

## MIRA INFORM REPORT

Report No. :	529376
Report Date :	18.09.2018

### IDENTIFICATION DETAILS

Name :	CHIN HEONG (K.L.) SDN. BHD.
Registered Office :	53, Jalan Usj 6/4a, 47610 Subang Jaya, Selangor
Country :	Malaysia
Financials (as on) :	31.12.2016
Date of Incorporation :	21.07.1992
Com. Reg. No.:	244968-D
Legal Form :	Private Limited
Line of Business :	The Subject is principally engaged in trading of food products.
No. of Employees :	15 [2018]

### RATING & COMMENTS

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

MIRA's Rating :	B
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Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	Slow but Correct
Litigation :	Clear

#### NOTES :

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

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**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.	: 244968-D
COMPANY NAME	: <b>CHIN HEONG (K.L.) SDN. BHD.</b>
FORMER NAME	: N/A
INCORPORATION DATE	: 21/07/1992
COMPANY STATUS	: EXIST
LEGAL FORM	: PRIVATE LIMITED
LISTED STATUS	: NO
REGISTERED ADDRESS	: 53, JALAN USJ 6/4A, 47610 SUBANG JAYA, SELANGOR, MALAYSIA.
BUSINESS ADDRESS	: LOT 9, INDUSTRIAL AREA, JINJANG UTARA, 52000 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.
TEL.NO.	: 03-62525088
FAX.NO.	: 03-62525099
CONTACT PERSON	: POH LEONG AUN ( DIRECTOR )
INDUSTRY CODE	: 46329
PRINCIPAL ACTIVITY	: TRADING OF FOOD PRODUCTS
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 500,000.00 DIVIDED INTO ORDINARY SHARES 500,000 CASH OF MYR 1.00 EACH.
SALES	: MYR 23,903,103 [2016]
NET WORTH	: MYR 1,174,928 [2016]
STAFF STRENGTH	: 15 [2018]
BANKER (S)	: PUBLIC BANK BHD
LITIGATION	: CLEAR
DEFAULTER CHECK	: CLEAR
FINANCIAL CONDITION	: POOR
PAYMENT MANAGEMENT	: SLOW BUT CORRECT
CAPABILITY	: AVERAGE
COMMERCIAL RISK	: HIGH
CURRENCY EXPOSURE	: MODERATE
GENERAL REPUTATION	: SATISFACTORY
INDUSTRY OUTLOOK	: MARGINAL GROWTH

## **HISTORY / BACKGROUND**

The Subject is a private limited company and is allowed to have a minimum of one and a maximum of forty-nine shareholders. As a private limited company, the Subject shall have a minimum one director. A private limited

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

The Subject is principally engaged in the (as a / as an) trading of food products.

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

**Former Address(es)**

<b>Address</b>	<b>As At Date</b>
SUITE 19-06, (ROOM 2), LEVEL 19, WISMA ZELAN, 1, JALAN TASIK PERMAISURI 2, BANDAR TUN RAZAK, CHERAS, 56000, WILAYAH PERSEKUTUAN, MALAYSIA	14/04/2017
40-B, 2ND FLOOR, JALAN DATUK SULAIMAN, TAMAN TUN DR. ISMAIL, 60000, WILAYAH PERSEKUTUAN, MALAYSIA	15/05/2001
193, JALAN TUANKU ABDUL RAHMAN, 50100, WILAYAH PERSEKUTUAN, MALAYSIA	19/01/1994
ROOM 609, 6TH FLOOR, LOKE YEW BUILDING, JLN MAHKAMAH PERSEKUTUAN, 50050, WILAYAH PERSEKUTUAN, MALAYSIA	29/11/2016
22-B, JALAN SS 15/4D, 47500, SELANGOR, MALAYSIA	30/09/2003
112, 1ST FLOOR, JALAN LOKE YEW, 55200, WILAYAH PERSEKUTUAN, MALAYSIA	30/11/1996
26A, JALAN 21/12, SEA PARK, 46300, SELANGOR, MALAYSIA	31/05/1999

**Share Capital History**

<b>Date</b>	<b>Authorised Shared Capital</b>	<b>Issue &amp; Paid Up Capital</b>
01/08/2013	MYR 1,000,000.00	MYR 500,000.00
07/06/1994	MYR 1,000,000.00	MYR 200,000.00
21/07/1992	MYR 1,000,000.00	MYR 2.00

