thestar online **Friday February 3, 2014**

1. Corruption prevention panel to seek A-G's Chambers explanation

KUALA LUMPUR: The Malaysian Anti-Corruption Commission (MACC) is concerned over speculation in the media regarding two former officers of a cabinet minister who were not brought to court, as announced last week.

"As an independent panel, we're concerned with this development as it could lead to public speculation or perception of an outside interference," said MACC consultation and corruption prevention advisory panel chairman Datuk Johan Jaaffar.

In a statement to Bernama, the panel strongly felt that in the interest of transparency, the Attorney-General's (AG) chambers owed the public an explanation.

The panel said it was saddened by mounting speculation of 'political intervention' or 'selective prosecution' in the delay, but added it believed such thing was far from the truth.

The 11-member panel further said it strongly opposed to any interference, political or otherwise, to MACC's efforts to fight corruption as this could erode public confidence in the MACC or the AG's Chambers, as well as the government itself.

The MACC, in its statement earlier, said the ex-political secretary with the title of Datuk, and a director of one of the foundations headed by the Datuk, would be charged in the Kuala Lumpur Sessions Court under the Penal Code on alleged criminal breach of trust involving more the RM1.1mil and another charge of alleged cheating worth RM1mil.

The panel said it would seek an explanation from the AG's Chambers as to why the duo, one of whom was a former political secretary, were not charged as the MACC had announced in a press statement on Monday.

According to Johan, when members of the panel received their letters of re-appointment for another term from Datuk Seri Najib Tun Razak recently, the prime minister reiterated his commitment that although the MACC had shown all-round improvement in fighting corruption, it should always strive to do better, in line with the rising expectations of the rakyat to weed out the scourge.

The duo were arrested by MACC and were released on a RM50,000 bail each. It said the three foundations were set up between the 1980s and 2011, but were not registered as welfare organisations or societies. Instead, they were operating as companies with limited liability.

MACC said both men held the positions of directors and members of the boards of trustees of the three foundations, and the funds were withdrawn from the accounts, in contravention of the objectives for which the bodies were formed.

thestar online **Saturday February 4, 2014**

2. **Cheras water treatment plant closes again**

KUALA LUMPUR: The water treatment plant at Batu 11, Cheras, which resumed operations on Sunday, had to be closed again at 8am on Tuesday due to an increase in the level of ammonia.

Syarikat Bekalan Air Selangor Sdn Bhd (Syabas) in a statement said ammonia level was detected at 6.40ppm (part per million) compared with the permitted level of 1.50ppm.

It said the Bukit Tampoi treatment plant, which covers Kuala Langat, remained closed since Jan 28 because of ammonia pollution, which is at 4.20ppm.

Following the closure, a number of areas in Hulu Langat and Kuala Langat are expected to experience water disruption.

"Syabas will continue to supply water to the affected areas," said the statement.

Consumers in Selangor, Kuala Lumpur and Putrajaya are advised to use water sparingly to avoid wastage

Thursday February 6, 2014

3. Deadline on KLIA2 remains, says Hisham

PUTRAJAYA: The Government is not budging from its guarantee that KLIA2 will take off from May 2.

"From now until May 2, we have to do whatever it takes to make it operational.

"I am serious (when I say) I will hold those responsible to their promise.

"If there are parties found to have obstructed this schedule, I will not hesitate to take the necessary action against them," said acting Transport Minister Datuk Seri Hishammuddin Hussein.

KLIA2 had missed several deadlines for opening since September 2011, with the last scheduled opening on April 30 deferred to May 2 this year.

Speculations over another possible delay came on Tuesday, when Malaysia Airports Holdings Bhd reportedly failed to receive the certificate of completion and compliance (CCC) from main contractor UEMC-Bina Puri for the KLIA2 terminal building.

Hishammuddin told a press conference here yesterday that he would closely monitor the matter and conduct spot checks at the airport site to ensure that the project was delivered on time. This, he added, would include ensuring that KLIA2 receives the CCC and the operational readiness and airport transfer (ORAT).

In a related development, Deputy Transport Minister Datuk Abdul Aziz Kaprawi said there were no defects in the (KLIA2) terminal building, which is almost completed.

"The contractor merely has to make amendments to the fire and safety features to comply with the (Fire and Rescue Department) standards, which we hope will be in place by the end of this month," he said.

Meanwhile, UEM-Bina Puri confirmed it could not obtain the CCC by Jan 31, allegedly due to an "unexpected issue" which occurred recently during a follow-up inspection.

In the meantime, Indah Water Konsortium Sdn Bhd, Sepang Municipal Council and the Fire and Rescue Department inspected the building last month and found 65% of the main terminal did not comply with fire and safety standards.

There were also reportedly cracks in the sewerage pipe outside the terminal and parts of the road and drainage were allegedly not fit for use.

