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## Strategy

# August Outlook

## Sell Small, Buy Big

In July, the strong US corporate results lifted global markets moderately as expected. Defensive consumer plays rallied in Malaysia as volatility drove investors to seek safe haven. For August, given that the defensive small caps have already rallied, we expect interest to shift back to Big Caps as the results season goes into full swing. We advise investors to look at Big Caps, especially banks, for which robust results are anticipated. Also, 3 trading ideas related to infrastructure plays could also garner attention. Our Top Buys are CIMB, Maybank, Axiata and Supermax on expected strong results, with only KPJ carried over from July.

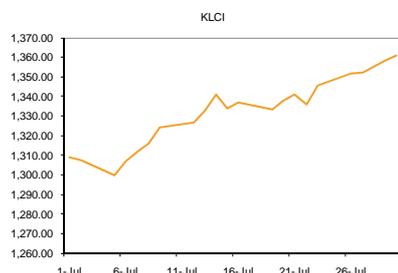
**US earnings held up.** As we stated in our July outlook, we expected US corporates to post reasonable results, and it turned out that close to 80% eventually posted numbers that were above expectation, which lent support to the US and global markets. In fact, the expectation beating results led to US markets having their best month in a year. Malaysia lagged slightly behind in Asia despite the strong corporate news flow, which included Genting's RPT, Khazanah's tussle for Parkway and Measat's and Tanjong's privatization.

**Shift in our strategy for August.** We had earlier advised investors to go for Defensive Small Caps between April/May and September as we had expected the market to be volatile, which turned out to be correct. However, with the defensive small caps in the Consumer, Healthcare and Education sectors strongly outperforming in June and July, we believe interest will shift back to Bigger Caps, especially if their results come out strong. We therefore advise investors to look at Big Caps 1 month earlier than previously advised, especially Banks, on which we remain Overweight and expect a strong set of results. While there is still a chance of another retracement, we believe the market will at most take a breather before rallying towards our unchanged year-end target of 1465 pts for the FBM KLCI. The sectors we expect to post strong results include Banks, Consumer-Food, Media, Steel and Utilities.

**Infrastructure ideas also good for Trading.** Aside from refocusing on Big Caps, we believe there are 3 notable ideas for Trading given the resurgence of infrastructure development news. These are namely MRCB on the RRI land in Sungai Buloh, UEM Land on Iskandar Malaysia and MMC on the KL MRT as well as Iskandar Malaysia.

**More Big Caps among Top Buys.** 3 out of our Top 5 Buys in July outperformed the index, except for TNB and Hektar REIT. For August, in line with the shift in our strategy, we include our Top Big Cap Buys CIMB, Maybank and Axiata as our Top Buys on hopes of strong results. Similarly, anticipation of good results prompts us to reinstate Supermax as a Top Monthly Buy after a long absence.

**FBM KLCI (July 10)**



Opening at 1314.02 pts  
Closing at 1360.92 pts

**Crude Palm Oil (July 10)**



Stock	Price RM	Target RM	Mkt Cap RMm	Volume '000	PER (x)		FY0 ROE %	FY1 DY %	Rel. Performance %			P/NTA (x)	Rating
					FY1	FY2			1-mth	3-mth	12mth		
Maybank	7.74	8.60	54,783.7	8,007.4	15.1	14.0	13.1	4.2	-1.3	-0.6	1.5	2.2	Buy
CIMB	7.40	7.95	52,269.8	13,644.9	15.5	12.9	15.3	1.7	2.0	2.7	24.7	3.2	Buy
Axiata	4.26	4.80	36,398.6	10,476.0	16.5	13.7	11.2	2.3	4.9	7.8	24.4	1.9	Buy
Supermax	6.23	9.11	2,065.9	2,594.6	10.6	10.3	26.3	1.4	5.9	9.2	208.1	2.6	BUY
KPJ	3.66	4.62	1,957.7	1,107.4	16.2	14.6	21.1	3.7	8.1	24.9	148.5	3.5	BUY

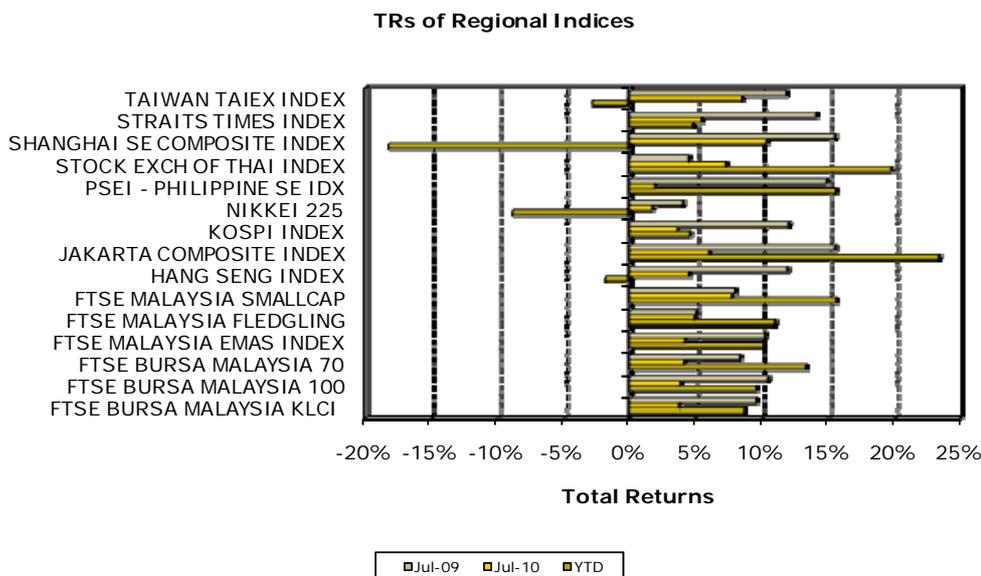
Share price as at 30 July 2010,

## US EARNINGS LED THE WAY

**Almost 80% of US corporates still beat estimates.** While global markets were initially skittish as China's manufacturing growth slowed more than expected, the US market started to rally in the first week of July as strong US retail sales ahead of the 2Q earnings season bolstered US confidence. The softening of the Australian government's stance towards the mining tax also spurred the global rally. Of the US companies that reported their results, about 77% still chalked up earnings that were above expectations, which signifies that the growth trend in profits since mid-2009 is still intact (see our July outlook report). Particularly noteworthy was Apple's results, which soared on demand for its consumer electronic products. With that, US markets had their best month in a year, with key indices gaining some 7%. Still, it was merely a recovery from the sell-down in the previous months and was well within our expectations, as highlighted in our July outlook report, namely that the results season would provide some support to the US and therefore global markets.

**In Asia, laggards played catch-up.** While markets were up strongly in the US, in Asia the performance was more mixed. South East Asian markets that had generally performed better in June still rose but at a slower pace while North East Asian markets that had lagged the previous month played catch up. Overall the Asian markets still took their cue from the US but strong GDP growth numbers from China, South Korea and Singapore helped to cement the view that the economic recovery was still on track. The best performing market in Asia was China (+10.3%) as it rebounded from the previous month's contraction, followed by Taiwan (+8.4%) and Thailand (+7.2%). The laggards were Japan (+1.7%), the Philippines (+1.9%) and Korea (+3.6%).

**Figure 1: TRs of regional indices**



Source: Bloomberg Note: TRs (total returns), CG (capital gain) & DY (div yield)

**KLCI tending to lag.** With July tending to be a good month driven by the US, defensive markets such as Malaysia tended to lag behind, with the KLCI being the 4<sup>th</sup> worst performer in Asia. Nonetheless, in terms of Total Returns YTD, Malaysia is still the 4<sup>th</sup> best performer given the volatile market in 2010, coming behind only Indonesia, Thailand and the Philippines. As a whole, the Malaysian market was dominated by macro news involving small subsidy cuts in mid-July, corporate actions by Khazanah including an

ownership tussle for Singapore-listed Parkway, and a further 25-basis point hike in the Overnight Policy Rate by Bank Negara Malaysia (BNM)

**Table 1: Total returns YTD**

Country	Change(%)	Country	Change (%)
China	-18.3	<b>Malaysia</b>	<b>8.6</b>
Hong Kong	-1.8	Indonesia	23.4
Japan	-8.9	Thailand	19.7
Korea	4.6	Philippines	15.6
Singapore	4.8	Taiwan	-2.9

*Source: Bloomberg Note: TRs (total returns), CG (capital gain) & DY (div yield)*

## SECTORAL: PRIVATISATIONS AND RELATED PARTY TRANSACTIONS

**Prominent Malaysian companies carrying out corporate actions.** The highlights for the month of July were 2 significant corporate actions by prominent Malaysian companies. At the start of the month, in a Related Party Transaction (RPT), Genting Malaysia announced that it was buying the UK casino assets of its sister company, Genting Singapore for RM1.7bn. At the end of the month, Tan Sri Ananda Krishnan announced that he was taking private 2 of his listed companies, namely Measat at RM4.20 per share, and Tanjong at RM21.80 per share. Other corporate highlights in July were:

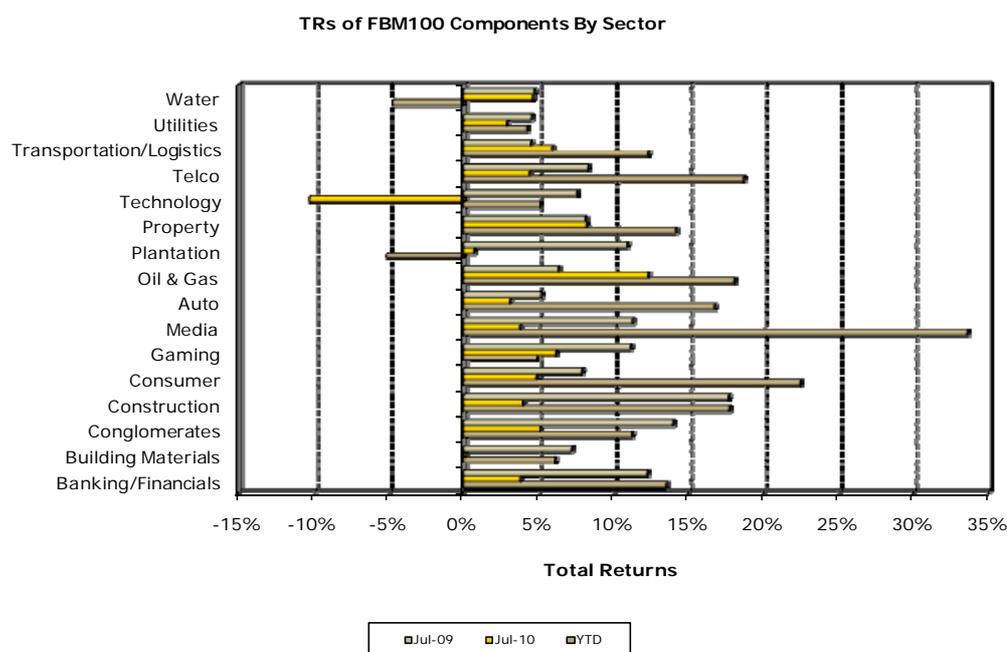
- Number Forecasting Operators (NFO) hit with 2% higher effective duties;
- Selangor government disputed claims by the Federal Government of a state-wide water shortage by 2014 if the Pahang-Selangor water transfer project was not up and running;
- Carrefour's operations in Thailand, Malaysia and Singapore were reportedly up for sale;
- Top Glove has agreed to an out of court settlement with US Glove maker, Tillotson with regard to patent infringement;
- Putrajaya Perdana Bhd was awarded a contract worth RM321.5m by The Intermark SB;
- Gamuda and MMC JV plans to bid for RM14bn of tunnelling works for the proposed MRT if the project is approved by the Government;
- Bina Puri-UEMC JV has won the contract for the construction of the new permanent LCCT complex at KLIA for a total contract value of RM997.2m;
- Sarawak-based builder Naim Holdings has bagged a US\$300m (RM963m) contract to build a 50-storey tower block in Tripoli, Libya for Libya's Al-Waatasemu Charity Foundation;
- Kencana Petroleum wins a RM201m offshore construction project;
- Heitech Padu won a RM280m integrated solutions contract from Road Transport Department of Malaysia;
- Bandar Raya will venture into development in Nusajaya through the acquisition of Limitless' 60% stake in Haute Property SB for RM76m and assumed debt; Bandar Raya is also teaming up with Multi-Purpose Holdings group to develop several parcels of land measuring a total of 670.7 acres belonging to the latter in Penang, Rawang and Gombak
- Scomi Marine Bhd said it is selling its marine logistics companies to subsidiaries PT Rig Tenders Indonesia TBK (PTRT) and a privately managed Indonesian fund for USD171.8m (RM549.33m);
- Malaysian Mosaic to be taken private at RM2.30 per share cash by its shareholder Gek Poh (Holdings) SB;
- South Korea's Honam Petrochemical has acquired a 72.3% stake in Titan Chemical for RM2.35 a share and will launch a MGO for the remaining shares in Titan Chemicals;
- Tan Sri Quek Leng Chan related company, Signaland SB has extended an MGO to acquire all the ordinary shares in Southern Steel for RM2.05 per share.;
- Datuk Mohd Bakke Salleh was appointed Sime Darby's CEO with immediate effect while Datuk Sabri Ahmad took over as Felda Holding's MD;
- Help International proposed a 3-for-5 bonus issue;
- Wilmar buys Kulim's subsidiary, NatOleo for RM450m;
- PepsiCo has renewed CI Holdings' bottling rights for Pepsi beverages;

**A Mid-Year Consumer and Property Play.** Within the FBM100 in the month of July, aside from Titan Chemicals which soared on news that South Korea's Honam was buying out PNB and the Chao family's stake for RM2.35 per share, the other gainers were either related to a resurgence in interest in consumer plays such as AirAsia, F&N, KPJ and QL Resources, or were linked to foreign interest returning to selected property plays such as UEM Land and IJM Land. On the flip side, Berjaya Corp was the top loser as interest waned after it failed to secure a sports betting licence. JCY was also among the top losers on an increasingly negative outlook for Hard Disk Drive manufacturers, in part due to the strong launch of the iPad.

