

Fixed Income

Chia Suil Fun
suilfun.c@maybank-ib.com
(603) 2031 4834

Winson Phoon
winsonphoon@maybank-ib.com
(603) 2074 7176

Murabahah-based GII

A new milestone. The Islamic finance industry has been growing rapidly in Malaysia with the enactment of the Islamic Banking Act 1983 and the establishment of the country's first Islamic Bank, Bank Islam Malaysia Bhd. Since 1983, various efforts and incentives have been introduced by authorities to create a conducive environment that fosters the development and transformation of the domestic Islamic finance industry into one of the most developed Islamic finance markets in the world. In 1983, the first Islamic government debt, known as Government Investment Certificate (GIC) was introduced under the concept of Qard al-Hasan to facilitate the Islamic bank's operation and liquidity management. GIC was replaced by the Government Investment Issues (GII) in 2001, an instrument that is based on the Bai Al-Inah principle, to address the non-tradability issue of GIC. In July 2013, the govvy market saw the debut of Murabahah-based GII, setting a new milestone in Malaysia's sovereign sukuk segment. We understand that, going forward, all GII issuances will be based on the Murabahah concept rather than Bai Al-Inah, which is not accepted by the Middle Eastern investors as the principle is viewed similar to riba-based financing that is prohibited in Islamic Finance.

Differences between GII issued under Bai Al-Inah and Murabahah principles. Both Bai Al-Inah and Murabahah principles are generally applied on Islamic instruments used by Islamic financial institutions in meeting funding and liquidity requirements and both principles result in the payment of a higher amount by the issuers of such Islamic instruments on a deferred basis. Nevertheless, the two principles are different in their modus operandi. The Bai Al-Inah, which is principally a sale and buy-back agreement, has been commonly used in Malaysia's Islamic finance industry. Under the Bai Al-Inah concept, the issuer of the GII (i.e. the government of Malaysia (GoM)) will identify and sell Shariah-compliant assets to the investors and subsequently purchase the same assets from the investors at a mark-up price to be paid on a deferred basis. While some scholars view the sale and buy-back arrangement as a legitimate contract as long as conditions of contracts are fulfilled, other scholars are of the opinion that the contract is not valid as the asset sale is viewed as a legal device used to circumvent the prohibition of usury (riba)¹. The issuance of Bai Al-Inah-based GII involves the following steps (Appendix 1):

- a) Issuer (GoM) sells its Shariah compliant assets to investors for cash payments
- b) Investors subsequently sell the assets back to the issuer at a mark-up price (cost plus profit) on a deferred basis
- c) Profits are paid on a periodic basis
- d) The cost of the assets (principal amount) plus profit will be paid at maturity

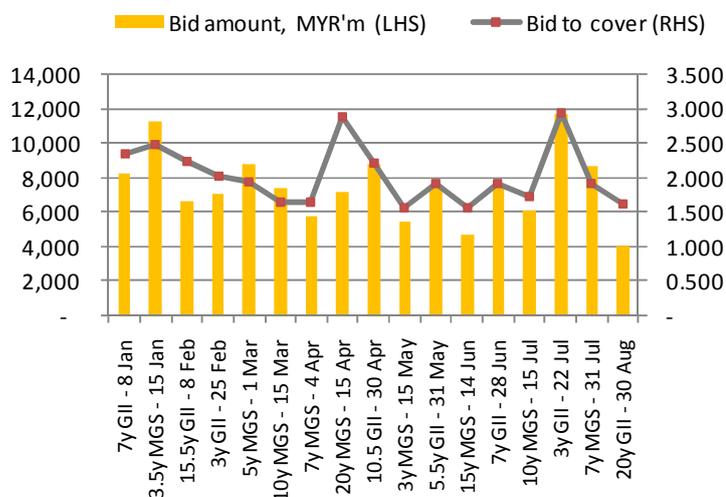
¹ *The Accounting and Auditing Organization for Islamic Finance Institutions in its Shariah Standard No.30, Article 4/5 states that "the commodity must be sold to a party other than the one from whom it was purchased on a deferred-payment basis (a third party) so as to avoid "inah", which is strictly prohibited. Moreover, the commodity should not return back to the seller by virtue of prior agreement or collusion between the two parties or according to tradition".*

