

BURSA

| | 21-Feb | 1-day chg | % chg |
|----------------------|-----------|-----------|--------|
| KLCI: | 1,525.85 | 8.29 | 0.55% |
| FTSE Emas: | 10,532.99 | 24.41 | 0.23% |
| FTSE SmallCap: | 13,043.15 | (74.54) | -0.57% |
| FTSE Mesdaq: | 4,359.50 | (96.09) | -2.16% |
| KLSE Mkt Cap (RMbn): | 1,274.07 | 1.18 | 0.09% |

Indices

| | Close | | |
|-------------|-----------|----------|--------|
| Dow: | Close | - | - |
| Nasdaq: | Close | - | - |
| FTSE-100: | 6,014.80 | (68.19) | -1.12% |
| Nikkei 225: | 10,857.53 | 14.73 | 0.14% |
| SHCOMP: | 2,932.25 | 32.45 | 1.12% |
| HSI: | 23,485.42 | (109.82) | -0.47% |
| STI: | 3,070.60 | (16.32) | -0.53% |
| KOSPI: | 2,005.30 | (7.84) | -0.39% |
| TWSE: | 8,839.22 | (4.62) | -0.05% |
| JCI: | 3,497.64 | (3.85) | -0.11% |
| SET: | 995.67 | 0.10 | 0.01% |

FOREX (USD)

| | 21-Feb | 20-Feb | % chg |
|------------|--------|--------|--------|
| MYR (RM): | 3.0355 | 3.0345 | 0.03% |
| EURO (€): | 1.3691 | 1.3693 | -0.01% |
| GBP (£): | 1.6213 | 1.6253 | -0.25% |
| YEN (¥): | 83.15 | 83.18 | -0.04% |
| SGD (S\$): | 1.2764 | 1.2737 | 0.21% |
| HKD (\$) | 7.7839 | 7.7848 | -0.01% |

Key Stats

| KLCI Spot | | | |
|----------------------------|----------|----------|--------|
| Vol (m shares): | 1,840.71 | 1,493.22 | 23.27% |
| Value (RMm): | 2,066.30 | 1,985.20 | 4.09% |
| KLCI Future | | | |
| February-11 | 1,522.00 | 1,517.50 | 0.30% |
| March-11 | 1,519.50 | 1,516.00 | 0.23% |
| CPO spot price | | | |
| (RM/tonne) | 3,656.00 | 3,683.00 | -0.73% |
| Soybean (US\$/bu) | Close | 1,368.00 | - |
| Soy Oil (US\$/lb) | Close | 57.12 | - |
| Gold (US\$/troy oz) | 1,407.70 | 1,388.20 | 1.40% |
| Nymex crude oil (US\$/bbl) | 91.42 | 86.20 | 6.06% |

The Research Team
research@kenanga.com.my
 Tel: 603-2713 2292

Research Highlights

RESULTS NOTES

- **Century Software (BUY; RM1.29; TP: RM1.60) - Still Going Strong**
- **Malayan Banking (BUY; RM8.63; TP: RM9.70) - Within expectations**
- **Alliance Financial Group (SELL; RM3.17; TP: RM3.08) - Within expectations**
- **RCE Capital (HOLD; RM0.55; TP: RM0.56) - 9MFY11 results above expectations**

NEWS HIGHLIGHTS

- **SEG International (TRADING BUY; TP: RM3.40) 12MFY10 net profit surged to RM43.06m**
- **Latexx Partners (TP: RM3.70) FY10 earnings**
- **AMMB to buy lender**
- **Maybank mulling ways to trim stake in BII**
- **Amway lines up 7 new products, 4 more shops**
- **Premium to sell assets**

ECONOMIC NEWS HIGHLIGHTS

- **Zeti confident of 5% to 6% economic growth this year**
- **Record sukuk issuance forecast**

