

MIRA INFORM REPORT

Report No. :	523712
Report Date :	03.08.2018

IDENTIFICATION DETAILS

Name :	MAKINO ASIA PTE, LTD.
Formerly Known As :	LEBLOND MAKINO ASIA PTE LTD
Registered Office :	2, Gul Avenue, 629649
Country :	Singapore
Financials (as on) :	31.03.2017
Date of Incorporation :	23.05.1973
Com. Reg. No.:	197300960K
Legal Form :	Private Limited (Limited By Share)
Line of Business :	The subject is engaged in the manufacturing and sale of machine tools.
No. of Employees :	500

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

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NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Singapore	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

SINGAPORE - ECONOMIC OVERVIEW

Singapore has a highly developed and successful free-market economy. It enjoys a remarkably open and corruption-free environment, stable prices, and a per capita GDP higher than that of most developed countries. Unemployment is very low. The economy depends heavily on exports, particularly of electronics, petroleum products, chemicals, medical and optical devices, pharmaceuticals, and on Singapore's vibrant transportation, business, and financial services sectors.

The economy contracted 0.6% in 2009 as a result of the global financial crisis, but has continued to grow since 2010. Growth from 2012-2017 was slower than during the previous decade, a result of slowing structural growth - as Singapore reached high-income levels - and soft global demand for exports. Growth recovered to 3.6% in 2017 with a strengthening global economy.

The government is attempting to restructure Singapore's economy to reduce its dependence on foreign labor, raise productivity growth, and increase wages amid slowing labor force growth and an aging population. Singapore has attracted major investments in advanced manufacturing, pharmaceuticals, and medical technology production and will continue efforts to strengthen its position as Southeast Asia's leading financial and technology hub. Singapore is a signatory of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and a party to the Regional Comprehensive Economic Partnership (RCEP) negotiations with nine other ASEAN members plus Australia, China, India, Japan, South Korea, and New Zealand. In 2015, Singapore formed, with the other ASEAN members, the ASEAN Economic Community.

Source : CIA

EXECUTIVE SUMMARY

REGISTRATION NO.	: 197300960K
COMPANY NAME	: MAKINO ASIA PTE, LTD.
FORMER NAME	: LEBLOND MAKINO ASIA PTE LTD (07/05/1992)
INCORPORATION DATE	: 23/05/1973
COMPANY STATUS	: EXIST
LEGAL FORM	: PRIVATE LIMITED (LIMITED BY SHARE)
LISTED STATUS	: NO
REGISTERED ADDRESS	: 2, GUL AVENUE, 629649, SINGAPORE.
BUSINESS ADDRESS	: 2, GUL AVENUE, 629649, SINGAPORE.
TEL.NO.	: 65-68615722
FAX.NO.	: 65-68611600
WEB SITE	: WWW.MAKINO.COM.SG
CONTACT PERSON	: SHINJI KOIKE (DIRECTOR)
PRINCIPAL ACTIVITY	: MANUFACTURING AND SALE OF MACHINE TOOLS
ISSUED AND PAID UP CAPITAL	: 1,641,377.00 ORDINARY SHARE, OF A VALUE OF SGD 13,626,377.00
SALES	: SGD 596,729,677 [2017]
NET WORTH	: SGD 374,575,133 [2017]
STAFF STRENGTH	: 500 [2018]
LITIGATION	: CLEAR
FINANCIAL CONDITION	: STRONG
PAYMENT MANAGEMENT CAPABILITY	: REGULAR
	: AVERAGE
COMMERCIAL RISK	: LOW
CURRENCY EXPOSURE	: MODERATE
GENERAL REPUTATION	: GOOD
INDUSTRY OUTLOOK	: MARGINAL GROWTH

HISTORY / BACKGROUND

The Subject is a private limited company and is allowed to have a minimum of one and a maximum of forty-nine shareholders. As a private limited company, the Subject must have at least two directors. A private limited company is a separate legal entity from its shareholders. As a separate legal entity, the Subject is capable of owning assets, entering into contracts, sue or be sued by other companies. The liabilities of the shareholders are to the extent of the equity they have taken up and the creditors cannot claim on shareholders' personal assets even if the Subject is insolvent. The Subject is governed by the Companies Act and the company must file its annual returns, together with its financial statements with the Registrar of Companies.

The Subject is principally engaged in the (as a / as an) manufacturing and sale of machine tools.

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The immediate and ultimate holding company of the Subject is MAKINO MILLING MACHINE CO., LTD, a company incorporated in JAPAN.

