

The Malaysian Reserve

WEDNESDAY, AUGUST 24, 2016

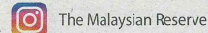
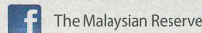
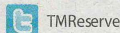
IN ASSOCIATION WITH
International New York Times

Peninsula RM7.50
Sabah & Sarawak RM8.00
PFI3274/12/2012(031664)

damixa™
When design makes sense

tel : PJ +603 7725 1006, Kch +60 82 531 828
www.damixa.com
email : sales@doe.com.my

www.themalaysianreserve.com



NewsToday

CORPORATE

Sime Darby's net profit for FY16 20% higher than expected: Sime Darby Bhd posted an almost unchanged net profit for the financial year ended June 30, 2016 (FY16), despite a gloomy market outlook.



PG 6

MONEY

Businesses find intangible assets as key to sustainable entity: Businesses are now becoming more aware of the benefits of "intangible assets" for the sustainability of their organisations in the long term.

PG 9

WORLD

Euro-area shrugs off Brexit as PMI edges up: The euro-area economy maintained its momentum in August, with growth showing little sign of being curtailed by fallout from the UK's Brexit vote.

PG 20

TRANSPORT

Ford Mustang V8 — an American muscle drive: This all-new Ford Mustang looked as aggressive as any other American muscle car in recent times but with one difference — this was a right-hand drive American muscle car.

PG 24

Gold and gemstones pile up in Singapore vault on quest for haven

SINGAPORE • The stash of gold, silver and gems stored in the vaults and safe deposit boxes of Malca-Amit in Singapore has jumped almost 90% in the past year as wealthy investors seek a refuge in a world of negative interest rates, stagnating economies and political uncertainty.

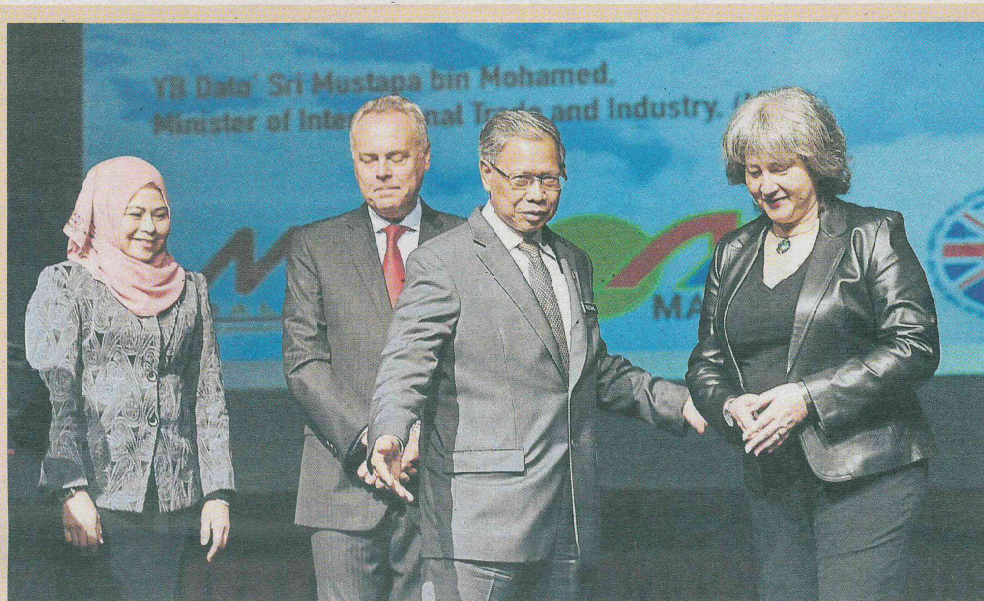
The company's facilities in the city-state are about 70% full and more than 90% of the hoard comprises precious metals, according to Ariel Kohelet, MD of Malca-Amit Singapore Pte Ltd, a logistics and storage provider, without giving specific figures. Revenue has grown at least 45% in 2016 from a year earlier, he said in an interview last week.