FOREIGN NEWS HIGHLIGHTS

- **Libya Violence Deepens as Protestors Claim Control of Second-Largest City**
- **BP partners Reliance in \$7.2bn Indian oil hunt**
- **Stark Says ECB Will Act Quickly If Accelerating Inflation Becomes a Danger**

| Top Volume | | | | Top Gainer | | | | Top Loser | | | |
|----------------|-------|------------|---------|--------------|-------|------------|---------|--------------|-------|------------|---------|
| Stock | Price | %Chg (+/-) | Vol (m) | Stock | Price | %Chg (+/-) | Vol (m) | Stock | Price | %Chg (+/-) | Vol (m) |
| 1 AXIATA GROUP | 5.09 | -1.0 | 16.00 | MALAYAN BANK | 8.86 | 3.1 | 12.10 | MMC CORP BHD | 2.86 | -2.7 | 2.08 |
| 2 PCHEM | 6.26 | 0.5 | 14.60 | GENTING BHD | 10.58 | 2.3 | 6.03 | MISC BHD | 8.11 | -1.7 | 2.56 |
| 3 MALAYAN BANK | 8.86 | 3.1 | 12.10 | TENAGA NASIO | 6.37 | 1.8 | 9.20 | YTL POWER IN | 2.37 | -1.3 | 8.22 |
| 4 IOI CORP BHD | 5.59 | 1.3 | 9.50 | UMW HLDG BHD | 7.30 | 1.7 | 1.62 | AXIATA GROUP | 5.09 | -1.0 | 16.00 |
| 5 CIMB GROUP H | 8.27 | 0.4 | 9.45 | IOI CORP BHD | 5.59 | 1.3 | 9.50 | YTL CORP BHD | 7.62 | -0.8 | 1.01 |
| 6 TENAGA NASIO | 6.37 | 1.8 | 9.20 | GENTING MALA | 3.38 | 1.2 | 1.95 | MALAYSIAN AI | 2.08 | -0.5 | 1.43 |
| 7 SIME DARBY | 9.22 | 0.0 | 9.18 | PPB GROUP BE | 16.86 | 1.1 | 0.55 | HONG LEONG F | 8.76 | -0.3 | 0.13 |
| 8 YTL POWER IN | 2.37 | -1.3 | 8.22 | PETRONAS GAS | 11.30 | 0.9 | 0.46 | AMMB HLDG BH | 6.30 | -0.3 | 6.43 |
| 9 AMMB HLDG BH | 6.30 | -0.3 | 6.43 | PCHEM | 6.26 | 0.5 | 14.60 | GAMUDA BHD | 3.82 | -0.3 | 2.18 |
| 10 GENTING BHD | 10.58 | 2.3 | 6.03 | DIGI.COM BHD | 26.20 | 0.4 | 0.60 | TELEKOM MALA | 3.90 | -0.3 | 5.30 |

Note: * KL Composite Index (FBMKLCI) component stocks only

Corporate News

■ **SEG International (TRADING BUY; TP: RM3.40) 12MFY10 net profit surged to RM43.06m**

SEG International Bhd (SEGi) shares hit a 52-week high yesterday at RM3.13, as the Company's net profit for 4QFY10 surged to RM11.73m on the back of RM56.38m in revenue. The Company's earnings per share for 4Q, stood at 4.8sen, up from 0.02 sen registered in 4Q09. For the full year ended December 2010, SEGi posted a net profit of RM43.06m on RM217.61m in sales, up from RM10.02m in net profits from RM166.37m in revenue registered in FY09. EPS for FY10 strengthened to 17.4 sen from 4.23 sen a year earlier.

Comments: SEGi's 12MFY10 net profit of RM43.06m was 3.6% higher than our estimate of RM41.57m. We understand that the reason for strong growth was the marked improvement in student numbers (to ~23.0k from 19.5k).

To recap, we are convinced that the Group has just entered a new era and is poised to stage a re-rating. Apart from growing the student populations via more variety courses, we understand that the education Group also intends to introduce high-margin programmes, and expand the portion of international students attending their campuses from the current 10%.

