

Interra Resources

ITRR.SP / ITRR.SI

NOT RATED

➤ **Market Cap**
US\$136.2m
S\$166.2m

➤ **Avg Daily Turnover**
US\$4.26m
S\$5.23m

➤ **Free Float**
68.9%
443.1 m shares

Current	S\$0.38
Target	N/A
Previous Target	N/A
Up/downside	N/A

CIMB Analyst



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In oil (and reforms) we trust

Interra's share price has quadrupled YTD, fuelled by its exposure to Myanmar, possible significant oil/gas discoveries in Myanmar and the potential of its exploratory block in Indonesia. A recently completed rights issue leaves the company well-funded.

Interra is still in a growth phase and the better capital management decision could be to refrain from paying dividends. We believe that the company has enough cash to fund its CY13 requirements barring significant discoveries. Benchmarked at 11.6x CY13 EV/EBITDA (historical average of closest peer RH Petrogas), Interra could be worth S\$0.441.

Profitable company ➤

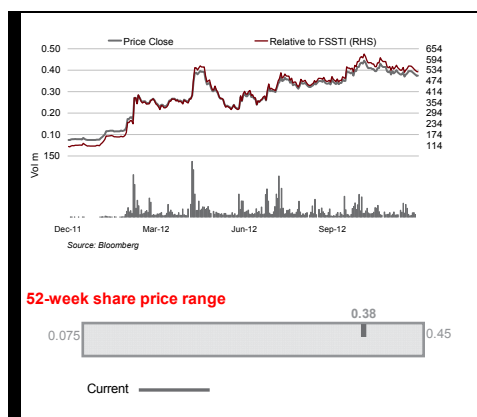
Interra is not a binary event company. It is a balanced E&P producer, i.e. it has producing assets and exploratory ones too. Interra has been profitable for the past five years, has no borrowings and has funded its growth via internal resources and cash calls.

No more cash calls for now ➤

A recently oversubscribed rights issue places the company in good stead to fund its work programmes for CY13. However, if it does make significant O&G discoveries, we can expect further fundraising and other forms of cooperation with its partners to realise the potential of such discoveries.

What is the market trying to price in? ➤

We believe that the market is pricing Interra as a Myanmar play given that it is one of the few SGX-listed stocks with better trading liquidity and a larger market cap. At the same time, the share price also attempts to factor in the possibility of significant oil/gas discoveries by Interra as well as its exposure to a dwindling energy source – oil.



Financial Summary

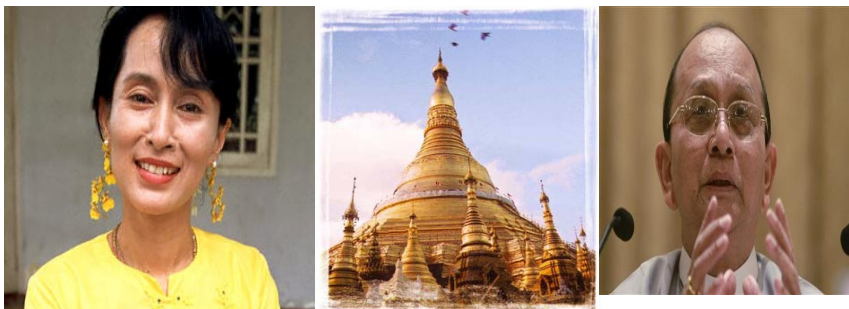
FYE	Dec-07A	Dec-08A	Dec-09A	Dec-10A	Dec-11A
Revenue (US\$m)	15.2	17.5	12.6	14.9	24.8
Operating EBITDA (US\$m)	4.9	4.9	3.2	4.7	4.3
Net Profit (US\$m)	1.1	1.1	(2.8)	(0.0)	3.4
Core EPS (US\$)	0.00	0.00	(0.01)	(0.00)	0.01
Core EPS Growth (%)	na	nm	nm	nm	nm
FD Core P/E (x)	na	nm	nm	nm	34.4
DPS (US\$)	0.004	0.0	0.0	0.0	0.0
Dividend Yield (%)	1.3	0.0	0.0	0.0	0.0
EV/EBITDA (x)	24.8	25.0	38.4	25.3	29.6
P/FCFE (x)	52.2	(22.3)	(679.2)	164.3	14.7
Net Gearing (%)	(49.7)	(42.0)	(41.1)	(49.3)	(23.4)
P/BV (x)	3.1	3.1	2.8	2.8	2.4
Recurring ROE (%)	0.0	3.4	(8.1)	(0.0)	7.5

SOURCE: BLOOMBERG

1. HIGHLIGHTS

1.1 Myanmar play ▶

Figure 1: By now, you must know them



SOURCES: VARIOUS WEBSITES

2012 has undoubtedly been the year of Myanmar. Political reforms, the gradual lifting of economic and trade sanctions and a recent visit by US President Barack Obama to the country have whipped up investor interest in this country. Interra Resources is one of the larger market cap and more liquid stocks listed on the SGX that provide exposure to the country.

1.2 Like it or not, oil is here to stay ▶

Although the world would like to move to cleaner energy, oil will remain an important energy source for the time being. Despite concerns over global economic growth, accommodative monetary policies and limited oil supply are likely to keep oil prices at profitable levels even for smaller producers such as Interra.

1.3 Why is the market paying up? ▶

Interra has quadrupled YTD. We believe that the market is paying for 1) its exposure to Myanmar, and 2) potential significant oil (and/or gas) discovery in Myanmar and possible new discoveries at its exploratory block in Indonesia. At the same time, investors are taking comfort in its track record of staying in the black, well-capitalised balance sheet in CY13 and no borrowings. We believe that the rights proceeds will be sufficient for the company's needs until significant discoveries are made.

1.4 We consider S\$0.441 an aggressive potential price ▶

Investors do have choices if they are looking for E&P plays in the Asia-Pacific region which have reached a stable/mature stage that allows them to be evaluated on traditional metrics like P/E and P/BV and also allows them to offer dividend yields. Interra is likely to appeal to more aggressive investors who are interested in event-driven share price catalysts.

Given Interra's production and exploration characteristics as well as its profitability, we believe that its nearest comparable is RH Petrogas which is listed on the SGX. Applying RH Petrogas's historical forward average EV/EBITDA of 11.6x to our back-of-the-envelope CY13 EBITDA estimate of US\$11.0m (close to consensus estimate of US\$10.4m), Interra could be worth S\$0.441 per share.

1.5 New discoveries will be important ▶

Interra does have possible and probable reserves. Based on the company's current production rate, proved reserves could be depleted by CY13 in Myanmar and CY16 for TMT TAC in Indonesia. In general, Interra is launching new work programmes to arrest production declines. The increase of its stake

in TMT TAC from 70% to 100% is also expected to help shore up production contribution from that concession.

Figure 2: Gross proved reserves

(mil of barrels)	Dec-11A	Dec-12F	Dec-13F	Dec-14F	Dec-15F	Dec-16F
Myanmar	1,650,000	848,002	46,004			
Chauk	740,000					
Yenangyaung	910,000					
Indonesia	10,000,000	9,830,832	9,654,709	9,470,936	9,278,748	9,077,303
TMT TAC	550,000	450,380	350,760	251,140	151,520	51,900
Linda Sele	9,450,000	9,380,452	9,303,949	9,219,796	9,127,228	9,025,403
Total gross proved reserves	11,650,000	10,678,834	9,700,713	9,470,936	9,278,748	9,077,303

SOURCES: CIMB, COMPANY REPORTS

2. BACKGROUND

2.1 History ▶

Interra's roots can be traced back to August 1994 when Goldwater Company Ltd was formed for the purpose of exploration and production (E&P) of crude oil and gas. Interra was listed on the SGX Sesdaq through a reverse takeover of Van der Horst Limited in July 2003. As Australia had many resources companies listed on the ASX, Interra was also listed on the ASX in June 2008. In January 2010, Interra transitioned to the SGX Catalist which replaced the SGX Sesdaq. It now trades only in Singapore as it delisted from the ASX on 21 December 2011.

2.2 What it does ▶

Interra is in the business of oil and gas E&P. Its E&P activities include oil and gas production, field development and exploration through strategic alliances and partnerships. It aims to be a leading independent regional producer of oil and gas.

The group is currently only producing oil in fields in Myanmar and Indonesia at a total of four contract areas (one block in Indonesia will be in exploration stage). While there is a possibility of gas production, Interra has yet to engage in this activity though it has some experience in this.

