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At a Glance

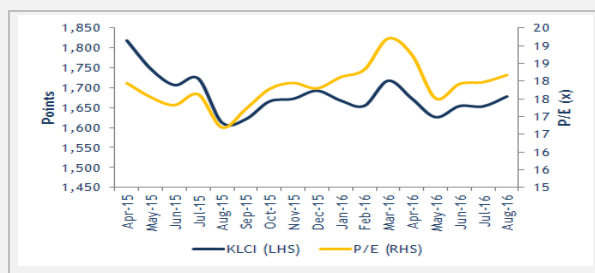
The FBM KLCI rose 6.42 points to 1,671.31 on the back of better liquidity and a weaker US dollar.....(See full report next page)

Corporate Highlights

- **Digi (CP: RM4.92):** Posts RM375mil Q4 net profit, declares 4.8 sen dividend
- **Aemulus (CP: RM0.24):** Buys Penang land, plans RM25m investment
- **TMC Life (CP: RM0.94):** Aims for income rise from foreign medical tourism

Economic Update

- **German:** Plans to close tax loophole for foreign firms
- **Mexico:** Set to 'mirror' policy on any U.S. trade tax change
- **England:** Bank of England to keep rates on hold until 2019 at least

**Bursa Malaysia**

	Close	Change+/-	(+/- %)
FBMKLCI	1,671.31	6.42	0.39
FBMEMAS	11,699.57	31.02	0.27
FBMEMAS SHA	12,193.78	35.84	0.29
FBM100	11,404.32	31.78	0.28
Volume (mn)	1,527.51	-52.86	-3.34
Value (RMmn)	1,807.31	214.99	13.50
FBMKLCI YTD Chg			1.80

Daily Trading Position (RM'mn)

	Participation (%)	Net(RMm)
Institution	71.3	-20.0
Retail	13.0	10.6
Foreign	15.7	9.4

Top Gainers

	Close	Change+/-	(+/- %)
PANASONIC MAN	31.90	0.40	1.27
LPI CAPITAL BHD	17.10	0.34	2.03
BRIT AMER TOBAC	44.42	0.32	0.73

Top Losers

	Close	Change+/-	(+/- %)
UMS HLDGS BHD	2.72	-0.28	-9.33
DUTCH LADY MILK	54.88	-0.20	-0.36
HONG LEONG IND	9.47	-0.19	-1.97

World Indices

	Close	Change+/-	(+/- %)
DJIA	19,799.85	-27.40	-0.14
NASDAQ	5,552.94	-2.39	-0.04
S&P 500	2,265.20	-6.11	-0.27
FTSE 100	7,151.18	-47.26	-0.66
DAX	11,545.75	-84.38	-0.73
Nikkei 225	18,891.03	-48.60	-0.26
HSI	22,898.52	12.61	0.06
KOSPI	2,065.99	-4.12	-0.20
STI	3,025.48	14.40	0.48
KLCI Futures	1,667.50	3.00	0.00
USDMYR 3M	10.34	0.02	0.00
USDMYR 6M	10.68	0.00	0.00
USDMYR 12M	11.19	0.00	0.00

Other Key Economics Data

	Close	Change+/-	(+/- %)
WTI (USD/bbl)	53	0.1	0.2%
Brent (USD/bbl)	55.2	-0.3	-0.5%
Gold(USD/ounce)	1,218	-0.6	0.0%
Coal (USD/mt)	83.7	-0.1	-0.2%
CPO (RM/mt)	3,096	-5.0	-0.2%
Rubber	252	0.0	0.0%
RM/USD	4.43	-0.007	0.16%
EUR/USD	0.93	0.0004	0.04%
YEN/USD	112.79	0.08	-0.07%

What To Expect

U.S. Market

- The Dow Jones Industrials Average lifted 94.85 points to 19,827.25 while S&P 500 and Nasdaq both rose 7.62 points and 15.25 points to 2,271.31 and 5,555.33, respectively. North American stock markets closed on a high note Friday, though investors who have been seeking clarity for weeks from Donald Trump got little of it during his inaugural address as president.
- The FBM KLCI rose 6.42 points to 1,671.31 on the back of better liquidity and a weaker US dollar. There were 322 gainers and 467 decliners in total value traded of RM1.81 billion.
- Among the advancers on Bursa Malaysia were Panasonic which rose 40 cent to RM31.90, LPI Capital ended higher 34 cent to RM17.10 and BAT gained 32 cent to RM44.42.

