



Morning Buzz

Kim Eng Research Team

US Indices

	Close	Change (%)
Dow	8,443.39	4.93
Nasdaq	1,472.02	6.33

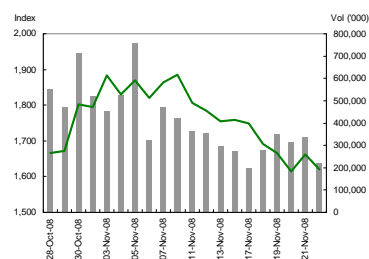
Futures/Regional Indices

	Close	Change (%)
S&P	850.00	0.24
Nasdaq	1,147.25	0.02
Light Crude	54.50	9.15
Nikkei	8,026.06	2.70
KOSPI	970.14	-3.35
All-Ords	3,386.90	0.06

ADRs

	Close
Chartered	0.19
Creative	3.48

STI Chart



Top Actives (<US\$250m Mkt Cap)

	Close	Change (%)
Ezra Holdings	0.550	-7.6
Centillion Environment & Recycling	0.010	100.0
Synear Food	0.205	-2.4
Ausgroup	0.195	-9.3

Today's Top Ideas

- Kingsmen Creatives

News Headlines

- Raffles president stepping down
- China Printing: little chance of parent repaying debt
- Otto launches IPO shares at 51 cents apiece
- SGX and BSE sign consultancy agreement
- CCT shares fall on refinancing jitters
- Craft Print full-year net loss more than doubles

Top Actives

By Volume	Price (\$)	Change (\$)	Change (%)	Vol ('000)
Noble Group Ltd	0.745	0.005	0.7	51,394
Golden Agri-Resources Ltd	0.170	-0.005	-2.9	26,597
Ezra Holdings Ltd	0.550	-0.045	-7.6	24,722
Centillion Environment & Recycling Ltd	0.010	0.005	100.0	20,767
Straits Asia Resources Ltd	0.630	-0.045	-6.7	19,704

By Value	Price (\$)	Change (\$)	Change (%)	Vol ('000)
United Overseas Bank Ltd	11.260	-0.440	-3.8	5,599
DBS Group Holdings Ltd	9.270	-0.330	-3.4	5,189
S'pore Telecommunications	2.480	0.030	1.2	16,165
Noble Group Ltd	0.745	0.005	0.7	51,394
Singapore Exchange Ltd	4.460	-0.200	-4.3	8,089

SEE APPENDIX I FOR IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS

Top Ideas

1. Kingsmen Creatives – Company Update (Pauline Lee, DID: 64321453)

Previous Day Closing price: \$0.335

Recommendation: Buy (Maintained)

Target price: \$0.78 (reduced from \$0.88)

More contracts from Universal Studios

Kingsmen's \$14.5m maiden contract with Resorts World at Sentosa indeed blossomed into larger contract wins from the Universal Studios worth \$59.5m. This involves a contract of \$42.5m to design and build the theme façade, and provide area development works for part of the theme park, and a contract worth \$17m to build the interior fit-out works for the F&B and retail/merchandise outlets within the theme park.

Superior earnings visibility for next 2 years

These 2 contracts which will be completed by Oct 2009 have already constituted 27% of our FY09 revenue forecast. Despite the on-going contract wins, we are lowering our earnings estimates for FY08 and FY09 by 13% and 20% respectively in consideration of adjustment in revenue recognition schedule expectations. Earnings visibility for the next 2 years is clear, led by strong projects pipeline such as the Singapore Grand Prix, the Orchard ION, Universal Studios and recurring interior fit out demand from its renowned client base.

Strengthening regional network to drive sustainable growth

Since the acquisition regional affiliates in Greater China, India and the Middle East in Aug 2007, the group's overseas contributions has now accounted close to 70% of its revenue compared to 40% in FY07. We reckon the group's enlarged regional network will be a sustainable growth engine that opens doors to the limitless events and interior fit out demand globally. Overseas developments have been positive so far as the group benefits from its clients' global expansion (such as Burberry and Apple), and overseas exhibitions such as the Shanghai Expo.

Well-supported by strong balance sheet

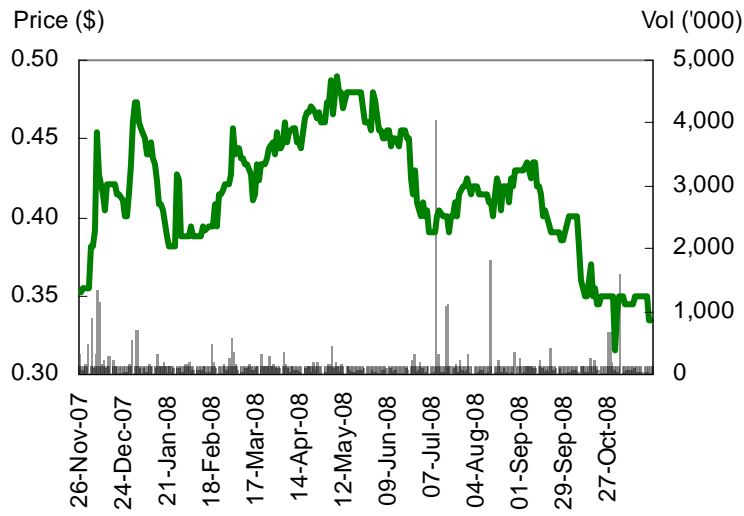
The group is in a net cash position of \$23.9m as at June 2008, generating free cash flow of \$6.4m. Its strong war chest of cash, coupled with steady earnings growth will support the group's generous dividend policy. We estimated the group will be able to pay another 1.5 cents DPS for 2H08, bringing the total DPS for 2008 to 3 cents. This implies an attractive dividend yield of 8.6%.

Rain or shine, the show must go on

Against the doom & gloom, Kingsmen is immersed in sweet spot with mounting contracts from mega projects. At just 5x current PER, less than half the PER of its smaller competitor – Cityneon (12x PER), Kingsmen is clearly an undervalued stock which offers both growth and value.

Year End Dec 31	2006	2007	2008F	2009F	2010F
Sales (S\$ m)	108.9	146.1	185.7	215.5	241.1
Pre-tax (S\$ m)	6.1	12.5	18.4	21.1	24.3
Net profit (S\$ m)	4.9	9.4	11.5	12.7	13.8
EPS (cents)	2.6	4.9	5.9	6.5	7.1
EPS growth (%)	125.0	89.8	20.0	10.4	9.1
PER (x)	12.9	6.8	5.7	5.1	4.7
EV/EBITDA (x)	9.7	4.0	2.5	2.1	2.0
Yield (%)	6.0	9.0	9.0	7.8	8.5

Price Chart



Source: Bloomberg

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Recommendation definitions

Our recommendation is based on the following expected price performance within 12 months:

+15% and above: BUY

-15% to +15%: HOLD

-15% or worse: SELL

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