Gold has rallied 26% this year and silver's up 37% as negative interest rates, the UK vote to leave the European Union and the US presidential race spur investors to protect their wealth. Billionaire bond-fund manager Bill Gross has said there's little choice but gold and real estate given current bond yields, while hedge fund manager Eric Mindich almost tripled his options bet on a bullion-backed exchange-traded fund (ETF) in the second-quarter (2Q).

"We're seeing a trend where high-net-worth individuals are looking to diversify their portfolio into tangible assets like precious metals, precious stones," said 41-year-old Kohelet, who's been with the company for 12 years. "This is mostly to preserve and protect their wealth. They're looking into places like Hong Kong and Singapore as places they deem to be safe."

A raft of investors have underscored the attraction of gold in a world where central banks are trying to revive growth by buying bonds and keeping their economies flush with cash. While billionaire George Soros cut his holding in Barrick Gold Corp in the 2Q, he bought shares in the SPDR Gold Trust. Paul Singer, David Einhorn and Stan Druckenmiller have all expounded

SEE P4 COL1



NO NEGATIVE IMPACT: (From left) Malaysia External Trade Development Corp chairman Datuk Noraini Ahmad, British-Malaysian Chamber of Commerce chairman Andrew Sill, Minister for International Trade and Industry Datuk Seri Mustapa Mohamed and British High Commissioner to Malaysia Victoria Treadell at 'Brexit and its implications on Malaysia' seminar yesterday. The UK's decision to exit the European Union will not hamper Malaysia's negotiations for a free trade agreement with the group, says Mustapa. SEE P2

IoT to boost country's GNI

Tech companies in Asia, especially startups, are looking at Malaysia as the base to commercialise their IoT solutions

by P PREM KUMAR

THE Internet of Things (IoT) sector could be the next growth engine and boost the country's stuttering economy as more foreign technology firms look at Malaysia as the base to expand their reach and push their solutions to a broader market.

MIMOS Bhd president and CEO

Datuk Abdul Wahab Abdullah said tech companies in Asia, especially startups, are looking at Malaysia as the base to commercialise their IoT solutions.

"We have a good digital industry ecosystem for startups. Malaysia is already a sweet spot for startups in the Asean region," Abdul Wahab told *The Malaysian Reserve* recently.

The IoT is the next buzz for the tech world. It is a convergence of smart devices that generate data through sensors to create new knowledge and help improve decision-making, efficacy and productivity, and subsequently to enhance the quality of life.

MIMOS, created in the early 1980s by a group of academicians, was intended to spearhead the development and exporting of electrical and electronics products.

But its most profound contribution was introducing the Internet, known as Rangkaian Komputer Malaysia (Rangkom) or Malaysia Computer Network about 30 years ago.

With its former unit Jaring Communications Sdn Bhd, MIMOS provided Internet access, connecting Malaysians to the information highway in early 1990s. However, some of its ventures like the production of wafer, a key component in the pro-

duction of electronics circuits, and Malaysia's own personal computer brand didn't take off.

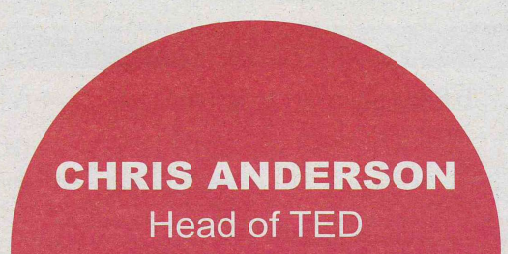
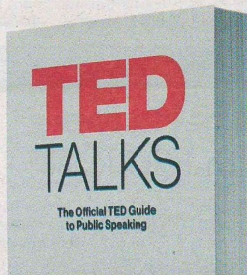
Presently, MIMOS has shifted its focus to promoting the information and communication technology (ICT) and related technologies and put Malaysia on the radar of global tech firms.

Despite what is seen as a competitive sphere, Abdul Wahab believes IoT would deliver RM3.4 billion to the country's gross national income (GNI) this year and make Malaysia the IoT hub for the South-East Asian region.