Share Capital History

Date Issue & Paid Up Capital
24/07/2018 SGD 13,626,377.00

The major shareholder(s) of the Subject are shown as follows :

Current Shareholder(s) :

Name	Address	IC/PP/Loc No	Shareholding	(%)
MAKINO MILLING MACHINE CO., LTD	3-19, NAKANE 2 CHO-ME, MEGURO-KU, TOKYO 152-8578 ,JAPAN	T05UF0531	1,641,377.00	100.00
			-----	-----
			1,641,377.00	100.00
			=====	=====

+ Also Director

The Subject's interest in other companies (Subsidiaries/Associates) are shown as follow :

Local No	Country	Company	Status	(%)	As At
	CHINA	MAKINO (CHINA) CO., LTD	-	100.00	31/03/2017
	INDIA	MAKINO (INDIA) PRIVATE LIMITED	-	100.00	31/03/2017
	THAILAND	MAKINO (THAILAND) CO., LTD	-	100.00	31/03/2017
822860D	MALAYSIA	MAKINO ASIA SDN. BHD.	-	100.00	22/02/2018
1192188M	MALAYSIA	MAKINO MACHINE TOOLS (MALAYSIA) SDN. BHD.	-	100.00	31/03/2017
	VIETNAM	MAKINO VIETNAM CO., LTD	-	100.00	31/03/2017
	INDONESIA	PT MAKINO INDONESIA	-	100.00	31/03/2017

DIRECTORS

DIRECTOR 1

Name Of Subject : SHINJI KOIKE
Address : 143-4, ISOBE MIMAMIKU, SAGAMIHARA CITY, KANAGAWA PREF, JAPAN.
IC / PP No : TR8470902
Nationality : JAPANESE
Date of Appointment : 01/08/2015

INTEREST CHECK

Interest in companies : see below

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MAKINO ASIA PTE, LTD. - 523712

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Interest in business : none in our databank
Former interest : none in our databank

INTEREST IN COMPANY

No	Local No	Company	Designation	App Date	Shareholding		Profit/(loss) After Tax	Financial Year	Status	As At
					No.	%				
1	19730096 OK	MAKINO ASIA PTE, LTD.	Director	01/08/2015	0.00	-	SGD33,684,926.00	2017	-	24/07/2018

DIRECTOR 2

Name Of Subject : SHINICHI INOUE
Address : 2-1-2002, HIGASHI-CHO, ATSUGI-SHI-KANAGAWA, JAPAN.
IC / PP No : TR8377492
Nationality : JAPANESE
Date of Appointment : 01/08/2015

INTEREST CHECK

Interest in companies : see below
Interest in business : none in our databank
Former interest : none in our databank

INTEREST IN COMPANY

No	Local No	Company	Designation	App Date	Shareholding		Profit/(loss) After Tax	Financial Year	Status	As At
					No.	%				
1	19730096 OK	MAKINO ASIA PTE, LTD.	Director	01/08/2015	0.00	-	SGD33,684,926.00	2017	-	24/07/2018

DIRECTOR 3

Name Of Subject : NEO ENG CHONG
Address : 21, LORONG 3, TOA PAYOH, 15-01, TREVISTA, 319581, SINGAPORE.
IC / PP No : S7134931D
Nationality : SINGAPOREAN
Date of Appointment : 31/08/2015

INTEREST CHECK

Interest in : see below
companies
Interest in business : none in our databank
Former interest : none in our databank

INTEREST IN COMPANY

N o	Local No	Compa ny	Designati on	App Date	Shareholdi ng		Profit/(loss) After Tax	Financi al Year	Stat us	As At
					No.	%				
1	19730096 OK	MAKIN O ASIA PTE, LTD.	Director	31/08/20 15	0.00	-	SGD33,684,92 6.00	2017	-	24/07/20 18

DIRECTOR 4

Name Of Subject : TOSHIYUKI NAGANO
Address : SAKAEMACHI 119-1, USHIKU CITY, IBARAKI-KEN, JAPAN.
IC / PP No : TR5429596
Nationality : JAPANESE
Date of : 01/08/2010
Appointment

INTEREST CHECK

Interest in : see below
companies
Interest in business : none in our databank
Former interest : none in our databank

INTEREST IN COMPANY

N o	Local No	Compa ny	Designati on	App Date	Shareholdi ng		Profit/(loss) After Tax	Financi al Year	Stat us	As At
					No.	%				
1	19730096 OK	MAKIN O ASIA PTE, LTD.	Director	01/08/20 10	0.00	-	SGD33,684,92 6.00	2017	-	24/07/20 18

DIRECTOR 5

Name Of Subject : SHIRAIISHI HARUYUKI
Address : 85, JURONG WEST CENTRAL 3, 10-47, THE CENTRIS, 648342, SINGAPORE.
IC / PP No : G3250906T
Nationality : JAPANESE
Date of : 01/07/2016

Appointment

INTEREST CHECK

Interest in : see below
companies
Interest in business : none in our databank
Former interest : none in our databank

