

MIRA INFORM REPORT

| | |
|---------------|------------|
| Report No. : | 517969 |
| Report Date : | 04.07.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|---|
| Name : | FAIRMONT INDUSTRIES SDN. BHD |
| Registered Office : | Unit C-12-4, Level 12, Block C, Megan Avenue li, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Wilayah Persekutuan |
| Country : | Malaysia |
| Financials (as on) : | 31.12.2016 |
| Date of Incorporation : | 26.06.1998 |
| Com. Reg. No.: | 464734-X |
| Legal Form : | Private Limited (Limited by Share) |
| Line of Business : | Subject is principally engaged in the manufacturers of rubber polymers. |
| No. of Employees : | 60 [2018] |

RATING & COMMENTS

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

| | |
|-----------------|---|
| MIRA's Rating : | A |
|-----------------|---|

| Credit Rating | Explanation | Rating Comments |
|---------------|-----------------|---|
| A | Acceptable Risk | Business dealings permissible with moderate risk of default |

| | |
|---------------------|---------|
| Status : | Good |
| Payment Behaviour : | Regular |
| Litigation : | Clear |

NOTES :

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

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EXECUTIVE SUMMARY

REGISTRATION NO. : 464734-X
GST NO. : 001514930176
COMPANY NAME : FAIRMONT INDUSTRIES SDN. BHD.
FORMER NAME : N/A
INCORPORATION DATE : 26/06/1998
COMPANY STATUS : EXIST
LEGAL FORM : PRIVATE LIMITED (LIMITED BY SHARE)
LISTED STATUS : NO

REGISTERED ADDRESS : UNIT C-12-4, LEVEL 12, BLOCK C, MEGAN AVENUE II, 12, JALAN YAP
KWAN SENG, 50450 KUALA LUMPUR, WILAYAH PERSEKUTUAN,
MALAYSIA.

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| | | |
|----------------------------|---|--|
| BUSINESS ADDRESS | : | NO 2, JALAN WAWASAN 3/KU7, SUNGAI KAPAR INDAH, 42200 KLANG, SELANGOR, MALAYSIA. |
| TEL.NO. | : | 03-32919696 |
| FAX.NO. | : | 03-32916886 |
| CONTACT PERSON | : | SAW TECK BOON (DIRECTOR) |
| INDUSTRY CODE | : | 22191 |
| PRINCIPAL ACTIVITY | : | MANUFACTURERS OF RUBBER POLYMERS |
| AUTHORISED CAPITAL | : | MYR 1,000,000.00 DIVIDED INTO ORDINARY SHARE 1,000,000.00 OF MYR 1.00 EACH. |
| ISSUED AND PAID UP CAPITAL | : | MYR 800,000.00 DIVIDED INTO ORDINARY SHARES 500,000 CASH AND 300,000 OTHERWISE OF MYR 1.00 EACH. |
| SALES | : | MYR 26,849,019 [2016] |
| NET WORTH | : | MYR 8,030,258 [2016] |
| STAFF STRENGTH | : | 60 [2018] |
| BANKER (S) | : | CIMB BANK BHD RHB BANK BHD ALLIANCE BANK MALAYSIA BHD |
| LITIGATION | : | CLEAR |
| DEFAULTER CHECK | : | CLEAR |
| FINANCIAL CONDITION | : | STRONG |
| PAYMENT | : | REGULAR |
| MANAGEMENT | : | AVERAGE |
| CAPABILITY | : | |
| COMMERCIAL RISK | : | LOW |
| CURRENCY EXPOSURE | : | MODERATE |
| GENERAL REPUTATION | : | SATISFACTORY |
| 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 shall have a minimum one director. 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, 1965 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) manufacturers of rubber polymers.

The Subject is not listed on Bursa Malaysia (Malaysia Stock Exchange).

The immediate holding company of the Subject is SPORT GROUP HOLDING GMBH, a company incorporated in GERMANY.

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Former Address(es)

| | |
|--|------------|
| Address | As At Date |
| 11 KCIP JLN 5, OFF JLN SG.PULUH, BT.5 JLN KAPAR, 41400, SELANGOR, MALAYSIA | 15/02/2013 |
| 10A, LEBUH GOPENG, 41400, SELANGOR, MALAYSIA | 25/09/2017 |

Share Capital History

| Date | Authorised Shared Capital | Issue & Paid Up Capital |
|------------|---------------------------|-------------------------|
| 13/12/2010 | MYR 1,000,000.00 | MYR 800,000.00 |
| 03/07/1998 | MYR 1,000,000.00 | MYR 500,000.00 |
| 26/06/1998 | MYR 1,000,000.00 | MYR 2.00 |

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

Current Shareholder(s) :

| Name | Address | IC/PP/Loc No | Shareholding | (%) |
|--------------------------|---------------------------------------|--------------|------------------------------|--------------------------|
| SPORT GROUP HOLDING GMBH | GEWERBERING 3, 86666 BURGHEIM GERMANY | XLZ00229208 | 800,000.00 | 100.00 |
| | | | ----- 800,000.00 ===== | ----- 100.00 ===== |

+ Also Director

Former Shareholder(s) :

| Name | Country | IC/PP/Loc No | Shareholding | Last Updated |
|-----------------------------|----------|----------------|--------------|--------------|
| FAIRMONT VENTURES SDN. BHD. | MALAYSIA | 406644U | 800,000.00 | 23/10/2017 |
| YONG SOON FATT | MALAYSIA | 720602-08-5941 | 50,000.00 | N/A |

DIRECTORS

DIRECTOR 1

Name Of Subject : ANDREAS VORBRODT
Address : ACHENSEEPLATS 3, 81825 MUNCHEN, GERMANY
IC / PP No : CH1HP9JLX
Nationality : GERMAN
Date of Appointment : 26/09/2017

