

25 January 2007

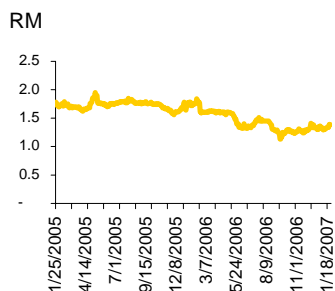
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**Potential Catalyst**  
Increased activities in the East  
Coast oil fields, M&A exercise

**Company Description**  
The sole petroleum supply base  
operator in Peninsular Malaysia.

Shares Issued (m)	165.1
Market Cap (RM m)	227.8
3-mth Avg Daily Volume (m)	0.1
<b>Major Shareholders</b>	<b>%</b>
Perbadanan Memajukan Iktisad Negeri Terengganu	39.2
Lembaga Tabung Haji	20.9
Tis' Ata' Ashar Sdn Bhd	3.9

**Price Chart (RM1.38)**



**Price Performance**  
52-week High/Low RM1.9 / RM1.12

1-mth	3-mth	6-mth	1-yr	YTD
2.2	11.3	(5.5)	(20.7)	3.8

# Eastern Pacific Industrial Corporation

**Exposure to Petronas' Eastern Corridor 'plays'**

**BUY**

**Target Price: RM1.75**

- We initiate coverage on Eastern Pacific Industrial Corporation Bhd (EPIC) with a 12-month target price of RM1.75, based on a 10x FY07 earnings multiple.
- The sole owner, manager and operator of the petroleum supply base in Peninsula Malaysia, EPIC offers investors a 'unique' exposure to the Petronas Eastern Corridor play.
- EPIC offers sub-PERs vis-à-vis its peers, backed by undemanding valuations (i.e. PER, NTA, cashflow/ share) and attractive dividends to boot, with yields in excess of 6%. Ex-cash, the stock trades at an FY07 PER of just 6x.

**Cheapest O&G play in Malaysia.** EPIC, via the 130-ha Kemaman Supply Base (KSB) in Terengganu, is the owner and operator of the only petroleum supply base in Peninsular Malaysia. Coupled with its 61% stake in Kemaman Port and a 95% stake in Tubex (a pipe threading and ancillary service provider), EPIC offers sub-PERs vis-à-vis its peers, trading at an undemanding 8x FY07 earnings. Ex-cash, this falls even lower, to just 6x. Notwithstanding that, EPIC also trades below its current NTA/ share of RM1.48.

**A direct exposure to the Eastern Corridor O&G play.** EPIC will be a direct beneficiary of rising O&G activities off Peninsular Malaysia. Petronas is committed to invest some RM44b over the next 5 years, from 2006-10 to develop an O&G hub, in anticipation of higher energy demand.

**Doorway to hidden values.** We rate EPIC a BUY for its undemanding valuations, steady growth prospects and attractive dividend yields. EPIC is financially healthy, sitting on a net cash pile of RM56m or RM0.34 per share as at Sep 2006. With potential for a capital management exercise, there may be further upside to dividends, which are already attractive with yields in excess of 6%.

Year End Dec	FY04A	FY05A	FY06F	FY07F	FY08F
Turnover	80.1	84.3	103.0	132.1	145.7
EBITDA	35.9	37.7	39.4	49.1	55.3
Pretax Profit	31.3	13.0	11.3	41.6	47.2
Net Profit	23.4	2.3	2.0	28.6	32.9
Net Profit ex. EI	25.0	20.6	22.9	28.6	32.9
EPS (sen)	14.5	1.4	1.2	17.3	20.0
EPS (sen) ex. EI	15.2	9.4	10.3	17.3	20.0
Net profit Gth (%)	32.5	(17.5)	11.3	24.8	15.1
PE ex-EI (x)	9.1	14.6	13.3	8.0	6.9
EV/EBITDA (x)	4.3	5.0	4.5	3.4	2.6
DPS (sen)	7.0	17.0	6.0	7.5	8.5
Div Yield (%)	5.1	12.3	4.3	5.4	6.2
Net Gearing (%)	cash	cash	cash	cash	cash
ROAE (%)	17.3	0.9	0.8	10.4	11.0
Book Value (RM)	1.67	1.46	1.55	1.68	1.83
P/Book Value (x)	0.8	0.9	0.9	0.8	0.8

**Cheapest O&G play in Malaysia.**

**EPIC is the cheapest O&G play in Malaysia**, offering undemanding valuations, as it trades at 8x FY07 earnings (and just 6x FY07 earnings ex-cash) against its peers which trade at 15-22x FY07 earnings. EPIC also trades below its current NTA/ share of RM1.48, and offers steady growth prospects and attractive dividends with yields in excess of 6%.