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

**Current Shareholder(s) :**

<b>Name</b>	<b>Address</b>	<b>IC/PP/Loc No</b>	<b>Shareholding</b>	<b>(%)</b>
MS. TEH ENG HOOI +	3 & 5, JALAN SEGAMBUT PUSAT, SEGAMBUT INDUSTRIAL AREA, 51200 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.	570719-07-5658 5228511	210,000.00	42.00
MR. POH CHEAN HUNG +	BLOCK D-27-7, CONDO VILLA, ANGSANA, JALAN KRIAN, OFF JALAN IPOH, 51200 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.	800311-14-5377	200,000.00	40.00
MR. POH LEONG AUN +	81, JALAN PIPIT, OFF BATU 3 JALAN IPOH, 51200 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.	540916-07-5457 4694607	90,000.00	18.00
			----- 500,000.00 =====	----- 100.00 =====

+ Also Director

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## **DIRECTORS**

### **DIRECTOR 1**

Name Of Subject : MR. POH LEONG AUN  
Address : 81, JALAN PIPIT, OFF BATU 3 JALAN IPOH, 51200 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.  
Other Address(es) : NO 69 JALAN KHALSA, TAMAN KAYA, OFF JALAN IPOH, 51100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.  
IC / PP No : 4694607  
New IC No : 540916-07-5457  
Nationality : MALAYSIAN  
Date of : 21/07/1992  
Appointment

### **INTEREST CHECK**

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

### **INTEREST IN COMPANY**

<b>N</b>	<b>Local No</b>	<b>Compa ny</b>	<b>Designati on</b>	<b>App Date</b>	<b>Shareholding</b>		<b>Profit/(loss) After Tax</b>	<b>Financi al Year</b>	<b>Statu s</b>	<b>As At</b>
					No.	%				
1	244968 D	CHIN HEONG (K.L.) SDN. BHD.	Director	21/07/19 92	90,000.0 0	18.0 0	MYR54,488. 00	2016	-	28/08/20 18
2	483386 D	TONGE E (K.L.) SDN. BHD.	Director	01/12/20 00	300,000. 00	30.0 0	MYR138,955 .00	2017	-	28/08/20 18
3	679833 P	TONGE E TRADIN G SDN. BHD.	Director	11/11/20 05	250,000. 00	25.0 0	MYR70,050. 00	2017	-	28/08/20 18

### **DIRECTOR 2**

Name Of Subject : MR. POH CHEAN HUNG  
Address : BLOCK D-27-7, CONDO VILLA, ANGSANA, JALAN KRIAN, OFF JALAN IPOH, 51200 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.  
Other Address(es) : - 81, JALAN PIPIT, OFF BATU 3, JALAN IPOH; 51100 KUALA LUMPUR, MALAYSIA.

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- NO. 69, JALAN KHALSA, TAMAN KAYA, OFF JALAN IPOH, 51100 KUALA LUMPUR,  
WILAYAH PERSEKUTUAN, MALAYSIA.

New IC No : 800311-14-5377  
Date of Birth : 11/03/1980  
Nationality : MALAYSIAN  
Date of : 28/02/2000  
Appointment

**INTEREST CHECK**

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

**INTEREST IN COMPANY**

N o	Local No	Compa ny	Designati on	App Date	Shareholding No.	%	Profit/(loss) After Tax	Financ ial Year	Stat us	As At
1	24496 8D	CHIN HEON G (K.L.) SDN. BHD.	Director	28/02/20 00	200,000.0 0	40.0 0	MYR54,488.00	2016	-	28/08/20 18
2	81044 6U	TAMBU N INDAH LAND BERHA D	Sharehol der	-	6,201,658 .00	1.43	MYR84,050,59 7.00	2017	-	28/08/20 18
3	88636 9T	TG ADS SDN. BHD.	Director	15/01/20 10	1.00	33.3 3	MYR14,267.00	2017	-	28/08/20 18

**INTEREST IN BUSINESS**

No	Local No	Business	Designation	App Date	Shareholding (%)	Status	As At
1	002598609W	TTZ MARKETING	PARTNERSHIP	07/12/2016	33.00	Terminated	26/07/2018

**FORMER INTEREST**

No	Local No	Company	Designation	App Date	Withdrawn Date	Shareholding	Status
1	002244480U	EHJ TRADING	PARTNERSHIP	16/07/2013	26/12/2013	-	-
2	355044X	LANGSTONE SDN. BHD.	Director	15/04/2010	13/01/2011	-	-
3	355044X	LANGSTONE	Shareholder	-	-	40000.00	-

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4 483386D SDN. BHD.  
TONGEE (K.L.) Director 12/05/1999 02/12/2000 - -  
SDN. BHD.

