

Big recovery by General Lumber

By Lee Yew Meng

General Lumber (Holdings) — in the red since 1970 — has caught the fire of intense speculation in recent weeks — fanned by market talks that the company has turned the corner and is now making substantial profit.

At one stage, the

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share price roomed to \$2.14 but had since eased slightly — the heat of the upward thrust being taken away by profit-taking.

There is basis for General Lumber turning the tide in its favour as indicated by the

turnaround in April and May.

In these two months alone, the group reported an unaudited profit of \$790,000 which easily wiped out the \$477,000 loss incurred in the six months to March 1973.

With the present buoyancy of the timber industry, there is no doubt that the remaining four months of fiscal 1973 should run smoothly.

All these would add up to a good 1973 annual report.

The build-up to General Lumber's current favourable position started last January when the company, then facing a lack of working capital acquired the whole of the issued capital of General Veneer and Plywood Corporation (M).

From this acquisition came a cash injection of \$4.2 million, management expertise and access to regular supplies of timber and international marketing contracts.

In return, General Lumber issued seven million new shares at par in the company to General Veneer and Plywood, owned 60 per cent by Kang Kock Seng and Associates, and 40 per cent by Costraco Holdings.

Following this issue, the paid-up capital of General Lumber was doubled to \$14 million 30 per cent and 20 per cent of which now belonged to Kang Kock Seng and Associates, and Costraco Holdings respectively.