INTEREST IN COMPANY

N o	Local No	Compa ny	Designati on	App Date	Shareholdi ng		Profit/(loss) After Tax	Financi al Year	Stat us	As At
					No.	%				
1	19730096 OK	MAKIN O ASIA PTE, LTD.	Director	01/07/20 16	0.00	-	SGD33,684,92 6.00	2017	-	24/07/20 18

DIRECTOR 6

Name Of Subject : SHUN MAKINO
Address : 4-35-5, UTSUKUSHIGAOKA MIDORIKU, YOKOHAMA CITY, KANAGAWA PREF,
JAPAN.
IC / PP No : TR2867284
Nationality : JAPANESE
Date of : 31/07/1987
Appointment

INTEREST CHECK

Interest in : see below
companies
Interest in business : none in our databank
Former interest : none in our databank

INTEREST IN COMPANY

N o	Local No	Compa ny	Designati on	App Date	Shareholdi ng		Profit/(loss) After Tax	Financi al Year	Stat us	As At
					No.	%				
1	19730096 OK	MAKIN O ASIA PTE, LTD.	Director	31/07/19 87	0.00	-	SGD33,684,92 6.00	2017	-	24/07/20 18

DIRECTOR 7

Name Of Subject : KUMBAKONAM SUBRAMANIAM SANKARAN

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Address : 1, JALAN ANGKLONG, FABER GARDEN, 578705, SINGAPORE.
IC / PP No : S2201992I
Nationality : SINGAPOREAN
Date of : 01/01/2002
Appointment

INTEREST CHECK

Interest in : see below
companies
Interest in business : none in our databank
Former interest : none in our databank

INTEREST IN COMPANY

N o	Local No	Compa ny	Designati on	App Date	Sharehold ing No. %	Profit/(loss) After Tax	Financi al Year	Stat us	As At
1	19730096 OK	MAKIN O ASIA PTE, LTD.	Director	01/01/20 02	0.00 -	SGD33,684,92 6.00	2017	-	24/07/20 18

MANAGEMENT

1) Name of : SHINJI KOIKE
Subject
Position : DIRECTOR

AUDITOR

Firm No	Firm Name	Address	As At Date
	DELOITTE & TOUCHE LLP	N/A	31/03/2017

COMPANY SECRETARIES

No company secretary was found in our databank.

BANKING

No Banker found in our databank.

ENCUMBRANCE (S)

No encumbrance was found in our databank at the time of investigation.

CIVIL LITIGATION CHECK - SUBJECT COMPANY AS A DEFENDANT

** A check has been conducted in our databank against the Subject whether the subject has been involved in any litigation.*

No legal action was found in our databank.

No winding up petition was found in our databank.

PAYMENT RECORD

SOURCES OF RAW MATERIALS:

Local : N/A
Overseas : N/A

The Subject refused to disclose its suppliers.

The Subject refused to provide any name of trade/service supplier and we are unable to conduct any trade enquiry. However, from financial historical data we conclude that :

OVERALL PAYMENT HABIT

Prompt 0-30 Days	[]	Good 31-60 Days	[X]	Average 61-90 Days	[]
Fair 91-120 Days	[]	Poor >120 Days	[]		

CLIENTELE

Local : YES
Domestic Markets : SINGAPORE
Overseas : YES

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Export Market : WORLDWIDE
Credit Term : N/A
Payment Mode : CHEQUES
TELEGRAPHIC TRANSFER (TT)

OPERATIONS

Products manufactured : METAL CUTTING TYPES & IRON AND STEEL FOUNDRIES

Total Number of Employees:
YEAR 2018

GROUP	N/A
COMPANY	500

Branch : NO
Other Information:

The Subject is principally engaged in the (as a / as an) manufacturing and sale of machine tools.

Makino Asia developed into a fully integrated manufacturing company, incorporating Research and Development (R&D), engineering production and business administration under one roof.

Advanced processing, manufacturing and assembly are the key integral functions of its enterprise.

Makino Asia produces the F- and E-series milling machines as well as the EDAF- and EDGE- electrical discharge machines and DUO-series and newly launched U3 wire electrical discharge machines on site.

The Subject is engaged in the manufacturing of vertical milling machines and machining centers.

CURRENT INVESTIGATION

Latest fresh investigations carried out on the Subject indicated that :

Telephone Number Provided By : 6568615722

Client

Current Telephone Number : 65-68615722

Match : YES

Address Provided by Client : 2 GUL AVENUE, SINGAPORE 629649

Current Address : 2, GUL AVENUE, 629649, SINGAPORE.

Match : YES

Other Investigations

We have contacted one of the staff from the Subject and she provided some information.

The Subject refused to disclose its banker information.

