

MIRA INFORM REPORT

Report No. :	533751
Report Date :	09.10.2018

IDENTIFICATION DETAILS

Name :	LINXENS (THAILAND) CO., LTD.
Formerly Known As :	SMARTRAC TECHNOLOGY LTD.]
Registered Office :	142 Moo 1, Hi-Tech Industrial Estate, T. Banlane, A. Bangpa-In, Ayutthaya 13160
Country :	Thailand
Financials (as on) :	31.12.2017
Date of Incorporation :	10.01.2000
Com. Reg. No.:	0135543000153
Legal Form :	Private Limited Company
Line of Business :	The subject is engaged in manufacturing and exporting Radio Frequency Identification Devices [RFID] for security and industrial applications such as credit card and E-passport. It is also a manufacturer of Transponders, Electronic Parts and Components.
No. of Employees :	900

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

Maximum Credit Limit :	US\$ 25,000,000
Status :	Excellent

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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.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Thailand	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

THAILAND - ECONOMIC OVERVIEW

With a relatively well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies, Thailand is highly dependent on international trade, with exports accounting for about two-thirds of GDP. Thailand's exports include electronics, agricultural commodities, automobiles and parts, and processed foods. The industry and service sectors produce about 90% of GDP. The agricultural sector, comprised mostly of small-scale farms, contributes only 10% of GDP but employs about one-third of the labor force. Thailand has attracted an estimated 3.0-4.5 million migrant workers, mostly from neighboring countries.

Over the last few decades, Thailand has reduced poverty substantially. In 2013, the Thai Government implemented a nationwide 300 baht (roughly \$10) per day minimum wage policy and deployed new tax reforms designed to lower rates on middle-income earners.

Thailand's economy is recovering from slow growth during the years since the 2014 coup. Thailand's economic fundamentals are sound, with low inflation, low unemployment, and reasonable public and external debt levels. Tourism and government spending - mostly on infrastructure and short-term stimulus measures – have helped to boost the economy, and The Bank of Thailand has been supportive, with several interest rate reductions.

Over the longer-term, household debt levels, political uncertainty, and an aging population pose risks to growth.

Source : CIA

COMPANY NAME

LINXENS (THAILAND) CO., LTD.

[FORMER : SMARTRAC TECHNOLOGY LTD.]

SUMMARY

BUSINESS ADDRESS : 142 MOO 1, HI-TECH INDUSTRIAL ESTATE,
T. BANLANE, A. BANGPA-IN,
AYUTTHAYA 13160, THAILAND

TELEPHONE : [66] 35 314-020-5

FAX : [66] 35 314-029

REGISTRATION ADDRESS : SAME AS BUSINESS ADDRESS

ESTABLISHED : 2000

REGISTRATION / TAX ID NO. : 0135543000153

CAPITAL REGISTERED : BHT. 27,000,000

CAPITAL PAID-UP : BHT. 27,000,000

SHAREHOLDER'S PROPORTION : FOREIGN : 100%

FISCAL YEAR CLOSING DATE : DECEMBER 31

LEGAL STATUS : PRIVATE LIMITED COMPANY

EXECUTIVE : MR. CHRISTOPHE BENOIT QUENTIN DUVERNE, FRENCH
CHIEF EXECUTIVE OFFICER

NO. OF STAFF : 900

LINES OF BUSINESS : RADIO FREQUENCY IDENTIFICATION DEVICES
MANUFACTURER, EXPORTER AND DISTRIBUTOR

CORPORATE PROFILE

OPERATING TREND : STABLE

PRESENT SITUATION : OPERATING NORMALLY

REPUTATION : GOOD WITH NORMAL BUSINESS ENGAGEMENT

MANAGEMENT STANDARD : MANAGEMENT WITH GOOD PERFORMANCE

HISTORY

The subject was established on January 10, 2000 as a private limited company under the originally registered name "*Smartrac Technology Ltd.*" initially by Dutch groups, with the business objective to manufacture Radio Frequency Identification Devices for security and industrial applications.

