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## At a Glance

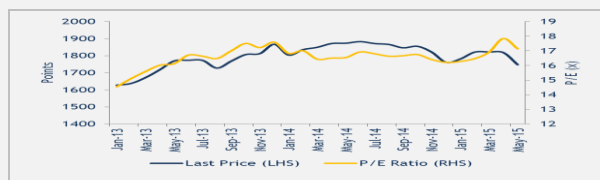
FBMKLCI gained 5.92 points to finish at 1,733.88 lifted by heavyweight stocks.....(See full report next page)

## Corporate Highlights

- **Bumi Armada, HOLD (TP: RM1.32):** Boosts allocation for FPSO operations
- **Dayang, BUY (TP: RM2.64):** Launches takeover offer for Perdana Petroleum
- **Eco World (TP: Under Review):** To unveil three London projects

## Economic Update

- **Europe:** Zone inflationary pressures at four-year high
- **Greece:** Tsipras digs in against bailout
- **U.S.:** Factory orders fall more than expected on transportation



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
EU	29-Jun	5:00 PM	Economic Confidence	-	103.8
EU	29-Jun	5:00 PM	Industrial Confidence	-3.0	-3.0
EU	29-Jun	5:00 PM	Consumer Confidence	-	-5.6
US	29-Jun	10:00 PM	Pending Home Sales MoM	1.0%	3.4%
JP	29-Jun	7:50 AM	Retail Trade YoY	-	5.0%
JP	29-Jun	7:50 AM	Retail Sales MoM	-	0.4%
JP	29-Jun	7:50 AM	Industrial Production MoM	-	1.2%
EU	30-Jun	5:00 PM	Unemployment Rate	11.1%	11.1%
EU	30-Jun	5:00 PM	CPI Estimate YoY	0.2%	-
EU	30-Jun	5:00 PM	CPI Core YoY	0.9%	0.9%
US	30-Jun	9:00 PM	S&P/CaseShiller 20-City Index	-	175.2
US	30-Jun	10:00 PM	Consumer Confidence Index	96.7	95.4
JP	30-Jun	1:00 PM	Housing Starts YoY	-	0.4%
EU	1-Jul	4:00 PM	Markit Eurozone Manufacturer	52.5	52.5
US	1-Jul	8:15 PM	ADP Employment Change	205K	201K
US	1-Jul	9:45 PM	Markit US Manufacturing PMI	-	53.40
US	1-Jul	10:00 PM	Construction Spending MoM	0.5%	2.2%
US	1-Jul	10:00 PM	ISM Manufacturing	53.0	52.8
US	1-Jul	10:00 PM	ISM Prices Paid	51.3	49.5
CN	1-Jul	9:00 AM	Manufacturing PMI	50.40	50.20
CN	1-Jul	9:00 AM	Non-manufacturing PMI	-	53.2
CN	1-Jul	9:00 AM	HSBC China Manufacturing PMI	49.6	49.6
JP	1-Jul	7:50 AM	Tankan Large Mfg Index	12	12
JP	1-Jul	7:50 AM	Tankan Large Mfg Outlook	14	10
JP	1-Jul	9:35 AM	Markit/JMMA Japan Manufacturing PMI	-	49.9
JP	1-Jul	1:00 PM	Vehicle Sales YoY	-	1.4%
EU	2-Jul	5:00 PM	PPI MoM	-	-0.1%
EU	2-Jul	5:00 PM	PPI YoY	-	-2.2%
US	2-Jul	8:30 PM	Change in Nonfarm Payrolls	225K	280K
US	2-Jul	8:30 PM	Unemployment Rate	5.4%	5.5%
US	2-Jul	8:30 PM	Initial Jobless Claims	-	-
US	2-Jul	8:30 PM	Continuing Claims	-	-
US	2-Jul	10:00 PM	Factory Orders	0.0%	-0.4%
JP	2-Jul	7:50 AM	Monetary Base YoY	-	35.6%
EU	3-Jul	4:00 PM	Markit Eurozone Service PMI	54.4	54.4
EU	3-Jul	4:00 PM	Markit Eurozone Composite PMI	-	54.1
EU	3-Jul	5:00 PM	Retail Sales MoM	-	0.7%
EU	3-Jul	5:00 PM	Retail Sales YoY	-	2.2%
CN	3-Jul	9:45 AM	HSBC China Composite PMI	-	51.2
CN	3-Jul	9:45 AM	HSBC China Service PMI	-	53.5
JP	3-Jul	9:35 AM	Markit Japan Service PMI	-	51.5
JP	3-Jul	9:35 AM	Markit/JMMA Japan Composite PMI	-	51.6
MY	3-Jul	9:35 AM	Export YoY	-	-8.8%
MY	3-Jul	9:35 AM	Import YoY	-	-7.0%
MY	3-Jul	9:35 AM	Trade Balance MYR	-	6.89B

## Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,733.88	5.92	0.34
FBMEMAS	11,970.91	35.11	0.29
FBMEMAS SHA	12,442.68	12.83	0.10
FBM100	11,652.34	34.57	0.30
Volume (mn)	1,457.28	-485.08	-24.97
Value (RMmn)	1,852.98	-321.30	-14.78
FBMKLCI YTD Chg			-1.55

## Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	16.6	-17.4
Local Institution	53.8	49.7
Foreign Investors	29.6	-32.3

## Top Gainers

	Close	Change+/-	(+/- %)
BAT	64.00	0.88	1.39
CHIN TECK PLANT	9.28	0.58	6.67
KLK	22.30	0.56	2.58

## Top Losers

	Close	Change+/-	(+/- %)
DUTCH LADY MILK	45.50	-0.26	-0.57
TITIJAYA LAND BH	1.85	-0.13	-6.57
MAXIS BHD	6.37	-0.12	-1.85

## World Indices

	Close	Change+/-	(+/- %)
DJIA	17,730.11	-27.80	-0.16
NASDAQ	5,009.21	-3.91	-0.08
S&P 500	2,076.78	-0.64	-0.03
FTSE 100	6,630.47	21.88	0.33
DAX	11,099.35	-81.15	-0.73
Nikkei 225	20,522.50	193.18	0.95
HSI	26,282.32	32.29	0.12
KOSPI	2,107.33	9.44	0.45
STI	3,327.84	-3.30	-0.10
KLCI Futures	1,722.50	(6.00)	(0.00)
USDMYR 3M	10.07	(0.03)	(0.00)
USDMYR 6M	10.07	(0.01)	(0.00)
USDMYR 12M	10.17	(0.01)	(0.00)

## Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	57	-0.3	-0.6%
Brent (USD/bbl)	62.1	0.1	0.1%
Gold(USD/ounce)	1,166	-0.1	0.0%
Coal (USD/mt)	60.4	-0.1	-0.2%
CPO (RM/mt)	2,267	0.0	0.0%
Rubber	171	1.0	0.6%
RM/USD	3.78	0.0267	-0.71%
EUR/USD	0.90	-0.0001	-0.01%
YEN/USD	123.07	0	0.00%

## What To Expect

### U.S. Market

- The Dow Jones Industrials Average shed 27.80 points to 17,730.11; S&P 500 down 0.64 points to 2,076.78. Nasdaq slid by 3.91 points to 5,009.21. Stocks closed little changed Thursday, the last day of trade for the week, as investors eyed a soft jobs report and were on edge ahead of Greece's Sunday referendum..
- The International Monetary Fund warned on Thursday in the preliminary draft of its latest debt sustainability report that Greece would need an extension of its European Union loans and a large debt write-off if it grows more slowly than expected and economic reforms are not implemented, Reuters said. The document added that Athens needs about 51.9 billion euros between October 2015 and December 2018.

### The Local Market

- FBMKLCI gained 5.92 points to finish at 1,733.88 lifted by heavyweight stocks. There were 388 gainers and 351 decliners in total value traded of RM1.85 billion.
- Among the gainers on Bursa Malaysia were BAT up 88 cent to RM64.00, Chin Teck Plants gained 58 cent to RM9.28, KLK surged 56 cent to RM22.30 and United Plantation soared 46 cent to RM27.16.

