

Headline	9 may be excluded from syariah stock list		
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9 may be excluded from syariah-stock list

COMPLIANCY: Question arises in regard to firms' cash holding, says RHB Research

RHB Research has identified nine stocks that may be excluded from the new list of syariah-compliant stocks set to be released by the Securities Commission (SC) at end-May.

The stocks are AirAsia X Bhd, Malaysian Airline System Bhd, SapuraKencana Petroleum Bhd, Petronas Chemicals Group Bhd, Perdana Petroleum Bhd, NCB Holdings Bhd, Faber Group Bhd, Prestariang Bhd and Padini Holdings Bhd.

The research house said both Petronas Chemicals and Faber have cash exceeding the allowable 33 per cent threshold. The former has a cash-to-total asset ratio of 36.6 per cent.

"While the management continues to guide investors that it expects to remain syariah-compliant, the notes to the accounts do not indicate if any of the cash holdings are in the form of Islamic accounts or instruments," it said in a note yesterday.

However, Faber is in the process of ac-

quiring new businesses that should reduce its cash holding below the threshold.

This suggests that it is possible for Faber to obtain an exemption from the SC and remain on the compliant list, said RHB Research, adding that Lembaga Tabung Haji is a substantial shareholder of Perdana Petroleum, Faber and Padini.

The firm also noted that SapuraKencana' unaudited fourth-quarter financial year 2014 accounts reveal a debt ratio of 46.4 per cent.

RHB Research has also identified six stocks that could be deemed syariah-compliant after the new list is released which include Tan Chong Motor Holdings Bhd, Bumi Armada Bhd, Malaysian Resources Corp Bhd and SP Setia Bhd, mainly due to their debt ratio which has fallen below 33 per cent.

The upcoming new syariah-compliant stocks list will be the second review by SC based on the revised syariah screening methodology that was introduced in November 2013.