We continue to rate the stock a TRADING BUY with an unchanged fair value of RM3.40/share pending for our next company visit. At RM3.13, the stock is traded at 13.2x to our estimated FY11 basic EPS or 14.9x to our estimated FY11 diluted EPS.

■ **Latexx Partners (TP: RM3.70) FY10 earnings**

Glove manufacturer Latexx Partners Bhd recorded a higher pre-tax profit of RM84.82m for the financial year ended Dec 31, 2010 compared with RM51.78m in the previous year. Its pre-tax profit for the last quarter rose 2% to RM17.28m compared with RM16.95m in the same quarter of 2009. Latexx said the better result were mainly due to the increase in overall sales volume, driven by strong demand for gloves and the company's expanded capacity from 6bn pieces per annum to 7bn pieces per annum. (Bloomberg)

Comments: Latexx's FY10 net earnings of RM70.3m representing a growth of 37.1%. QoQ sales volume has improved by revenue however has declined by 17.8% due to change in product mix, i.e. lower natural latex gloves and higher nitrile gloves. Despite the increasing latex price and weakening USD QoQ EBITDA margin has improved from 18.9% to 20.4% because 50% of the gloves sold are nitrile which is less affected. Meanwhile, YoY 4Q PAT declined by 40.7% from RM17.6 to RM10.4m due to tax penalty incurred on a subsidiary.

Going forward, we believe Latexx will still doing fine in FY11 despite the current adverse situation as 50% of the gloves sold are nitrile (20% by end FY09). We expect Latexx to make RM81m per annum backed by revenue of RM610m whereby additional contribution will come from new capacity from the nitrile gloves production. We value Latexx at RM3.70 based on sector PER of 12x over FY11 FD EPS of 30.8sen, is 20% higher than the offer by Navis Asia VI Management Company Ltd to acquire 100% of Latexx.

■ **AMMB to buy lender**

AMMB Holdings Bhd plans to buy a 100 per cent stake in AmIslamic Bank Bhd for RM1.3bn as part of its internal reorganisation exercise to gain full control.

In a statement yesterday, the group said it received approval from the Minister of Finance and Bank Negara Malaysia to buy the lender from AmBank (M) Bhd, its commercial banking unit.

It will use internal funds and bonds for the purchase, which will address new capital rules under Basel 3 and streamline group shareholding structure. (Business Times)

■ **Maybank mulling ways to trim stake in BII**

Malayan Banking Bhd is evaluating proposals on how best to reduce its stake in Bank Internasional Indonesia (BII) to 80% by June this year, its chief said.

The Indonesian market regulator has given it until June to meet a 20 per cent free float requirement for BII.

Maybank, which held about 97.5% of BII, has already managed to sell less than 1% in the market and is also looking at undertaking private placements, president and chief executive officer Datuk Seri Abdul Wahid Omar said. (Business Times)

■ **Amway lines up 7 new products, 4 more shops**

Amway (Malaysia) Holdings Bhd plans to maintain its sales growth momentum of past years through the launch of seven new products, and the opening of between three and four more Amway shops this year.

The seven new products will be for the beauty and food supplement categories.

Amway Malaysia managing director Low Han Kee said besides its on going efforts to grow its energetic distributor network, globally Amway will be spending a lot of time and resources in developing its information technology (IT) capabilities. (Business Times)

■ **Berjaya Food plans to open more outlets**

Berjaya Food Bhd (BFood) sees the current trend of healthy food consumption as an opportunity for its business to expand in the country through its chain of Kenny Rogers Roasters restaurants.

BFood has a 100% stake in Berjaya Roasters (M) Sdn Bhd, which operates the chain of Kenny Rogers Roasters restaurants in Malaysia.

