

The Edge Malaysia

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Malaysian AE Models Bhd (Jan 27, 85 sen)

BUY. Maemode posted an impressive set of second-quarter results ended Nov 30, 2005 which saw revenue increasing by 70.5% to RM58.27 million from RM34.18 million a year ago. The increase is attributed to stronger demand for the group's automated handling, sorting and retrieving systems as well as bulk handling material systems which were delivered during the current quarter. Business from China and Indonesia is gaining significance as the company begins to establish itself.

Maemode's overall results were well within our expectations. For the first half ended Nov 30, 2005, net profit increased 34.8% to RM4.83 million from RM3.58 million previously. Revenue also increased 42.2% to RM105.4 million from RM 74.1million a year ago. The basic earning per share increased to 5.07 sen versus 3.76 sen in the previous corresponding period. We are maintaining our "buy" call on Maemode based on its niche in materials handling and automation systems, strong support from overseas clients, and strong working capital. We have fairly valued Maemode at RM1.86 based on a prospective EPS for FY2006 of 12.42 sen (basic EPS) pegging a PER of 15 times. — SJ Securities (Jan 26)

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