**Table 2: FBM 100 gainers and losers**

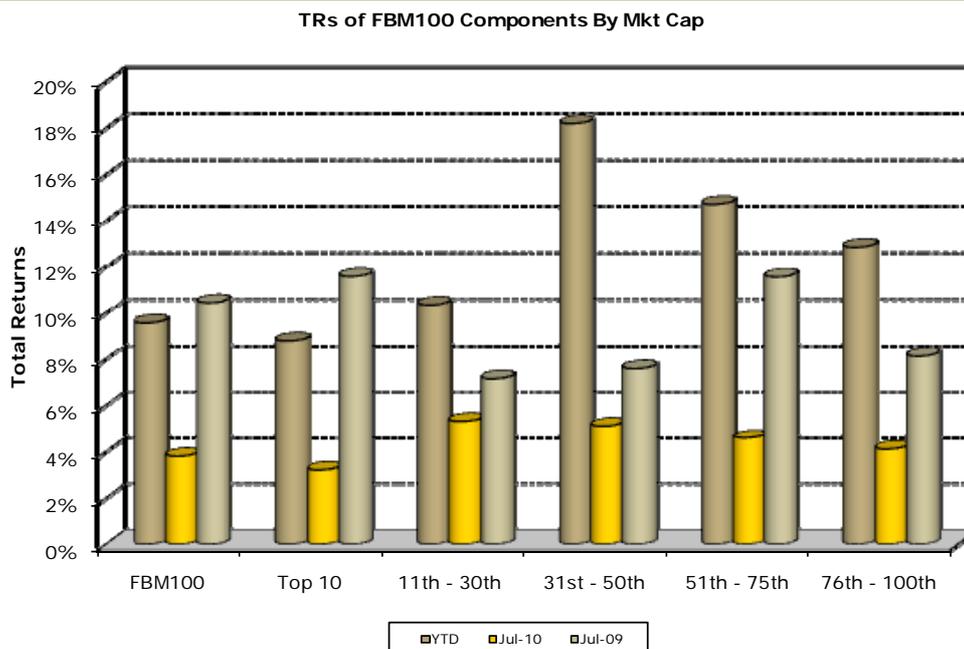
During The Month of Jul-10			
Top 20 Gainers	TR	Top 20 Losers	TR
TITAN CHEMICALS CORP BHD	50.34%	BERJAYA CORP BHD	-14.96%
AIRASIA BHD	19.20%	JCY INTERNATIONAL BHD	-14.29%
UEM LAND HOLDINGS BHD	16.44%	SUNWAY CITY BHD	-4.08%
FRASER & NEAVE HOLDINGS BHD	16.14%	HAP SENG CONSOLIDATED	-3.82%
BOUSTEAD HEAVY INDUSTRIES CO	13.91%	SIME DARBY BERHAD	-2.50%
WAH SEONG CORP BHD	13.89%	MALAYSIAN PACIFIC INDUSTRIES	-2.27%
IJM LAND BHD	12.61%	TOP GLOVE CORP BHD	-2.21%
PLUS EXPRESSWAYS BHD	12.61%	KNM GROUP BHD	-1.96%
GENTING BERHAD	12.22%	UBG BHD	-1.79%
KPJ HEALTHCARE BERHAD	11.93%	BOUSTEAD HOLDINGS BHD	-1.27%
QL RESOURCES BHD	11.90%	ALLIANCE FINANCIAL GROUP BHD	-1.02%
NCB HOLDINGS BHD	11.34%	MULTI-PURPOSE HOLDINGS BHD	-0.98%
RHB CAPITAL BHD	10.37%	LAFARGE MALAYAN CEMENT BHD	-0.74%
PETRONAS DAGANGAN BHD	9.71%	YTL CEMENT BHD	-0.50%
MAH SING GROUP BHD	8.88%	UMW HOLDINGS BHD	0.16%
TAN CHONG MOTOR HOLDINGS BHD	8.84%	MAXIS BHD	0.19%
AXIATA GROUP BERHAD	8.67%	BERJAYA SPORTS TOTO BHD	0.27%
DRB-HICOM BHD	8.65%	TELEKOM MALAYSIA BHD	0.30%
PPB GROUP BERHAD	8.51%	SHELL REFINING CO (F.O.M.)	0.57%
MMC CORP BHD	8.37%	TA ENTERPRISE BERHAD	0.78%

Source: Bloomberg Note: TRs (total returns), CG (capital gain) & DY (div yield)

**Figure 2: FBM100 performance by sector**

Source: Bloomberg Note: TRs (total returns), CG (capital gain) & DY (div yield)

**Our strategy to buy defensive small caps proved correct.** For July, the trend in which smaller defensive consumer plays, including healthcare and education counters, outperformed continued. We saw a notable shift away from the bigger caps during the month and also towards traditionally lower beta counters as investor shunned volatility.

**Figure 3: Performance by market capitalisation**

**More downgrades in July.** For our stock universe in July, we had more downgrades as the market continued to race ahead and exceeded the previous year high, thus limiting the upside on some of the counters under coverage. We also raised the fair values of a number of stocks whose share prices had rallied but which we felt were still deserving of Buy calls, such as Freight Management, KPJ Healthcare and Tan Chong Motors, but as these were not upgrades in calls, and are not captured in the table below. For the month, we initiated coverage on 3 new stocks that are in our Top Malaysian Small Cap Companies Handbook.

**Figure 4: Notable upgrades and downgrades in July**

Upgrades			Downgrades		
Company	Call	Target	Company	Call	Target
Delloyd Ventures	INITIATION	3.90	Help International	TRADING BUY	4.30
Media Chinese	INITIATION	1.35	LPI Capital	NEUTRAL	17.30
Mamee Double Decker	INITIATION	4.00	Banda Raya Developments	NEUTRAL	1.83
			AEON	NEUTRAL	5.42
			Genting Malaysia	SELL	2.55
			Hovid	SELL	0.21

Source: OSK

## OUTLOOK: SELL SMALL, BUY BIG

**Introducing 2 strategies.** With the market having largely performed as we expected thus far, we still maintain our view of a Broad Market Rally in 4Q2010, with our year-end target of 1465 pts for the KLCI. In getting to that year-end target, which is still some 104 pts from the current level or some 8% upside, we introduce 2 strategies for the remaining months of the year, namely:

- Buying Bigger Cap Cyclical Stocks
- Trading on Infrastructure Ideas

**Big Cap Cyclical.** This strategy is not really new as we had highlighted in our Strategy report on 23 March, and which we reiterated in our 2H2010 Strategy report on 8 June, that investors should first look at Defensive Smaller Cap plays from April/May onwards until market stability returns in mid-3Q2010. Then investors should switch towards the Bigger Cap and more Cyclical sectors such as Banks and Oil & Gas to catch the year-end rally. Figure 5 below shows the Small Caps have indeed outperformed in the months of

June and July. While many Small Caps are still Buys, we feel that sentiment may likely shift back to the Bigger Caps for the next 2 to 3 months, especially as the 2Q results reporting season goes into full swing.

**Figure 5: Comparing the KLCI and the FBM Small Caps index shows clear outperformance by the Small Caps in June and July**



Source: Bloomberg, OSK

**2Q results should be generally in line.** We believe as the 2Q results reporting season goes full force in the 2<sup>nd</sup> week of August, investors’ attention will switch back to the Big Caps, and if their results are in line or above expectations, we could see the Big Caps rally. Our particular pick for a results driven rally among the Big Caps are the Banks, from which we expect strong results for 2Q driven by strong loans growth, an interest rate up-cycle and a buoyant capital market. Other sectors for which we see robust 2Q numbers are Consumer – Food, Media (driven by the World Cup), Steel and Utilities. The sectors likely to report poorer 2Q results are Gaming, Rubber Gloves, Oil & Gas, Plantation and Technology.

**Figure 6: Sectoral Expectations for 2Q results as announced in August**

Sector	Expectations	Call
Autos	For 2Q, we are likely to see most companies under coverage reporting earnings that are in line with estimates. While y-o-y earnings would definitely be higher due to the low base effect, we expect to see a mixed q-o-q performance within our coverage. The potential outperformers are MBM Resources, given the higher sales volume from Daihatsu, Hino and Volvo. UMW and Tan Chong also reported better Q2 volume from Toyota and Nissan respectively. Nonetheless we caution the possibility of UMW’s oil and gas division running into another round of losses. National automakers Proton and Perodua reported marginally lower volume, which suggests that bottom-line could be somewhat flat at best.	Overweight
Banking	Banks are expected to continue gaining traction on earnings momentum underpinned by: 1) margins expansion from interest rate up-cycle and upward re-pricing of hire purchase yields, 2) loans growth upside surprise, averaging +11.2% YTD from strong recovery in loans growth within the SME segment, 3) buoyed capital equity and debt capital market deal flows that will benefit banks with relatively stronger investment banking franchise, and 4) lower credit charge off rates as we continue to experience an improving economic recovery cycle. Our top 3 banking picks which could deliver upside earnings surprise are: 1) CIMB- BUY, TP:RM7.95 (stronger than expected earnings growth from CIMB Niaga and buoyed domestic equity and capital market deal flows), 2) Maybank-BUY, TP:RM8.60 (longer term earnings growth potential from Indonesia, which currently contributes to only 7% of group assets and strong beneficiary of interest rate hike as a result of its high low cost deposit base) and 3) RHBCap-BUY, TP:RM6.70 (compelling single digit PER and 1.3x PBV for above industry ROE and loans growth in excess of 14% and beneficiary of interest rate up-cycle with high floating rate loans profile).	Overweight

Sector	Expectations	Call
Building Materials	Building material companies under our coverage have thus far seen a recovery in earnings in 1Q of this year. As fundamentals have held up to date, 2Q performance will also perform strongly with bottom line earnings netting in double digit growth. We expect to see Evergreen Fibreboard (BUY; TP – RM2.08) and Ajiya Berhad (BUY; TP - RM 2.59) stage healthy growth this year	Overweight
Construction	We expect earnings for contractors to come in higher y-o-y but flat q-o-q. Higher y-o-y earnings will mainly be driven by newer jobs with higher margins gaining traction. On the other hand, in the absence of any significant change in material prices compared to Q1, we expect q-o-q earnings to be flattish	Neutral
Consumer - Food	<p>We remain overweight on the consumer food sector. We are looking forward to positive results this quarter on the back of higher sales from the World Cup as well as school holidays in early June. Agrofood companies such as LTKM and QL Resources should also report better topline with livestock prices i.e. egg price increasing from 25 sen to 30.4 sen. However, we caution over rising raw materials, which may erode margins slightly towards the quarter end.</p> <p>Among tobacco companies, BAT has announced its results which came in within both our and consensus expectations. As envisaged, overall net earnings were lower despite revenues coming in flattish on the back of higher operating costs. Nevertheless, we expect JTI to stage better earnings performance on its strengthening market share, driven mainly by its flagship value-for-money Winston brand.</p> <p>Malaysian brewers experienced a strong 1H this year. Whilst Guinness has told the media it may have achieved higher sales during the Chinese New year festivities and the World Cup, Carlsberg saw a steep earnings jump when it incorporated earnings from its acquisition of Carlsberg Singapore late last year.</p>	Overweight
Consumer - Retail	Given the better economic conditions and in turn stronger consumer spending, we expect 2Q results to be stronger y-o-y. On a q-o-q basis, we see only a slight growth if not a contraction as the results in 1Q were boosted by the Chinese New Year.	Overweight
Gaming	Domestic casino earnings via Genting Malaysia will continue to benefit from stronger VIP gaming growth as a result of the positive spillover effects from the two integrated resorts in Singapore, which have evidently helped to grow the regional gaming market. The NFO players Bjtoto and Tanjong could see earnings being negatively impacted by 8% and 3% respectively if they are unable to fully pass on the recent increase in pool betting duties via a lower prize payout structure, which is still pending approval.	Overweight
Healthcare	For healthcare services companies such as KPJ and Faber, we expect stronger y-o-y results. Higher number of patients will be the key driver for a better set of results for KPJ while earnings contribution from Abu Dhabi will boost Faber's earnings. With the shortage of raw material for pharmaceuticals, we see weaker y-o-y results for pharmaceutical companies such as Hovid and CCMD, largely attributed to margins contraction.	Overweight
Media	We expect higher revenue and earnings y-o-y supported by the 21.4% increase in adex for 1H10. We see stronger q-o-q results attributed to the euphoria from the recent World Cup event, which boosted adex by 17% q-o-q. Despite rising newsprint prices, we expect the impact on printing costs to remain largely manageable given that most of the publishers have locked in their newsprint cost at around US\$540 to US\$580 per tonne for the next 6 months. Besides, we believe the appreciation in the Ringgit may to a certain extent mitigate the impact of newsprint cost.	Neutral
Sector	Expectations	Call

