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At a Glance

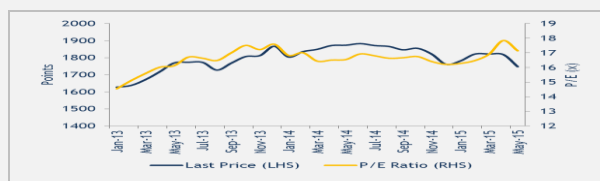
FBMKLCI declined 7.09 points to finish at 1,722.44 due to the lack of catalyst.(See full report next page)

Corporate Highlights

- **CIMB, BUY (TP: RM6.10):** Another challenging 2H but no more MSS
- **Destini (CP: RM0.59):** Proposes to buy shipbuilder for RM90m
- **TAHPS (CP: RM7.60):** RM600m projects to be launched in the pipeline
- **MESB (CP: RM0.90):** Expands presence in retail fashion industry

Economic Update

- **Malaysia:** Reserves drop to five-year low on sign of intervention
- **Australia:** ANZ raises interest rates on investor home loans
- **Greece:** Laws passed, Greece to open bailout talks
- **Japan:** Economy seen slowing in Q2, BOJ likely to wait before easing



KEY ECONOMIC RELEASE					
	Date	Local Time	Event	Survey	Prior
JP	21-Jul	1:30 PM	Nationwide Dept Sales YoY	-	6.3%
US	22-Jul	7:00 PM	MBA Mortgage Applicants	-	-
US	22-Jul	10:00 PM	Existing Home Sales	5.40M	5.35M
US	22-Jul	10:00 PM	Existing Home Sales MoM	0.9%	5.1%
US	23-Jul	8:30 PM	Initial Jobless Claims	-	-
US	23-Jul	8:30 PM	Continuing Claims	-	-
US	23-Jul	10:00 PM	Leading Index	0.1%	0.7%
EU	23-Jul	10:00 PM	Consumer Confidence	-	-5.6
JP	23-Jul	7:50 PM	Trade Balance	-	¥-216.0B
JP	23-Jul	7:50 PM	Trade Balance Adjusted	-	¥-182.5B
JP	23-Jul	7:50 PM	Exports YoY	-	-2.4
JP	23-Jul	7:50 PM	Imports YoY	-	-8.7
MY	23-Jul	-	Foreign Reserves	-	\$105.5B
EU	24-Jul	4:00 PM	Markit Eurozone Manufacturing PMI	-	52.5
EU	24-Jul	4:00 PM	Markit Eurozone Services PMI	-	54.4
EU	24-Jul	4:00 PM	Markit Eurozone Composite PMI	-	54.2
US	24-Jul	9:45 PM	Markit US Manufacturing PMI	53.7	53.6
US	24-Jul	10:00 PM	New Home Sales	540K	546K
US	24-Jul	10:00 PM	New Home Sales MoM	-1.1%	2.2%
CN	24-Jul	9:45 AM	Caixin China PMI Mfg	-	49.4
JP	24-Jul	9:35 AM	Nikkei Japan PMI Mfg	-	50.1

Bursa Malaysia

	Close	Change+/-	(+/- %)
FBMKLCI	1,722.44	-7.09	-0.41
FBMEMAS	11,900.16	-33.82	-0.28
FBMEMAS SHA	12,351.12	-33.28	-0.27
FBM100	11,568.95	-39.62	-0.34
Volume (mn)	1,755.85	91.76	5.51
Value (RMmn)	1,684.04	2.45	0.15
FBMKLCI YTD Chg			-2.20

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Local Retail	24.4	-1.9
Local Institution	54.0	271.2
Foreign Investors	21.6	-269.3

Top Gainers

	Close	Change+/-	(+/- %)
TALIWORKS CORP	3.51	0.43	13.96
PIE INDUSTRIAL	5.93	0.36	6.46
LATITUDE TREE HL	6.75	0.35	5.47

Top Losers

	Close	Change+/-	(+/- %)
BAT	64.78	-0.92	-1.40
NEGRI SEMBILAN	4.66	-0.34	-6.80
UNITED PLANT	26.66	-0.34	-1.26