On the cracked pipe, Abdul Aziz, who chairs the KLIA2 task force, said: "We will fix it."

Friday Februari 7, 2014

4. **Delay in implementation of construction industry Act irks private sector**

KUALA LUMPUR: The private sector is appalled at the delay in implementing the Construction Industry Payment and Adjudication Act (CIPAA), which was passed and gazetted in 2012.

"Talk of exemptions will make the CIPAA lose the bite it needs to be effective," said Tan Sri Yong Poh Kon, former president of the Federation of Malaysian Manufacturers.

He was commenting on The Star Online report, which quoted Malaysian Bar president Christopher Leong urging the Government for details and reason for the Works Ministry's request for exemption, and the delay in implementing CIPAA.

"This continued delay, in spite of the road shows and the availability of trained qualified adjudicators, sends the message the Government is dragging its feet and having second thoughts about implementing an Act which has been stamped by Parliament," said Yong.

"The ministry should bite the bullet and gear up to implement CIPAA as soon as possible," added Yong, who was co-chair of Pemudah, the Government's the Special Task Force to Facilitate Business, until September last year.

He said CIPAA was first mooted 10 years ago to solve the long-standing issue of delayed payments to contractors and sub-contractors which had caused tremendous hardship to the industry, especially the smaller sub-contractors.

Prof Datuk Sundra Rajoo

He said things began moving in the last three years after numerous consultations overcame the unwillingness of some housing developers and the Government, which had wanted to be "totally exempt from the discipline of such an adjudication process".

"Everyone finally agreed that it would be for the good of the country and would lead to a more responsible ecosystem of paymasters and contractors."

When contacted, Kuala Lumpur Regional Centre for Arbitration (KLRCA) executive director Prof Datuk Sundra Rajoo confirmed the Works Ministry had applied for an exemption.

"I can't tell you the details for but we are in discussions with the ministry and we have given our views to them.

"It is for the minister to decide on this matter," he added.

Under the Act, KLRCA is the adjudication authority and Section 40 of CIPAA states the minister may grant any exemption after considering the recommendation of the body.

(Section 40. Exemption - The Minister may, upon considering the recommendation of the KLRCA, by order published in the Gazette, exempt (a) any person or class of persons; or (b) any contract, matter or transaction or any class thereof, from all or any of the provisions of this Act, subject to such terms and conditions as may be prescribed.)

Friday Februari 7, 2014

5. No compromise on KLIA2 safety

SEPANG: The Government will not compromise on safety involving the KLIA2 project, Acting Transport Minister Datuk Seri Hishammuddin Hussein said.

Stressing that the project was on track to meet its May 2 completion deadline, he rejected allegations that 65% of the main terminal did not comply with fire and safety standards.

"We have based the benchmark on safety on international standards. There are claims of a lot of problems with the airport but when I see with my own eyes, the system has been tested and proven to be fully-functional," he said after an inspection yesterday at the KLIA2 site here.

Accompanying the minister were Fire and Rescue Department and safety officials.

The KLIA2 project has missed several deadlines for opening since September 2011, with the last scheduled one on April 30 also deferred.

Speculation on another possible delay arose on Tuesday when Malaysia Airports Holdings Bhd reportedly failed to receive the certificate of completion and compliance (CCC) from main contractor UEMC-Binapuri for the KLIA2 terminal building.

Closer look: Hishammuddin inspecting the baggage facility during his KLIA2 site visit in Sepang.

Hishammuddin said there were only minor issues, such as on drainage and sewage, which he said would be addressed by the relevant authorities.

"The aim of my inspection is to find and rectify weaknesses and remove obstacles with the cooperation of the relevant agencies.

"I have told the consultants to submit a summary within two days on what needs to be done to resolve the problems," he said.

On what percentage of the project had been completed, Hishammuddin said: "That is not important as we want to tell the people that everything is going smoothly as planned."

He reiterated that the KLIA2 project would not be delayed again as all parties were cooperating with the ministry.

"It should not be about when we get the CCC but the most important thing is not to compromise on safety and to meet the deadline," he said.

thestar online **Monday Februari 10, 2014**

6. **Malaysia's December industrial production index up 4.8% on-year (Update)**

KUALA LUMPUR: Malaysia's industrial production index (IPI) in December rose at a slower-than-expected 4.8% on-year, which was below expectations of 5.3%.

The Statistics Department said on Monday the increase was due to the stronger output from the manufacturing index and electricity index of 6.7% and 6.0% respectively. The mining index declined by 0.8%.

"The IPI in November 2013 has been revised positive 3.8% year-on-year," it said.

The department said in seasonally adjusted terms, the IPI in December 2013 fell 1.1% on-month.

"The decrease was particularly due to the decline in the mining index of 5.1%. Meanwhile, manufacturing index and electricity index increased by 0.4% and 0.1% respectively," it said.

