

MSWG**MINORITY SHAREHOLDER WATCHDOG GROUP****Badan Pengawas Pemegang Saham Minoriti Berhad**

Incorporated in Malaysia * Company No. 524898-M

The Observer

08 May 2015

MARKET AND REGULATORY UPDATE

MONETARY POLICY STATEMENT

At the Monetary Policy Committee (MPC) meeting on 7 May 2015, Bank Negara Malaysia (BNM) decided to maintain the Overnight Policy Rate (OPR) at 3.25 percent.

At the current level of the OPR, the stance of monetary policy remains accommodative and supportive of economic activity. The MPC will continue to carefully assess external and domestic developments and their implications on the risks to inflation and the Malaysian economy. While the risks of destabilising financial imbalances are contained, the MPC will continue to monitor these risks to ensure the sustainability of the overall growth prospects.

[Source: Media release on BNM's website on 7 May 2015]

MSWG's QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

AUDITORS ISSUED QUALIFIED OPINIONS ON 6 COMPANIES LISTED ON BURSA MALAYSIA

No	Name of Listed Company	Date of Announcement	Auditor	Basis of Opinion (Salient Points)
1	NPC Resources Berhad	30 April 2015	Ernst & Young	Insufficient time to perform sufficient audit procedures as the audited financial statements of three foreign subsidiaries were only available close to the date of the financial statements of the Group were approved by the Board.
2	Silver Ridge Holdings Bhd	30 April 2015	Baker Tilly Monteiro Heng	Unable to obtain sufficient and appropriate audit evidence on the recoverability of receivable.
3	Stemlife Berhad	30 April 2015	Ernst & Young	i) Non-compliance with the requirements of MFRS 4 (Insurance Contracts) for the assessment of insurance liabilities and revenue associated with insurance contracts; and ii) insufficient access to the financial information and management of an associate.

No	Name of Listed Company	Date of Announcement	Auditor	Basis of Opinion (Salient Points)
4	Wintoni Group Berhad	5 May 2015	SJ Grant Thornton	Unable to physically sight the Group's computer equipment.
5	China Ouhua Winery Holdings Limited	30 April 2015 & 5 May 2015	Helmi Talib & Co.	Unable to ascertain whether the net recoverable amount of an asset acquired in China will exceed the total purchase consideration.
6	Ire-Tex Corporation Berhad	5 May 2015	UHY	Unable to validate the existence of sales of RM5 million to 2 related parties which were subsequently impaired.

MSWG'S COMMENTS:

It is a bit out of the norm though not totally surprising that within a short period of time there were 6 public listed companies where their independent auditors had qualified their opinions on their audited financial statements highlighting issues of concern for investors to take note.

It may also serve as a 'red flag' or early warning signal to audited financial statement readers particularly shareholders, investors and potential investors who may need to make more informed investment decisions.

MSWG's WATCHLIST

KINSTEEL BHD (KINSTEEL) / PERWAJA HOLDINGS BERHAD (PHB)

The Board of Directors of PHB announced on 30 April 2015 that the following agreements were executed:

- (a) A Second Memorandum of Agreement between PHB and Zhiyuan Investment Group Co Ltd (Zhiyuan) to formalise the parties' agreement to revamp and restart the Kemaman Plant pending the procurement of all requisite approvals to implement PHB's Proposed Regularisation Scheme; and
- (b) A Lease Agreement between Perwaja Steel Sdn Bhd (PSSB), a wholly-owned subsidiary of PHB and Zhiyuan in relation to the lease by PSSB of a portion of the land forming the Kemaman Plant to Zhiyuan.

[Source: PHB's announcement on Bursa Malaysia's website on 30 April 2015]

LOCAL NEWS AND DEVELOPMENTS

March adex 9% higher on GST deadline factor

<http://www.thestar.com.my/Business/Business-News/2015/05/04/March-adex-9-higher-on-GST-deadline-factor/?style=biz>

New Bank Negara guidelines seen weighing on earnings

<http://www.thestar.com.my/Business/Business-News/2015/05/04/RR-impact-on-banks/?style=biz>

Is it time to compel listed companies to have more women directors?

<http://www.thestar.com.my/Business/Business-News/2015/05/02/Is-it-time-to-compel-listed-companies-to-have-more-women-directors/?style=biz>

New admission into Practice Note 17 - Nakamichi Corporation Berhad

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3289>

VSolar queried over unusual share price movement, volume rise

<http://www.thesundaily.my/news/1400221>

Unusual Market Activity query to Tecnic Group Berhad

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3281>

Ekuinas throws support behind Icon Offshore

<http://www.thesundaily.my/news/1404919>

Malaysia's March exports seen falling for third month

<http://www.theedgemarkets.com/my/article/malaysias-march-exports-seen-falling-third-month?type=Markets>

Malakoff IPO priced at RM1.80 each for both retail and institutional tranches, total market cap at RM9b

<http://www.theedgemarkets.com/my/article/malakoff-ipo-priced-rm180-each-both-retail-and-institutional-tranches-total-market-cap-rm9b?type=Markets>

Can-One unsure of meeting offer deadline for Kian Joo

<http://www.theedgemarkets.com/my/article/can-one-unsure-meeting-offer-deadline-kian-joo?type=Markets>

GLOBAL NEWS AND DEVELOPMENTS

Buffett celebrates 50th year at Berkshire, faces tough questions

<http://www.reuters.com/article/2015/05/03/us-berkshire-buffett-idUSKBN0NN0JH20150503>

Indonesia's economic growth seen dipping below 5 percent in first-quarter

<http://www.reuters.com/article/2015/04/30/us-indonesia-economy-gdp-idUSKBN0NL0QK20150430>

World Bank's pension investments clash with principles

<http://www.cnn.com/id/102645458>

McDonald's announces shake-up plans

<http://www.bbc.com/news/business-32581057>

Pimco fund loses crown to Vanguard

<http://www.ft.com/intl/cms/s/0/38226414-f29f-11e4-892a-00144feab7de.html>

IMF says next Greek payment to Fund due May 6

<http://www.reuters.com/article/2015/04/30/us-eurozone-greece-imf-idUSKBN0NL1W620150430>

Buffett and Gross Agree: Slump in 30-Year Bonds Makes Good Sense

<http://www.bloomberg.com/news/articles/2015-05-04/buffett-and-gross-agree-slump-in-30-year-bonds-makes-good-sense>

China April official PMI signals stalled growth
<http://www.cnn.com/id/102634573>

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DISCLOSURE OF INTERESTS

- *With regard to the companies mentioned, MSWG does not hold shares in all these companies covered in this newsletter save for Kinsteel Berhad.*

Feedback

We welcome your feedback on our newsletter and our work. Email us at mswg.ceo@mswg.org.my with your comments and suggestions.

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