**DIRECTOR 3**

Name Of Subject : MS. TEH ENG HOOI  
Address : 3 & 5, JALAN SEGAMBUT PUSAT, SEGAMBUT INDUSTRIAL AREA, 51200 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.  
Other Address(es) : NO 69 JALAN KHALSA, TAMAN KAYA, OFF JALAN IPOH, 51100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.  
IC / PP No : 5228511  
New IC No : 570719-07-5658  
Date of Birth : 19/07/1957  
Nationality : MALAYSIAN  
Date of Appointment : 21/07/1992

**INTEREST CHECK**

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

**INTEREST IN COMPANY**

N o	Local No	Compa ny	Designati on	App Date	Shareholding No.	%	Profit/(loss) After Tax	Financ ial Year	Status	As At
1	24496 8D	CHIN HEONG (K.L.) SDN. BHD.	Director	21/07/19 92	210,000. 00	42.0 0	MYR54,488.0 0	2016	-	28/08/20 18
2	88669 9V	MBCR (17) SDN. BHD.	Sharehold er	-	2,000.00	2.00	MYR(383,706 .00)	2016	Disolv ed by Registr ar	28/08/20 18
3	48338 6D	TONGE E (K.L.) SDN. BHD.	Director	23/05/20 01	300,000. 00	30.0 0	MYR138,955. 00	2017	-	28/08/20 18
4	67983 3P	TONGE E TRADING SDN. BHD.	Director	28/01/20 05	250,000. 00	25.0 0	MYR70,050.0 0	2017	-	28/08/20 18

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INTEREST IN BUSINESS

No	Local No	Business	Designation	App Date	Shareholding (%)	Status	As At
1	002818374H	KOPITIAM BATU TIGA JALAN IPOH	SOLE PROPRIETORSHIP	29/03/2018	100.00	-	26/07/2018

FORMER INTEREST

No	Local No	Company	Designation	App Date	Withdrawn Date	Shareholding	Status
1	853128T	BOSTON (SUNWAY) SDN. BHD.	Shareholder	-	-	2000.00	-
2	880267K	MBCR (16) SDN. BHD.	Shareholder	-	-	2000.00	-

**FORMER DIRECTOR(S)**

Name	Address	IC/PP No	Appointed Date	Withdrawn Date
THEH SAN SAN	5 LORONG PYKETT, GEORGETOWN.PULAU PINANG., PULAU PINANG, MALAYSIA	490203-07-5278	08/06/1994	01/02/2000
TEH ENG JOO	NO. 7-09 JALAN WISMA PANTAI, PANTAI APARTMENT, BUTTERWORTH, PULAU PINANG, MALAYSIA	600601-07-5403	08/06/1994	01/02/2000
TEH ENG GUAN	21,LORONG TOKONG, BUTTERWORTH, PULAU PINANG, BUTTERWORTH, PULAU PINANG, MALAYSIA	581208-07-5203	08/12/1994	16/03/1998
TEH ENG CHIAT	7 TINGKAT BULAN 2, BAGAN AJAM, PENANG, BUTTERWORTH, PULAU PINANG, MALAYSIA	610916-07-5191	08/06/1994	01/02/2000

Note : The above information was generated from our database.

**MANAGEMENT**

- 1) Name of Subject Position : POH LEONG AUN  
: DIRECTOR

**AUDITOR**

Firm No	Firm Name	Address	As At Date
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AF0293 LEE, SONG & CO. ROOM 605, 6TH FLOOR, LOKE YEW BUILDING, 4, JALAN  
MAHKAMAH PERSEKUTUAN, 50050 KUALA LUMPUR,  
WILAYAH PERSEKUTUAN, MALAYSIA. 31/12/2016

## **COMPANY SECRETARIES**

1) Company Secretary : MR. TEE BOON GEE @ TEE AH LEH  
IC / PP No : 3401560  
New IC No : 500223-05-5115  
Address : 17, JALAN USJ 6/2M, UEP SUBANG JAYA, 47610 SUBANG JAYA, SELANGOR,  
MALAYSIA.  
Date of Appointment : 01/12/1996

