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At a Glance

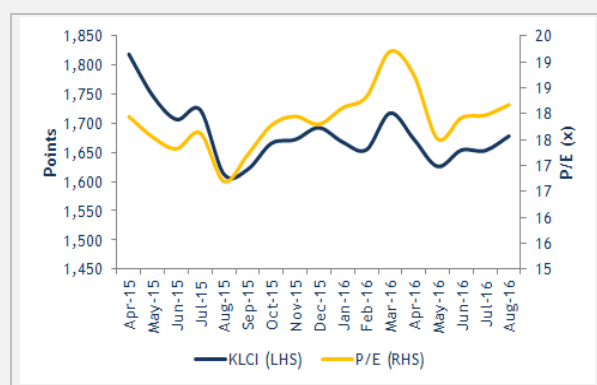
FBMKLCI loss its winning position by losing marginally by 3.51 points to 1,673.92, in line with some Asian markets following the overnight drop on the U.S markets as well as weaker oil prices.....(See full report next page)

Corporate Highlights

- **BHS Industries (CP: RM0.45):** In talks with potential investors for tissue paper factory in Pekan
- **MRCB-Quill REIT (CP: RM1.27):** Sees marginal growth in net property income in 3Q
- **Melati Ehsan (CP: RM0.715):** 4Q earnings up near 5.7 times on disposal gain

Economic Update

- **US:** New home sales rise in September; prior month revised down
- **Argentina:** Economic activity contracts in August
- **German:** Business climate hits two-and-a-half year high in October

**Bursa Malaysia**

	Close	Change+/-	(+/- %)
FBMKLCI	1,673.92	-3.51	-0.21
FBMEMAS	11,804.32	-25.69	-0.22
FBMEMAS SHA	12,407.23	-22.53	-0.18
FBM100	11,505.28	-23.95	-0.21
Volume (mn)	1,542.09	116.34	8.16
Value (RMmn)	1,805.72	-35.34	-1.92
FBMKLCI YTD Chg			-1.10

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Institution	66.3	156.9
Retail	14.5	5.7
Foreign	19.2	-162.6

Top Gainers

	Close	Change+/-	(+/- %)
KOBAY TECHNOLO	1.54	0.21	15.79
NESTLE (MALAY)	78.40	0.20	0.26
UNITED PLANTAT	27.90	0.20	0.72

Top Losers

	Close	Change+/-	(+/- %)
BRIT AMER TOBAC	48.02	-1.22	-2.48
DUTCH LADY MILK	59.10	-0.60	-1.01
PANASONIC MAN	37.10	-0.40	-1.07

World Indices

	Close	Change+/-	(+/- %)
DJIA	18,199.33	30.06	0.17
NASDAQ	5,250.27	-33.13	-0.63
S&P 500	2,139.43	-3.73	-0.17
FTSE 100	6,958.09	-59.55	-0.85
DAX	10,709.68	-47.63	-0.44
Nikkei 225	17,391.84	26.59	0.15
HSI	23,325.43	-239.68	-1.02
KOSPI	2,013.89	-23.28	-1.14
STI	2,828.57	-25.48	-0.89
KLCI Futures	1,667.00	(6.50)	(0.00)
USDMYR 3M	9.41	0.01	0.00
USDMYR 6M	9.69	0.01	0.00
USDMYR 12M	9.99	0.01	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	49	0.1	0.1%
Brent (USD/bbl)	50.0	-0.8	-1.6%
Gold(USD/ounce)	1,267	-0.4	0.0%
Coal (USD/mt)	93.6	0.3	0.4%
CPO (RM/mt)	2,796	36.0	1.3%
Rubber	170	1.9	1.1%
RM/USD	4.16	0.0015	-0.04%
EUR/USD	0.92	-0.0002	-0.02%
YEN/USD	104.59	0.12	-0.11%

What To Expect

U.S. Market

- The Dow Jones Industrials Average slightly rebounded 30.06 points to 18,199.33 and S&P 500 continued to end in red by inching down 3.73 points to 2,139.43. Nasdaq cut 33.13 points to 5,250.27. Quarterly results were the main driver for Wall Street on Wednesday as a decline in Apple shares weighed on the S&P 500 and Nasdaq, while the price-weighted Dow Industrials was buoyed by gains in Boeing. Apple, the world's largest exchange-traded company, fell 2.2 percent after it acknowledged that strong demand for its iPhone 7 Plus caught the company off-guard and it was struggling to keep up.
- Earlier, economic data showed new home sales unexpectedly rose and both wholesale and retail inventories increased in September, while the goods trade deficit narrowed sharply, suggesting a stronger pickup in economic growth in the third quarter than is currently anticipated.