On the manufacturing sector, the department said output increased by 6.7% in December 2013 following an increase of 4.4% (revised) in November 2013.

Major sub-sectors which registered increases in December 2013 were petroleum, chemical, rubber and plastic products (4.9%); electrical and electronics products (6.9%) and transport equipment and other manufactures (27.7%).

On a seasonally adjusted on-month basis, manufacturing output rose 0.4% from November 2013.

For the fourth quarter of 2013, Malaysia's IPI expanded 3.4% on-year, underpinned by the stronger growth of the manufacturing and electricity sectors. The manufacturing index increased by 4.8% and electricity by 5.6% but the mining index declined by 1.1%.

thestar online **Tuesday Februari 11, 2014**

7. **Moody's expects M'sia to record 5% growth**

KUALA LUMPUR: Moody's Analytics, a division of Moody's Corp, expects Malaysia's gross domestic product data, due tomorrow, to show the economy growing at 5% year-on-year in the fourth quarter 2013 for the second straight quarter.

In a statement here today, Moody's said the improved economy was due to a much-improved performance in export-manufacturing.

Moody's economist, Matthew Circosta, said after posting below-trend growth through the first half of 2013, Malaysia's economy bounced back in the second half, receiving a boost from stronger electronics demand.

"Its external sector should strengthen on the back of better recoveries in the US and Europe this year.

"A weaker ringgit, which hovers around a three-and-a-half-year low of RM3.33 against the dollar, will also help improve export competitiveness," he said.

Circosta said Malaysia's economy was expected to continue book 5%-plus growth rates through the first half of 2014.

"Bank Negara Malaysia will likely be the first in Asean to start increasing the interest rates this year because of the country's relatively favourable growth outlook and rising inflation," he said

thestar online **Tuesday Februari 11, 2014**

8. Undercover MACC agent in Agriculture Ministry

PUTRAJAYA: An officer from the Malaysian Anti-Corruption Commis-sion (MACC) will be placed at the Agriculture and Agro-based Industry Ministry as an undercover agent to check corrupt practices.

Minister Datuk Seri Ismail Sabri Yaakob said the officer would be working on a full-time basis.

“While the officer will work just like any other staff of the ministry, we expect the officer to report directly to the MACC on any corrupt practices or abuse of power.

“The placement won’t be made openly as that would defeat the purpose. The officer will be employed as a permanent staff and his identity will be known only by MACC, ministry’s secretary-general and I,” he told reporters yesterday after witnessing the signing of the Corporate Integrity Pledge (CIP) by Tabung Ekonomi Kumpulan Usaha Niaga.

Also present was MACC chief commissioner Tan Sri Abu Kassim Mohamed.

Ismail Sabri said he sent the request for the officer to the MACC but stressed that the plan to have an anti-graft undercover agent should not be misconstrued that corruption was rampant in the ministry.

“We are being pro-active and doing whatever we can to check corrupt practices and abuse of power. Our next plan is for the ministry to sign the CIP,” he said.

By taking the pledge, an institution would voluntarily commit to create an effective system to increase integrity through the practice of good management, including taking steps in preventing corruption.

thestar online **Wednesday Februari 12, 2014**

9. Two Selangor water treatment plants temporarily shut due to high ammonia levels

HAH ALAM: Two major water treatment plants in Selangor have been temporarily shut down to high levels of ammonia in the water.

Selangor exco member in charge of environment Elizabeth Wong said the water treatment plants in 11th Mile, Cheras and Bukit Tampoi respectively had temporarily ceased operations beginning Feb 7.

Wong told a press conference Wednesday that Selangor water concessionaire, Puncak Niaga Holdings Bhd, shut down the plant after water readings recorded a worrying level of ammonia.

She added the areas that could be affected by the shutdown were Dengkil, Kuala Langat and Balakong.

"The high level of ammonia in the water is due a water level decrease in rivers and lack of rain in catchment areas over the last few weeks,'' said Wong.

She added this resulted in the decrease in dilution leading to a relative increase in the volume of ammonia in the water.

According to Wong, the state government and all relevant parties have embarked on both short- and long-term solutions to counter the problem.

"The Selangor Water Management Board and the agencies in the Selangor Source Contamination Emergency Committee have taken measures to identify the causes contributing to the rise of ammonia in the water,'' she

said.

She added the National Water Services Commission, Department of Environment and Indan Water Konsortium had inspected all public and private sewage plants in the state.

"It was found that the quantity of effluent released was within the limit allowed by the Environment Quality Act,'' said Wong.

Short-term measures taken to counter the problem was to increase the ventilation as well as the usage of chemicals to treat the ammonia levels in 51 sewage plants in the state, said Wong.

"The usage of chemical substances to treat the ammonia at the sewage treatment plants is estimated to cost about RM350,000 a month,'' said Wong.

