

MIRA INFORM REPORT

| | |
|---------------|------------|
| Report No. : | 520043 |
| Report Date : | 18.07.2018 |

IDENTIFICATION DETAILS

| | |
|-------------------------|---|
| Name : | KALMART SYSTEMS (M) SDN. BHD. |
| Formerly Known As : | MALPALM PRODUCTS SDN BHD (13/08/1990) |
| Registered Office : | Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan |
| Country : | Malaysia |
| Financials (as on) : | 31.12.2016 |
| Date of Incorporation : | 15.01.1986 |
| Com. Reg. No.: | 149575-T |
| Legal Form : | Private Limited (Limited By Share) |
| Line of Business : | The subject is principally engaged in the trading of oil palm products and other related activities. |
| No. of Employees : | 15 [2018] |

RATING & COMMENTS

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

MIRA's Rating : **B**

| Credit Rating | Explanation | Rating Comments |
|---------------|-------------|---|
| B | Medium Risk | Business dealings permissible on a regular monitoring basis |

| | |
|---------------------|------------------|
| Status : | Moderate |
| Payment Behaviour : | Slow but correct |
| 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) |
|---------------------|---|--|
| Malaysia | A2 | A2 |

| 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 |

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MALAYSIA - ECONOMIC OVERVIEW

Malaysia, an upper middle-income country, has transformed itself since the 1970s from a producer of raw materials into a multi-sector economy. Under current Prime Minister NAJIB, Malaysia is attempting to achieve high-income status by 2020 and to move further up the value-added production chain by attracting investments in high technology, knowledge-based industries and services. NAJIB's Economic Transformation Program is a series of projects and policy measures intended to accelerate the country's economic growth. The government has also taken steps to liberalize some services sub-sectors. Malaysia is vulnerable to a fall in world commodity prices or a general slowdown in global economic activity.

The NAJIB administration is continuing efforts to boost domestic demand and reduce the economy's dependence on exports. Domestic demand continues to anchor economic growth, supported mainly by private consumption, which accounts for 53% of GDP. Nevertheless, exports - particularly of electronics, oil and gas, and palm oil - remain a significant driver of the economy. In 2015, gross exports of goods and services were equivalent to 73% of GDP. The oil and gas sector supplied about 22% of government revenue in 2015, down significantly from prior years amid a decline in commodity prices and diversification of government revenues. Malaysia has embarked on a fiscal reform program aimed at achieving a balanced budget by 2020, including rationalization of subsidies and the 2015 introduction of a 6% value added tax. Sustained low commodity prices throughout the period not only strained government finances, but also shrunk Malaysia's current account surplus and weighed heavily on the Malaysian ringgit, which was among the region's worst performing currencies during 2013-17. The ringgit hit new lows following the US presidential election amid a broader selloff of emerging market assets.

Bank Negara Malaysia (the central bank) maintains adequate foreign exchange reserves; a well-developed regulatory regime has limited Malaysia's exposure to riskier financial instruments, although it remains vulnerable to volatile global capital flows. In order to increase Malaysia's competitiveness, Prime Minister NAJIB raised possible revisions to the special economic and social preferences accorded to ethnic Malays under the New Economic Policy of 1970, but retreated in 2013 after he encountered significant opposition from Malay nationalists and other vested interests. In September 2013 NAJIB launched the new Bumiputra Economic Empowerment Program, policies that favor and advance the economic condition of ethnic Malays.

Malaysia signed the 12-nation Trans-Pacific Partnership (TPP) free trade agreement in February 2016, although the future of the TPP remains unclear following the US withdrawal from the agreement. Along with nine other ASEAN members, Malaysia established the ASEAN Economic Community in 2015, which aims to advance regional economic integration.

Source : CIA

EXECUTIVE SUMMARY

REGISTRATION NO. : 149575-T
GST NO. : 001370619904
COMPANY NAME : **KALMART SYSTEMS (M) SDN. BHD.**
FORMER NAME : MALPALM PRODUCTS SDN BHD (13/08/1990)
INCORPORATION DATE : 15/01/1986
COMPANY STATUS : EXIST
LEGAL FORM : PRIVATE LIMITED (LIMITED BY SHARE)
LISTED STATUS : NO

REGISTERED ADDRESS : LEVEL 15-2, BANGUNAN FABER IMPERIAL COURT, JALAN SULTAN ISMAIL, 50250 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.
BUSINESS ADDRESS : UNIT A-19-16, TOWER A, MENARA UOA BANGSAR, NO. 5, JALAN BANGSAR UTAMA 1, 59000 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.

