DAILY DIGEST

Monday 2 July 2018

ITEMS	Close			ITEMS	Close		
	28-Jun	28-Jun	Chg		28-Jun	28-Jun	Chg
INDICES				**FOREX**			
FBM SHARIAH	12,092.55	11,888.56	1.72%	RM/USD	4.0385	4.0425	-0.10%
FBM KLCI	1,691.50	1,665.68	1.55%	**COMMODITIES**			
FBM EMAS	11,960.93	11,793.07	1.42%	CPO/tonne (RM)	2,326.00	2,343.00	-0.73%
DJIA	24,271.41	24,216.05	0.23%	Oil/barrel (US$)	74.15	73.45	0.95%
S&P 500	2,718.37	2,716.31	0.08%	Gold/ounce (US$)	1,253.16	1,248.25	0.39%
NASDAQ	7,510.30	7,503.68	0.09%	Rubber SMR20/kg (sen)	539.00	549.50	-1.91%

Corporate News

Serba Dinamik secures RM465m worth of contracts

Serba Dinamik secured about RM465.1m worth of new contracts involving operations and maintenance (O&M) besides engineering, procurement, construction and commissioning (EPCC) projects via wholly-owned subsidiaries Serba Dinamik SB (SDSB) and PT Serba Dinamik Indonesia. SDSB has secured 7 O&M contracts and 1 EPCC contract. Serba Dinamik Indonesia clinched 3 O&M contracts and 2 EPCC projects. The contracts involve projects in Malaysia, Indonesia, Bahrain, Kazakhstan and the United Arab Emirates. *(Source: The Edge)*

Kelington bags RM104m new jobs, YTD order book hits RM181m

Kelington has secured new orders worth RM104m, bringing the group's accumulated value of new orders secured year-to-date to RM181m. The increase in new orders were contributed by several contract wins totalling RM104m and were primarily from the Ultra High Purity (UHP) segment for Kelington to provide specialised engineering services for the semiconductor and electronics companies. It added that most of the new contract wins were from Malaysia followed by Singapore, China and Taiwan. The new contracts will be completed within 6 to 9 months and are expected to contribute positively to Kelington's financial performance for the FY2018 and FY2019. *(Source: The Edge)*

Gabungan AQRS proposes 1-for-4 bonus issue of Warrants B

Gabungan AQRS has proposed to undertake a bonus issue of Warrants B on the basis of 1 Warrant B for every 4 existing shares held to reward existing shareholders and to raise additional working capital, when Warrants B are exercised in future. The exercise price and entitlement date will be announced later. The actual number of Warrants B to be issued pursuant to the proposed exercise will depend on the total number of issued Gabungan AQRS shares as at the entitlement date. Assuming full exercise of Warrants B at the illustrative exercise price of RM1 per Warrant B, a total of up to 142.34m new Gabungan AQRS shares would be issued and the company could potentially raise a maximum gross proceeds of RM142.34m. *(Source: The Edge)*

NTPM 4Q net profit down 87%, proposes 0.8 sen dividend

Higher raw material cost continued to drag down the net profit of NTPM, falling 86.8% to RM1.18m for the 4QFY18 from RM8.95m a year ago. This resulted in a lower earnings per share of 0.11 sen for 4QFY18 from 0.8 sen for 4QFY17. Quarterly revenue, however, was up 3.3% to RM164.52m from RM159.25m in 4QFY17, mainly due to the increase in sales of tissue and personal care products. The group also proposed a final dividend of 0.8 sen per share for the FY18, which will be recommended to the shareholders for approval at the forthcoming annual general meeting. For the full FY18, NTPM's net profit fell 40.4% to RM29.71m from RM49.87m in FY17, despite recording a 7% increase in revenue to RM690.93m compared with RM645.52m. *(Source: The Edge)*

Sunway to dispose of stake in Singapore JV for RM118m

Sunway is disposing of its 30% stake in a JV Hoi Hup Sunway Novena (HHSN) to Hoi Hup Realty for S$39.88m (RM118.2m). Royal Square at Novena was successfully with HHSN recording accumulated profits of S$132.5 m from the project. The proposed disposal marks the completion of the project and will enable Sunway to exit and monetise its investment in HHSN. The group intends to use proceeds from the proposed disposal for its new projects, as well as new land bank acquisitions, to strengthen its property development presence in Singapore. *(Source: The Edge)*

Selangor Properties 2Q earnings clipped on fair value loss, slips into the red in 1H