Water from some nearby ponds would also be channelled into the Bukit Tampoi plant to dilute the water, explained Wong.

She said long-term measures included changing current filters to sodium aluminium silicate-based filters in both the affected water treatment plants.

"To change the filters in both plants will cost RM5mil, which would take between six to eight months,'' said Wong.

She said efforts were also underway to carry out cloud-seeding exercises to counter the dry spell.

thestar online **Thursday Februari 13, 2014**

10. Malaysia's growth intact, GDP boosted by rising exports and investments

PETALING JAYA: Malaysia's economy grew 5.1% year-on-year in the final quarter of 2013, exceeding market expectations of a 4.8% rise.

Economists were encouraged by the set of data released by Bank Negara and the Statistics Department yesterday and attributed the improvement in the health of the economy to the exports and continued strength in private investments.

They felt this development boded well for the country's outlook amid volatility in the capital markets over the last six months.

For the entire year, economic growth as measured by the gross domestic product (GDP) rose 4.7%, matching market expectations. Compared with the preceding quarter, GDP grew by 2.1%. The national current account, reflecting the balance of trade, continued to improve.

"We're very encouraged by the rise in private investments, as this underscores the fact that private sector investments will continue to be a big contributor to GDP for years to come," CIMB Investment Bank Bhd economic research head Lee Heng Guie told StarBiz.

He said the main drivers of investment growth continued to be the implementation of the Economic Transformation Programme projects and relatively low borrowing costs. "Yes, we expect interest rates to gradually move up this year, but it will still continue to be supportive of growth," Lee added.

According to a statement by the central bank, private investments rose 16.5% in the fourth quarter (from 15.2% in the third quarter) on account of higher capital spending in the services and manufacturing sectors, while public investments continued to fall, declining 2.7% year-on-year in the fourth quarter from the 1.3% drop in the previous quarter. Overall, gross fixed capital formation grew 5.8% in the fourth quarter versus 8.6% in the previous quarter.

Alliance Research chief economist Manokaran Mottain (pic) said that on balance, most economists had been overly bearish, especially when the national current account narrowed in the middle of last year.

"We should not be overly concerned with blips in leading indicators in a given month, as one month's worth of data is not enough to seriously impact economic performance," he pointed out, explaining that a drop in purchasing managers indices (PMIs) in a given month should not be a cause for alarm. PMIs are leading indicators for manufacturing activity.

On the trade front, exports grew 2.4% last year to RM719.81bil, while healthy domestic demand stemming from manufacturing activities, capital formation through growing investments as well as higher consumption ensured imports rose 7% to RM649.19bil.

Due to the growth in exports, the national current account balance improved to RM16.2bil in the quarter under review (from RM9.8bil in the third quarter) versus the median expectations for the balance to improve to RM17.5bil.

Manokaran expects the ringgit to end this year at 3.30 to the US dollar, with periods of volatility around Federal Open Market Committee meetings when statements on further cutbacks to the quantitative easing programme would be announced. To-date, the US Federal Reserve has cut back US$20bil from the US$85bil-a-month programme.

Economists expect private consumption to moderate this year on the back of further fuel subsidy cuts, following the rise in electricity tariff rates and the abolishment of the sugar subsidy. "Consumer spending will still hold this year although households will continue to adjust, but we don't expect consumption to pull back sharply," Lee said.

For the fourth quarter, private consumption moderated to 7.3% from 8.2% in the previous quarter, while lower government spending on emoluments saw public consumption moderate to 5.1% from 7.8% previously.

Bank Negara said on the supply side, growth was supported by the major economic sectors, with services growing in tandem with the improvement in trade and manufacturing activities. The manufacturing sector expanded further, supported by higher growth in both the export- and domestic-oriented industries.

Activity in the non-residential and residential sub-sectors continued to support construction sector growth, but the commodities sector weakened due to lower production of rubber, palm oil and crude oil.

Credit Suisse AG economist Santitarn Sathirathai expects another year of robust GDP growth this year, although the mix in contribution to growth would likely shift towards investment and away from consumption.

He noted that in order for real GDP growth to hit 5% this year, quarter-on-quarter growth would need to average 1%.

thestar online **Monday Februari 17, 2014**

11. IGP Khalid: New department for police to improve SOP compliance

KUALA LUMPUR: The Royal Malaysia Police will set up a new department to improve Standard Operating Procedure (SOP) compliance, including disciplinary procedures for police personnel.

Inspector-General of Police Tan Sri Khalid Abu Bakar said the Integrity and Standard Compliance Department was expected to be fully operational in two months and would be led by a director with the rank of commissioner.

"The setting up of the department has been approved in principle. Right now, we are in the midst of discussing with the Public Service Department on the recruitment of staff.

"With the department in place, it is hoped that we can improve the SOP compliance in all aspects of assignment, including disciplinary procedures for police personnel," he told reporters at Bukit Aman, here, on Monday.

