

GHIL Systems Bhd

GHLS MK / GHLS.KL

FLASH NOTE

➤ **Market Cap**
US\$159.7m
RM523.9m

➤ **Avg Daily Turnover**
US\$0.74m
RM2.37m

➤ **Free Float**
36.5%
420.8 m shares

Current **RM1.24**
Target ➤ **RM1.60**
Prev. Target **RM1.60**
Up/Downside **29.0%**

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)



Mohd Shanaz NOOR AZAM

T (60) 3 2261 9078

E shanaz.azam@cimb.com

Share price info

Share price perf. (%)	1M	3M	12M
Relative	29.6	38.1	177.5
Absolute	28.5	36.3	181.8

Major shareholders	% held
Simon Loh Wee Hian	36.2
Cycas	27.3

Transformation on track

Our recent meeting with GHIL's management revealed that the company expects to secure local banking partners in Malaysia and the Philippines by 4Q14 to kickstart its transaction payment acquisition (TPA) business. In addition, we see the bonus issue approval as a positive liquidity booster. We maintain our EPS forecasts and RM1.60 target price, still based on 23.8x CY16 P/E, a 40% premium over the global payment sector's 17x, in view of its strong EPS CAGR of 75% in FY13-16 and attractive PEG of 0.6x. Stronger earnings from the TPA segment, M&A activities in new markets and the company as a takeover target could be re-rating catalysts. Maintain Add.

What Happened ➤

We recently organised a corporate meeting with GHIL management, which was attended by around 15 buy-side analysts and fund managers. The key takeaway from the meeting was that GHIL expects to secure banking partners in Malaysia and the Philippines by 4Q14 as management plans to have a few sponsor banks within the key markets served by the company. Meanwhile, for its TPA business in Thailand, management expects to gain better traction in 2015 given the recovery in domestic consumer confidence. Finally, GHIL announced it has received Bursa approval for the proposal to undertake a one-for-two bonus issue. This corporate exercise is expected to be completed by the end of Oct.

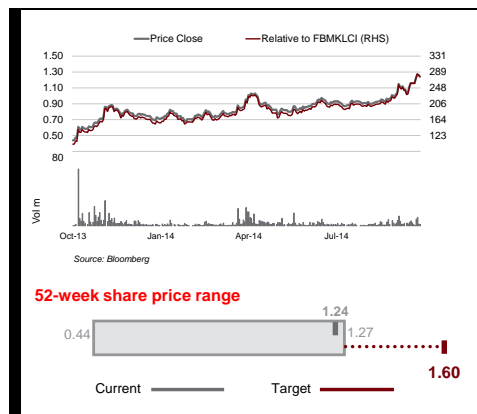
What We Think ➤

The partnership with local banks in Malaysia and the Philippines is a positive step for GHIL towards kicking off its TPA business. For its maiden venture into TPA, GHIL is targeting the high-turnover and lower-risk merchants, such as restaurants and budget hotels. We believe the merchant acquisition process should not be a major issue given that it already has a list of merchants that have not been served by the banks and GHIL can immediately offer its payment solutions to these merchants. In the meantime, although Thailand revenue contribution is much lower compared to Malaysia and the Philippines, we still see Thailand as an important gateway for GHIL to the Indochina markets. In addition, the proposed bonus issue will increase GHIL's number of existing shares by 50% and we expect the exercise to enhance the stock's liquidity and marketability upon completion.

What You Should Do ➤

We maintain our Add call on the stock given its strong growth prospects on the back of FY13-16 EPS CAGR of 75%. Overall, we are confident about management's strategy of steering the company towards becoming a leading Asean payment service provider.

The **CIMB Stock Selection Tools (SST)** are designed to complement and enhance the investment decision making process. The SST incorporate a range of analytical tools, providing ready access to key company and market data, valuation tools and charts. If you are interested in subscribing to the 'Stock Selection Tools', please contact your CIMB account manager.



Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (RMm)	53.5	64.0	160.5	214.4	257.8
Net Profit (RMm)	4.37	5.26	11.23	17.63	28.32
Core EPS (RM)	0.011	0.013	0.027	0.042	0.067
Core EPS Growth	NA	12%	113%	57%	61%
FD Core P/E (x)	111.4	99.1	46.5	29.6	18.4
Price To Sales (x)	9.11	8.15	3.25	2.43	2.02
DPS (RM)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	52.46	46.71	21.29	15.70	10.37
P/FCFE (x)	NA	NA	30.61	92.19	36.83
Net Gearing	(30.6%)	(23.4%)	8.5%	3.3%	(5.9%)
P/BV (x)	12.63	9.28	4.39	3.82	3.16
ROE	11.3%	10.8%	12.8%	13.8%	18.8%
% Change In Core EPS Estimates			0%	0%	0%
CIMB/consensus EPS (x)			0.81	0.91	

SOURCE: CIMB, COMPANY REPORTS

Key takeaways from GHL corporate meeting ►

We organised a corporate meeting with GHL Systems's management last Friday and it was attended by about 15 buyside analysts and fund managers. GHL management was represented by group CEO Kanagaraj (Raj) Lorenz and group CFO Yap Chih Ming. Management remains upbeat about the company's growth prospects, which are driven by merchant acquisitions for its TPA business.

The company expects to secure banking partners in Malaysia and the Philippines by 4Q14 as it plans to have a few sponsoring banks in key markets like Malaysia, the Philippines and Thailand. During the meeting, management addressed some concerns about GHL's business model given that it could face competition from alternative payment services, such as Apple Pay, Google Wallet, etc. Nevertheless, GHL is confident that such competition will be less intense in Asean markets given the lack of basic payment infrastructure.

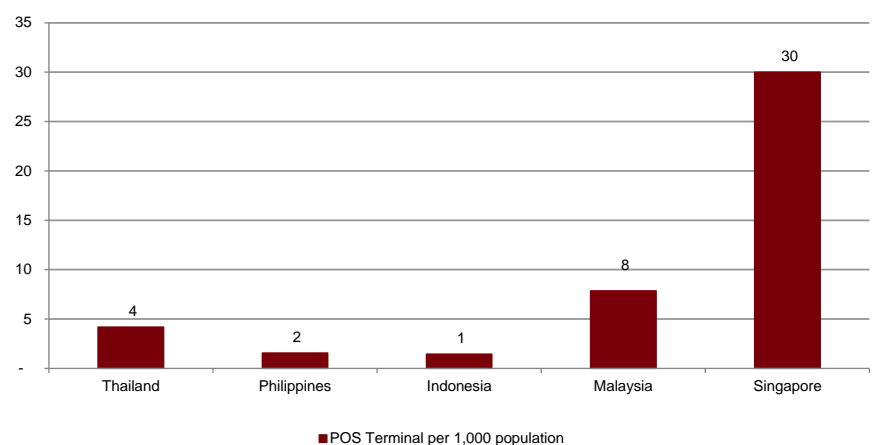
For example, Malaysia has a much lower point-of-sale (POS) terminal ratio of 8 units per 1,000 inhabitants compared to Singapore's 33 units. GHL is confident about its ability to serve the Asean market with its payment solutions due to the low POS terminal penetration rate. Overall, GHL's transformation from a POS hardware reseller into a merchant acquirer is on track and we expect to see a pick-up in traction for the TPA business in 2015.

Figure 1: Selected Asean markets' POS penetration rate

Country	Population (m)	POS Terminals in ('000)	Credit card transaction by POS Terminal (m)	Debit card Transaction (m)	POS Terminal per 1,000 population
Thailand	67	280	312	1956	4.2
Philippines	104	161	95	444	1.5
Indonesia	251	365	200	180	1.5
Malaysia	29	228	276	48	7.9
Singapore	6	180	220	242	30.0