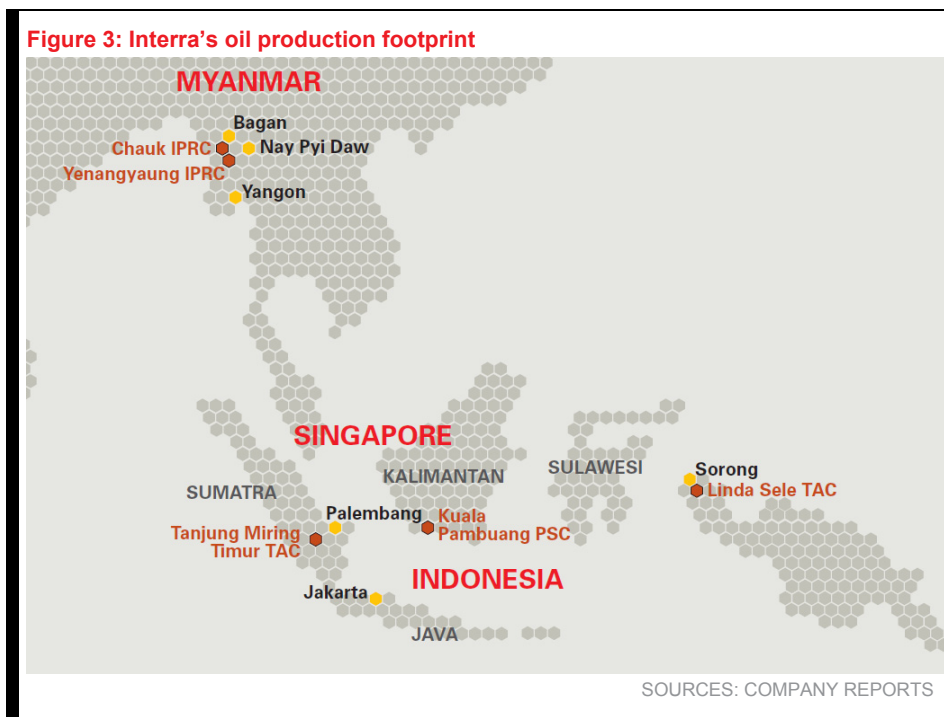
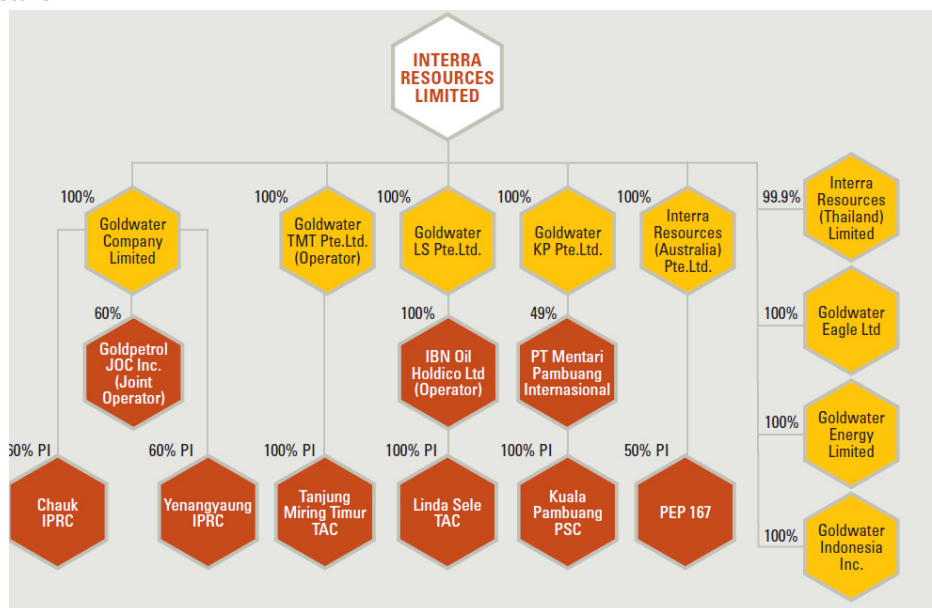


Figure 4: Asset details

Country	Location	Description	Customer	Commenced	Tenure	Ends on	Years left
Myanmar	Chauk	Owns 60% of the rights and interests to	Myanmar Oil & Gas	4 October	20 years	4 October	4 years
	Yenangyaung	two of the largest onshore oil fields	Enterprise (MOGE)	1996	& 6 mths	2016	4 years
Indonesia	South Sumatra	100% interest in Tanjung Miring Timur Technical Assistance Contract. Onshore field.	PT Pertamina EP	17 December 1996	20 years	17 December 2016	4 years
	West Papua	100% rights in the Linda Sele Technical Assistance Contract. Onshore field.	PT Pertamina EP	16 November 1998	20 years	16 November 2018	6 years
	Central Kalimantan	49% rights in an exploration block, Kuala Pambuang Production Sharing Contract in 2012.	Exploration rights granted on 19 December 2011. Initial exploration term is 6 years. Option to extend for a further 4 years.				

SOURCES: COMPANY REPORTS

Figure 5: Group structure



SOURCES: COMPANY REPORTS

2.3 Management »

Interra's management team is well-balanced and seems to be the right mix for the nature of its business. Executive Director/CEO Marcel Tjia's over 25 years of experience in mergers and acquisitions and corporate finance ensure that the group has a well-versed finance man at the helm. CFO Foo Say Tain backs up the CEO with more than 20 years of experience in accounting and finance.

On the technical side, Interra has Frank Hollinger, its chief technical officer with more than 35 years of experience in numerous E&P projects worldwide. Frank also has extensive experience in Myanmar. Vice President of Operations Sugi Handoko has more than 23 years of experience in oil and gas E&P management and operations.

Chairman Edwin Soeryadjaya and Deputy Chairman Sandiaga Salahuddin Uno bring with them extensive private equity experience, deep insights into the Indonesian economy and a wealth of contacts in the oil and gas field.

Figure 6: Board of Directors

EDWIN SOERYADJAYA

Chairman

Mr Edwin Soeryadjaya is a non-executive and non-independent Director of Interra. He was appointed a Director on 14 December 2004 and Chairman on 1 July 2005. Mr Soeryadjaya was last re-elected as a Director on 28 April 2011.

Mr Soeryadjaya is one of the Founding Partners and the Chairman of PT Saratoga Investama Sedaya, a private equity and direct investment company in Indonesia and has deep insight into the Indonesian economy. He commenced his career with PT Astra International Tbk in 1978 and was responsible for its financial restructuring and public listing. He left Astra as Vice President Director in 1993 to set up his own investment company. His chairmanships include being the President Commissioner of PT Mitra Global Telekomunikasi Indonesia, PT Adaro Energy Tbk, PT Saptaindra Sejati, PT Indonesia Bulk Terminal and PT Pulau Seroja Jaya. He also serves on the board of commissioners of PT Lintas Marga Sedaya and sits on the board of directors of Seroja Investments Limited and Fleur Enterprises Limited.

Mr Soeryadjaya graduated with a Bachelor of Business Administration from the University of Southern California, Los Angeles in 1974.

MARCEL HAN LIONG TJIA

Executive Director & Chief Executive Officer

Mr Marcel Han Liong Tjia is an executive and non-independent Director of Interra. He was appointed Executive Director and Chief Executive Officer on 20 June 2009 and was elected on 28 April 2010. Mr Tjia also sits on various boards and management committees of Interra's subsidiary companies and joint venture entities.

Prior to joining Interra, Mr Tjia was a partner in a regional private equity and direct investment company with interests in energy and natural resources. Over the past 25 years, Mr Tjia has gained extensive experience in mergers and acquisitions as well as corporate finance in Hong Kong, Indonesia, Singapore and Canada. He is currently a partner in an investment company with holdings in real estate and the automotive industry.

Mr Tjia holds a Bachelor of Commerce (Honours) and a Master of Business Administration from the University of British Columbia, Vancouver.

SANDIAGA SALAHUDDIN UNO

Deputy Chairman

Mr Sandiaga Salahuddin Uno is a non-executive and non-independent Director of Interra. He was appointed a Director on 1 July 2003 and Deputy Chairman on 1 July 2005. Mr Uno was last re-elected as a Director on 28 April 2010. He also serves as member of the Audit Committee, the Nominating Committee and the Remuneration Committee.

Currently, Mr Uno is the President Director of PT Saratoga Investama Sedaya, a private equity and direct investment company in Indonesia. He is also a member of the National Economic Council appointed by the President of Republic of Indonesia since June 2010.

He sits on the board of directors of PT Adaro Energy Tbk, Fleur Enterprises Limited and Attica Finance Limited. He also serves on the board of commissioners of PT Tower Bersama Infrastructure Tbk.

Mr Uno received a Bachelor of Business Administration with summa cum laude from the Wichita State University, Kansas in 1990 and a Master of Business Administration from The George Washington University, Washington D.C. in 1992.

SUBIANTO ARPAN SUMODIKORO

Non-Executive Director

Mr Subianto Arpan Sumodikoro is a non-executive and non-independent Director of Interra. He was appointed a Director on 14 December 2004 and was last re-elected on 29 April 2009.

Mr Subianto commenced his career with PT Astra International Tbk in 1969 and held a variety of positions within the Astra group, rising to be its Vice Chairman in 2000. Before he retired from the Astra group in 2006, he also served on the board of commissioners of PT Astra Agro Lestari Tbk.

Currently, Mr Subianto leads the board of directors of his own investment and holding companies, PT Tri Nur Cakrawala, PT Pandu AlamPersada, PT Persada Capital Investama and Shining Persada Investments Pte. Ltd. and Triple AR Holdings Pte. Ltd. In addition, he is the President Commissioner of PT Persada Capital, PT Kirana Megatara, PT Triputra Agro Persada (formerly PT Alam Permata Indah), PT Agro Multi Persada and the Chairman of Multi-Corporation (S) Pte Ltd. He also sits

SOURCES: COMPANY REPORTS

Figure 7: Board of Directors continued

on the board of commissioners of PT Adaro Indonesia and PT Adaro Energy Tbk.

Mr Subianto graduated from the Bandung Institute of Technology in 1969 with a Bachelor's Degree in Mechanical Engineering.

ALLAN CHARLES BUCKLER *Independent Director*

Mr Allan Charles Buckler is a non-executive and independent Director of Interra. He was appointed a Director on 14 December 2004 and was last re-elected on 28 April 2010. Mr Buckler also serves as Chairman of the Nominating Committee and member of the Audit Committee and the Remuneration Committee.

Mr Buckler sits on the board of directors of Altura Mining Limited.

Mr Buckler holds a Certificate in Mine Surveying and Mining. He also holds a First Class Mine Managers Certificate and a Mine Surveyor Certificate issued by the Queensland Government's Department of Mines.

NG SOON KAI *Independent Director*

Mr Ng Soon Kai is a non-executive and independent Director of Interra. He was appointed a Director on 1 November 2005 and was last re-elected on 28 April 2011. Mr Ng also serves as Chairman of the Remuneration Committee and member of the Nominating Committee.

Mr Ng is currently the Managing Director of Ng Chong & Hue LLC and has vast legal experience in litigation, mergers and acquisitions, corporate restructuring, reverse takeovers and schemes of arrangement.

Mr Ng obtained a Bachelor of Laws with Second Class Upper Division Honours from the National University of Singapore in 1989. He is a Commissioner for Oaths and a Notary Public.

LOW SIEW SIE BOB *Independent Director*

Mr Low Siew Sie Bob is a non-executive and independent Director of Interra. He was appointed a Director on 18 February 2011 and was elected on 28 April 2011. Mr Low also serves as Chairman of the Audit Committee and member of the Nominating Committee and the Remuneration Committee.