World Indices

	Close	Change+/-	(+/- %)
DJIA	17,731.92	-119.12	-0.67
NASDAQ	5,146.41	-25.36	-0.49
S&P 500	2,102.15	-12.00	-0.57
FTSE 100	6,655.01	-12.33	-0.18
DAX	11,512.11	-8.56	-0.07
Nikkei 225	20,683.95	90.28	0.44
HSI	25,398.85	116.23	0.46
KOSPI	2,065.07	0.34	0.02
STI	3,359.17	4.34	0.13
KLCI Futures	1,703.50	(2.00)	(0.00)
USDMYR 3M	9.31	0.02	0.00
USDMYR 6M	9.54	0.01	0.00
USDMYR 12M	9.79	0.01	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	49	0.2	0.5%
Brent (USD/bbl)	55.3	-0.9	-1.5%
Gold(USD/ounce)	1,091	-0.1	0.0%
Coal (USD/mt)	60.4	-0.1	-0.2%
CPO (RM/mt)	2,189	-16.0	-0.7%
Rubber	165	-1.5	-0.9%
RM/USD	3.80	0.0107	-0.28%
EUR/USD	0.91	-0.0005	-0.05%
YEN/USD	123.87	-0.06	0.05%

What To Expect

U.S. Market

- The Dow Jones Industrials Average shed 119.12 points to 17,731.92, S&P 500 drop 12 points to 2,102.15. Nasdaq down by 25.36 points to 5,146.41. Stocks closed lower Thursday as a deluge of mostly lackluster earnings pressured the major averages.
- Worries over demand for commodities from markets such as China and the impact of an expected U.S. interest rate hike on emerging market capital flows have taken the shine off global markets.

The Local Market

- FBMKLCI declined 7.09 points to finish at 1,722.44 due to the lack of catalyst. There were 491 gainers and 317 decliners in total value traded of RM1.68 billion.
- Among the losers on Bursa Malaysia were BAT down 92 cent to RM64.78, Negri Sembilan and United Plantations dropped 34 cent each to RM4.66 and RM26.66 and UMS Holdings Bhd decreased 31 cent to RM2.54.

Strategy

- Our 2015 year-end target is **1,660** based on PER of 15.6x. FBMKLCI is a **NEUTRAL**. We have **OVERWEIGHT** call on auto, construction, and telco respectively. We predict Malaysia to grow by 5.0% in 2015.

CORPORATE HIGHLIGHTS

CIMB, BUY (TP: RM6.10): Another challenging 2H but no more MSS

CIMB Group Holdings Bhd CEO Tengku Zafrul Abdul Aziz said the group will not be looking at another round of mutual separation scheme (MSS) despite expecting a challenging second half due to lacklustre performance in Indonesia and Thailand. "We're not planning anymore MSS in and outside Malaysia," he told reporters after the launch of the CIMB Bumiputera Vendor Development Programme yesterday. "It (operations) will not go back to normal for the rest of the year as the conditions in Indonesia is still not where we thought we were gonna be, the numbers we had forecast are going to be difficult to achieve," Zafrul said. Zafrul, however, believes that the group's second-half performance will be better than the first half of the year. (Source: The Sun)

Destini (CP: RM0.59): Proposes to buy shipbuilder for RM90m

Destini Bhd's wholly-owned subsidiary Destini Armada Sdn Bhd yesterday entered into a conditional share sale agreement (SSA) with Destination Marine Services Sdn Bhd (DMS) to acquire its wholly-owned subsidiary company Everyday Success Sdn Bhd for RM90 million worth of cash and shares. DMS had, on June 15 2015, received and accepted a letter of acceptance from the Agensi Penguatkuasaan Maritim Malaysia (APMM) for the supply, delivery, testing and commissioning of six patrol vessels for a contract period of thirty five months, at

a value of RM381.30 million. The purchase consideration is to be satisfied via a combination of cash payment of RM15 million and the remaining RM75 million to be satisfied via the issuance of 107.14 million shares of 10 sen each in Destini at the issue price of 70 sen per Destini share. DMS will hold a 11.71% stake in Destini post the acquisition. Everyday Success is currently dormant and the intended principal activities shall be the provision of shipbuilding and ship repair services. (Source: *The Sun*)