SOURCE: CIMB RESEARCH, COMPANY

Figure 2: POS terminal penetration across selected Asean countries



SOURCE: CIMB RESEARCH, COMPANY

Liquidity boost from bonus issue ►

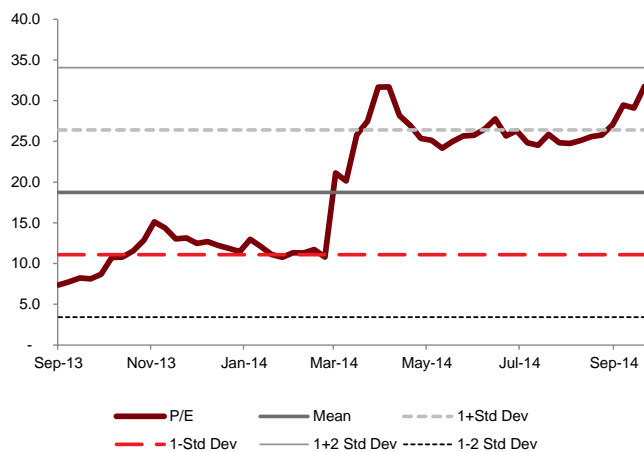
GHL has recently received approval from Bursa Malaysia for its proposed one-for-two bonus issue which will increase its issued share base from 431.7m shares to 646.8m shares, a 50% increase. The exercise is expected to be completed by the end of October. We believe this exercise will enhance GHL's stock liquidity and marketability. Consequently, it will boost the trading volume of its shares from the current levels, making them more affordable for retail shareholders.

Figure 3: Global payment sector comparison

Company name	Bloomberg Ticker	Price (US\$)	Mkt Cap (US\$)	P/E			P/BV			Yield (%)			ROE (%)			3-year EPS CAGR
				CY14	CY15	CY16	CY14	CY15	CY16	CY14	CY15	CY16	CY14	CY15	CY16	
VISA	V US	213.37	132,959.3	21.6	19.1	18.5	3.7	3.2	3.1	0.8	1.0	0.3	16.1	17.6	18.0	9.5
MASTERCARD	MA US	73.92	85,597.2	24.4	21.2	18.2	8.1	6.1	4.7	0.6	0.7	0.7	38.9	24.5	33.1	14.7
GLOBAL PAYMENTS INC	GPN US	64.64	16,108.3	19.0	17.7	16.4	3.6	3.0	2.5	0.0	0.0	0.0	21.2	15.8	18.6	14.8
VERIFONE INCE	PAY US	34.38	3,886.9	18.0	14.6	14.1	2.6	2.2	2.1	0.0	0.0	0.0	11.2	15.1	16.3	44.3
EURONET INC	EEFT US	47.79	2,507.5	18.4	15.5	13.9	3.2	2.7	2.2	0.0	0.0	0.0	19.3	14.4	18.9	27.2
HEARTLAND PAYMENT	HPY US	47.72	1,717.1	21.1	17.1	15.6	5.1	4.0	3.3	0.7	0.7	0.8	27.0	19.0	26.4	11.9
INGENICO	ING FP	102.14	5,723.2	25.4	20.8	17.0	4.7	4.1	3.5	1.2	1.4	1.7	19.8	15.8	21.0	30.4
WIRECARD AG	WDI GR	36.93	4,560.2	32.3	24.5	19.0	4.8	4.1	3.4	0.5	0.6	0.7	15.7	12.4	18.0	29.6
PAYPOINT PLC	PAY LN	15.95	1,085.4	18.6	16.9	15.7	6.1	5.4	5.0	3.6	3.9	3.1	33.0	30.5	34.1	10.7
MANAGEPAY SYSTEMS	MPSB MK	0.06	23.9	47.8	31.8	16.0	1.7	1.6	1.5	0.0	0.0	0.0	3.6	3.3	5.2	71.2
GHL SYSTEMS	GHLS MK	0.31	131.4	47.2	30.1	18.7	4.5	3.9	3.2	0.0	0.0	0.0	12.8	13.8	18.8	74.6
Sector average				26.7	20.8	16.7	4.4	3.7	3.1	0.7	0.8	0.7	19.9	16.6	20.8	12.8