**Peer comparison**

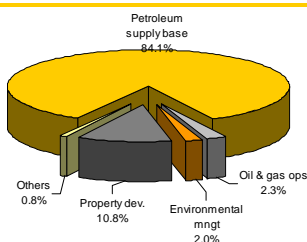
Company	YE	Price	TP	Rec	EPS (sen)		PER (x)	
					2007	2008	2007	2008
KNM	Dec	10.10	14.00	STR. BUY	66.7	96.4	15.1	10.5
Tanjung Offshore	Dec	3.72	4.00	BUY	17.1	19.9	21.8	18.7
Alam Maritim	Dec	3.44	4.00	BUY	22.8	29.5	15.1	11.7
Wah Seong	Dec	2.40	2.60*	BUY	16.3	20.5	14.7	11.7
EPIC	Dec	1.38	1.75	BUY	17.3	20.0	8.0	6.9

Note: \* Under review, Source: Aseambankers

**Sole provider of petroleum supply-base services in Peninsular Malaysia.** EPIC is licensed by the Customs Act to be the sole owner, manager and operator of the petroleum supply base in Peninsular Malaysia, via the Kemaman Supply Base (KSB). The port, located on a 130-ha site in Terengganu is specially designed and developed as a storage and logistics base to cater to the offshore oil & gas (O&G) exploration activities there.

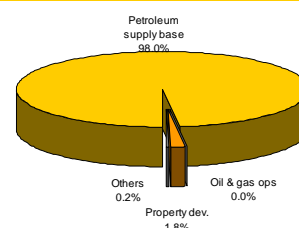
**Petroleum supply-base operations - a key contributor to earnings.** The petroleum supply-base operation has been the key driver of EPIC's earnings, consistently accounting for over 80% and 90% of the Group's revenue and gross profit, whilst complementary businesses such as property management, IT-related services and environmental management services play a secondary role to the Group's earnings.

**Revenue breakdown by operations**



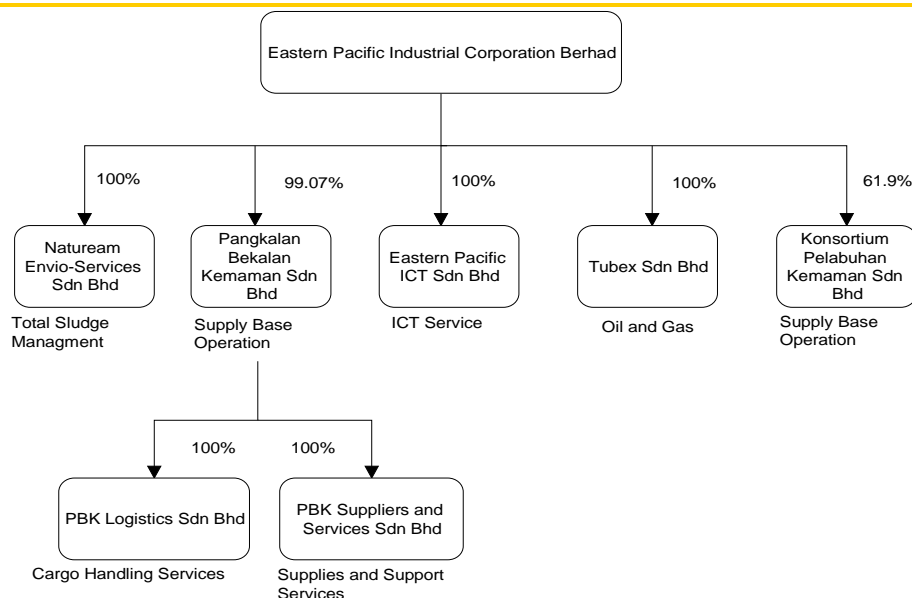
Source: Company, Aseambankers

**Gross profit breakdown by operations**



Source: Company, Aseambankers

### Corporate structure



Source: Company, Aseambankers

**KSB houses over 208 tenants**, and it provides various services to 67 offshore facilities. Petronas Carigali Sdn Bhd (PCG) is KSB's largest client, accounting for 20% of Group revenue, whilst other oil majors, namely ExxonMobil Exploration and Production Malaysia Inc (EPMI), Talisman, Murphy Oil and Carigali Triton have contributed about 30-40% of KSB's revenue in the past few years.

