

08/12/1997

Tongkah to consolidate its business activities

TONGKAH Holdings Bhd is seeking to consolidate the group's business activities and streamline its operations through a corporate restructuring exercise.

Under the restructuring exercise, the group will purchase the remaining 49 per cent equity interest in Tongkah Medinvest Sdn Bhd and all of Hospital Pantai Bhd's healthcare assets and business.

The Tongkah group of companies has a 21 per cent stake in Hospital Pantai.

In addition, the company plans to house its subsidiaries under one roof to create a more efficient management system.

The move to house all of Tongkah's subsidiaries under one roof will enable the group to operate more efficiently with a leaner management team, says executive chairman Mokhzani Mahathir.

In view of this, the company has begun the process of moving to its new headquarters in Damansara Heights, Kuala Lumpur.

Tongkah's new headquarters, THB Satu, which is currently only 20 per cent occupied, will eventually house Tongkah's Klang Valley-based subsidiaries and Hospital Pantai Bhd's management team.

Hospital Pantai, according to Mokhzani, was one of the main reasons why the group's profits increased this year.

For the financial year ended June 30 1997, Tongkah's group pre-tax profit improved by a massive 73.5 per cent to RM100.3 million, from RM57.8 million in the previous corresponding period.

Its after-tax profit jumped to RM80.47 million from RM43.83 million, while the group's earnings per share for the year increased to 38.88 sen from 20.96 sen the previous year.

However, the group's turnover for the year fell by 11.2 per cent to RM468.7 million from RM528 million in 1996.

The decline in the group's turnover was attributed to the continued slowdown in the consumer electronics and computer market, which affected the financial performance of several of Tongkah's subsidiaries.

Directors are not recommending any dividend to shareholders of the company for the financial year ended June 30 1997.

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