Mr Low is currently the Principal Consultant of Bob Low & Co. CPA and his area of expertise includes corporate assurance, corporate recovery and restructuring, judicial management, acting as receiver and manager, acting as scheme manager, due diligence, liquidation and project evaluation. He is also an Independent Director of Liang Huat Aluminium Limited, China Hongcheng Holdings Limited, Sino Construction Limited, Wing Lung Opportunities Fund Ltd and Wing Lung Opportunities Master Fund Limited.

Mr Low qualified as a UK Chartered Certified Accountant in 1974 and subsequently obtained a Bachelor of Laws with Second Class Lower Division Honours from the University of London in 1985. He is a fellow member of the Association of Chartered Certified Accountants, UK, Institute of Certified Public Accountants of Singapore, Certified Public Accountants, Australia, and Insolvency Practitioners Association of Singapore Limited, and a member of the Chartered Institute of Arbitrators of Hong Kong and UK, and Singapore Academy of Law.

PEPEN HANDIANTO DANUATMADJA *Alternate Director to Subianto Arpan Sumodikoro*

Mr Pepen Handianto Danuatmadja is the Alternate Director to Mr Subianto Arpan Sumodikoro. He was appointed as an Alternate Director on 18 February 2011.

Mr Pepen is currently the Executive Director of Multico Infracore Holdings Pte Ltd, Multi-Corporation (S) Pte Ltd and Shining Persada Investments Pte. Ltd.

Mr Pepen graduated with a Diplom-Ingenieur in Mechanical Engineering from the Technische Universitaet Darmstadt, Germany in 1982.

SOURCES: COMPANY REPORTS

Figure 8: Management

FRANK OVERALL HOLLINGER

Chief Technical Officer

Mr Frank Overall Hollinger was appointed the Chief Technical Officer of Interra in July 2006. He manages the geoscience and other technical aspects of the petroleum exploration and production business.

Before Interra, Mr Hollinger spent 8 years in Myanmar as a Geophysical Consultant for Premier Petroleum Myanmar Ltd., Myanmar Petroleum Resources Ltd. and Goldpetrol JOC Inc. He commenced his geoscience career in 1971 while in graduate school as a National Aeronautics and Space Administration research assistant at The University of New Mexico, USA. Subsequently, he worked on numerous exploration and development projects in different capacities with oil and gas corporations such as Texaco Inc., Petroleum Exploration Consultants Worldwide Inc., Mapco Production Co., Ladd Petroleum Corp., Enron Oil & Gas, Columbia Gas Development Corporation, and Petronas Carigali Sdn Bhd. He has more than 35 years experience in the petroleum industry.

Mr Hollinger graduated from the University of South Alabama with a Bachelor of Science in Geology in 1971. Subsequently, he obtained a Master of Science in Geology from The University of New Mexico in 1973. In 1988, Mr Hollinger completed the Professional Degree Program in Geology at the Colorado School of Mines. He is a member of the American Association of Petroleum Geologists.

FOO SAY TAIN

Chief Financial Officer

Mr Foo Say Tain joined Interra as Chief Financial Officer in November 2007. He has overall responsibility for the Group's financial and management accounting, treasury, taxation and other corporate compliance matters. He has more than 20 years of experience in accounting, finance and administration, both in listed companies and foreign MNCs.

Mr Foo is a fellow of Certified Public Accountants of Singapore and a fellow of the Association of Chartered Certified Accountants, UK. He also holds a degree in Bachelor of Business Administration from The National University of Singapore.

SUGI HANDOKO

Vice President, Operations

Mr Sugi Handoko was appointed the Vice President, Operations of Interra in January 2012. He has overall responsibility of managing the petroleum exploration and production operations of the Group.

Prior to the current appointment, Mr Sugi was the Country Manager of Goldpetrol JOC Inc. He has more than 23 years of experience in oil and gas exploration and production management and operations, which includes engineering, production, finance, procurement, logistic, human resources, and government liaison.

Mr Sugi graduated from the Bandung Institute of Technology in 1988 with a Bachelor's Degree in Petroleum Engineering. He is a member of the Society of Petroleum Engineers, Indonesian Petroleum Association and Ikatan Ahli Teknik Perminyakan Indonesia (IATMI).

SOURCES: COMPANY REPORTS

2.4 Shareholders ▶

Based on the company's data as at 1 October 2012, Interra's free float is about 70.24%. Major shareholders are Fleur Enterprises Limited (17.38%), Shining Persada Investments Pte. Ltd. (11.85%) and Saratoga Equity Partners I Limited (0.53%). The shareholding distribution as at 13 March 2012 is shown below.

Figure 9: Shareholding spread

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Shares
1 - 999	5,580	51.00	1,793,194	0.61
1,000 - 10,000	3,414	31.21	14,141,856	4.79
10,001 - 1,000,000	1,928	17.62	100,248,139	33.93
1,000,001 and above	19	0.17	179,237,049	60.67
Total	10,941	100.00	295,420,238	100.00

SOURCES: COMPANY REPORTS

Based on Bloomberg data, the only institutional shareholder is Pioneer Asset Management with a minuscule 0.05% (0.2m shares) stake.

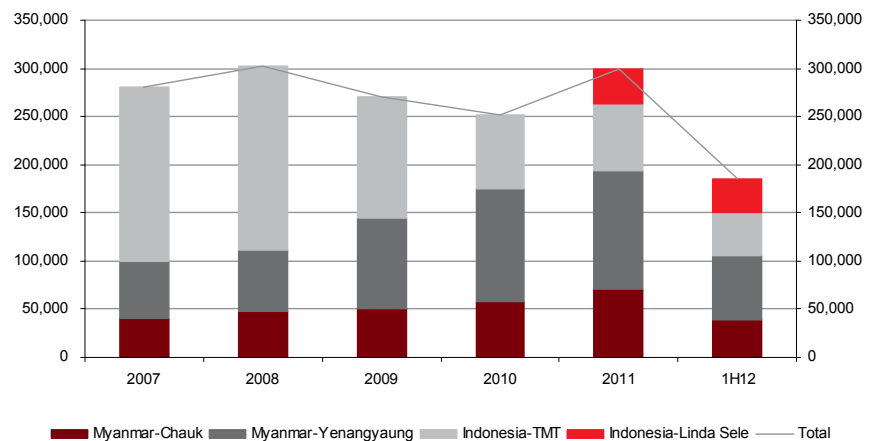
3. ASSETS IN DETAIL

3.1 Overview ▶

Interra generates revenue via the sale of extracted oil to Myanmar Oil and Gas Enterprise (MOGE) in Myanmar and Pertamina in Indonesia. In both countries, Interra has a non-shareable portion where part of the oil output will accrue to MOGE and Pertamina in their respective countries. This serves to encourage Interra to manage the oil extraction in excess of the scheduled natural decline rate of the field. Production in excess of the non-shareable portion is known as the shareable production.

This shareable production is further subject to 1) royalties, 2) cost recovery, 3) customers' share and 4) domestic market obligation. Note also that income tax is payable based on the contractor's taxable income in operating the oil fields. Interra's selling price for its oil is benchmarked to the Sumatran Light crude price except for the production in Linde Sele which is referenced to the Walio Mix crude price. Interra is an unhedged producer. The group does not hedge its oil production as its production volumes do not justify the cost of doing so.

Figure 10: Annual shareable production (barrels of oil)



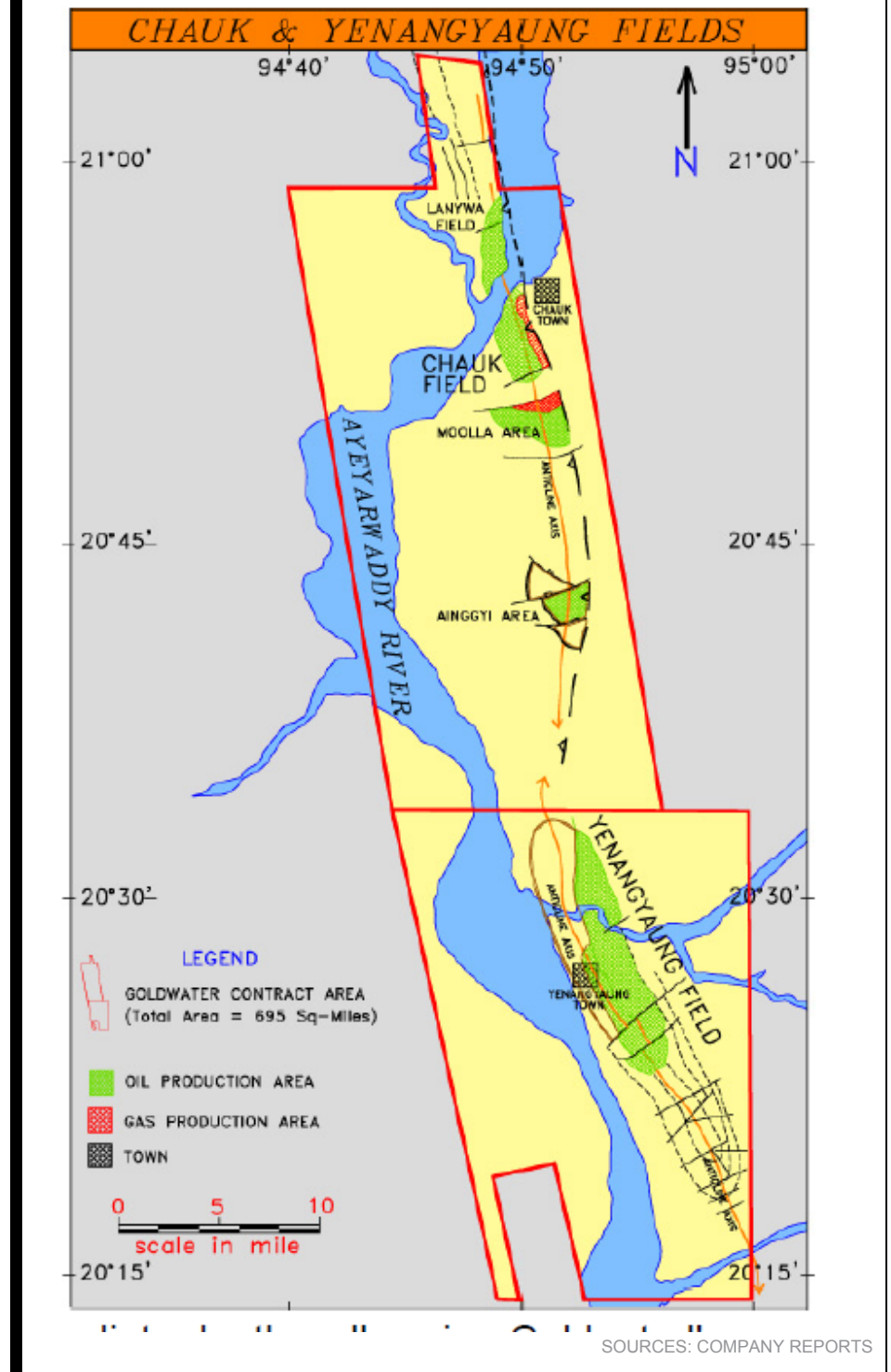
SOURCES: COMPANY REPORTS

3.2 Myanmar – Chauk and Yenangyaung ▶

Interra has a 60% share in Chauk and Yenangyaung improved petroleum recovery contract (IPRC). Its 40% partner is a well-connected Chinese oil company. The fields are located in central Myanmar, covering a total area of 1,800 sq km. The contract period runs from 4 October 1996 to 3 April 2017.

