

MIRA INFORM REPORT

Report No. :	527756
Report Date :	06.09.2018

IDENTIFICATION DETAILS

Name :	KLUANG PRACTICAL ENGINEERING SDN. BHD.
Registered Office :	35, Ground Floor, Jalan 2, Taman Bersatu, 86000 Kluang, Johor
Country :	Malaysia
Financials (as on) :	31.12.2017
Date of Incorporation :	10.12.2015
Com. Reg. No.:	1168824-V
Legal Form :	Private Limited
Line of Business :	The Subject is principally engaged in project engineering, industrial fabrication and engineering consultancy.
No. of Employees :	Not available

RATING & COMMENTS

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

MIRA's Rating :

A

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

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
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)
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

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.	: 1168824-V
COMPANY NAME	: KLUANG PRACTICAL ENGINEERING SDN. BHD.
FORMER NAME	: N/A
INCORPORATION DATE	: 10/12/2015
COMPANY STATUS	: EXIST
LEGAL FORM	: PRIVATE LIMITED
LISTED STATUS	: NO
REGISTERED ADDRESS	: 35, GROUND FLOOR, JALAN 2, TAMAN BERSATU, 86000 KLUANG, JOHOR, MALAYSIA.
BUSINESS ADDRESS	: PLO 78, JALAN TEKNOLOGI 6, KAWASAN PERINDUSTRIAN MENGGIBOL,, 86000 KLUANG, JOHOR, MALAYSIA.
TEL.NO.	: N/A
FAX.NO.	: N/A
MOBILE NO.	: 0127005748
CONTACT PERSON	: TAN TIEW TEN (DIRECTOR)
INDUSTRY CODE	: 42909
PRINCIPAL ACTIVITY	: PROJECT ENGINEERING, INDUSTRIAL FABRICATION AND ENGINEERING CONSULTANCY
AUTHORISED CAPITAL	: MYR 1,000,000.00 DIVIDED INTO ORDINARY SHARE 1,000,000.00 OF MYR 1.00 EACH.
ISSUED AND PAID UP CAPITAL	: MYR 750,000.00 DIVIDED INTO ORDINARY SHARES 750,000 CASH OF MYR 1.00 EACH.
SALES	: MYR 6,247,735 [2017]
NET WORTH	: MYR 1,193,425 [2017]
STAFF STRENGTH	: N/A
LITIGATION	: CLEAR
DEFAULTER CHECK	: CLEAR
FINANCIAL CONDITION	: FAIR
PAYMENT	: SLOW BUT CORRECT
MANAGEMENT	: AVERAGE
CAPABILITY	
COMMERCIAL RISK	: MODERATE
CURRENCY EXPOSURE	: MODERATE
GENERAL REPUTATION	: SATISFACTORY
INDUSTRY OUTLOOK	: AVERAGE GROWTH

HISTORY / BACKGROUND

The Subject is a private limited company and is allowed to have a minimum of one and a maximum of forty-nine shareholders. As a private limited company, the Subject shall have a minimum one director. A private limited company is a separate legal entity from its shareholders. As a separate legal entity, the Subject is capable of owning assets, entering into contracts, sue or be sued by other companies. The liabilities of the shareholders are to the extent of the equity they have taken up and the creditors cannot claim on shareholders' personal assets even if the Subject is insolvent. The Subject is governed by the Companies Act, 1965 and the company must file its annual returns, together with its financial statements with the Registrar of Companies.

The Subject is principally engaged in the (as a / as an) project engineering, industrial fabrication and engineering consultancy.