Selangor Properties Bhd's net profit for the 2QFY18 contracted by 22.9% to RM6.63m from RM8.6m in the same period a year ago, which was dragged by fair value loss of its investments overseas but the amount was mitigated by a narrower unrealised foreign exchange loss. Quarterly revenue, however, grew 18.68% to RM38.72m, from RM32.63m, thanks to stronger operations in Australia amid a stronger ringgit, which had strengthened against the Australian dollar. The property firm recorded a lower foreign exchange loss of RM1m in 2QFY18 compared with RM12.5m in 2QFY17. *(Source: The Edge)*

Iris Corp refutes owing RM3.17m to Dole Sebiro

Iris Corp has denied and refuted the baseless claim made by petitioner Dole Sebiro (M) SB, alleging that the former is indebted to them for RM3.16m being the amount due for works done by Dole Sebiro in Sarawak. The company, through its solicitors, shall prove that the company is actively pursuing the petitioner for a settlement under the whole projects, which has not been reached. Iris Corp noted that the hearing date fixed by the Kuching High Court and endorsed on the said petition was June 11, 2018, which was before the company was served with the petition. As at the date of the announcement, the company has no knowledge of the next case management and/or hearing date fixed by the Court for the Petition. *(Source: The Edge)*

Poh Huat 2Q net profit up 2%, declares 2 sen dividend

Furniture-maker Poh Huat Resources' net profit grew 2% to RM10.84m in the 2QFY18, from RM10.6m a year ago, despite a slight drop in revenue, thanks to higher other income, lower income tax expenses, and lower foreign currency translation loss. Other income jumped from the red to RM6.59m, boosted by a net gain of RM1.27m from fire insurance compensation, as well as RM3.95m from Qingdao Dengta Brewage Co Ltd as the final settlement payment for the disposal of its former unit, Poh Huat Furniture Industries (Qingdao) Co Ltd in 2011. *(Source: The Edge)*

MSM eyes Africa and China as new export markets

MSM is now looking to penetrate the African and Chinese markets to make full use of the new production capacity that will come on stream once its new sugar refinery in Tanjung Langsat, Johor, commences operations next month. MSM is now studying options on how to enter the 2 markets so that it does not financially burden MSM unnecessarily. This was a key concern as the group is not financially strong. The options on the table now include a partnership or a direct export. The challenge now is how to manage the surplus capacity with completion of the new sugar refinery plant and how to add the new export markets profitably. *(Source: The Edge)*

I-Bhd to sell RM700m GDV projects

I-Bhd will be selling residential and office units with a combined gross development value of RM700m this year. The sales will be from units of its I-City and 8 Kia Peng @KLCC projects in Shah Alam and Kuala Lumpur respectively. Over RM200m will be from I-City and about RM400m will be from 8 Kia Peng. I-Bhd is very different today compared with 5 years ago, when it embarked on its first five-year growth plan. Back then, the group turnover was only RM66.7m with property development contributing about 37% of the turnover. In 2017, this segment accounted for 90% of turnover. We expect this profile to be maintained over the next 5 years. *(Source: StarBiz)*

Gamuda 3Q earnings up 17%; MD contract renewed
Gamuda Bhd's net profit in its 3QFY18 grew 17% to RM200.69m, from RM170.93m a year ago, mainly due to higher work progress from the group's construction projects, stronger overseas property sales, and contribution from several new property projects in Malaysia. Quarterly EPS rose to 8.16 sen, from 7.04 sen in 3QFY17. Revenue for the quarter jumped 47% year-on-year to RM1.24b, from RM839.49m. It announced a 6 sen second interim dividend, payable on July 31. For the 9MFY18, Gamuda's net profit grew 23% yoy to RM614.96m from RM499.34m, as revenue rose 37% yoy to RM3.01b from RM2.2b, with better contribution from all three core operations led by its engineering and construction segment. *(Source: The Edge)*

MGB gets letter of intent for RM175.2m works
MGB Bhd has received a letter of intent from Kemudi Ehsan SB, a subsidiary of LBS Bina Group, to undertake piling, pile cap and building works including internal infrastructure works valued at RM175.2m, for the proposed Phase 3A and 3B development projects in Bandar Alam Perdana, Ijok, Selangor. LBS Bina is a major shareholder of MGB. The wholly-owned subsidiary MITC Engineering SB has received the letter of intent from Kemudi Ehsan for the proposed job, which is subject to the finalisation of contract documents, terms and conditions and final contract pricing. *(Source: The Edge)*