TEL.NO. : 03-22844619
FAX.NO. : 03-22018600
CONTACT PERSON : NAVNITALAL S/O VRAJILAL (MANAGING DIRECTOR)

INDUSTRY CODE : 46202
PRINCIPAL ACTIVITY : TRADING OF OIL PALM PRODUCTS AND OTHER RELATED ACTIVITIES
AUTHORISED CAPITAL : MYR 5,000,000.00 DIVIDED INTO
ORDINARY SHARE 5,000,000.00 OF MYR 1.00 EACH.
ISSUED AND PAID UP : MYR 2,000,000.00 DIVIDED INTO
CAPITAL : ORDINARY SHARES 555,000 CASH AND 1,445,000 OTHERWISE OF MYR 1.00 EACH.

SALES : MYR 311,679,636 [2016]
NET WORTH : MYR 6,428,879 [2016]

STAFF STRENGTH : 15 [2018]
BANKER (S) : HSBC BANK MALAYSIA BHD
AFFIN BANK BERHAD

LITIGATION : CLEAR
DEFAULTER CHECK : CLEAR
FINANCIAL CONDITION : POOR
PAYMENT : SLOW BUT CORRECT
MANAGEMENT : AVERAGE
CAPABILITY

COMMERCIAL RISK : MODERATE
CURRENCY EXPOSURE : MODERATE
GENERAL REPUTATION : SATISFACTORY
INDUSTRY OUTLOOK : MATURE

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) trading of oil palm products and other related activities. The Subject is not listed on Bursa Malaysia (Malaysia Stock Exchange).

Former Address(es)

| Address | As Date | At Date |
|--|----------------|----------------|
| LEVEL 15-2, SHERATON IMPERIAL COURT, JALAN SULTAN ISMAIL, 50250, WILAYAH PERSEKUTUAN, MALAYSIA | 02/05/2011 | |
| LEVEL 11-2, FABER IMPERIAL COURT, JALAN SULTAN ISMAIL, 50250, WILAYAH PERSEKUTUAN, MALAYSIA | 08/03/2005 | |
| LEVEL 16, MENARA BANK PEMBANGUNAN, JALAN SULTAN ISMAIL, 50250, WILAYAH PERSEKUTUAN, MALAYSIA | 10/10/1999 | |
| 7, JALAN TERASEK 8, BANGSAR BARU, 59100, WILAYAH PERSEKUTUAN, MALAYSIA | 20/09/2013 | |
| 16, JALAN TERASEK 7, BANGSAR BARU, 59100, WILAYAH PERSEKUTUAN, MALAYSIA | 26/11/2014 | |

Share Capital History

| Date | Authorised Shared Capital | Issue & Paid Up Capital |
|-------------|----------------------------------|------------------------------------|
| 06/08/2004 | MYR 5,000,000.00 | MYR 2,000,000.00 |
| 23/05/2003 | MYR 5,000,000.00 | MYR 1,000,000.00 |
| 19/09/1996 | MYR 250,000.00 | MYR 250,000.00 |
| 08/05/1992 | MYR 250,000.00 | MYR 100,000.00 |

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

Current Shareholder(s) :

| Name | Address | IC/PP/Loc No | Shareholding | (%) |
|-------------------------------|---|---------------------------|--------------------------------|--------------------------|
| MR. NAVNITALAL A/L VRAJILAL + | 16, JALAN TERASEK 7, BANGSAR BARU, 59100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA. | 560901-04-5085 5008847 | 1,694,950.00 | 84.75 |
| MS. MADHU BALA A/P GANDALAL + | 16, JALAN TERASEK 7, BANGSAR BARU, 59100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA. | 630308-08-6506 7011042 | 305,050.00 | 15.25 |
| | | | ----- 2,000,000.00 ===== | ----- 100.00 ===== |