He said that prior to this, disciplinary matters and procedures for police personnel were handled by the Management Department

thestar online **Monday Februari 17, 2014**

12. Foreign funds continue to reduce stakes in Malaysian equities

KUALA LUMPUR: Foreign funds sold net RM760.20mil of Malaysian equities in the week ended Feb 14 which was a slight decline from the net selling of RM1.10bil in the week before, says MIDF Equities Research.

It said on Monday it was the 18th out the 19 weeks where foreign funds were net sellers.

MIDF Research said daily outflow was capped at below RM250mil for the first time since the first week of trading this year.

So far in 2014, daily net sale exceeded the RM500mil level only once compared with 6 times in 2013. It was in the RM300mil to RM500mil bracket only three times, compared with 11 times in 2013.

"Year-to-date, a total of -RM5.54bil of foreign money had exited Malaysian equity. In the last 19 weeks (that is during the current phase of foreign selldown), a total of -RM11.21b of foreign money had exited Malaysian equity," it said.

MIDF Research said that translated into an average of -RM590m a week, an increase from -RM580m the week before.

In its outlook, the research house said the market has overcome the difficult hurdles this year and better days ahead beckon.

“For Malaysia, the latest numbers on the current account and the government's fiscal position show good improvement and are reasons for investors to cheer,” it said.

The country's current account showed the surplus increased to RM16.2bil in the fourth quarterof 2013 (Q4,2013), from RM9.8bil in 3Q13. Although as a percentage of GNI, the current account surplus dropped to 3.9% in 2013 from 6.3% in 2012.

MIDF Research said with recovering global trade, it expected that the current account balance would move back to comfortable level this year.

"We believe investors' optimism towards the economy is improving with the numbers released last week. Bond yields in general eased last week, a sign perhaps that demand for ringgit bond (especially risk-free) is returning, especially by foreign investors," it said.

thestar online **Thursday 20, 2014**

13. Najib: Markets play important role in realigning with world economy

KUALA LUMPUR: Malaysia must realign with the world economy to open up lasting opportunities and ensure a more sustainable growth, said Prime Minister Datuk Seri Najib Tun Razak.

"This means growth with employment, not just profits and with a better standard of living, and a healthier attitude to environmental as well as financial risk.

"It is a challenge not only for emerging markets, but advanced economies," he said in his address at the International Organisation of Securities Commission (IOSCO) board meeting here.

Najib, who is Finance Minister, said markets must play their part in the realignment and work as enablers for the allocation of capital and as a platform for the creation and transfer of wealth.

"Markets are a powerful tool to promote sustainable and inclusive growth in the real economy and as policy makers, we must capitalise on that promise," he said.

At the same time, the global financial services must strive to regain the public's trust and confidence that was badly affected during the global financial crisis, he said.

"There must be a concerted effort to reinforce integrity in the international financial system, to build a strong culture of ethics and good governance that people, businesses and government expect," he said.

Malaysia, he added, had built a mature and diverse capital market worth some USD812bil while the country's bond market was ranked the third largest in Asia.

"Malaysia is home to the largest unit trust industry with the highest number of listed companies in South East Asia," he noted.

He said in recognising the importance of Islamic finance in meeting the demand for syariah-based investment, the government had established an Islamic capital market worth USD452bil, the biggest issuer of sukuk in the world.

"Our efforts to align the domestic regulatory framework to international standards have been widely acknowledged.

"In the recent Financial Sector Assessment Programme, Malaysia was judged to have very high level of implementation with IOSCO objectives and principles. We are consistently ranked fourth in the world for investors protection by the World Bank," he said.

Friday 21, 2014

14. Thai PTT Global to invest US$790m in 2014, cancels Malaysian project

BANGKOK: PTT Global Chemical Pcl (PTTGC), Thailand's largest petrochemical firm, said on Friday it planned to invest US$790mil this year, mostly to expand petrochemical capacity, and scrapped a plan to invest in Malaysia.

PTTGC, which is 49 percent owned by top energy firm PTT Pcl , planned to invest in a second phenol plant with annual capacity of 250,000 tonnes, Bowon Vongsinudom, president and CEO of PTT Global, told reporters.

More than US$400mil would be used for petrochemical investments including the phenol project and another US$250mil for maintenance of its petrochemical plants, he said.

Bowon also said the company decided not to jointly invest in a petrochemical project with Malaysian state-run oil company Petronas after a study showed chances of low returns.

But the company continued to invest in petrochemical projects in Indonesia and China, he said. ($1=32.57 baht)

Saturday 22, 2014

15. About 100 teachers turn up to protest against PBS system

BANGI: About 100 teachers turned up to protest against the Government's lack of sincerity to review the school-based assessment (PBS) system.