T7 Global shares plunge amid tycoon Vincent Tan's exit as shareholder
T7 Global confident that tycoon Tan Sri Vincent Tan Chee Yioun's decision to exit as a major shareholder of the group will not have any impact on the group's business or financial performance. They understand the reason for Tan's recent departure as an investor of the group. The group would like to clarify that Tan Sri Vincent Tan's entry into T7 is on the basis of a passive investor due to the group's well-positioned business in the O&G services industry. Perturbed by what he deems as mischievous and sinister news reports linking his 5.04% stake in T7 with the controversial ECRL project, the tycoon announced yesterday that he will dispose of all his T7 shares in due course. *(Source: The Edge)*

Alam Maritim sees higher vessel utilisation this year onwards
Alam Maritim expects its vessel utilisation to pick up to 55%-60% this year and more than 70% in 2019. The vessel utilisation has plunged in the past few years, in line with weak offshore O&G explorations. In 2015, the utilisation level averaged 63% and fell to 52% in 2016. However, its vessel utilisation has improved to 51% in the 1QFY18, from 47% in 4QFY17. They expect the utilisation level to improve, supported by existing and new contracts. The group is confident of securing another new contract from a large O&G company that has local presence by the 3Q of this year which will further boost its revenue and utilisation rate. *(Source: The Edge)*

Comfort Gloves 1Q profit falls on deferred tax, higher costs
Comfort Gloves Bhd's net profit in the 1QFY19 fell 28% to RM7.35m, from RM10.15m a year ago, mainly due to a provision for deferred tax of RM2.3m, besides having incurred higher cost of sales and expenses. Stripping effects of the deferred taxation, the group's profit before tax was down 4% yoy to RM9.7m from RM10.1m, despite revenue rising 14% yoy to RM106.58m from RM93.7m, on higher sales under its manufacturing segment. The drop was mainly due to raw nitrile price and natural gas price, which increased by 10% and 17% respectively since the beginning of the year. *(Source: The Edge)*

BCorp tumbles into the red in FY18 as impairment, unfavourable forex drag
Berjaya Corp fell into the red with a net loss of RM95.19m in the 4QFY18, from a net profit of RM3.24m a year ago, following a significant drop in profit from operations. The lower operational profit was due to lower contributions from its retail distribution, property investment and development, hotels and resorts, as well as gaming businesses. BCorp also provided for an impairment of various assets and unfavourable foreign exchange difference of about RM101m without which it would have recorded a pre-tax profit of about RM57.95m, as opposed to a pre-tax loss of RM43.05m. *(Source: The Edge)*

EcoWorld 2Q net profit up, achieved sales of RM923m as at April 30

Eco World net profit rose 2.3% to RM34.45m in the 2QFY18 from RM33.68m a year ago, on contribution from its projects in the Klang Valley, Iskandar Malaysia in Johor, and Penang. This resulted in higher earnings per share of 1.17 sen for 2QFY18 from 1.16 sen for 2QFY17. EcoWorld also achieved sales of RM923m as at April 30, 2018 on its Malaysian projects.
Quarterly revenue, however, fell 2.6% to RM498.69m in 2QFY18 from RM670.02m a year ago. *(Source: The Edge)*

United Malacca warns of 'significantly lower' FY19 profit after annual earnings shrank 43%

United Malacca who revealed that its net profit shrank 43% in its financial year ended FY18, has warned that its FY19's earnings will be significantly lower due to adoption of the new accounting standards, the Malaysian Financial Reporting Standards, which will require the value of bearer plants to be amortised. These bearer plants were previously classified as biological assets. *(Source: The Edge)*

Mah Sing defers property launches until later in the year

Mah Sing which plans to roll out projects carrying a combined gross development value (GDV) of RM2.2b this year, has deferred most of their launches until later in the year. Last year, the property developer launched projects with a total GDV of RM1.86b. The new projects will be launched across the 3 property hotspots namely the Klang Valley, Johor and Penang. The group is maintaining its sales target of RM1.8b for 2018, matching last year's sales level. They continue to remain focused on the Klang Valley and plan to increase their property portfolio in Greater Kuala Lumpur to 75% of the total remaining GDV within the next 2 to 3 years from 66% currently. *(Source: The Edge)*