While the projection seems over

SEE P4 COL1

INTERNATIONAL BESTSELLING AUTHOR



TED TALKS

The Official TED Guide to Public Speaking

IoT contribution to GNI expected to reach RM9.5b by 2020



Pic by Mohd Amin Mohamad

We have a good digital industry ecosystem for startups, says Abdul Wahab

FROM P1 IoT

ambitious, he said doubling IoT's GNI contribution from RM1.7 billion last year is achievable as more tech startups migrate to higher levels of the IoT ecosystem that encompasses applications, services and analytics.

He said in addition, the entry of more players into Malaysia would help to achieve the targeted GNI.

"This year we are predicting it (GNI) to go double, but I think it's not good enough as we can do better than that," he said.

Abdul Wahab said IoT contribution to GNI is expected to reach RM9.5 billion by 2020 and with the potential to exceed RM42.5 billion after 2020.

He said application and services are expected to account for RM34 billion by 2025 compared to RM25 billion in 2020.

The growth of IoT is also projected to create 14,270 high-skilled employment opportunities by 2020.

Abdul Wahab said areas like testing facilities for inter-operability, standards compliance and export-related testing, software development standardisation, creation of niche applications and services, and system integration services would be the driver for the sector.

IoT opportunities globally are expected to reach from US\$1.9 trillion to US\$7.1 trillion (RM28.61 trillion) by 2020.

"There is strong momentum for the prevalence of IoT solution implementation across the world where several countries started to embark on IoT projects that focus on energy, water, transport, building management and government service delivery," Abdul Wahab added.

Amount in gold-backed ETFs soars almost 40% this year

Precious Metals Rally

Investors bought gold and silver in 2016 as stores of value

Normalized As of 22/11/2015 ■ Spot Gold ■ Spot Silver ■ Bloomberg Dollar Spot Index



FROM P1 Gold

reasons this year for owning gold. Assets in ETFs have climbed. The amount in gold-backed ETFs has soared almost 40% this year and is near the largest in three years, data compiled by Bloomberg show. Holdings in silver-backed funds have climbed almost 10% to a record.

Some are not sure prices will keep rising, saying more

(RM5,234) an ounce, less than the US\$1,340 traded yesterday.

In Asia, where more than half the world's bullion is consumed, people have always invested in gold, according to Kohélet. "If you take China and India, it's part of the culture and tradition to put some aside," he said.

Malca-Amis has 1,000 sq ft of space at the Singapore Free-Trade Zone, ready to

Rayani Air yet to apply for new licence with Mavcom

Airline has to submit a new application if it wishes to resume its operations

by PREMALATHA JAYARAMAN

RAYANI Air Sdn Bhd, the Shariah-compliant carrier that had its licence revoked by the authorities, has yet to apply for any new permit to resume its operations.

A spokesperson with Malaysian Aviation Commission (Mavcom) said the airline can apply for a new Air Service Licence (ASL) with the commission, which will undergo the due process, if the company wishes to operate commercially.

On Aug 7, Rayani Air's CEO Ravi Alagendran in his Facebook posting said that the airline will work hard to convince the Department of

Civil Aviation and Mavcom to secure a second chance to resume operations.

Ravi said a new investor and management team will take over Rayani Air, if a second chance is granted to the airline.

"The Air Operator Certificate and ASL were withdrawn while we were in the middle of finalising investment. With the withdrawal of the licences, no investors are willing to cooperate with us," he said.

"To date, Rayani Air has not applied for any new licence with us," the Mavcom spokesperson told *The Malaysian Reserve* in an email reply yesterday.

On June 13, Mavcom revoked Rayani Air's ASL after the airline breached the conditions of its licence.

Rayani Air was also scrutinised for its lack of financial and management capacities to

continue operating as a commercial airline.

Prior to the cancellation of the licence, the commission already issued a show-cause letter to Rayani Air on May 25, 2016, following the completion of an evaluation of the airline's commercial standing and capabilities that also determined its ability to continue as an ASL holder.