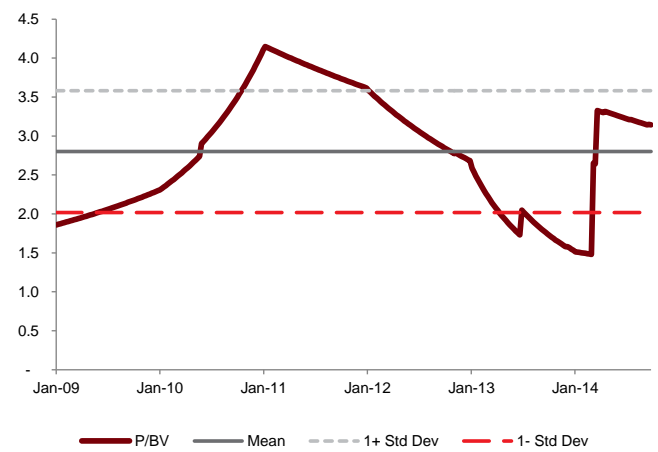
SOURCE: CIMB RESEARCH, COMPANY

Figure 4: GHL 1-year forward P/E (x)



SOURCE: CIMB RESEARCH, COMPANY

Figure 5: GHL 1-year forward P/BV (x)



SOURCE: CIMB RESEARCH, COMPANY

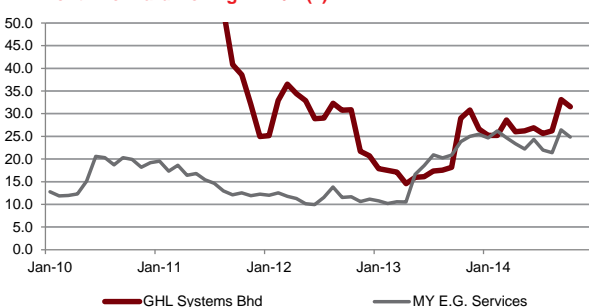
Profit & Loss

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	64.0	160.5	214.4	257.8
Gross Profit	40.4	56.2	77.2	103.1
Operating EBITDA	10.9	25.0	33.5	49.3
Depreciation And Amortisation	(7.7)	(10.5)	(10.3)	(11.7)
Operating EBIT	3.2	14.5	23.2	37.6
Financial Income/(Expense)	0.1	(2.0)	(2.0)	(2.2)
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	3.3	12.5	21.2	35.4
Exceptional Items	0.0	0.0	0.0	0.0
Pre-tax Profit	3.3	12.5	21.2	35.4
Taxation	1.9	(1.2)	(3.6)	(7.1)
Exceptional Income - post-tax				
Profit After Tax	5.2	11.2	17.6	28.3
Minority Interests	0.1	0.0	0.0	0.0
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	5.3	11.2	17.6	28.3
Recurring Net Profit	5.3	11.2	17.6	28.3
Fully Diluted Recurring Net Profit	5.3	11.2	17.6	28.3

Cash Flow

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	10.89	24.98	33.52	49.35
Cash Flow from Invnt. & Assoc.				
Change In Working Capital	(16.08)	(12.99)	(7.26)	(5.85)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	0.71	0.00	0.00	0.00
Net Interest (Paid)/Received	0.06	(2.01)	(1.99)	(2.25)
Tax Paid	(0.47)	(1.25)	(3.61)	(7.08)
Cashflow From Operations	(4.89)	8.74	20.66	34.17
Capex	(1.90)	(12.00)	(15.00)	(20.00)
Disposals Of FAs/subsidiaries	0.07	0.00	0.00	0.00
Acq. Of Subsidiaries/investments	(2.02)	(20.00)	0.00	0.00
Other Investing Cashflow	1.43	0.00	0.00	0.00
Cash Flow From Investing	(2.42)	(32.00)	(15.00)	(20.00)
Debt Raised/(repaid)	0.00	40.31	0.00	0.00
Proceeds From Issue Of Shares	9.48	0.00	0.00	0.00
Shares Repurchased				
Dividends Paid	0.00	0.00	0.00	0.00
Preferred Dividends				
Other Financing Cashflow	(3.61)	0.00	0.00	0.00
Cash Flow From Financing	5.88	40.31	0.00	0.00
Total Cash Generated	(1.43)	17.05	5.66	14.17
Free Cashflow To Equity	(7.31)	17.05	5.66	14.17
Free Cashflow To Firm	(7.15)	(20.80)	8.33	17.29

