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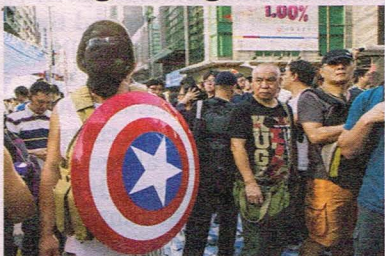
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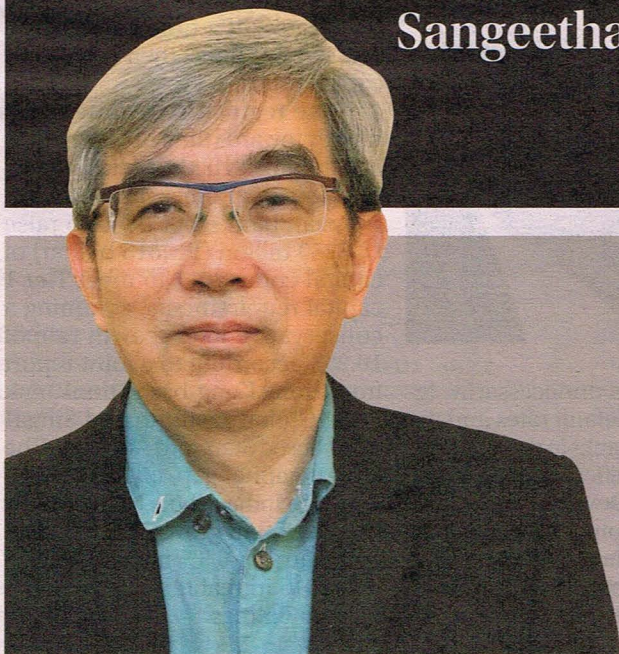
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Raya Airways set to FLY HIGH

With powerful individuals behind it, the restructured entity of Transmile Air Services hopes to one day be the country's No 1 air cargo carrier, and perhaps redeem its 'darling of the local aviation industry' title. Sangeetha Amarthalingam has the story on **Page 4**.



O&G counters are expensive and property stocks are 'worrying', says Tan Teng Boo

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'O&G counters are expensive and property stocks are worrying'

Sector has more 'sell' calls than 'buy' ratings at the moment, says Capital Dynamics' Tan

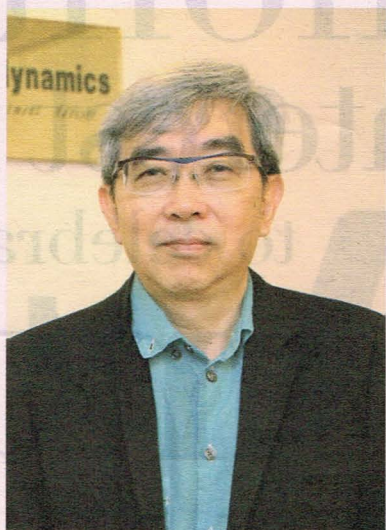
BY CHARLOTTE CHONG
& LIEW JIA TENG

KUALA LUMPUR: Local oil and gas (O&G) securities are expensive while property counters are "worrying" in view of the skyrocketing local property prices, said Tan Teng Boo (*pic*), founder and managing director (MD) of Capital Dynamics Asset Management Sdn Bhd.

The outspoken local fund manager noted that overall, the local O&G sector carries more "sell" calls than "buy" ratings at the moment.

"The valuation [of O&G firms] is very rich [and the] profit margins they are earning are not sustainable. [With the] price they [investors] are paying and what they get in return, it doesn't make sense," Tan told *The Edge Financial Daily* in a recent interview.

However, he noted that Petronas Dagangan Bhd is a different counter compared with other O&G firms as "it is more of a marketing, retailing and distribution channel".



Although he acknowledged that Petronas Dagangan's valuation is slightly on the high side, he said the downstream O&G products retailer and marketer has done a good job in competing with O&G firms such as British Petroleum (BP), Royal Dutch Shell plc (Shell) and Esso.

iCapital.biz Bhd, a closed-end fund managed by Capital Dynamics, had 7,100 shares in Petronas Dagangan valued at RM171,536, as of June 25 this year. It sold 892,900 shares during the financial year ended May 31 last year, netting it RM23.33 million, according to its 2014 annual report.

"When the price [of Petronas Dagangan] becomes attractive again, we will definitely relook."

Tan said local property prices are "worrying" and "by virtue of that property stocks should be worrying too".

Bursa Malaysia, which has a price-to-earnings ratio of 17 times to 18 times, is also not attractive at the moment due to its high valuation, Tan said, noting that "we won't be having so much cash otherwise".

Asked about his top stock picks, he said "at this moment it's hard to find a stock that is specifically attractive to us", and added that the company would hold on to its RM250 million cash hoard for the time being.

"We need a little bit of patience

and the day will come when there will be a lot of attractive stocks to be bought," Tan said.

Apart from Petronas Dagangan, iCapital.biz owns 19 million shares (2.89%) and 3.48 million shares (2.75%) in Padini Holdings Bhd and Tong Herr Resources Bhd respectively.

"At the right price, we will take profit from Padini," he said, noting that Tong Herr's earnings have been going up.

On its fund's performance, the net asset value (NAV) per share rose 2% from RM2.99 in June 1 last year to RM3.05 on May 31 this year. As at Oct 1, its NAV was at RM3.06.