Oil & Gas	<p>Although we are getting more bullish on the O&amp;G industry in anticipation of new jobs coming in soon starting 4QFY10, we believe the 2QCY10 results of most of the O&amp;G companies under our coverage would either be flat or below expectations. This is mainly due to the lack of new contract awards during this quarter, whereby companies including Coastal, Kencana, KNM and Wah Seong only relied on their existing orderbooks. Nevertheless, the accuracy of our quarterly estimations would be subject to the timing of revenue recognition since most of the jobs are on project basis. On the other hand, we believe companies like Alam, Dialog and Epic may announce more stable q-o-q results, given that their LT contracts with their customers will provide recurring income and constant cash flow.</p>	Overweight
Plantation	<p>We believe the results will be mixed this quarter. The early numbers out of Indonesia were rather disappointing, with Astra Agro Lestari reporting a 18.8% decline in 1H results and Gozco Plantations down by 42.5%. Malaysian planters will probably fare better on y-o-y basis, especially those with significant exposure to Sabah such as Genting Plantations and IJM Plantations. This is due to 1HCY09 production being impacted by excessive rainfall hence this year some normalization is to be expected. On the other hand, IOI Corp only managed flattish production despite having two-thirds of its production from Sabah</p>	Neutral
Property	<p>No major surprises are expected from the upcoming results. Y-o-y change will be somewhat mixed. Developers which did well in terms of new sales last year, mainly as a result of offering indirect discounts and attractive financing schemes, would likely register y-o-y improvement from the progress billings of unbilled sales. Such developers under our coverage include SP Setia and Sunrise. Others, on the other hand, are likely to register somewhat flattish/lower y-o-y earnings. The above also holds true on a q-o-q basis.</p> <p>For the REITs, we only cover Axis and Hektar REIT at the moment. Axis recently reported earnings results that were somewhat below our expectation as earnings had yet to fully account for some of the properties acquired recently as well as from the refurbished Nestle House (now known as Quattro West). Hektar may report better turnover rent collected from its tenants as a result of their very much improved sales performance on the back of recovering consumer spending.</p>	Neutral
Rubber Gloves	<p>We believe the 2QCY10 results of most rubber gloves companies would be flat q-o-q. This is because the negative impact of high latex price and weakening of USD against MYR were quite evenly spread out between 1QCY10 and 2QCY10. Going into 2HCY10, we believe their results would be better, mainly contributed by stock replenishment following the drop in latex price, which equates to lower selling prices of gloves and higher production capacity.</p>	Overweight
Steel	<p>We remain a believer of "bell shaped" earnings in CY10, with 2Q numbers likely to be good although substantial upside may have been capped by the sharp drop in steel price and demand since May 2010. While average selling prices (ASP) for steel products and materials in the international market may have rebounded 2% to 5% in the past 2 weeks, the uptick may not be sustained. Also, the time lag of expensive raw materials may gradually push up production costs, but the drop in ASPs may in turn lead to realised selling prices in 2H gradually averaging down. As such, we continue to be cautious on the earnings outlook for steel companies in 2H.</p>	Neutral
<b>Sector</b>	<b>Expectations</b>	<b>Call</b>
Telecoms	Digi was the only telco to have reported its 2Q10 results so far which were in line	Neutral

	<p>with expectations despite the margin dilution from the maiden quarter impact of the iPhone sales. The other telecom stocks are due to the release their results in 2H August, with Axiata (BUY, TP: RM4.80) likely to report another good quarter buoyed by the continuing robust performance of XL Axiata (BUY, TP: IDR4600), sustained performance by Celcom and improved showing from Dialog. TM (NEUTRAL, TP: RM3.28) 2Q10 numbers are likely to be marred by higher opex from the launch of Unifi (high speed broadband service) while Maxis (NEUTRAL, TP: RM5.80) is likely to report in line results on seasonality, the recovery in wireless broadband service ARPU, partially offset by higher opex from the focus on data and prepaid.</p>	
Technology	<p>The semiconductor and HDD component companies are expected to announce higher y-o-y results as these companies generally were still recovering from the recession in 1H2009. However, some of these companies might show a decline in earnings q-o-q after an unusually strong 1Q2010 and stronger RM/USD. JobStreet, CBS, Efficient should be growing organically in the 2Q. For TMC, we expect the company continued to be pressured by the start-up costs for the new Tropicana Medical Centre. Our Underweight call on the industry is on the basis of current unattractive valuation given the normalized earnings growth going forward.</p>	Underweight
Transport	<p>Q2 stats released by port operator Northport reached record levels on the high degree of restocking activities as the economy picks up steam, which bodes well for logistics players such as Freight Management, TASC0 and Century Logistics. On the shipping side, we note that container and tanker freight rates are recovering but the outlook for dry bulk shippers remains bearish for the remainder of 2010, owing to lower import demand for iron ore from China and the mixed outlook from the US amid the fiscal consolidation in Europe. For aviation and airport operators, the outlook appears better as travel demand picks up, boosting load factor as well as passenger yield. Earnings wise, we expect most companies under our coverage except Maybulk to post better q-o-q and y-o-y numbers.</p>	Neutral
Toll Concessionaires	<p>We expect earnings to increase at "mid single" digits y-o-y mainly on organic growth. From a q-o-q perspective, a mild contraction may be seen in Q2 due to the higher seasonality effect in Q1 as a result of the Chinese New Year festivities. We do not expect the recent 2-3% petrol price hike to dent traffic growth as its magnitude is relatively small.</p>	Overweight
Utilities	<p>For 2Q, utility companies should report stronger y-o-y and q-o-q results as demand for electricity and gas continues to expand. While costs are rising, other than TNB, the other utility companies under our coverage are spared from exposure to costs.</p>	Overweight

Source: Bloomberg, OSK

**Infrastructure Ideas.** Our second strategy for the remaining months of 2010 relates to the resurgence in infrastructure related news in the areas of mega construction and property projects. While we believe that any profits from such developments will likely only be recognized in 2011, there should still be plenty of news to sustain interest before then. During our recent roadshows to Singapore and Hong Kong, investors there showed interest in 3 areas of infrastructure development in Malaysia, namely:

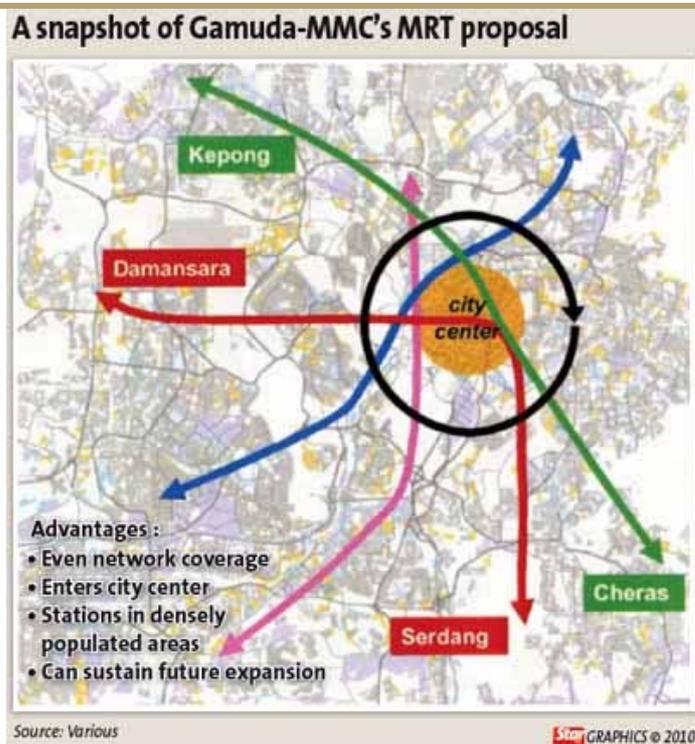
- The large scale property development around the Klang Valley, such as what EPF will be doing in Sungai Buloh with the Rubber Research Institute (RRI) land
- The KL Mass Rapid Transit (MRT) project, and
- The progress in Iskandar Malaysia.

**The RRI land.** Following the announcement that the Government together with EPF will be jointly developing 3400 acres of land belonging to the Rubber Research Institute (RRI) in Sungai Buloh, MRCB has been identified as the likely candidate to be the master developer to undertake the project on behalf its

largest shareholder EPF, which currently holds about 40% of MRCB. The likelihood of MRCB being involved in the project is further supported by the fact that MRCB has submitted to the Government its development proposals for several pieces of Federal land, including the RRI land, and it was reported that MRCB was accompanied by representatives from EPF during the presentation. We gather that MRCB has proposed to adopt an “integrated” development concept for the RRI land, with a combination of commercial, residential as well as a transport hub given that the final stop of the proposed new LRT line will be located there. With the large tract of land, we believe it is unlikely for the development to be undertaken by single developer. As we gather that there are 9 separate land titles on the land, we are conservatively assuming that 340 acres, or 10% of the land, is awarded to MRCB at a land cost of RM10psf, ASP of RM300psf and net margin of 15% and the development period of over 20 years, will increase our RNAV valuation for MRCB by 18 sen. At this juncture, we maintain our TRADING BUY recommendation on MRCB at TP RM1.80. Any earnings enhancement for MRCB will be unlikely in 2011 but **if we include the possible RNAV enhancement, the 17% upside between MRCB’s current price and a possible trading target of RM1.98 means that MRCB is a valid infrastructure trading idea.**

**The KL MRT.** The KL MRT will comprise a circle line surrounding the city centre and 2 radial lines from Damansara-Serdang and Kepong-Kajang. The entire circle line is expected to be an underground portion and should be the first to kick off if implemented. Cost of the entire MRT is estimated at RM36bn. If we were to include land acquisition costs, rolling stock and the underground commercial lots, the price tag would further balloon to RM43bn. Though the exact financing structure remains uncertain at this juncture, we gather that the Govt will utilise internal funds and deferred payments. The KL MRT was proposed by the Gamuda-MMC JV, which is also keen to construct the underground portion of the project estimated at RM13bn and also to carry out the entire project management. It will be carried out in stages with the underground portion expected to be completed in 6 years and the entire project in 8 years. Despite the hype over the MRT, we remain skeptical of it taking off anytime soon given the scale of the project and the funding required. Nonetheless, if it does take off, and working on a pretax margin of 10% and a 50% stake, the MRT would raise our FY11-12 estimates for Gamuda by 13-15%. On a DCF basis, we estimate the NPV of the underground portion to be RM624m (10% WACC). **Based on Gamuda’s stake, this would add RM0.16/share to our TP.** We remain NEUTRAL on Gamuda (RM3.00 TP) as we think the MRT is an unlikely event. Valuations are also rich compared to its peers. **As for MMC assuming similar parameters, it would add some RM0.40 per share to our Sum of Parts fair value, which currently stands at RM2.54.**

Figure 7: The KL MRT



Source: Star, OSK

**Iskandar Malaysia.** Within Iskandar Malaysia, focus is currently on Nusajaya, which is a 24,000-acre development within the broader Iskandar Malaysia (South Johor). It embodies 8 signature developments, namely, the Kota Iskandar (Johor state new administrative center), Southern Industrial and Logistics Clusters

(SILC), Afiat Healthpark, EduCity, Puteri Harbour at the Waterfront Precinct, the International Destination Resort and Nusajaya Residences (comprising of Horizon Hills, Ledang Heights, and East Ledang townships) and the Medini. The two biggest developers with presence in Nusajaya are UEM Land (Not Rated) and the Iskandar Investment Bhd. UEM Land's primary development focuses are in the Kota Iskandar, SILC, Puteri Harbour, the Afiat Healthpark as well as the Nusajaya Residences. The developer still has an undeveloped landbank of about 5,800 acres in Nusajaya. Over the course of many years, especially since the launch of Iskandar Malaysia in year 2007, UEM Land has entered into various joint ventures with some developers, notably including Gamuda (in Horizon Hills), Bandar Raya Developments (in one of the land parcels in Puteri Harbour) and United Malayan Land (in Puteri Harbour as well), to develop many parcels of land in Nusajaya. We have a Neutral call for Gamuda and Bandar Raya Developments, with their respective target prices of RM3.00 and RM1.83. Some catalytic developments are due for full completion in and around 2012/13, such as Newcastle University's medical faculty and Marlboro College Malaysia (an independent British co-educational boarding school), the coastal highway link to Johor Baru, the Bio Xcell theme park, the Columbia Asia Hospital, theme parks (Family Indoor Theme Park and LegoLand), hotels as well as Kota Iskandar. The completion of these developments will give Nusajaya great leverage to attract the necessary critical mass population to draw the entire region to live and attract a torrent of capital into in the properties there. Therefore, the tipping point for Nusajaya is likely to be around 2012/13. When considering a Trading Idea for this theme, focus is naturally on UEM Land. UEM Land is currently trading at 2.6x P/NTA, which is much more expensive than the sector's average of 0.8-0.9x and SP Setia's approximately 2.0x P/NTA. The premium could very well be due to the fact that UEM Land has yet to revalue its landbank in Nusajaya. Based on the average NBV of RM4.40 psf for its outstanding landbank (5,800 acres) and the average market price of RM25psf (for residential land), the revaluation could add a further net surplus of RM1.10/share (after tax) to its net asset. **In that case, the estimated P/RNAV for UEM Land, taking into account the potential net surplus from the revaluation of the land in Nusajaya, could very well be in the region of 1.0x, which is approximately in line with SP Setia's P/RNAV of 0.9x.** Another beneficiary of increased interest in Iskandar Malaysia is also MMC, which has some 5000 acres of undeveloped land there. While we still do not ascribe any value to the 2255 acres of Seaport Worldwide land across from PTP, we currently ascribe a value of RM7.50 per sq ft to the Senai Airport City land. **Assuming that 50% of the land could be leased out at RM25 per sq ft, this would add another 20 sen to our Sum of Parts fair value for MMC, which remains a Trading Buy call.**

**Therefore 3 Trading Ideas for Infrastructure.** As such, based on the infrastructure developments above, our 3 trading ideas would be :

- MRCB – Currently a Trading Buy with limited upside to our target price of RM1.80 but a confirmed co-development of the RRI land would boost our target price to RM1.98
- UEM Land – Not Rated by us but a revaluation of its land bank in Iskandar Malaysia could see its P/RNAV drop to close to market leader SP Setia's multiples
- MMC Corporation – Currently a Trading Buy with no upside to our target price of RM2.54. However, possible land sales in Iskandar Malaysia and securing the KL MRT would push up its target price to RM3.15.