In March 2017, the subject has become a wholly owned subsidiary of Linxens Singapore Pte. Ltd., in Singapore. On May 4, 2018, its registered name was changed to LINXENS (THAILAND) CO., LTD. It currently employs approximately 900 staff.

The subject's registered address is 142 Moo 1, Hi-tech Industrial Estate, T. Banlane, A. Bangpa-in, Ayutthaya 13160, and this is the subject's current operation address.

THE BOARD OF DIRECTORS

<u>Name</u>	<u>Nationality</u>	<u>Age</u>
Ms. Mayuree Chaowalertseree	Thai	56
Mr. Boris Hagmaier	German	49
Mr. Ralf Peter Henn	German	54
Mr. Christophe Benoit Quentin Duverne	French	52
Mr. Arnaud Guy Dominique Brunetiere	French	46
Mr. Martin David Kitching	British	43

AUTHORIZED PERSON

One of the above directors can sign on behalf of the subject with company's affixed.

MANAGEMENT

Mr. Christophe Benoit Quentin Duverne is the Chief Executive Officer. He is French nationality with the age of 52 years old.

Ms. Mayuree Chaowalertseree is the Managing Director. She is Thai nationality with the age of 56 years old.

Mr. Ralf Peter Henn is the Operations Director. He is German nationality with the age of 54 years old.

BUSINESS OPERATIONS

The subject is engaged in manufacturing and exporting Radio Frequency Identification Devices [RFID] for security and industrial applications such as credit card and E-passport. It is also a manufacturer of Transponders, Electronic Parts and Components.

BRAND NAME

"LINXENS"

PRODUCTION

10 millions pieces per month

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IMPORT

Most of raw materials, machinery and equipment are imported from Netherlands, Republic of China, Japan, Singapore, Taiwan, India, Germany, France and U.S.A.

MAJOR SUPPLIER

Linxens Singapore Pte. Ltd. : Singapore

DISTRIBUTION

99% of the products is exported to Germany, Netherlands, United Kingdom, U.S.A., Malaysia, Singapore, Italy, Sweden, Portugal, Australia, India, Switzerland, Hong Kong, Denmark, Spain and Japan, the remaining 1% is sold locally.

SUBSIDIARY AND AFFILIATED COMPANY

The subject is not found to have any subsidiary or affiliated company here in Thailand.

LITIGATION

Bankruptcy and Receivership

There are no litigation on bankruptcy and receivership cases filed against the subject found at Legal Execution Department for the past five years.

Others

There are no legal suits filed against the subject according to the past two years.

CREDIT

Sales are by cash or on the credits term of 30-60 days.
Local bills are paid by cash or on the credits term of 30-60 days.
Imports are by L/C at sight or T/T.
Exports are against L/C at sight or T/T.

BANKING

Bangkok Bank Public Company Limited
Kasikornbank Public Company Limited

EMPLOYMENT

The subject employs approximately 900 staff.

LOCATION DETAILS

The premise is owned for administrative office and factory I at the heading address. Premise is located in industrial area.

Factory II is located at 105 Moo 1, Hi-Tech Industrial Estate, T. Banlane, A. Bangpa-in, Ayutthaya 13160.

Warehouses:

- 121 Moo 1, Hitech Industrial Estate, T. Banlane, A. Bangpa-in, Ayutthaya 13160
- 115 Moo 1, Hitech Industrial Estate, T. Banlane, A. Bangpa-in, Ayutthaya 13160

REMARK

MAXIMUM CREDIT SHOULD BE GRANTED AT US\$ 25,000,000.

COMMENT

The subject is a leading supplier of RFID for credit card, e-passport, e-ticket and others with fully support of technology and expertise from its parent company in Singapore.

Despite a decrease in both sales or service income and net profit in 2017 comparing to the previous year, the subject operated a moderate business and remained profitable. Its business is promising as the products have been used in security support system worldwide. Generally, the subject's business remains strong and profitable.