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

Share Capital History

Date	Authorised Shared Capital	Issue & Paid Up Capital
26/01/2017	MYR 1,000,000.00	MYR 750,000.00
30/05/2016	MYR 1,000,000.00	MYR 500,000.00
04/01/2016	MYR 400,000.00	MYR 260,002.00
22/12/2015	MYR 400,000.00	MYR 2.00

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

Current Shareholder(s) :

Name	Address	IC/PP/Loc No	Shareholding	(%)
MR. TONG WEI CHONG +	48, JALAN FAJAR, SUNRISE PARK, 86000 KLUANG, JOHOR, MALAYSIA.	751114-01- 6623 A3095583	375,000.00	50.00
MS. TAN TIEW TEN +	12, JALAN HANG TUAH, SUNRISE PARK, 86000 KLUANG, JOHOR, MALAYSIA.	750710-01- 6940 A3260002	375,000.00	50.00
			----- 750,000.00 =====	----- 100.00 =====

+ Also Director

DIRECTORS

DIRECTOR 1

Name Of Subject	: MR. TONG WEI CHONG
Address	: 48, JALAN FAJAR, SUNRISE PARK, 86000 KLUANG, JOHOR, MALAYSIA.
Other Address(es)	: NO 12, JALAN HANG TUAH,, SUNRISE PARK,, 86000 KLUANG, JOHOR, MALAYSIA.
IC / PP No	: A3095583

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New IC No : 751114-01-6623
Date of Birth : 14/11/1975
Nationality : MALAYSIAN
Date of : 10/12/2015
Appointment

INTEREST CHECK

Interest in : see below
companies
Interest in business : see below
Former interest : see below

INTEREST IN COMPANY

N o	Local No	Company	Designat ion	App Date	Shareholding No.	%	Profit/(loss) After Tax	Financ ial Year	Stat us	As At
1	812871 T	AKSIJAYA PLANTATI ON SDN. BHD.	Director	22/12/2 010	0.00	-	MYR10,570.0 0	2015	-	28/08/2 018
2	576804 H	AWAN TIMUR PALM OIL MILL RESOURC ES (PERAK) SDN. BHD.	Sharehol der	-	28,332. 00	0.1 4	MYR2,368,86 9.00	2016	-	26/06/2 018
3	884638 X	CEMERLA NG BINARI SDN. BHD.	Director	20/04/2 010	75,000. 00	15. 00	MYR(597,444 .00)	2014	-	28/08/2 018
4	50598V	JEMALUAN G KEBUN KECHIL DAN KELAPA SAWIT BHD.	Director	31/07/2 010	0.00	-	N/A	2015	-	28/08/2 018
5	116882 4V	KLUANG PRACTICA L ENGINEER ING SDN. BHD.	Director	10/12/2 015	375,000 .00	50. 00	MYR302,825. 00	2017	-	28/08/2 018
6	648834 K	NALURI MILENIUM SDN. BHD.	Director	11/05/2 004	175,000 .00	14. 00	MYR(43,132. 00)	2016	-	28/08/2 018

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7	218031	Y. F.	Director	05/05/2	215,004	61.	MYR61,096.0	2017	-	28/08/2
	V	MACHINER Y & HARDWAR E SDN. BHD.		010	.00	43	0			018

INTEREST IN BUSINESS

No	Local No	Business	Designation	App Date	Shareholding (%)	Status	As At
1	JM0533093A	PRACTICAL ENGINEERING SUPPLY & SERVICES	PARTNERSHIP	29/01/2009	50.00	-	26/07/2018

FORMER INTEREST

No	Local No	Company	Designation	App Date	Withdrawn Date	Shareholding	Status
1	576804H	AWAN TIMUR PALM OIL MILL RESOURCES (PERAK) SDN. BHD.	Director	18/05/2011	21/06/2018	-	-
2	405797K	PERUNDING AWAN TIMUR SDN. BHD.	Director	22/12/2010	30/08/2016	-	-

DIRECTOR 2

Name Of Subject : MS. TAN TIEW TEN
Address : 12, JALAN HANG TUAH, SUNRISE PARK, 86000 KLUANG, JOHOR, MALAYSIA.
Other Address(es) : NO. 5, JALAN 5, LORONG 1/5, 86000 KLUANG, JOHOR, MALAYSIA.
IC / PP No : A3260002
New IC No : 750710-01-6940
Nationality : MALAYSIAN
Date of Appointment : 10/12/2015

INTEREST CHECK

Interest in companies : see below
Interest in business : see below
Former interest : see below