INTEREST CHECK

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

INTEREST IN COMPANY

| N o | Local No | Company | Designati on | App Date | Shareholdi ng | | Profit/(loss) After Tax | Financi al Year | Statu s | As At |
|--------|-------------|---|-----------------|----------------|------------------|---|----------------------------|--------------------|------------|----------------|
| | | | | | No. | % | | | | |
| 1 | 464734 X | FAIRMONT INDUSTRI ES SDN. BHD. | Director | 26/09/20 17 | 0.0 0 | - | MYR2,538,350 .00 | 2016 | - | 28/05/20 18 |

DIRECTOR 2

Name Of Subject : MELISSA ANN EDWARDS
Address : 1 BRIGANTINE COURT, PATTERSON LAKES, VIC 3197 AUSTRALIA
IC / PP No : N4162188
Nationality : AUSTRALIAN
Date of : 26/09/2017
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 | Company | Designati on | App Date | Shareholdi ng | | Profit/(loss) After Tax | Financi al Year | Statu s | As At |
|--------|-------------|---|-----------------|----------------|------------------|---|----------------------------|--------------------|------------|----------------|
| | | | | | No. | % | | | | |
| 1 | 464734 X | FAIRMONT INDUSTRI ES SDN. BHD. | Director | 26/09/20 17 | 0.0 0 | - | MYR2,538,350 .00 | 2016 | - | 28/05/20 18 |

DIRECTOR 3

Name Of Subject : MR. SAW TECK BOON
Address : 39, JALAN USJ 11/3D, 47620 SUBANG JAYA, SELANGOR, MALAYSIA.
New IC No : 850223-07-5693
Nationality : MALAYSIAN
Date of : 26/09/2017
Appointment

INTEREST CHECK

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

INTEREST IN COMPANY

| N | Local | Company | Designati | App Date | Shareholdi | Profit/(loss) | Financi | Statu | As At |
|---|-------------|---|-----------|----------------|------------|---------------------|---------|-------|----------------|
| o | No | | on | | ng | After Tax | al Year | s | |
| | | | | | No. % | | | | |
| 1 | 464734 X | FAIRMON T INDUSTRI ES SDN. BHD. | Director | 26/09/20 17 | 0.0 - 0 | MYR2,538,350 .00 | 2016 | - | 28/05/20 18 |

FORMER DIRECTOR(S)

| Name | Address | IC/PP No | Appointed Date | Withdrawn Date |
|-----------------------------------|--|----------------|----------------|----------------|
| DATUK ABDULLAH SANI BIN ABD KARIM | 12A, LORONG PJU 7/21B, MUTIARA DAMANSARA, PETALING JAYA, SELANGOR, MALAYSIA | 540606-05-5311 | 26/06/1998 | 26/09/2017 |
| MAISARAH BINTI ABDULLAH SANI | 60, JALAN LIMAU PURUT,, BANGSAR, KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA | 830531-10-5366 | 01/11/2010 | 26/09/2017 |
| TEH KENG HOON | 69, USJ 16/3C, SUBANG JAYA, SELANGOR, MALAYSIA | 541111-07-5753 | 26/06/1998 | 26/09/2017 |
| YONG SOON FATT | 6 JALAN USJ 1/3K, GRANDVILLE USJ 1, SUBANG JAYA, SELANGOR, MALAYSIA | 720602-08-5941 | 01/01/2003 | 01/10/2010 |
| CATRINA TEH LU-YI | NO. 1 JALAN USJ 5/1K, MALAYSIA, SUBANG JAYA, SELANGOR, MALAYSIA | 820305-10-5406 | 29/12/2010 | 26/09/2017 |

Note : The above information was generated from our database.

MANAGEMENT

1) Name of Subject : SAW TECK BOON
Position : DIRECTOR

AUDITOR

| | | | |
|---------|--------------|--|------------|
| Firm No | Firm Name | Address | As At Date |
| AF0415 | THIANG & CO. | NO. 10, LEBUH GOPENG, 41400 KLANG, SELANGOR, MALAYSIA. | 31/12/2016 |

COMPANY SECRETARIES

1) Company Secretary : MR. AUGUSTINE SOH KOK CHOONG
IC / PP No : A1093625
New IC No : 680916-01-6689
Address : 36, JALAN SS 15/6, 47500 SUBANG JAYA, SELANGOR, MALAYSIA.
Date of Appointment : 26/09/2017

BANKING

Banking relations are maintained principally with :

- 1) Name : CIMB BANK BHD
- 2) Name : RHB BANK BHD
- 3) Name : ALLIANCE BANK MALAYSIA BHD

ENCUMBRANCE (S)

| Charge No | Creation Date | Charge Description | Chargee Name | Total Charge | Status |
|-----------|---------------|---|---|----------------|-----------|
| 1 | 28/10/1998 | N/A | RHB BANK BERHAD | MYR 800,000.00 | Satisfied |
| 2 | 30/11/1998 | MEMORANDUM OF CHARGE | RHB BANK BERHAD | MYR 800,000.00 | Satisfied |
| 3 | 17/12/2003 | N/A | STANDARD CHARTERED BANK MALAYSIA BERHAD | MYR 1.00 | Satisfied |
| 4 | 28/10/2004 | N/A | BUMIPUTRACOMMERCE BANK BERHAD | MYR 581,000.00 | Satisfied |
| 5 | 26/10/2005 | MEMORANDUM OF FIXED DEPOSIT AND LETTER OF AUTHORISATION | BUMIPUTRA-COMMERCE BANK BERHAD | - | Satisfied |
| 6 | 02/03/2009 | MEMORANDUM OF DEPOSIT AND | CIMB BANK BERHAD | - | Satisfied |

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| | | LETTER OR AUTHORIZATION FOR FIXED DEPOSITS | | | | |
|---|------------|--|----------------------------------|---|--|-----------|
| 7 | 19/09/2011 | LETTER OF SET - OFF | ALLIANCE BANK MALAYSIA BERHAD | - | | Satisfied |
| 8 | 11/08/2015 | N/A | ALLIANCE BANK MALAYSIA BERHAD | - | | Satisfied |

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. Our databank consists of 99% of the wound up companies in Malaysia.*

No legal action was found in our databank.