### Strategy

- Our 1H15 year-end target is 1,840 based on PER of 16.0x and hence, FBMKLCI is poised to record a gain of 4.5% against 2014 closing of 1,761. We have an **OVERWEIGHT** call on auto, construction and telco respectively. We predict Malaysia to grow by 5.0% in 2015 against the projection of 5.9% in 2014.

## CORPORATE HIGHLIGHTS

### Bumi Armada, HOLD (TP: RM1.32): Boosts allocation for FPSO operations

Bumi Armada Bhd has revised how its rights issue's gross proceeds of RM1.979bil will be utilised, raising the allocation for its floating production, storage and offloading (FPSO) and the new floating gas solutions (FGS) business units. The offshore oilfield services provider told Bursa Malaysia that the allocation to the FPSO and FGS units had been boosted from RM1.4bil to RM1.52bil, while the RM200mil allocation for the transport and installation business unit had been reduced to RM80mil. Following the recent dissolution of the oilfield services business unit, the RM80mil previously allocated to it has been reallocated to the offshore support vessel (OSV) business unit. *(Source: The Star)*

**Dayang, BUY (TP: RM2.64): Launches takeover offer for Perdana Petroleum**

Dayang Enterprise Holdings Bhd has launched a conditional mandatory takeover offer for all the shares it does not already own in Perdana Petroleum Bhd (PPB) for RM66.59mil cash or RM1.55 a share. In a statement on Thursday, Dayang said it was buying 42.96 million shares of Perdana Petroleum, representing 5.74%, from Affin Hwang Investment Management Bhd. From May 15 to June 8, Dayang had acquired 22 million PPB shares, representing approximately 2.94% of the issued and paid-up capital of PPB as at June 26 and 12.78 million five-year warrants issued by PPB, representing approximately 41.71% of the total outstanding PPB warrants in the open market at average daily prices ranging from RM1.527 to RM1.529 per PPB share and 83 sen to 84 sen per PPB warrant. (Source: *The Star*)

**Eco World (TP: Under Review): To unveil three London projects**

Eco World Investment Co Ltd, a private vehicle controlled by Tan Sri Liew Kee Sin, has set a target to launch its three London property projects within the next two years now that "the major approvals" are in place. The three projects – London City Island, Embassy Gardens and Wardian London – have a total gross development value (GDV) of £2.257bil (RM13.33bil). A financing package of £1.1bil for the development of the three projects from CIMB Bank Bhd and Maybank Investment Bank Bhd had already been secured, said Eco World International executive vice-chairman Tan Sri Liew Kee Sin. Liew said they had been building up their customer base and momentum before launching their projects. Liew was speaking to reporters after the formalising a partnership with English National Ballet, one of UK's most treasured artistic institutions. (Source: *The Star*)

**Genting shareholders (CP: RM4.20): Approve sale of HK unit, interest voiced**

Genting Malaysia Bhd, which has been approached by several parties for its 17.81% stake in Genting Hong Kong Ltd, yesterday received shareholders' approval for the disposal, for a sum of not less than RM1.7 billion. Following the shareholders' approval, the company has up to 12 months to let go of its stake. A source said while the group has not received any firm offers, several parties have approached it on the disposal. Genting Malaysia will now engage investment bankers and brokers to advise them on the next step of the sale process. Genting Malaysia's board of directors declined to speak to reporters after the EGM. On May 11, 2015, its indirect wholly-owned subsidiary Resorts World Ltd proposed to sell the entire 1.4 billion ordinary shares of US\$0.10 each in Genting Hong Kong, representing 17.81% of the total issued and paid-up share capital of Genting Hong Kong, of which the minimum disposal share price shall not be less than US\$0.33 (RM1.23). (Source: *The Sun*)