INTEREST IN COMPANY

No	Local No	Company	Designation	App Date	Shareholding No.	Shareholding %	Profit/(loss) After Tax	Financial Year	Status	As At
1	803062	BAYU BUMIMAS	Shareholder	-	5,000.0	5.0	MYR8,680.0	2014	-	28/08/2
	V				0	0	0			018

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No	Local No	Business	Designation	App Date	Shareholding (%)	Status	As At
2	618015 M	SDN. BHD. EDEN PLUS PLANTATI ON SDN. BHD.	Director	02/07/2009	81,002.00	20.00	MYR(215,19 9.00) 2014 - 28/08/2018
3	50598V	JEMALUAN G KEBUN KECHIL DAN KELAPA SAWIT BHD.	Director	31/07/2010	0.00	-	N/A 2015 - 28/08/2018
4	116882 4V	KLUANG PRACTICAL ENGINEERING SDN. BHD.	Director	10/12/2015	375,000.00	50.00	MYR302,825 .00 2017 - 28/08/2018
5	648834 K	NALURI MILENIUM SDN. BHD.	Director	11/05/2004	175,000.00	14.00	MYR(43,132.00) 2016 - 28/08/2018

INTEREST IN BUSINESS

No	Local No	Business	Designation	App Date	Shareholding (%)	Status	As At
1	JM0533093A	PRACTICAL ENGINEERING SUPPLY & SERVICES	PARTNERSHIP	29/01/2009	50.00	-	26/07/2018

FORMER INTEREST

No	Local No	Company	Designation	App Date	Withdrawn Date	Shareholding	Status
1	803062V	BAYU BUMIMAS SDN. BHD.	Director	25/03/2008	23/10/2012	-	-

MANAGEMENT

- 1) Name of Subject : TAN TIEW TEN
Position : DIRECTOR

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AUDITOR

Firm No	Firm Name	Address	As At Date
AF1416	S H QUAH & CO	6, TINGKAT 2, JALAN RAMBUTAN, 86000 KLUANG, JOHOR, MALAYSIA.	31/12/2017

COMPANY SECRETARIES

1) Company Secretary	:	MS. MOK YEE LIAN
IC / PP No	:	5623174
New IC No	:	590406-04-5050
Address	:	19, JALAN PERWIRA 1/3, TAMAN TITIWANGSA, 86000 KLUANG, JOHOR, MALAYSIA.
Date of Appointment	:	12/05/2017

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. 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

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

OVERALL PAYMENT HABIT

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

CLIENTELE

Local : YES	Percentage : 100%
Domestic : MALAYSIA	
Markets	
Overseas : NO	
Credit Term : N/A	
Payment Mode : CHEQUES CASH	

OPERATIONS

Services : PROJECT ENGINEERING, INDUSTRIAL FABRICATION AND ENGINEERING CONSULTANCY

Branch : NO

Other Information:

The Subject is principally engaged in the (as a / as an) project engineering, industrial fabrication and engineering consultancy.

The Subject undertakes fabrication of machineries for the palm oil mills.

The Subject also undertakes sales and services for the machineries.

RECENT DEVELOPMENT

We have checked with the Malaysian National News Agency's (BERNAMA) database, but no recent development

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was noted during the time of inspection.

CURRENT INVESTIGATION

Latest fresh investigations carried out on the Subject indicated that :

Telephone Number Provided By : N/A
Client
Current Telephone Number : 0127005748
Match : N/A
Address Provided by Client : PLO 78,JALAN TEKNOLOGI 6, KAWASAN PERINDUATRAIN
MENGKIBOL, 86000 KLUANG, JOHOR
Current Address : PLO 78, JALAN TEKNOLOGI 6, KAWASAN PERINDUSTRIAN
MENGKIBOL,, 86000 KLUANG, JOHOR, MALAYSIA.
Match : YES
Latest Financial Accounts : YES

Other Investigations

We contacted the Subject's Director Ms Tan and she only provided limited information.

She refused to disclose the fax number, banker and number of employees.

FINANCIAL ANALYSIS

Profitability

Turnover	:	Increased	[150.13%]
Profit/(Loss) Before Tax	:	Increased	[112.30%]
Return on Shareholder Funds	:	Acceptable	[25.37%]
Return on Net Assets	:	Favourable	[32.30%]

The increase in turnover could be due to the Subject adopting an aggressive marketing strategy. The higher profit could be attributed to the increase in turnover. The Subject's management had generated acceptable return for its shareholders using its assets.