FINANCIAL ANALYSIS

Profitability

Turnover	:	Increased	[	2013 - 2017]
Profit/(Loss) Before Tax	:	Increased	[	2013 - 2017]
Return on Shareholder Funds	:	Unfavourable	[	8.99%]
Return on Net Assets	:	Acceptable	[	10.50%]

The Subject's turnover increased steadily as the demand for its products / services increased due to the goodwill built up over the years. The Subject's management have been efficient in controlling its operating costs. The unfavourable return on shareholders' funds could indicate that the Subject was inefficient in utilising its assets to generate returns.

Working Capital Control

Stock Ratio	:	Unfavourable	[	69 Days]
Debtor Ratio	:	Acceptable	[	65 Days]
Creditors Ratio	:	Favourable	[	17 Days]

The Subject could be incurring higher holding cost. As its capital was tied up in stocks, it could face liquidity problems. The Subject's management was quite efficient in handling its debtors. The Subject's debtors days were at an acceptable range, thus the risk of its debts turning bad was minimised. The Subject had a favourable creditors' ratio where the Subject could be taking advantage of the cash discounts and also wanting to maintain goodwill with its creditors.

Liquidity

Liquid Ratio	:	Favourable	[	1.68 Times]
Current Ratio	:	Favourable	[	2.10 Times]

A minimum liquid ratio of 1 should be maintained by the Subject in order to assure its creditors of its ability to meet short term obligations and the Subject was in a good liquidity position. Thus, we believe the Subject is able to meet all its short term obligations as and when they fall due.

Solvency

Interest Cover	:	Favourable	[	121.50 Times]
Gearing Ratio	:	Favourable	[	0.00 Times]

The interest cover showed that the Subject was able to service the interest. The favourable interest cover could indicate that the Subject was making enough profit to pay for the interest accrued. The Subject had no gearing and hence it had virtually no financial risk. The Subject was financed by its shareholders' funds and internally generated fund. During the economic downturn, the Subject, having a zero gearing, will be able to compete better than those which are highly geared in the same industry.

Overall Assessment :

Generally, the Subject's performance has improved with higher turnover and profit. The Subject was in good liquidity position with its total current liabilities well covered by its total current assets. With its current net assets, the Subject should be able to repay its short term obligations. With the favourable interest cover, the Subject could be able to service all the accrued interest without facing any difficulties. The Subject was a zero gearing company, it was solely dependant on its shareholders to provide funds to finance its business. The Subject has good chance of getting loans, if the needs arises.

Overall financial condition of the Subject : STRONG

SINGAPORE ECONOMIC / INDUSTRY OUTLOOK

Major Economic Indicators :	2013	2014	2015	2016	2017*
Population (Million)	5.40	5.47	5.54	5.61	5.61
Gross Domestic Products (%)	5.1	3.9	2.2	2.4	3.6
Consumer Price Index	2.4	1.0	(0.5)	(0.5)	0.6
Total Imports (Million)	466,762.0	463,779.1	407,767.9	398,372.0	403,300.0
Total Exports (Million)	513,391.0	518,922.7	476,285.4	468,552.0	466,900.0
Unemployment Rate (%)	1.9	1.9	1.9	2.1	-
Tourist Arrival (Million)	15.46	15.01	15.23	16.28	-
Hotel Occupancy Rate (%)	86.3	85.5	84.0	83.1	84.7
Cellular Phone Subscriber (Million)	1.97	1.98	1.99	-	-
Registration of New Companies (No.)	37,288	41,589	34,243	35,227	37,395
Registration of New Companies (%)	9.8	11.5	(17.7)	2.9	6.2
Liquidation of Companies (No.)	17,369	18,767	21,384	23,218	22,379
Liquidation of Companies (%)	(5.3)	8.0	13.9	8.6	(3.6)
Registration of New Businesses (No.)	22,893	35,773	28,480	27,120	22,148
Registration of New Businesses (%)	1.70	56.30	(20.39)	(4.78)	(18.33)
Liquidation of Businesses (No.)	22,598	22,098	26,116	35,866	24,344
Liquidation of Businesses (%)	0.5	(2.2)	18.2	37.3	(32.1)
Bankruptcy Orders (No.)	1,992	1,757	1,776	1,797	1,638
Bankruptcy Orders (%)	14.0	(11.8)	1.0	1.2	(8.9)
Bankruptcy Discharges (No.)	2,584	3,546	3,499	4,359	2,030
Bankruptcy Discharges (%)	37.4	37.2	(1.3)	24.6	(53.4)
INDUSTRIES (% of Growth) :					
Agriculture					
Production of Principal Crops	1.78	4.29	3.04	-	-
Fish Supply & Wholesale	(3.8)	(8.6)	(8.5)	(9.9)	-
Manufacturing #					
Food, Beverages & Tobacco	97.9	99.4	100.0	103.7	110.3
Textiles	119.5	102.7	100.0	92.4	84.4
Wearing Apparel	334.1	212.6	100.0	83.4	88.2
Leather Products & Footwear	122.0	106.5	100.0	88.8	79.0
Wood & Wood Products	103.0	107.2	100.0	95.0	92.9
Paper & Paper Products	104.4	104.5	100.0	97.3	96.1
Printing & Media	113.8	105.968	100.0	85.1	73.1
Crude Oil Refineries	100.7	92.2	100.0	104.2	113.5
Chemical & Chemical Products	88.4	96.7	100.0	98.9	105.3
Pharmaceutical Products	101.421	109.4	100.0	113.8	96.0
Rubber & Plastic Products	109.497	109.2	100.0	91.4	93.7
Non-metallic Mineral	107.4	90.759	100.0	89.8	72.9