## **BANKING**

Banking relations are maintained principally with :

1) Name : PUBLIC BANK BHD

## **ENCUMBRANCE (S)**

Charge No	Creation Date	Charge Description	Chargee Name	Total Charge	Status
1	18/11/1992	CHARGE	UNITED OVERSEAS BANK MALAYSIA BERHAD	MYR 900,000.00	Unsatisfied
2	09/06/2005	OPEN CHARGE	PUBLIC BANK BERHAD	-	Satisfied
3	12/11/2007	SECOND LEGAL CHARGE	UNITED OVERSEAS BANK (MALAYSIA) BERHAD.	MYR 2,650,000.00	Unsatisfied
4	01/03/2011	DEED OF ASSIGNMENT	PUBLIC BANK BERHAD	-	Satisfied
5	15/04/2013	FACILITIES AGREEMENT, DEED OF ASSIGNMENT, POWER OF ATTORNEY & LETTER OF GUARANTEE	PUBLIC BANK BERHAD	-	Unsatisfied
6	05/11/2014	ALL MONIES DEED OF ASSIGNMENT	UNITED OVERSEAS	-	Unsatisfied

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7	05/11/2014	ALL MONIES DEED OF ASSIGNMENT	BANK (MALAYSIA) BERHAD. UNITED OVERSEAS BANK (MALAYSIA) BERHAD.	-	Unsatisfied
8	05/11/2014	MEMORANDUM OF LEGAL OVER DEPOSITS	UNITED OVERSEAS BANK (MALAYSIA) BERHAD.	-	Unsatisfied
9	05/11/2014	MEMORANDUM OF LEGAL CHARGE OVER DEPOSITS	UNITED OVERSEAS BANK (MALAYSIA) BERHAD.	-	Unsatisfied
10	05/11/2014	ALL MONIES DEED OF ASSIGNMENT	UNITED OVERSEAS BANK (MALAYSIA) BERHAD.	-	Unsatisfied
11	19/02/2016	MONIES LEGAL CHARGE	UNITED OVERSEAS BANK (MALAYSIA) BERHAD.	-	Unsatisfied

#### **CIVIL LITIGATION CHECK - SUBJECT COMPANY AS A DEFENDANT**

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

No legal action was found in our databank.

No winding up petition was found in our databank.

#### **CRIMINAL RECORDS CHECK - SUBJECT COMPANY AS A DEFENDANT**

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

No criminal record was found in our databank.

**CIVIL LITIGATION CHECK - SUBJECT COMPANY AS A PLAINTIFF**

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

No plaintiff record was found in our databank.

**CRIMINAL RECORDS CHECK - SUBJECT COMPANY AS A PLAINTIFF**

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

No plaintiff record was found in our databank.

**DEFAULTER CHECK AGAINST SUBJECT**

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

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

**RED ALERT FROM CENTRAL BANK OF MALAYSIA**

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

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

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

**INVESTOR ALERT BY SECURITIES COMMISSION MALAYSIA & BURSA MALAYSIA**

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

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

***PAYMENT RECORD***

**SOURCES OF RAW MATERIALS:**

Local : YES

Overseas : YES  
Import : CHINA,INDIA,TAIWAN  
Countries

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

**OVERALL PAYMENT HABIT**

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

**CLIENTELE**

Local : YES Percentage : 100%  
Domestic : MALAYSIA  
Markets  
Overseas : NO  
Credit Term : 30 - 60 DAYS  
Payment Mode : CASH  
CHEQUES  
Type of : DEALERS,END USERS  
Customer

**OPERATIONS**

Goods Traded : FOOD PRODUCTS

Ownership of : LEASED/RENTED  
premises

Total Number of Employees:

YEAR	2018	2017	2016	2014	2013
GROUP	N/A	N/A	N/A	N/A	N/A
COMPANY	15	15	15	12	12

Branch : NO  
Other Information:

The Subject is principally engaged in the (as a / as an) trading of food products.

The Subject offers a wide range of foodstuff including onion, garlic, chillies, nuts, ginger, grains and related goods.

The Subject has its own transport to deliver the goods to its customers' destinations.

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The Subject sells the products based on customer's demands and requirement.

## **RECENT DEVELOPMENT**

We have checked with the Malaysian National News Agency's (BERNAMA) database, but no latest development was noted in our investigation.