Liquidity

Current Ratio	:	Acceptable	[1.13 Times]
---------------	---	------------	---	------------	---

The Subject has an adequate liquidity position with its current liabilities well covered by its current assets. With its net current assets, the Subject should be able to repay its short term obligations.

Solvency

Liability Ratio	:	Unfavourable	[3.21 Times]
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The Subject has high liabilities ratio and it may face financial difficulties if no additional capital is injected.

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. The Subject's liabilities 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 : FAIR

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
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.)	-	-	-	-	-

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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	-
Domestic-oriented Industries	7.7	4.7	3.4	6.2	-
Food, Beverages & Tobacco	6.1	8.9	7.5	11.0	-
Chemical & Chemical Products	1.4	3.5	4.5	3.5	-
Plastic Products	2.7	3.9	5.1	-	-
Iron & Steel	2.8	1.6	2.2	-	-
Fabricated Metal Products	2.8	4.6	5.6	4.6	-
Non-metallic Mineral	6.9	6.8	6.3	5.4	-
Transport Equipment	14.4	5.2	(3.1)	4.7	-
Paper & Paper Products	4.7	3.2	5.4	5.8	-
Crude Oil Refineries	13.0	14.3	13.7	-	-
Industry Non-Performing Loans (MYR Million)	5,730.8	4,243.7	4,214.1	-	-
% of Industry Non-Performing Loans	25.6	19.0	18.5	-	-
Construction	11.7	8.2	7.4	7.6	7.5
Industry Non-Performing Loans (MYR Million)	1,666.4	1,638.0	1,793.9	-	-
% of Industry Non-Performing Loans	7.5	7.3	7.9	-	-
Services	6.6	5.1	5.6	5.9	5.8
Electric, Gas & Water	3.8	3.6	5.4	2.5	2.6
Transport, Storage & Communication	7.70	7.55	6.85	7.35	7.30
Wholesale, Retail, Hotel & Restaurant	7.70	6.65	6.65	7.05	6.65
Finance, Insurance & Real Estate	5.15	2.90	4.70	5.70	5.90
Government Services	6.3	4.0	4.9	4.4	4.5

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Other Services	4.8	4.7	4.8	5.3	5.3
Industry Non-Performing Loans (MYR Million)	5,373.5	6,806.6	7,190.6	-	-
% of Industry Non-Performing Loans	24.1	30.5	31.5	-	-

* Estimate / Preliminary

** Forecast

Based On Manufacturing Production Index

INDUSTRY ANALYSIS

MSIC CODE

42909 : Construction of other engineering projects n.e.c.

INDUSTRY CONSTRUCTION

:

The construction sector consists of four subsectors: residential, non-residential, civil engineering and special trade works. During a period of rapid economic expansion, the sector generally outperforms Gross Domestic Product (GDP) growth.

During a period of rapid economic expansion, the sector generally outperforms Gross Domestic Product (GDP) growth. The construction sector is expected to grow by 8% to RM170 billion for year 2017, boosted by the numerous mega infrastructure projects in the country. The total allocation for Budget 2017 is RM260.8 billion — an increase of 3.4% from the revised Budget 2016.

The non-residential property subsector grew by 4.9% to RM6.4 billion in the first half of 2017 (1H17). This growth was due to the rebound in starts for shops (29.3%, compared with a 46.7% contraction in 1H16 and serviced apartments (14%, compared with a 35% contraction in 1H16). However, construction starts in the industrial and small office home office (SoHo) declined 9.7% and 16.1% respectively (1H16: -76.7% and -24.9%), mainly due to moderation in the O&G-related industries.

The industry indeed has a bright future, considering numerous mega infrastructure projects that will continue to fuel the construction demand. The projects include the Refinery and Petrochemical Integrated Development (Rapid) in Pengerang, East Coast Rail Line from Port Klang to Tumpat, High-Speed Rail from Kuala Lumpur to Singapore, Pan Borneo Highway in Sabah and Sarawak, Damansara-Shah Alam elevated highway, light rail transit from Bandar Utama to Johan Setia, West Coast Expressway from Banting to Taiping and mass rapid transit line 2.

