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Gammon stakes a claim in West Country

The Straits Times, 1 January 1974, Page 12

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Gammon stakes a claim in West Country

FOLLOWING its joint venture projects with Empat Nombor Ekor and Permas Jaya announced earlier on, Gammon South East Asia has taken another step to cut down its dependence on its loss-making civil engineering activities.

The latest joint venture involves another publicly listed company, United Asbestos Cement, which together with Gammon, will purchase for cash a 25 per cent interest in West Country, a company owning plantations and mining leases.

Gammon's share in West Country will be 20 per cent of the total paid-up capital. It will pay for its 7.8 million \$1 shares, purchased at par, by using \$3 million from the proceeds of options in Gammon exercised by Bovis. The balance of \$4.8 million is to be provided by bank loans.

UAC will pay for its 1.95 million \$1 shares, also bought at par, out of funds obtained wholly from internal reserves.

According to both Gammon and UAC, a valuation report in December, 1973 by Lee and

Azmi, chartered surveyors, places a value of \$68.16 million on West Country, after taking into consideration the possible acquisition of 4,600 acres of its land by the Selangor Government.

This they say is the

Information



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Share



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basis on which the price of West Country's shares has been arrived at, implying that Gammon and UAC have bought them below asset value.

West Country was set up in March 1973 to hold 6,774 acres of rubber and oil palm and two mining leases of 346 acres and 232 acres, with a life of 4½ and 3½ years remaining respectively. The estimated profit for 1974 from rubber, oil palm and tin tribute is \$2.765 million.

The land owned by the company was formerly the West Country Estate, near Kajang, Selangor.

Gammon and UAC point out that due to its favourable location, West Country's land has long term development potential. In this connection preliminary submissions have been made to get planning approval for the property.

UAC adds that it foresees additional benefits could result from its association with West Country through the sale of its products.

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