## **CURRENT INVESTIGATION**

Latest fresh investigations carried out on the Subject indicated that :

Telephone Number Provided By	:	N/A
Client	:	
Current Telephone Number	:	03-62525088
Match	:	N/A
Address Provided by Client	:	LOT 9 INDUSTRIAL AREA JINHANG UATARA 5200 KUALA LUMPUR MALAYSIA
Current Address	:	LOT 9, INDUSTRIAL AREA, JINJANG UTARA, 52000 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.
Match	:	NO
Latest Financial Accounts	:	YES

### **Other Investigations**

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

The address provided is incomplete and the postcode provided is incorrect.

## **FINANCIAL ANALYSIS**

### **Profitability**

Turnover	:	Erratic	[	2012 - 2016	]
Profit(Loss) Before Tax	:	Increased	[	2012 - 2016	]
Return on Shareholder Funds	:	Unfavourable	[	4.64%	]
Return on Net Assets	:	Favourable	[	39.90%	]

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

### **Working Capital Control**

Stock Ratio	:	Favourable	[	50 Days	]
Debtor Ratio	:	Favourable	[	41 Days	]
Creditors Ratio	:	Unfavourable	[	79 Days	]

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The Subject's stocks were moving fast thus reducing its holding cost. This had reduced funds being tied up in stocks. The favourable debtors' days could be due to the good credit control measures implemented by the Subject. The unfavourable creditors' ratio could be due to the Subject taking advantage of the credit granted by its suppliers. However this may affect the goodwill between the Subject and its suppliers and the Subject may inadvertently have to pay more for its future supplies.

**Liquidity**

Liquid Ratio	:	Unfavourable	[	0.63 Times	]
Current Ratio	:	Unfavourable	[	1.01 Times	]

A low liquid ratio means that the Subject may be facing working capital deficiency. If the Subject cannot obtain additional financing or injection of fresh capital, it may face difficulties in meeting its short term obligations.

**Solvency**

Interest Cover	:	Unfavourable	[	1.70 Times	]
Gearing Ratio	:	Unfavourable	[	3.81 Times	]

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

**Overall Assessment :**

Although the turnover was erratic, the Subject had maintained a steady growth in its profit. This indicate the management's efficiency in controlling its costs and profitability. Due to its weak liquidity position, the Subject will be faced with problems in meeting all its short term obligations if no short term loan is obtained or additional capital injected into the Subject. If there is a fall in the Subject's profit or any increase in interest rate, the Subject may not be able to generate sufficient cash-flow to service its interest. The Subject's gearing level was high and its going concern will be in doubt if there is no injection of additional shareholders' funds in times of economic downturn and / or high interest rates.

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

***MALAYSIA ECONOMIC / INDUSTRY OUTLOOK***

Major Economic Indicators:	2014	2015	2016	2017*	2018**
Population ( Million)	30.0	31.0	31.6	32.1	32.9
<b>Gross Domestic Products ( % )</b>	<b>6.0</b>	<b>4.6</b>	<b>4.2</b>	<b>5.3</b>	<b>5.4</b>
Domestic Demand ( % )	6.4	6.2	4.3	6.3	6.4
<b>Private Expenditure ( % )</b>	<b>7.9</b>	<b>6.9</b>	<b>7.8</b>	<b>7.4</b>	<b>7.3</b>
Consumption ( % )	6.5	6.1	5.1	6.9	6.8
Investment ( % )	12.0	8.1	10.0	9.3	8.9
<b>Public Expenditure ( % )</b>	<b>2.3</b>	<b>4.2</b>	<b>3.3</b>	<b>5.3</b>	<b>5.5</b>
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)
<b>Government Finance to GDP / Fiscal Deficit ( % )</b>	<b>(3.4)</b>	<b>(3.2)</b>	<b>(3.1)</b>	<b>(3.0)</b>	<b>(2.8)</b>
Inflation ( % Change in Composite CPI)	3.2	4.0	2.1	3.5	3.0

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**CHIN HEONG (K.L.) SDN. BHD. - 529376**