In the show-cause letter, Mavcom had required the airline to submit its representations in writing within 14 days before the commission decided on whether Rayani Air should be allowed to continue to hold the ASL.

Rayani Air submitted its representations in writing to Mavcom on the last day of the stipulated time.

After reviewing Rayani Air's written representations, Mavcom decided to revoke the ASL as the representa-

tions made by Rayani Air were not satisfactory responses to the show-cause letter dated May 25.

In a recent press conference, Deputy Transport Minister Datuk Ab Aziz Kaprawi said the airline has to submit a new application for ASL if it wishes to resume its operations.

According to Aziz, the airline is also required to submit a new business strategy and find a partner with sound financial backing.

Despite all the trials and tribulations, the founders of Rayani Air have expressed their determination to get the company back on the runway.

The airline, which was founded by Ravi and his wife Karthiyani Govindan, commenced operations on Dec 20, 2015, with its inaugural flight to Langkawi.

Rayani Air could not be reached for comments.

Mercedes confident locally assembled SUV will spur sales

by AYISY YUSOF

MERCEDES-BENZ Malaysia (MBM) is confident to maintain its leadership position for the luxury car segment as it rolls out more locally assembled vehicles and new models this year.

Its passenger cars sales and marketing VP Mark Raine said the company would remain competitive in offering a variety of products to suit demand especially in the sports-utility vehicles (SUV) segment.

"The introduction of our locally assembled mid-size premium luxury Mercedes-Benz GLC would contribute significantly to our SUV market. We believe with the competitive prices, we are able to keep up the sales momentum," he said at the launch of its locally produced GLC in Pekan yesterday.

The company has invested more than RM280 million for its plant in Pekan, Pahang, since the facility began operations in 2004.

The local unit of the German carmaker said it has received overwhelming demands for the locally assembled GLC.

"MBM captures a significant portion of the premium SUV market share with around 700 SUVs sold since the launches of



Raine (left) with production plant VP Ingbert Grombach (second from left) and Weidner at the launch of locally assembled Mercedes-Benz GLC at its Pekan plant in Pahang yesterday

GLC, GLE and GLE Coupé in Malaysia," he said.

The company invested about RM13 million for the local production programme for the GLC.

Raine said the locally produced GLC is MBM's first SUV with 4MATIC (all-wheel drive) and 9G-Tronic automatic transmission.

The Pekan plant produces a wide range of Mercedes-Benz vehicles including the S-Class, E-Class, C-Class and GLC, and

light-medium and heavy-duty FUSO Trucks as well as Mercedes-Benz commercial vehicle Actros.

The plant was established with a joint venture between Daimler AG and Cycle & Carriage Birtang Bhd in 2004.

MBM president and CEO Dr Claus Weidner said the company would continue to invest in the local assembly division in order to cater for the growing demand of the market.

"With the local production,

we are strengthening our global competitiveness and are closer to our Malaysian customers," he said.

The company said the facility produced 7,710 vehicles last year and expected the figure to increase this year with the introduction of new models.

MBM said the complete knock-down version of the GLC 250 4MATIC is priced at RM325,888 on-the-road without insurance but inclusive of Goods and Services Tax.

Hartalega records 19.6% profit for FY16

by NG MIN SHEN

HARTALEGA Holdings Bhd's top and bottom line growth for the financial year ended March 31, 2016 (FY16), recorded a 19.6% increase in net profit to RM257.43 million from RM215.18 million a year earlier.

Meanwhile, the group's profit after tax for the first-quarter of 2017 ended June 30, 2016 (1Q17), saw a slight decline from the year before, with RM36.3 million. First-quarter revenue was higher at RM401.8 million.

"The glove manufacturing

He said the group would look to its Next Generation Integrated Glove Manufacturing Complex (NGC) to further reinforce its pole position in the nitrile glove segment via 'superior automation', advanced manufacturing technology and a highly skilled talent pool."

cater to the global demand for nitrile gloves over the long term, particularly in Asian markets where glove usage per capita remains relatively low," Kuan said.

"By capitalising on these opportunities, we are confident that the group will con-