CORPORATE HIGHLIGHTS

Digi (CP: RM4.92): Posts RM375mil Q4 net profit, declares 4.8 sen dividend

Digi.Com Bhd posted a net profit of RM374.62mil in the fourth quarter ended Dec 31, 2016 compared with RM382.36mil a year ago. The telco saw its revenue declined marginally to RM1.66bil in the fourth quarter against RM1.72bil previously. Digi's board of directors declared fourth interim dividend of 4.8 sen per share equivalent to RM373mil, payable to shareholders on March 31, 2017. This summed up to a total of 20.9 sen dividend per share for the full year, equivalent to RM1,625mil. For the full financial year ended Dec 31, 2016, Digi posted a net profit of RM1.63bil, or earnings per share of 21 sen on revenue of RM6.59bil. (Source: The Edge)

Aemulus (CP: RM0.24): Buys Penang land, plans RM25m investment

Aemulus Holdings Bhd plans to invest RM25mil in research and development (R&D) over the next three years following the purchase of a piece of land in the Bayan Lepas industrial estate, Penang. Aemulus, which designs and assemble automated test equipment and test and measurement instruments, said on Monday it was buying 1.62 acres of land in the industrial park for RM9.93mil. It had signed a sale and purchase agreement with the Penang Development Corporation to buy the land, which works out to RM140 per sq foot. This was based on the strategic location and prevailing market value of the same in the area surrounding the land. (Source: The Edge)

TMC Life (CP: RM0.94): Aims for income rise from foreign medical tourism

Healthcare provider, TMC Life Sciences Bhd, aims to increase its income from foreign medical tourism to 25% by 2020 from 10%. Executive director/group chief executive officer Roy Quek, however, said, the company would still depend on its hospital project in Iskandariah, Johor Baru, and the expansion of the Kota

Damansara Tropicana Medical Centre, to add on capacity, thus attracting more patients. "Hopefully, the expansion projects in Kota Damansara and Johor Baru will take off as we are waiting for the building permit approvals. "We really hope that both projects can start this year and be completed by 2020," he told reporters after the company's AGM here yesterday. *(Source: The Edge)*

TMC (CP: RM0.94): Posts 32.93% increase in 1Q net profit

TMC Life Sciences Bhd posted a 32.93% increase in net profit to RM4.44 million in its first quarter ended Nov 30, 2016 from RM3.34 million a year ago. Profitability was boosted mainly by higher revenue, which was registered at RM36.2 million, up 15.54% from RM31.33 million in the previous year. "Higher revenue was mainly due to higher patient load supported by additional bed capacity, additional consultants recruited and higher growth in the fertility business," TMC said in a filing with Bursa Malaysia today. Going forward, the group said the prospects for private healthcare in Malaysia and Asia remain positive, driven by democratic and lifestyle changes as well as growing middle-class affluence. *(Source: The Edge)*

Tower REIT (CP: RM1.20): 4Q16 net property income drops 31.9%

Tower Real Estate Investment Trust (REIT) reported a 31.9% fall in net property income for the fourth financial quarter ended Dec 31, 2016 (4QFY16) to RM4.34 million from RM6.7 million a year earlier. The trust declared a final income distribution of 3.73 sen per unit, payable on Feb 28. Profit slumped 86.54% to RM4.19 million or 1.42 sen per unit from RM11.09 million or 3.95 sen per unit in 4QFY15. The decline was mostly due to major building maintenance exercise as well as lower quarterly revenue, Tower REIT said in a bourse filing today. Revenue slid 4.11% to RM8.9 million from RM9.29 million in 4QFY15 on the back of decreasing occupancy rate following lower demand, as well as the "huge amount of newly completed office space, which is yet to be fully physically occupied", said Tower REIT. *(Source: The Edge)*

SMTrack (CP: RM0.045): Proposes capital reduction to rationalise balance sheet

SMTrack Bhd has proposed a par value reduction and share consolidation exercise to reduce its accumulated losses, with the credit arising from the cancellation of share capital, in a bid to rationalise its balance sheet. In a bourse filing, SMTrack proposed the cancellation of 7.5 sen of the par value of 10 sen each to 2.5 sen. Subsequently, the company proposed the consolidation of every four shares of 2.5 sen each into one new SMTrack share of 10 sen each. "The proposed share consolidation will also enable the company to optimise its capital structure by reducing the number of SMTrack shares subsequent to the proposed capital reduction," it said. *(Source: The Edge)*

Ecofirst (CP: RM0.27): 2Q net profit halves on-year amid lower billings

Ecofirst Consolidated Bhd's net profit fell 55% to RM5.23 million or 0.65 sen per share in its second quarter ended Nov 30, 2016 (2QFY17), from RM11.74 million or 1.61 sen per share a year earlier (2QFY16), as topline declined 49%. Revenue came in at RM12.07 million, compared with RM23.63 million a year ago, its bourse filing today showed. For the cumulative six months (1HFY17), net profit shrank 53% to RM6.56 million from RM14.08 million in 1HFY16, while revenue

for the period fell 37% to RM29.61 million from RM46.96 million. Ecofirst said the lower performance for the cumulative period was due to lower billings from the Upper East @ Tiger Lane project, and higher marketing costs incurred for the early stages of Phase 1 of the Ampang Ukay project. (Source: *The Edge*)

LKL (CP: RM0.245): Eyes more healthcare related business, buys laser tube cutting machine

Medical beds supplier LKL International is buying a fully automated laser tube cutting machine for €830,000 (RM3.96 million) as part of its efforts to expand its business in the healthcare industry. In a filing with Bursa Malaysia today, LKL said it is buying the TruLaser Tube 5000 Fiber machine from the Germany-based Trumpf Group through the latter's wholly-owned subsidiary Trumpf Malaysia Sdn Bhd. LKL managing director Lim Kon Lian said the local medical device market was estimated to be worth US\$1.7 billion (RM7.54 billion) in 2015, and this represents 25% of the total healthcare expenditure in Malaysia. (Source: *The Edge*)