This is an established onshore oil production area with existing infrastructure. An oil refinery is located near Chauk and a significant pipeline is being laid to carry oil and gas to China's resource-rich Yunnan Province. The combined gross production stands at around 2,400 barrels of oil per day.

Figure 11: Chauk and Yenangyaung fields



3.3 Indonesia – TMT and Linda Sele ►

Interra has a 100% stake as an operator in the Tanjung Miring Timur (TMT) technical assistance contract (TAC). The field is located onshore at South Sumatra and covers an area of 61 sq km. The concession period runs from 17 December 1996 to 16 December 2016. There is established infrastructure there and an oil pipeline. Interra took over operatorship in November 2011.

For Linda Sele TAC, Interra again holds a 100% stake as an operator. This field is located onshore at West Papua, covering an area of 15 sq km. The concession period is 16 November 1998-15 November 2018. This field is well supported by

established infrastructure, is close to a refinery centre and is connected to a pipeline. Interra took over as operator of this field in January 2011.

Figure 12: Tanjung Miring Timur field

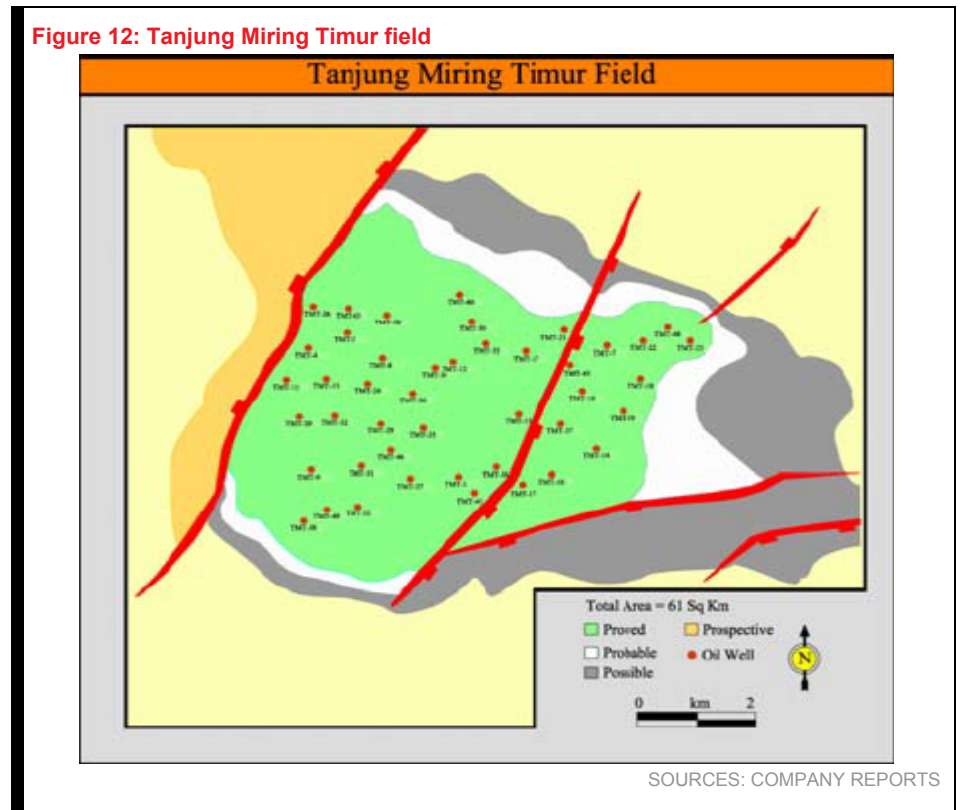


Figure 13: Linda Sele field



3.4 Indonesia – Kuala Pambuang PSC

Interra purchased a 49% stake for operatorship of the Kuala Pambuang PSC. The exploration block is located onshore at central Kalimantan and covers an area of 8,150 sq km. The period granted to Interra runs from 19 December 2011 to 18 December 2017. Interra has an option to extend the exploration for up to another four years. It also has the option to raise its 49% stake to 67.5% following a three-year exploration period.

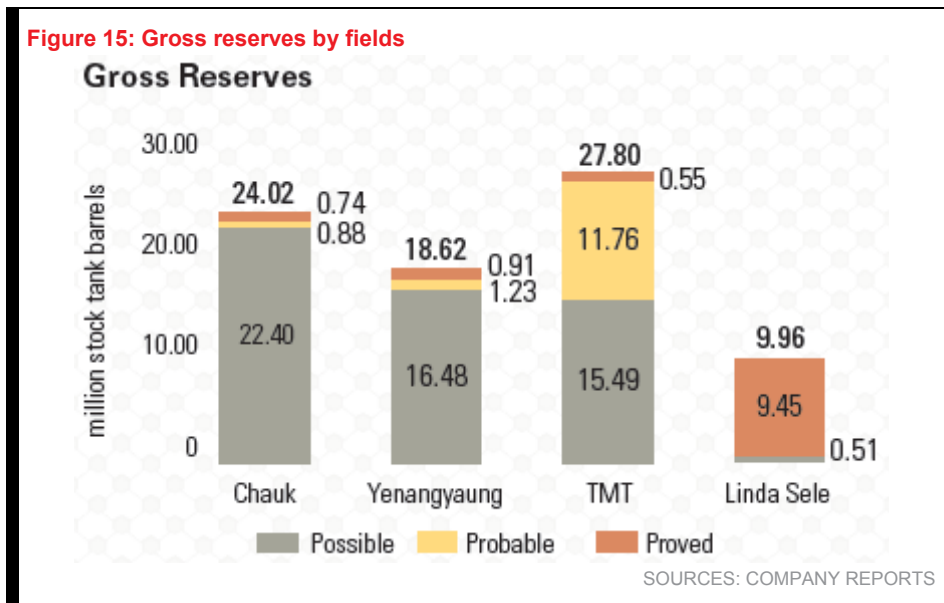
Figure 14: Kuala Pambuang exploration field



3.5 Reserves

The group’s proved reserves (P1) at end-December 2011 were 11.65m stock tank barrels or 14.5% of its overall reserves. Probable (P2) reserves were 13.87m stock tank barrels (17.2% of overall reserves) and possible (P3) reserves were 54.88m stock tank barrels or 68.3% of overall reserves.

Figure 15: Gross reserves by fields



Gross reserves refer to the estimated petroleum reserves in the ground before application of the contractual arrangement with the respective host government for the hydrocarbons produced. The gross reserves are internal estimates based on various sources. However, note that the group did not undertake any external certification of its reserves in 2011.

Figure 16: Gross reserves by field

Field	Source of Data
Chauk & Yenangyaung Myanmar	Certificate of Oil Reserves as of April 2002* By Lemigas dated September 2002
TMT Indonesia	Reserves Certification of Tanjung Miring Timur as of 1 August 2005* By Gaffney, Cline & Associates (Consultants) Pte Ltd dated March 2006
Linda Sele Indonesia	Oil Reserves Certification Report of Linda Sele Fields as of March 2007* By Lemigas dated March 2007