FINANCIAL INFORMATION

The capital was registered at Bht. 19,000,000 divided into 190,000 shares of Bht. 100 each.

The capital was increased later as following:

- Bht. 20,000,000 on April 5, 2001
- Bht. 25,000,000 on May 19, 2004
- Bht. 27,000,000 on December 6, 2012

The latest registered capital was increased to Bht. 27,000,000 divided into 270,000 shares of Bht. 100 each with fully paid.

THE SHAREHOLDERS LISTED WERE : [as at April 30, 2018]

<u>NAME</u>	<u>HOLDING</u>	<u>%</u>
Linxens Singapore Pte. Ltd. Nationality: Singaporean	269,998	100.00

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Address : 22 Changi North Way 498810,
Singapore

Financiere Lully D SAS

Nationality: French

Address : 6 Rue Marius, Aufan 92300 Levallois
Perret, France

Linxens Holding SAS

Nationality: French

Address : 37 Rue Des Closeaux, 78200 Mantes La Jolie,
France

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Total Shareholders : 3

Share Structure [as at April 30, 2018]

Nationality	Shareholders	No. of Share	% Shares
Thai	-	-	-
Foreign	3	270,000	100.00
Total	3	270,000	100.00

NAME OF AUDITOR & CERTIFIED PUBLIC ACCOUNTANT NO. :

Ms. Wimolporn Boonyasthian No. 4067

FINANCIAL

BALANCE SHEET [BAHT]

The latest financial figures published for December 31, 2017, 2016 and 2015 were:

Current Assets	ASSETS		
	2017	2016	2015
Cash and Cash Equivalents	1,496,814,087	927,605,496	617,614,105
Trade Accounts and Other Receivable	820,192,730	1,240,989,116	1,008,081,515
Inventories	657,895,712	600,090,384	616,667,403
Other Current Assets	24,506,054	66,950,189	33,915,263
Total Current Assets	2,999,408,583	2,835,635,185	2,276,278,286
Property, Plant and Equipment	887,058,091	873,832,429	972,753,492
Intangible Assets	122,422,253	19,065,473	36,459,026
Other Non-current Assets	106,337,646	90,972,171	108,991,336

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Total Assets	4,115,226,573	3,819,505,258	3,394,482,140
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LIABILITIES & SHAREHOLDERS' EQUITY [BAHT]

Current Liabilities	2017	2016	2015
Trade Accounts and Other Payable	687,516,977	549,793,866	765,742,599
Accrued Income Tax	-	1,162,173	-
Other Current Liabilities	22,480	317,317,639	70,407,289
Total Current Liabilities	687,539,457	865,273,678	836,149,888
Provision for Employee Benefits	82,495,881	81,870,841	66,621,108
Total Liabilities	770,035,338	947,144,519	902,770,997
Shareholders' Equity			
Share capital : Baht 100 par value authorized, and issued share capital 270,000 shares	27,000,000	27,000,000	27,000,000
Capital Paid	27,000,000	27,000,000	27,000,000
Retained Earning - [Deficit]			
Appropriated statutory reserve	2,700,000	2,700,000	2,700,000
Unappropriated	3,315,491,235	2,842,660,739	2,462,011,143
Total Shareholders' Equity	3,345,191,235	2,872,360,739	2,491,711,143
Total Liabilities and Shareholders' Equity	4,115,226,573	3,819,505,258	3,394,482,140

PROFIT & LOSS ACCOUNT

Revenue	2017	2016	2015
Sales or Services Income	5,100,029,777	6,332,395,325	4,281,909,352
Other Income	66,297,359	49,186,380	34,805,016
Total Revenues	5,166,327,136	6,381,581,705	4,316,714,368
Expenses			
Cost of Goods Sold or Services	4,009,946,311	4,969,647,347	3,501,227,191
Selling Expenses	49,162,114	41,517,909	38,312,173

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Administrative Expenses	634,388,215	765,594,384	753,827,645
Total Expenses	4,693,496,640	5,776,759,640	4,293,367,009
Profit /[Loss] before Income Tax	472,830,496	604,822,065	23,347,359
Income Tax	-	[2,772,469]	[248,989]
Net Profit / [Loss]	472,830,496	602,049,596	23,098,370

