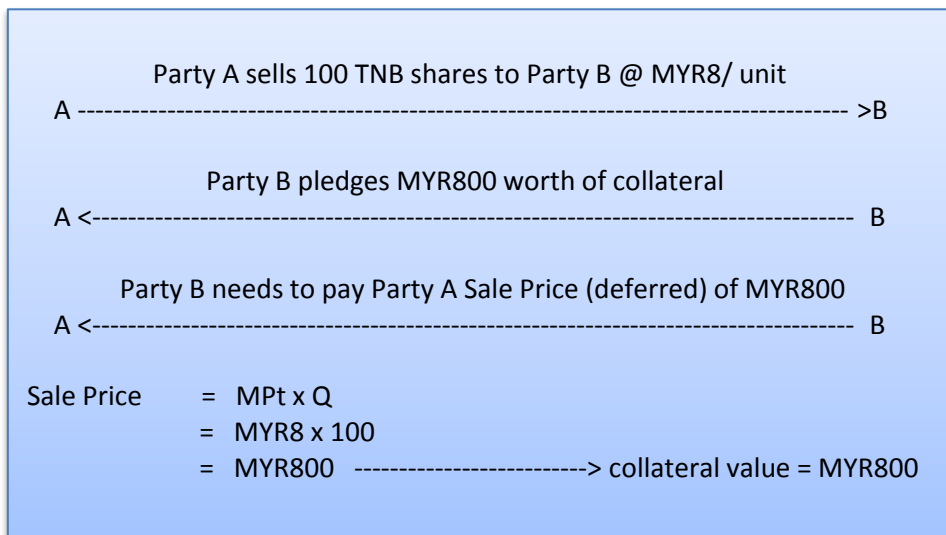


Scenario 4 - If Share Price Moves Down + Leg 2 Does Not Take Place

(Settlement can be by Cash Settlement or Replacement)

Leg 1

| | | |
|--|-----------|----------------------|
| Date, T=0 | 31-Dec-14 | |
| No. of TNB shares, Q | 100.00 | |
| Price/ unit (MYR), MPt | 8.00 | |
| Sale Price (MYR), SP | 800.00 | (deferred) |
| Total Fee (MYR), MI | 100.00 | |
| Total Dividend (MYR), D | 100.00 | |
| Expected Maturity Date | 31-Dec-15 | |
| Value of Collateral pledged (MYR) on T=0 | 800.00 | (mark-to-market) [X] |



| | | |
|---|-----------|-----|
| Date, T=181 | 30-Jun-15 | |
| TNB Share Price/ unit (MYR), MP | 5.00 | |
| Collateral top-up, (MP x Q) - (MPt x Q) | -300 | [Y] |
| Collateral value (MYR), [X] + [Y] | 500.00 | |

Scenario 4 - If Share Price Moves Down + Leg 2 Does Not Take Place
(Settlement can be by Cash Settlement or Replacement)

Leg 2 cannot happen

| | |
|--|-----------|
| Date, T=334 | 30-Nov-15 |
| No. of TNB shares, Q | 100.00 |
| Price/ unit (MYR), MP | 5.00 |
| Sale Price (MYR), SP | 800.00 |
| Total Fee (MYR), MI | 100.00 |
| Total Dividend (MYR), D | 100.00 |
| Value of Collateral pledged (MYR) on T=334 | 500.00 |

A) Cash Settlement

Leg 2 cannot take place

B -----X----- >A

Party A needs to return MYR500 worth of collateral

B <----- A

Party B needs to pay Party A Sale Price of MYR800

B ----- > A

Party B opts to make Cash Settlement @ [V] value

B <----- A

[V] = SP + Δ MP + D + MI
= SP + [(MP x Q) - (MPt x Q)] + D + MI
= MYR800 + [MYR500 - MYR800] + MYR100 + MYR100
= MYR800 + [-MYR300] + MYR100 + MYR100
= MYR700*

Difference = MYR700 - MYR800
= -MYR100 -----> (ΔMP + D + MI)

**preservation of investment value to Party A, excluding MI*

Draft Accounting Entries for Cash Settlement via Commodity Murabahah (MYR)

| | |
|---------------------------------------|----------|
| 1) Party B buys commodity from CSP | 700.00 |
| 2) Party B sells commodity to Party A | 800.00 |
| 3) Party A sells commodity to BMIS | 700.00 |
| Gain to Party A | (100.00) |

| | | | |
|-------------------------|----------------|--------|--------|
| 1) Party B | Dr Commodity | 700.00 | |
| | Cr Cash | | 700.00 |
| BMIS (as agent for CSP) | Dr Cash | 700.00 | |
| | Cr Commodity | | 700.00 |
| 2) Party B | Dr Cash | 800.00 | |
| | Cr Commodity | | 700.00 |
| | Cr 'Profit'* | | 100.00 |
| Party A | Dr Commodity | 700.00 | |
| | Dr 'Expenses'* | 100.00 | |
| | Cr Cash | | 800.00 |
| 3) Party A | Dr Cash | 700.00 | |
| | Cr Commodity | | 700.00 |
| BMIS (as principal) | Dr Commodity | 700.00 | |
| | Cr Cash | | 700.00 |

** subject to confirmation on correct terminology to be used*

BMIS: Bursa Malaysia Islamic Services

B) Replacement

Step 1:

$$[V] = \text{MYR}700$$

Step 2: Assuming both parties agree to exchange Maxis share at prevailing market price e.g. RM5/unit

Therefore

Party B will deliver Maxis shares @ MYR5/unit

Party B needs to deliver :

$$\text{-----} \rightarrow [V] \div \text{MYR}5$$

$$\text{-----} \rightarrow \text{MYR}700 \div \text{MYR}5$$

$$\text{-----} \rightarrow 140 \text{ units of Maxis shares}$$

Draft Accounting Entries for Replacement with Alt. Shariah Compliant Securities (MYR)

1) Party B buys MAXIS shares from QRS 700.00
 2) Party B sells MAXIS shares to Party A 800.00

 Gain to Party A (100.00)

| | | | | |
|------------|------------|--------------|--------|--------|
| 1) Party B | Dr Shares | | 700.00 | |
| | | Cr Cash | | 700.00 |
| 2) Party B | Dr Cash | | 800.00 | |
| | | Cr Shares | | 700.00 |
| | | Cr 'Profit'* | | 100.00 |
| Party A | Dr Shares | | 700.00 | |
| | Dr 'Loss'* | | 100.00 | |
| | | Cr Cash | | 800.00 |

** subject to confirmation on accurate terminology to be used*