** Actual production since the cut-off date has been deducted from the quantum of proved reserves.*

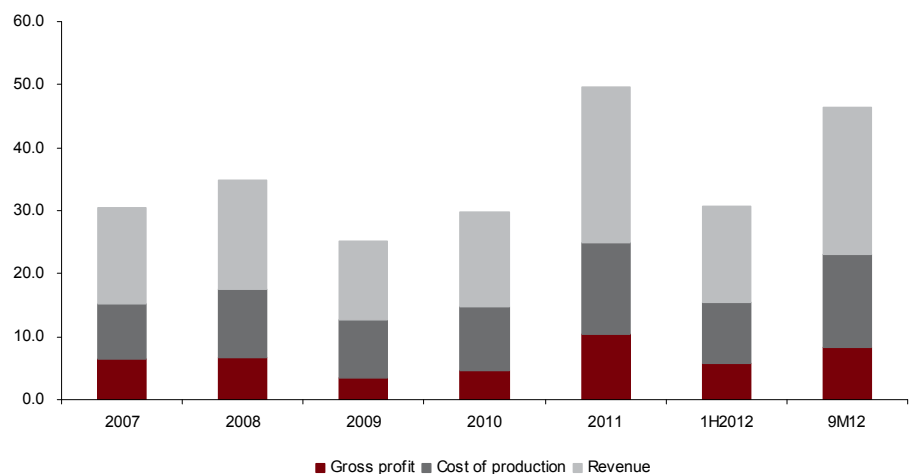
SOURCES: COMPANY REPORTS

4. FINANCIALS

4.1 Track record ▶

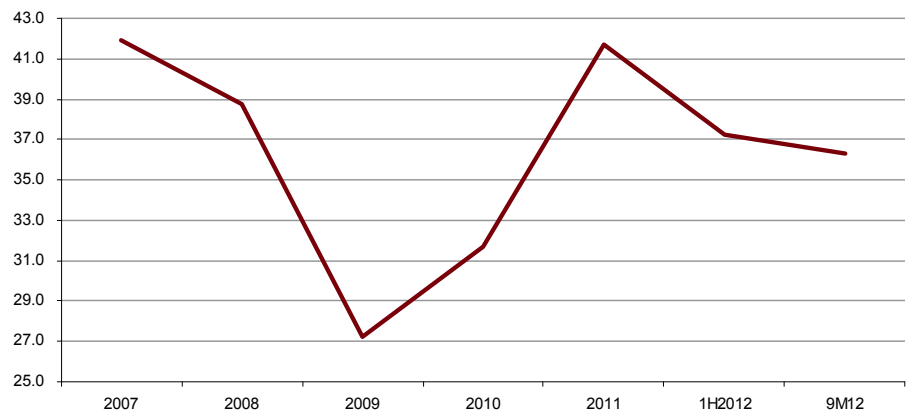
Interra is revenue generating and has been profitable over the past five years. Revenue increased by 15.1% in FY08, 17.7% in FY10 and a strong 67.1% in FY11. Net profit suffered declines in FY08 and FY09 before growth resumed in FY10. FY09 and FY11 warrant separate explanations below. Gross profit margins have been declining during FY07-09. Gross margins recovered to 41.7% in FY11 but dipped to 37.3% in 1H12. 3Q12 gross margin was 34.3% while 9M12 gross margin was 36.3%.

Figure 17: Revenue, cost of production and gross profit (US\$ m)



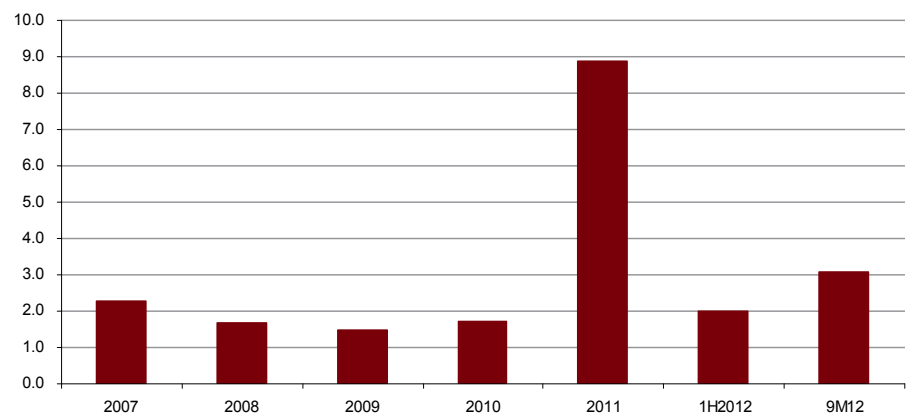
SOURCES: COMPANY REPORTS

Figure 18: Gross profit margin (%)



SOURCES: COMPANY REPORTS

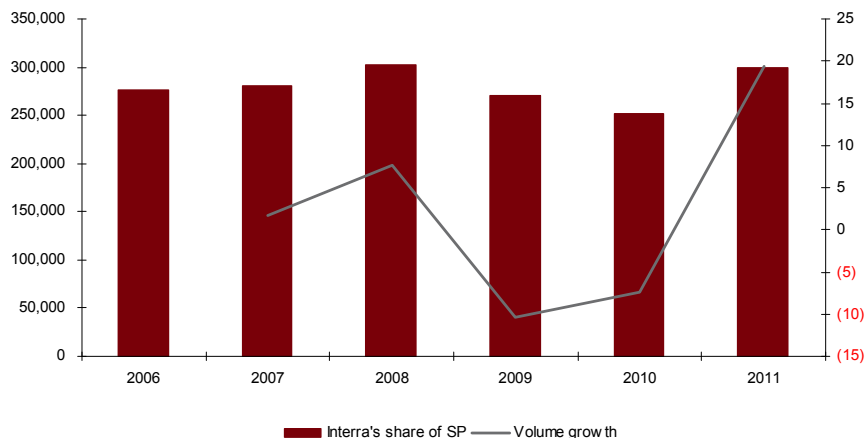
Figure 19: Net profit (US\$ m)



SOURCES: COMPANY REPORTS

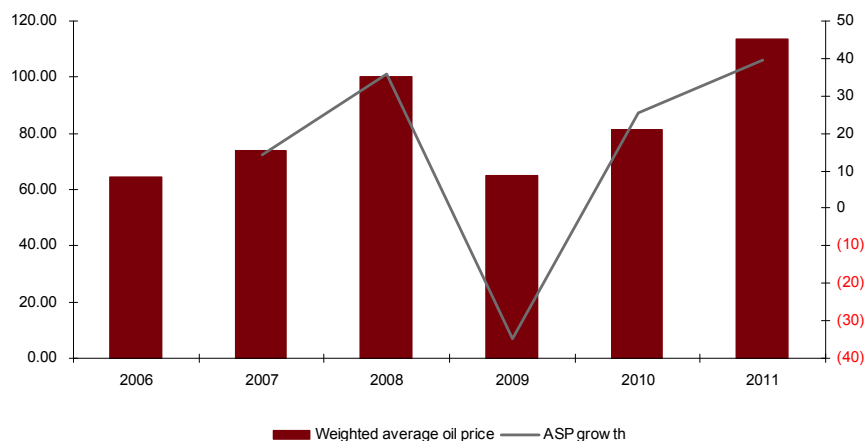
As an unhedged oil producer, Interra sells all its oil on a spot price basis. In FY09, Interra was hit by the double whammy of a 10.4% decline in its share of the shareable production and a 35.0% slump in the weighted average selling price of its oil to US\$65.03 (versus US\$100 in FY08) amid the pall cast by the Lehman crisis. Volumes and selling prices subsequently recovered in FY10.

Figure 20: Interra's share of shareable production (barrels) and volume growth (%)



SOURCES: COMPANY REPORTS

Figure 21: Interra's weighted average ASP per barrel (US\$) and ASP change (%)

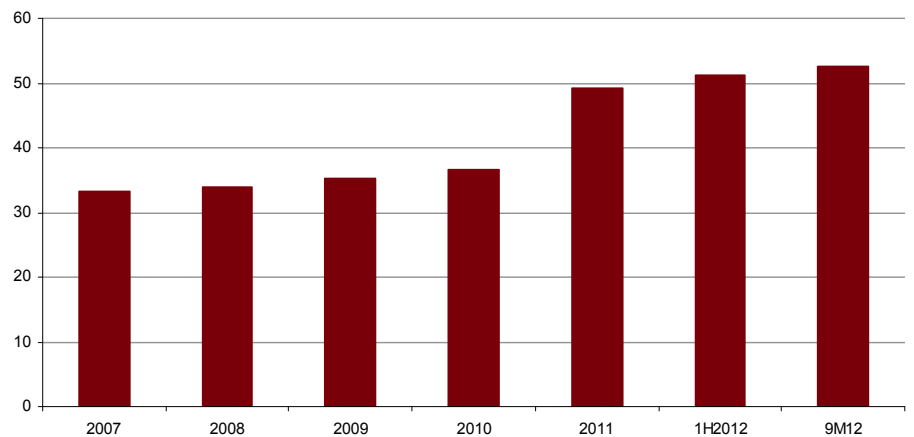


SOURCES: COMPANY REPORTS

In FY11, Interra benefited from a write-back of a US\$1.6m impairment of its exploration, evaluation and development asset for Myanmar. During the year, it also increased its stake in the participating rights in TMT TAC in Indonesia from 70% to 100%. In accordance with the accounting standards (FRS 103 Business Combinations), Interra had to re-measure the value of its existing 70% stake at fair value. This led to a gain on revaluation of investment in the fair value of the existing 70% participating rights in TMT TAC of US\$7.7m for 4Q11.

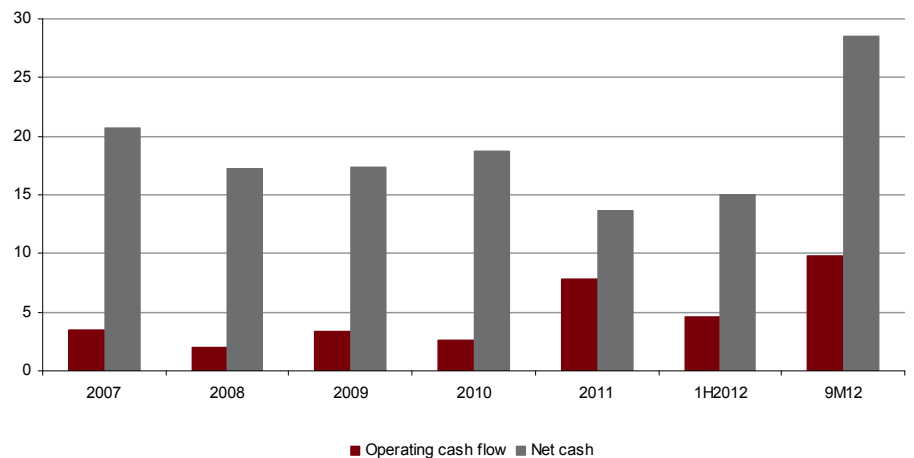
Equity has grown over the years due to profitable operations and capital raising as well as the reinvestment of profits for growth. The company has also been cash flow positive at the operational level and has been able to stay in a net cash position.

Figure 22: Equity (US\$ m)



SOURCES: COMPANY REPORTS

Figure 23: Operating cash flow and net cash (US\$ m)



SOURCES: COMPANY REPORTS

4.2 3Q12 results ▶

Revenue rose 13% yoy and 10% qoq to US\$7.8m in 3Q12. The better sales performance was due to two liftings from LS TAC. Total lifting in 3Q12 was 22,712 barrels (2Q12: 9,851 barrels). Shareable production for the quarter decreased by 1,551 barrels to 90,802 barrels from 92,353 barrels in the previous quarter, mainly due to lower contribution from LS TAC's operations. EBITDA for 3Q12 was US\$3.1m versus US\$2.7m in 2Q12. Interra remains in a net cash position with zero debt. Reported cash on the balance sheet was US\$28.5m or US\$0.06 per share.