The Murabahah-based GII, on the other hand, represents a certificate of indebtedness between the sukuk issuer (GoM) and the investors arising from a deferred mark-up sale of commodities traded in the market rather than existing assets owned by the issuer. In essence, the new Murabaha-based GII involves three or more parties and the sale of commodities to a new buyer without the knowledge of the first seller. The modus operandi of the Murabahah-based GII is summarized as below (Appendix 2):

- Investors appoint Bank Negara Malaysia (BNM) as agent to buy commodities (e.g crude palm oil (CPO))
- BNM buys the commodities from broker A
- BNM sells the commodities to the issuer (GoM) at a mark-up price on deferred payment (cost plus profit)
- Meanwhile, the issuer (GoM) appoints BNM as agent to sell the commodities at cost to raise the funding/cash
- BNM sells the commodities to broker B and remit the cash to the issuer (GoM)

The first Murabahah-based GII, a MYR4.0b 3-year piece, drew decent market interest in the primary market, recording a bid-to-cover (BTC) of 2.92X on the back of total bid of MYR11.7b received in the auction. However, the second Murabahah-based GII, a MYR2.5b 20-year piece, had recorded a much lower BTC of 1.63X on the back of MYR4.1b bids received.

Bid-to-cover ratios of Murabahah-based GII



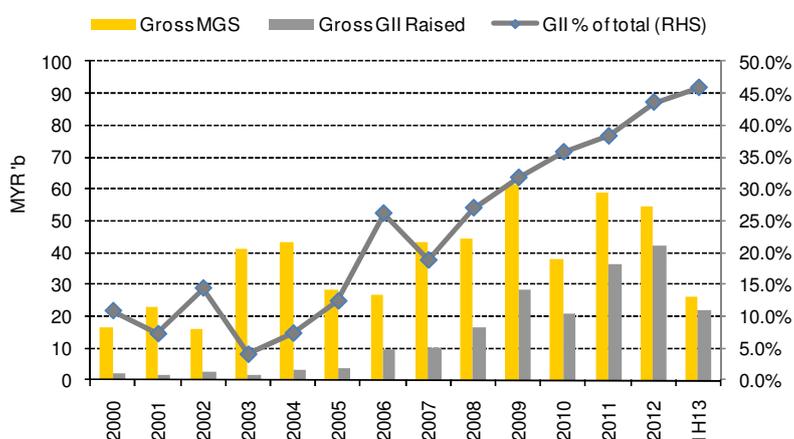
Sources: Bank Negara Malaysia, Maybank-IB

Another step to global standardization. Debt-based financing has started to regain its popularity with the introduction of a more widely acceptable Islamic concept of commodity Murabahah (nested in the Tawarruq concept), to encourage foreign participation and cross-border investments. Recall, BNM launched the Commodity Murabah Programme (CMP) in 2007, the first commodity-based transaction with CPO being the underlying assets, as part of its initiative to facilitate liquidity management and investment in the domestic Islamic interbank money market. In 2009, Malaysia's position as a leading Islamic financial hub was strengthened with the launching of an Islamic commodity trading platform, the Bursa Suq Al-Sila' (BSAS) (formerly known as the Commodity Murabahah House) by Bursa Malaysia to support Islamic financing applying the concept of Murabahah or Tawarruq. BSAS is designed to be a multi-commodity, multi-currency

and fully electronic platform with CPO being the first Shariah compliant commodity offered to investors.