FINANCIAL ANALYSIS

ITEM	UNIT	2017	2016	2015
LIQUIDITY RATIO				
CURRENT RATIO	TIMES	4.36	3.28	2.72
QUICK RATIO	TIMES	3.37	2.51	1.94
ACTIVITY RATIO				
FIXED ASSETS TURNOVER	TIMES	5.75	7.25	4.40
TOTAL ASSETS TURNOVER	TIMES	1.24	1.66	1.26
INVENTORY CONVERSION PERIOD	DAYS	59.88	44.07	64.29
INVENTORY TURNOVER	TIMES	6.10	8.28	5.68
RECEIVABLES CONVERSION PERIOD	DAYS	58.70	71.53	85.93
RECEIVABLES TURNOVER	TIMES	6.22	5.10	4.25
PAYABLES CONVERSION PERIOD	DAYS	62.58	40.38	79.83
CASH CONVERSION CYCLE	DAYS	56.00	75.22	70.39
PROFITABILITY RATIO				
COST OF GOODS SOLD	%	78.63	78.48	81.77
SELLING & ADMINISTRATION	%	13.40	12.75	18.50
INTEREST	%	-	-	-
GROSS PROFIT MARGIN	%	22.67	22.30	19.04
NET PROFIT MARGIN BEFORE EX. ITEM	%	9.27	9.55	0.55
NET PROFIT MARGIN	%	9.27	9.51	0.54
RETURN ON EQUITY	%	14.13	20.96	0.93
RETURN ON ASSET	%	11.49	15.76	0.68
EARNING PER SHARE	BAHT	1,751.22	2,229.81	85.55
LEVERAGE RATIO				
DEBT RATIO	TIMES	0.19	0.25	0.27
DEBT TO EQUITY RATIO	TIMES	0.23	0.33	0.36
TIME INTEREST EARNED	TIMES	-	-	-
ANNUAL GROWTH				
SALES GROWTH	%	(19.46)	47.89	
OPERATING PROFIT	%	(21.82)	2,490.54	
NET PROFIT	%	(21.46)	2,506.46	

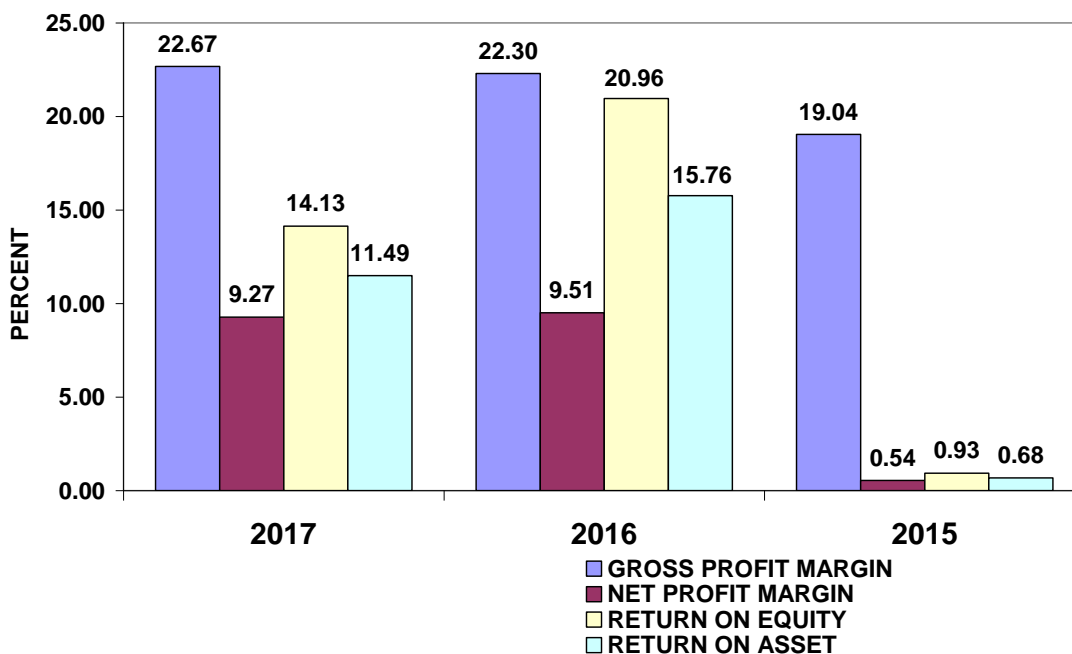
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FIXED ASSETS	%	1.51	(10.17)
TOTAL ASSETS	%	7.74	12.52