**Reach Energy (CP: RM0.60): Shortlists 4 candidates**

Special purpose acquisition company (SPAC) Reach Energy Bhd has shortlisted four potential candidates and is confident of securing a qualifying asset (QA) by year-end, said its managing director and CEO Shahul Hamid Mohd Ismail (pix). "As soon as we listed, we quickly embarked on evaluating the assets or candidates that we had in our portfolio and that's what we've been doing all these months. An oil and gas (O&G) asset acquisition is not like, simply put, buying something in the market. There's a lengthy process. That is why the

three-year period is given to make sure our search and evaluations are done in good time," he told *SunBiz* in an interview. Shahul said since its listing in August last year, it has screened over 30 candidates and shortlisted four potential candidates from its preliminary evaluation process. *(Source: The Sun)*

**Biosis (CP: Suspended): Delisting on hold as Biosis appeals against Bursa decision**

Biosis Group Bhd has submitted an appeal to Bursa Securities yesterday on its decision to reject the company's proposed regularisation plan and the de-listing of its securities. The company had announced on June 3 that its proposed regularisation plan had been rejected by the regulator and the trading in its securities was suspended from June 10. Its securities would have been de-listed on July 7 if an appeal against the rejection was not submitted on or before July 2. Following the submission of the appeal, the removal of its securities from the official list of Bursa Securities will be deferred pending the decision on the company's appeal. Biosis first entered into Practice Note 17 (PN17) on June 26, 2013 when its auditors expressed an emphasis of matter on Biosis' ability to continue as a going concern. *(Source: The Sun)*

**MRCB (CP: RM1.21): Gets RM1bil Bukit Jalil stadium job**

Malaysian Resources Corp Bhd (MRCB) is tipped to refurbish the various sports facilities at the National Sports Complex (NSC) in Bukit Jalil, including the 17-year-old Bukit Jalil Stadium, which is the main venue for sporting events in the country. Sources said the refurbishment work could cost up to RM1bil and in return, MRCB would get parcels of land in the vicinity of the NSC for development if the proposal is approved. Apart from the refurbishment of the various facilities, the job will also involve building a sports museum and hall of fame to commemorate sporting greats. "MRCB has submitted the proposal to the Youth and Sports Ministry and is awaiting the results. It is for the refurbishment of a few stadiums," said a source. *(Source: The Star)*

**Cypark (CP: RM1.78): Tweaks private placement plan due to market conditions**

Cypark Resources Bhd has revised its private placement plan in line with its falling share price. The proposed placement will now be made in tranches, with the issue price of the first tranche being set 10.7% lower than what the company had indicated back in February. The environmental solutions firm, whose share price has declined by about 15% from the start of the year, told Bursa Malaysia on Wednesday that the board decided to make the placement in tranches as a result of "the prevailing market conditions." Cypark had proposed on Feb 10 to issue up to 40.98 million new shares, representing 20% of its issued and paid-up capital, mainly to raise funds for working capital. *(Source: The Star)*

**Keladi Maju (CP: RM0.31): Names new MD**

Keladi Maju Bhd, a property developer controlled by Tan Sri Robert Tan Hua Choon, has appointed former IJM Corp Bhd chief executive officer Datuk Teh Kian Meng its managing director. Teh, 60, had retired from IJM last month. He joined IJM in 1989 and was made CEO of the company in 2011. Keladi Maju, in October last year, completed the purchase of 13.9 acres of land, on Jalan Segambut, in Kuala Lumpur from Goh Ban Huat Bhd (GBH) for RM192mil. GBH is

also controlled by Tan. Initially, GBH had intended to use the proceeds from the land sale to buy a 100% stake in oil and gas services company Dynac Sdn Bhd for RM632mil. That planned acquisition, however, did not materialise. (Source: *The Star*)

## ECONOMIC UPDATES

### Europe: Zone inflationary pressures at four-year high

Euro zone inflationary pressures are at a four-year high, suggesting the European Central Bank's trillion-euro bond-buying programme is working, an indicator designed to predict cyclical trends showed on Thursday. The Eurozone Future Inflation Gauge (EZFIG), a measure of the outlook for inflation published by the Economic Cycle Research Institute, rose to 100.4 in May from April's 100.2. "Euro zone inflation continues to be in an uptrend. With the EZFIG increasing further to a four-year high in May, euro zone inflation pressures continue to build," said Lakshman Achuthan, ECRI's chief operations officer. Inflation softened in the bloc during June to 0.2 percent year-on-year, moving away from the European Central Bank's target of close to 2 percent, official data showed on Tuesday. (Source: *The Edge*)