12-month Forward Rolling FD P/E (x)



Balance Sheet

(RMm)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	14.1	31.1	36.8	51.0
Total Debtors	14.2	35.5	47.4	57.0
Inventories	6.6	16.5	22.1	26.6
Total Other Current Assets	0.6	0.6	0.6	0.6
Total Current Assets	35.5	83.8	106.9	135.2
Fixed Assets	32.8	34.3	39.0	47.3
Total Investments	0.0	0.0	0.0	0.0
Intangible Assets	4.2	55.7	55.7	55.7
Total Other Non-Current Assets	2.4	22.4	22.4	22.4
Total Non-current Assets	39.5	112.5	117.2	125.5
Short-term Debt	0.6	23.5	23.5	23.5
Current Portion of Long-Term Debt	12.1	30.4	40.6	48.8
Total Creditors	2.3	2.3	2.3	2.3
Total Current Liabilities	15.0	56.1	66.3	74.6
Total Long-term Debt	0.4	17.8	17.8	17.8
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	3.5	3.5	3.5	3.5
Total Non-current Liabilities	3.8	21.3	21.3	21.3
Total Provisions	0.0	0.0	0.0	0.0
Total Liabilities	18.9	77.4	87.6	95.9
Shareholders' Equity	56.2	119.0	136.6	164.9
Minority Interests	(0.1)	(0.1)	(0.1)	(0.1)
Total Equity	56.1	118.9	136.5	164.8

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	20%	151%	34%	20%
Operating EBITDA Growth	20%	129%	34%	47%
Operating EBITDA Margin	17.0%	15.6%	15.6%	19.1%
Net Cash Per Share (RM)	0.031	(0.024)	(0.011)	0.023
BVPS (RM)	0.13	0.28	0.32	0.39
Gross Interest Cover	20.69	5.89	8.71	12.04
Effective Tax Rate	0.0%	10.0%	17.0%	20.0%
Net Dividend Payout Ratio	NA	NA	NA	NA
Accounts Receivables Days	81.97	56.45	70.55	74.10
Inventory Days	114.8	40.5	51.4	57.5
Accounts Payables Days	238.4	74.4	94.5	105.8
ROIC (%)	7.2%	23.4%	13.1%	19.5%
ROCE (%)	6.7%	13.7%	14.1%	20.1%

Key Drivers

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
ASP Change (% Main Product)	N/A	N/A	N/A	N/A
Unit sales growth (% main prod)	N/A	N/A	N/A	N/A
No. Of Lines (main Product)	3	3	3	3
Rev per line (US\$, main prod)	N/A	N/A	N/A	N/A
ASP chg (% 2ndary prod)	N/A	N/A	N/A	N/A
Unit sales grth (% 2ndary prod)	N/A	N/A	N/A	N/A
No. Of Lines (secondary Product)	5	5	5	5
Rev per line (US\$, 2ndary prod)	N/A	N/A	N/A	N/A

DISCLAIMER

#01

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.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the "Restrictions on Distributions" set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB.

Unless otherwise specified, this report is based upon sources which CIMB considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CIMB or its affiliates to any person to buy or sell any investments.

CIMB, its affiliates and related companies, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CIMB, its affiliates and its related companies do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CIMB or its affiliates may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CIMB may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. CIMB prohibits the analyst(s) who prepared this research report from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/her coverage of company(ies) in the performance of his/her duties or the performance of his/her recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

Reports relating to a specific geographical area are produced by the corresponding CIMB entity as listed in the table below. The term "CIMB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, CIMB Group Holdings Berhad ("CIMBGH") and its affiliates, subsidiaries and related companies.