- FBMKLCI loss its winning position by losing marginally by 3.51 points to 1,673.92, in line with some Asian markets following the overnight drop on the U.S markets as well as weaker oil prices. There were 285 gainers and 496 decliners in total value traded of RM1.81 billion.
- Among the losers on Bursa Malaysia were British American Tobacco tumbled 122 cent to RM48.02, Dutch Lady fell 60 cent to RM59.10, Panasonic shed 40 cent to RM37.10 and Hong Leong Industries declined 28 cent to RM9.12.

Strategy

- Our 2016 year-end FBMKLCI target is 1,790 based on PER of 17.1x. FBMKLCI is NEUTRAL. We have OVERWEIGHT call on construction, telco and oil and gas respectively. We predict Malaysia to grow by 4.3% in 2016.

CORPORATE HIGHLIGHTS

BHS Industries (CP: RM0.45): In talks with potential investors for tissue paper factory in Pekan

BHS Industries Bhd said it is in talks with potential investors to set up a tissue paper factory of 5,000 tonnes, as part of the first phase of the Pekan Green Technology Park in Kg Paloh Hinai, Pekan, Pahang. "(We are) presently talking to potential investors and once (we) have anything to report, (we) will make an announcement to Bursa Malaysia," it added. The Pahang state government had on March 10 this year approved and granted its wholly-owned subsidiary, Ultimate Ivory Sdn Bhd, a piece of land measuring 26 acres in Kg Paloh Hinai,

Pekan, Pahang for development of the first phase of Pekan Green Technology Park. (Source: The Edge)

MRCB-Quill REIT (CP: RM1.27): Sees marginal growth in net property income in 3Q

MRCB-Quill Real Estate Investment Trust (MQREIT) saw a marginal 0.2% growth in net property income to RM25.53 million in the third quarter ended Sept 30, 2016 (3QFY16) from RM25.49 million a year ago, dragged down by higher property operating expenses due to higher repairs and maintenance costs incurred. Net income fell 3.2% to RM15.23 million or 2.3 sen a unit in 3QFY16 from RM15.73 million or 2.38 sen a unit in 3QFY15, mainly due to higher manager's fee, trustee's fee, valuation fee and administrative expenses. Revenue, however, rose 2.2% to RM32.5 million from RM31.81 million, thanks to additional revenue from Platinum Sentral, higher rental income due to step up rent adjustments from QB2, QB3 and Wisma Technip. (Source: The Edge)

Melati Ehsan (CP: RM0.715): 4Q earnings up near 5.7 times on disposal gain

Melati Ehsan Holdings Bhd's fourth quarter ended Aug 31, 2016 (4QFY16) net profit rose near 5.7 times or 472% to RM13.1 million from RM2.3 million a year ago, mainly due to a gain from the disposal of a subsidiary. Revenue was up 119% to RM53.7 million from RM24.5 million last year, it said in a bourse filing yesterday. A final and single dividend of 1.75 sen was proposed, amounting to a payout of RM2.1 million for the financial year ended Aug 31, 2016 (FY16) -- the same quantum as FY15's. (Source: The Edge)

Spritzer (CP: RM2.46): Posts RM6.67m net profit for quarter ended Aug 31

Spritzer Bhd posted a net profit of RM6.67 million for the three months period ended August 31, 2016 (3MFY16) on a revenue of RM78.6 million. In the company's latest results filings yesterday, no past quarterly figures were provided for comparison as the group have changed its financial year end from May 31 to Dec 31. But if compared to the three months ended Aug 31, 2015 (3MFY15), its revenue have gone up 18% from RM66.7 million previously, mainly due to higher sales for both bottled water products and packaging. Yet, its 3MFY16 profit before tax (PBT) only came in at RM9.2 million, down 2% year-on-year from the RM9.4 million recorded previously. (Source: The Edge)

Sumatec (CP: RM0.08): Associate defaults on RM165m loan

Sumatec Resources Bhd said today its Miri-based associate Semado Maritime Sdn Bhd has defaulted on repayment of RM165.21 million which was due to Bank Pembangunan Malaysia Bhd on Oct 18 and 19. Semado had cited a delay in securing the completion of sale of the vessels for the default. In a filing with Bursa Malaysia today, Sumatec said on Oct 11 and 12, Semado was served a writ of summons and warrant of arrest on its vessels Semua Mutiara and Semua Muhibbah, respectively, by Messrs Joseph & Partners — the solicitors acting for Bank Pembangunan. (Source: The Edge)

Mudajaya (CP: RM0.99): To raise up to US\$200m via bonds for overseas investments