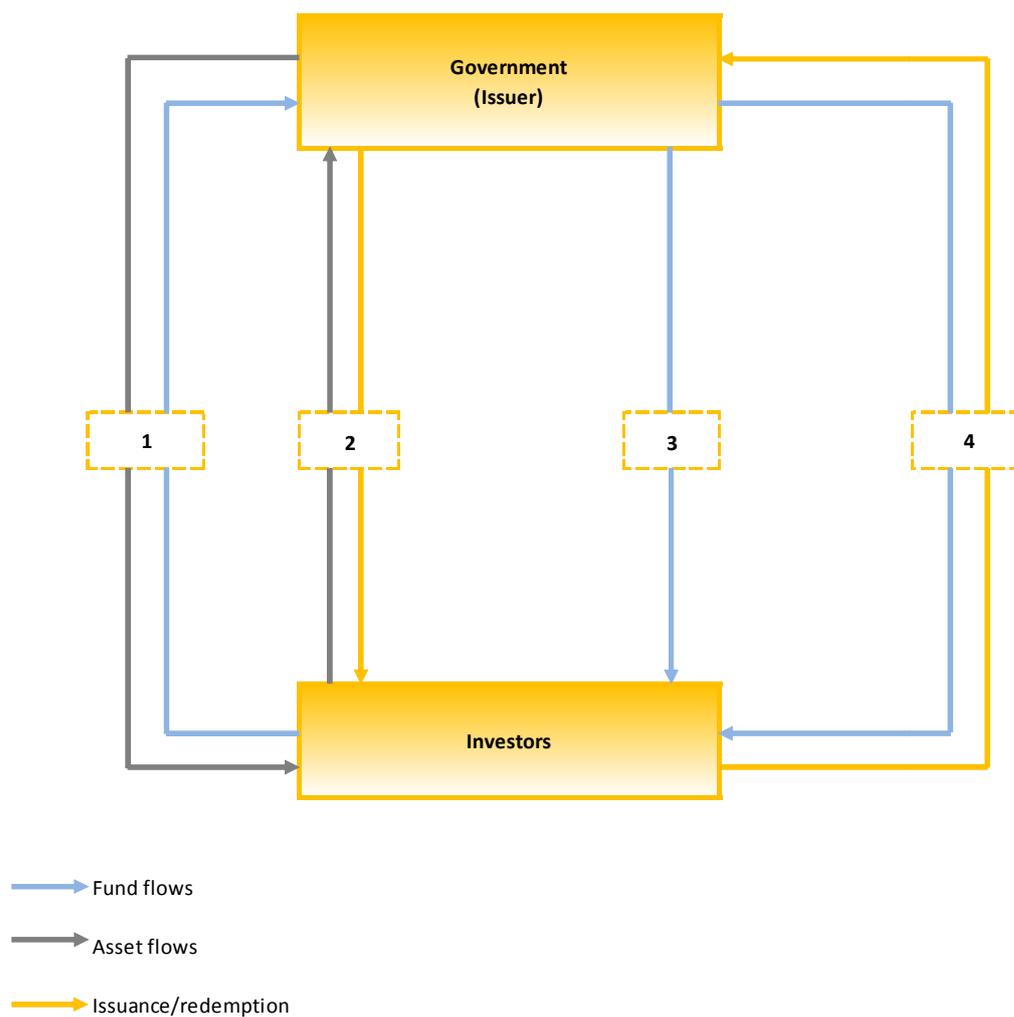
We think that the adoption of Murabahah structure in GII issuance is yet another step toward the harmonization of global standards in sukuk as the Murabahah structure is relatively more acceptable among Middle Eastern investors compared to Bai Al-Inah. Hence, we believe the launch of new Murabahah-based GII will broaden the investor base and is a step in the right direction towards transforming Malaysia into an international marketplace for Islamic finance. Meanwhile, we note that GII, as a share of total govvy issuance has been increasing steadily from 18.8% in 2007 to 45.8% as of 1H13 and we believe that more endeavors will be made to increase the breadth and depth of Malaysian sukuk market, going forward.

GII as a percentage of total government debt raised



Sources: CEIC, Maybank-IB

Appendix 1: Government Investment Issue Structure (Based on Bai Al-Inah concept)