+ Also Director

DIRECTORS

DIRECTOR 1

Name Of Subject : MS. MADHU BALA A/P GANDALAL
Address : 16, JALAN TERASEK 7, BANGSAR BARU, 59100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.
IC / PP No : 7011042
New IC No : 630308-08-6506
Date of Birth : 08/03/1963
Nationality : MALAYSIAN
Date of : 24/05/1993
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 | Designat ion | App Date | Shareholding | | Profit/(loss) After Tax | Financ ial Year | Stat us | As At |
|------------|-----------------|--|---------------------|-----------------|---------------------|-------------|--------------------------------|------------------------|----------------|----------------|
| | | | | | No. | % | | | | |
| 1 | 91189 8T | AGRITEC H INDUSTR IES (M) SDN. BHD. | Director | 16/08/2 010 | 1.00 | 0.000 02 | MYR(1,052,95 8.00) | 2016 | - | 26/06/2 018 |
| 2 | 14957 5T | KALMAR T SYSTEM S (M) SDN. BHD. | Director | 24/05/1 993 | 305,050 .00 | 15.25 | MYR351,403. 00 | 2016 | - | 26/06/2 018 |

DIRECTOR 2

Name Of Subject : MR. NAVNITALAL A/L VRAJILAL
Address : 16, JALAN TERASEK 7, BANGSAR BARU, 59100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.
Other Address(es) : 16 JALAN TERASEK 7, BANGSAR BARU, KUALA LUMPUR, 59100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.
IC / PP No : 5008847
New IC No : 560901-04-5085

Date of Birth : 01/09/1956
Nationality : MALAYSIAN
Date of : 19/02/1992
Appointment

INTEREST CHECK

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

INTEREST IN COMPANY

| No | Local No | Company | Designation | App Date | Shareholding No. | % | Profit/(loss) After Tax | Financial Year | Status | As At |
|----|-------------|--|-------------|----------------|------------------|-------------|-------------------------|----------------|----------------------------------|----------------|
| 1 | 91189 8T | AGRITEC H INDUSTRIES (M) SDN. BHD. | Director | 16/08/2 010 | 1.00 | 0.000 02 | MYR(1,052,9 58.00) | 2016 | - | 26/06/2 018 |
| 2 | 14957 5T | KALMAR T SYSTEMS (M) SDN. BHD. | Director | 19/02/1 992 | 1,694,95 0.00 | 84.75 | MYR351,403. 00 | 2016 | - | 26/06/2 018 |
| 3 | 37698 9T | TRADERI CH MERCHANTS SDN. BHD. | Director | 09/02/1 996 | 50,000.0 0 | 50.00 | MYR(22,287. 00) | 2014 | Disolv ed by Regist rar | 26/06/2 018 |

MANAGEMENT

1) Name of : NAVNITALAL S/O VRAJILAL
Subject
Position : MANAGING DIRECTOR

AUDITOR

| Firm No | Firm Name | Address | As Date | At |
|---------|-----------|---------|---------|----|
|---------|-----------|---------|---------|----|

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AF0737 SJ GRANT LEVEL 11, SHERATON IMPERIAL COURT, JALAN SULTAN 31/12/2016
THORNTON ISMAIL, 50250 KUALA LUMPUR, WILAYAH PERSEKUTUAN,
MALAYSIA.

COMPANY SECRETARIES

- 1) Company Secretary : MR. M.CHANDRASEGARAN A/L S.MURUGASU
IC / PP No : 5573205
New IC No : 581020-06-5169
Address : 1, JALAN SS 18/1, 47500 SUBANG JAYA, SELANGOR, MALAYSIA.
Date of Appointment : 30/04/1997
- 2) Company Secretary : MS. LIM SECK WAH
IC / PP No : 5878183
New IC No : 591223-02-5430
Address : 36, JALAN SUASANA 2/2, BANDAR TUN HUSSEIN ONN, 43200 CHERAS,
SELANGOR, MALAYSIA.
Date of Appointment : 31/03/1995

BANKING

Banking relations are maintained principally with :

- 1) Name : HSBC BANK MALAYSIA BHD
2) Name : AFFIN BANK BERHAD

ENCUMBRANCE (S)

| Charge No | Creation Date | Charge Description | Chargee Name | Total Charge | Status |
|-----------|---------------|----------------------|---------------------------|------------------|-------------|
| 1 | 02/10/2003 | FIRST PARTY | HSBC BANK MALAYSIA BERHAD | - | Unsatisfied |
| 2 | 22/04/2005 | FACILITIES AGREEMENT | AFFIN BANK BERHAD | MYR 4,350,000.00 | Satisfied |
| 3 | 04/07/2005 | MEMORANDUM OF CHARGE | AFFIN BANK BERHAD | MYR 4,350,000.00 | 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.*

No plaintiff record was found in our databank.