No winding up petition was found in our databank.

CRIMINAL RECORDS 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. Our databank consists of 99% of the wound up companies in Malaysia.*

No criminal record was found in our databank.

CIVIL LITIGATION CHECK - SUBJECT COMPANY AS A PLAINTIFF

** A check has been conducted in our databank against the Subject whether the Subject has been involved in any litigation. Our databank consists of 99% of the wound up companies in Malaysia.*

There is/are CLOSED litigation case(s) on the Subject in our database as below:
- 1 case(s) filed in year 2017

According to the Credit Reporting Agencies Act 2010, consent from the Subject is required for the disclosure of this credit information. In order to have the consent from the Subject, we need to serve a notice to the Subject by disclose the following according to the Act Section 23(1) :

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- 1) Enquirer or Company who request for this credit information.
- 2) Contact person of Enquirer
- 3) Purpose of this credit information being used.
- 4) Contact person of the Subject.

We shall appreciate if you can furnish us the above in order for us to serve a notice or inform the Subject accordingly. Otherwise, we are prohibited to disclose this credit information if there is no consent from the Subject according to the Act Section 24(1)(a).

CRIMINAL RECORDS CHECK - SUBJECT COMPANY AS A PLAINTIFF

** A check has been conducted in our databank against the Subject whether the Subject has been involved in any litigation. Our databank consists of 99% of the wound up companies in Malaysia.*

No plaintiff record was found in our databank.

DEFAULTER CHECK AGAINST SUBJECT

** We have checked through the Subject in our defaulters' database which comprised of debtors that have been listed by our customers and debtors that have been placed or assigned to us for collection.*

No defaulter record & debt collection case was found in our defaulters' databank.

RED ALERT FROM CENTRAL BANK OF MALAYSIA

** A check has been conducted with the Central Bank of Malaysia whether the Subject has carried out any illegal or suspicious financial activities.*

The Subject has not been carried out any illegal money services business without licence under the Money Services Business Act 2011.

The Subject has not been placed under the Financial Consumer Alert list by the Central Bank of Malaysia.

INVESTOR ALERT BY SECURITIES COMMISSION MALAYSIA & BURSA MALAYSIA

* A check has been conducted with the Securities Commission Malaysia whether the Subject has involved in any unlicensed capital market activities under the Securities Laws and Bursa Malaysia should the Subject is listed as Practice Note (PN) 17 or Guidance Note (GN) 3.

The Subject has not been carried out any unlicensed capital market activities.

PAYMENT RECORD

SOURCES OF RAW MATERIALS:

Local : YES
Overseas : YES

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 | [] | Average 61-90 Days | [X] |
| Fair 91-120 Days | [] | Poor >120 Days | [] | | |

CLIENTELE

Local : YES
Domestic Markets : MALAYSIA
Overseas : YES
Export Market : ASIA
Credit Term : 30 - 60 DAYS
Payment Mode : CHEQUES
LETTER OF CREDIT (LC)

OPERATIONS

Products manufactured : RUBBER POLYMERS
Member(s) / Affiliate(s) : SMALL & MEDIUM ENTERPRISE

Total Number of Employees:

| | | | | | |
|------|------|------|------|------|------|
| YEAR | 2018 | 2017 | 2016 | 2015 | 2013 |
|------|------|------|------|------|------|

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| | | | | | |
|---------|-----|-----|-----|-----|-----|
| GROUP | N/A | N/A | N/A | N/A | N/A |
| COMPANY | 60 | 60 | 60 | 60 | 60 |

Branch : NO
Other Information:

The Subject is principally engaged in the (as a / as an) manufacturers of rubber polymers.

The Subject is adamant in providing only the best EPDM rubber granules and PU products for their customers.

Their processes are closely monitored under stringent quality control by their dedicated staff ensuring their products' consistency and quality.

The Subject also supplies specialized chemicals for example rubber process oils and plasticizers for industrial usage.

RECENT DEVELOPMENT

We have checked with the Malaysian National News Agency's (BERNAMA) database, but no recent development was noted during the time of inspection.

CURRENT INVESTIGATION

Latest fresh investigations carried out on the Subject indicated that :

Telephone Number Provided By : N/A

Client

Current Telephone Number : 03-32919696

Match : N/A

Address Provided by Client : NO. 2 JALAN WAWASAN 3/KU 7 SUNGAI KAPAR INDAH 42200
KLANG SELANGOR

Current Address : NO 2, JALAN WAWASAN 3/KU7, SUNGAI KAPAR INDAH, 42200
KLANG, SELANGOR, MALAYSIA.

Match : YES

Latest Financial Accounts : YES

Other Investigations

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

FINANCIAL ANALYSIS

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| | | | | | |
|-----------------------------|---|------------|---|-------------|---|
| Profitability | | | | | |
| Turnover | : | Increased | [| 2012 - 2016 |] |
| Profit/(Loss) Before Tax | : | Increased | [| 2012 - 2016 |] |
| Return on Shareholder Funds | : | Favourable | [| 31.61% |] |
| Return on Net Assets | : | Favourable | [| 41.15% |] |

The Subject's turnover increased steadily as the demand for its products / services increased due to the goodwill built up over the years. The higher profit could be attributed to the increase in turnover. Generally the Subject was profitable. The favourable return on shareholders' funds and return on net assets indicate that the Subject's management was efficient in utilising the assets to generate returns.