1 Government will sell Shariah-compliant assets (e.g. equities) to investors for spot cash to raise financing.

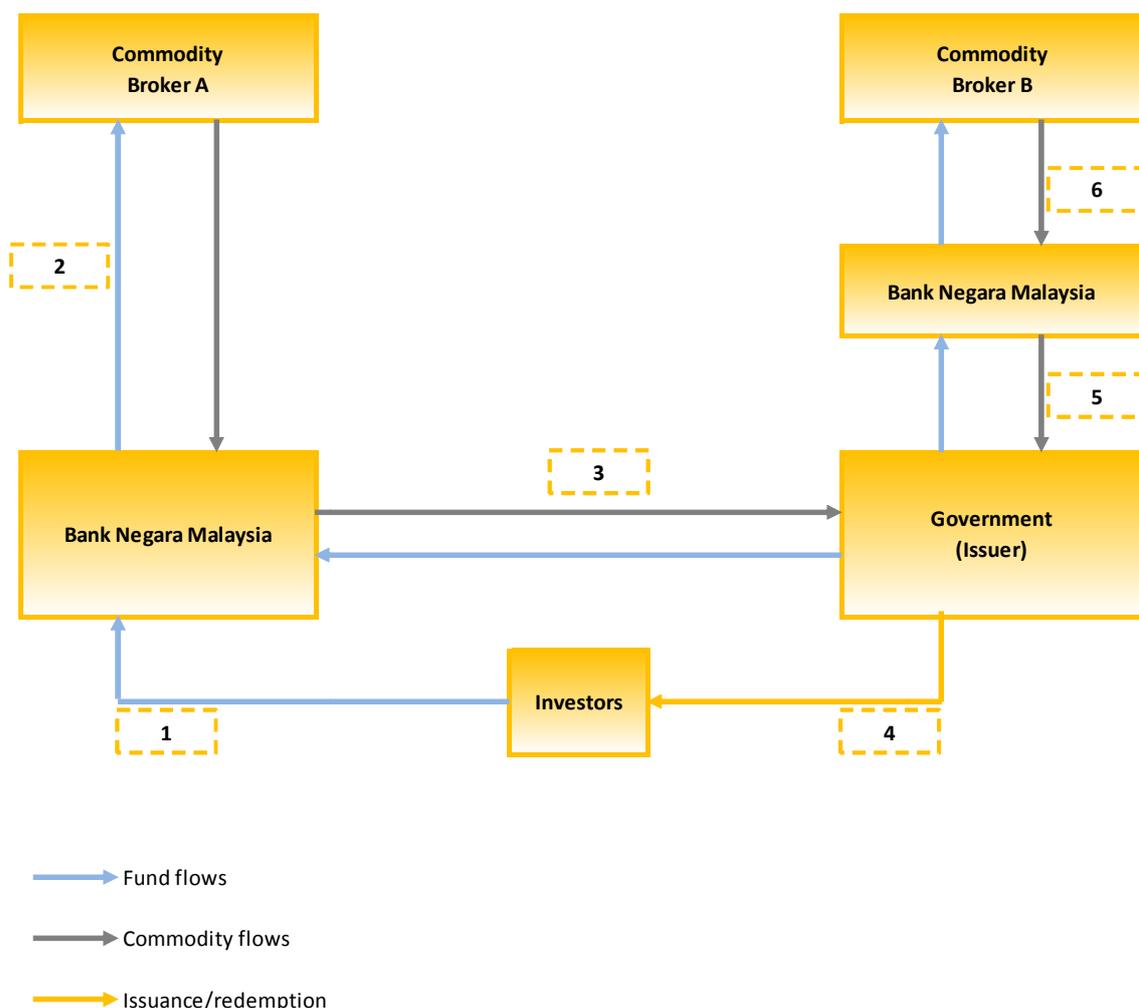
2 Subsequently, investors will sell the assets back to Government at profit paid on deferred payment. GII will be issued to evidence the indebtedness.

3 Profit from sale will be paid periodically (e.g. semi-annually) as coupon on GII.

4 On maturity (i.e. deferred payment), Government will pay the asset cost (i.e. principal) plus profit. GII will be redeemed.

Source: Bank Negara Malaysia

Appendix 2: Government Investment Issue Structure (Based on Murabahah concept)



- 1** Investor will appoint BNM as their agent to buy the commodities.
- 2** BNM as the commodity agent will buy the commodities e.g. Crude Palm Oil.
- 3** Upon completion of purchase, the commodities are sold at mark-up price as deferred payment. Profit from sale will be paid periodically (e.g. semi-annually) as coupon on GII.
- 4** GII will be issued to evidence the indebtedness. Profit is paid to investors periodically.
- 5** Government will appoint BNM as agent to sell the commodity at cost to raise the required funding.
- 6** BNM as the agent will sell the commodity and remit the cash to Government.

