

■ **Abated interest:** Delay in schemes may be key factor

Tax incentives have little impact on shares of 3 firms

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TAX incentives announced in the 2003 Budget for companies consolidating rubber smallholdings did not have a visible impact on share prices of three counters involved in such ventures yesterday.

Poultry-based Sinmah Resources Bhd, which plans to undertake the consolidation of rubber smallholdings in Malacca and Negri Sembilan, added 1 sen to close at RM1.76 with 946,000 shares traded.

Precision parts maker Lipo Corp Bhd, which also announced similar plans in Sabah last year, shed 7 sen to close at RM1.67, with 157,000 shares changing hands.

General Soil Engineering Bhd (Gensoil), a construction firm that plans to consolidate rubber smallholdings in Kedah, remains suspended at 88 sen, following its reclassification as a distressed Practice Note 4/2001 (PN4) company early this month.

In his Budget speech last Friday, Prime Minister Datuk Seri Dr Mahathir Mohamad announced tax deductions equivalent to the amount invested in consolidating the management of smallholdings or idle land for companies investing in such schemes.

Dr Mahathir also announced tax exemption for subsidiaries undertaking the management

of the smallholdings.

Since late last year, Gensoil, Lipo and Sinmah have in succession announced similar smallholdings consolidation schemes, which feature the use of Reactorrim, a latex stimulant system expected to increase the yield of rubber trees.

Following the announcements, retail investors drove the companies' share prices up, especially that of Gensoil which peaked at a high of RM9.10 from as low as 77.5 sen before the announcement of the schemes.

Interest in the three counters abated when Gensoil was suspended in April, with regulators initiating a clampdown on speculative activities said to be be-

hind the meteoric rise of the share prices.

Progress of the respective consolidation schemes has also been delayed although the companies were initially optimistic of carrying out the schemes within a short period of time.

Sinmah, for example, announced that there has been a delay in confirming the information on the patent application of the Reactorrim device and requested a time extension before carrying out the scheme.

Lipo and Gensoil have yet to announce the progress of their respective consolidation schemes, following their initial announcements made at the onset of the venture.