

Thursday, 5 October 2005

Listing Today

TMC Life Sciences Bhd (IPO Price: RM0.38) 2

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In the News

Bursa Malaysia Bhd (4.64): Maintain HOLD 3

On track to complete cash distribution by year-end. Bursa Malaysia Bhd has received approval by its shareholders to distribute RM416m back to them. Barring any unforeseen circumstances, the proposed distribution is expected to be completed by the end of 2005. The proposed distribution is now pending the confirmation of the High Court of Malaya.

Visit Note

Mah Sing Group Bhd (RM1.58): Not Rated 4

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Previous trading day market performance

Indices	Close	+ / -	1-d%	1-m%	ytd %	Most Actives (Main Board)	Close	Change	1-d%	Volume (m)
KL Composite	927.51	2.7	0.3	1.7	2.2	Naim Indah Corp. Bhd	0.22	0.00	4.9	15.42 KLCI Current PER
KL Emas	211.36	1.0	0.47	1.85	-1.4	TimeDotCom Bhd	0.64	0.01	0.8	11.88 1 Day ago 14.3
KL Second Boarc	87.80	0.6	0.63	0.83	-20.8	TH Group Bhd	0.74	0.15	24.4	11.69 1-month ago 16.1
Dow Jones	10,317.36	-123.8	-1.19	-1.24	-4.3	Fountain View Development Bhd	0.42	0.03	7.8	10.42
Nasdaq	2,103.02	-36.3	-1.70	-1.78	-3.3	Unico-Desa Plantations Bhd	0.51	0.03	5.2	8.72
Nikkei	13,689.89	-48.9	-0.36	8.66	19.2	Rashid Hussain Bhd	0.84	0.02	1.8	7.62
Hang Seng	15,161.03	-221.2	-1.44	0.00	6.5	Symphony House Bhd	0.45	0.00	0.0	5.66
Straits Times	2,325.89	2.1	0.09	1.60	12.6	SP Setia Bhd	3.84	-0.04	-1.03	5.17

Source: Bloomberg

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Listing
Today



IPO: TMC Life Sciences Bhd

Counter	:	MESDAQ
IPO price	:	RM0.38
Enlarged share capital	:	168m
Public issue	:	2.9m shares
Par value	:	RM0.10
Listing PE	:	PER04 11.3x
NTA/share post listing	:	RM0.18
Nature of business	:	TMC Life Sciences, through its three fertility clinics, provides a wide range of fertility services including investigation of infertility, assisted reproduction technology (ART) procedures, and general obstetrics and gynaecology services.

The TMC group has in its stable The Damansara Women's Specialist Centre, IVF Technologies Sdn Bhd (its R&D arm), and Damansara Fertility Centre Sdn Bhd, which has operations in a fully fledged centre in Johor Baru, and a satellite centre (referral-based) in Kepong.

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In the News

Bursa Malaysia Bhd (4.64): Maintain HOLD

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Comments

- **Cash distribution works out to be approximately RM0.83 per share**
- **Reduction of interest income from FY06 onwards, imputed in our forecast**
- **Maintain HOLD. Fair value of RM4.20**

The basis for the distribution will depend on the number of outstanding shares as at the entitlement date. Based on shares outstanding as at 30 June 2005, shareholders will receive cash of approximately RM0.83 per share.

The cash distribution will result in a reduction in interest income generated on investments. Bursa's guidance is a reduction of interest income by RM16.64m based on return of 4% per annum in FY06.

Nevertheless, this is in part mitigated by expectations of higher revenue from information services and a modest increase in clearing fees.

Bursa is studying DMA . Bursa is said to be studying Direct Market Access that will enable institutional investors to trade without the help of a dealer although the trade still needs to be done through a broking house. Currently, the demand for the DMA, which is a norm in more sophisticated exchanges, is emanating mainly from foreign brokers here. However, we do not expect implementation to be undertaken any time soon as the exchange will need to make sure that there is sufficient regulation and technology in place before it can do so.

Valuation. Based on the current price, the stock is trading at PER06 of 23.3 times. Our fair value of RM4.20 per share is based on ex-distribution PER06 of 21 times. **Maintain HOLD (52w High-Low: RM4.90-RM3.00, FV: RM4.20)**

Peer Comparison

	FY end	DY (%)	PBV (x)	PE1 (x)	PE2 (x)
SGX	Jun	3.0	5.7	21.3	19.8
ASX	Jun	3.5	9.9	22.7	20.3
HKEx	Dec	3.5	7.2	23.9	22.1
BURSA	Dec	4.3	1.6	25.6	23.3

Note: PE1 - current FY; PE2 - next FY

Source: Thomson Datastream, Mayban Sec

Visit Note

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- MSB's principle activity is property development with the main focus on middle to high-end housing. It is also involved in plastic manufacturing business. However the latter only accounted for 27% and 10% of revenue and pretax profit, respectively in FY04.
- **MSB has four on-going projects**, two in the Klang Valley and two in Johor Bharu. In July 2005, the group acquired 8 acres of land for RM5m in Selayang. The project will comprise of 82 units of semi-detached houses and is slated for launching in January 2006.