In the same period, its fund's market price rose 5% from RM2.40 to RM2.52 on the back of an increase of 5% in the FBM KLCI. Its counter climbed 0.41% to close at RM2.43 last Friday, with a market capitalisation of RM340.2 million.

On another note, Tan said he is not concerned about the substantial stake that City of London Investment

Management Co Ltd owns in his company, which stands at 9.88% or 13.83 million shares according to iCapital.biz's 2014 annual report.

"This is a free market. The most important thing is that as a fund manager we manage the funds to the best of our ability. They do their usual company visits like any other analysts will do," he said, adding that while their stake is sizeable, the remaining 90% plus stake is also substantial, "so we have to make them [the majority] happy".

As to a possible tie-up between European hedge fund Laxey Partner Ltd and City of London, Tan said "it's very hard to tell if they are in collaboration or not", adding that he had done a background check on the latter, but found nothing conclusive.

It is believed that Laxey Partner attempted to take over iCapital.biz in 2012 but failed to grab any seat on its board. It then ceased to be a substantial shareholder on Nov 21 last year after the failed bid.

CLIQ revises QA plans to become full operators

BY FATIN RASYIAH MUSTAZA

KUALA LUMPUR: In a bid to become full operators of its proposed qualifying acquisition (QA) asset, CLIQ Energy Bhd has revised its plans to acquire only one of Canadian-listed Jura Energy Corp's wholly-owned subsidiaries in Pakistan instead of two, according to a source familiar to the matter.

The unit that the special purpose acquisition company (SPAC) will now be acquiring from Jura is Frontier Holdings Ltd. Jura is an independent upstream oil and gas (O&G) company that is listed on the Toronto Stock Exchange (TSX). It operates nine concessions — three are producing assets, two are under development and four are under exploration — spread over various basins in Pakistan.

"CLIQ now only wants to acquire Frontier, which has two gas fields called Sara Suri and Kandra in Pakistan. The company is currently negotiating to get full ownership of the assets, as required by the Securities Commission (SC)," said the source.

Previously, CLIQ intended to fork out more than US\$80 million (RM257 million) to buy not only Frontier but also Jura's Spud Energy Pty Ltd, which would have given it three producing onshore gas assets. Now, with just Frontier, the shell company will be looking at owning only two.

"Their (CLIQ's) advisors were

A filepic of one of CLIQ's vessels. CLIQ now only wants to acquire Frontier, which has two gas fields called Sara Suri and Kandra in Pakistan.



concerned that the previous acquisition structure would not be approved by the SC because CLIQ will not have a majority interest and full ownership of the assets," said the source. He added that Jura is currently discussing with its partners to buy the remaining interests it does not own in the two gas fields under Frontier.

Jura's website shows the company has a 60% working interest in Sara Suri while the remaining 40% belongs to Oil & Gas Development Co Ltd, which is 74%-owned by the Pakistani government.

As for Kandra, Jura has a 37.5% working interest; Petroleum Exploration (Pty) Ltd holds a 37.5% interest while Government Holdings (Pty) Ltd (GHPL) holds the remain-

ing 25% interest. GHPL manages and monitors the government of Pakistan's working interest in oil and gas exploration and production joint ventures.

"Only once it wholly owns the gas fields will it sell it to CLIQ so that the company can in turn be able to fully own and operate the asset," the source said. He said that Jura has until today to give the nod and set the deal in motion with the new structure which will then entail a possible submission to SC on CLIQ's QA by mid-January, the latest.

It is unclear what the current QA's purchase price is. But interestingly, the previous proposed purchase price of US\$80 million is below CLIQ's initial public offering

proceeds of RM364 million that was raised at its debut on April 10 last year with 75 sen a share. It is also less than 90% of the proceeds, which have been saved in a trust account for its intended QA while the remainder is used for operating expenditure.

For its financial year ended March 31, 2014 (FY14), CLIQ did not generate any revenue other than RM11.46 million from deposit placements. Operating expenses and finance costs incurred in FY14 were at RM12.79 million and RM12.43 million, respectively, resulting in a net loss of RM15.2 million that year from a net loss of RM3.91 million in FY13, when no revenue was recorded.

MAS CFO is now the airline's chief restructuring officer

KUALA LUMPUR: Malaysian Airline System Bhd (MAS) has appointed its chief financial officer (CFO) Mohd Nadziruddin Mohd Basri as chief restructuring officer in charge of the restructuring management office from Oct 3, as part of the loss-making national carrier's ongoing restructuring exercise.

In his new role, Mohd Nadziruddin reports to the board restructuring committee, a sub-committee of MAS' main board, said the airline in a filing with Bursa Malaysia last Friday.

Mohd Nadziruddin, 46, assumed his prior role on Nov 1, 2013. Prior to that, he served as managing director of Destination Resorts and Hotels Sdn Bhd, a wholly-owned subsidiary of Khazanah Nasional Bhd, and was also a former executive director of investments at Khazanah between June 2007 and May 2010.

Before joining Khazanah, he served in MAS as its senior general manager of airport operations.

In view of the latest move, MAS director of corporate services Mohd Sukri Husin, 52, has taken over as CFO and director of finance of MAS. Mohd Sukri has served 28 years in the airline including in financial accounting management reporting as well as budgeting areas. He has been holding the position of director of corporate services since August 2012.