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
Import : ASIA
Countries

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 Days 61-90 [X]

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Fair 91-120 Days [] Poor >120 Days []

CLIENTELE

Local : YES
Domestic Markets : MALAYSIA
Overseas : YES
Export Market : ASIA

MIDDLE EAST
Credit Term : 30 DAYS
Payment Mode : CHEQUES
TELEGRAPHIC TRANSFER (TT)

OPERATIONS

Goods Traded : PALM KERNEL/REFINED PALM OIL, SOAP NOODLES, PALM STEARINE, SHORTENING

Member(s) / : MALAYSIA EXTERNAL TRADE DEVELOPMENT CORPORATION (MATRADE)
Affiliate(s)

Ownership of : LEASED/RENTED
premises

Total Number of Employees:

| YEAR | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------|------|------|------|------|------|
| GROUP COMPANY | N/A | N/A | N/A | N/A | N/A |
| | 15 | 10 | 10 | 10 | 10 |

Branch : NO

Other Information:

The Subject is principally engaged in the (as a / as an) trading of oil palm products and other related activities.

The Subject were mainly focuses on crude palm oil (CPO) and palm kernel oil.

The Subject product are mainly used for making cooking oil, vegetable fats, edible oil and others.

The Subject normally sells the products in bulk which is refill in drums or plastic containers which is based on the customers' requirements.

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 : 0322844619

Client

Current Telephone Number : 03-22844619

Match : N/A

Address Provided by Client : UNIT A-19-16, TOWER A, MENARA UOA BANGSAR, NO. 5, JALAN BANGSAR UTAMA 1, 59000, KUALA LUMPUR, WILAYAH PERSEKUTUAN.

Current Address : UNIT A-19-16, TOWER A, MENARA UOA BANGSAR, NO. 5, JALAN BANGSAR UTAMA 1, 59000 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.

Match : NO

Latest Financial Accounts : YES

Other Investigations

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

The address provided is incomplete.

FINANCIAL ANALYSIS

Profitability

| | | | | | |
|-----------------------------|---|--------------|---|-------------|---|
| Turnover | : | Erratic | [| 2012 - 2016 |] |
| Profit/(Loss) Before Tax | : | Increased | [| 2012 - 2016 |] |
| Return on Shareholder Funds | : | Unfavourable | [| 5.47% |] |
| Return on Net Assets | : | Acceptable | [| 20.89% |] |

The fluctuating turnover reflects the fierce competition among the existing and new market players. The higher profit could be attributed to the increase in turnover. The unfavourable return on shareholders' funds could indicate that the Subject was inefficient in utilising its assets to generate returns.

Working Capital Control

| | | | | | |
|-----------------|---|------------|---|---------|---|
| Debtor Ratio | : | Acceptable | [| 60 Days |] |
| Creditors Ratio | : | Favourable | [| 44 Days |] |

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 | [| 1.03 Times |] |
| Current Ratio | : | Unfavourable | [| 1.03 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 | : | Unfavourable | [| 1.49 Times |] |
| Gearing Ratio | : | Unfavourable | [| 3.94 Times |] |

The Subject's interest cover was low. If its profits fall or when interest rate rises, it may not be able to meet all its interest payment. The Subject was highly geared, thus it had a high financial risk. The Subject was dependent on loans to finance its business needs. In times of economic downturn and / or high interest rate, the Subject will become less profitable and competitive than other firms in the same industry, which are lowly geared. This is because the Subject has to service the interest and to repay the loan, which will erode part of its profits. The profits will fluctuate depending on the Subject's turnover and the interest it needs to pay.

Overall Assessment :

Although the turnover was erratic, the Subject had maintained a steady growth in its profit. This indicate the management's efficiency in controlling its costs and profitability. 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. If there is a fall in the Subject's profit or any increase in interest rate, the Subject may not be able to generate sufficient cash-flow to service its interest. The Subject's gearing level was high and its going concern will be in doubt if there is no injection of additional shareholders' funds in times of economic downturn and / or high interest rates.