### Greece: Tsipras digs in against bailout

A defiant Prime Minister Alexis Tsipras urged Greeks on Wednesday to reject an international bailout deal, wrecking any prospect of repairing broken relations with European Union partners before a referendum on Sunday that may decide Greece's future in Europe. Less than 24 hours after he wrote a conciliatory letter to creditors asking for a new bailout that would accept many of their terms, Tsipras abruptly switched back into combative mode in a television address. Greece was being "blackmailed", he said, quashing talk that he might delay the vote, call it off or urge Greeks to vote "Yes". The remarks added to the frantic and at times surreal atmosphere of recent days in which acrimonious messages from the leftist government have alternated with late-night offers of concessions to restart negotiations. (Source: *Reuters*)

### Singapore: June factory activity at 7-month high, electronics expands

Activity at Singapore's factories hit a seven-month high in June thanks to an increase in new orders, with the key electronics sector returning to growth, a survey showed on Thursday. The Singapore Institute of Purchasing & Materials Management's Purchasing Managers' index (PMI) rose to 50.4, the highest since November. The PMI in May stood at 50.2. The PMI for the electronics sector rose to 50.3 in June from 49.8 in May, helping spur production. In April, the sector's PMI was 49.1, its lowest since December 2012. The June's improvement in overall Singapore's factory activity came even as global manufacturing growth slowed with most other economies remaining weak. Reflecting sluggish factory activity in other economies, Singapore's new export orders index in June stayed in contraction territory, the Singapore Institute of Purchasing & Materials Management said. (Source: *The Edge*)



**U.S.: Factory orders fall more than expected on transportation**

New orders for U.S. factory goods fell more than expected in May on weak demand for transportation and electrical equipment, a sign that manufacturing remained mired in a soft patch. The Commerce Department said on Thursday new orders for manufactured goods dropped 1.0 percent after a revised 0.7 percent decline in April. Factory orders have dropped in nine of the last 10 months. Economists had forecast orders falling 0.5 percent in May after April's previously reported 0.4 percent drop. Excluding the volatile transport component, orders nudged up 0.1 percent in May, reversing April's 0.1 percent decline. Manufacturing, which accounts for about 12 percent of the U.S. economy, is struggling with the lingering effects of a strong dollar and lower crude oil prices, which has squeezed profits of multinational corporations and oil-field firms. (Source: *The Edge*)

**U.S.: Job growth slows in June, labor force shrinks**

U.S. job growth slowed in June and Americans left the labor force in droves, according to a government report on Thursday that could temper expectations for a September interest rate hike from the Federal Reserve. Nonfarm payrolls increased 223,000 last month, the Labor Department said. Adding to the report's soft note, April and May data was revised to show 60,000 fewer jobs were added than previously reported. With 432,000 people dropping out of the labor force, the unemployment rate fell two-tenths of a percentage point to 5.3 percent, the lowest since April 2008. The labor force participation rate, or the share of working-age Americans who are employed or at least looking for a job, fell to 62.6 percent, the weakest since October 1977. The participation rate had touched a four month high of 62.9 percent in May. (Source: *The Edge*)

# M&A Securities

## STOCK RECOMMENDATIONS

BUY	Share price is expected to be $\geq +10\%$ over the next 12 months.
TRADING BUY	Share price is expected to be $\geq +10\%$ within 3-months due to positive newsflow.
HOLD	Share price is expected to be between $-10\%$ and $+10\%$ over the next 12 months.
SELL	Share price is expected to be $\geq -10\%$ over the next 12 months.

## SECTOR RECOMMENDATIONS

OVERWEIGHT	The sector is expected to outperform the FBM KLCI over the next 12 months.
NEUTRAL	The sector is expected to perform in line with the FBM KLCI over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform the FBM KLCI over the next 12 months.

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