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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	-	-	-
<b>Average 3 Months of Non-performing Loans ( % )</b>	<b>2.10</b>	<b>2.00</b>	<b>1.90</b>	-	-
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 ( % )	-	-	-	-	-
<b>Registration of New Companies ( No. )</b>	<b>49,203</b>	<b>45,658</b>	<b>43,255</b>	<b>47,871</b>	-
Registration of New Companies ( % )	6.1	(7.2)	(5.3)	10.7	-
<b>Liquidation of Companies ( No. )</b>	<b>33,226</b>	<b>34,667</b>	<b>36,778</b>	<b>38,632</b>	-
Liquidation of Companies ( % )	0.5	4.3	6.1	5.0	-
<b>Registration of New Business ( No. )</b>	<b>332,723</b>	<b>364,230</b>	<b>376,720</b>	<b>484,029</b>	-
Registration of New Business ( % )	1.0	9.0	3.0	29.0	-
<b>Business Dissolved ( No. )</b>	<b>26,966</b>	-	-	-	-
Business Dissolved ( % )	48.5	-	-	-	-
Sales of New Passenger Cars ( ' 000 Unit )	588.3	591.3	514.6	527.8	-
Cellular Phone Subscribers ( Million )	44.0	44.2	44.0	-	-
Tourist Arrival ( Million Persons )	27.4	25.7	30.2	30.1	-
Hotel Occupancy Rate ( % )	63.6	58.8	61.2	-	-
Credit Cards Spending ( % )	5.8	6.8	6.3	-	-
Bad Cheque Offenders (No.)	-	-	-	-	-
Individual Bankruptcy ( No.)	22,351	18,457	19,588	18,227	-
Individual Bankruptcy ( % )	1.7	(17.4)	6.1	(7.0)	-
<b>INDUSTRIES ( % of Growth ):</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017*</b>	<b>2018**</b>
<b>Agriculture</b>	<b>2.0</b>	<b>1.3</b>	<b>(5.1)</b>	<b>5.6</b>	<b>2.4</b>
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	-	-
<b>Mining</b>	<b>3.3</b>	<b>5.3</b>	<b>2.2</b>	<b>0.5</b>	<b>0.9</b>
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	-	-
<b>Manufacturing #</b>	<b>6.1</b>	<b>4.9</b>	<b>4.4</b>	<b>5.5</b>	<b>5.3</b>
<b>Exported-oriented Industries</b>	<b>7.1</b>	<b>6.5</b>	<b>4.3</b>	<b>6.5</b>	-
Electrical & Electronics	11.8	9.2	6.8	9.3	-

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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	-
<b>Domestic-oriented Industries</b>	<b>7.7</b>	<b>4.7</b>	<b>3.4</b>	<b>6.2</b>	-
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	-	-
<b>Construction</b>	<b>11.7</b>	<b>8.2</b>	<b>7.4</b>	<b>7.6</b>	<b>7.5</b>
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	-	-
<b>Services</b>	<b>6.6</b>	<b>5.1</b>	<b>5.6</b>	<b>5.9</b>	<b>5.8</b>
Electric, Gas & Water	3.8	3.6	5.4	2.5	2.6
Transport, Storage & Communication	7.70	7.55	6.85	7.35	7.30
Wholesale, Retail, Hotel & Restaurant	7.70	6.65	6.65	7.05	6.65
Finance, Insurance & Real Estate	5.15	2.90	4.70	5.70	5.90
Government Services	6.3	4.0	4.9	4.4	4.5
Other Services	4.8	4.7	4.8	5.3	5.3
Industry Non-Performing Loans ( MYR Million )	5,373.5	6,806.6	7,190.6	-	-
% of Industry Non-Performing Loans	24.1	30.5	31.5	-	-

\* Estimate / Preliminary

\*\* Forecast

# Based On Manufacturing Production Index

## **INDUSTRY ANALYSIS**

### **MSIC CODE**

46329 : Wholesale of other foodstuffs

### **INDUSTRY TRADING**

:

Malaysia's retail sales will likely grow 3.7% in 2017, slower than previously estimated 3.9%, as consumer sentiment remains weak amid rising cost of living in Southeast Asia's third largest economy.

The cut in forecast was the second of such revision by Retail Group Malaysia, a retail consulting firm, from an initial target of 5% retail sales expansion pace in 2017. The estimate follows a survey of members of Malaysia Retailers Association on their second quarter performance and outlook for the year. Retail sales grew 1.7% in

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2016.

According to Retail Group Malaysia (RGM), Malaysian retailers have seen the sales expanded 4.9 % from April to June 2017, reversing a dismal performance in first three months 2017. For the first six months 2016, the retail sale growth rate was 2.5 %. However, the businesses in the next three months are not optimistic, estimating an average growth rate of 2.9 %. The department stores cum supermarket operators are expecting to return to red with a contraction of 2.5 %. Similarly, the department store operators expect their businesses to dip with a negative 1.5 %.

