

Sime Darby sees profits plummet on overruns
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Sime Darby Berhad, the world's largest listed palm oil producer, said Thursday its annual profits had plummeted due to huge overruns in its energy and utilities division.

For the full year ended June 30, the state-controlled palm-oil-to-property conglomerate said net profits fell to RM726.8 million from RM2.28 billion the previous year.

"We have identified the problems in the oil and gas business and are addressing them to turn around the business," Sime Darby's new chief executive Mohamad Bakke Salleh said in a statement.

He did not elaborate on the massive cost overruns, which involved several major projects including the controversial Bakun hydroelectric dam on Borneo island in eastern Malaysia, and an oil project in Qatar.

After an investigation uncovered the problems in the division, the conglomerate in May asked group CEO Ahmad Zubir Murshid to take a leave of absence until his contract expires in November.

Anti-corruption authorities have said they would investigate possible graft at the firm, Malaysia's number two company by market value with market capitalisation of RM47 billion.

Sime Darby posted a loss of RM77.4 million in the fourth quarter due to additional provisions for losses at its energy and utilities division, compared with a net profit of RM984 million in the same period a year earlier.

It was Sime Darby's second straight quarterly loss after red ink worth RM308.6 million in the three months to March, which compared with a net profit of RM150.6 million in the same period in 2009.

The third-quarter energy unit losses wiped out contributions from its mainstay plantations business, the company said.

In the plantations sector, Mohamad Bakke said: "There is much more that we can do in the plantation business to increase yields and reduce operating costs."

- AFP

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