Chief executive officer Datuk Francis Lee says the group plans to open eight to ten new outlets throughout Malaysia this financial year (ended April 30, 2011), promoting its healthy menus to society. (The Star)

■ **Premium to sell assets**

Premium Nutrients Bhd plans to sell its palm oil refinery complex, together with subdivided plots of land where the refinery is situated, machinery and certain stocks to ST Refinery SB for RM15.5m.

"The proposed disposal of the refinery complex is to discontinue with non-core operations and mitigate losses. The significant portion of Malim Sawit's revenue is derived by producing edible oils utilised by related companies.

The proceeds will be used to repay borrowings in which the Company will be able to save RM1.7m on interest payments and depreciation. (Business Times)

Economy News

■ **Zeti confident of 5% to 6% economic growth this year**

Bank Negara Malaysia is confident the economy will expand between 5% and 6% this year, after growing 7.2% last year.

"We have a high degree of confidence that it will be in that range," central bank governor Tan Sri Dr Zeti Akhtar Aziz said after launching an Islamic bond index in Kuala Lumpur yesterday

The country's gross domestic product (GDP) grew 7.2% last year, the

highest since 2000. But the Finance Ministry's estimate for this year is between 5.5% and 6.0%, in line with a slower global economy. (Business Times)

■ **Record sukuk issuance forecasted**

The global sukuk issuance this year is expected to surpass the record set in 2007 as Malaysia continues to offer the ability to arrange Islamic bonds in different currencies.

Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz said a total of US\$35bn (RM106.4bn) of sukuk were issued globally last year, of which two-fifths or US\$13.8bn (RM41.95bn), originated from Malaysia.

"From the approvals that we have given and the Securities Commission has given, we believe that the sukuk bond issuances will surpass the 2007 level," she said. (Business Times)

Foreign News

■ **Libya Violence Deepens as Protestors Claim Control of Second-Largest City**

Violence in Libya intensified as the government attacked protesters and rebels claimed control of the second-biggest city, Benghazi, after Muammar Qaddafi's son threatened "rivers of blood" unless the uprising ends.

Security forces stormed "terror and sabotage hideouts" and urged citizens to help restore security, state television said, warning against "organized gangs that are destroying Libya." Protesters said they had taken over Benghazi after clashes yesterday, the Associated Press said, citing witnesses. The International Federation for Human Rights said more than 300 people have been killed in the past week. Al Arabiya television said 160 died in violence in Tripoli, the capital. (Bloomberg)

■ **BP partners Reliance in \$7.2b Indian oil hunt**

BP lined up one of the biggest foreign direct investments in India to date with a \$7.2b tie-up with the country's Reliance Industries to explore for deepwater oil and gas.

This marks the second major deal under BP's new chief executive Bob Dudley, who last month agreed a share swap with Russia's state-controlled Rosneft to jointly explore the Arctic for offshore oil and gas.

BP said on Monday it would pay Reliance Industries \$7.2b and performance payments of up to \$1.8b if the tie-up leads to the development of commercial discoveries. (Reuters)

■ **Stark Says ECB Will Act Quickly If Accelerating Inflation Becomes a Danger**

European Central Bank Executive Board member Juergen Stark said policy makers will act "quickly and decisively" if they see any signs of faster inflation becoming entrenched.

"Risks to the medium-term outlook for price developments in the euro area as a whole could move to the upside," Stark said in a speech in Frankfurt today. "I can assure you that we will act quickly and decisively on any indications" of a wage-price spiral and higher inflation expectations, he said.

Stark is the latest ECB policy maker to signal increased concern about inflation, which accelerated to 2.4% last month. Fellow Executive Board member Lorenzo Bini Smaghi said earlier today that with the economy gathering strength, the ECB may need to reassess whether its benchmark rate is still appropriate at a record low of 1%. (Bloomberg)

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KENANGA INVESTMENT BANK BERHAD (15678-H)
8th Floor, Kenanga International, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia
Telephone: (603) 2166 6822 Facsimile: (603) 2166 6823 Website: www.kenangaresearch.com



Chan Ken Yew
Associate Director