Source: Bank Negara Malaysia

RESEARCH OFFICES

REGIONAL

WONG Chew Hann, CA

Regional Head, Institutional Research
(603) 2297 8686 wchewh@maybank-ib.com

Alexander GARTHOFF

Institutional Product Manager
(852) 2268 0638 agarthoff@maybank-ke.com.sg

ONG Seng Yeow

Regional Head, Retail Research
(65) 6432 1453 ongsengyeow@maybank-ke.com.sg

MALAYSIA

WONG Chew Hann, CA *Head of Research*

(603) 2297 8686 wchewh@maybank-ib.com
▪ Strategy
▪ Construction & Infrastructure

Desmond CH'NG, ACA

(603) 2297 8680 desmond.chng@maybank-ib.com
▪ Banking - *Regional*

LIAW Thong Jung

(603) 2297 8688 tjliaw@maybank-ib.com
▪ Oil & Gas
▪ Automotive
▪ Shipping

ONG Chee Ting, CA

(603) 2297 8678 ct.ong@maybank-ib.com
▪ Plantations- *Regional*

Mohshin AZIZ

(603) 2297 8692 mohshin.aziz@maybank-ib.com
▪ Aviation - *Regional*
▪ Petrochem

YIN Shao Yang, CPA

(603) 2297 8916 samuel.yi@maybank-ib.com
▪ Gaming - *Regional*
▪ Media

TAN Chi WEI, CFA

(603) 2297 8690 chiwei.t@maybank-ib.com
▪ Power
▪ Telcos

WONG Wei Sum, CFA

(603) 2297 8679 weisum@maybank-ib.com
▪ Property & REITs

LEE Yen Ling

(603) 2297 8691 lee.yl@maybank-ib.com
▪ Building Materials
▪ Manufacturing
▪ Technology

LEE Cheng Hooi *Head of Retail*

chenghooi.lee@maybank-ib.com
▪ Technicals

HONG KONG / CHINA

Alexander GARTHOFF *Acting Head of Research*

(852) 2268 0638 agarthoff@maybank-ke.com.sg

Alexander LATZER

(852) 2268 0647 alexanderlatzer@kimeng.com.hk
▪ Metals & Mining - *Regional*

Andy POON

(852) 2268 0645 andypoon@kimeng.com.hk
▪ Telecom & equipment

Ivan CHEUNG, CFA

(852) 2268 0634 ivancheung@kimeng.com.hk
▪ Industrial

Jacqueline Ko, CFA

(852) 2268 0633 jacquelineko@kimeng.com.hk
▪ Consumer

Terence LOK

(852) 2268 0630 terencelok@kimeng.com.hk
▪ Industrial

Jeremy TAN

(852) 2268 0635 jeremytan@kimeng.com.hk
▪ Gaming

Karen KWAN

(852) 2268 0640 karenkwan@kimeng.com.hk
▪ HK & China Property

Philip TSE

(852) 2268 0643 philiptse@kimeng.com.hk
▪ HK & China Property

Warren LAU

(852) 2268 0644 warrenlau@kimeng.com.hk
▪ Technology - *Regional*

INDIA

Jigar SHAH *Head of Research*

(91) 22 6623 2601 jigar@maybank-ke.co.in
▪ Oil & Gas
▪ Automobile
▪ Cement

Anubhav GUPTA

(91) 22 6623 2605 anubhav@maybank-ke.co.in
▪ Metal & Mining
▪ Capital goods
▪ Property

Urmil SHAH

(91) 22 6623 2606 urmil@maybank-ke.co.in
▪ Technology
▪ Media

Varun VARMA

(91) 226623 2611 varun@maybank-ke.co.in
▪ Banking

ECONOMICS

JUNIMAN

Chief Economist, BI

▪ Indonesia
(62) 21 29228888 ext 29682 Juniman@bankbii.com

Josua PARDEDE

Economist / Industry Analyst, BI

▪ Indonesia
(62) 21 29228888 ext 29695 JPardede@bankbii.com

SINGAPORE

Gregory YAP *Head of Research*

(65) 6432 1450 gyap@maybank-ke.com.sg
▪ Technology & Manufacturing
▪ Telcos

Wilson LIEW

(65) 6432 1454 wilsonliaw@maybank-ke.com.sg
▪ Property & REITs

James KOH

(65) 6432 1431 jameskoh@maybank-ke.com.sg
▪ Logistics
▪ Resources
▪ Consumer - *Regional*
▪ Small & Mid Caps