ANNUAL GROWTH : ACCEPTABLE

An annual sales growth is -19.46%. Sales Income has decreased from THB 6,332,395,325.00 in 2016 to THB 5,100,029,777.00 in 2017. While net profit has decreased from THB 602,049,596.00 in 2016 to THB 472,830,496.00 in 2017. And total assets has increased from THB 3,819,505,258.00 in 2016 to THB 4,115,226,573.00 in 2017.

PROFITABILITY : IMPRESSIVE



PROFITABILITY RATIO

Gross Profit Margin	22.67	Impressive	Industrial Average	20.13
Net Profit Margin	9.27	Impressive	Industrial Average	7.12
Return on Assets	11.49	Impressive	Industrial Average	10.21
Return on Equity	14.13	Satisfactory	Industrial Average	14.61

Gross Profit Margin used to assess a firm's financial health by revealing the proportion of money left over from revenues after accounting for the cost of goods sold. Gross profit margin serves as the source for paying additional expenses and future savings. Gross Profit Margin is 22.67%. When compared with the industry

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average, the ratio of the company was higher, indicated that company was more profitable than the same industry.

Net Profit Margin is the indicator of the company's efficiency in that net profit takes into consideration all expenses of the company. A low profit margin indicates a low margin of safety, higher risk that a decline in sales will erase profits and result in a net loss. Net Profit Margin ratio is 9.27%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient operator in a dominant position within its industry.

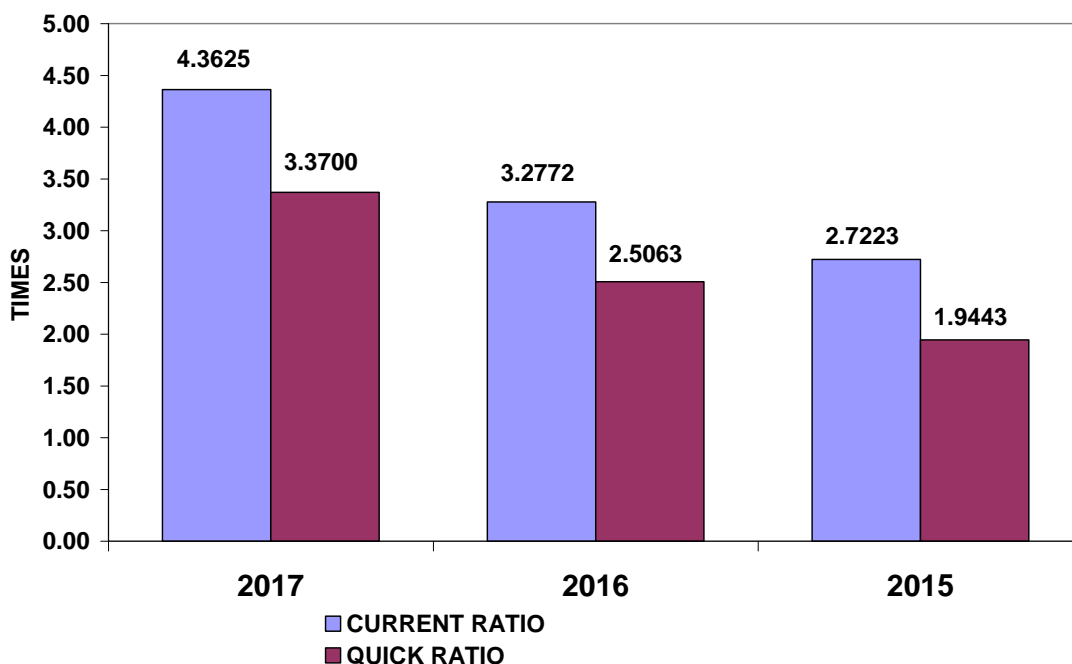
Return on Assets measures how efficiently profits are being generated from the assets employed in the business when compared with the ratios of firms in a similar business. A low ratio in comparison with industry averages indicates an inefficient use of business assets. Return on Assets ratio is 11.49%, higher figure when compared with those of its average competitors in the same industry, indicated that business was an efficient profit in a dominant position within its industry.