Working Capital Control

| | | | | | |
|-----------------|---|--------------|---|---------|---|
| Stock Ratio | : | Favourable | [| 45 Days |] |
| Debtor Ratio | : | Unfavourable | [| 76 Days |] |
| Creditors Ratio | : | Unfavourable | [| 60 Days |] |

The Subject's stocks were moving fast thus reducing its holding cost. This had reduced funds being tied up in stocks. The high debtors' ratio could indicate that the Subject was weak in its credit control. However, the Subject could also giving longer credit periods to its customers in order to boost its sales or to capture / retain its market share. The unfavourable creditors' ratio could be due to the Subject taking advantage of the credit granted by its suppliers. However this may affect the goodwill between the Subject and its suppliers and the Subject may inadvertently have to pay more for its future supplies.

Liquidity

| | | | | | |
|---------------|---|------------|---|------------|---|
| Liquid Ratio | : | Favourable | [| 1.63 Times |] |
| Current Ratio | : | Favourable | [| 2.18 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 | [| 19.52 Times |] |
| Gearing Ratio | : | Favourable | [| 0.28 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 was lowly geared thus it had a low financial risk. The Subject was mainly financed by its shareholders' funds and internally generated funds. In times of economic slowdown / downturn, the Subject being a lowly geared company, will be able to compete better than those companies 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 as a lowly geared company, will be more secured compared to those highly geared companies. It has the ability to meet all its long term obligations.

Overall financial condition of the Subject : **STRONG**

MALAYSIA ECONOMIC / INDUSTRY OUTLOOK

| | | | | | |
|----------------------------|------|------|------|-------|--------|
| Major Economic Indicators: | 2014 | 2015 | 2016 | 2017* | 2018** |
| Population (Million) | 30.0 | 31.0 | 31.6 | 32.1 | 32.9 |

FAIRMONT INDUSTRIES SDN. BHD - 517969

PAGE NO. : 13

| | | | | | |
|--|-------------|-------------|-------------|--------------|---------------|
| Gross Domestic Products (%) | 6.0 | 4.6 | 4.2 | 5.3 | 5.4 |
| Domestic Demand (%) | 6.4 | 6.2 | 4.3 | 6.3 | 6.4 |
| Private Expenditure (%) | 7.9 | 6.9 | 7.8 | 7.4 | 7.3 |
| Consumption (%) | 6.5 | 6.1 | 5.1 | 6.9 | 6.8 |
| Investment (%) | 12.0 | 8.1 | 10.0 | 9.3 | 8.9 |
| Public Expenditure (%) | 2.3 | 4.2 | 3.3 | 5.3 | 5.5 |
| Consumption (%) | 2.1 | 4.3 | 2.0 | 2.7 | 1.3 |
| Investment (%) | 2.6 | (1.0) | 1.1 | 3.4 | 3.8 |
| Balance of Trade (MYR Million) | 82,480 | 91,577 | 88,145 | 94,593 | 96,993 |
| Government Finance (MYR Million) | (37,414) | (37,194) | (38,401) | (39,887) | (39,790) |
| Government Finance to GDP / Fiscal Deficit (%) | (3.4) | (3.2) | (3.1) | (3.0) | (2.8) |
| Inflation (% Change in Composite CPI) | 3.2 | 4.0 | 2.1 | 3.5 | 3.0 |
| Unemployment Rate | 2.9 | 3.1 | 3.4 | 3.4 | 3.3 |
| Net International Reserves (MYR Billion) | 428 | 441 | 451 | 450 | 423 |
| Average Risk-Weighted Capital Adequacy Ratio (%) | 4.00 | 3.50 | - | - | - |
| Average 3 Months of Non-performing Loans (%) | 2.10 | 2.00 | 1.90 | - | - |
| Average Base Lending Rate (%) | 6.85 | 6.79 | 6.81 | 6.73 | - |
| Business Loans Disbursed(%) | 18.6 | 2.2 | - | - | - |
| Foreign Investment (MYR Million) | 43,486.6 | 43,435.0 | - | - | - |
| Consumer Loans (%) | - | - | - | - | - |
| Registration of New Companies (No.) | 49,203 | 45,658 | 43,255 | 47,871 | - |
| Registration of New Companies (%) | 6.1 | (7.2) | (5.3) | 10.7 | - |
| Liquidation of Companies (No.) | 33,226 | 34,667 | 36,778 | 38,632 | - |
| Liquidation of Companies (%) | 0.5 | 4.3 | 6.1 | 5.0 | - |
| Registration of New Business (No.) | 332,723 | 364,230 | 376,720 | 484,029 | - |
| Registration of New Business (%) | 1.0 | 9.0 | 3.0 | 29.0 | - |
| Business Dissolved (No.) | 26,966 | - | - | - | - |
| Business Dissolved (%) | 48.5 | - | - | - | - |
| Sales of New Passenger Cars (' 000 Unit) | 588.3 | 591.3 | 514.6 | 527.8 | - |
| Cellular Phone Subscribers (Million) | 44.0 | 44.2 | 44.0 | - | - |
| Tourist Arrival (Million Persons) | 27.4 | 25.7 | 30.2 | 30.1 | - |
| Hotel Occupancy Rate (%) | 63.6 | 58.8 | 61.2 | - | - |
| Credit Cards Spending (%) | 5.8 | 6.8 | 6.3 | - | - |
| Bad Cheque Offenders (No.) | - | - | - | - | - |
| Individual Bankruptcy (No.) | 22,351 | 18,457 | 19,588 | 18,227 | - |
| Individual Bankruptcy (%) | 1.7 | (17.4) | 6.1 | (7.0) | - |
| INDUSTRIES (% of Growth): | 2014 | 2015 | 2016 | 2017* | 2018** |
| Agriculture | 2.0 | 1.3 | (5.1) | 5.6 | 2.4 |
| Palm Oil | 6.7 | 7.0 | (12.7) | 11.8 | - |
| Rubber | (10.4) | (11.0) | (6.3) | 10.8 | - |
| Forestry & Logging | (4.2) | (7.2) | (3.0) | (15.0) | - |
| Fishing | 2.7 | 2.1 | 2.2 | 0.2 | - |
| Other Agriculture | 6.2 | 6.0 | 5.1 | 2.4 | - |