Country	CIMB Entity	Regulated by
Australia	CIMB Securities (Australia) Limited	Australian Securities & Investments Commission
Hong Kong	CIMB Securities Limited	Securities and Futures Commission Hong Kong
Indonesia	PT CIMB Securities Indonesia	Financial Services Authority of Indonesia
India	CIMB Securities (India) Private Limited	Securities and Exchange Board of India (SEBI)
Malaysia	CIMB Investment Bank Berhad	Securities Commission Malaysia
Singapore	CIMB Research Pte. Ltd.	Monetary Authority of Singapore
South Korea	CIMB Securities Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Taiwan	CIMB Securities Limited, Taiwan Branch	Financial Supervisory Commission
Thailand	CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

(i) As of October 1, 2014 CIMB has a proprietary position in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) GHL Systems Bhd, MY E.G. Services

(ii) As of October 1, 2014, the analyst(s) who prepared this report, has / have an interest in the securities (which may include but not limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CIMB

may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CIMB is under no obligation to update this report in the event of a material change to the information contained in this report. This report does not purport to contain all the information that a prospective investor may require. CIMB or any of its affiliates does not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CIMB nor any of its affiliates nor its related persons shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CIMB and its affiliates' clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments thereof.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CIMB Securities (Australia) Limited ("CSAL") (ABN 84 002 768 701, AFS Licence number 240 530). CSAL is a Market Participant of ASX Ltd, a Clearing Participant of ASX Clear Pty Ltd, a Settlement Participant of ASX Settlement Pty Ltd, and, a participant of Chi X Australia Pty Ltd. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth)) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. This research has been prepared without taking into account the objectives, financial situation or needs of the individual recipient.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

Hong Kong: This report is issued and distributed in Hong Kong by CIMB Securities Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CIMB Securities Limited. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CHK. Unless permitted to do so by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the securities covered in this report, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

India: This report is issued and distributed in India by CIMB Securities (India) Private Limited ("CIMB India") which is registered with SEBI as a stock-broker under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and in accordance with the provisions of Regulation 4 (g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CIMB India is not required to seek registration with SEBI as an Investment Adviser.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of CIMB India and they have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CIMB India or its affiliates.

Indonesia: This report is issued and distributed by PT CIMB Securities Indonesia ("CIMBI"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBI has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMBI. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBI. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesia residents except in compliance with applicable Indonesian capital market laws and regulations.

Malaysia: This report is issued and distributed by CIMB Investment Bank Berhad ("CIMB"). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMB has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMB. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written

consent of CIMB.

New Zealand: In New Zealand, this report is for distribution only to persons whose principal business is the investment of money or who, in the course of, and for the purposes of their business, habitually invest money pursuant to Section 3(2)(a)(ii) of the Securities Act 1978.

Singapore: This report is issued and distributed by CIMB Research Pte Ltd ("CIMBR"). Recipients of this report are to contact CIMBR in Singapore in respect of any matters arising from, or in connection with, this report. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBR has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only. If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CIMBR accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBR.

As of October 1, 2014, CIMBR does not have a proprietary position in the recommended securities in this report.

South Korea: This report is issued and distributed in South Korea by CIMB Securities Limited, Korea Branch ("CIMB Korea") which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea.

The views and opinions in this research report are our own as of the date hereof and are subject to change, and this report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial investment instruments and it is not intended as a solicitation for the purchase of any financial investment instrument.

This publication is strictly confidential and is for private circulation only, and no part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMB Korea.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Taiwan: This research report is not an offer or marketing of foreign securities in Taiwan. The securities as referred to in this research report have not been and will not be registered with the Financial Supervisory Commission of the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold within the Republic of China through a public offering or in circumstances which constitutes an offer or a placement within the meaning of the Securities and Exchange Law of the Republic of China that requires a registration or approval of the Financial Supervisory Commission of the Republic of China.

Thailand: This report is issued and distributed by CIMB Securities (Thailand) Company Limited (CIMBS). The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. CIMBS has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CIMBS. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this material may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CIMBS.