Overall financial condition of the Subject : POOR

MALAYSIA ECONOMIC / INDUSTRY OUTLOOK

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

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KALMART SYSTEMS (M) SDN. BHD. - 520043

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| | | | | | |
|---|----------------|----------------|----------------|----------------|---------------|
| 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 | - |
| 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 | - |

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| | | | | | |
|--|----------------|----------------|----------------|------------|------------|
| 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 | - | - |
| <i>Industry Non-Performing Loans (MYR Million)</i> | <i>5,730.8</i> | <i>4,243.7</i> | <i>4,214.1</i> | - | - |
| <i>% of Industry Non-Performing Loans</i> | <i>25.6</i> | <i>19.0</i> | <i>18.5</i> | - | - |
| 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 | - | - |
| <i>% of Industry Non-Performing Loans</i> | <i>7.5</i> | <i>7.3</i> | <i>7.9</i> | - | - |
| 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 |
| <i>Industry Non-Performing Loans (MYR Million)</i> | <i>5,373.5</i> | <i>6,806.6</i> | <i>7,190.6</i> | - | - |
| <i>% of Industry Non-Performing Loans</i> | <i>24.1</i> | <i>30.5</i> | <i>31.5</i> | - | - |

* Estimate / Preliminary

** Forecast

Based On Manufacturing Production Index

INDUSTRY ANALYSIS

MSIC

CODE

46202 : Wholesale of palm oil

INDUSTRY PALM OIL

:

According to the Malaysian Palm Oil Council (MPOC), Malaysia currently accounts for 39% of world palm oil production and 44% of world exports in year 2014. Malaysia is also one of the biggest producers and exporters of oil palm and palm oil products. In the last 5 years until year 2014, Malaysia earned between RM50 billion and RM70 billion a year from palm oil exports.

Besides, the ongoing implementation of Entry Point Projects (EPPs) under the National Key Economic Area (NKEA) on palm oil to enhance productivity of upstream and downstream activities will further boost the palm oil sector. Thus, palm oil sector is expected to grow 6.7% in 2014 (2013: 2.6%). Moreover, the total oil palm planted areas increased 2.8% to 5.3 million hectares as at end-June 2014 (end-June 2013: 5.2 million hectares) following

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the opening of 30,544 hectares of cultivated areas mainly in Sabah and Sarawak. Other than that, the production of palm oil is expected to growth by 1.6% (19.52 million tonnes) in year 2014, compared to 19.22 million tonnes in year 2013.

According to Kenanga Research, the estimated average crude palm oil (CPO) price for 2014 and 2015 is between RM2,100 and RM2,500 per tonne due to lower inventory estimate by end-2015. The estimated prices also lifted by factors such as biofuel demand and petroleum price level. But, the average price of crude palm oil (CPO) strengthened to RM2,542 per tonne during the first eight months of 2014 (January - August 2013: Rm2,309 per tonne). However, with production rising in the second quarter coupled with high inventory level (end-August 2014: 2.1 million tonnes), the price of CPO moderated to RM2,162 per tonne as at end-August 2014, and hitting a five-year low of RM1,914 per tonne in Sept 2014 as stockpiles surged to a more than 1 year high above 2 million tonnes. The moderation in CPO prices was also due to a surge in global supplies of edible oil, particularly the bumper harvest of soybean in the US.

Over the total exports of major products in year 2013, palm oil accounts 6.4% of share in the total exports. During the first seven months of 2014, export receipts of palm oil rebounded by 4.9% to RM25.8 billion (January - July 2013: -21.9%, RM 24.6 billion) due to higher export prices averaging RM 2,703 per tonne (January - July 2013: Rm 2,456 per tonne). As a measure to reduce the high inventory due to strong output, the Government has exempted export tax on CPO until December 2014. The Government's move to extend the export duty exemption for crude palm oil (CPO) has received positive reaction from industry players. The chairman of Malaysian Palm Oil Board (MPOB) said the move provided a stable effect on the CPO market prices.

In Budget 2015, there is an allocation of RM41 million for smallholders to plant and replant oil palm. The incentives for commodities announced in Budget 2015 will help alleviate the problems faced by the industry, especially the poor prices for rubber and palm oil.

According to the Minister of Plantation Industries and Commodities, the Malaysian government will increase the amount of palm oil based bio-diesel in the national diesel supply mix from November 2014, in a move that will also help to increase consumption of crude palm oil (CPO) and reduce stockpile levels of the commodity. The implementation of the B7 blend will also increase the use palm oil which prices have softened due to oversupply in the market. According to the Malaysian Palm Oil Council (MPOC), CPO prices are expected to improve to between RM2,100 and RM2,500 in year 2015, lifted by factors such as biofuel demand from the B7 programme. CIMB Research estimates that the rollout could raise the country's palm oil demand by 263,000-390,000 tonnes per annum, or 1-2% of the total palm oil production in 2013.