**Figure 8: Iskandar Malaysia**

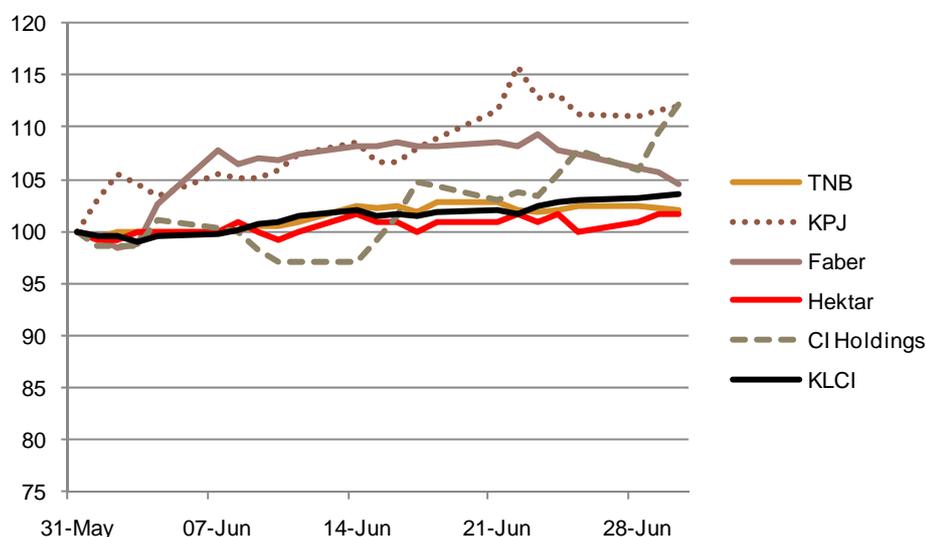


Source: Bloomberg, OSK

## TOP BUYS REFLECT SHIFT BACK TO BIG CAPS

**OSK's Top picks outperformed the market.** For July, 3 out of our Top 5 buys outperformed the market namely KPJ Healthcare, Faber and CI Holdings. The laggards were TNB that disappointed on results and Hektar REIT as the listing of the 2 REITS, namely Sunway REIT and Capitamall REIT did nothing to excite the market.

**Figure 9: Normalised performance of July's top stock picks**



Source: Bloomberg, OSK

**Going bigger on the Buys.** For August, as we expect the focus to shift back to the Bigger Caps as their results beat expectations, we are accordingly changing our Top Buys to reflect this. As such, we drop most of our Smaller Cap names except for KPJ and instead include CIMB, Maybank and Axiata among our Top Buys as we expect all 3 to post strong 2Q results. After a long absence, we also reintroduce Supermax into our Top Buys although as a whole the rubber glove sector may post flat earnings as Supermax might be an outperformer in terms of both results and share price.

Stock	Price RM	Target RM	Mkt Cap RMm	Volume '000	PER (x)		FY0 ROE %	FY1 DY %	Rel. Performance %			P/NTA (x)	Rating
					FY1	FY2			1-mth	3-mth	12mth		
Maybank	7.74	8.60	54,783.7	8,007.4	15.1	14.0	13.1	4.2	-1.3	-0.6	1.5	2.2	BUY
CIMB	7.40	7.95	52,269.8	13,644.9	15.5	12.9	15.3	1.7	2.0	2.7	24.7	3.2	BUY
Axiata	4.26	4.80	36,398.6	10,476.0	16.5	13.7	11.2	2.3	4.9	7.8	24.4	1.9	BUY
Supermax	6.23	9.11	2,065.9	2,594.6	10.6	10.3	26.3	1.4	5.9	9.2	208.1	2.6	BUY
KPJ	3.66	4.62	1,957.7	1,107.4	16.2	14.6	21.1	3.7	8.1	24.9	148.5	3.5	BUY

Share price as at 31 July 2010,

## APPENDIX I – MARKET CAP RANKING

Segment/Sector	Ranking	Stocks	Free float adjusted Market Cap (RM'm)	% To KLCI MC
<b>Top 10</b>	1	PUBLIC BANK BHD	42,948.22	10.23%
	2	MALAYAN BANKING BHD	41,087.69	9.78%
	3	CIMB GROUP HOLDINGS BHD	39,202.59	9.34%
	4	SIME DARBY BERHAD	35,155.37	8.37%
	5	TENAGA NASIONAL BHD	28,021.33	6.67%
	6	AXIATA GROUP BERHAD	26,982.27	6.43%
	7	IOI CORPORATION BHD	25,636.46	6.11%
	8	GENTING BERHAD	22,205.19	5.29%
	9	MISC BHD	15,712.55	3.74%
	10	DIGI.COM BHD	14,403.19	3.43%
<b>TOTAL</b>			<b>291,354.86</b>	<b>69.38%</b>
<b>11th - 20th</b>	11	MAXIS	11,902.50	2.83%
	12	AMMB HOLDINGS BHD	11,642.29	2.77%
	13	PPB GROUP BERHAD	10,278.29	2.45%
	14	TELEKOM MALAYSIA BHD	9,015.05	2.15%
	15	KUALA LUMPUR KEPONG BHD	9,009.74	2.15%
	16	GENTING MALAYSIA	8,417.16	2.00%
	17	PLUS EXPRESSWAYS BHD	7,680.00	1.83%
	18	YTL CORPORATION BERHAD	7,126.12	1.70%
	19	YTL POWER INTERNATIONAL BHD	6,551.12	1.56%
	20	BRITISH AMERICAN TOBACCO BHD	6,410.15	1.53%
<b>TOTAL</b>			<b>88,032.41</b>	<b>20.96%</b>
<b>21st - 30th</b>	21	PETRONAS GAS BHD	5,936.20	1.41%
	22	HONG LEONG BANK BERHAD	5,694.70	1.36%
	23	TANJONG PLC	5,407.66	1.29%
	24	UMW HOLDINGS BHD	5,346.29	1.27%
	25	BERJAYA SPORTS TOTO BHD	4,255.74	1.01%
	26	MMC CORP BHD	3,154.68	0.75%
	27	PETRONAS DAGANGAN BHD	3,063.81	0.73%
	28	RHB CAPITAL BHD	2,795.21	0.67%
	29	HONG LEONG FINANCIAL GROUP BHD	2,741.41	0.65%
	30	MALAYSIAN AIRLINE SYSTEM BHD	2,135.64	0.51%
<b>TOTAL</b>			<b>40,531.34</b>	<b>9.65%</b>
<b>TOTAL</b>			<b>419,918.61</b>	<b>100.00%</b>

Source: Bloomberg

## APPENDIX II – TOTAL RETURNS BY MARKET CAP

FBM KLCI	Jul-10	Jun-10	Jul-09	YTD	Absolute	
					MoM Chg.	YoY Chg.
Total returns	3.72%	2.45%	9.55%	8.61%	1.27%	-5.83%
Capital gains	3.57%	2.26%	9.27%	6.92%	1.31%	-5.70%
Dividend yield	0.15%	0.19%	0.28%	1.69%	-0.04%	-0.13%

**Weighted Average Total Returns of FBM KLCI Components  
(Free float adjusted market capitalisation)**

**Segmental - Market Cap****Top 10**

Total returns	3.75%	3.07%	12.63%	10.05%	0.68%	-8.88%
Capital gains	3.75%	3.06%	12.63%	9.87%	0.69%	-8.88%
Dividend yield	0.00%	0.01%	0.00%	0.18%	-0.01%	0.00%

**11th - 20th**

Total returns	3.82%	1.68%	8.13%	7.42%	2.14%	-4.31%
Capital gains	3.82%	1.65%	8.14%	7.28%	2.18%	-4.31%
Dividend yield	0.00%	0.03%	-0.01%	0.14%	-0.03%	0.01%

**21st - 30th**

Total returns	4.39%	0.32%	6.08%	8.26%	4.08%	-1.68%
Capital gains	3.67%	0.30%	5.92%	7.37%	3.37%	-2.25%
Dividend yield	0.73%	0.02%	0.15%	0.89%	0.71%	0.57%

Source: Bloomberg

## APPENDIX III – SEGMENTAL TOTAL RETURNS

Segmental - Sector	Jul-10	Jun-10	Jul-09	YTD	Absolute	
					MoM Chg.	YoY Chg.
<b>Banking/Financials</b>						
Total returns	3.55%	3.19%	13.59%	13.55%	0.36%	-10.03%
Capital gains	3.55%	3.19%	13.59%	13.21%	0.37%	-10.04%
Dividend yield	0.00%	0.00%	0.00%	0.33%	0.00%	0.00%
<b>Conglomerates</b>						
Total returns	6.01%	1.26%	17.02%	8.78%	4.75%	-11.01%
Capital gains	6.01%	1.26%	17.02%	8.78%	4.75%	-11.01%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Consumer</b>						
Total returns	2.32%	-0.68%	3.91%	6.40%	3.00%	-1.59%
Capital gains	2.32%	-0.68%	3.91%	6.39%	3.00%	-1.58%
Dividend yield	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%
<b>Gaming</b>						
Total returns	8.17%	2.37%	12.32%	6.81%	5.80%	-4.14%
Capital gains	7.97%	2.21%	12.20%	6.39%	5.75%	-4.24%
Dividend yield	0.21%	0.16%	0.11%	0.42%	0.05%	0.10%
<b>Auto</b>						
Total returns	0.16%	-0.47%	6.23%	0.63%	0.63%	-6.08%
Capital gains	0.16%	-0.48%	6.13%	0.63%	0.64%	-5.97%
Dividend yield	0.00%	0.01%	0.11%	0.00%	-0.01%	-0.11%
<b>Oil &amp; Gas</b>						
Total returns	9.71%	4.69%	2.40%	18.16%	5.02%	7.32%
Capital gains	9.71%	4.69%	2.40%	18.16%	5.02%	7.31%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Plantation</b>						
Total returns	0.03%	2.79%	11.59%	-7.48%	-2.76%	-11.55%
Capital gains	0.03%	2.80%	11.58%	-7.47%	-2.77%	-11.55%
Dividend yield	0.00%	0.00%	0.00%	-0.01%	0.00%	0.00%
<b>Telco</b>						
Total returns	5.54%	2.83%	10.71%	23.48%	2.71%	-5.17%
Capital gains	5.54%	2.83%	10.71%	23.32%	2.71%	-5.17%
Dividend yield	0.00%	0.00%	0.00%	0.16%	0.00%	0.00%
<b>Transportation/Logistics</b>						
Total returns	5.47%	2.48%	2.30%	11.28%	2.99%	3.17%
Capital gains	5.47%	2.48%	2.30%	11.29%	2.99%	3.17%
Dividend yield	0.00%	0.00%	0.00%	-0.02%	0.00%	0.00%
<b>Utilities</b>						
Total returns	2.53%	0.65%	5.19%	3.77%	1.87%	-2.67%
Capital gains	2.01%	0.65%	5.17%	3.12%	1.36%	-3.16%
Dividend yield	0.52%	0.00%	0.02%	0.65%	0.52%	0.49%