OKA proposes one-for-two bonus issue

OKA plans to undertake a bonus issuance on the basis of one bonus share for every 2 existing shares held (one-for-two basis). The proposed bonus issue will increase the number of OKA shares but will not increase the value of the issued share capital of OKA. OKA currently has 5.08m outstanding options granted under the group's Executives Share Option Scheme (ESOS), exercisable into new shares up to Jan 4, 2020. The company has undertaken not to grant any further ESOS options to any eligible employee from June 8, 2018 until the completion of the proposed bonus issue. OKA may issue between 81.8m to 84.34m new shares under the bonus issue. *(Source: The Edge)*

KUB to finally commence work on flagship building in PJ next year

Having obtained a development order, KUB expects to finally kick-start development of its flagship commercial building in Petaling Jaya next year on a plot of land where the landmark A&W Restaurant is sited. They will be partnering a property developer to jointly develop the KUB Tower. It will not happen so soon, as they target to complete finalising the relevant details by year-end. Owing to local authorities' transit-oriented development guidelines, KUB will scrap the residential component of its development on the 1.05 acre plot, and focus on office space instead. *(Source: The Edge)*

Sapura Energy 1Q remains in the red as revenue slumps

Sapura Energy recorded its third consecutive quarter in the red today, after the group announced a net loss of RM135.73m in the three months ended 1QFY19, mainly as its drilling business incurred losses as it experienced slower than anticipated recovery. In contrast, Sapura recorded a net profit of RM27.53m in the same quarter last year. Its E&C and E&P segments made positive contributions to the latest quarterly results, both their PBT were down significantly. E&C's PBT was down 80% yoy to RM36.5m, while E&P's were down 63% yoy to RM9m. Drilling recorded a loss before tax of RM68.7m, compared with a PBT of RM20.8m a year ago. *(Source: The Edge)*

Tenaga gets green light to continue with ICPT till year end

TNB has obtained the green light from the government via a letter from the Energy Commission to continue the implementation of the Imbalance Cost Pass-Through (ICPT) for July 1 until Dec 31 this year. The letter was received yesterday and the average base tariff remain unchanged at 39.45 sen per kilowatt hour (kWh). Due to higher fuel and generation costs for the period of Jan 1 – June 30, 2018, the additional cost of RM698.19m, or 1.35 sen per kWh ICPT surcharge, will be passed through via the ICPT mechanism. Domestic customers with monthly consumption below 300kWh will not be affected by this ICPT implementation. *(Source: The Edge)*

MAHB gets Putrajaya's 'approval in principle' on OA's revenue sharing terms

The government has given its approval in principle to revenue sharing terms in managing airports under the new OA with MAHB. MAHB and the government are still working on finalising the terms under the new OA, and they will engage with the Ministry of Transport to facilitate the progress. At the moment, the operating agreement stated revenue sharing increases a quarter basis point or 0.25% per year. It is still applicable until such time when they finalise the terms of the new operating agreement. *(Source: The Edge)*

Green Packet proposes capital reduction to cancel RM455m accumulated losses

Green Packet has proposed to undertake a capital reduction exercise to reduce its share capital by RM455.52m to offset accumulated losses as at FY17. As at June 11 this year, its issued share capital was RM155.88m comprising 758.72m shares, while share premium stood at RM412.8m. The accumulated losses of the company as at Dec 31, 2017 stood at RM455.52m. The capital reduction is meant to rationalise the group's statement of financial position by eliminating the entire accumulated losses via the cancellation of issued share capital, which is in line with the group's strategies to turnaround its business. *(Source: The Edge)*

DNeX partners Philippine authorities to develop Halal hub

DNeX has teamed up with the Philippine authorities to develop a Halal hub in the Philippines. Its wholly-owned subsidiary Global Market eCommerce SB (GMeC) has signed an agreement with the Department of Education, Naga City Division and the local government of Naga City of the Philippines to implement overall initiatives for the Halal hub including the development of a blueprint, systems and framework. These include a Halal trade and import-export ecosystem, Halal logistics and supply chain, Halal marketplace, Halal governance, certification and compliance, Halal verification rapid test kit and Halal track and trace. *(Source: The Edge)*

Parkson names Chang Chae Young as CEO of Indochina operations

Parkson's 67.96%-owned subsidiary Parkson Retail Asia Limited, which is listed on the Singapore Exchange, has appointed Chang Chae Young as the CEO for its newly-formed Indochina Operations. Chang has extensive experience in brand management and retail operations, having worked in South Korea, New York, Hong Kong and China for over 20 years. Following his appointment, Loh Chai Hoon, who is currently CEO of Vietnam, Cambodia and Myanmar operations, will be redesignated as CEO of Vietnam Operations. *(Source: The Edge)*