**Rising traffic at KSB = rising profits.** Operationally, revenue generated from the petroleum supply base division is tied to the increased level of oil & gas activities in the East Coast of Peninsular Malaysia, as rising trade activities would translate into higher demand for its facilities and services from petroleum production and exploration-related companies.

**Statistics are improving.** This is reflected in the:-

- (i) increase in rental rates lots,
- (ii) arrival of new companies operating at the yard,
- (iii) increase in number of ship calls and
- (iv) increase in cargoes handled at the port every year.

**Occupancy rates on the rise.** Occupancy rate for its Phase 1 yard (57-ha) is at near full tenancy (>90%) whilst utilisation rates for open yard Phase 2 (73-ha) has improved from 19% in 2002 to 74% in 2005.

**Clientele-base expanding.** In addition, the number of companies operating at the supply base has also increased over the past few years to over 215 now.

**Ship calls & cargoes handled have been growing.** The number of ship calls has increased to 4,200 now (2005: 3,830) whilst cargo-handling activities grew from >750,000 MT in 2005 to >850,000 MT currently.

The facilities offered at KSB on a rental basis are as follows:

Services	Description
<b>Berthing facilities</b>	Quay - Able to handle 5-6 sunnly vessels at any given time Twin finger jetty - Additional berthing facilities to lay up 6 more vessels
<b>Rental facilities</b>	Office space: Admin A – 2,015sqm, B – 2,771sq m, C – 1,829sq m Warehouses: General – 56,155 sqm (19 units) Specialised - 1,158 sqm (1 unit) Open yards: (290,941sq m) Cemented open yard: (18,182sq m) Phase II yard: (449,045 sq m)
<b>Cargo handling services</b>	Mobile crane (16 units) Forklift truck (32 units) Prime mover (16 units) Trailer (16 units) Low-loader (1 unit)
<b>Other facilities</b>	Bunkering facilities Silos (2000cu m) for blending storage & transfer mud materials Supply of potable and drilling water 24-hours security services (auxiliary police)

Source: Company, Aseambankers

### Investment in Vela

**The 'infamous' investment in Vela.** On 4 Feb 2004, EPIC subscribed for a 13.1% stake in Aurado Energy Inc (Aurado) for C\$10.5m (RM33.6m), or C\$0.158/ share via Vela Financial Holdings (Vela) as part of its overseas investment strategy. The investment exercise included a 'Put Option' as its exit strategy in the event conditions became adverse to EPIC's financial interests.

**Exercised its put option.** Soon after, a change in EPIC's Board of Directors resulted in a decision to exercise its put option on Vela following discouraging due diligence results on the investment. The management concluded that the Aurado drilling and exploration program failed to yield encouraging results following numerous visits to the Caspian region.

**Vela failed to honour Put exercise.** However, Vela failed to honour its commitment despite numerous promises to do so. As a consequence, EPIC decided to commence legal action and sought redress by referring the matter to the London Court of International Arbitration in Dec 2004. Subsequently, the court ruled in favour of EPIC and efforts are being pursued to recover the sum owed by Vela. The case remains unresolved and EPIC has since made RM28.6m in provisions up to 3Q 2006.

### Acquisition of Tubex

**Acquired 95%-stake in Tubex in 2005.** Undeterred by the Vela debacle, EPIC acquired a 95% equity stake in Tubex Sdn Bhd (Tubex) for RM18.5m in 2005 as part of its long-term program to expand its operations. Tubex principally provides pipe threading and ancillary services, specialising in threading and cutting of tubular, casing and down hole equipment used in oil & gas offshore drilling activities, as well as tubular inspection and maintenance services.

**Tubex's fortune is tied to the prospects of oil & gas drilling activities in Malaysia** and is a localised business with no foreign participation. Hence, barriers to entry are moderately high, restricted by Government's policy. There is, nevertheless, some element of domestic competition from the likes of Scomi Engineering Berhad, Kejuruteraan Samudra Timur via a 70% stake in Sobena Offshore Inc and UMW Citra Maju Sdn Bhd, which holds a 30% stake in UCM Oil-Tex Threading Ltd, a company that is also involved in threading operations, albeit in Thailand.