In addition, there are commercial real estate projects which will boost construction demand even further such as Bandar Malaysia and Cyberjaya City Centre. Construction industry is one of the key sector which will propel the nation into prosperity. Bank Negara Malaysia has raised the country's gross domestic product outlook to between 4.3% and 4.8% for 2017 and analysts have a consensus view that it will be driven by primary sectors and construction projects.

OVERALL INDUSTRY OUTLOOK : Average Growth

CREDIT RISK EVALUATION & RECOMMENDATION

Incorporated in 2015, the Subject is a Private Limited company, focusing on project engineering, industrial

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fabrication and engineering consultancy. The Subject has been in business for less than 5 years and it has slowly been building up contact with its clients while competing in the industry. However, it has yet to enjoy a stable market shares as it need to compete many well established players in the same field. We noted that the issued and paid up capital of the Subject stands at MYR 750,000. Under the control of its directors, we considered that the Subject's business position in the market is much dependent on their abilities.

Investigation revealed, the Subject should have build up its clientele base and received supports from its regular customers and the Subject's interest lies mostly in the local market. Thus, any adverse changes to the local economy might have a negative impact on the Subject's business performance. Overall, we regard that the Subject's management capability is average. This indicates that the Subject has greater potential to improve its business performance and raising income for the Subject.

We noted that both the turnover and profits have increased compared to the previous year. The higher profit could be due to increase in turnover and better control over its operating costs. Based on the higher profitability, the Subject has generated a favourable return based on its existing shareholders' funds which indicated that the management was efficient in utilising its funds to generate income. The Subject managed to maintain an adequate liquidity level, indicating that the Subject has the ability to meet its financial obligations. The Subject has high liabilities ratio and it may face financial difficulties if no additional capital is injected. Given a positive net worth standing at MYR 1,193,425, the Subject should be able to maintain its business in the near terms.

The Subject's supplier are from both the local and overseas countries. This will eliminates 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 shows an upward trend and this trend is very likely to sustain in the near terms. Hence, the Subject is expected to benefit from the favourable outlook of the industry.

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

PROFIT AND LOSS ACCOUNT

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

KLUANG PRACTICAL ENGINEERING SDN. BHD.

Financial Year End	2017-12-31	2016-12-31
Months	12	12
Consolidated Account	Company	Company
Audited Account	YES	YES
Unqualified Auditor's Report (Clean Opinion)	YES	YES
Financial Type	SUMMARY	FULL
Currency	MYR	MYR
TURNOVER	6,247,735	2,497,783
Other Income	-	48
	-----	-----

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KLUANG PRACTICAL ENGINEERING SDN. BHD. - 527756

PAGE NO. : 17

Total Turnover	6,247,735	2,497,831
Costs of Goods Sold	-	(1,858,533)
	-----	-----
Gross Profit	-	639,298
	-----	-----
PROFIT/(LOSS) FROM OPERATIONS	385,425	181,550
	-----	-----
PROFIT/(LOSS) BEFORE TAXATION	385,425	181,550
Taxation	(82,600)	(40,950)
	-----	-----
PROFIT/(LOSS) AFTER TAXATION	302,825	140,600
	-----	-----
RETAINED PROFIT/(LOSS) BROUGHT FORWARD		
As previously reported	140,600	-
	-----	-----
As restated	140,600	-
	-----	-----
PROFIT AVAILABLE FOR APPROPRIATIONS	443,425	140,600
	-----	-----
RETAINED PROFIT/(LOSS) CARRIED FORWARD	443,425	140,600
	=====	=====
INTEREST EXPENSE (as per notes to P&L)	0	
Hire purchase	-	5,431
	-----	-----
	-	5,431
	=====	=====
DEPRECIATION (as per notes to P&L)	-	31,216
	-----	-----
Total Amortization And Depreciation	-	31,216
	=====	=====

BALANCE SHEET

KLUANG PRACTICAL ENGINEERING SDN. BHD.

