

Agrobank set to expand loans to rubber sector

By Rupa Damodaran

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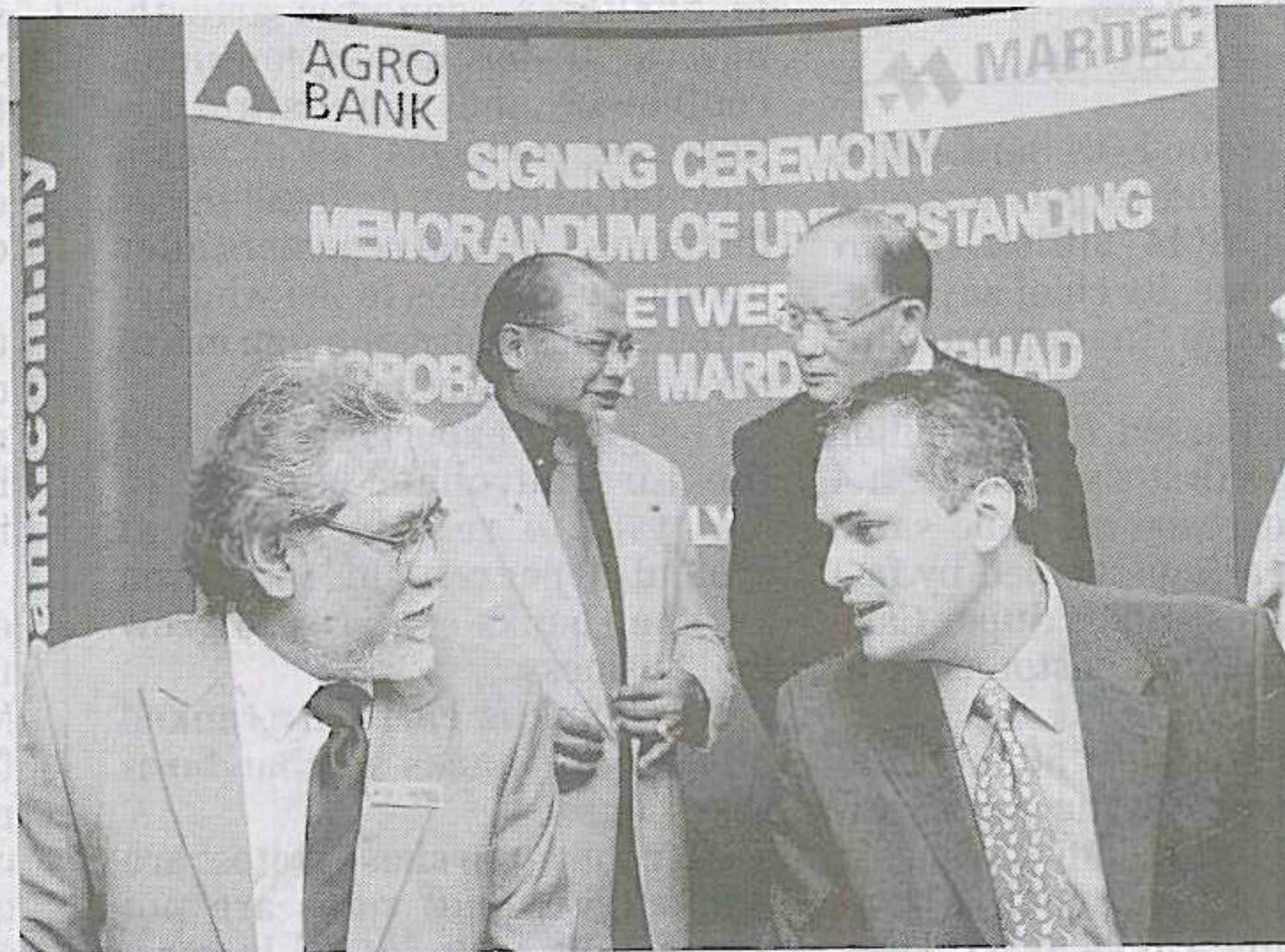
AGROBANK, formerly Bank Pertanian Malaysia Bhd, expects its loan portfolio to the rubber industry to grow this year, as demand for the commodity picks up.

Currently, only 7 per cent of the bank's total loans of RM5.6 billion is allocated for rubber activities.

"Businesses are growing big in rubber and we expect an uptake in the number of loans as the economy has registered a stronger growth," Agrobank managing director Datuk Ahmad Said told a media briefing after a memorandum of understanding (MOU) between the bank and Mardec Bhd in Kuala Lumpur yesterday.

Under the MOU, Agrobank will have the mandate to finance all the 66 suppliers of rubber latex and rubber scrub, to a tune of RM3.3 million.

The financing will help the suppliers increase their working capital to purchase more rubber latex and rubber scrub, which would boost the supply to Mardec's factories located in Kedah, Perak, Negeri Sembilan, Tereng-



Ahmad (left) with Khalid (right) at a media briefing after a signing ceremony between Agrobank and Mardec. With them are Syed Abdul Jabbar (standing right) and Agrobank's board of directors member Datuk Dr Saharan Anang.

ganu and Pahang.

Mardec chief executive officer Khalid Bahsoon is upbeat about the disbursement under the collaboration, saying it could be exhausted in less than six months to meet the financing needs of the smallholders.

Meanwhile, Ahmad said net profit for Agrobank is poised to jump to RM220 million for the year ending December 31 2010, from RM178.4 million last year.

The bank's assets are also expected to grow by 20 per cent to RM12 billion by the end of the

year, from RM10 billion in June.

On its acquisition by Tradewinds (M) Bhd which is expected to be completed by the end of the year, Mardec chairman Datuk Syed Abdul Jabbar Syed Hassan said there will be more synergy for the group, which is engaged in rubber and polymer processing, trading and manufacturing.

It is also a strategic fit to the group's plans to expand its rubber activities downstream, into the processing and marketing of rubber products.

Mardec also found its forays abroad lucrative since it ventured overseas seven years ago. Today, almost half of its operations are based overseas.

"With Tradewinds as one of the companies involved in the development of the Northern Corridor Economic Region, there is more potential for building more palm oil mills and rubber processing plants," Syed Abdul Jabbar said.

With its close proximity to Thailand, the company can also source its supply from the neighbouring country. Mardec has a latex factory in Yala producing latex concentrates.