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FAIRMONT INDUSTRIES SDN. BHD - 517969

PAGE NO. : 14

| | | | | | |
|---|---------|---------|---------|------|------|
| Industry Non-Performing Loans (MYR Million) | 303.8 | 343.7 | 420.3 | - | - |
| % of Industry Non-Performing Loans | 1.4 | 1.5 | 1.8 | - | - |
| Mining | 3.3 | 5.3 | 2.2 | 0.5 | 0.9 |
| Oil & Gas | 3.0 | 3.5 | 4.5 | - | - |
| Other Mining | 46.6 | 47.1 | 42.6 | - | - |
| Industry Non-performing Loans (MYR Million) | 63.5 | 180.1 | 190.0 | - | - |
| % of Industry Non-performing Loans | 0.3 | 0.8 | 0.8 | - | - |
| Manufacturing # | 6.1 | 4.9 | 4.4 | 5.5 | 5.3 |
| Exported-oriented Industries | 7.1 | 6.5 | 4.3 | 6.5 | - |
| Electrical & Electronics | 11.8 | 9.2 | 6.8 | 9.3 | - |
| Rubber Products | (1.3) | 5.1 | 5.0 | 6.9 | - |
| Wood Products | 7.8 | 7.0 | 7.8 | 7.3 | - |
| Textiles & Apparel | 10.8 | 7.5 | 7.5 | 7.4 | - |
| Domestic-oriented Industries | 7.7 | 4.7 | 3.4 | 6.2 | - |
| Food, Beverages & Tobacco | 6.1 | 8.9 | 7.5 | 11.0 | - |
| Chemical & Chemical Products | 1.4 | 3.5 | 4.5 | 3.5 | - |
| Plastic Products | 2.7 | 3.9 | 5.1 | - | - |
| Iron & Steel | 2.8 | 1.6 | 2.2 | - | - |
| Fabricated Metal Products | 2.8 | 4.6 | 5.6 | 4.6 | - |
| Non-metallic Mineral | 6.9 | 6.8 | 6.3 | 5.4 | - |
| Transport Equipment | 14.4 | 5.2 | (3.1) | 4.7 | - |
| Paper & Paper Products | 4.7 | 3.2 | 5.4 | 5.8 | - |
| Crude Oil Refineries | 13.0 | 14.3 | 13.7 | - | - |
| Industry Non-Performing Loans (MYR Million) | 5,730.8 | 4,243.7 | 4,214.1 | - | - |
| % of Industry Non-Performing Loans | 25.6 | 19.0 | 18.5 | - | - |
| Construction | 11.7 | 8.2 | 7.4 | 7.6 | 7.5 |
| Industry Non-Performing Loans (MYR Million) | 1,666.4 | 1,638.0 | 1,793.9 | - | - |
| % of Industry Non-Performing Loans | 7.5 | 7.3 | 7.9 | - | - |
| Services | 6.6 | 5.1 | 5.6 | 5.9 | 5.8 |
| Electric, Gas & Water | 3.8 | 3.6 | 5.4 | 2.5 | 2.6 |
| Transport, Storage & Communication | 7.70 | 7.55 | 6.85 | 7.35 | 7.30 |
| Wholesale, Retail, Hotel & Restaurant | 7.70 | 6.65 | 6.65 | 7.05 | 6.65 |
| Finance, Insurance & Real Estate | 5.15 | 2.90 | 4.70 | 5.70 | 5.90 |
| Government Services | 6.3 | 4.0 | 4.9 | 4.4 | 4.5 |
| Other Services | 4.8 | 4.7 | 4.8 | 5.3 | 5.3 |
| Industry Non-Performing Loans (MYR Million) | 5,373.5 | 6,806.6 | 7,190.6 | - | - |
| % of Industry Non-Performing Loans | 24.1 | 30.5 | 31.5 | - | - |

* Estimate / Preliminary

** Forecast

Based On Manufacturing Production Index

INDUSTRY ANALYSIS

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MSIC
CODE

22191 : Manufacture of other products of natural or synthetic rubber, unvulcanized, vulcanized or hardened

INDUSTRY MANUFACTURING

:

The manufacturing sector is forecast to increase 5.3% in year 2018 (2017: 5.5%). Output of export-oriented industries is projected to expand on account of sustained demand for E&E, refined petroleum and woods products. Growth in the domestic-oriented industries is anticipated to remain resilient supported by ongoing construction of infrastructure projects as well as strong demand for consumer products, especially food and transport equipment.