#### **Privatisation of Kemaman Port**

**Privatisation exercise of Kemaman Port concluded on 11 Sep 2006.** Following the Cabinet's approval, EPIC entered into a shareholders agreement with Road Builder (M) Holdings Bhd (RBH) for the privatisation of Kemaman Port with a 60-year concession period that included the East Wharf and Liquid Chemical Berth (LCB) via Konsortium Pelabuhan Kemaman Sdn Bhd (KPK). EPIC and RBH will each have a 61% and 39% stake in KPK respectively with the Government holding 1 preference share, which carries certain special rights.

**A strategic investment.** The Kemaman port is a strategic investment to EPIC as it is strategically sited for easy access to the South China Sea, providing ready passage to the lucrative and fast growing markets in the Asia Pacific region.

**Details on East Wharf...** The East Wharf has one of the deepest seaports in Malaysia, with a quay 648m in length and a depth of 17m. It is capable of handling vessels up to 150,000 DWT and various types of cargo, dry bulk and liquid bulk. It is also a regional centre for transshipment activities as well as for cargo consolidation & distribution activities.

**...and Liquid Chemical Berth.** Its facilities have been fully completed to cater for the needs of petrochemical industries. The berth is 240m long and is capable of accommodating vessels up to 40,000 DWT with a draught of 11.4m. It also has space available for 50 pipelines and 6 loading arms. These two assets are among the five major terminals at Kemaman Port.

**Perwaja Steel Berhad is the single largest customer of the Kemaman Port,** accounting for over 50% of its earnings.

#### **Management & shareholders**

**Dato' Mohamed bin Awang Tera has been the Chairman of EPIC since Apr 2004.** He holds a Bachelor of Economics (Hons) from University of Malaya and a Fellowship in the Chartered Institute of Logistics & Transport. He has served as the Terengganu State Assemblyman since Mar 2004 and was appointed to the Terengganu State Executive Council (EXCO) as Chairman of Industrial Development and Tourism Committee.

**EPIC's major shareholder is the Terengganu State Government** whereby 39.2% is held by Perbadanan Memajukan Ikhtisad Negeri Terengganu. Lembaga Tabung Haji is the other substantial shareholder with a 20.9% stake.

**Snapshots of EPIC's background**

<b>1981</b>	Established on 17 Jan under the name of Corrugated Carton Products S/B (CCP) and is principally involved in the manufacturing of corrugated carton products.
<b>1990</b>	Converted into a public company on 21 Mar.
<b>1991</b>	Listed on the 2 <sup>nd</sup> Board of the KLSE ( <i>now known as Bursa Malaysia</i> ) on 8 Nov.
<b>1994</b>	Pangkalan Bekalan Kemaman S/B (PBK), an asset owned by the Terengganu State Economic Development Corporation (TSEDC) was injected into CCP. TSEDC emerged as the largest shareholder of CCP with a 40% equity stake.
<b>1995</b>	Transferred to the Main Board on 11 Aug. Allocated a 40% stake in Konsortium Pelabuhan Kemaman S/B (KPK) in Oct.
<b>1996</b>	Changed its name to EPIC on 5 Mar.
<b>1998</b>	Disposed its corrugated carton business in Nov.
<b>2001</b>	Disposed its 70% stake in EPIC-Babena S/B, which was involved in the construction of the State Stadium Project, which was shelved in 2000. Gets approval from the Economic Planning Unit (EPU) to subscribe for a lower 36% equity stake in KPK in Mar.
<b>2003</b>	Signed an agreement with the Terengganu State Government and the Dungun District Council on 13 Oct to acquire 4.5ha for the development of Pusat Niaga Paka.
<b>2004</b>	Subscribed for a 13.1% stake in Aurado for C\$10.5m @ C\$0.158/share on 4 Feb. Announced a 1-for-1 bonus issue in Mar, raising share capital from 80.7m to 162.4m. Exercised its put option against Vela Financial Holdings Ltd (Vela) on 29 July. Gets EPU approval to raise its stake in KPK to 51% in Nov following the transfer of the equity stake from Permodalan Terengganu S/B to EPIC. The other major shareholders of KPM are Road Builder (M) Holdings Bhd (39%) & Perwaja Steel S/B (10%).
<b>2005</b>	Acquired 95% of Tubex for RM18.5m
<b>2006</b>	Entered into a privatization exercise for Kemaman Port, with EPIC holding a 61% equity stake in KPK