Source: Bloomberg

## APPENDIX IV – SEGMENTAL MARKET CAP

Segment/Sector	Ranking	Stocks	Free float adjusted Market Cap (RM'm)	% To KLCI MC
<b>Banking/Financials</b>	1	PUBLIC BANK BHD	42948.22	10.23%
	2	MALAYAN BANKING BHD	41087.69	9.78%
	3	CIMB GROUP HOLDINGS BHD	39202.59	9.34%
	12	AMMB HOLDINGS BHD	11642.29	2.77%
	22	HONG LEONG BANK BERHAD	5694.70	1.36%
	28	RHB CAPITAL BHD	2795.21	0.67%
	29	HONG LEONG FINANCIAL GROUP BHD	2741.41	0.65%
		<b>TOTAL</b>	<b>146112.11</b>	<b>34.80%</b>
<b>Conglomerates</b>	13	PPB GROUP BERHAD	10278.29	2.45%
	18	YTL CORPORATION BERHAD	7126.12	1.70%
	26	MMC CORP BHD	3154.68	0.75%
		<b>TOTAL</b>	<b>20559.08</b>	<b>4.90%</b>
<b>Consumer</b>	20	BRITISH AMERICAN TOBACCO BHD	6410.15	1.53%
		<b>TOTAL</b>	<b>6410.15</b>	<b>1.53%</b>
<b>Gaming</b>	8	GENTING BERHAD	22205.19	5.29%
	16	GENTING MALAYSIA	8417.16	2.00%
	23	TANJONG PLC	5407.66	1.29%
	25	BERJAYA SPORTS TOTO BHD	4255.74	1.01%
		<b>TOTAL</b>	<b>40285.76</b>	<b>9.59%</b>
<b>Auto</b>	24	UMW HOLDINGS BHD	5346.29	1.27%
		<b>TOTAL</b>	<b>5346.29</b>	<b>1.27%</b>
<b>Oil &amp; Gas</b>	27	PETRONAS DAGANGAN BHD	3063.81	0.73%
		<b>TOTAL</b>	<b>3063.81</b>	<b>0.73%</b>
<b>Plantation</b>	4	SIME DARBY BERHAD	35155.37	8.37%
	7	IOI CORPORATION BHD	25636.46	6.11%
	15	KUALA LUMPUR KEPONG BHD	9009.74	2.15%
		<b>TOTAL</b>	<b>69801.57</b>	<b>16.62%</b>
<b>Telco</b>	6	AXIATA GROUP BERHAD	26982.27	6.43%
	10	DIGI.COM BHD	14403.19	3.43%
	11	MAXIS	11902.50	2.83%
	14	TELEKOM MALAYSIA BHD	9015.05	2.15%
		<b>TOTAL</b>	<b>62303.01</b>	<b>14.84%</b>
<b>Transportation/ Logistics</b>	9	MISC BHD	15712.55	3.74%
	17	PLUS EXPRESSWAYS BHD	7680.00	1.83%
	30	MALAYSIAN AIRLINE SYSTEM BHD	2135.64	0.51%
		<b>TOTAL</b>	<b>25528.19</b>	<b>6.08%</b>
<b>Utilities</b>	5	TENAGA NASIONAL BHD	28021.33	6.67%
	19	YTL POWER INTERNATIONAL BHD	6551.12	1.56%
	21	PETRONAS GAS BHD	5936.20	1.41%
		<b>TOTAL</b>	<b>40,508.64</b>	<b>9.65%</b>
		<b>TOTAL</b>	<b>419,918.61</b>	<b>100.00%</b>

Source: Bloomberg

## ECONOMICS STATISTICS

## 1. STOCK MARKET STATISTICS

Year	Month	Composite Index	Second Board Index	Mkt. Cap. (RM bn)	Volume (bn shs)	Value (RM bn)	Mkt. Cap./GDP# (%)
2000		679.64	132.98	444.35	75.41	244.05	124.7
2001		696.09	134.13	464.98	49.66	85.01	131.9
2002		646.32	98.24	481.62	55.63	116.95	125.7
2003		793.94	140.64	640.28	112.18	183.89	152.9
2004		907.43	110.87	722.04	107.61	215.62	152.3
2005		899.79	80.44	695.27	102.34	177.32	133.1
2006		1,096.24	92.03	848.70	197.51	250.64	147.9
2007		1,445.03	-	1,106.15	360.37	540.17	172.3
2008		876.75	-	663.80	141.00	289.25	89.6
2008	Jul	1,163.09	-	876.13	9.60	20.01	118.6
	Aug	1,100.50	-	833.46	7.71	16.20	112.8
	Sep	1,018.68	-	770.54	7.82	16.45	104.3
	Oct	863.61	-	655.34	12.81	23.84	88.7
	Nov	866.14	-	656.55	14.03	17.22	88.9
	Dec	876.75	-	663.80	6.86	10.20	89.9
2009	Jan	884.45	-	667.87	8.97	11.87	99.0
	Feb	890.67	-	667.42	6.42	10.18	99.0
	Mar	872.55	-	662.07	8.22	13.60	98.2
	Apr	990.74	-	754.20	26.28	25.90	111.8
	May	1,044.11	-	797.81	42.73	35.34	118.3
	Jun	1,075.24	-	817.94	35.69	34.10	121.3
	Jul	1,174.90	-	885.83	22.11	31.54	131.3
	Aug	1,174.27	-	893.86	17.59	27.17	132.5
	Sep	1,202.08	-	910.52	13.08	21.06	135.0
	Oct	1,243.23	-	936.49	19.50	25.90	138.9
	Nov	1,259.11	-	986.28	20.85	25.22	146.2
	Dec	1,272.78	-	999.45	12.07	16.32	148.2
2010	Jan	1,259.16	-	1001.73	26.33	31.10	139.1
	Feb	1,270.78	-	1015.71	11.24	17.83	141.0
	Mar	1,320.57	-	1061.06	20.62	32.25	147.3
	April	1,346.38	-	1079.7	20.81	28.06	149.9
	May	1,285.01	-	1027.9	16.00	26.40	142.7
	June	1,314.02	-	1044.4	13.61	20.00	145.0
	July	1,360.92	-	n.a	16.45	24.36	n.a

# GDP Nominal

## 2. GENERAL ECONOMIC INDICATORS

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
<b>(% annual change or otherwise stated)</b>						
Industrial Production Index	12.7	9.4	11	10.8	11.3	n.a
Manufacturing	16.4	12.5	15.2	15.1	16	n.a
Mining	4.1	2.0	0.8	0.8	0.6	n.a
Electricity	19.8	15.6	18.8	17	15.8	n.a
External Trade						
Exports	37.0	18.4	36.4	26.6	21.9	n.a
Imports	31.0	27.9	45.3	27	34.2	n.a
Trade Balance (RM bn)	12.9	11.7	14.4	9.2	8.1	n.a
Consumer Price Index	1.3	1.2	1.3	1.5	1.6	1.7
BLR of commercial banks	5.51	5.51	5.76	5.76	6.02	6.02
ALR of commercial banks	4.85	4.85	4.96	4.93	5.01	5.05
Monetary Aggregates						
M1	10.4	15.0	12	8.9	12.1	12.6
M2	8.1	8.4	8.8	8.5	9.8	9.2
M3	7.9	8.2	8.7	8.1	9.5	8.8