The rise of purchasing power will continue to fall behind the increase in prices of retail goods. More retail goods are expected to raise prices because of higher fuel prices in recent months.

The wholesale trade sub-sector index increased 5.9 % to 165.9 points year-on-year (y-o-y) driven mainly by other specialised wholesale (7.5 %), wholesale of agricultural raw materials and livestock (7.3 %) and wholesale of machinery, equipment and supplies (6.2 %).

Over 60% of Gross Domestic Product (GDP) is contributed by domestic consumption. Therefore the wholesale and retail sector plays a crucial role in driving Malaysia's growth over the next decade despite the ongoing global economic slowdown. By 2020, Malaysia's wholesale and retail sector is expected to boost the country's total Gross National Income (GNI) by RM156 billion, creating 454,190 new jobs.

**OVERALL INDUSTRY OUTLOOK : Marginal Growth**

## ***CREDIT RISK EVALUATION & RECOMMENDATION***

Incorporated in 1992, the Subject is a Private Limited company, focusing on trading of food products. Having been in the industry for over two decades, the Subject has achieved a certain market share and has built up a satisfactory reputation in the market. With an issued and paid up capital of MYR 500,000 contributed by individual shareholders, the Subject may face difficulties in its attempt to further expand its business in the future. Thus, the Subject should put more efforts on its business to gain higher market share while competing aggressively in the market.

Investigation revealed that the Subject concentrates only on the local market. This narrow market segment has placed the Subject at high business risk and limits its business expansion opportunities. Any adverse changes to the local economy might have a negative impact on the Subject's business performance. Being a small company, the Subject's business operation is supported by 15 employees. Overall, we regard that the Subject's management capability is average. This indicates that the Subject has greater potential to improve its business performance and raising income for the Subject.

Despite the lower turnover, the Subject's pre-tax profit have increased compared to the previous year. The higher profit could be due to better control of its operating costs and efficiency in utilising its resources. The Subject has generated an unfavourable return on shareholders' funds indicating that the management was inefficient in utilising its funds to generate return. Due to its weak liquidity position, the Subject may face working capital deficiency in meeting its short term financial obligations if no fresh capital are injected into the Subject. The high gearing ratio clearly implied that the Subject was supported by more debt than equity. Thus, the Subject is exposed to high financial risk. Given a positive net worth standing at MYR 1,174,928, 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.

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The Subject's overall payment habit is fair and this clearly implied a weak credit control of the Subject.

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.

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

## **PROFIT AND LOSS ACCOUNT**

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

#### **CHIN HEONG (K.L.) SDN. BHD.**

Financial Year End	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Months	12	12	12	12	12
Consolidated Account	Company	Company	Company	Company	Company
Audited Account	YES	YES	YES	YES	YES
Unqualified Auditor's Report (Clean Opinion)	YES	YES	YES	YES	YES
Financial Type	FULL	FULL	FULL	FULL	FULL
Currency	MYR	MYR	MYR	MYR	MYR
TURNOVER	23,903,103	24,158,978	20,631,656	19,836,684	16,496,687
Other Income	103,822	25,123	-	-	-
Total Turnover	24,006,925	24,184,101	20,631,656	19,836,684	16,496,687
Costs of Goods Sold	(21,188,849)	(21,834,225)	(18,190,767)	(17,676,172)	(14,370,015)
Gross Profit	2,818,076	2,349,876	2,440,889	2,160,512	2,126,672
PROFIT/(LOSS) FROM OPERATIONS	193,761	46,799	112,956	43,788	117,823
PROFIT/(LOSS) BEFORE TAXATION	193,761	46,799	112,956	43,788	117,823
Taxation	(139,273)	(45,001)	(74,987)	(42,579)	(73,543)
PROFIT/(LOSS) AFTER TAXATION	54,488	1,798	37,969	1,209	44,280
<b>RETAINED PROFIT/(LOSS) BROUGHT</b>					