The group led by Suara Guru-Masyarakat Malaysia (SGMM) demanded the abolishing of the PBS system during the protest at a hall near a mosque in Bandar Baru Bangi.

SGMM working committee head Mohd Nor Izzat Mohd Johari said instead of addressing the flaws within the PBS system, the Education Ministry tried to cover up the weaknesses highlighted by teachers.

"We have waited for three years since PBS was first implemented. Yet the online PBS application system is still running at a very slow speed," Mohd Nor Izzat told reporters on Saturday during the protest which was also attended by several NGO representatives.

Referring to the grouses of teachers who had to provide many "evidences" of the students' learning outcome when keying data to the PBS system, Mohd Nor Izzat said the ministry only promised to reduce the number of "evidences" required.

"But it failed to look at the possibility of doing away altogether with the requirement to submit the evidences," added Mohd Nor Izzat who was served with a transfer notice a day before the protest.

Mohd Nor Izzat, an Arts teacher from Pahang, received the notice on Friday transferring him to another school more than 80km from his home.

He said that during meetings with the ministry officials, he was often attacked for being outspoken against PBS.

Johor teacher, Mokhhtar Razak Badri who was at the protest, claimed that he was sacked by ministry for opposing the PBS system and PPSMI (Teaching of Maths and Science in English) policy earlier.

He said he received the letter of dismissal on Feb 6 without being given a chance to explain himself after his suspension from duty since 2012.

"No valid reason was also given for my suspension except allegations that I failed to attend to classes and do my duty in 2008 and 2009," said Mokhtar Razak who sports a ponytail.

He said that he has taken a vow not to cut his hair since his suspension and will be taking legal action against the ministry for unlawful dismissal.

thestar online Monday 24, 2014

16. Beware of risks in investing in sizzling oil and gas

THE oil and gas (O&G) space is sizzling and there's no sign of it cooling off any time soon. There are deals aplenty being made. Just this week StarBiz reported that exploration giant Murphy Oil was looking at hiving off stakes in its assets in the country at a whopping price of some US$2bil to US$3bil (RM6.62bil to RM9.93bil).

Any local listed company buying these assets would see itself being transformed into a major O&G producer, overnight. The question of course, is whether one can afford such a price tag and whether the returns from that investment will be worth it. Also, the proposed sale by Murphy Oil doesn't seem to include any management control over those assets.

Another notable development StarBiz highlighted was Petronas being close to selling 10% in Canadian shale gas concern Progress Energy at a valuation of twice what the national O&G company paid back in 2012.

This is significant because Petronas came under flak for presumably paying too much to buy Progress Energy then. But now it's sitting pretty on an asset whose value keeps rising.

Then, there was the exciting development at Scomi Energy Bhd two Fridays ago, when savvy investors Tan Sri Quek Leng Chan and his associate Paul Poh, swooped in to get a block of shares at a seemingly mouth-watering discount.

By Monday, the buyers of this block of 11.5% of Scomi Energy – that included Norway's oil fund, Norges and Lembaga Tabung Haji - were sitting on a 42% paper gain.

Scomi Energy and another O&G company, Uzma Bhd, whose shares have enjoyed a spectacular 67% rise over the last six months – are said to be bidding and close to securing risk service contracts from Petronas.

Late last year saw another exciting O&G play enter the market: Barakah Offshore Petroleum Bhd, which is 166% up from its reverse takeover price of 65 sen.

Barakah made such an impact that dealers now talk of finding the "next Barakah" in the form of listed companies hoping to see an O&G asset injection.

Investors are also chasing a number of other O&G companies.

But making money from the O&G business isn't easy. Our market has seen its fair share of O&G companies that had stumbled in the past.

As examples, consider the stories of Ramunia Holdings Bhd, KNM Group Bhd Malaysia Marine, Heavy Engineering Holdings Bhd (MMHE) and the Scomi group. These stocks were at one point the darling of investors.

But at some point, they struggled to execute their businesses well. O&G fabricator Ramunia had slipped into PN17 status in June 2010. To quote from a Maybank research report dated April 2010: "Ramunia is in bad shape operationally and financially. It faces declining order book, earnings and shareholders funds due to poor project execution and negative cash flows."

KNM Group Bhd was another high-flying oil and gas player. But it too did stumble, suffering a quarterly loss in 2009 and a full year loss at group level in 2011. Among the reasons for its losses was its high fixed cost and debt levels. It's aggressive overseas expansion also saw it having to provide for foreseeable losses in Brazil, Canada and Indonesia.

The Scomi group had encountered similar problems with its overseas assets while giant fabricator MMHE had suffered from higher-than-expected expenses incurred from some of its projects and from the share of losses from jointly controlled entities' performance.

One problem is that the O&G business, like many other sectors, is cyclical. You may invest during peak times but then get saddled with high fixed costs and low utilisation rates when the cycle hits a downturn.