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Basic Metals	77.2	99.3	100.0	106.2	108.3
Fabricated Metal Products	107.5	107.757	100.0	93.8	91.3
Machinery & Equipment	109.1	118.2	100.0	80.8	86.1
Electrical Machinery	87.4	97.871	100.0	101.5	111.7
Electronic Components	105.0	105.6	100.0	114.1	151.4
Transport Equipment	111.1	106.68	100.0	101.0	99.5
Construction	25.40	22.00	-	-	-
Real Estate	88.5	145.1	-	-	-
Services					
Electricity, Gas & Water	6.70	6.50	-	-	-
Transport, Storage & Communication	9.80	14.20	-	-	-
Finance & Insurance	3.30	6.00	-	7.40	-
Government Services	6.50	6.30	-	-	-
Education Services	3.10	5.98	-	2.40	-

* Estimate / Preliminary

Based on Index of Industrial Production (2015 = 100)

INDUSTRY ANALYSIS

INDUSTRY : MANUFACTURING

The manufacturing sector expanded by 4.8% in the fourth quarter, supported largely by robust output growth in the electronics and precision engineering clusters. For the whole of 2017, the manufacturing sector grew by 10%, accelerating from the 3.7% expansion in 2016. Growth was largely driven by the electronics and precision engineering clusters, even as the biomedical manufacturing, transport engineering and general manufacturing industries clusters contracted.

The electronics cluster grew by 24% in the fourth quarter 2017, largely due to the semiconductors segment, which expanded by 35%. Specifically, the semiconductors segment benefitted from robust global semiconductors demand, which was in turn driven by key end markets such as the smartphone market. At the same time, the computer peripherals segment registered healthy growth of 9.5%, supported by buoyant demand for printer-related products. On the other hand, the data storage and other electronic modules & components segments contracted by 25% and 7.5% respectively. For the full year, the electronics cluster expanded by 34% as the healthy performance of the semiconductors and computer peripherals segments more than offset the weakness in the data storage segment.

In fourth quarter 2017, the precision engineering cluster expanded to 20%, supported by both the precision modules & components (PMC) and machinery & systems (M&S) segments. Output in the PMC segment rose by 40% due to an increase in the production of dies, moulds, tools, jigs & fixture, optical instruments and metal precision components. Meanwhile, the M&S segment grew by 8.9% in tandem with healthy export demand for semiconductor manufacturing equipment. For the whole of 2017, the output of the precision engineering cluster rose by 18% on account of robust expansions in both segments.

The chemicals cluster grew by 12% in the fourth quarter 2017, with all segments recording growth. In particular, the petrochemicals segment grew by 23% on the back of production capacity expansions, while the petroleum segment expanded by 13% supported by higher refining margins. At the same time, the other chemicals and

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specialties segments posted growth of 8.1% and 6.2% respectively. For 2017 as a whole, the chemicals cluster expanded by 6.2%, supported by growth in all segments.

Besides, output of the general manufacturing industries cluster increased to 6.6% in the fourth quarter 2017, primarily due to the strong performance of the food, beverages & tobacco (FBT) segment, which grew by 18% on the back of a surge in the production of beverages products. On the other hand, the printing segment shrank by 11% due to weak demand for commercial printing, while output in the miscellaneous industries segment declined by 0.6% on account of a lower production of construction-related materials. For the whole of 2017, the general manufacturing industries cluster contracted by 1.6%, as output declines in the printing and miscellaneous industries segments outweighed output gains in the FBT segment.

Moreover, output of the transport engineering cluster fell by 7.8% in the fourth quarter 2017. The aerospace segment recorded robust growth of 13% due to a higher volume of repair and maintenance work from commercial airlines. However, this was more than offset by output declines in the marine & offshore engineering (M&OE) and land transport segments of 22% and 11% respectively. In particular, the M&OE segment remained weak on account of low levels of rig-building, shipbuilding and repair activities. For the full year 2017, the transport engineering cluster shrank by 6.9%, dragged down mainly by the M&OE segment.

