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Paos confident of maintaining performance

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SOAP and edible oil manufacturer Paos Holdings Bhd expects to maintain its earnings in its current financial year ending May 31 2002.

Paos executive chairman Datuk Lim Tong Yong said despite the uncertainties in the economic outlook currently, he is positive about the company's prospects to maintain its performance.

"We must be conservative and work harder to push up the (productivity) volume to maintain performance," Lim said during a press conference after Paos shareholders meeting yesterday.

It was the first meeting since the company was listed on the main board of the Kuala Lumpur Stock Exchange (KLSE) in August last year.

In its previous financial year, Paos, at group level, reported a net profit of RM16.33 million, on the back of a sales turnover of RM250.31 million.

As most of the company's products are for export, Paos expects to see increasing insurance and freight charges. But Lim said the company is negotiating with its clients about the possibility of them absorbing or sharing the shipping costs.

Lim said the bulk of Paos products are for East Asian countries mainly China, South Korea and Japan. The rest is for the European market and to some extent Africa. He said exports of edible oil to Pakistan and other West Asian countries came up to some 5 per cent of total export for the product.

Paos executive director Alex Lim said its animal feed business might see an increase in demand especially in the UK and this could also help offset any additional costs during this financial year.

The company anticipates the increase for animal feed will boost manufacturing's contribution to 65 per cent of its profits, with trading accounting for the remaining 35 per cent.

Meanwhile, 25 per cent shareholder Hap Seng Consolidated Bhd said it is happy with its investment in Paos and is confident to obtain good returns from it.

"We share Paos' optimism on the company's outlook," Hap Seng executive director Fong Kok Keong said.

Fong however declined to comment on the possibility of Hap Seng increasing its stake in Paos.

When asked about the low public shareholding spread of Paos, its chairman said the company has no plans to enlarge its share capital via corporate exercises.

"We have our ESOS (employees' share option scheme) which coincidentally will dilute our shareholding," he said.

Both he and Hap Seng have a collective interest of 75.37 per cent, with Lim holding over 50 per cent. The third largest shareholder is Malaysian Assurance Alliance Bhd with 5 per cent.

Lim made headlines in April when he bought a 32.75 per cent stake in Pantai Holdings Bhd from Mokhzani Mahathir, which resulted in Lim holding indirectly 22.77 per cent of Avenue Assets which in turn is a substantial shareholder of Phileo Allied Bhd.

At the KLSE, Paos shares were traded unchanged at RM2.40 while Hap Seng surged 14 sen or 7.91 per cent higher to RM1.91.

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