OVERALL INDUSTRY OUTLOOK : Mature

CREDIT RISK EVALUATION & RECOMMENDATION

Incorporated in 1986, the Subject is a Private Limited company, focusing on trading of oil palm products and other related activities. The Subject has been in business for over two decades. It has built up a strong clientele base and satisfactory reputation will enable the Subject to further enhance its business in the near term. The Subject is expected to enjoy a stable market shares. A paid up capital of MYR 2,000,000 allows the Subject to expand its business more comfortably. We considered that the Subject's business position in the market is much dependent on the efforts of its directors.

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. The Subject's business operation is supported by 15 employees. 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.

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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. The high gearing ratio clearly implied that the Subject was supported by more debt than equity. Thus, the Subject is exposed to high financial risk. Given a positive net worth standing at MYR 6,428,879, the Subject should be able to maintain its business in the near terms.

The Subject's suppliers 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 optimum level and is generally stable. It is saturated and very competitive. Thus, the Subject's growth prospect is very much depends on its capacity in sustaining its performance in the market.

In view of the above, we recommend credit be granted to the Subject with close monitoring.

PROFIT AND LOSS ACCOUNT

THE FINANCIAL STATEMENTS WERE PREPARED IN ACCORDANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (FRS)

KALMART SYSTEMS (M) SDN. BHD.

| Financial Year | 2016-12-31 | 2015-12-31 | 2014-12-31 | 2013-12-31 | 2012-12-31 |
|--|---------------|---------------|---------------|---------------|---------------|
| End | | | | | |
| 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 |
| TURNOVER | 311,679,636 | 183,395,303 | 205,332,578 | 175,651,023 | 231,660,217 |
| Other Income | 176,087 | 230,205 | 474,931 | 202,815 | 121,714 |
| Total Turnover | 311,855,723 | 183,625,508 | 205,807,509 | 175,853,838 | 231,781,931 |
| Costs of Goods Sold | (309,012,638) | (181,901,023) | (203,662,460) | (174,095,929) | (228,613,650) |
| Gross Profit | 2,843,085 | 1,724,485 | 2,145,049 | 1,757,909 | 3,168,281 |

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| | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| PROFIT/(LOSS) FROM OPERATIONS | 439,403 | 125,609 | 227,384 | 329,418 | 429,126 |
| PROFIT/(LOSS) BEFORE TAXATION | 439,403 | 125,609 | 227,384 | 329,418 | 429,126 |
| Taxation | (88,000) | 60,306 | (81,496) | (68,340) | (95,859) |
| PROFIT/(LOSS) AFTER TAXATION | 351,403 | 185,915 | 145,888 | 261,078 | 333,267 |
| RETAINED PROFIT/(LOSS) BROUGHT FORWARD | | | | | |
| As previously reported | 4,077,476 | 3,891,561 | 3,745,673 | 3,484,595 | 3,151,328 |
| As restated | 4,077,476 | 3,891,561 | 3,745,673 | 3,484,595 | 3,151,328 |
| PROFIT AVAILABLE FOR APPROPRIATION S | 4,428,879 | 4,077,476 | 3,891,561 | 3,745,673 | 3,484,595 |
| RETAINED PROFIT/(LOSS) CARRIED FORWARD | 4,428,879 | 4,077,476 | 3,891,561 | 3,745,673 | 3,484,595 |
| INTEREST EXPENSE (as per notes to P&L) | | | | | |
| Bankers' acceptance | - | - | 241,527 | 377,944 | 1,327,014 |
| Lease interest | 16,941 | 2,683 | - | - | - |
| Letter of credit | 650,648 | 332,603 | 340,540 | - | - |
| Term loan / Borrowing | 235,886 | 117,664 | - | - | - |
| Others | - | - | 4,789 | 4,789 | 4,789 |
| | 903,475 | 452,950 | 586,856 | 382,733 | 1,331,803 |
| DEPRECIATION (as per notes to | 66,596 | 94,105 | 66,917 | 55,275 | 68,963 |

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P&L)

| | | | | | |
|--|--------|--------|--------|--------|--------|
| Total Amortization And Depreciation | 66,596 | 94,105 | 66,917 | 55,275 | 68,963 |
| | = | = | = | = | = |

BALANCE SHEET

KALMART SYSTEMS (M) SDN. BHD.