The biomedical manufacturing cluster contracted by 28% in the fourth quarter 2017, weighed down by the pharmaceuticals segment (-37%) on the back of a drop in the production of active pharmaceutical ingredients and biological products. However, the medical technology segment, which grew at a healthy pace of 3.3%, provided some support to the cluster. For 2017 as a whole, output in the biomedical manufacturing cluster fell by 9.3%, led by the output decline in the pharmaceuticals segment.

OVERALL INDUSTRY OUTLOOK : MARGINAL GROWTH

CREDIT RISK EVALUATION & RECOMMENDATION

Incorporated in 1973, the Subject is a Private Limited company, focusing on manufacturing and sale of machine tools. The Subject has been in business for over two decades. It has built up a strong clientele base and good reputation will enable the Subject to further enhance its business in the near term. The Subject is expected to enjoy a stable market shares. The Subject is a large entity with strong capital position of SGD 13,626,377. We are confident with the Subject's business and its future growth prospect. Having strong support from its holding company has enabled the Subject to remain competitive despite the challenging business environment.

Over the years, the Subject has penetrated into both the local and overseas market. The Subject has positioned itself in the global market and is competing in the industry. Its stable clientele base will enable the Subject to further enhance its business in the near term. Being a large entity, the Subject has a steady workforce of 500 personnel to support its business operations. Its future prospects seem to be fairly good as its business operations are running relatively stable. Overall, we regard that the Subject's management capability is average. This indicates that the Subject has greater potential to improve its business performance and raising income for the Subject.

We noted that both the turnover and profits have increased compared to the previous year. The higher profit could be due to increase in turnover and better control over its operating costs. The Subject has generated an unfavourable return on shareholders' funds indicating that the management was inefficient in utilising its funds to generate return. The Subject is in good liquidity position with its current liabilities well covered by its current assets. Hence, it has sufficient working capital to meet its short term financial obligations. Being a zero geared company, the Subject virtually has no financial risk as it is mainly dependent on its internal funds to finance its business. Given a positive net worth standing at SGD 374,575,133, the Subject should be able to maintain its business in

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the near terms.

Overall, the Subject's payment habit is good as the Subject has a good credit control and it could be taking advantage of the cash discounts while maintaining a good reputation with its creditors.

The industry has reached its maturity stage and only enjoying a marginal growth. The steady growth of the country's economy will further enhance the industry activities. Thus, the Subject's future performance is very much depend on its marketing strategies in order to retain its position in the market.

Based on the above condition, we recommend credit be granted to the Subject promptly.

PROFIT AND LOSS ACCOUNT

THE FINANCIAL STATEMENTS WERE PREPARED IN ACCORDANCE WITH SINGAPORE FINANCIAL REPORTING STANDARDS.

MAKINO ASIA PTE, LTD.

Financial Year End	2017-03-31	2016-03-31	2015-03-31	2014-03-31	2013-03-31
Months	12	12	12	12	12
Consolidated Account	GROUP	GROUP	GROUP	GROUP	GROUP
Audited Account Unqualified	YES	YES	YES	YES	YES
Auditor's Report (Clean Opinion)	YES	YES	YES	YES	YES
Financial Type	FULL	FULL	FULL	FULL	FULL
Currency	SGD	SGD	SGD	SGD	SGD
TURNOVER	596,729,677	573,082,822	481,591,063	402,517,256	628,171,509
Total Turnover	596,729,677	573,082,822	481,591,063	402,517,256	628,171,509
Costs of Goods Sold	(491,137,201)	(475,199,860)	(386,503,807)	(327,623,537)	(525,454,890)
Gross Profit	105,592,476	97,882,962	95,087,256	74,893,719	102,716,619
PROFIT/(LOSS) FROM OPERATIONS	39,020,803	32,068,082	39,191,960	20,691,332	40,405,825
PROFIT/(LOSS) BEFORE TAXATION	39,020,803	32,068,082	39,191,960	20,691,332	40,405,825
Taxation	(5,335,877)	(3,510,208)	(4,986,344)	(486,550)	(5,231,655)
PROFIT/(LOSS) AFTER TAXATION	33,684,926	28,557,874	34,205,616	20,204,782	35,174,170

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**RETAINED
PROFIT/(LOSS)
BROUGHT
FORWARD**

