

## The Star Biz

### 01-05-2007: Maemode lifting output

#### It intends to spend RM25mil over next three years.

By Yeow Pooi Ling

PETALING JAYA: Malaysia AE Models Holdings Bhd (Maemode) plans to spend RM20mil to RM25mil over the next three years to expand production capacity, corporate affairs director William Chong said.

The company provides one-stop automated materials handling and factory automation system solutions with a wide range of products and services for sectors like the electrical and electronics, motor vehicle, packaging, logistics and mining.

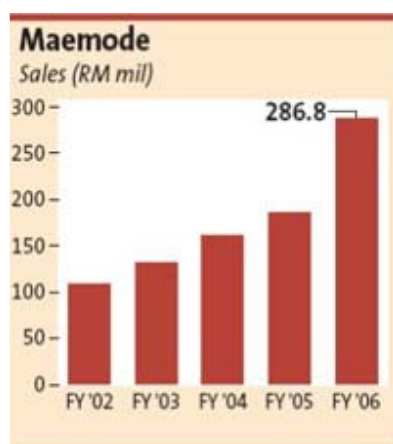
Demand for logistics, sortation and warehousing systems from China and bulk-handling systems from Indonesia was likely to drive earnings going forward, Chong told StarBiz.

“More than half of the capex (capital expenditure) will be invested in China to cater to the growing demand,” he said, adding that plans were also under way to set up a fabrication yard in Indonesia to meet the needs of that country's coal mines.

Chong said the fabrication yard was likely to start operations by the fiscal year ending May 31, 2008.

In January, it won a RM28.4mil contract to build an eight-megawatt coal-fired power plant in East Kalimantan. The plant is expected to be completed by May next year. It now has 10 production facilities – seven in Malaysia, two in China and one in Indonesia. Total production capabilities are valued at RM355mil but the facilities combined are currently running at 76%.

Chong said the production in China at present catered mainly to multinational companies operating in the country as well as exports to Japan and eastern Europe. “Our current order-book value is about RM285mil, of which more than half are overseas orders,” he said.



Source: Bursa Malaysia

Maemode has about 1,000 customers, of which 70% are repeat customers.

“As such, we expect to see recurring revenue of about RM110mil annually,” he said, adding that it could be divided into contracts and service and maintenance.

Its top five customers contribute about 24% to total group sales.

Chong said the company was also in the midst of tendering for some RM700mil worth of contracts, RM300mil of which are in Indonesia and China.

It also intends to expand in India and Vietnam. Currently, it has sales and marketing offices in India.

“Eventually, we want to set up production facilities in India after we have gained sustainable demand there,” he said.

For the fiscal third quarter ended Feb 28, 2007, Maemode's net profit soared 75.5% to RM13.9mil from RM7.9mil in the year earlier period.

Chong said the company would continue to perform well in the fourth quarter.

*This article was adapted from [www.thestar.com.my](http://www.thestar.com.my)*