Mudajaya Group Bhd said its wholly-owned subsidiary Mudajaya Ventures Ltd has established a euro medium term note (EMTN) programme with nominal

value of up to US\$200 million (RM832 million). In a filing today, the group said Bank Negara Malaysia (BNM) has granted approval for the programme, which will have an availability term of 10 years beginning from the issuance date of the first series of notes. "The proceeds from the issuance of the notes shall be utilised by the issuer towards funding new overseas investments in Indonesia, Philippines and other countries as identified by the management and for general corporate purposes," said Mudajaya. *(Source: The Edge)*

Bumi Armada (CP: RM0.70): Angola FPSO vessel on track for delivery

Keppel Shipyard Ltd, a wholly-owned subsidiary of Keppel Offshore & Marine (Keppel O&M), is on track to deliver the Armada Olombendo floating production storage and offloading (FPSO) vessel to Bumi Armada Bhd for its Angola operations. The vessel — said to be one of the largest FPSO vessels in the world — measures 382m in length and 58m in width, with a design life of 20 years. "Armada Olombendo FPSO is one of Bumi Armada's great achievements as this is the largest FPSO project undertaken by the company and incorporates both the highest oil production capacity to date and one of the largest external turrets used offshore," said Bumi Armada chief executive officer Leon Harland in a joint statement today. *(Source: The Edge)*

ECONOMIC UPDATES

US: New home sales rise in September; prior month revised down

New US single-family home sales unexpectedly rose in September, pointing to sustained demand for housing even as data for August was revised sharply lower. The Commerce Department said on Wednesday new home sales increased 3.1% to a seasonally adjusted annual rate of 593,000 units last month, pulling them close to a nine-year high touched in July. August's sales pace was slashed to 575,000 units from the previously reported 609,000 units. "We see tremendous growth potential in new home sales as housing demand continues to grow and a continued shortage of newer vintage homes," said Tian Liu, chief economist at Genworth Mortgage Insurance in Raleigh, North Carolina. *(Source: The Edge)*

U.S.: Stuck With Nobody Left to Sanction in Russia Over Syria

The U.S. put sanctions on Russia's main arms exporter, Kremlin aides and the black leather-loving head of a motorcycle gang nicknamed "The Surgeon" after the 2014 invasion of Ukraine. Now, as Washington seeks ways to punish Moscow for its actions in Syria, it may be running out of options. President Barack Obama's administration says new sanctions are among its alternatives as it seeks to ease the humanitarian crisis in Syria, where Russia backs President Bashar al-Assad's drive to recapture the city of Aleppo. But Secretary of State John Kerry won't give any details, and European allies failed last week to consider tighter restrictions. *(Source: Bloomberg)*

Argentina: Economic activity contracts in August

Oct 25 Argentina's economic activity shrank 2.6 percent in August from a year earlier, government data showed on Tuesday, in line with a median expectation

for a 2.4 percent year-over-year drop in a Reuters poll. Economic activity rose 0.2 over July, however, according to a statement from the official Indec statistics agency. That marked the first time since March that activity rose with respect to the previous month. Indec also reported on Tuesday that Argentina had a trade surplus of \$361 million in September versus a deficit of \$357 million in the same month last year. *(Source: Reuters)*

German: Business climate hits two-and-a-half year high in October

German business morale improved unexpectedly in October, hitting its highest level in 2-1/2 years, suggesting company executives have become more optimistic about growth prospects for Europe's largest economy. The surprisingly strong business climate index, published on Tuesday by the Munich-based Ifo institute, gave a further boost to hopes that a widely expected slowdown of the German economy could be less severe than feared. "The upturn in the German economy is gathering impetus," Ifo head Clemens Fuest said, though a separate survey forecast a squeeze on German exports and domestic growth from Britain's vote to leave the European Union. *(Source: Reuters)*

Thailand: Economy on track for 3.2% growth, policy rate low - c.bank

Thailand's economy is on track to grow 3.2% this year and next and there is no need for further monetary policy easing, a deputy central bank governor said, amid concerns mourning for King Bhumibol Adulyadej will crimp tourism and consumption. The 88-year old king died on Oct. 13 and the junta has declared a year of mourning, urging people to curtail festivities during the first 30 days of his death. The king's passing may have a short-term impact on certain businesses such as tourism and entertainment, but it has not affected the country's economic fundamentals, said Deputy Bank of Thailand Governor Mathee Supapongse. *(Source: The Edge)*

Australia: Inflation edges up, market nixes rate cut

Australian consumer prices rebounded by more than forecast last quarter while the annual pace of core inflation edged up for the first time in over a year, leading investors to price out almost any chance of a near-term cut in interest rates. The local dollar jumped half a US cent when key measures of underlying inflation favoured by the Reserve Bank of Australia (RBA) showed an average rise of 0.4% in the third quarter, matching expectations. The annual pace inched up to 1.6%, from a record low of 1.5%, a tentative sign inflation may have finally bottomed after a run of surprisingly subdued readings. *(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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