As previously reported	347,462,882	328,905,008	294,699,392	281,494,610	256,320,440
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As restated	347,462,882	328,905,008	294,699,392	281,494,610	256,320,440
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PROFIT AVAILABLE FOR APPROPRIATIONS	381,147,808	357,462,882	328,905,008	301,699,392	291,494,610
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DIVIDENDS - Ordinary (paid & proposed)	(9,600,000)	(10,000,000)	-	(7,000,000)	(10,000,000)
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RETAINED PROFIT/(LOSS) CARRIED FORWARD	371,547,808	347,462,882	328,905,008	294,699,392	281,494,610
--	-------------	-------------	-------------	-------------	-------------

**INTEREST
EXPENSE (as per
notes to P&L)**

Others	323,811	373,704	303,034	297,657	323,853
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DEPRECIATION (as per notes to P&L)	7,927,844	8,133,288	7,992,087	7,495,924	7,537,874
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AMORTIZATION	1,492,412	1,459,413	1,434,334	488,442	286,165
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Total Amortization And Depreciation	9,420,256	9,592,701	9,426,421	7,984,366	7,824,039
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BALANCE SHEET

MAKINO ASIA PTE, LTD.

ASSETS

EMPLOYED:

FIXED ASSETS	126,562,127	124,939,595	123,073,926	112,366,683	104,957,134
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LONG TERM INVESTMENTS/OTHER ASSETS

Development properties/expenditure	9,763	8,888	25,770	39,009	-
Deferred assets	455,533	468,744	788,024	455,256	624,674
Deposits	-	-	-	1,029,886	1,122,874
Others	2,759,969	2,826,617	3,026,457	2,947,287	3,148,629
	-----	-----	-----	-----	-----
TOTAL LONG TERM INVESTMENTS/OTHER ASSETS	3,225,265	3,304,249	3,840,251	4,471,438	4,896,177

INTANGIBLE ASSETS

Deferred/Expenditure carried forward	-	-	-	-	54,733
Computer software	3,153,963	4,247,320	5,495,313	5,507,284	-
Others	-	-	-	-	1,694,636
	-----	-----	-----	-----	-----
TOTAL INTANGIBLE ASSETS	3,153,963	4,247,320	5,495,313	5,507,284	1,749,369

TOTAL LONG TERM ASSETS

CURRENT ASSETS

Stocks	95,041,158	85,299,904	105,435,030	94,956,145	96,420,992
Contract work-in-progress	17,718,930	16,246,321	-	-	-
Trade debtors	105,840,886	75,823,086	82,075,137	58,000,788	74,888,796
Other debtors, deposits & prepayments	13,863,529	13,164,030	17,008,950	11,940,394	13,648,104
Short term deposits	123,517,946	67,019,309	64,546,437	68,111,910	-
Amount due from holding company	2,774,715	2,633,319	5,593,343	2,476,035	3,937,095
Amount due from related companies	27,432,189	26,337,130	26,579,343	27,091,595	27,716,746
Cash & bank balances	82,143,882	120,213,826	82,543,236	58,962,311	120,532,876
Others	55,296	54,851	57,370	57,293	61,501
	-----	-----	-----	-----	-----
TOTAL CURRENT ASSETS	468,388,531	406,791,776	383,838,846	321,596,471	337,206,110

TOTAL ASSET

	601,329,886	539,282,940	516,248,336	443,941,876	448,808,790
	=====	=====	=====	=====	=====
	==	==	==	==	==

CURRENT LIABILITIES

Trade creditors	23,065,152	20,238,670	18,437,009	17,228,777	11,227,430
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Other creditors & accruals	84,164,622	53,942,907	68,056,530	55,429,697	54,923,669
Amounts owing to holding company	78,309,076	66,267,145	47,482,706	31,605,838	46,028,755
Amounts owing to related companies	33,849,845	44,018,782	37,625,852	35,470,035	39,709,989
Provision for taxation	3,226,832	1,919,679	2,981,964	505,331	4,648,597
	-----	-----	-----	-----	-----
TOTAL CURRENT LIABILITIES	222,615,527	186,387,183	174,584,061	140,239,678	156,538,440
	-----	-----	-----	-----	-----
NET CURRENT ASSETS/(LIABILITIES)	245,773,004	220,404,593	209,254,785	181,356,793	180,667,670
	-----	-----	-----	-----	-----
LONG TERM LIABILITIES					
Hire purchase creditors	-	-	-	-	2,523,000
Deferred taxation	4,139,226	3,504,156	3,459,847	3,027,157	2,720,445
Others	-	-	-	2,523,000	-
	-----	-----	-----	-----	-----
TOTAL LONG TERM LIABILITIES	4,139,226	3,504,156	3,459,847	5,550,157	5,243,445
	-----	-----	-----	-----	-----
TOTAL NET ASSETS	374,575,133	349,391,601	338,204,428	298,152,041	287,026,905
	=====	=====	=====	=====	=====
	==	==	==	==	==
FINANCED BY:					
SHARE CAPITAL					
Ordinary share capital	13,626,377	13,626,377	13,626,377	13,626,377	13,626,377
	-----	-----	-----	-----	-----
TOTAL SHARE CAPITAL	13,626,377	13,626,377	13,626,377	13,626,377	13,626,377
	-----	-----	-----	-----	-----
RESERVES					
Exchange equalisation/fluctuation reserve	(10,599,052)	(11,697,658)	(4,326,957)	(10,173,728)	(8,094,082)
Retained profit/(loss) carried forward	371,547,808	347,462,882	328,905,008	294,699,392	281,494,610
	-----	-----	-----	-----	-----
TOTAL RESERVES	360,948,756	335,765,224	324,578,051	284,525,664	273,400,528
	-----	-----	-----	-----	-----
SHAREHOLDERS' FUNDS/EQUITY	374,575,133	349,391,601	338,204,428	298,152,041	287,026,905
	=====	=====	=====	=====	=====
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FINANCIAL RATIO