Value added of the manufacturing sector expanded further by 5.8% during the first half of 2017 (January – June 2016: 4.4%) with expansion across a wide range of outputs in both the export- and domestic-oriented industries. During the first eight months, production increased 6.4%, while sales rebounded significantly by 15.6% to RM500.2 billion (January – August 2016: 4%; -0.7%; RM432.8 billion). Output of export-oriented industries rose 6.5% (January – August 2016: 4.3%) led by an upturn in global electronics cycle and further enhanced by strong demand for resource-based products. Meanwhile, domestic-oriented industries expanded 6.2% (January – August 2016: 3.4%) benefiting from vibrant consumption and construction activities.

Within the export-oriented industries, E&E output expanded 9.3% while sales surged 16.3% to RM169.5 billion (January – August 2016: 6.8%; 9%; RM145.8 billion). Growth emanated mainly from the expansion in output of printed circuit boards, semiconductor devices and electronic integrated circuits which strengthened further by 24.4%, 11.9% and 16.9% (January – August 2016: 11.9%; 5.9%; 15%), respectively. This is in line with the trend in global semiconductor sales which is expected to expand 11.5% in 2017, the highest level since 2010. On the contrary, the output of computers and peripheral equipment contracted 7.7% (January – August 2016: 3.1%) as a result of lower demand for notebooks and personal computers following rising preferences for smartphones and tablets. Meanwhile, consumer electronics grew at a moderate pace of 2.6% (January – August 2016: 5.3%) partly due to lower demand for in-car entertainment, portable media players and digital cameras.

Output of wood and wood products grew 7.3% (January – August 2016: 7.8%). The growth was primarily supported by output of sawmilling and planning of wood which expanded 14.7% (January – August 2016: 16.8%) in response to strong demand from Australia, Japan and the US. Meanwhile, production of wooden and cane furniture remained steady at 10.9% (January – August 2016: 10.9%), benefiting from greater adoption of technology and diversification of export markets.

Manufacture of food products rose 11.2%, largely attributed to a significant increase in refined palm oil at 26.1% (January – August 2016: 6.3%; -3.3%), following higher production of CPO. Meanwhile, output of other food products grew 7% supported by production of bread, cakes and other bakery (15.6%) as well as biscuits and cookies (12%) to meet the rising demand from households (January – August 2016: 11.1%; 19.2%; 19.1%).

For the year, the manufacturing sector is projected to expand further by 5.5% (2016: 4.4%) mainly attributed to an upturn in global semiconductor sales as well as higher demand for consumer products and construction materials.

OVERALL INDUSTRY OUTLOOK : Marginal Growth

CREDIT RISK EVALUATION & RECOMMENDATION

Incorporated in 1998, the Subject is a Private Limited company, focusing on manufacturers of rubber polymers. Having been in the industry for over a decade, the Subject has achieved a certain market share and has built up a

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satisfactory reputation in the market. It should have received supports from its regular customers. Presently, the issued and paid up capital of the Subject stands at MYR 800,000. However, with a strong backing from its holding company, the Subject enjoys timely financial assistance should the needs arise.

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 moderate size company, the Subject has a total workforce of 60 employees in its business operations. 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. Based on the higher profitability, the Subject has generated a favourable return based on its existing shareholders' funds which indicated that the management was efficient in utilising its funds to generate income. 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 lowly geared company, the Subject is exposed to low financial risk as it is mainly dependent on its internal funds to finance its business needs. Given a positive net worth standing at MYR 8,030,258, the Subject should be able to maintain its business in the near terms.

The Subject's supplier are from both the local and overseas countries. This will eliminate the risk of dependency on deliveries from a number of key suppliers and insufficient quantities of its raw materials. Overall the Subject has a good control over its resources.

The Subject's payment habit is average. With its adequate working capital, the Subject should be able to pay its short term debts.

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 MALAYSIAN FINANCIAL REPORTING STANDARDS(FRS)

FAIRMONT INDUSTRIES SDN. BHD.

| Financial Year End | 2016-12-31 | 2015-12-31 | 2014-12-31 | 2013-12-31 | 2012-12-31 |
|--|------------|------------|------------|------------|------------|
| Months | 12 | 12 | 12 | 12 | 12 |
| Consolidated Account | Company | Company | Company | Company | Company |
| Audited Account | YES | YES | YES | YES | YES |
| Unqualified Auditor's Report (Clean Opinion) | YES | YES | YES | YES | YES |
| Financial Type | FULL | FULL | FULL | FULL | FULL |
| Currency | MYR | MYR | MYR | MYR | MYR |

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FAIRMONT INDUSTRIES SDN. BHD - 517969

PAGE NO. : 17

| | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|
| TURNOVER | 26,849,019 | 25,658,886 | 25,276,430 | 17,940,264 | 16,843,279 |
| Total Turnover | 26,849,019 | 25,658,886 | 25,276,430 | 17,940,264 | 16,843,279 |
| Costs of Goods Sold | (17,584,598) | (17,608,277) | (19,237,822) | (14,153,388) | (14,304,098) |
| Gross Profit | 9,264,421 | 8,050,609 | 6,038,608 | 3,786,876 | 2,539,181 |
| PROFIT/(LOSS) FROM OPERATIONS | 3,134,945 | 1,914,617 | 1,544,998 | 860,798 | 509,150 |
| PROFIT/(LOSS) BEFORE TAXATION | 3,134,945 | 1,914,617 | 1,544,998 | 860,798 | 509,150 |
| Taxation | (596,595) | (533,270) | (383,787) | (186,317) | (73,046) |
| PROFIT/(LOSS) AFTER TAXATION | 2,538,350 | 1,381,347 | 1,161,211 | 674,481 | 436,104 |
| RETAINED PROFIT/(LOSS) BROUGHT FORWARD | | | | | |
| As previously reported | 4,691,908 | 3,310,561 | 2,149,350 | 1,474,869 | 1,038,765 |
| As restated | 4,691,908 | 3,310,561 | 2,149,350 | 1,474,869 | 1,038,765 |
| PROFIT AVAILABLE FOR APPROPRIATIONS | 7,230,258 | 4,691,908 | 3,310,561 | 2,149,350 | 1,474,869 |
| RETAINED PROFIT/(LOSS) CARRIED FORWARD | 7,230,258 | 4,691,908 | 3,310,561 | 2,149,350 | 1,474,869 |
| INTEREST EXPENSE (as per notes to P&L) | | | | | |
| Bank overdraft | 66,518 | 48,372 | 70,663 | 67,059 | 71,998 |
| Bankers' acceptance | 76,986 | 79,430 | 81,160 | 3,979 | 88,450 |
| Hire purchase | 5,649 | 7,872 | 10,095 | 12,896 | 20,553 |
| Letter of credit | 20,093 | 15,631 | 8,206 | 7,518 | 7,634 |

