

MIRA INFORM REPORT

| | |
|----------------------|------------|
| Report No. : | 521361 |
| Report Date : | 26.07.2018 |

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+ |
|------------------------|----|

| Credit Rating | Explanation | Rating Comments |
|---------------|-------------|--|
| A+ | Low Risk | Business dealings permissible with low risk of default |

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

NOTES :

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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 |

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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. - 521361

PAGE NO. : 6

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

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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 | Shareholdi ng | | Profit/(loss) After Tax | Financi al Year | Stat us | As At |
|--------|----------------|---------------------------------|-----------------|----------------|------------------|---|----------------------------|--------------------|------------|----------------|
| | | | | | No. | % | | | | |
| 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 |
|------------------------|-------------|-------------|-------------|-------------|-------------|

| | | | | | |
|-------------|-------------|-------------|-------------|-------------|-------------|
| As restated | 347,462,882 | 328,905,008 | 294,699,392 | 281,494,610 | 256,320,440 |
|-------------|-------------|-------------|-------------|-------------|-------------|

| | | | | | |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
| PROFIT AVAILABLE FOR APPROPRIATIONS | 381,147,808 | 357,462,882 | 328,905,008 | 301,699,392 | 291,494,610 |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|

| | | | | | |
|--|-------------|--------------|---|-------------|--------------|
| DIVIDENDS - Ordinary (paid & proposed) | (9,600,000) | (10,000,000) | - | (7,000,000) | (10,000,000) |
|--|-------------|--------------|---|-------------|--------------|

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

| | | | | | |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
| DEPRECIATION (as per notes to P&L) | 7,927,844 | 8,133,288 | 7,992,087 | 7,495,924 | 7,537,874 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|

| | | | | | |
|--------------|-----------|-----------|-----------|---------|---------|
| AMORTIZATION | 1,492,412 | 1,459,413 | 1,434,334 | 488,442 | 286,165 |
|--------------|-----------|-----------|-----------|---------|---------|

| | | | | | |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Total Amortization And Depreciation | 9,420,256 | 9,592,701 | 9,426,421 | 7,984,366 | 7,824,039 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|

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 | 132,941,355 | 132,491,164 | 132,409,490 | 122,345,405 | 111,602,680 |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|

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 68.80 |
| UK Pound | 1 | INR 90.58 |
| Euro | 1 | INR 80.45 |
| SGD | 1 | INR 50.46 |

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)