TAHPS (CP: RM7.60): RM600m projects to be launched in the pipeline

TAHPS Group Bhd has three projects in the pipeline with a gross development value (GDV) of RM600 million in Bukit Puchong that will be launched in phases. In total the group has 700 acres of landbank in Bukit Puchong worth some RM10 billion in GDV that can last the group for over 10 years. Its group CEO Tan Seng Chye said the three projects consist of shophots (RM130 million GDV), 250 units of condominium cum villas (RM170 million GDV) and small office and home office units (RM300 million GDV), adding that one of the launches could happen this year. "But whether we will launch (these projects) or not depends on what we still have available. The timing of the launch will depend on the market condition and our inventory level," he told reporters after the group's AGM here yesterday. Its ongoing projects include the Epic Suites serviced apartment, which are 70% sold, luxury semi-detached linked bungalows and bungalows, as well as ready-built shophouses with just a few unsold units remaining. (Source: *The Sun*)

MESB (CP: RM0.90): Expands presence in retail fashion industry

MESB Bhd is expanding its presence in the retail fashion industry with the proposed acquisition of Active Fit Sdn Bhd for RM19mil. Active Fit develops and distribute men's casual apparel such as shirts, trousers, jackets and basic accessories under the "Jeep" brand in Malaysia. Active Fit which registered a pre-tax profit of RM3.8mil on a turnover of RM33.6mil for the financial year ended June 30, 2014, operates more than 100 consignment counters nationwide for the "Jeep" brand of apparel and accessories. MESB said the exercise was arrived at on a "willing-buyer willing-seller" basis, after taking into consideration the historical profit track and prospective earnings potential of Active, among other. (Source: *The Star*)

Khind (CP:RM2.06): Plans RM150m mixed-use project in Setia Alam

Electrical home appliance maker Khind Holdings Bhd is planning a mixed-use project on a 65,340 sq ft piece of land in Setia Alam, Shah Alam, Selangor, as it embarks on a diversification exercise to include property development, construction and property investment as one of its future core businesses. The project will have a gross development value (GDV) of RM150 million, with total estimated development costs of RM112.50 million. In a filing with Bursa Malaysia today, Khind said it plans to fund the construction cost of the planned development via a combination of bank borrowings, progressive sales billings and internal funds. Khind also said the planned development is expected to result in a diversion of 25% or more of the group's net assets to an operation which differs widely from its current operations. However, it is expected to contribute 25% or more to the group's net profit. (Source: *The Edge*)

Yinson Holdings (CP: RM3.12): Banks On Order Book To Sustain Itself In Tough Times

Yinson Holdings Bhd, an integrated offshore production and support services provider, is banking on its US\$5.88 billion order book to sustain itself over the long term on the back of the slowdown in the global economy. Group Chief Executive Officer Lim Chern Yuan said the current order book would keep the company busy for between seven to 20 years. It has been a challenging period for our clients with oil prices having come down, alongside profit margins. (But) our business is not based on oil price speculation. So, we have an order book of US\$5.88 billion which will carry us through the tough times, he added. (Source: *Bernama*)

Automobile Sector (Overweight): MAI Keeps 700,000 Units TIV Target, 325,000 Cars Sold As Of Mid-Year

The Malaysia Automotive Institute (MAI) has reiterated its 2015 total industry volume (TIV) target of 700,000 units, saying sales may picked up in the later part of the year, despite the industry recording car sales of 325,000 units as of end-June. We have yet to discount our target of 700,000 units for 2015," MAI Chief Executive Officer Mohamad Madani Sahari told *Bernama* when asked to comment on the mid-year TIV performance. He said the mid-year TIV was slightly lower than expected as sales took a hit in April and May in spite of the fact that prices of cars has reduced further as a result of the Goods and Services Tax (GST). He also said that sales in June had improved to around 55,000 units partly due to promotional campaigns for Hari Raya and great promotions from many brands. (Source: *Bernama*)

IPO: Sunway Construction posts net profit of RM34.36mil

Sunway Construction Group Bhd (SunCon) posted a net profit of RM34.36mil for its first quarter ended March 31, 2015 on the strength of ongoing local construction jobs and the supply of precast concrete products to projects in Singapore. SunCon, which is en route for a listing on the Main Market of Bursa Malaysia on July 28, achieved a revenue of RM496.06mil for the quarter for the same reasons. However, there are no comparative figures for its corresponding period a year ago as these are the first set of interim financial results announced by the group to comply with the Main Market listing requirements. Overall, the company expects the construction sector in Malaysia to be spurred by Government-initiated projects under the Economic Transformation Programme, the revised Budget 2015 and the 11th Malaysia Plan (11MP). (Source: *The Star*)

