

List of Entities on Rating Watch for 3rd Quarter 2013 (period covering 1.7.2013 – 30.9.2013)

No	Issuer / Entity	Issue size & Instrument	Last Rating action	MARCWatch	Subsequent Rating Action	Chronology of MARCWatch
1.	Kinsteel Berhad	RM100.0 million Murabahah Medium Term Notes (MMTN) Programme RM100.0 million Murabahah Commercial Papers/Medium Term Notes (CP/MTN) Programme	C _{ID} D _{ID}	NEG Withdrawn	The MARCWatch Negative reflects MARC's concerns on the group's weak operating performance which would exert pressure on the group's ability to meet its financial obligations. Kinsteel's weak operating results due to difficult steel market conditions and continued weak financial performance posed constraints to its financial stability. On 6 September 2013, the rating on Kinsteel's outstanding RM100.0 million CP/MTN Programme was downgraded to D _{ID} and concurrently removed from MARCWatch. C _{ID} rating on MMTN remains on MARCWatch negative and denotes a substantial risk of default.	15 July 2013 – placed on MARCWatch. 29 August 2013 – remained on MARCWatch and downgraded the rating to C _{ID} . 6 September 2013 – MMTN programme remained on MARCWatch. CP/MTN's rating was downgraded to D _{ID} and concurrently removed from MARCWatch.
2.	KNM Capital Sdn Bhd	RM300.0 million Murabahah Underwritten Notes Issuance Facility / Islamic Medium Term Notes	A ⁻ _{ID}	NEG	KNM Capital Sdn Bhd (KNM Capital), was first placed on MARCWatch Negative on 25 April 2013 due to the winding up petition by Mission Biofuels Sdn Bhd against KNM Process over an alleged debt of RM12.2 million. MARC was of the view that the petition could trigger an event of default under rated programmes. On 24 July 2013 MARC has lowered its debt ratings on KNM Capital to two notches and maintained on MARCWatch Negative. The lowered ratings reflect tight liquidity at KNM, as evidenced by its	25 April 2013 – placed on MARCWatch. 24 July 2013 – remained on MARC Watch.

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					<p>financial covenant breach under the rated notes and KNM Capital's dependence on timely refinancing of outstanding notes under the rated programme as the ultimate source of repayment for the notes. MARC will monitor the developments and if there was no alternative source of repayment is identified, the ratings could be lowered further.</p>	
3.	Press Metal Berhad	RM323.7 million Redeemable Convertible Secured Loan Stocks	BBB	NEG	<p>The MARCWatch Negative reflects MARC's views on pending clarity on the credit impact from the unexpected shutdown of Press Metal's aluminium smelting plant in Mukah, Sarawak, due to the damage suffered from a power outage on 27 June 2013.</p> <p>MARC believes that Press Metal faces increased credit risks in the next 12 to 18 months due to the extensive damage to the plant and the immediate impact on operating income and cash flow while insurance claim being processed.</p> <p>MARC expects to resolve the MARCWatch Negative placement once the rating agency obtains the requisite information to assess the implications of the plant shutdown on the credit quality of Press Metal.</p>	3 July 2013- placed on MARCWatch