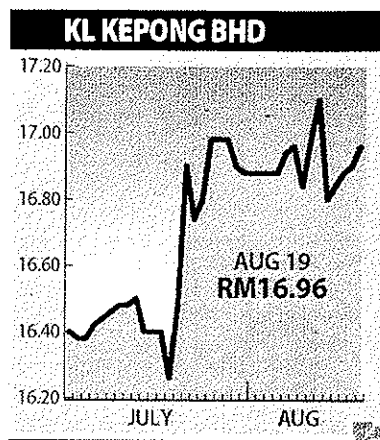


KLK Bhd: Hold, target price RM16.20



ECM Libra Investment Research said it will continue to be neutral on Kuala Lumpur Kepong Bhd (KLK) as the oncoming peak production cycle will cause plantation stock levels in Malaysia to rise and see crude palm oil prices decline slightly in the near term.

The research house said the highlight of the company's third quarter results this week was that Crabtree & Evelyn turned in a profit of RM4.5 million.

"Typically, the company only makes a profit during the year-end Christmas season and records

losses for the remaining three quarters of the financial year."

The group has managed to turn-around the company after downsizing its loss-making US operations, the report read.

Meanwhile, KLK now has the largest tracts of hectareage coming into maturity in Indonesia from plantings that they commenced in early 2002 onwards.

"New maturities do incur additional costs and meaningful earnings contribution will likely only be felt next year," said ECM Libra.