Source: BNM

## APPENDIX VI – OSK KLCI UNIVERSE

STOCK/SECTOR	NEF PROFIT (RM' m)			NEF MARGIN (%)			ROE (%)			PER (X)			PBV (X)			GROSS DIV YIELD (%)			C.PRICE (RM)	TP (RM)	CALL
	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11			
DELLOYD VENTURES	33.9	41.5	47.9	11.8%	11.5%	11.5%	11.0%	12.2%	12.6%	6.5	6.2	5.4	0.7	0.8	0.7	2.4%	3.2%	3.6%	2.78	3.90	BUY
EP MANUFACTURING	12.8	16.2	19.4	2.7%	2.8%	3.1%	5.8%	6.9%	7.7%	6.0	5.3	4.5	0.3	0.4	0.3	2.2%	3.8%	3.8%	0.52	0.75	BUY
MBM RESOURCES	66.5	122.9	138.3	5.6%	8.8%	8.8%	7.4%	12.6%	12.9%	9.4	6.0	5.3	0.7	0.8	0.7	2.3%	5.9%	5.9%	3.03	4.06	BUY
NEW HOONG FAT T	27.3	28.1	35.7	13.4%	12.7%	14.2%	11.8%	11.3%	13.1%	6.2	6.3	5.0	0.7	0.7	0.7	5.3%	6.4%	6.4%	2.36	2.85	BUY
PROTON HOLDINGS BHD	(22.1)	273.1	346.5	-0.3%	3.3%	3.7%	-5.9%	4.5%	6.9%	(97.0)	9.3	7.3	0.4	0.5	0.4	1.3%	0.0%	0.0%	4.60	5.67	BUY
TAN CHONG MOTOR HLDGS BHD	152.3	255.5	321.5	5.3%	7.0%	6.7%	10.1%	14.9%	16.3%	13.4	12.3	9.8	1.4	1.8	1.6	3.5%	2.7%	2.9%	4.68	6.40	BUY
UMW HLDG BHD	371.1	596.6	690.7	3.5%	4.9%	5.4%	9.8%	14.6%	15.8%	18.9	11.9	10.3	1.9	1.7	1.6	3.2%	5.4%	6.2%	6.25	6.62	NEUTRAL
<b>AUTOMOTIVE SECTOR</b>	<b>595.1</b>	<b>1,276.1</b>	<b>1,532.7</b>	<b>2.8%</b>	<b>5.0%</b>	<b>5.3%</b>	<b>5.2%</b>	<b>10.3%</b>	<b>11.4%</b>	<b>20.2</b>	<b>10.7</b>	<b>8.9</b>	<b>1.0</b>	<b>1.1</b>	<b>1.0</b>	<b>2.8%</b>	<b>3.8%</b>	<b>4.2%</b>			
AEON CREDIT SERVICE (M) BHD	48.8	53.3	69.8	26.1%	25.5%	23.9%	22.6%	22.6%	22.8%	6.5	8.6	6.5	1.5	1.9	1.5	6.1%	5.9%	7.8%	3.80	4.95	BUY
AMMB HLDGS BHD	790.6	1,008.6	1,225.5	14.1%	17.2%	19.7%	10.6%	11.2%	11.8%	9.0	15.4	12.7	1.0	1.7	1.5	2.3%	1.7%	2.4%	5.15	5.60	BUY
CIMB BHD	2,731.8	3,412.6	4,102.5	20.7%	23.7%	26.5%	13.0%	15.3%	16.1%	16.6	19.1	15.3	2.2	2.5	2.3	2.0%	2.5%	2.5%	7.40	7.95	BUY
EON CAPITAL BHD	387.9	377.4	418.6	17.5%	15.0%	14.1%	11.3%	10.3%	10.4%	12.2	12.8	11.5	1.4	1.3	1.2	0.8%	1.6%	1.9%	6.96	7.30	NEUTRAL
HONG LEONG BANK	905.3	932.8	993.2	20.1%	19.4%	19.5%	15.7%	15.0%	14.7%	9.1	15.3	14.3	1.4	2.3	2.1	4.1%	2.7%	2.7%	9.01	8.80	TRADING BUY
MALAYAN BANKING BHD	2,180.0	3,658.9	3,905.7	13.5%	21.9%	22.2%	10.2%	13.6%	13.9%	19.2	15.0	14.0	2.0	2.0	2.0	3.0%	4.3%	4.9%	7.74	8.50	BUY
PUBLIC BANK BHD	2,580.4	3,084.9	3,445.1	21.2%	22.2%	21.8%	25.2%	25.9%	25.6%	15.1	13.9	12.5	3.8	3.6	3.2	4.9%	5.3%	5.9%	12.16	13.00	BUY
RHB CAPITAL BHD	1,065.9	1,338.5	1,507.1	15.4%	17.9%	18.7%	12.9%	15.5%	15.9%	10.7	10.4	9.3	1.4	1.6	1.5	2.9%	2.8%	3.7%	6.49	6.70	BUY
KURNIA ASIA BHD	57.1	106.4	122.7	5.0%	9.3%	9.8%	27.6%	26.2%	23.2%	10.0	7.3	6.3	2.8	1.9	1.5	0.0%	0.0%	0.0%	0.52	0.92	BUY
LPI CAPITAL BHD	126.1	147.9	159.6	17.1%	18.0%	18.4%	14.0%	16.2%	17.2%	14.8	16.7	15.4	2.1	2.7	2.7	6.1%	4.6%	5.1%	17.78	17.30	NEUTRAL
<b>BANKING SECTOR</b>	<b>10,825.0</b>	<b>14,068.0</b>	<b>15,880.0</b>	<b>17.3%</b>	<b>20.8%</b>	<b>21.7%</b>	<b>13.8%</b>	<b>15.6%</b>	<b>16.0%</b>	<b>14.8</b>	<b>14.3</b>	<b>12.7</b>	<b>2.0</b>	<b>2.2</b>	<b>2.0</b>	<b>2.0%</b>	<b>2.6%</b>	<b>2.9%</b>			
CHEMICAL CO MALAYSIA	7.7	17.5	44.9	0.5%	1.1%	2.2%	1.9%	4.2%	10.9%	109.4	48.1	18.8	1.1	1.1	1.1	3.8%	3.8%	7.7%	2.09	2.24	NEUTRAL
MMC CORP BHD	236.7	399.1	486.9	2.8%	4.8%	5.4%	3.8%	6.0%	6.9%	31.3	19.8	16.2	1.2	1.2	1.1	1.2%	1.2%	1.2%	2.59	2.54	TRADING BUY
MRCB	35.4	71.7	89.8	3.9%	6.7%	7.2%	3.9%	5.2%	6.6%	65.6	32.4	25.8	3.6	3.5	3.5	0.1%	0.0%	0.0%	1.69	1.80	TRADING BUY
FABER GROUP	83.0	96.6	105.4	10.3%	10.3%	10.8%	21.3%	19.8%	17.8%	12.2	10.5	9.6	2.6	2.1	1.7	2.2%	2.5%	2.9%	2.79	3.58	BUY
<b>CONGLOMERATE SECTOR</b>	<b>362.7</b>	<b>584.9</b>	<b>727.0</b>	<b>3.1%</b>	<b>4.9%</b>	<b>5.5%</b>	<b>4.5%</b>	<b>6.8%</b>	<b>8.0%</b>	<b>31.9</b>	<b>20.6</b>	<b>16.6</b>	<b>1.4</b>	<b>1.4</b>	<b>1.3</b>	<b>1.0%</b>	<b>0.9%</b>	<b>1.2%</b>			
AHMAD ZAKI	21.4	34.7	42.2	4.7%	6.2%	6.1%	9.2%	13.5%	14.7%	11.5	6.8	5.6	1.1	0.9	0.8	10.9%	4.4%	5.4%	0.86	1.33	BUY
GAMUDA BHD	193.7	291.8	368.4	7.1%	10.9%	13.1%	6.0%	8.9%	10.5%	34.9	23.0	18.2	2.1	2.0	1.9	1.2%	3.6%	4.2%	3.32	3.00	NEUTRAL
HOCK SENG LEE	56.3	72.3	86.2	15.0%	15.2%	15.0%	19.3%	21.1%	21.4%	10.3	12.2	10.2	2.0	2.6	2.2	1.5%	2.5%	2.9%	1.51	1.63	BUY
UM	290.2	332.6	399.8	6.3%	8.3%	7.2%	5.2%	6.5%	7.4%	13.5	20.5	17.0	0.7	0.7	0.7	6.0%	1.7%	2.1%	5.05	5.21	BUY
MUDA JAYA GROUP	116.9	215.2	278.0	16.2%	17.2%	17.3%	27.6%	35.1%	31.7%	15.8	10.0	7.7	4.4	3.5	2.4	3.0%	0.5%	0.6%	5.21	7.33	BUY
NAIM HLD	78.7	81.8	99.4	14.9%	13.0%	13.6%	11.8%	11.4%	12.5%	8.9	10.3	8.5	1.0	1.2	1.1	2.7%	1.9%	2.4%	3.37	3.52	BUY
PLUS EXPRESSWAYS	1,189.1	1,254.6	1,691.6	37.6%	37.3%	40.5%	19.6%	19.3%	23.5%	13.7	15.3	11.4	2.7	3.0	2.7	4.9%	4.4%	5.2%	3.84	4.30	BUY
SUNWAY HOLDINGS	109.3	136.3	154.3	4.2%	6.8%	0.0%	12.7%	15.3%	14.9%	7.0	6.9	6.1	0.9	1.1	0.9	1.3%	0.9%	1.0%	1.57	2.22	BUY
WCT BHD	147.1	146.3	161.5	3.2%	6.6%	6.7%	9.7%	9.3%	9.7%	13.7	15.2	13.7	1.3	1.4	1.3	3.7%	2.6%	2.9%	2.83	2.75	NEUTRAL
<b>CONSTRUCTION SECTOR</b>	<b>2,202.6</b>	<b>2,565.7</b>	<b>3,281.3</b>	<b>11.1%</b>	<b>14.9%</b>	<b>15.8%</b>	<b>11.7%</b>	<b>13.3%</b>	<b>15.5%</b>	<b>15.0</b>	<b>15.6</b>	<b>12.2</b>	<b>1.8</b>	<b>2.1</b>	<b>1.9</b>	<b>3.6%</b>	<b>3.0%</b>	<b>3.6%</b>			
AEON CO (M) BHD	133.5	146.5	158.8	3.6%	3.5%	3.6%	13.6%	13.5%	13.2%	13.4	12.2	11.3	1.8	1.6	1.5	2.4%	0.0%	0.0%	5.10	5.42	NEUTRAL
AMWAY MALAYSIA HOLDINGS	72.5	80.3	86.3	10.9%	11.4%	11.5%	30.5%	33.2%	35.1%	18.3	16.6	15.4	5.6	5.5	5.4	5.9%	5.7%	6.2%	8.09	10.79	BUY
BRITISH AMERICAN TOBACCO (M) BHD	746.8	736.5	735.7	19.0%	18.8%	19.2%	170.8%	145.7%	133.0%	16.3	17.4	17.4	27.9	25.4	23.2	5.8%	5.2%	5.4%	44.90	40.12	NEUTRAL
BONIA	20.6	30.5	38.7	6.5%	8.5%	9.8%	11.6%	14.9%	16.2%	11.2	7.6	6.0	1.3	1.1	1.0	3.5%	4.8%	6.1%	1.15	1.54	BUY
CARLSBERG BREWERY (M) BHD	75.9	117.1	119.7	7.3%	8.4%	8.3%	14.8%	20.7%	19.0%	18.4	13.5	13.2	2.7	2.8	2.5	2.8%	4.9%	4.9%	5.13	5.30	BUY
C.I HOLDINGS	21.0	39.2	46.0	5.8%	7.5%	7.5%	15.8%	28.3%	36.4%	11.4	11.1	9.4	1.8	3.1	3.4	2.3%	2.9%	3.4%	3.05	3.66	BUY
GUINNESS ANCHOR	142.0	153.5	155.6	11.0%	11.0%	10.9%	32.1%	32.9%	29.9%	13.0	16.0	15.8	4.2	5.3	4.7	6.7%	5.3%	5.5%	8.13	7.35	BUY
HAI-O ENTERPRISE	52.0	70.9	60.4	12.0%	13.9%	13.9%	31.5%	33.9%	24.8%	5.9	10.2	12.0	1.9	3.5	3.0	11.5%	6.0%	4.1%	3.64	3.57	NEUTRAL
JTI INTERNATIONAL	108.3	121.9	126.8	9.3%	9.9%	10.0%	34.3%	32.2%	28.4%	11.8	11.8	11.3	4.0	3.8	3.2	6.2%	5.5%	5.5%	5.50	5.72	BUY
KAWAN FOOD BHD	13.6	15.7	33.0	15.5%	12.1%	14.4%	16.3%	16.4%	26.2%	11.4	10.7	5.1	1.9	1.8	1.3	0.0%	2.1%	2.1%	1.40	1.64	TRADING BUY
KFC HLDGS (M) BHD	130.4	143.9	158.2	5.7%	6.3%	6.6%	16.5%	16.0%	15.5%	11.3	14.9	13.5	1.9	2.4	2.1	3.2%	2.2%	2.5%	10.80	9.17	NEUTRAL
KIAN JOO CAN FACTORY	48.9	70.2	80.3	5.6%	7.5%	8.1%	6.0%	8.1%	8.9%	10.6	8.3	7.2	0.6	0.7	0.6	3.7%	6.5%	7.5%	1.31	1.29	NEUTRAL
LTKM	9.0	16.3	17.2	6.7%	12.4%	12.5%	9.5%	14.1%	13.4%	5.8	5.1	4.9	0.6	0.7	0.6	6.3%	4.0%	4.0%	1.98	1.67	NEUTRAL
MAMEE DOUBLE-DECKER	43.6	56.4	77.3	10.6%	11.8%	12.9%	19.5%	21.7%	24.9%	7.2	9.6	7.0	1.4	2.1	1.7	1.4%	3.7%	5.0%	3.56	4.10	BUY
MULTI SPORTS	61.6	76.4	84.7	25.9%	24.7%	21.3%	36.9%	31.0%	27.6%	3.1	2.5	2.3	1.3	0.7	0.6	0.0%	10.5%	11.6%	0.43	1.17	BUY
NESTLE (M)	351.8	386.5	398.8	9.4%	9.2%	8.9%	60.8%	58.9%	54.6%	22.1	23.5	22.8	13.4	13.9	12.5	4.5%	4.5%	4.8%	38.80	31.49	NEUTRAL
NTPM HOLDINGS	46.2	64.0	54.0	12.9%	15.5%	12.0%	22.7%	25.9%	20.7%	14.3	10.3	12.3	3.3	2.7	2.5	4.4%	5.9%	6.1%	0.59	0.52	NEUTRAL
PADINI HLDGS	49.5	56.2	64.3	10.4%	10.8%	11.1%	24.3%	21.9%	20.5%	10.4	9.2	8.0	2.5	2.0	1.6	3.4%	3.8%	4.6%	3.92	4.65	BUY
PARKSON HOLDINGS	264.0	316.6	390.8	10.2%	10.7%	11.2%	15.1%	16.1%	17.6%	21.7	18.1	14.7	3.3	2.9	2.6	0.9%	1.0%	1.3%	5.53	6.75	BUY
PELIKAN INTERNATIONAL CORP BHD	34.9	4																			