Property Development Project

Project	Undeveloped Landbank (Acres)	Balance GDV (RMm)	Type of development
1. Aman Perdana, Bukit Raja-Klang	198	650	Affordable semi-Ds & Bungalows
2. Damansara Lagenda, Damansara	-	37	High-end semi-Ds & Bungalows
3. Perdana Residence, Selayang	8	41	Affordable semi-Ds & Bungalows
Klang Valley	206	728	
1. Austin Perdana, Tebrau	73	179	Medium to high-end township
2. Sri Pulai Perdana, Skudai	76	112	Medium to high-end township
Johor	149	291	
GRAND TOTAL	355	1019	

Source: Company

- **Landbank.** The group has 355 acres of undeveloped landbank which would keep it busy until 2008. We understand that it is also negotiating to buy four new landbanks, one in Johor, two in the Klang Valley and one in Pulau Pinang. An announcement on the acquisition for a piece of land measuring between 50-100 acres in Klang Valley is expected to be made before end of 2005.
- **Profitability.** The company registered net profit of RM20.1m in 1HFY05 which is 39.5% of consensus' forecast of RM50.9m for FY05. Management has indicated that it is confident of meeting consensus target forecast mainly due to 1) unbilled sales of RM360m which could support earnings over the next two years and 2) stronger sales as well as progress billings from its flagship project, Aman Perdana which has received strong take-up rate of 70% since its initial launching in March 2005. MSB is also expected to be on track to achieve consensus' forecast net profit of RM59.7m in FY06 with the five projects in full swing by end of 2006.
- **Financial.** Net gearing of 0.68x as at end-June 2005 is expected to trend down, underpinned by stronger cash flow from property development going forward.
- **Valuation.** The stock's valuation is undemanding, trading at 6x in FY05 and 5.1x in FY06 against FD EPS growth of more than 100% in FY05 and 17% in FY06. It also offers an attractive gross dividend of 3.9%. **Not Rated (52w High-Low: RM1.90-RM1.15)**

Financial Highlights			
FYE Dec (RM m)	2004	2005F	2006F
Turnover	356.5	469.8	554.5
Net Profit	25.1	50.9	59.7
EPS (sen)	19.0	32.5	35.0
FD EPS (sen)^	13.0	26.3	30.8
DPS (sen)	6.0	6.0	7.0

^ enlarged shares 193.5m

Source: Bloomberg

Other News

AmBank Group: Expects To Benefit From Increase in M&A Activities. AmBank Group hopes to reap the benefits arising from a possible increase in mergers and acquisitions (M&As) after the government announced several measures in the recent budget to spur M&As, said its chairman Tan Sri Azman Hashim. (Source: *The Edge*)

Kulim: Plans To Invest US\$20m To Produce Bio-Fuel With European Partner. Kulim Malaysia Bhd is looking into the possibility of investing US\$20 million to produce and supply biofuel on a joint venture basis with a European partner next year, its managing director Ahamad Mohamad said. (Source: *Biznewsdb*)

Ranhill : First and final dividend. Ranhill Bhd proposed a first and final gross dividend of 1.5 sen per share for financial year ended 30 June 2005. Ex-date is 11 November 2005. (Source: *Bursa Malaysia*)

Excelcomindo Expects 2005 Loss to Widen on Weakening Rupiah. PT Excelcomindo Pratama, Indonesia's third-biggest cellular company, expects its net loss net loss in 2005 may widen to 204.63 billion rupiah (\$20 million) from 45.3 billion rupiah in 2004. This is due to a weakening rupiah which makes its dollar-denominated debt more expensive to repay. Excelcomindo is partly owned by Malaysia's Khazanah Nasional Bhd. (Source: *Bloomberg*)

Analyst Briefing

Date	Company	Time	Venue	Contact Person & No.	RSVP by
06 Oct 05	Genetec Technology Bhd	10.00am	Le Meridian Hotel Kuala Lumpur	Ms. Josaphine Wan Tel: 03-2032 2328	04 Oct 05
11 Oct 05	LCL Corporation Bhd	10.00am	Ritz-Carlton Hotel Kuala Lumpur	Ms. Josaphine Wan Tel: 03-2032 2328	07 Oct 05
11 Oct 05	Carlsberg Brewery (M) Bhd*	3.00pm	Carlsberg HQ Shah Alam	Ms. Pearl Lai Tel: 03-5522 6408	07 Oct 05

* New addition

Note:

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- BUY** Price appreciation in excess of 10% expected in the next 12 months
- SELL** Price depreciation in excess of 10% expected in the next 12 months
- TRADINGBUY/SELL** Significant price movement expected in the next 3-months arising from positive/negative newsflow e.g. mergers and acquisition, corporate restructuring, and potential of obtaining new projects.
- AVOID** Uncertainty in newsflow.

Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

Some common terms abbreviated in this report (where they appear):

adex = advertising expenditure	FCF = free cashflow	PE = price earnings
BV = book value	FV = fair value	PEG = PE ratio to growth
CAGR = compounded annual growth rate	FY = financial year	PER = PE ratio
capex = capital expenditure	FYE = financial year end	qoq = quarter-on-quarter
CY = calendar year	mom = month-on-month	ROA = return on asset
DCF = discounted cashflow	NAV = net asset value	ROE = return on equity
DPS = dividend per share	NTA = net tangible asset	ROS = return on shareholders' funds
EBIT = Earnings before interest and tax	P = price	WACC = weighted average cost of capital
EBITDA = EBIT, depreciation and amortisation	p.a. = per annum	yoy = year-on-year
EPS = earnings per share	PAT = Profit after tax	ytd = year-to-date
EV = enterprise value	PBT = Profit before tax	