YEAK Chee Keong, CFA

(65) 6432 1460 yeakcheekeong@maybank-ke.com.sg
▪ Offshore & Marine

Alison FOK

(65) 6432 1447 alisonfok@maybank-ke.com.sg
▪ Services
▪ S-chips

ONG Kian Lin

(65) 6432 1470 ongkianlin@maybank-ke.com.sg
▪ REITs / Property

Wei Bin

(65) 6432 1455 weibin@maybank-ke.com.sg
▪ S-chips
▪ Small & Mid Caps

Derrick HENG

(65) 6432 1446 derrickheng@maybank-ke.com.sg
▪ Transport (Land, Shipping & Aviation)

John CHEONG

(65) 6432 1461 johncheong@maybank-ke.com.sg
▪ Small & Mid Caps

INDONESIA

Lucky ARIESANDI, CFA

(62) 21 2557 1127 lucky.ariesandi@maybank-ke.co.id
▪ Base metals
▪ Mining
▪ Oil & Gas
▪ Wholesale

Pandu ANUGRAH

(62) 21 2557 1137 pandu.anugrah@maybank-ke.co.id
▪ Automotive
▪ Heavy equipment
▪ Plantation
▪ Toll road

Rahmi MARINA

(62) 21 2557 1128 rahmi.marina@maybank-ke.co.id
▪ Banking
▪ Multifinance

Adi N. WICAKSONO

(62) 21 2557 1128 adi.wicaksono@maybank-ke.co.id
▪ Generalist

Anthony YUNUS

(62) 21 2557 1139 anthony.yunus@maybank-ke.co.id
▪ Cement
▪ Infrastructure
▪ Property

PHILIPPINES

Luz LORENZO *Head of Research*

(63) 2 849 8836 luz_lorenzo@maybank-atrke.com
▪ Strategy

Laura DY-LIACCO

(63) 2 849 8840 laura_dyliacco@maybank-atrke.com
▪ Utilities
▪ Conglomerates
▪ Telcos

Lovell SARREAL

(63) 2 849 8841 lovell_sareal@maybank-atrke.com
▪ Consumer
▪ Media
▪ Cement

Luz LORENZO / Mark RACE

(63) 2 849 8844 mark_race@maybank-atrke.com
▪ Conglomerates
▪ Property
▪ Ports/ Logistics
▪ Gaming

Katherine TAN

(63) 2 849 8843 kat_tan@maybank-atrke.com
▪ Banks
▪ Construction

Ramon ADVIENTO

(63) 2 849 8845 ramon_adviento@maybank-atrke.com
▪ Mining

THAILAND

Sukit UDOMSIRIKUL *Head of Research*

(66) 2658 6300 ext 5090
Sukit.u@maybank-ke.co.th

Maria LAPIZ *Head of Institutional Research*

Dir (66) 2257 0250 | (66) 2658 6300 ext 1399
Maria.L@maybank-ke.co.th
▪ Consumer/ Big Caps

Andrew STOTZ *Strategist*

(66) 2658 6300 ext 5091
Andrew@maybank-ke.co.th

Mayuree CHOWIKRAN

(66) 2658 6300 ext 1440 mayuree.c@maybank-ke.co.th
▪ Strategy

Padon Vannarat

(66) 2658 6300 ext 1450 Padon.v@maybank-ke.co.th
▪ Strategy

Surachai PRAMUALCHAROENKIT

(66) 2658 6300 ext 1470 Surachai.p@maybank-ke.co.th
▪ Auto
▪ Conmat
▪ Contractor
▪ Steel

Suttatip PEERASUB

(66) 2658 6300 ext 1430 suttatip.p@maybank-ke.co.th
▪ Media
▪ Commerce

Sutthichai KUMWORACHAI

(66) 2658 6300 ext 1400 sutthichai.k@maybank-ke.co.th
▪ Energy
▪ Petrochem

Termporn TANTIVIVAT

(66) 2658 6300 ext 1520 termporn.t@maybank-ke.co.th
▪ Property

Woraphon WIROONSRI

(66) 2658 6300 ext 1560 woraphon.w@maybank-ke.co.th
▪ Banking & Finance

Jaroonpan WATTANAWONG

(66) 2658 6300 ext 1404 jaroonpan.w@maybank-ke.co.th
▪ Transportation
▪ Small cap.