## APPENDIX VII – OSK KLCI UNIVERSE (Cont'd)

STOCK/SECTOR	NET PROFIT (RM'm)			NET MARGIN (%)			ROE (%)			PER (X)			PBV (X)			GROSS DIV YIELD (%)			C.PRICE (RM)	TP (RM)	CALL
	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11			
BERJAYA SPORTS TOTO BHD	410.6	442.6	473.2	11.9%	11.6%	11.4%	32.5%	34.1%	34.0%	15.0	12.8	12.0	4.9	4.4	4.1	5.9%	8.3%	8.3%	4.20	5.20	BUY
GENTING BHD	985.4	1,700.3	1,936.5	11.4%	12.5%	12.2%	6.6%	10.5%	11.1%	27.5	17.4	15.3	1.8	1.8	1.7	1.0%	1.9%	1.9%	7.99	8.90	BUY
GENTING MALAYSIA BHD	1,310.4	1,340.7	1,401.2	28.1%	27.5%	27.5%	12.9%	12.1%	11.6%	12.2	12.6	12.0	1.6	1.5	1.4	2.5%	3.2%	3.2%	2.85	2.55	SELL
TANJONG PLC	580.4	678.4	693.4	12.4%	13.3%	13.4%	14.5%	15.5%	14.4%	9.4	10.6	10.4	1.4	1.6	1.5	7.4%	5.3%	5.3%	17.88	18.60	BUY
<b>GAMING SECTOR</b>	<b>3,286.8</b>	<b>4,162.0</b>	<b>4,504.3</b>	<b>15.3%</b>	<b>15.2%</b>	<b>14.9%</b>	<b>10.9%</b>	<b>12.6%</b>	<b>12.6%</b>	<b>16.6</b>	<b>14.3</b>	<b>13.2</b>	<b>1.8</b>	<b>1.8</b>	<b>1.7</b>	<b>2.6%</b>	<b>2.5%</b>	<b>2.5%</b>			
MEDIA CHINESE INTERNATIONAL	61.2	134.2	152.0	4.3%	10.9%	10.7%	3.9%	12.1%	13.3%	24.1	11.0	9.7	0.9	1.3	1.3	0.6%	1.2%	1.8%	0.88	1.35	BUY
MEDIA PRIMA	73.8	141.0	163.5	9.9%	10.7%	11.7%	7.7%	14.6%	16.9%	29.1	15.2	13.1	2.2	2.0	1.9	4.6%	3.3%	3.8%	2.17	2.60	BUY
STAR PUBLICATION (M) BHD	144.6	154.4	170.3	14.8%	15.6%	15.8%	11.8%	12.6%	13.9%	18.0	16.8	15.3	2.1	2.1	2.1	6.0%	6.4%	7.3%	3.52	3.21	NEUTRAL
<b>MEDIA SECTOR</b>	<b>218.5</b>	<b>295.4</b>	<b>333.7</b>	<b>12.7%</b>	<b>12.8%</b>	<b>13.5%</b>	<b>10.0%</b>	<b>13.5%</b>	<b>15.2%</b>	<b>19.1</b>	<b>8.8</b>	<b>7.8</b>	<b>1.9</b>	<b>1.2</b>	<b>1.2</b>	<b>4.6%</b>	<b>6.8%</b>	<b>7.6%</b>			
ALAM MARITIM RES	95.8	122.7	129.8	27.6%	29.9%	32.0%	19.6%	18.6%	19.3%	9.7	7.6	7.2	1.9	1.4	1.4	0.8%	1.6%	1.6%	1.22	1.99	BUY
COASTAL CONTRACT	162.7	159.9	166.3	34.9%	35.8%	35.7%	35.5%	25.8%	21.3%	4.2	5.4	5.2	1.5	1.4	1.1	1.0%	0.8%	0.8%	2.38	3.77	BUY
DIALOG GROUP BHD	92.2	119.0	145.7	8.3%	10.1%	10.7%	19.5%	22.9%	25.0%	20.2	18.0	14.7	3.9	4.1	3.7	3.8%	4.6%	5.1%	1.08	1.29	BUY
EASTERN PACIFIC	42.3	42.9	46.3	23.0%	15.8%	15.6%	12.5%	11.6%	11.5%	5.9	7.6	7.1	0.7	0.9	0.8	6.1%	5.2%	5.2%	1.93	2.19	BUY
KENCANA PETROLEUM BHD	125.6	129.3	191.8	7.1%	8.3%	9.7%	29.2%	24.2%	27.3%	18.9	19.7	13.3	5.5	4.8	3.6	0.7%	1.3%	1.3%	1.54	2.06	BUY
KNM GROUP BHD	170.7	195.1	247.1	9.4%	9.8%	11.7%	8.9%	9.4%	10.7%	17.9	10.3	8.1	1.6	1.0	0.9	1.6%	3.0%	3.0%	0.50	0.56	NEUTRAL
PETRA ENERGY	15.4	26.2	28.1	3.0%	4.8%	5.0%	5.0%	8.0%	7.9%	20.9	10.4	9.7	1.1	0.8	0.8	1.2%	1.4%	1.8%	1.40	1.15	NEUTRAL
PETRA PERDANA BHD	29.3	43.4	58.4	4.8%	10.4%	13.5%	5.2%	7.2%	8.9%	14.7	9.8	7.3	0.8	0.7	0.7	1.7%	2.3%	2.3%	1.30	1.77	BUY
TANJONG OFFSHORE	6.7	23.7	28.4	1.1%	3.7%	4.4%	2.1%	7.0%	8.0%	37.3	19.7	16.4	0.8	1.4	1.3	4.0%	3.7%	3.7%	1.62	0.78	SELL
WAH SEONG CORP BHD	121.3	116.5	133.7	6.2%	5.7%	6.2%	13.7%	12.1%	12.7%	12.8	15.0	13.0	1.8	1.8	1.7	3.2%	3.5%	3.7%	2.46	2.85	BUY
<b>OIL &amp; GAS SECTOR</b>	<b>766.2</b>	<b>856.0</b>	<b>1,045.8</b>	<b>8.5%</b>	<b>9.5%</b>	<b>10.4%</b>	<b>13.4%</b>	<b>13.5%</b>	<b>14.6%</b>	<b>14.1</b>	<b>12.6</b>	<b>10.3</b>	<b>1.9</b>	<b>1.7</b>	<b>1.5</b>	<b>1.5%</b>	<b>2.1%</b>	<b>2.2%</b>			
GENTING PLANTATIONS BHD	233.1	288.5	313.0	30.8%	33.6%	34.4%	9.1%	11.1%	11.1%	20.3	16.4	15.1	1.9	1.8	1.7	1.1%	1.6%	1.8%	7.00	6.19	SELL
UM PLANTATIONS	123.2	87.2	95.8	25.1%	21.4%	23.4%	14.8%	7.2%	7.8%	10.9	22.3	20.3	1.6	1.6	1.6	3.8%	1.8%	2.0%	2.43	2.03	SELL
IOI CORP BHD	1,479.4	1,502.3	1,639.5	10.1%	10.4%	9.7%	17.7%	14.6%	14.7%	19.9	22.8	20.8	3.5	3.3	3.1	1.7%	2.3%	2.4%	5.12	3.91	SELL
KUALA LUMPUR KEPONG	664.3	898.8	1,026.8	10.0%	16.1%	17.8%	11.8%	14.8%	15.6%	22.2	20.0	17.5	2.6	3.0	2.7	2.9%	2.4%	2.6%	16.88	15.15	NEUTRAL
SIME DARBY	2,202.1	2,428.7	2,614.1	7.1%	7.4%	7.8%	10.0%	10.7%	10.9%	19.0	19.3	17.9	1.9	2.1	2.0	2.7%	1.6%	1.7%	7.80	6.74	SELL
<b>PLANTATION SECTOR</b>	<b>4,702.1</b>	<b>5,205.5</b>	<b>5,689.2</b>	<b>8.8%</b>	<b>9.7%</b>	<b>9.9%</b>	<b>11.9%</b>	<b>12.2%</b>	<b>12.5%</b>	<b>19.6</b>	<b>20.3</b>	<b>18.6</b>	<b>2.3</b>	<b>2.5</b>	<b>2.3</b>	<b>1.9%</b>	<b>1.5%</b>	<b>1.6%</b>			
AXIS REIT	62.0	53.0	53.2	86.2%	62.7%	58.4%	11.1%	9.4%	9.9%	9.6	12.1	12.1	1.1	1.1	1.2	8.2%	7.8%	8.2%	2.09	1.93	NEUTRAL
BANDAR RAYA DEVELOPMENTS BHD	115.6	81.6	82.7	12.7%	10.1%	11.3%	7.2%	4.9%	4.8%	6.5	11.7	11.6	0.5	0.6	0.6	4.7%	3.8%	3.8%	2.00	1.83	NEUTRAL
GLOMAC	32.0	40.7	46.5	9.3%	12.8%	12.9%	6.2%	7.4%	8.0%	5.9	13.2	11.6	0.4	1.0	0.9	11.1%	4.7%	5.0%	1.39	1.81	TRADING BUY
HEKTAR REIT	37.1	39.3	40.6	42.3%	44.8%	45.2%	9.1%	9.6%	9.8%	9.7	10.3	9.9	0.9	1.0	1.0	9.2%	8.7%	9.0%	1.26	1.37	BUY
HUNZA PROPERTY	27.6	45.9	53.9	30.0%	36.8%	23.9%	8.5%	11.2%	12.2%	8.1	5.4	4.6	0.7	0.6	0.6	4.9%	7.3%	11.5%	1.28	1.54	TRADING BUY
IGB CORP BHD	159.0	142.6	159.6	24.7%	21.6%	21.9%	5.6%	4.8%	5.1%	18.7	19.7	17.6	1.0	0.9	0.9	1.3%	1.3%	1.3%	1.88	1.94	TRADING BUY
PLENITUDE BHD	79.8	61.4	68.7	28.2%	22.7%	25.7%	12.2%	8.7%	9.0%	4.5	8.5	7.6	0.5	0.7	0.7	4.4%	3.0%	3.0%	3.86	3.96	TRADING BUY
SP SETIA BHD	171.2	198.7	227.6	12.2%	13.3%	14.2%	8.4%	9.3%	10.0%	23.3	21.4	18.7	2.0	2.0	1.9	3.6%	3.8%	4.3%	4.18	3.59	TAKE PROFIT
SUNRISE BHD	136.6	136.8	116.5	17.2%	17.2%	18.1%	14.0%	12.4%	9.7%	7.8	7.4	8.6	1.1	0.9	0.8	1.4%	2.0%	2.0%	2.03	2.27	NEUTRAL
YNH PROPERTY BHD	53.0	62.1	79.2	19.7%	21.6%	22.5%	7.4%	8.2%	9.6%	11.6	11.0	8.6	0.9	0.9	0.8	1.0%	4.2%	6.5%	1.68	1.84	NEUTRAL
<b>PROPERTY SECTOR</b>	<b>873.9</b>	<b>862.1</b>	<b>928.5</b>	<b>17.8%</b>	<b>17.5%</b>	<b>18.2%</b>	<b>8.2%</b>	<b>7.7%</b>	<b>7.8%</b>	<b>12.7</b>	<b>14.0</b>	<b>13.0</b>	<b>1.0</b>	<b>1.1</b>	<b>1.0</b>	<b>2.5%</b>	<b>2.7%</b>	<b>3.0%</b>			
ADVANTA BHD	47.5	59.4	79.3	16.8%	15.0%	16.1%	25.7%	27.7%	30.6%	9.3	7.7	5.8	2.4	2.1	1.8	1.9%	2.3%	2.3%	3.02	5.37	BUY
HARTALEGA HLDGS	84.5	134.1	154.3	19.1%	25.3%	23.5%	33.1%	36.4%	31.1%	17.7	14.8	12.9	5.9	5.4	4.0	1.3%	1.5%	1.8%	8.20	9.89	BUY
KOSSAN RUBBER	66.8	119.1	129.0	8.0%	11.3%	11.3%	18.7%	26.0%	22.7%	13.0	10.7	9.8	2.4	2.8	2.2	2.2%	3.3%	3.3%	3.97	11.30	BUY
SUPERMAX	129.8	195.4	201.4	15.9%	16.6%	14.5%	23.3%	26.5%	21.9%	9.6	10.8	10.5	2.2	2.9	2.3	2.1%	1.4%	1.4%	6.23	9.11	BUY
TOP GLOVE	169.2	216.0	232.9	11.0%	12.2%	12.0%	20.5%	21.5%	19.4%	18.2	19.0	17.6	3.7	4.1	3.4	1.3%	2.1%	2.1%	6.64	15.15	BUY
<b>RUBBER GLOVES SECTOR</b>	<b>328.6</b>	<b>508.1</b>	<b>564.1</b>	<b>13.8%</b>	<b>16.1%</b>	<b>15.3%</b>	<b>24.2%</b>	<b>28.6%</b>	<b>25.1%</b>	<b>12.4</b>	<b>11.5</b>	<b>10.3</b>	<b>3.0</b>	<b>3.3</b>	<b>2.6</b>	<b>1.4%</b>	<b>1.1%</b>	<b>1.2%</b>			