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| | | | | | |
|--|---------|---------|---------|---------|---------|
| | 169,246 | 151,305 | 170,124 | 91,452 | 188,635 |
| | = | = | = | = | = |
| DEPRECIATION (as per notes to P&L) | 293,005 | 263,066 | 241,078 | 249,961 | 336,170 |
| | = | = | = | = | = |
| Total Amortization And Depreciation | 293,005 | 263,066 | 241,078 | 249,961 | 336,170 |
| | = | = | = | = | = |

BALANCE SHEET

FAIRMONT INDUSTRIES SDN. BHD.

ASSETS

EMPLOYED:

| | | | | | |
|---|------------|------------|------------|-----------|-----------|
| FIXED ASSETS | 977,875 | 798,185 | 734,736 | 629,727 | 704,235 |
| | = | = | = | = | = |
| TOTAL LONG TERM ASSETS | 977,875 | 798,185 | 734,736 | 629,727 | 704,235 |
| CURRENT ASSETS | | | | | |
| Stocks | 3,278,174 | 3,331,302 | 3,098,947 | 2,482,788 | 3,936,466 |
| Trade debtors | 5,619,316 | 4,972,479 | 3,192,636 | 1,972,647 | 1,632,108 |
| Other debtors, deposits & prepayments | 187,794 | 131,231 | 71,642 | 567,976 | 191,396 |
| Short term deposits | 551,676 | 534,006 | 274,933 | 266,408 | 258,147 |
| Amount due from holding company | 1,759,998 | 526,389 | 363,258 | - | - |
| Amount due from related companies | 1,676,910 | 2,136,750 | 2,335,577 | 3,162,902 | 2,389,781 |
| Cash & bank balances | 69,919 | 162,568 | 246,932 | 336,710 | 25,563 |
| Others | - | - | - | - | 98,311 |
| | = | = | = | = | = |
| TOTAL CURRENT ASSETS | 13,143,787 | 11,794,725 | 9,583,925 | 8,789,431 | 8,531,772 |
| | = | = | = | = | = |
| TOTAL ASSET | 14,121,662 | 12,592,910 | 10,318,661 | 9,419,158 | 9,236,007 |
| | = | = | = | = | = |
| CURRENT LIABILITIES | | | | | |
| Trade creditors | 2,914,437 | 2,983,826 | 3,312,478 | 1,884,306 | 2,828,793 |
| Other creditors & | 566,634 | 879,324 | 578,789 | 635,294 | 732,196 |

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| | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|
| accruals | | | | | |
| Hire purchase & lease creditors | 50,165 | 47,943 | 45,720 | 43,497 | 80,923 |
| Bank overdraft | 795,871 | 1,158,732 | 413,867 | 1,203,196 | 1,211,686 |
| Bill & acceptances payable | 1,370,000 | 1,353,000 | 1,493,000 | 1,424,000 | 1,417,000 |
| Amounts owing to holding company | - | - | - | 1,040,965 | 50,866 |
| Amounts owing to related companies | - | 297,651 | 120,000 | 12,108 | - |
| Amounts owing to director | - | - | - | - | 400,000 |
| Provision for taxation | 341,949 | 278,013 | 93,790 | 30,266 | - |
| TOTAL CURRENT LIABILITIES | 6,039,056 | 6,998,489 | 6,057,644 | 6,273,632 | 6,721,464 |
| NET CURRENT ASSETS/(LIABILITIES) | 7,104,731 | 4,796,236 | 3,526,281 | 2,515,799 | 1,810,308 |
| LONG TERM LIABILITIES | | | | | |
| Hire purchase creditors | 52,348 | 102,513 | 150,456 | 196,176 | 239,674 |
| TOTAL LONG TERM LIABILITIES | 52,348 | 102,513 | 150,456 | 196,176 | 239,674 |
| TOTAL NET ASSETS | 8,030,258 | 5,491,908 | 4,110,561 | 2,949,350 | 2,274,869 |
| FINANCED BY: | | | | | |
| SHARE CAPITAL | | | | | |
| Ordinary share capital | 800,000 | 800,000 | 800,000 | 800,000 | 800,000 |
| TOTAL SHARE CAPITAL | 800,000 | 800,000 | 800,000 | 800,000 | 800,000 |
| RESERVES | | | | | |
| Retained profit/(loss) carried forward | 7,230,258 | 4,691,908 | 3,310,561 | 2,149,350 | 1,474,869 |
| TOTAL RESERVES | 7,230,258 | 4,691,908 | 3,310,561 | 2,149,350 | 1,474,869 |
| SHAREHOLDERS' FUNDS/EQUITY | 8,030,258 | 5,491,908 | 4,110,561 | 2,949,350 | 2,274,869 |

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FINANCIAL RATIO

FAIRMONT INDUSTRIES SDN. BHD.

