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KONSORTIUM-PERFORMANCE
KONSORTIUM EXPECTS TO PERFORM BETTER

PETALING JAYA, June 21 (Bernama) -- Konsortium Logistik Bhd is certain of a better performance this year, but whether it will achieve a profit or continue to be in the red remains to be seen, says its executive chairman and president, Mirzan Mahathir.

"We will work hard to get back into the black, but it is difficult to say at this stage," he said at a press conference after the company's annual general meeting today.

Konsortium posted an after tax loss of RM3.017 million on a revenue of RM45.203 million for the first quarter ended March 31, 2004, a reversal from an after tax profit of RM256,000 on a revenue of RM48.887 million in the corresponding quarter of 2003.

Although he acknowledged that the first quarter results were not good, Mirzan said the results did not reflect the performance for the year.

The car tariff was not resolved as at that time and it was also pre-election period, he said.

He also said that the group did not expect the uncertainty of the car tariff to have such a huge adverse impact on demand for cars last year.

For the year ended Dec 31, 2003, Konsortium posted an after tax loss of RM38.2 million on a revenue of RM211 million.

Mirzan said only a small portion of of the revenue came from foreign operations, but did not give a percentage.

He said he would like to see the foreign contribution to be about a quarter of the group's revenue in the next three to five years.

He said by the end of this month, Konsortium would be completing the acquisition of a 49 percent stake in Silver Line Cargo Co Ltd of Thailand, from the Thai Summit Auto Parts Industry Co Ltd for RM547,000.

Silver Line is in the business of coordinating logistics services to Thai Summit Auto, the largest auto components group in Thailand.

Mirzan said Konsortium will be providing expertise in automotive logistics to Silver Line, firstly for the Thai Summit Group and then outside the group.

He said Konsortium was also looking to set up a representative office in China within the next few months.

China is definitely a big market, but it would require huge commitment, he said.

"We have to establish a presence there by initially investing in a representative office before we move further.

As for the local container haulage industry, he said there was a need to change how the tariff rates were calculated.

Mirzan said he had met and discussed the issue with Minister of Entrepreneur Development & Cooperatives, Datuk Mohamed Khaled Nordin.

He said the present tariff was based on the conversion from bulk tariff and thus calculated not based on the container but kilometer per tonne.

While industry players have been cooperating to restore tariff rates which have been discounted, to create viability in the industry, there is still a need to do more, he said, pointing out that the industry needed the capacity to reinvest.

"We have somewhat lost the capacity to reinvest because of the sharp decline in tariff rates," he said, adding that prime movers and trailers were mechanical equipment that wore out after some time.

He said without reinvestment, the industry would have a fleet of aging

prime movers and trailers, which would result in higher maintenance cost and reduced quality in services.

Consolidation within the industry is also inevitable, he added. --
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