Source: Company, Aseambankers

### A direct exposure to the Eastern Corridor O&G play.

**A direct beneficiary of Petronas-led Eastern Corridor development.** We foresee EPIC directly benefiting from the rising O&G activities off Peninsular Malaysia, driven by Petronas' pursuit in developing the sector as an Eastern Corridor hub on the back of strong crude oil and gas prices. Based on the 9<sup>th</sup> Malaysia Plan (9MP) Petronas is committed to invest RM44b over the next 5 years, from 2006-10 in anticipation of higher energy demand. We suspect spending will be centred around the downstream and petrochemicals sector.

### Snapshots of the upcoming O&G activities off Peninsular Malaysia

Project	Location	Client / owner
Block B17	M'sia Thai JDA	PCG-PTTEPI
J14-D21	Off Peninsula Malaysia	PCG
Bergading	Off Peninsula Malaysia	PCG
Bekok D	Off Peninsula Malaysia	PCG
Penara II	Off Peninsula Malaysia	Newfield
Bunga Kamelia	Off Peninsula Malaysia	CS Mutiara
Bunga Ketung	Off Peninsula Malaysia	CS Mutiara
MLLTB	Off Peninsula Malaysia	PCG

Source: Various, Aseambankers

**New field discoveries will spur further development.** Notwithstanding that, discoveries of new oil & gas fields off the East Coast of Peninsular Malaysia will lead to greater activities at the port. Among recent findings are:-

- (i) **Anding Utara.** Petronas Carigali Sdn Bhd has discovered oil in the basement of an exploration well (Anding Utara-1) drilled within the Southern Malay basin offshore Terengganu, the 1st such discovery in Malaysia. Anding Utara is located within the Malong-Sotong-Anding Production Sub-block of Block PM12.
- (ii) **Bumi-South & Bunga Zetung.** Petronas Carigali and Shell have jointly discovered a new gas field at Block PM301.
- (iii) **PM311 & Pertang.** Both were discovered by Murphy Oil in 2004. PM311 is an oil field whilst Pertang is a gas field.

**Tubex to contribute positively in the future.** We expect Tubex to be a more significant contributor to EPIC's earnings in the coming years. We expect Tubex to record higher revenue and gross profit, at RM14m and RM2m respectively in 2007 (2006F: RM11m & RM0.4m) on the back of higher tubular handling assignments.

**Kemaman Port to provide the leap in earnings.** Following the privatisation exercise in 3Q06, Kemaman Port has earmarked c.RM45m for the construction of a new LCB and upgrading works at its existing facilities, providing EPIC the opportunity to accelerate its earnings. We gather that the port operations generated revenue of RM6-7m and pretax profit of RM1-2m for EPIC in 4Q 2006. We expect this to increase to RM25m in revenue and RM5m in pretax in 2007. Earnings are expected to expand as Kemaman Port increases its client's base and port activities.

**Kemaman Bitumen Group and Grange Resources to increase Kemaman Port's activities.** The former recently agreed to take 2m tonnes of cargo via Kemaman Port from 2007 whilst EPIC is in talks with the latter to handle 2m tonnes of iron steel pellets.

**Not ruling out EPIC acquiring the remaining 39% stake in KPK.** This is a distinct possibility following the proposed sale of RBH to IJM Corporation.

**Eyeing overseas opportunities.** We understand that EPIC has been engaged by several overseas parties to set up supply bases in Indonesia. We are excited that EPIC is seeking opportunities to expand its business operations overseas and transfer its expertise beyond Malaysia. The progression is a clear testament of EPIC's expertise and experience in running a petroleum supply base after having managed the Pangkalan Bekalan Kemaman in Terengganu successfully over the past few years.

**Vela will not drag earnings from 2007 onwards.** The provisions made for non-performance of the put option in its acquisition of Vela will end in 4Q 2006. Recall that EPIC provided RM15m in 4Q 2005, RM3m in 1Q 2006 and RM5m each in 2Q & 3Q 2006, totalling RM28m. EPIC is expected to provide the remaining RM5m in 4Q 2006. As such, there will be no further provisions in EPIC's earnings arising from the Vela acquisition from 2007 onwards.