CIMB Securities (Thailand) Co., Ltd. may act or acts as Market Maker and issuer including offering of Derivative Warrants Underlying securities of the following securities. Investors should carefully read and study the details of the derivative warrants in the prospectus before making investment decisions.

AAV, ADVANC, AMATA, ANAN, AOT, AP, ASP, BANPU, BAY, BBL, BCH, BCP, BEC, BECL, BGH, BH, BIGC, BJC, BJCHI, BLA, BLAND, BMCL, BTS, CENTEL, CK, CPALL, CPF, CPN, DCC, DELTA, DEMCO, DTAC, EARTH, EGCO, ERW, ESSO, GFPT, GLOBAL, GLOW, GUNKUL, HEMRAJ, HMPRO, INTUCH, IRPC, ITD, IVL, JAS, KBANK, KCE, KKP, KTB, KTC, LH, LOXLEY, LPN, M, MAJOR, MC, MCOT, MEGA, MINT, NOK, NYT, PS, PSL, PTT, PTTEP, PTTGC, QH, RATCH, ROBINS, RS, SAMART, SCB, SCC, SCCC, SIRI, SPALI, SPCG, SRICHA, STA, STEC, STPI, SVI, TASCO, TCAP, TFD, THAI, THCOM, THRE, THREL, TICON, TISCO, TMB, TOP, TPIPL, TTA, TTCL, TTW, TUF, UMI, UV, VGI, TRUE, WHA.

Corporate Governance Report:

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 result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 - 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than

the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom and Europe: In the United Kingdom and European Economic Area, this report is being disseminated by CIMB Securities (UK) Limited ("CIMB UK"). CIMB UK is authorised and regulated by the Financial Conduct Authority and its registered office is at 27 Knightsbridge, London, SW1X 7YB. This report is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are persons that are eligible counterparties and professional clients of CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Order"); (c) are persons falling within Article 49 (2) (a) to (d) ("high net worth companies, unincorporated associations etc") of the Order; (d) are outside the United Kingdom; or (e) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with any investments to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

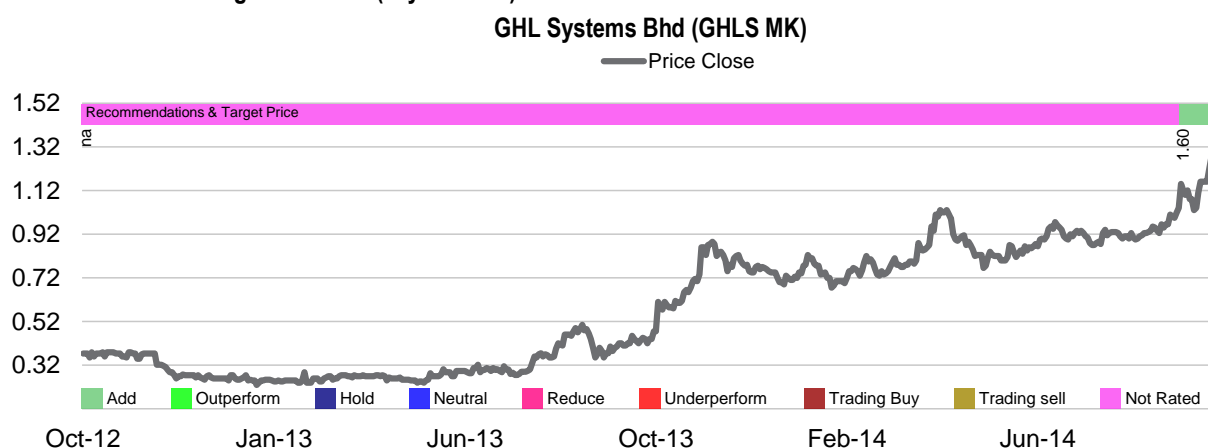
Only where this report is labelled as non-independent, it does not provide an impartial or objective assessment of the subject matter and does not constitute independent "investment research" under the applicable rules of the Financial Conduct Authority in the UK. Consequently, any such non-independent report will not have been prepared in accordance with legal requirements designed to promote the independence of investment research and will not subject to any prohibition on dealing ahead of the dissemination of investment research.