Getting the right expertise to executive projects profitably is another challenge.

Investors shouldn't get carried away with companies saying they are going to morph into an O&G concern. Such things don't necessarily happen overnight. In the case of Barakah, it took the company two years to finalise its reverse takeover.

And if you are talking about the exploration and production segment, then remember that the oil majors took many years to get to where they are today.

The golden rule of looking for companies whose management have the right expertise and track record shouldn't be forgotten in these bullish days of the O&G sector.

Senior news editor Risen Jayaseelan is betting that the O&G space will continue to sizzle in the weeks and months to come, with deals taking place left, right and centre and thereby offering opportunities aplenty for astute and well-informed investors.

thestar online **Tuesday 25, 2014**

17. MyEG getting 20% more revenue than what Govt is able to collect

PETALING JAYA: MyEG Services Bhd confirms that it will be getting 20% of revenue over and above what the Government is able to collect on its own for implementing the electronic monitoring system (EMS) project.

The EMS, which entails linking up the point-of-sales terminals at entertainment and retail outlets to the Royal Malaysian Customs Department (Customs) to facilitate the collection of taxes, has been a talking point among many in the corporate circles because of its supposedly lucrative returns.

MY EG Integrated Network Sdn Bhd, in which MyEG has a 40% stake, was awarded the RM180mil contract by the Customs more than a week ago to undertake the project.

The remaining shareholders of MY EG Integrated Network are Orca Capital Sdn Bhd and Simple Solutions Technologies Sdn Bhd, which has a 40% and 20% stake respectively.

A recent CIMB Research note stated that 50% of the revenue collected would go to the Government, with the remaining 50% going to the MyEG consortium undertaking the project. Based on MyEG holding 40% in the consortium, its effective share of revenue is 20%.

The report estimated that the first phase of the project's revenue base case was around RM800mil, growing 8% to 9% every year.

It is not clear as to how much MyEG will receive from the contract.

In a filing with Bursa Malaysia yesterday, MyEG said an announcement on the contract would be made upon signing of an agreement with the Government.

Mathematically, based on the value of the EMS project stipulated in the letter of award, it "could achieve an estimated effective 20% of revenue from the increase in tax collection by participating businesses over and above what the Government is able to collect on its own," the company said. The project commences on April 1, 2014.

"MyEG also wishes to clarify that the salient terms of the letter of award has been announced on Feb 13, 2014 of which a formal agreement will be drawn up between the company and the Government at a later date," it said.

MyEG, which has been working on the project for the past few years, had stated that it had spent more than RM100mil to develop the system which would help reduce leakages in the collection of taxes for the Customs.

In return, the company is to get a share of the revenue on and above of what the department is collecting.

It is this revenue-sharing model that has caught the attention of critics, who draw parallel to the Automated Enforcement System (AES). However, to be fair to MyEG, neither the company nor the authorities had disclosed the full revenue model for any credible comparison to be done.

The implementation of the controversial AES project was given to two private firms, namely ATES Sdn Bhd and Beta Tegap Sdn Bhd.The companies install and maintain cameras along highways and freeways in the country with the objective of capturing images of speeding vehicles and traffic offenders.

The images and data are passed on to the Road Transport Department that issues summonses to the offenders.

The project came under fire because it was seen as the Government being inefficient and privatising the enforcement of traffic rules to the private sector.

Following objections from various groups about how the AES was being enforced, the Attorney-General's Chambers subsequently froze all court proceedings related to summonses issued under the AES.

The Government is in the process of taking over the two companies. According to reports, Orca Capital is equally owned by Jayakumar Panneer Selvam and Kumaran Govindan Nair while Simple Solutions shareholders are Md Hamdi Mokhtar and Nurfarini Daing Abdul Rahman, while its directors are Leong Chung Meng and Sagaran Veerasamy.

thestar online **Tuesday 25, 2014**

18. Gas Malaysia to provide 300,000 mmbtu yearly to customers

SHAH ALAM: Gas Malaysia Bhd, in a new 75:25 partnership with IEV Energy Sdn Bhd, expects to provide 300,000 million metric British thermal unit (mmbtu) of compressed natural gas (CNG) per annum to its customers.

It would supply CNG by transporting virtual pipelines to its end users from a mother station at Gebeng, Pahang.

Chief executive officer Datuk Syed Faisal Albar said the initial cost to build the mother station was RMI5mil, which would enable it to supply CNG to industrial users within 150km to 200km, including those from Temerloh and Mentakab.

"The main reason to venture into the CNG distribution system is to serve areas that are not currently accessible by gas pipeline," he told a press conference yesterday.

Last year, it supplied a total volume of 130 million mmbtu.

He also said the CNG business would create a new source of income in a year although the initial quantum might not be significant.

