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THHE proposes RM170m sukuk

Islamic debt issue is unrated, non-transferrable and non-tradable

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KUALA LUMPUR: Oil and gas services firm, TH Heavy Engineering Bhd (THHE), has proposed to establish a non-rated sukuk murabahah of up to RM170 million in nominal value.

In a filing with Bursa Malaysia yesterday, THHE said the proceeds will be utilised to refinance part of the company's existing Islamic term financing, for working capital purposes and expenses related to the sukuk issue.

As at June 30, the company had

total borrowings of RM222.2 million, with cash and cash equivalents of RM82.3 million. Its total equity stood at RM368 million, translating into a gearing ratio of 0.6 times.

THHE said the tenure of the sukuk will be three years from the date of the first and only issuance, and should be made within one year from the date of authorisation of the sukuk by the Securities Commission Malaysia (SC).

"The SC has authorised the sukuk under subsection 256C(1) of the Capital Markets and Services Act 2007, via its letter dated Sept 4, 2013, which was received on Sept 5, 2013," the company said in the filing.

The profit rate for the sukuk is fixed at 7% per annum. The profit

will be payable semi-annually in arrears, the company said, adding that the sukuk is unrated, non-transferrable and non-tradable.

MIDF Amanah Investment Bank Bhd is the principal adviser, while MIDF Investment and Hong Leong Islamic Bank Bhd have been appointed joint lead arrangers and joint lead managers.

THHE posted a net profit of RM9.2 million for the second quarter ended June 30, an increase of 52.4% from RM6 million in the previous corresponding period. Revenue doubled to RM59.2 million from RM29.4 million.

The higher revenue was mainly contributed by fabrication works for Sarawak Shell Bhd and Murphy Sarawak Oil Co Ltd.

THHE's wholly owned unit,

O&G Works Sdn Bhd (OGW), was awarded an extension of a licence from Petroliam Nasional Bhd on Aug 14 this year after the company exited from the PN17 status last year.

The company's participation as a manufacturer of offshore pedestal cranes is expected to contribute to the earnings and net assets of OGW and the THHE group for the current and future financial years.

Formerly known as Ramunia Holdings Bhd, THHE was designated a PN17 company in February 2010. It exited PN17 in October 2012 after completing its regularisation plan by raising RM106 million via a rights issue and acquiring a fabrication yard in Pulau Indah in Selangor for RM83.8 million. It then changed its name to THHE.