ASSETS

EMPLOYED:

| | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| FIXED ASSETS | 1,745,765 | 1,390,212 | 1,483,572 | 150,504 | 73,612 |
| LONG TERM INVESTMENTS/OTHER ASSETS | | | | | |
| Deposits | 3,263,433 | 3,167,720 | 3,063,523 | 2,965,724 | 2,873,788 |
| TOTAL LONG TERM INVESTMENTS/OTHER ASSETS | 3,263,433 | 3,167,720 | 3,063,523 | 2,965,724 | 2,873,788 |
| TOTAL LONG TERM ASSETS | 5,009,198 | 4,557,932 | 4,547,095 | 3,116,228 | 2,947,400 |
| CURRENT ASSETS | | | | | |
| Trade debtors | 51,027,091 | 24,322,003 | 20,806,605 | 21,478,270 | 10,245,524 |
| Other debtors, deposits & prepayments | 2,309,884 | 595,257 | 7,972 | 44,358 | 44,468 |
| Short term deposits | 2,500,000 | 8,400,000 | - | - | - |
| Cash & bank balances | 8,236,617 | 1,413,557 | 2,541,567 | 5,623,891 | 1,301,360 |
| Others | 29,156 | 114,119 | - | - | - |
| TOTAL CURRENT ASSETS | 64,102,748 | 34,844,936 | 23,356,144 | 27,146,519 | 11,591,352 |
| TOTAL ASSET | 69,111,946 | 39,402,868 | 27,903,239 | 30,262,747 | 14,538,752 |
| | == | == | == | == | == |

CURRENT LIABILITIES

| | | | | | |
|---------------------------------|------------|------------|------------|------------|-----------|
| Trade creditors | 37,169,120 | 20,065,325 | 14,338,437 | 20,896,351 | 6,507,492 |
| Other creditors & accruals | 197,404 | 458,266 | 515,768 | 80,366 | 167,564 |
| Hire purchase & lease creditors | 55,675 | - | - | - | - |
| Other borrowings | 23,658,810 | 9,675,558 | - | - | - |

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| | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|------------------|
| Bill & acceptances payable | 1,385,000 | 3,111,860 | 7,130,309 | 3,476,547 | 2,260,913 |
| Amounts owing to director | 3,798 | 14,383 | - | - | - |
| Provision for taxation | - | - | 5,487 | 2,271 | 18,136 |
| Other liabilities | - | - | 8,477 | 39,863 | 41,578 |
| TOTAL CURRENT LIABILITIES | 62,469,807 | 33,325,392 | 21,998,478 | 24,495,398 | 8,995,683 |
| NET CURRENT ASSETS/(LIABILITIES) | 1,632,941 | 1,519,544 | 1,357,666 | 2,651,121 | 2,595,669 |
| LONG TERM LIABILITIES | | | | | |
| Lease obligations | 213,260 | - | - | - | - |
| Deferred taxation | - | - | 13,200 | 13,200 | 13,200 |
| Others | - | - | - | 8,476 | 45,274 |
| TOTAL LONG TERM LIABILITIES | 213,260 | - | 13,200 | 21,676 | 58,474 |
| TOTAL NET ASSETS | 6,428,879 | 6,077,476 | 5,891,561 | 5,745,673 | 5,484,595 |
| FINANCED BY: | | | | | |
| SHARE CAPITAL | | | | | |
| Ordinary share capital | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| TOTAL SHARE CAPITAL | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| RESERVES | | | | | |
| Retained profit/(loss) carried forward | 4,428,879 | 4,077,476 | 3,891,561 | 3,745,673 | 3,484,595 |
| TOTAL RESERVES | 4,428,879 | 4,077,476 | 3,891,561 | 3,745,673 | 3,484,595 |
| SHAREHOLDERS' FUNDS/EQUITY | 6,428,879 | 6,077,476 | 5,891,561 | 5,745,673 | 5,484,595 |