Meanwhile, the natural gas supplier has formed a 66:34 joint venture with Tokyo Gas Co Ltd's unit, Energy Advance Co Ltd, to design, build, install, operate and/or maintain combined heat and power (CHP) systems for its clients.

Its chairman Datuk Hasni Harun, said it would be able to leverage on its long-term partnership with Tokyo Gas for the latter's experience, expertise and network to grow the CHP business.

Tokyo Gas is a related party as its subsidiary, Tokyo Gas-Mitsui & Co Holdings Sdn Bhd, holds a 18.5% stake in Gas Malaysia.

It would take two years to build a site for CHP, Syed Faisal said, adding that it was still identifying industrial customers in the northern and central regions.

According to him, the technology would enable cost savings of about 20% for end users.

CHP is an energy-efficient system that generates electricity and thermal energy with a single fuel source.

The company did not need to raise fund for the two joint ventures, Syed Faisal said, adding that the company had zero borrowings and RM300mil cash.

The counter closed five sen higher at RM3.55 yesterday.

thestar online **Thursday 27, 2014**

19. Malaysia's growth likely to be driven by exports

KUALA LUMPUR: Citibank Bhd is projecting Malaysia's gross domestic product (GDP) to be around 5% this year and the US dollar to continue to strengthen against the local currency.

Chief executive officer Sanjeev Nanavati said unlike last year, the country's economic growth this year would be driven by exports with less reliance on domestic demand.

"This year the domestic demand is expected to be not that resilient compared with last year and exports will be a stronger driver of growth.

"There is a little bit of re-balancing in terms of the sources of growth but overall we expect the GDP to be around the 5% level," he said at a press briefing on Citi's investment chant for 2014.

Malaysia registered higher-than-expected fourth quarter gross domestic product (GDP) growth of 5.1% last year, driven by the stronger manufacturing and service sectors. For the whole of 2013, the economy grew by 4.7% compared with 5.6% in 2012.

Asked whether the gradual tapering of the US quantitative easing (QE) programme by the Federal Reserve would put a strain on the economic growth, he said this would depend on other factors and not tapering alone.

He said he expected the US economic growth to be stronger this year which would result in higher Malaysian exports.

On the currency front, Sanjeev said the general view was that the ringgit would be weaker against the greenback, primarily due to the dollar's strength, adding that the ringgit's relative competitiveness with regional currencies should not change very much.

As for foreign direct investments (FDI) into the country, he said: "China's wages have risen rapidly and therefore, the cost differential between China and Asean has narrowed. Manufacturing labour costs are almost on par with Malaysia.

"And once you take into account productivity, Malaysia is probably more competitive than China. Moreover, due to the minimum wage increase, Thailand and Indonesia are becoming more expensive, and therefore, we could see some diversification of FDI towards Malaysia and the Philippines."

Meanwhile, Citi Asia Pacific chief investment strategist for wealth management Haren Shah said the relative strength of the currencies of Asian emerging markets would be dictated by their current account positions as those with an account surplus saw their currency rise.

This was especially true in North Asian economies which benefited from an improving global economy, he noted.

In the equities market, Haren said he expected positive returns and more upside in all regional markets though short-term adjustments could happen from the tapering exercise.

He, however, cautioned investors that North Asia might outperform the Asean region on tapering fears.

thestar online **Friday 28, 2014**

20. Approved investments in M'sia hit record RM216.5bil last year

KUALA LUMPUR: Malaysia's approved investments hit another record high of RM216.5bil last year, up from RM167.9bil in 2012, International Trade and Industry Minister Datuk Seri Mustapa Mohamed said today.

A total of 5,669 investment projects were approved last year, and are expected to create some 192,000 jobs, offering more managerial, supervisory and technical positions with higher income to Malaysians, the minister said.

About 72.5% of last year's investments were local projects, while the rest were foreign direct investments.

"This is in line with the government's target of reaching a domestic direct investment-to-foreign direct investment ratio of 73:27 by 2020," he told a press conference on "Malaysia's Investment Performance 2013".

Mustapa said the record high in last year's approved investments was fuelled by the services, manufacturing and primary sectors.

Approved investments in the services sector registered RM144.7bil last year, up from RM122.9bil in 2012, while investments in the manufacturing sector rose to RM52.1bil from RM41.1bil in 2012.

Approved investments in the primary sector comprising mining, agriculture, plantation and commodities surged to RM19.7bil from RM3.8bil, he added.

"This is a boost of confidence in terms of both foreign and local investments in the country," said Malaysian Investment Development Authority (MIDA) chief executive officer Datuk Azman Mahmud.

Foreign investors were attracted to Malaysia's ease of doing business, Azman said, citing World Bank's Ease of Doing Business 2013 Report that increased Malaysia's ranking to sixth place from 12th place previously.

"The government's implementation of fiscal measures and the Economic Transformation Programme have add to the appeal for foreign investors to do business here," he added