

SCHOOL OF ARCHITECTURE, PLANNING AND SURVEY
DEPARTMENT OF ESTATE MANAGEMENT

PLANT AND MACHINERY VALUATION-
THE MALAYSIAN PRACTICE

A project prepared to fulfil part of the condition for the
conferment of Bachelor (Honours) Estate Management

PREPARED BY: ELIZA BINTI ABDUL AZIZ
MAY 1997

Acknowledgement

Thanks goes to my father who initiated the idea of doing a dissertation on Plant and Machinery Valuation and for his approval for access of information on the Plant and Machinery of Sabutek (M) Sdn. Bhd. The same gratitude goes to the owner of Simeace Corporation Sdn. Bhd. that is Haji Ibrahim bin Hassan and his family for their approval and co-operation.

I am indebted to my concerned supervisor Encik Baharudin Mohd. Hanipah for all his advice and guidance throughout the writing of this dissertation. To my classmates especially Asmah, Zaiha, Faridah, Hidamuliazi and Nawed Fatima who kept cheering me on to finish this write- up, I shall cherish your comradeship.

My appreciation for my children Muhammad Afif and Nurul Faieza for their staunch support and sacrifices. Last but not least due credit must be given to my beloved and supportive husband; Norhafifi Haji Ismail for all his help in typing, editing and checking of this dissertation.

TABLE OF CONTENTS

	PAGE
SYPNOSIS	1
CHAPTER ONE : INTRODUCTION OF PLANT & MACHINERY VALUATION	6
CHAPTER TWO : VALUATION PROCESS	24
CHAPTER THREE : BASIS OF VALUATION	37
CHAPTER FOUR : CASE STUDY-REPORT AND VALUATION OF PLANT AND MACHINERY AT SABUTEK (M) SDN. BHD.	56
CHAPTER FIVE : CASE STUDY-REPORT AND VALUATION OF PLANT AND MACHINERY AT SIMEACE CORPORATION SDN. BHD.	66
CHAPTER SIX : CONCLUSION	75
BIBLIOGRAPHY	79
APPENDICES :	
APPENDIX A - DIMINISHING DEPRECIATION TABLE USING 10% AS BASE	
APPENDIX B - PROCESS CHART FOR SABUTEK(M) SDN. BHD.	

PLANT AND MACHINERY VALUATION
THE MALAYSIAN PRACTICE
CASE STUDIES: 1. SABUTEK (M) SDN.BHD.
2. SIMEACE CORPORATION SDN. BHD.

1.0 INTRODUCTION

Plant and Machinery is a branch of valuation that is relatively unknown to many valuers. This specialised field requires the valuer to recognise and differentiate between a plant and machinery and a building. The writer attempts to explain the practical aspects of Plant and Machinery valuation being practiced here in Malaysia based on interviews and relevant documentations available.

2.0 OBJECTIVE

The objectives of this dissertation is to discuss the procedures and principles of valuation that applies to assets relevant to the plant and machinery valuer.

Its writer also hope to increase the number of people knowledgeable on this subject so that Plant and Machinery Valuation will be widely understood and practiced in Malaysia.

CHAPTER ONE: INTRODUCTION OF PLANT & MACHINERY VALUATION

1.1 INTRODUCTION

1.2 OBJECTIVE

1.3 SCOPE

1.4 DEFINITION

1.5 CATEGORIES

1.1 INTRODUCTION

Valuation of Plant and Machinery is very complex in nature as they pertain to industries of wide spectrum each having plant and machinery with its own inherent characteristics.

In view of such complexity, it is felt necessary to discuss the valuation process of Plant and Machinery and other matters related.

The history of Plant and Machinery dates back to mid-nineteenth century during the Industrial Revolution in the United Kingdom. The valuations done was mainly for insurance purposes. It grew largely during asset stripping takeovers of 1960's.