United States: This research report is distributed in the United States of America by CIMB Securities (USA) Inc, a U.S.-registered broker-dealer and a related company of CIMB Research Pte Ltd, CIMB Investment Bank Berhad, PT CIMB Securities Indonesia, CIMB Securities (Thailand) Co. Ltd, CIMB Securities Limited, CIMB Securities (Australia) Limited, CIMB Securities (India) Private Limited, and is distributed solely to persons who qualify as "U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CIMB Securities (USA) Inc.

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2014		
1467 companies under coverage for quarter ended on 30 June 2014		
	Rating Distribution (%)	Investment Banking clients (%)
Add	58.9%	7.2%
Hold	27.9%	3.9%
Reduce	13.2%	1.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2013.

AAV - Good, ADVANC - Excellent, AMATA - Very Good, ANAN - Good, AOT - Excellent, AP - Very Good, BANPU - Excellent, BAY - Excellent, BBL - Excellent, BCH - Good, BCP - Excellent, BEAUTY - Good, BEC - Very Good, BECL - Excellent, BGH - not available, BH - Very Good, BIGC - Very Good, BJC - Very Good, BMCL - Very Good, BTS - Excellent, CCET - Very Good, CENTEL - Very Good, CHG - not available, CK - Excellent, CPALL - Very Good, CPF - Excellent, CPN - Excellent, DELTA - Very Good, DTAC - Excellent, EA - Good, EGCO - Excellent, GFPT - Very Good, GLOBAL - Good, GLOW - Very Good, GRAMMY - Excellent, HANA - Excellent, HEMRAJ - Excellent, HMPRO - Very Good, ICHI - not available, INTUCH - Excellent, ITD - Very Good, IVL - Excellent, JAS - Very Good, KAMART - not available, KBANK - Excellent, KCE - Very Good, KKP - Excellent, KTB - Excellent, LH - Very Good, LPN - Excellent, M - not available, MAJOR - Very Good, MAKRO - Very Good, MC - not available, MCOT - Excellent, MEGA - not available, MINT - Excellent, OFM - Very Good, PS - Excellent, PSL - Excellent, PTT - Excellent, PTTGC - Excellent, PTTEP - Excellent, QH - Excellent, RATCH - Excellent, ROBINS - Excellent, RS - Excellent, SAMART - Excellent, SAPPE - not available, SC - Excellent, SCB - Excellent, SCC - Excellent, SCCC - Very Good, SIM - Excellent, SIRI - Very Good, SPALI - Excellent, STA - Good, STEC - Very Good, SVI - Excellent, TESCO - Very Good, TCAP - Excellent, THAI - Excellent, THCOM - Excellent, TICON - Very Good, TISCO - Excellent, TMB - Excellent, TOP - Excellent, TRUE - Excellent, TTW - Excellent, TUF - Very Good, VGI - Excellent, WORK - Good.

CIMB Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

**Prior to December 2013 CIMB recommendation framework for stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange were based on a stock's total return relative to the relevant benchmarks total return. Outperform: expected to exceed by 5% or more over the next 12 months. Neutral: expected to be within +/-5% over the next 12 months. Underperform: expected to be below by 5% or more over the next 12 months. Trading Buy: expected to exceed by 3% or more over the next 3 months. Trading Sell: expected to be below by 3% or more over the next 3 months. For stocks listed on Korea Exchange, Hong Kong Stock Exchange and China listings on the Singapore Stock Exchange. Outperform: Expected positive total returns of 10% or more over the next 12 months. Neutral: Expected total returns of between -10% and +10% over the next 12 months. Underperform: Expected negative total returns of 10% or more over the next 12 months. Trading Buy: Expected positive total returns of 10% or more over the next 3 months. Trading Sell: Expected negative total returns of 10% or more over the next 3 months.*