ECONOMIC UPDATES

German: Plans to close tax loophole for foreign firms

Chancellor Angela Merkel's cabinet is expected to approve a measure on Wednesday to close a tax loophole used by foreign companies operating in Germany, according to legislation drafted by finance ministry and viewed by Reuters on Monday. The legislation, which would still need approval by the German parliament, is expected to take effect from 2018 and result in 30 million euros in additional income for German federal, state and local governments, according to the draft. The legislation calls for tightening rules that allow deduction of certain internal expenses to discourage firms from transferring patents, licences, concessions and market rights to other countries that either apply low taxes or none at all. (Source: *The Edge*)

Mexico: Set to 'mirror' policy on any U.S. trade tax change

Mexico's economy minister said his country was ready to renegotiate trade rules with the United States and that any change in U.S. tax policy that affected imports would have to be countered with a "mirror action" in Mexico. U.S. President Donald Trump told a meeting with U.S. executives on Monday that companies would face a "major border tax" if they shifted jobs outside the United States. Such a measure could affect Mexico's exports to the United States, its top trading partner. "If there is any action that punishes imports to the North American market and encourages U.S. exports, you have to reflect it in a mirror action to counteract the change of incentives that this would make for activity and investment in Mexico," Economy Minister Ildefonso Guajardo said in an interview in the newspaper *El Universal* on Monday. (Source: *Reuters*)

England: Bank of England to keep rates on hold until 2019 at least

The Bank of England will leave its record-low interest rates and other stimulus measures unchanged at least until 2019, even though it is likely to revise up its

but one of the 67 economists polled by Reuters in the last few days said the Bank would keep its policy unchanged when it announces the outcome of the latest meeting of its rate-setters on Feb. 2. After Britain voted last June to leave the European Union, the Bank cut borrowing costs to a record low of 0.25 percent and restarted its quantitative easing program as it responded to initial signs that the economy was slowing sharply. (Source: Reuters)

Russia: Beats Saudi Arabia as China's top crude oil supplier in 2016

Russia overtook Saudi Arabia in 2016 to become China's biggest crude oil supplier for the first year ever, customs data showed on Monday, boosted by robust demand from independent Chinese "teapot" refineries. Russian shipments surged nearly a quarter over 2015 to about 1.05 million barrels per day (bpd), the data showed, with Saudi Arabia coming in a close second with 1.02 million bpd, up 0.9 percent in 2016 versus the previous year. China is the world's second-largest oil buyer and the fastest-growing major importer. While Saudi Arabia counts China's state oil firms as backbone clients through long-term supply contracts, China's independent refineries - nicknamed "teapots" due to their smaller processing capacity - saw Russia as a more flexible supplier. (Source: Reuters)

Slovenia: Consumer confidence indicator at least negative ever

Slovenia's consumer confidence indicator rose to an all-time-high in January, the national statistics office said on Monday, supporting expectations that the business sentiment indicator, due out this week, will also show an advance. The consumer indicator - first calculated in 1996 - reached minus 3 points, 6 points up on December and 13 points on the same month last year. "The indicator has risen due to improved expectations regarding unemployment, the country's economy and households' finances while expectations regarding savings remained unchanged (versus the previous month)," the office said. (Source: Reuters)

Saudi: Inflation plunge aids government in fight to tame deficit

A plunge in Saudi Arabia's inflation rate, to its lowest level in more than 10 years, is good news for the kingdom's efforts to reduce a huge state budget deficit without stifling economic growth. Annual consumer price inflation slowed to 1.7 percent in December from 2.3 percent in November, the Central Department of Statistics reported on Monday. On a month-on-month basis inflation was negative, with prices dropping 0.5 percent. Much of the decline was due to lower food prices, which fell 4.3 percent from a year earlier. The desert kingdom imports many basic foods; its costs were reduced by soft global food prices and the Saudi riyal's peg to the U.S. dollar, which has been strong globally. (Source: Reuters)

South Korea: Acting president asks businesses to boost investment

South Korea's acting president Hwang Kyo-ahn asked the country's businesses to aggressively boost investment and innovation to create jobs and lead an economic recovery amid uncertainties inside and outside the country. "The government feels much regret at having burdened you all and not having provided more support and encouragement," Hwang said in a New Year's address, speaking in the stead of President Park Geun-hye. (Source: Reuters)

M&A Securities

STOCK RECOMMENDATIONS

BUY	Share price is expected to be $\geq +10\%$ over the next 12 months.
TRADING BUY	Share price is expected to be $\geq +10\%$ within 3-months due to positive newsflow.
HOLD	Share price is expected to be between -10% and $+10\%$ over the next 12 months.
SELL	Share price is expected to be $\geq -10\%$ over the next 12 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT	The sector is expected to outperform the FBM KLCI over the next 12 months.
NEUTRAL	The sector is expected to perform in line with the FBM KLCI over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform the FBM KLCI over the next 12 months.

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