Return on Equity indicates how profitable a company is by comparing its net income to its average shareholders' equity, ROE measures how much the shareholders earned for their investment in the company. When compared with the industry average, it was lower, the company's figure is 14.13%.

Trend of the average competitors in the same industry for last 5 years

Return on Assets Uptrend
Return on Equity Uptrend

LIQUIDITY : IMPRESSIVE



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LIQUIDITY RATIO

Current Ratio	4.36	Impressive	Industrial Average	2.57
Quick Ratio	3.37			
Cash Conversion Cycle	56.00			

The Current Ratio is to ascertain whether a company's short-term assets are readily available to pay off its short-term liabilities. The company's figure is 4.36 times in 2017, increase from 3.28 times, then it is generally considered to have good short-term financial strength. When compared with the industry average, the ratio of the company was higher, indicated that company was an efficient operator in a dominant position within its industry.

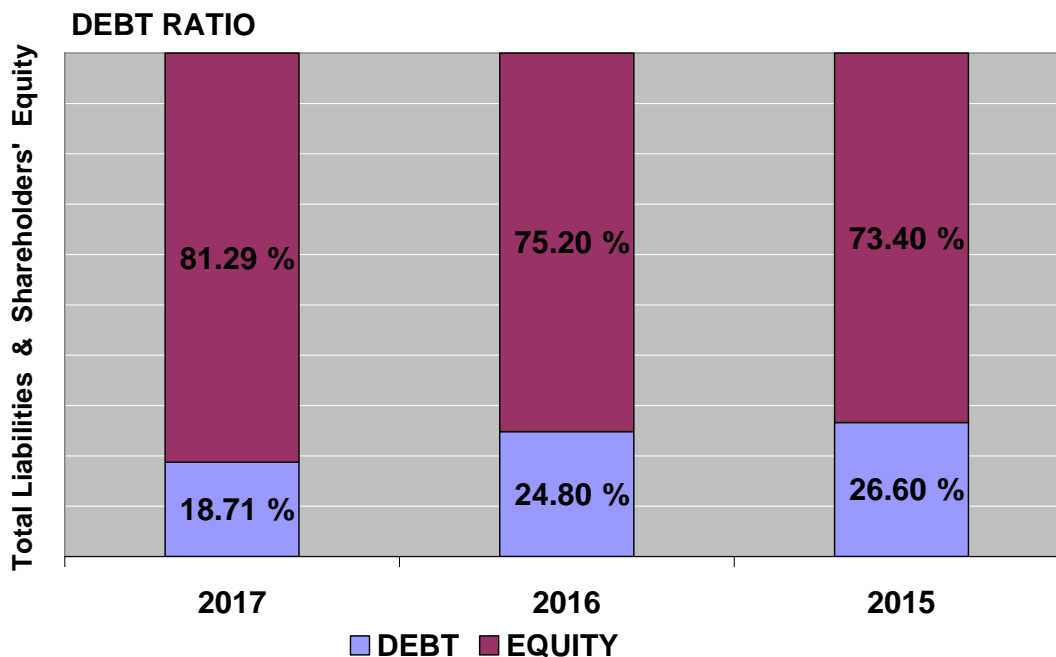
The Quick Ratio is a liquidity indicator that further refines the current ratio by measuring the amount of the most liquid current assets there are to cover current liabilities. The company's figure is 3.37 times in 2017, increase from 2.51 times, although excluding inventory so the company still have good short-term financial strength.