4.3 Geographical breakdown ▶

Revenue is currently driven solely by the production of oil. On a geographical basis, Myanmar accounted for 58% of 9M12 revenue while the contribution from Indonesia was 42%. At the EBITDA level, Myanmar/Indonesia accounted for 85% and 15% of 9M12 EBITDA respectively.

Figure 24: Geographical breakdown

(US\$m)	9M12	9M11	% Chg
Myanmar	13.4	11.7	14.7
Indonesia	9.8	6.0	62.9
Revenue	23.2	17.7	31.1
Revenue breakdown			
Myanmar	57.7	66.0	
Indonesia	42.3	34.0	
Total	100.0	100.0	
			% Chg
Myanmar	8.2	7.2	13.7
Indonesia	1.5	1.5	2.2
EBITDA	9.7	8.7	11.8
EBITDA breakdown			
Myanmar	84.6	83.1	
Indonesia	15.4	16.9	
Total	100.0	100.0	
Myanmar	61.5	62.1	
Indonesia	15.3	24.4	
EBITDA margin (%)	42.0	49.3	

SOURCES: CIMB, COMPANY REPORTS

In terms of production, Myanmar takes a 57% share of 9M12 shareable production while Indonesia's share was 43%. The increase in the Indonesian share was due to the additional 30% interest in TMT TAC.

Figure 25: Shareable production breakdown by geography

(US\$m)	9M12	9M11	% Chg
Myanmar	158,190	142,169	11.3
Indonesia	118,390	76,077	55.6
Shareable production	276,580	218,246	26.7
Shareable production breakdown (%)			
Myanmar	57.2	65.1	
Indonesia	42.8	34.9	
Total	100.0	100.0	
Average shareable production per day			
Myanmar	577	521	
Indonesia	432	288	

SOURCES: CIMB, COMPANY REPORTS

5. STRENGTHS

5.1 Dedicated management ▶

The company has an established management and operational team. Its chief technical officer, Frank Overall Hollinger has more than 35 years of experience in the petroleum industry. Before joining Interra, he spent eight years in Myanmar as a geophysical consultant for various companies. Other members of the team also have more than 20 years of experience in their respective fields.

5.2 Producing E&P company ▶

We view Interra as a balanced oil and gas play. The group has been profitable and cash flow positive as its assets in Myanmar and Indonesia are producing fields. This is balanced by its interests in the Kuala Pambuang exploration block which provides upside if oil and/or gas is discovered. At the same time, there are prospects for gas production at the Myanmar fields given that a pipeline is being laid to reach China's Yunnan province.

5.3 Strong relationships with host countries ▶

Interra enjoys strong working relationships with its host countries. Its involvement in Myanmar goes way back to 1996. The group got involved in producing oil in 2004. Its deputy chairman, Sandiaga Salahuddin Uno has also been a member of Indonesia's National Economic Council since June 2010.

6. RISKS

6.1 Unable to replace reserves, inaccurate estimates ▶

Growth is dependent on the group's access to new reserves through exploration and development, negotiations with governments and other owners of reserves, and acquisitions. The estimation of oil and gas reserves is an inexact science and depends on various factors such as the reservoir type, source of reservoir energy, quantity and quality of the geological, engineering, and geophysical data, assumptions adopted when making the estimate, available technology, and the experience and knowledge of the evaluator. Inaccurate reserve estimates will affect the group's financials and therefore, the market's ability to value the group.

6.2 Small player in a competitive environment ▶

Interra may not be able to expand reserves or find replacement reserves due to competition. The group competes with numerous other players in the search for oil and gas assets to acquire. Such competitors include oil and gas companies that are substantially larger in financial and human resources. There is also competition in access to oil services and rigs, technology and equipment, and human resources that may disadvantage the smaller company.

6.3 Volatile oil and gas prices ▶

The oil and gas business is fundamentally a commodity business. As such, the group is a price taker and earnings are significantly affected by changes in oil and gas prices, which are affected by local, regional and global events or supply and demand conditions. Lower oil prices could also render it uneconomical to continue production at some or all of Interra's wells.

6.4 Political and regulatory risks ▶

(a) Access limitations

A number of countries limit access to their oil and gas resources or may place such resources off-limits from development altogether. Restrictions on foreign investment in the oil and gas sector tend to increase in times of high commodity prices when national governments may have less need of outside sources of private capital.

(b) Lack of legal certainty

Interra operates in some countries where political, economic and social transitions are taking place. Potential developments include forced divestment of assets, limits on production or cost recovery, import and export restrictions, international conflicts including war, civil unrest and local security concerns that threaten the safe operation of facilities, price controls, tax increases and other retroactive tax claims, expropriation of property, cancellation of contract rights and environmental regulations.

Some countries in which the group does business also lack well-developed legal systems or have not yet adopted clear regulatory frameworks for oil and gas development. Lack of legal certainty exposes its operations to increased risk of adverse or unpredictable actions by government officials and also makes it more difficult for the group to enforce its contracts.

6.5 Need for cash ▶

Interra will require substantial capital for its business operations and future growth which it has no guarantee of obtaining. It expects substantial capital expenditures for the acquisition, exploration, development and production of oil and gas reserves in the future. If the group's profitability declines, it will have fewer resources to undertake or complete future drilling programmes. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements. Even if financing is available, it may not be on terms acceptable to the group.

7. OUTLOOK

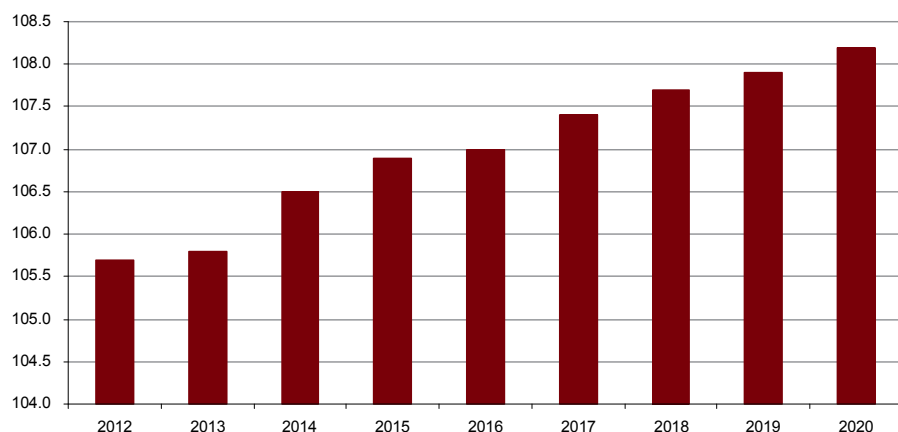
7.1 Strong demand foundation ▶

In October 2012, the International Energy Agency (IEA) predicted that oil prices could come down over the next five years due to sluggish global economic growth and rising oil production in Iraq and North America. IEA expects the average price of oil to fall from US\$107 a barrel this year to \$89 in 2017. Demand will also drop on the back of improvements in energy efficiency, changes in consumer behaviour and a move away from fossil fuels.

IEA slashed forecasts for growth in demand between 2011 and 2016 by 500,000 barrels a day from the forecasts made last December. This will reduce pressure on OPEC as the cartel will have to produce only 31m barrels per day until 2017 in order to balance global demand – less than it does at the moment.

On the other hand, the World Bank sees oil prices remaining above US\$100 per barrel till the end of this decade.

Figure 26: Nominal oil price forecast (US\$/bbl)



SOURCES:WORLD BANK

7.2 Latest developments ▶

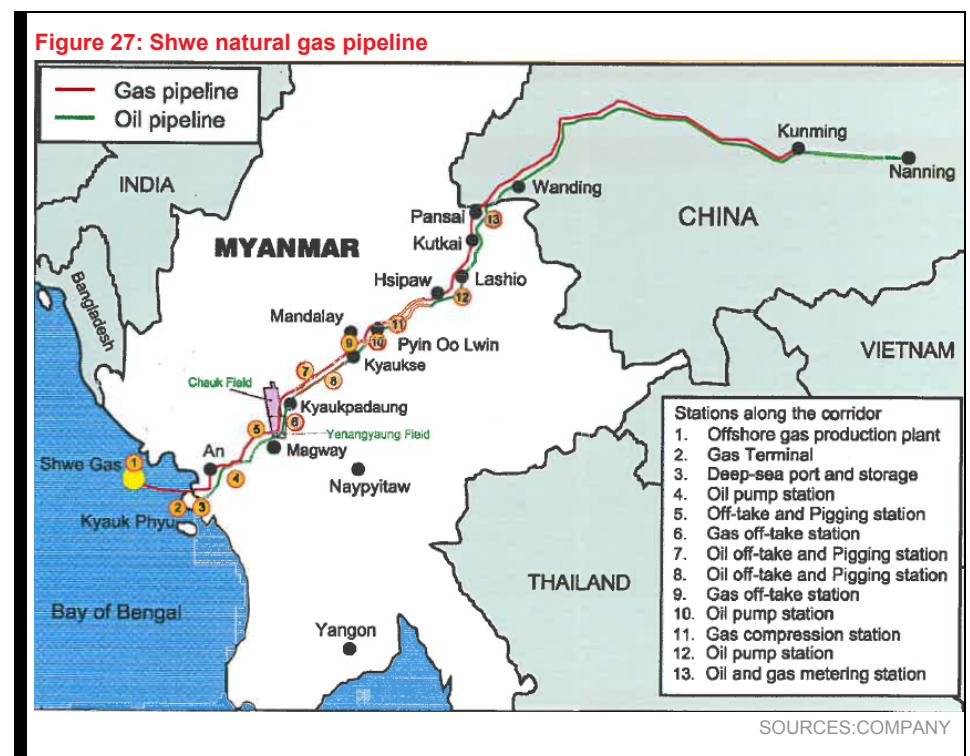
Chauk Deep Well CDT 12 – know this well if you are a current shareholder or intend to be one in Interra Resources. The CDT 12 location on a large geologic structure, coupled with a drilling depth of 12,800 feet, provides for a potential significant gas discovery. In the event of a gas discovery, the proposed production infrastructure will be relatively near two gas pipelines, which will provide the market for the recoverable gas. An existing pipeline owned by the MOGE is about 16km away and supplies gas for local consumption. In addition, the new Myanmar-China pipeline for gas sales to China, currently under construction, will be about 24km away. As at 22 October 2012, all data collected during drilling and logging have been analysed, with three prospective reservoir sections identified for first phase testing through casing perforations in the primary objective Shwezetaw formation totalling 129 feet. Shwezetaw testings have not been fruitful and the company has turned its attention to additional prospective hydrocarbon zones that have been identified. As at 21 November, some gas discovery has been made and the company is assessing if commercial production is viable.