MAKINO ASIA PTE, LTD.

TYPES OF FUNDS

Cash	205,661,828	187,233,135	147,089,673	127,074,221	120,532,876
Net Liquid Funds	205,661,828	187,233,135	147,089,673	127,074,221	120,532,876
Net Liquid Assets	150,731,846	135,104,689	103,819,755	86,400,648	84,246,678
Net Current Assets/(Liabilities)	245,773,004	220,404,593	209,254,785	181,356,793	180,667,670
Net Tangible Assets	371,421,170	345,144,281	332,709,115	292,644,757	285,277,536
Net Monetary Assets	146,592,620	131,600,533	100,359,908	80,850,491	79,003,233

PROFIT & LOSS ITEMS

Earnings Before Interest & Tax (EBIT)	39,344,614	32,441,786	39,494,994	20,988,989	40,729,678
Earnings Before Interest, Taxes, Depreciation And Amortization (EBITDA)	48,764,870	42,034,487	48,921,415	28,973,355	48,553,717

BALANCE SHEET

ITEMS

Total Borrowings	0	0	0	0	2,523,000
Total Liabilities	226,754,753	189,891,339	178,043,908	145,789,835	161,781,885
Total Assets	601,329,886	539,282,940	516,248,336	443,941,876	448,808,790
Net Assets	374,575,133	349,391,601	338,204,428	298,152,041	287,026,905
Net Assets Backing	374,575,133	349,391,601	338,204,428	298,152,041	287,026,905
Shareholders' Funds	374,575,133	349,391,601	338,204,428	298,152,041	287,026,905
Total Share Capital	13,626,377	13,626,377	13,626,377	13,626,377	13,626,377
Total Reserves	360,948,756	335,765,224	324,578,051	284,525,664	273,400,528

GROWTH RATIOS (Year on Year) (%)

Revenue	4.13	19.00	19.64	(35.92)	28.42
Profit/(Loss) Before Tax	21.68	(18.18)	89.41	(48.79)	22.65
Profit/(Loss) After Tax	17.95	(16.51)	69.29	(42.56)	28.63
Total Assets	11.51	4.46	16.29	(1.08)	4.38
Total Liabilities	19.41	6.65	22.12	(9.88)	(2.33)

LIQUIDITY (Times)

Cash Ratio	0.92	1.00	0.84	0.91	0.77
Liquid Ratio	1.68	1.72	1.59	1.62	1.54
Current Ratio	2.10	2.18	2.20	2.29	2.15

WORKING CAPITAL CONTROL (Days)

Stock Ratio	69	65	80	86	56
Debtors Ratio	65	48	62	53	44
Creditors Ratio	17	16	17	19	8

SOLVENCY RATIOS (Times)

Gearing Ratio	0	0	0	0	0.01
Liabilities Ratio	0.61	0.54	0.53	0.49	0.56
Times Interest Earned	121.50	86.81	130.33	70.51	125.77

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Ratio					
Assets Backing Ratio	27.26	25.33	24.42	21.48	20.94
PERFORMANCE RATIO					
(%)					
Operating Profit Margin	6.54	5.60	8.14	5.14	6.43
Net Profit Margin	5.64	4.98	7.10	5.02	5.60
Return On Net Assets	10.50	9.29	11.68	7.04	14.19
Return On Capital Employed	10.30	9.08	11.38	6.79	13.85
Return On Shareholders' Funds/Equity	8.99	8.17	10.11	6.78	12.25
Dividend Pay Out Ratio (Times)	0.28	0.35	0	0.35	0.28
NOTES TO ACCOUNTS					
Contingent Liabilities	0	0	0	0	0

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.36
UK Pound	1	INR 89.52
Euro	1	INR 79.57
SGD	1	INR 50.20

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRA
Report Prepared by :	TRU

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)