The Cash Conversion Cycle measures the number of days a company's cash is tied up in the production and sales process of its operations and the benefit from payment terms from its creditors. It meant the company could survive when no cash inflow was received from sale for 57 days.

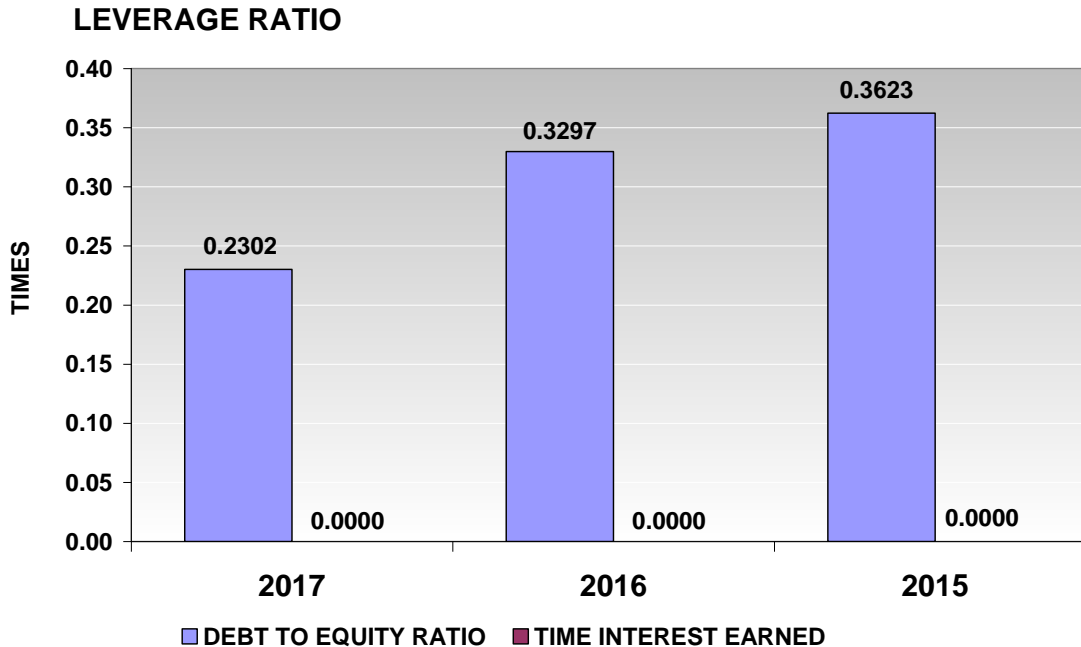
Trend of the average competitors in the same industry for last 5 years

Current Ratio Uptrend

LEVERAGE : EXCELLENT



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LEVERAGE RATIO

Debt Ratio	0.19	Impressive	Industrial Average	0.28
Debt to Equity Ratio	0.23	Impressive	Industrial Average	0.39
Times Interest Earned	-		Industrial Average	-

Debt to Equity Ratio a measurement of how much suppliers, lenders, creditors and obligors have committed to the company versus what the shareholders have committed. A lower the percentage means that the company is using less leverage and has a stronger equity position.