TYPES OF FUNDS

| | | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Cash | 621,595 | 696,574 | 521,865 | 603,118 | 283,710 |
| Net Liquid Funds | (1,544,276) | (1,815,158) | (1,385,002) | (2,024,078) | (2,344,976) |
| Net Liquid Assets | 3,826,557 | 1,464,934 | 427,334 | 33,011 | (2,126,158) |
| Net Current Assets/(Liabilities) | 7,104,731 | 4,796,236 | 3,526,281 | 2,515,799 | 1,810,308 |
| Net Tangible Assets | 8,030,258 | 5,491,908 | 4,110,561 | 2,949,350 | 2,274,869 |
| Net Monetary Assets | 3,774,209 | 1,362,421 | 276,878 | (163,165) | (2,365,832) |

PROFIT & LOSS ITEMS

| | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| Earnings Before Interest & Tax (EBIT) | 3,304,191 | 2,065,922 | 1,715,122 | 952,250 | 697,785 |
| Earnings Before Interest, Taxes, Depreciation And Amortization (EBITDA) | 3,597,196 | 2,328,988 | 1,956,200 | 1,202,211 | 1,033,955 |

BALANCE SHEET ITEMS

| | | | | | |
|---------------------|------------|------------|------------|-----------|-----------|
| Total Borrowings | 2,268,384 | 2,662,188 | 2,103,043 | 2,866,869 | 2,949,283 |
| Total Liabilities | 6,091,404 | 7,101,002 | 6,208,100 | 6,469,808 | 6,961,138 |
| Total Assets | 14,121,662 | 12,592,910 | 10,318,661 | 9,419,158 | 9,236,007 |
| Net Assets | 8,030,258 | 5,491,908 | 4,110,561 | 2,949,350 | 2,274,869 |
| Net Assets Backing | 8,030,258 | 5,491,908 | 4,110,561 | 2,949,350 | 2,274,869 |
| Shareholders' Funds | 8,030,258 | 5,491,908 | 4,110,561 | 2,949,350 | 2,274,869 |
| Total Share Capital | 800,000 | 800,000 | 800,000 | 800,000 | 800,000 |
| Total Reserves | 7,230,258 | 4,691,908 | 3,310,561 | 2,149,350 | 1,474,869 |

GROWTH RATIOS (Year on Year) (%)

| | | | | | |
|--------------------------|---------|-------|--------|--------|---------|
| Revenue | 4.64 | 1.51 | 40.89 | 6.51 | 13.42 |
| Profit/(Loss) Before Tax | 63.74 | 23.92 | 79.48 | 69.07 | (20.99) |
| Profit/(Loss) After Tax | 83.76 | 18.96 | 72.16 | 54.66 | (28.36) |
| Total Assets | 12.14 | 22.04 | 9.55 | 1.98 | 8.74 |
| Total Liabilities | (14.22) | 14.38 | (4.05) | (7.06) | 4.60 |

LIQUIDITY (Times)

| | | | | | |
|---------------|------|------|------|------|------|
| Cash Ratio | 0.10 | 0.10 | 0.09 | 0.10 | 0.04 |
| Liquid Ratio | 1.63 | 1.21 | 1.07 | 1.01 | 0.68 |
| Current Ratio | 2.18 | 1.69 | 1.58 | 1.40 | 1.27 |

WORKING CAPITAL

CONTROL (Days)

| | | | | | |
|-----------------|----|----|----|----|----|
| Stock Ratio | 45 | 47 | 45 | 51 | 85 |
| Debtors Ratio | 76 | 71 | 46 | 40 | 35 |
| Creditors Ratio | 60 | 62 | 63 | 49 | 72 |

SOLVENCY RATIOS (Times)

| | | | | | |
|-----------------------------|-------|-------|-------|-------|------|
| Gearing Ratio | 0.28 | 0.48 | 0.51 | 0.97 | 1.30 |
| Liabilities Ratio | 0.76 | 1.29 | 1.51 | 2.19 | 3.06 |
| Times Interest Earned Ratio | 19.52 | 13.65 | 10.08 | 10.41 | 3.70 |

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FAIRMONT INDUSTRIES SDN. BHD - 517969

PAGE NO. : 21

| | | | | | |
|----------------------------|-------|-------|-------|-------|-------|
| Assets Backing Ratio | 10.04 | 6.86 | 5.14 | 3.69 | 2.84 |
| PERFORMANCE RATIO (%) | | | | | |
| Operating Profit Margin | 11.68 | 7.46 | 6.11 | 4.80 | 3.02 |
| Net Profit Margin | 9.45 | 5.38 | 4.59 | 3.76 | 2.59 |
| Return On Net Assets | 41.15 | 37.62 | 41.72 | 32.29 | 30.67 |
| Return On Capital Employed | 37.01 | 30.38 | 36.33 | 21.68 | 18.33 |
| Return On Shareholders' | 31.61 | 25.15 | 28.25 | 22.87 | 19.17 |
| Funds/Equity | | | | | |
| Dividend Pay Out Ratio | 0 | 0 | 0 | 0 | 0 |
| (Times) | | | | | |
| NOTES TO ACCOUNTS | | | | | |
| Contingent Liabilities | 0 | 0 | 0 | 0 | 0 |

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FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 68.69 |
| UK Pound | 1 | INR 90.34 |
| Euro | 1 | INR 80.02 |
| MYR | 1 | INR 16.97 |

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

INFORMATION DETAILS

| | |
|-----------------------------|-----|
| Analysis Done by : | PRI |
| Report Prepared by : | DNS |

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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)