEK EXPECTS BETTER CONTRIBUTIONS FROM NON-AUTOMOTIVE OPERATIONS

KUALA LUMPUR, Aug 25 (Bernama) -- Gadek (Malaysia) Bhd expects its non-automotive businesses to turn in higher contributions of between 25 and 30 percent to the group's earnings in the future.

"At present, Hicom Holdings Bhd contributes 81 percent to the group's profit, but we hope the non-automotive operations will perform better later," said chairman Datuk Mohd Saleh Sulong after the company's annual general meeting here today.

Gadek recorded a 369-percent jump in group profit to RM354.7 million on a 159-percent increase in sales amounting to RM1.9 billion for the 15-month period ended March 31, 1997.

Saleh said for the current financial year Gadek expects further improvement in its profit following the better results attained in its first quarter performance.

He said there has been an overdependence by Gadek on Hicom, its 32-percent associate, adding that Hicom derives 85 percent of its profitability from its automotive operation.

As such, he hopes to further improve and enhance the contributions of operations such as financial services through Gadek Capital Bhd.

Gadek Capital owns Credit Corporation (Malaysia) Bhd and South East Asia Insurance Bhd (SEA Insurance).

Other companies in Gadek's stable are construction arm, Perspec Prime (Malaysia) Sdn Bhd, new subsidiary Gamuda Asset Management Sdn Bhd and a French joint-venture, Clestra Hauserman (M) Sdn Bhd.

On SEA Insurance, Saleh said the company has the track record for a listing on the Kuala Lumpur Stock Exchange.

"However, we are not in a hurry for that," he said, adding that the insurance arm also is eligible for Tier-One status.

On Perspec, Saleh said the company, which is involved in the South Klang Valley Expressway project, has a few other projects in the pipeline. But he did not elaborate.

Saleh said he agrees with Prime Minister Datuk Seri Mahathir Mohamed's comments on the need to produce Proton cars at reasonable prices in order to compete in the international market.

"We need to do much more to achieve this improvement," he added.

He said the company has embarked on a cost reduction exercise to make Proton cars competitive in export markets relative to South Korean and Japanese cars.

He said the present ringgit situation seems to have a negating effect on the cost reduction effort but he hopes it will not last very long.

"There are other ways to reduce our costs, like sourcing from local vendors and achieving savings in terms of in-house operations," he added.

-- BERNAMA

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