Chatchai JINDARAT

(66) 2658 6300 ext 1401 chatchai.j@maybank-ke.co.th
▪ Electronics

Pongrat RATANATAVANANANDA

(66) 2658 6300 ext 1398 pongrat.R@maybank-ke.co.th
▪ Services/ Small Caps

VIETNAM

Michael KOKALARI, CFA *Head of Research*

(84) 838 38 66 47 michael.kokalari@maybank-kimeng.com.vn
▪ Strategy

Nguyen Thi Ngan Tuyen

(84) 844 55 58 88 x 8081 tuyen.nguyen@maybank-kimeng.com.vn
▪ Food and Beverage
▪ Oil and Gas

Hang Vu

(84) 844 55 58 88 x 8087 hang.vu@maybank-kimeng.com.vn
▪ Banking

Trinh Thi Ngoc Diep

(84) 844 55 58 88 x 8242 diep.trinh@maybank-kimeng.com.vn
▪ Technology
▪ Utilities
▪ Construction

Dang Thi Kim Thoa

(84) 844 55 58 88 x 8083 thoa.dang@maybank-kimeng.com.vn
▪ Consumer

Nguyen Trung Hoa

+84 844 55 58 88 x 8088 hoa.nguyen@maybank-kimeng.com.vn
▪ Steel
▪ Sugar
▪ Resources

APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "MKE") and consequently no representation is made as to the accuracy or completeness of this report by MKE and it should not be relied upon as such. Accordingly, MKE and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. MKE expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

MKE and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. MKE may, to the extent permitted by law, act upon or use the information presented herein, or the research or analysis on which they are based, before the material is published. One or more directors, officers and/or employees of MKE may be a director of the issuers of the securities mentioned in this report.

This report is prepared for the use of MKE's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of MKE and MKE and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Kim Eng Research Pte. Ltd. ("Maybank KERPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact Maybank KERPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), Maybank KERPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

Thailand

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. Maybank Kim Eng Securities (Thailand) Public Company Limited ("MBKET") does not confirm nor certify the accuracy of such survey result.

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of MBKET. MBKET accepts no liability whatsoever for the actions of third parties in this respect.

US

This research report prepared by MKE is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Maybank Kim Eng Securities USA Inc ("Maybank KESUSA"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Maybank KESUSA in the US shall be borne by Maybank KESUSA. All resulting transactions by a US person or entity should be effected through a registered broker-dealer in the US. This report is not directed at you if MKE is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Maybank KESUSA is permitted to provide research material concerning investments to you under relevant legislation and regulations.

UK

This document is being distributed by Maybank Kim Eng Securities (London) Ltd ("Maybank KESL") which is authorized and regulated, by the Financial Services Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

DISCLOSURES

Legal Entities Disclosures

Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938-H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This material is issued and distributed in Singapore by Maybank KERPL (Co. Reg No 197201256N) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Kim Eng Securities ("PTKES") (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the BAPEPAM LK. **Thailand:** MBKET (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** MATRKES (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Kim Eng Vietnam Securities Company ("KEVS") (License Number: 71/UBCK-GP) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** KESHK (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** Kim Eng Securities India Private Limited ("KESI") is a participant of the National Stock Exchange of India Limited (Reg No: INF/INB 231452435) and the Bombay Stock Exchange (Reg. No. INF/INB 011452431) and is regulated by Securities and Exchange Board of India. KESI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) **US:** Maybank KESUSA is a member of/ and is authorized and regulated by the FINRA – Broker ID 27861. **UK:** Maybank KESL (Reg No 2377538) is authorized and regulated by the Financial Services Authority.

Disclosure of Interest

Malaysia: MKE and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

Singapore: As of 3 September 2013, Maybank KERPL and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MBKET may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MBKET, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

Hong Kong: KESHK may have financial interests in relation to an issuer or a new listing applicant referred to as defined by the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

As of 3 September 2013, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

MKE may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment.