ASSETS EMPLOYED:

FIXED ASSETS	2,206,874	262,614
	-----	-----
TOTAL LONG TERM ASSETS	2,206,874	262,614
CURRENT ASSETS		
Stocks	-	224,499
Trade debtors	-	1,105,400
Other debtors, deposits & prepayments	-	122,536
Cash & bank balances	-	67,592
	-----	-----
TOTAL CURRENT ASSETS	2,816,491	1,520,027
	-----	-----
TOTAL ASSET	5,023,365	1,782,641

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CURRENT LIABILITIES

Trade creditors	-	311,315
Other creditors & accruals	-	89,456
Hire purchase & lease creditors	-	45,421
Amounts owing to director	-	586,852
Provision for taxation	-	31,350

TOTAL CURRENT LIABILITIES	2,491,093	1,064,394
---------------------------	-----------	-----------

NET CURRENT ASSETS/(LIABILITIES)	325,398	455,633
----------------------------------	---------	---------

LONG TERM LIABILITIES

Hire purchase creditors	-	68,047
Deferred taxation	-	9,600

TOTAL LONG TERM LIABILITIES	1,338,847	77,647
-----------------------------	-----------	--------

TOTAL NET ASSETS	1,193,425	640,600
------------------	-----------	---------

FINANCED BY:

SHARE CAPITAL

Ordinary share capital	750,000	500,000
------------------------	---------	---------

TOTAL SHARE CAPITAL	750,000	500,000
---------------------	---------	---------

RESERVES

Retained profit/(loss) carried forward	443,425	140,600
--	---------	---------

TOTAL RESERVES	443,425	140,600
----------------	---------	---------

SHAREHOLDERS' FUNDS/EQUITY	1,193,425	640,600
----------------------------	-----------	---------

FINANCIAL RATIO

KLUANG PRACTICAL ENGINEERING SDN. BHD.

TYPES OF FUNDS

Cash	-	67,592
Net Liquid Funds	-	67,592
Net Liquid Assets	325,398	231,134
Net Current Assets/(Liabilities)	325,398	455,633
Net Tangible Assets	1,193,425	640,600
Net Monetary Assets	(1,013,449)	153,487

PROFIT & LOSS ITEMS

Earnings Before Interest & Tax (EBIT)	-	186,981
Earnings Before Interest, Taxes, Depreciation And Amortization (EBITDA)	-	218,197

BALANCE SHEET ITEMS

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Total Borrowings	-	113,468
Total Liabilities	3,829,940	1,142,041
Total Assets	5,023,365	1,782,641
Net Assets	1,193,425	640,600
Net Assets Backing	1,193,425	640,600
Shareholders' Funds	1,193,425	640,600
Total Share Capital	750,000	500,000
Total Reserves	443,425	140,600
GROWTH RATIOS (Year on Year) (%)		
Revenue	150.13	-
Profit/(Loss) Before Tax	112.30	-
Profit/(Loss) After Tax	115.38	-
Total Assets	181.79	-
Total Liabilities	235.36	-
LIQUIDITY (Times)		
Cash Ratio	-	0.06
Liquid Ratio	-	1.22
Current Ratio	1.13	1.43
WORKING CAPITAL CONTROL (Days)		
Stock Ratio	-	33
Debtors Ratio	-	162
Creditors Ratio	-	61
SOLVENCY RATIOS (Times)		
Gearing Ratio	-	0.18
Liabilities Ratio	3.21	1.78
Times Interest Earned Ratio	-	34.43
Assets Backing Ratio	1.59	1.28
PERFORMANCE RATIO (%)		
Operating Profit Margin	6.17	7.27
Net Profit Margin	4.85	5.63
Return On Net Assets	32.30	29.19
Return On Capital Employed	15.22	24.48
Return On Shareholders' Funds/Equity	25.37	21.95
Dividend Pay Out Ratio (Times)	-	0
NOTES TO ACCOUNTS		
Contingent Liabilities	-	0

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.75
UK Pound	1	INR 92.23
Euro	1	INR 83.13
MYR	1	INR 17.32

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

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	SYL

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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)

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