

Management Review

1. Property



a) Property Development

The Group's revenue from property development focused in Bandar Baru Nilai amounted to about RM63.9 million. During the year the Group's property division launched new projects consisting of single/double storey terrace houses priced at below RM150,000. This is aimed at tapping the potential market arising from the siting of the Kolej Universiti Islam Malaysia (KUIM) in Bandar Baru Nilai. The KUIM campus ground breaking ceremony was officiated by the Prime Minister YAB Dato' Seri Dr. Mahathir bin Mohamad on 22 August 2002 and the campus is expected to be operational by early 2004. The launch of such projects is again in line with the Group's strategy to focus only on affordable properties. Responses to these launches have been encouraging.

The opening of the new Nilai Interchange in Oct 2002 which connects the North South Highway and the Nilai industrial area directly to Bandar Baru Nilai and onwards to the Kuala Lumpur International Airport will help stimulate further growth and activity in Bandar Baru Nilai.

b) Quarry Operations

Demand for quarry products/aggregates during the year remain relatively unchanged due to a lack of new infrastructure projects in the Nilai area and vicinity. Hence revenue from our quarry operations was relatively stable at RM9.4 million.

c) Landscaping

The Group's landscaping business registered a slightly lower revenue of RM5.3 million due to delays in commencement of some planting jobs. However the maintenance activity continues to provide steady income. Aggressive measures are being taken to expand in this business.



2. Fertilizer and Agrochemical



Higher palm oil prices during the year contributed towards a marked improvement in our sales of fertilizers to RM122.3 million. However, price competition remain intense resulting in an erosion in gross margins. The company plans to further improve its market coverage through expansion of its warehouse facilities in Sabah. During the year the fertilizer operations was further streamlined to make it more efficient and customer focused.

Agrochemicals also showed a substantial improvement in sales to RM18.9 million during the year arising from improved market conditions and higher prices of agricultural products. The company introduced two new labels for agrochemicals to further widen the range of products offered to the market. However the government's recent ban on paraquat will have significant impact on the Group's sales of agrochemicals in 2003. Nevertheless the company has taken steps towards mitigating this factor through sourcing and marketing of suitable alternatives and substitutes. Both the fertilizer and agrochemical businesses will remain important core activities of the Group.