FINANCIAL RATIO

KALMART SYSTEMS (M) SDN. BHD. TYPES OF FUNDS

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| | | | | | |
|---|------------|------------|-------------|------------|------------|
| Cash | 10,736,617 | 9,813,557 | 2,541,567 | 5,623,891 | 1,301,360 |
| Net Liquid Funds | 9,351,617 | 6,701,697 | (4,588,742) | 2,147,344 | (959,553) |
| Net Liquid Assets | 1,632,941 | 1,519,544 | 1,357,666 | 2,651,121 | 2,595,669 |
| Net Current Assets/(Liabilities) | 1,632,941 | 1,519,544 | 1,357,666 | 2,651,121 | 2,595,669 |
| Net Tangible Assets | 6,428,879 | 6,077,476 | 5,891,561 | 5,745,673 | 5,484,595 |
| Net Monetary Assets | 1,419,681 | 1,519,544 | 1,344,466 | 2,629,445 | 2,537,195 |
| PROFIT & LOSS ITEMS | | | | | |
| Earnings Before Interest & Tax (EBIT) | 1,342,878 | 578,559 | 814,240 | 712,151 | 1,760,929 |
| Earnings Before Interest, Taxes, Depreciation And Amortization (EBITDA) | 1,409,474 | 672,664 | 881,157 | 767,426 | 1,829,892 |
| BALANCE SHEET ITEMS | | | | | |
| Total Borrowings | 25,312,745 | 12,787,418 | 7,130,309 | 3,476,547 | 2,260,913 |
| Total Liabilities | 62,683,067 | 33,325,392 | 22,011,678 | 24,517,074 | 9,054,157 |
| Total Assets | 69,111,946 | 39,402,868 | 27,903,239 | 30,262,747 | 14,538,752 |
| Net Assets | 6,428,879 | 6,077,476 | 5,891,561 | 5,745,673 | 5,484,595 |
| Net Assets Backing | 6,428,879 | 6,077,476 | 5,891,561 | 5,745,673 | 5,484,595 |
| Shareholders' Funds | 6,428,879 | 6,077,476 | 5,891,561 | 5,745,673 | 5,484,595 |
| Total Share Capital | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Total Reserves | 4,428,879 | 4,077,476 | 3,891,561 | 3,745,673 | 3,484,595 |
| GROWTH RATIOS (Year on Year) (%) | | | | | |
| Revenue | 69.95 | (10.68) | 16.90 | (24.18) | (34.05) |
| Profit/(Loss) Before Tax | 249.82 | (44.76) | (30.97) | (23.24) | (33.30) |
| Profit/(Loss) After Tax | 89.01 | 27.44 | (44.12) | (21.66) | (24.60) |
| Total Assets | 75.40 | 41.21 | (7.80) | 108.15 | (25.68) |
| Total Liabilities | 88.09 | 51.40 | (10.22) | 170.78 | (37.17) |
| LIQUIDITY (Times) | | | | | |
| Cash Ratio | 0.17 | 0.29 | 0.12 | 0.23 | 0.14 |
| Liquid Ratio | 1.03 | 1.05 | 1.06 | 1.11 | 1.29 |
| Current Ratio | 1.03 | 1.05 | 1.06 | 1.11 | 1.29 |
| WORKING CAPITAL CONTROL (Days) | | | | | |
| Stock Ratio | 0 | 0 | 0 | 0 | 0 |
| Debtors Ratio | 60 | 48 | 37 | 45 | 16 |
| Creditors Ratio | 44 | 40 | 26 | 44 | 10 |
| SOLVENCY RATIOS (Times) | | | | | |
| Gearing Ratio | 3.94 | 2.10 | 1.21 | 0.61 | 0.41 |
| Liabilities Ratio | 9.75 | 5.48 | 3.74 | 4.27 | 1.65 |
| Times Interest Earned Ratio | 1.49 | 1.28 | 1.39 | 1.86 | 1.32 |
| Assets Backing Ratio | 3.21 | 3.04 | 2.95 | 2.87 | 2.74 |
| PERFORMANCE RATIO (%) | | | | | |
| Operating Profit Margin | 0.14 | 0.07 | 0.11 | 0.19 | 0.19 |
| Net Profit Margin | 0.11 | 0.10 | 0.07 | 0.15 | 0.14 |
| Return On Net Assets | 20.89 | 9.52 | 13.82 | 12.39 | 32.11 |
| Return On Capital Employed | 20.05 | 9.52 | 13.79 | 12.35 | 31.77 |
| Return On Shareholders' Funds/Equity | 5.47 | 3.06 | 2.48 | 4.54 | 6.08 |

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| | | | | | |
|--------------------------|---|---|---|---|---|
| Dividend Pay Out Ratio | 0 | 0 | 0 | 0 | 0 |
| (Times) | | | | | |
| NOTES TO ACCOUNTS | | | | | |
| Contingent Liabilities | 0 | 0 | 0 | 0 | 0 |

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 68.30 |
| UK Pound | 1 | INR 90.52 |
| Euro | 1 | INR 80.10 |
| MYR | 1 | INR 16.92 |

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

INFORMATION DETAILS

| | |
|-----------------------------|-----|
| Analysis Done by : | NIS |
| Report Prepared by : | TPT |

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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)