7.3 Drilling resumes in TMT ▶

Interra Resources has also commenced drilling development well TMT-53 at the TMT field in South Sumatra, Indonesia. New drilling at TMT had been suspended since April 2009 pending the results of 3D seismic acquisition and interpretation over the field which was completed during the second quarter of 2012. Several quality locations have been delineated based on the 3D seismic results, with four selected to be drilled in succession. Results of the drilling should be available soon.

7.4 Gas potential in Myanmar ▶

The Shwe natural gas pipeline in which MOGE has an 8% stake runs through the Yenangaung field and is close to the Chauk fields. This pipeline scheduled for completion by March 2013 will bring natural gas to China's Yunnan province and from there, to Guizhou and Guangxi. There is potential for Interra to sell gas through this pipeline in the future. Interra currently burns off the gas recovered in the process of oil extraction.



8. LISTED PEERS

In Singapore, listed peers with oil E&P exposure are Ramba Energy, RH Energy, RH Petrogas, Loyz Energy and Mirach Energy. In 2005, Pearl Energy Limited was the first oil E&P company to be listed on the SGX. Pearl Energy was delisted in 2006 after being bought over by Dubai-based Aabar Petroleum Investments Company.

Established peers in the ASEAN region include PTT PCL and PTT Exploration and Production in Thailand as well as Medco Energy Internasional and Energi Mega Persada in Indonesia.

In Australia, there are many oil and gas E&P companies listed on the ASX. Horizon Oil Limited, Otto Energy Limited and ROC Oil Company Limited and have a mix of producing and exploration assets while MEO Australia Limited is still at the exploration stage.

9. RECENT CAPITAL HISTORY

Interra raised net proceeds of S\$4.7m in April 2011 via the issuance of 38.5m new shares at S\$0.126 per share. In 2012, the company undertook a 1-for-2 rights issue, raising an estimated S\$21.7m which will be utilised in work programmes for its oil and gas assets.

10. UPGRADED TO MAIN BOARD

The Singapore Exchange Securities Trading Limited (SGX-ST) has approved in-principle Interra's application for the transfer of its listing from SGX Catalist to SGX Mainboard subject to fulfilment of certain conditions with which Interra is in the process of complying.

11. VALUATION & RECOMMENDATION

Of the SGX-listed oil & gas E&P companies, RH Petrogas is, in our view, the best comparable as it has production assets and is also involved in exploration. At the same time, the company generates revenue primarily from oil and gas sales, is profitable and sports an EBITDA margin that is slightly lower than Interra's.

Established E&P companies such as PTT PCL, PTT Exploration & Production, Medco Energi Internasional and Energi Mega Persada trade at P/Es of 7.7-11.3x for CY12 and 3.8-14.5x for CY13. EV/EBITDA valuations for CY13 range from 2.9x to 4.8x and these companies offer dividend yields.

For the established integrated oil plays, CY12 P/Es are 7.0-11.4x while CY13 P/Es are 7.1-10.9x (excluding outliers). On an EV/EBITDA basis, the highest valuations do not exceed 5.8x for CY12 and 5.3x for CY13. Again, almost all of these companies pay respectable dividends.

Interra's average forward EV/EBITDA is 4.57x. The spike in valuations since January 12 can be attributed to the "Myanmar effect" as it is one of the few companies listed on the SGX with an established presence in Myanmar. Part of the rerating can be attributed to the market's grappling of how to price in the potential for significant oil and gas discovery in its current Myanmar fields and the new exploratory block in Indonesia.

We next turn to RH Petrogas for clues on possible equity values for Interra. RH Petrogas has traded at an average forward EV/EBITDA of 11.6x. Given the "similar" nature of Interra's business with RH Petrogas's, the market's experience in valuing RH Petrogas as an E&P company perhaps gives us an idea of how much Interra could be worth (excluding potential new oil/gas discoveries). Applying 11.6x EV/EBITDA to our estimated CY13 EBITDA of US\$11.0m for Interra, we think that Interra could be worth around S\$0.441 per

share or 16% upside from its last price. This can be viewed as an aggressive valuation.

Figure 28: Peer description

Company	Ticker	Description
Interra Resources	ITRR SP	Oil producing assets in onshore Myanmar and Indonesia. Has an exploratory block in Indonesia. Has a controlling stake in Bombay-listed Interlink Petroleum Limited (IPL), which owns two production-sharing contracts (PSCs) for the onshore Baola and Modhera fields in Gujarat in India. Has two petroleum exploration permits - one for New Zealand's Taranaki Basin and the other for an area off the coast of Victoria in Australia. Recently clinched its first major onshore E&P deal in the US to work on 80 wells in Colorado and North Dakota.
Loyz Energy	LOYZ SP	No oil revenue reported in FY12 results. No revenue from oil production yet. Has interests in oil blocks in offshore Cambodia and onshore Indonesia.
Mirach Energy	MENR SP	Has rights to producing coal mine in Samarinda, East Kalimantan. Oil and gas assets in Indonesia. Mainly gas revenue from Indonesia. Also has a logistics business.
Ramba Energy	RMBA SP	Its Lemang block has significant potential with external estimation of a recoverable 511m barrels (probability not specified). Logistics dominate both revenue and profits currently.
RH Energy	RHE SP	Provides specialist technical services for oil and gas projects and diversifying into oil and gas E&P.
RH Petrogas	RHP SP	First E&P project in Alberta, Canada. No oil production as at end FY11. One development block in China, one exploration block and two production blocks in Indonesia.

SOURCES: CIMB, COMPANY REPORTS

Figure 29: Peers' financials (data in US\$ m)

Company	FYE	Sales	Gross profit	EBITDA	Net profit	Margins		
						GPM	NPM	EBITDA
Interra Resources	Dec-11	24.8	10.4	6.6	8.9*	41.9%	35.9%	26.5%
Loyz Energy	Jun-12	13.0	6.5	(3.6)	(4.0)	49.7%	-30.9%	-27.6%
Mirach Energy	Dec-11	4.9	1.4	(2.9)	(3.1)	28.6%	-63.3%	-59.7%
Ramba Energy	Dec-11	50.1	na	(2.4)	(5.2)	na	-10.5%	-4.8%
RH Energy	Dec-11	38.5	10.6	0.6	-0.97***	27.5%	-2.5%	1.6%
RH Petrogas	Dec-11	89.4	32.6	21.0	2.9***	36.5%	3.2%	23.5%

* EBITDA excluding revaluation gains
** includes revaluation gains
*** continuing operations only

SOURCES: CIMB, COMPANY REPORTS

Figure 30: Peer valuations

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2012	CY2013		CY2012	CY2013	CY2012	CY2013	CY2012	CY2013	CY2012	CY2013
Interra Resources Ltd	ITRR SP	NR	0.38	NA	138	34.5	34.5	na	1.94	1.83	6.9%	5.7%	na	na	na	na
Ramba Energy Ltd	RMBA SP	NR	0.38	NA	75	na	na	-12.5%	na	na	-12.1%	-7.8%	na	na	na	na
RH PetroGas Ltd	RHP SP	NR	0.42	NA	208	41.5	19.8	na	na	na	na	na	na	na	na	na
Loyz Energy Ltd	LOYZ SP	NR	0.38	NA	104	na	na	na	na	na	na	na	na	na	na	na
Mirach Energy Ltd	MENR SP	NR	0.06	NA	40	na	na	na	na	na	na	na	na	na	na	na
PTT	PTT TB	Outperform	314.0	391.0	29,224	7.7	7.4	6.6%	1.41	1.25	19.3%	17.9%	5.2	4.8	2.8%	2.8%
PTT Exploration & Production	PTTEP TB	Trading Buy	155.0	180.0	16,768	9.9	8.5	11.4%	1.82	1.59	22.8%	20.0%	3.6	2.9	3.6%	4.2%
Medco Energi Internasional Tbk	MEDC IJ	NR	1,500	NA	520	11.3	14.5	-23.4%	0.57	0.55	4.9%	4.0%	3.1	3.3	4.5%	1.3%
Energi Mega Persada Tbk PT	ENRG IJ	NR	74.00	NA	312	7.7	3.8	118.1%	0.43	0.41	6.6%	9.9%	4.8	3.5	0.0%	0.0%
Horizon Oil	HZN AU	Outperform	0.43	0.50	510	34.0	11.0	74.0%	3.08	2.41	9.5%	24.7%	15.5	6.3	0.0%	0.0%
Otto Energy Ltd	OEL AU	NR	0.09	NA	101	6.7	3.1	43.8%	na	na	na	na	3.4	1.5	na	na
Roc Oil Co Ltd	ROC AU	NR	0.45	NA	321	8.0	6.6	18.0%	1.55	1.22	22.7%	48.8%	1.8	1.7	0.0%	0.0%
MEO Australia Ltd	MEO AU	NR	0.18	NA	118	na	na	na	0.48	0.48	-1.7%	-0.7%	na	na	na	na
Weighted Average						17.9	12.1	29.5%	1.41	1.22	8.8%	13.6%	5.3	3.4	1.8%	1.4%