OTHERS

Analyst Certification of Independence

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Reminder

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of MKE.

Definition of Ratings

Maybank Kim Eng Research uses the following rating system:

BUY	Total return is expected to be above 10% in the next 12 months (excluding dividends)
HOLD	Total return is expected to be between -10% to +10% in the next 12 months (excluding dividends)
SELL	Total return is expected to be below -10% in the next 12 months (excluding dividends)

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 Asset	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	

- Malaysia**
Maybank Investment Bank Berhad
 (A Participating Organisation of Bursa Malaysia Securities Berhad)
 33rd Floor, Menara Maybank,
 100 Jalan Tun Perak,
 50050 Kuala Lumpur
 Tel: (603) 2059 1888;
 Fax: (603) 2078 4194
- Stockbroking Business:
 Level 8, Tower C, Dataran Maybank,
 No.1, Jalan Maarof
 59000 Kuala Lumpur
 Tel: (603) 2297 8888
 Fax: (603) 2282 5136
- Philippines**
Maybank ATR Kim Eng Securities Inc.
 17/F, Tower One & Exchange Plaza
 Ayala Triangle, Ayala Avenue
 Makati City, Philippines 1200
- Tel: (63) 2 849 8888
 Fax: (63) 2 848 5738
- South Asia Sales Trading**
 Connie TAN
 connie@maybank-ke.com.sg
 Tel: (65) 6333 5775
 US Toll Free: 1 866 406 7447
- Singapore**
Maybank Kim Eng Securities Pte Ltd
Maybank Kim Eng Research Pte Ltd
 9 Temasek Boulevard
 #39-00 Suntec Tower 2
 Singapore 038989
- Tel: (65) 6336 9090
 Fax: (65) 6339 6003
- Hong Kong**
Kim Eng Securities (HK) Ltd
 Level 30,
 Three Pacific Place,
 1 Queen's Road East,
 Hong Kong
- Tel: (852) 2268 0800
 Fax: (852) 2877 0104
- Thailand**
Maybank Kim Eng Securities (Thailand) Public Company Limited
 999/9 The Offices at Central World,
 20th - 21st Floor,
 Rama 1 Road Pathumwan,
 Bangkok 10330, Thailand
- Tel: (66) 2 658 6817 (sales)
 Tel: (66) 2 658 6801 (research)
- North Asia Sales Trading**
 Eddie LAU
 eddielau@kimeng.com.hk
 Tel: (852) 2268 0800
 US Toll Free: 1 866 598 2267
- London**
Maybank Kim Eng Securities (London) Ltd
 6/F, 20 St. Dunstan's Hill
 London EC3R 8HY, UK
- Tel: (44) 20 7621 9298
 Dealers' Tel: (44) 20 7626 2828
 Fax: (44) 20 7283 6674
- Indonesia**
PT Kim Eng Securities
 Plaza Bapindo
 Citibank Tower 17th Floor
 Jl Jend. Sudirman Kav. 54-55
 Jakarta 12190, Indonesia
- Tel: (62) 21 2557 1188
 Fax: (62) 21 2557 1189
- Vietnam**
In association with
Kim Eng Vietnam Securities Company
 1st Floor, 255 Tran Hung Dao St.
 District 1
 Ho Chi Minh City, Vietnam
- Tel : (84) 838 38 66 36
 Fax : (84) 838 38 66 39
- New York**
Maybank Kim Eng Securities USA Inc
 777 Third Avenue, 21st Floor
 New York, NY 10017, U.S.A.
- Tel: (212) 688 8886
 Fax: (212) 688 3500
- India**
Kim Eng Securities India Pvt Ltd
 2nd Floor, The International 16,
 Maharishi Karve Road,
 Churchgate Station,
 Mumbai City - 400 020, India
- Tel: (91).22.6623.2600
 Fax: (91).22.6623.2604
- Saudi Arabia**
In association with
Anfaal Capital
 Villa 47, Tujjar Jeddah
 Prince Mohammed bin Abdulaziz
 Street P.O. Box 126575
 Jeddah 21352
- Tel: (966) 2 6068686
 Fax: (966) 26068787

www.maybank-ke.com | www.kimengresearch.com.sg