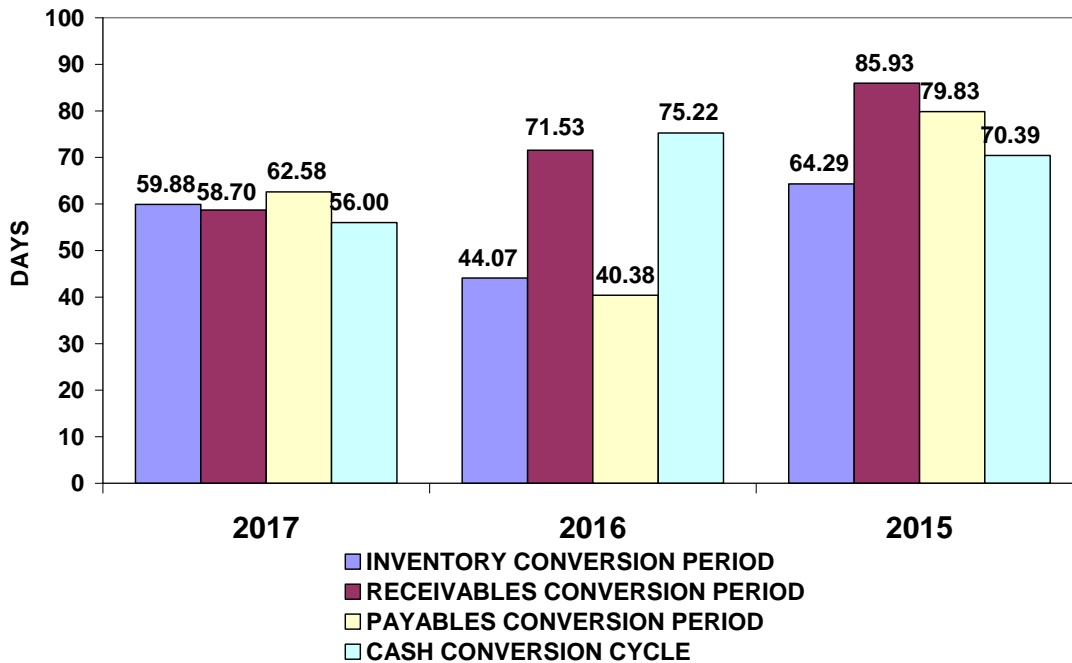
Debt Ratio shows the proportion of a company's assets which are financed through debt. The company's figure is 0.19 less than 0.5, most of the company's assets are financed through equity.

Trend of the average competitors in the same industry for last 5 years

Debt Ratio	Downtrend
Times Interest Earned	Stable

ACTIVITY : IMPRESSIVE

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ACTIVITY RATIO

Fixed Assets Turnover	5.75	Impressive	Industrial Average	-
Total Assets Turnover	1.24	Satisfactory	Industrial Average	1.43
Inventory Conversion Period	59.88			
Inventory Turnover	6.10	Satisfactory	Industrial Average	9.85
Receivables Conversion Period	58.70			
Receivables Turnover	6.22	Satisfactory	Industrial Average	7.07
Payables Conversion Period	62.58			

The company's Account Receivable Ratio is calculated as 6.22 and 5.10 in 2017 and 2016 respectively. This ratio measures the efficiency of the company in managing its trade debtors to generate revenue. A lower ratio may indicate over extension and collection problems. Conversely, a higher ratio may indicate an overly stringent policy. In this case, the company's A/R ratio in 2017 increased from 2016. This would suggest the company had good performance in the management of its debt collections.

Inventory Turnover in Days Ratio indicates the liquidity of inventory. It estimates the number of days that it will take to sell the current inventory. Inventory is particularly sensitive to change in business activities. The inventory turnover in days has increased from 44 days at the end of 2016 to 60 days at the end of 2017. This represents a negative trend. And Inventory turnover has decreased from 8.28 times in year 2016 to 6.1 times in year 2017.

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The company's Total Asset Turnover is calculated as 1.24 times and 1.66 times in 2017 and 2016 respectively. This ratio is determined by dividing total assets into total sales turnover. The ratio measures the activity of the assets and the ability of the firm to generate sales through the use of the assets.

Trend of the average competitors in the same industry for last 5 years

Fixed Assets Turnover	Stable
Total Assets Turnover	Uptrend
Inventory Turnover	Uptrend
Receivables Turnover	Uptrend

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.92
UK Pound	1	INR 96.86
Euro	1	INR 85.06
THB	1	INR 2.25

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

INFORMATION DETAILS

Analysis Done by :	VIV
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)