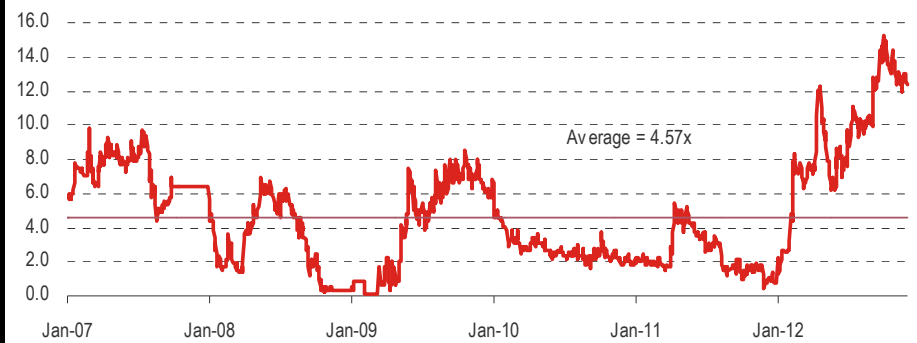
SOURCES: CIMB, COMPANY REPORTS

Figure 31: Integrated oil peers

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)			EV/EBITDA (x)		Dividend Yield (%)	
						CY2012	CY2013		CY2012	CY2013	CY2012	CY2013	CY2014	CY2012	CY2013	CY2012	CY2013
Interra Resources Ltd	ITRR SP	NR	0.38	NA	138	34.5	34.5	na	1.94	1.83	6.9%	5.7%	na	na	na	na	na
Chevron Corp	CVX US	NR	103.4	NA	202,333	8.4	8.5	-3.1%	1.49	1.34	18.5%	17.4%	15.0%	3.4	3.6	3.4%	3.6%
Murphy Oil Corp	MUR US	NR	57.05	NA	11,087	10.2	10.4	11.0%	1.15	1.06	11.9%	12.2%	11.7%	3.3	3.3	5.6%	2.2%
Exxon Mobil Corp	XOM US	NR	87.35	NA	398,259	11.0	10.9	-1.2%	2.40	2.18	24.1%	21.0%	18.7%	4.6	5.0	2.5%	2.7%
Talisman Energy Inc	TLM CN	NR	11.48	NA	11,918	34.4	18.1	-1.5%	1.20	1.13	3.3%	4.8%	6.6%	4.1	4.2	2.4%	2.4%
BP PLC	BP/LN	NR	431.3	NA	131,544	7.4	7.2	-8.5%	1.10	1.00	14.3%	14.0%	14.5%	4.2	4.1	4.9%	5.3%
Total SA	FP FP	NR	37.97	NA	116,110	7.0	7.1	-0.1%	1.16	1.06	16.7%	15.2%	14.6%	3.2	3.2	6.2%	6.3%
Royal Dutch Shell PLC	RDSA NA	NR	25.68	NA	213,779	7.8	7.5	-3.4%	1.11	1.03	14.8%	13.9%	13.1%	3.9	3.7	5.2%	5.4%
PetroChina Co Ltd	857 HK	NR	10.10	NA	249,097	11.4	10.1	6.5%	1.39	1.29	12.3%	12.8%	12.9%	5.8	5.3	3.9%	4.4%
China Petroleum & Chemical Cor	386 HK	NR	8.02	NA	84,866	9.4	7.6	2.0%	1.08	0.99	12.3%	13.7%	13.3%	5.1	4.4	3.6%	4.2%
Weighted Average						14.1	12.2	0.2%	1.40	1.29	13.5%	13.0%	13.4%	4.2	4.1	4.2%	4.0%

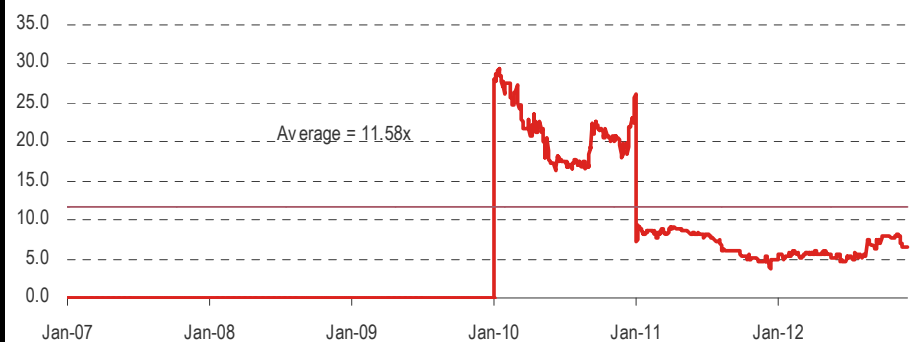
SOURCES: CIMB, COMPANY REPORTS

Figure 32: Interra's forward EV/EBITDA



SOURCES: CIMB, BLOOMBERG

Figure 33: RH Petrogas's forward EV/EBITDA



SOURCES: CIMB, BLOOMBERG

Figure 34: Income statement*

(US\$m)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenue	15.2	17.5	12.6	14.9	24.8
Cost of Revenue	8.8	10.7	9.2	10.1	14.5
Gross Profit	6.4	6.8	3.4	4.7	10.4
Other Operating Revenue	0.0	0.0	3.1	6.0	0.1
Operating Expenses	3.8	3.9	5.4	8.6	9.0
Operating Income	2.6	2.9	1.1	2.1	1.5
Interest Expense	0.3	0.1	0.0	0.0	0.0
Foreign Exchange Losses (Gains)	0.0	0.2	(0.3)	(0.6)	(0.1)
Net Non-Operating Losses (Gains)	(1.0)	(0.8)	(0.8)	(0.3)	(9.3)
Pretax Income	3.4	3.4	2.3	2.9	10.9
Income Tax Expense	1.1	1.7	0.8	1.2	2.0
Income Before XO Items	2.3	1.7	1.5	1.7	8.9
Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0
Minority Interests	0.0	0.0	0.0	0.0	0.0
Net Income	2.3	1.7	1.5	1.7	8.9

SOURCES: BLOOMBERG

* As reported data

Figure 35: Balance sheet*

(US\$m)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Cash & Near Cash Items	20.8	14.3	14.5	18.1	11.5
Short-Term Investments	0.0	0.0	0.0	0.0	0.0
Accounts & Notes Receivable	4.6	5.7	4.5	5.8	6.2
Inventories	1.1	1.7	2.0	1.7	3.1
Other Current Assets	4.8	4.4	3.8	1.2	3.4
Total Current Assets	31.3	26.2	24.8	26.7	24.3
LT Investments & LT Receivables	0.0	0.0	0.0	0.0	0.0
Net Fixed Assets	9.6	12.3	14.4	16.1	35.6
Gross Fixed Assets	11.5	14.9	17.7	20.2	40.4
Accumulated Depreciation	2.0	2.5	3.4	4.2	4.8
Other Long-Term Assets	5.5	5.4	6.1	3.7	5.9
Total Long-Term Assets	15.1	17.7	20.5	19.8	41.4
Total Assets	46.4	43.9	45.2	46.5	65.7
Liabilities & Shareholders' Equity					
Accounts Payable	0.9	2.5	4.6	3.2	2.0
Short-Term Borrowings	4.3	0.0	0.0	0.0	0.0
Other Short-Term Liabilities	7.7	6.9	4.7	5.9	12.3
Total Current Liabilities	12.9	9.4	9.3	9.1	14.2
Long-Term Borrowings	0.0	0.0	0.0	0.0	0.0
Other Long-Term Liabilities	0.3	0.5	0.7	0.8	2.2
Total Long-Term Liabilities	0.3	0.5	0.7	0.8	2.2
Total Liabilities	13.2	9.9	9.9	9.9	16.5
Total Preferred Equity	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Share Capital & APIC	40.1	40.1	40.1	40.1	43.9
Retained Earnings & Other Equity	(6.9)	(6.1)	(4.8)	(3.5)	5.4
Total Equity	33.2	34.0	35.3	36.6	49.3
Total Liabilities & Equity	46.4	43.9	45.2	46.5	65.7

SOURCES: BLOOMBERG

* As reported data

Figure 36: Cash flow*

(US\$m)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Cash From Operating Activities					
Net Income	2.3	1.7	1.5	1.7	8.9
Depreciation & Amortization	1.7	1.9	2.1	2.9	3.4
Other Non-Cash Adjustments	1.9	0.5	(1.5)	0.0	(3.9)
Changes in Non-Cash Capital	(1.2)	(1.5)	1.4	(0.4)	0.0
Cash From Operations	4.6	2.6	3.5	4.2	8.5
Cash From Investing Activities					
Disposal of Fixed Assets	0.0	0.0	0.0	0.0	0.0
Capital Expenditures	(2.7)	(5.7)	(3.6)	(3.5)	(0.5)
Increase in Investments	0.0	0.0	0.0	0.0	0.0
Decrease in Investments	0.0	0.0	0.0	0.0	0.0
Other Investing Activities	(5.4)	1.9	0.4	1.4	(16.8)
Cash From Investing Activities	(8.0)	(3.8)	(3.2)	(2.2)	(17.3)
Cash from Financing Activities					
Dividends Paid	0.0	(0.9)	0.0	0.0	0.0
Change in Short-Term Borrowings	0.0	0.0	0.0	0.0	0.0
Increase in Long-Term Borrowings	0.0	0.0	0.0	0.0	0.0
Decrease in Long-term Borrowings	0.0	(1.5)	0.0	0.0	0.0
Increase in Capital Stocks	0.0	0.0	0.0	0.0	3.8
Decrease in Capital Stocks	0.0	0.0	0.0	0.0	0.0
Other Financing Activities	0.0	(2.9)	0.0	0.1	(0.0)
Cash from Financing Activities	0.0	(5.3)	0.0	0.1	3.8
Net Changes in Cash	(3.4)	(6.5)	0.2	2.1	(5.1)

SOURCES: BLOOMBERG

* As reported data

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Recommendation Framework #1 *

Stock

OUTPERFORM: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.

NEUTRAL: The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.

UNDERPERFORM: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.

TRADING BUY: The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 3 months.

TRADING SELL: The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 3 months.

Sector

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 3 months.

* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Korea Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.

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Recommendation Framework #2 **

Stock

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.

Sector

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +10% (or better) or -10% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +10% to -10%; both over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 3 months.

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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2011.

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