Source: Bloomberg, OSK

## APPENDIX VIII – OSK KLCI UNIVERSE (Cont'd)

STOCK/SECTOR	NET PROFIT (RM'm)			NET MARGIN (%)			ROE (%)			PER (X)			PBV (X)			GROSS DIV YIELD (%)			C.PRICE (RM)	TP (RM)	CALL
	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11	FY09	FY10	FY11			
ANN JOO RESOURCES BHD	31.6	141.2	158.6	2.4%	7.1%	7.2%	3.5%	14.0%	14.5%	46.3	9.3	8.3	1.6	1.3	1.2	2.4%	4.4%	3.7%	2.52	2.27	NEUTRAL
CSC STEEL	91.2	74.2	75.7	10.5%	7.2%	7.1%	11.7%	9.0%	8.7%	5.4	8.7	8.5	0.6	0.8	0.7	15.4%	5.8%	5.9%	1.69	2.02	NEUTRAL
HIAP TECK	18.7	51.6	53.4	1.6%	3.7%	3.6%	3.1%	7.3%	6.7%	17.2	8.0	7.7	0.5	0.6	0.5	3.0%	2.6%	2.7%	1.26	1.15	NEUTRAL
KINSTEEL BHD	(12.7)	76.1	70.3	-0.7%	2.7%	2.2%	-6.8%	8.8%	7.6%	(67.3)	10.7	11.6	4.6	0.9	0.9	1.6%	2.4%	2.3%	0.86	0.86	NEUTRAL
KKB ENGINEERING	36.4	65.0	68.0	20.6%	23.6%	22.4%	20.4%	30.4%	27.4%	6.7	7.4	7.1	1.4	2.3	1.9	5.5%	15.9%	16.6%	1.87	2.64	TRADING BUY
LION INDUSTRIES CORP BHD	(257.6)	325.8	245.9	-5.4%	5.5%	3.4%	-9.3%	10.8%	7.5%	(3.8)	3.5	4.7	0.4	0.4	0.4	0.0%	0.7%	0.7%	1.60	2.01	TRADING BUY
MALAYSIA STEEL W	(8.5)	31.1	44.4	-1.2%	3.8%	5.1%	-2.0%	6.9%	9.0%	(22.8)	6.2	4.3	0.5	0.4	0.4	0.0%	2.2%	3.1%	0.91	1.00	NEUTRAL
PANTECH GROUP	59.6	50.4	53.0	11.7%	12.5%	9.9%	34.3%	21.7%	21.3%	5.7	6.7	6.4	2.0	1.5	1.4	2.4%	4.9%	6.8%	0.87	0.98	NEUTRAL
PERWAJA	(115.5)	98.8	75.5	-7.4%	4.7%	3.1%	-12.4%	9.7%	6.9%	(6.3)	6.8	8.9	0.8	0.7	0.6	0.0%	2.0%	1.5%	1.20	1.06	NEUTRAL
SINO HUA-AN	(20.6)	37.2	55.4	-1.6%	3.6%	5.1%	-2.8%	5.0%	7.3%	(27.0)	10.7	7.2	0.8	0.5	0.5	0.0%	2.5%	3.7%	0.36	0.40	NEUTRAL
SOUTHERN STEEL	16.2	111.6	166.8	0.8%	4.6%	6.1%	2.2%	13.2%	17.0%	50.3	7.6	5.1	1.1	1.0	0.9	3.4%	3.3%	5.0%	2.03	2.05	NEUTRAL
<b>STEEL SECTOR</b>	<b>(161.2)</b>	<b>1,063.0</b>	<b>1,067.0</b>	<b>-1.0%</b>	<b>5.2%</b>	<b>4.6%</b>	<b>-1.9%</b>	<b>10.7%</b>	<b>9.9%</b>	<b>(43.3)</b>	<b>6.8</b>	<b>6.8</b>	<b>0.8</b>	<b>0.7</b>	<b>0.7</b>	<b>1.8%</b>	<b>2.3%</b>	<b>2.4%</b>			
CBS TECHNOLOGY	11.0	12.8	14.2	12.9%	16.9%	16.4%	25.4%	23.3%	30.7%	5.1	6.1	5.5	1.3	1.4	1.7	0.0%	0.0%	0.0%	0.33	0.33	NEUTRAL
EFFICIENT E-SOLUTION	16.7	19.1	21.6	25.5%	25.2%	24.8%	17.0%	16.7%	16.1%	8.7	7.1	6.2	1.5	1.2	1.0	11.2%	2.4%	2.4%	0.21	0.15	TAKE PROFIT
ENG TEKNOLOGI	43.5	54.9	79.0	9.2%	10.1%	13.3%	18.3%	19.7%	23.1%	4.7	5.0	3.4	0.9	1.0	0.8	7.5%	6.7%	8.1%	2.23	1.90	SELL
GREEN PACKET	(176.5)	(100.5)	4.1	-75.2%	-19.7%	0.5%	-44.0%	-33.5%	1.3%	(9.1)	(6.4)	156.9	4.0	2.1	2.1	0.0%	0.0%	0.0%	0.98	1.30	BUY
JCY	207.3	302.5	346.5	11.8%	13.8%	13.7%	25.5%	34.5%	33.7%	-	8.5	7.4	-	2.7	2.3	-	7.9%	9.9%	1.26	1.63	NEUTRAL
JOBSTREET	26.8	36.3	44.7	29.0%	33.0%	33.9%	21.5%	25.0%	25.3%	17.0	17.9	14.6	3.7	4.5	3.7	2.8%	2.3%	3.0%	2.05	1.62	SELL
MALAYSIA PAC INDUSTRIES BHD	(39.9)	100.0	112.9	-3.5%	7.7%	7.9%	-5.7%	13.5%	14.5%	(28.1)	12.7	11.2	1.6	1.7	1.6	5.0%	6.6%	8.3%	6.04	4.28	SELL
NOTION VTEC	36.0	55.5	95.0	20.9%	23.1%	21.2%	22.0%	26.9%	34.7%	10.6	7.3	4.3	2.3	2.0	1.5	2.5%	4.6%	5.3%	2.62	3.88	BUY
TMC LIFE SCIENCE	(8.5)	5.8	14.4	-17.5%	9.2%	19.0%	-8.2%	5.1%	11.6%	(24.8)	37.4	15.0	2.0	1.9	1.7	0.9%	0.8%	0.8%	0.36	0.21	SELL
UNISEM (M) BHD	61.8	161.0	178.6	6.0%	12.9%	12.8%	6.5%	15.2%	15.2%	13.8	9.6	8.6	0.9	1.5	1.3	2.0%	8.7%	8.7%	2.29	2.32	TAKE PROFIT
<b>TECHNOLOGY SECTOR</b>	<b>178.2</b>	<b>647.4</b>	<b>911.0</b>	<b>3.5%</b>	<b>10.2%</b>	<b>12.0%</b>	<b>4.9%</b>	<b>16.3%</b>	<b>20.4%</b>	<b>28.3</b>	<b>12.0</b>	<b>8.6</b>	<b>1.4</b>	<b>2.0</b>	<b>1.7</b>	<b>1.9%</b>	<b>3.8%</b>	<b>4.5%</b>			
AXIATA GROUP	1,653.0	2,203.0	2,663.9	12.6%	14.9%	16.2%	9.1%	10.9%	11.8%	15.6	16.3	13.5	1.4	1.8	1.6	0.0%	0.0%	2.3%	4.26	4.80	BUY
DIGI	1,000.5	1,123.5	1,213.3	20.4%	21.8%	22.0%	65.8%	86.9%	109.7%	16.7	17.1	15.8	11.0	14.9	17.4	8.3%	7.3%	7.3%	24.70	24.40	NEUTRAL
MAXIS	2,335.0	2,686.3	2,796.2	27.1%	28.8%	28.2%	26.1%	29.6%	28.6%	17.2	14.8	14.2	4.5	4.4	4.1	2.8%	5.1%	5.3%	5.29	5.80	NEUTRAL
TELEKOM MALAYSIA	468.3	493.8	608.0	5.4%	5.6%	6.2%	6.8%	7.3%	9.4%	23.4	24.3	19.8	1.6	1.8	1.9	7.5%	7.7%	7.7%	3.36	3.28	NEUTRAL
<b>TELECOMMUNICATION SECTOR</b>	<b>5,456.8</b>	<b>6,506.6</b>	<b>7,281.4</b>	<b>15.5%</b>	<b>17.1%</b>	<b>17.5%</b>	<b>15.4%</b>	<b>17.5%</b>	<b>18.2%</b>	<b>17.2</b>	<b>16.4</b>	<b>14.7</b>	<b>2.6</b>	<b>2.9</b>	<b>2.7</b>	<b>2.7%</b>	<b>3.1%</b>	<b>3.7%</b>			
AIRASIA BHD	447.5	454.1	489.4	14.1%	13.1%	12.6%	16.8%	14.5%	13.4%	8.5	9.1	8.4	1.4	1.3	1.1	0.0%	0.0%	0.0%	1.49	1.48	TRADING BUY
BINTULU PORT HLD	129.0	154.4	163.7	29.4%	33.6%	33.8%	15.3%	18.1%	18.9%	20.2	17.1	16.1	3.1	3.1	3.0	5.8%	5.8%	5.6%	6.60	6.78	BUY
CENTURY LOGISTIC	20.9	26.9	31.9	5.7%	7.9%	9.0%	13.4%	15.2%	15.8%	6.2	4.8	4.1	0.8	0.7	0.6	3.0%	5.1%	6.3%	1.58	2.00	BUY
FREIGHT MANAGEMENT	13.6	15.9	19.0	5.9%	6.1%	6.2%	16.2%	16.7%	17.4%	7.3	8.0	6.7	1.2	1.3	1.2	5.6%	5.3%	5.8%	1.04	1.40	BUY
MALAYSIA AIRPORT HLDGS BHD	297.2	377.6	393.8	18.2%	20.6%	20.6%	8.8%	10.6%	10.4%	14.7	11.6	11.1	1.3	1.2	1.1	2.9%	3.0%	3.1%	5.15	4.80	NEUTRAL
MALAYSIA AIRLINE SYSTEM BHD	(839.8)	168.0	520.0	-7.8%	1.3%	3.8%	-106.3%	17.5%	27.1%	(4.4)	42.4	13.7	4.7	7.4	3.7	0.0%	0.0%	0.0%	2.13	1.50	SELL
MALAYSIA BULK CARRIERS BHD	182.7	183.8	226.5	60.2%	54.4%	56.3%	9.8%	9.4%	11.0%	16.6	15.9	12.9	1.6	1.5	1.4	6.9%	5.0%	6.2%	2.93	3.03	NEUTRAL
MISC BHD	1,406.2	879.2	1,644.2	8.9%	5.9%	10.5%	6.7%	3.3%	6.0%	21.3	44.7	23.9	1.4	1.5	1.4	2.3%	4.0%	4.0%	8.80	10.00	BUY
NCB HOLDINGS	141.0	159.3	172.9	17.0%	16.7%	15.7%	7.6%	8.4%	8.8%	10.4	11.0	10.1	0.8	0.9	0.9	9.0%	7.9%	8.5%	3.73	3.72	BUY
POS MALAYSIA	71.2	86.0	143.1	7.9%	8.8%	12.7%	8.9%	10.4%	15.7%	16.7	19.4	11.7	1.5	2.0	1.8	4.5%	3.2%	4.8%	3.11	3.50	BUY
TRANS-ASIA SHIPMENT	10.1	16.7	17.2	3.6%	5.3%	4.9%	5.2%	7.9%	7.7%	9.6	5.7	5.5	0.5	0.4	0.4	7.3%	7.4%	7.4%	0.95	1.16	BUY
<b>TRANS./LOGISTIC SECTOR</b>	<b>1,879.4</b>	<b>2,521.9</b>	<b>3,821.5</b>	<b>5.4%</b>	<b>7.0%</b>	<b>9.7%</b>	<b>5.6%</b>	<b>6.3%</b>	<b>8.9%</b>	<b>26.8</b>	<b>25.5</b>	<b>16.8</b>	<b>1.5</b>	<b>1.6</b>	<b>1.5</b>	<b>2.3%</b>	<b>2.7%</b>	<b>2.8%</b>			
PETRONAS GAS BHD	928.7	957.9	1,314.5	27.2%	29.6%	39.6%	11.6%	11.7%	15.3%	20.7	20.7	15.1	2.4	2.4	2.3	5.7%	5.0%	6.5%	10.00	13.81	BUY
TENAGA NASIONAL BHD	2,157.1	2,952.3	3,197.3	7.5%	9.7%	10.1%	8.3%	10.4%	10.4%	16.1	12.7	11.7	1.3	1.3	1.2	2.1%	2.2%	2.8%	8.59	9.90	BUY
<b>UTILITY SECTOR</b>	<b>3,085.8</b>	<b>3,910.2</b>	<b>4,511.8</b>	<b>9.6%</b>	<b>11.6%</b>	<b>13.0%</b>	<b>9.1%</b>	<b>10.7%</b>	<b>11.5%</b>	<b>17.5</b>	<b>14.6</b>	<b>12.7</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>	<b>2.6%</b>	<b>2.4%</b>	<b>3.1%</b>			
AJIYA BHD	23.4	27.0	27.6	7.6%	7.6%	7.6%	12.8%	13.2%	12.0%	4.7	5.2	5.1	0.6	0.7	0.6	3.8%	2.9%	2.9%	2.04	2.59	BUY
COM DUOPHARMA	30.5	28.1	30.8	21.9%	21.8%	18.5%	20.1%	16.0%	16.7%	10.9	11.8	10.8	2.2	1.9	1.8	6.7%	6.7%	8.4%	2.38	2.52	NEUTRAL
EVERGREEN FIBREBOARD	87.4	118.7	135.2	11.3%	13.6%	14.0%	13.3%	15.8%	15.9%	8.2	9.0	7.9	1.0	1.3	1.2	3.8%	3.6%	3.6%	1.65	2.08	BUY
HELP INTERNATIONAL	15.5	18.5	23.0	16.0%	16.1%	17.0%	17.6%	17.9%	22.2%	23.2	19.4	15.6	4.1	3.5	3.5	0.7%	0.8%	0.8%	4.04	4.30	TRADING BUY
HOVID	26.6	23.5	27.2	10.6%	8.3%	9.4%	16.9%	14.3%	16.1%	5.2	5.8	5.0	0.9	0.8	0.8	0.0%	0.0%	0.0%	0.18	0.21	SELL
KPJ HEALTHCARE	110.9	119.7	132.2	7.7%	7.5%	7.3%	18.0%	17.9%	18.9%	17.7	16.4	14.8	3.2	2.9	2.8	2.4%	2.6%	3.1%	3.66	4.62	BUY
LEADER UNIVERSAL	53.4	60.6	70.3	2.7%	2.8%	3.2%	9.9%	10.2%	10.8%	6.4	6.3	5.5	0.6	0.6	0.6	3.9%	3.8%	4.6%	0.88	1.05	BUY
LITRAK HOLDINGS	102.1	90.4	97.0	34.3%	29.4%	32.2%	24.3%	19.8%	19.6%	17.2	17.7	16.5	4.2	3.5	3.2	15.3%	5.3%	5.6%	3.19	3.44	BUY
MASTERSKILL EDUCATION	97.4	118.8	140.5	35.6%	35.6%	35.8%	22.0%	23.6%	24.5%	-	14.6	12.4	-	3.5	3.0	-	3.4%	4.0%	4.24	4.12	NEUTRAL
PUNCAK NIAGA HLDGS BHD	142.6	161.6	155.3	7.6%	7.9%	7.3%	9.7%	10.1%	9.0%	8.7	7.1	7.4	0.8	0.7	0.7	3.8%	4.1%	4.0%	2.78	2.57	NEUTRAL
SALCON	22.1	28.0	41.4	6.0%	5.																

## APPENDIX IX – ECONOMIC EVENTS FOR AUGUST

Date	AUGUST 2010				
	Malaysia	Singapore	Hong Kong/ China	Euro-Zone	United States
Mon 02			1. HK Retail Sales -Jun'10	1. PMI Manufacturing - July'10	
Tue 03	1. External Trade - Jun'10	1. PMI - July'10 2. Electronic Sector Index - July'10		1. PPI - Jun'10	
Wed 04			1. HK PMI - July'10	1. Retail Sales - Jun'10	
Thu 05					
Fri 06					1. Unemployment Rate -July'10
Mon 09			1. HK Foreign Currency Reserves - July'10		
Tue 10	1. Industrial Production - Jun'10	1. Foreign Reserves - July'10	1. China External Trade - July'10		
Wed 11			1. China Retail Sales, CPI, IPI - July'10		
Thu 12				1. Industrial Production - Jun'10	1. IPI - July'10
Fri 13					1. Consumer Price Index - July'10 2. Retail Sales - July'10 3. Michigan Confidence - Aug'10
Mon 16				1. Consumer Price Index - July'10	
Tue 17					1. Industrial Production - July'10
Wed 18	1. Consumer Price Index - July'10 2. GDP - 2Q/2010				
Thu 19					
Fri 20					
Mon 23		1. Consumer Price Index - July'10			
Tue 24					
Wed 25					1. New Home Sales - July'10
Thu 26		1. Industrial Production - July'10			
Fri 27	1. Monthly Statistical Bulletin - July'10				1. GDP - 2Q/2010
Mon 30					
Tue 31		1. Money Supply - July'10		1. CPI - Aug'10	

Source: Bloomberg, BNM

### OSK Research Guide to Investment Ratings

**Buy:** Share price may exceed 10% over the next 12 months

**Trading Buy:** Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

**Neutral:** Share price may fall within the range of +/- 10% over the next 12 months

**Take Profit:** Target price has been attained. Look to accumulate at lower levels

**Sell:** Share price may fall by more than 10% over the next 12 months

**Not Rated:** Stock is not within regular research coverage

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