### Doorway to hidden values.

**Strong earnings growth from 2007-08.** We anticipate EPIC to enjoy core net earnings growth of between 9 and 15% in 2007-08, driven mainly by higher contributions at its petroleum supply base, O&G operations (via 95%-Tubex) and port services. We project EPIC to record a net profit of RM29m in 2007 and a higher RM33m in 2008, which translates into EPS of 17 and 20 sen respectively.

**Strong operating cashflow** of over RM22-26m p.a. from 2004-05. With the improving operating outlook, we anticipate EPIC to generate higher cashflow of between RM30-40m in 2007-08.

**Financially healthy.** Notwithstanding that, EPIC is sitting on net cash of RM56m as at Sep 2005 or equivalent to cash/share of RM0.34, which puts EPIC in a prime position to gear up for possible acquisitions that complement its businesses. In addition, EPIC also has RM9m in short term investments.

**Trading below its NTA.** P/E valuations aside, the stock presently trades below its NTA of RM1.48.

**Valuations are undemanding.** EPIC provides the cheapest exposure to the buoyant oil & gas sector at very reasonable valuations. The stock trades at a prospective FY07 PER of only 8x, which is undemanding relative to other O&G service providers listed on Bursa Malaysia.

**Dividend yields are attractive.** Valuations aside, EPIC offers dividend yields in excess of 6-7%, which are attractive. EPIC has a smooth approach to its dividend policy and we note that it has consistently increased its dividend base since 2000.

**Potential upside to dividends.** With potential for a capital management exercise, there may be further upside to dividends, which are already attractive with yields in excess of 6%.

**We rate EPIC a BUY** for its undemanding valuations, steady growth prospects and attractive dividend yields. EPIC offers sub-PERs vis-à-vis its peers, backed by undemanding valuations with attractive dividends to boot, with yields in excess of 6%.

**Target price of RM1.75**, based on an FY07 PER multiple of 10x. Ex-cash, the stock trades at an undemanding FY07 PER of 6x.

**EPIC: Income Statement**

<b>FY Dec</b>	<b>2004A</b>	<b>2005A</b>	<b>2006F</b>	<b>2007F</b>	<b>2008F</b>
Turnover	80.1	84.3	103.0	132.1	145.7
Cost of goods sold	-27.7	-33.8	-45.1	-62.0	-68.3
Gross profit	52.4	50.5	57.9	70.1	77.3
Other ope. (exp)/ Inc.	-22.8	-20.5	-27.0	-30.0	-32.0
EBIT	29.5	30.0	30.9	40.1	45.3
Net int (exp)/ Inc	3.3	1.4	1.3	1.5	1.9
Associates & JV	0.0	0.0	0.0	0.0	0.0
Exceptional gain/ (loss)	-1.6	-18.3	-20.9	0.0	0.0
Pretax profit	31.3	13.0	11.3	41.6	47.2
Tax	-7.7	-10.5	-8.7	-11.2	-12.3
Minority interest	-0.2	-0.2	-0.6	-1.7	-2.0
Net profit	23.4	2.3	2.0	28.6	32.9
EBITDA	35.9	37.7	39.4	49.1	55.3
Sales Gth (%)	13.6	5.2	22.3	28.2	10.3
EBITDA Gth (%)	-49.1	4.9	4.5	24.7	12.7
EBIT Gth (%)	15.9	1.4	3.1	29.8	13.1
Effective Tax Rate (%)	24.5	80.7	77.0	27.0	26.0

Source: Company, Aseambankers

**EPIC: Segmental breakdown**

<b>FY Dec</b>	<b>2004A</b>	<b>2005A</b>	<b>2006F</b>	<b>2007F</b>	<b>2008F</b>
<b>Sales</b>	<b>80.1</b>	<b>84.3</b>	<b>103.0</b>	<b>132.1</b>	<b>145.7</b>
- Petroleum supply base	67.7	71.0	80.0	88.8	97.9
- Kemaman port ops	0.0	0.0	6.5	25.0	27.5
- Oil & gas ops	0.0	1.9	11.0	13.8	15.8
- Environmental mngt	3.8	1.7	0.0	0.0	0.0
- ICT	0.0	0.0	4.4	4.5	4.5
- Property dev.	7.7	9.1	1.1	0.0	0.0
- Others	1.0	0.7	0.0	0.0	0.0
<b>Gross Profit</b>	<b>52.4</b>	<b>50.5</b>	<b>57.9</b>	<b>70.1</b>	<b>77.3</b>
- Petroleum supply base	48.5	49.5	56.0	62.2	68.5
- Kemaman port ops	0.0	0.0	1.5	5.9	6.5
- Oil & gas ops	0.0	0.0	0.4	2.1	2.4
- Environmental mngt	1.9	0.7	0.0	0.0	0.0
- ICT	0.0	-1.3	0.0	0.0	0.0
- Property dev.	1.0	0.9	0.0	0.0	0.0
- Others	1.0	0.7	0.0	0.0	0.0