ECONOMIC UPDATES**Malaysia: Reserves drop to five-year low on sign of intervention**

Malaysia's foreign-exchange reserves fell to the lowest in almost five years, signaling the central bank may have intervened to stem the ringgit's decline. The holdings dropped 4.7 percent to \$100.5 billion as of July 15 from two weeks earlier, data from Bank Negara Malaysia showed Thursday. That's enough to finance 7.9 months of retained imports and is 1.1 times short-term external debt, according to a central bank statement. The currency weakened to a 16-year low of 3.8130 a dollar this month, surpassing the 3.8 level at which it was pegged from 1998 to 2005. While the ringgit is tracking emerging-market

currencies lower this year, losses have been exacerbated by a plunge in oil prices for the nation's exports and an investigation into the finances of state investment company 1Malaysia Development Bhd. (Source: *The Edge*)

Australia: ANZ raises interest rates on investor home loans

Australia and New Zealand Banking Group (ANZ) is raising interest rates on loans for homes bought for investment purposes just days after tough new capital rules were unveiled, in a move that other lenders are likely to mirror. The Australian Prudential Regulatory Authority (APRA) announced on Monday that banks should have cash reserves equal to 25% of mortgage books by July 2016, up from 16% now. ANZ's move also follows increasingly stern warnings from APRA to keep annual growth in investment home loans to below 10% and tighten standards on products such as interest-only loans. (Source: *The Star*)

Greece: Laws passed, Greece to open bailout talks

Greece's creditors prepared on Thursday for the start of bailout talks in Athens, after lawmakers adopted a second package of reform measures before dawn despite a left wing rebellion that may bring early elections. In a sign of how the goal of coming to grips with the country's debt is swiftly sliding even further away, Greece's most influential think tank predicted a sharp drop back into recession. That adds to the headwinds facing leftwing Prime Minister Alexis Tsipras, who must negotiate a bailout worth up to 86 billion euros with sceptical lenders while struggling to hold his divided Syriza party together. (Source: *Reuters*)

Japan: Economy seen slowing in Q2, BOJ likely to wait before easing

Japan's economy is expected to expand at a slower pace in the second quarter than projected a month ago in the face of weak consumer spending and exports, a Reuters poll found. Despite the expected slower growth, however, some analysts pushed back their projections on the timing for further monetary easing. Although a growing minority is forecasting an economic contraction in April-June, analysts essentially see the economy returning to growth from the third quarter. Consumer prices remained fragile but there were fewer risks of a relapse into deflation, although there was still a long way to go before price growth would reach the Bank of Japan's 2 percent inflation target, analysts said. (Source: *The Edge*)

Singapore: June consumer prices slip for eighth straight month

Singapore's annual consumer prices fell for the eighth straight month in June, an outcome that could give the central bank room to ease policy if economic growth disappoints. The all-items consumer price index (CPI) in June fell 0.3 percent from a year earlier, official data showed on Thursday, in line with the median forecast in a Reuter's survey. In May, headline CPI fell 0.4 percent. The smaller drop in annual headline CPI was due to factors such as larger increases in the costs of food and private transport costs, the Monetary Authority of Singapore (MAS) and the Ministry of Trade and Industry (MTI) said. The MAS core inflation gauge rose 0.2 percent from a year earlier, up from a five-year low of 0.1 percent in May, due to a pick-up in services and food-related costs. Core inflation excludes the prices of cars and accommodation, which are influenced

more by government policies, and is the focus of monetary policy. (Source: *The Edge*)

U.S.: Jobless claims drop to 41-1/2-year low

The number of Americans filing new applications for unemployment benefits last week fell to its lowest level in more than 41-1/2 years, suggesting the labor market maintained a solid pace of job growth in July. The sturdy jobs picture together with a strengthening housing market brings the Federal Reserve a step closer to raising interest rates this year. Initial claims for state unemployment benefits declined 26,000 to a seasonally adjusted 255,000 for the week ended July 18, the lowest level since November 1973, the Labor Department said on Thursday. Claims for the prior week were unrevised. However, last week's drop likely exaggerates the strength of the labor market as claims are volatile during summer when automakers usually shut assembly plants for annual retooling. (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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