Source: Company, Aseambankers

**EPIC: Balance Sheet**

<b>FY Dec</b>	<b>2004A</b>	<b>2005A</b>	<b>2006F</b>	<b>2007F</b>	<b>2008F</b>
Net Fixed Assets	160.2	180.0	181.5	182.5	182.5
Invts in Assocs & JVs	1.0	0.7	3.0	3.0	3.0
Other LT Assets	0.0	9.1	9.7	9.7	9.7
Cash & ST Invts	112.4	52.6	59.2	71.4	92.4
Other Current Assets	35.6	50.6	56.7	66.3	70.8
<b>Total Assets</b>	<b>309.1</b>	<b>292.9</b>	<b>310.0</b>	<b>332.9</b>	<b>358.3</b>
ST Debt	0.0	1.5	0.0	0.0	0.0
Other Current Liab	12.3	11.6	12.5	13.9	14.6
LT Debt	0.0	0.6	0.0	0.0	0.0
Other LT Liab	25.3	27.6	27.6	27.6	27.6
Shareholders Equity	270.0	249.1	265.9	287.0	311.0
Minority Interest	1.5	2.4	4.0	4.4	5.2
<b>Total Cap. &amp; Liab</b>	<b>309.1</b>	<b>292.9</b>	<b>310.0</b>	<b>332.9</b>	<b>358.3</b>

Source: Company, Aseambankers

**EPIC: Cashflows**

<b>FY Dec</b>	<b>2004A</b>	<b>2005A</b>	<b>2006F</b>	<b>2007F</b>	<b>2008F</b>
Net Profit	23.4	2.3	2.0	28.6	32.9
Dep. & amort	6.4	7.7	8.5	9.0	10.0
Chg. In wkg cap	-5.6	-2.5	-5.3	-8.2	-3.8
Other ope. CF	-2.0	19.0	22.6	1.7	2.0
<b>Operating CF</b>	<b>22.2</b>	<b>26.5</b>	<b>27.8</b>	<b>31.2</b>	<b>41.1</b>
Net capex	-13.5	-33.4	-10.0	-10.0	-10.0
Chg in LT inv	-32.0	0.1	0.0	0.0	0.0
Chg in oth assets	3.9	1.7	0.0	0.0	0.0
<b>Investment CF</b>	<b>-41.6</b>	<b>-31.5</b>	<b>-10.0</b>	<b>-10.0</b>	<b>-10.0</b>
Net chg in debt	0.0	-0.1	-2.1	0.0	0.0
Chg in other LT liab.	-6.4	-23.2	-7.4	-8.9	-10.1
Oth. Financing CF	0.0	0.8	0.0	0.0	0.0
<b>Financing cash flow</b>	<b>-6.4</b>	<b>-22.5</b>	<b>-9.5</b>	<b>-8.9</b>	<b>-10.1</b>
Net cash flow	-25.8	-27.6	8.3	12.3	21.0

Source: Company, Aseambankers

## Definition of Ratings

Aseambankers uses the following rating system:

<b>STRONG BUY</b>	Total return is expected to exceed 20% in the next 12 months
<b>BUY</b>	Total return is expected to be between 10-20% in the next 12 months
<b>HOLD</b>	Total return is expected to be between above 0% to 10% in the next 12 months
<b>FULLY VALUED</b>	Total return is expected to be between -10% and 0% in the next 12 months
<b>SELL</b>	Total return is expected to be below -10% in the next 12 months
<b>TRADING BUY/SELL</b>	Significant price movement expected in the next 6 months arising from positive/negative newsflow e.g. mergers and acquisition, corporate restructuring, and potential of obtaining new projects

## 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 assets	ROSF = 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	

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