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**FORWARD**

As previously reported	620,440	618,642	580,673	579,464	535,184
As restated	620,440	618,642	580,673	579,464	535,184
PROFIT AVAILABLE FOR APPROPRIATIONS	674,928	620,440	618,642	580,673	579,464
RETAINED PROFIT/(LOSS) CARRIED FORWARD	674,928	620,440	618,642	580,673	579,464
	=	=	=	=	=
<b>INTEREST EXPENSE (as per notes to P&amp;L)</b>					
Bank overdraft	105,670	110,358	93,797	94,800	87,616
Bankers' acceptance	120,486	139,683	117,351	111,171	83,929
Hire purchase	21,298	20,190	11,309	13,044	9,956
Others	27,616	13,174	1,944	16,153	18,319
	275,070	283,405	224,401	235,168	199,820
	=	=	=	=	=
DEPRECIATION (as per notes to P&L)	233,996	215,612	183,691	188,660	250,888
Total Amortization And Depreciation	233,996	215,612	183,691	188,660	250,888
	=	=	=	=	=

**BALANCE SHEET**

**CHIN HEONG (K.L.) SDN. BHD.**

**ASSETS**

**EMPLOYED:**

FIXED ASSETS 1,042,807 1,205,023 1,154,404 700,624 846,860

**LONG TERM**

**INVESTMENTS/OTHER ASSETS**

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**CHIN HEONG (K.L.) SDN. BHD. - 529376**

**PAGE NO. : 21**

Investment properties	746,900	639,090	330,190	380,592	559,165
Investments	-	-	-	25,000	-
	-----	-----	-----	-----	-----
<b>TOTAL LONG TERM INVESTMENTS/OTHER ASSETS</b>	<b>746,900</b>	<b>639,090</b>	<b>330,190</b>	<b>405,592</b>	<b>559,165</b>
<b>INTANGIBLE ASSETS</b>					
Computer software	3,708	4,227	-	-	-
	-----	-----	-----	-----	-----
<b>TOTAL INTANGIBLE ASSETS</b>	<b>3,708</b>	<b>4,227</b>	<b>-</b>	<b>-</b>	<b>-</b>
	-----	-----	-----	-----	-----
<b>TOTAL LONG TERM ASSETS</b>	<b>1,793,415</b>	<b>1,848,340</b>	<b>1,484,594</b>	<b>1,106,216</b>	<b>1,406,025</b>
<b>CURRENT ASSETS</b>					
Stocks	3,296,345	2,772,706	2,352,488	2,334,816	1,306,776
Trade debtors	2,666,167	2,641,804	2,458,600	2,454,294	1,539,601
Other debtors, deposits & prepayments	117,489	58,052	554,387	604,189	516,172
Short term deposits	530,567	515,465	500,000	-	-
Amount due from related companies	450,000	450,000	-	-	-
Amount due from director	1,034,600	958,393	810,571	1,587,066	1,068,458
Cash & bank balances	596,698	443,781	440,710	515,296	411,819
	-----	-----	-----	-----	-----
<b>TOTAL CURRENT ASSETS</b>	<b>8,691,866</b>	<b>7,840,201</b>	<b>7,116,756</b>	<b>7,495,661</b>	<b>4,842,826</b>
	-----	-----	-----	-----	-----
<b>TOTAL ASSET</b>	<b>10,485,281</b>	<b>9,688,541</b>	<b>8,601,350</b>	<b>8,601,877</b>	<b>6,248,851</b>
	=====	=====	=====	=====	=====
	==	==	==	==	==
<b>CURRENT LIABILITIES</b>					
Trade creditors	4,593,378	3,273,984	3,156,039	3,454,742	2,060,882
Other creditors & accruals	184,248	177,303	175,259	204,793	172,029
Hire purchase & lease creditors	90,706	115,072	76,301	73,201	69,688
Bank overdraft	1,629,865	1,530,634	1,138,851	923,198	857,164
Short term borrowings/Term loans	-	-	-	14,233	21,820
Other borrowings	65,888	6,927	-	-	-
Bill & acceptances payable	1,980,000	2,745,000	2,621,000	2,445,000	1,664,000
Provision for taxation	46,000	-	-	-	18,500

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TOTAL CURRENT LIABILITIES	8,590,085	7,848,920	7,167,450	7,115,167	4,864,083
NET CURRENT ASSETS/(LIABILITIES)	101,781	(8,719)	(50,694)	380,494	(21,257)
<b>LONG TERM LIABILITIES</b>					
Long term loans	514,447	465,023	-	-	-
Lease obligations	199,821	252,158	-	-	-
Hire purchase creditors	-	-	187,808	157,244	230,444
Deferred taxation	6,000	2,000	10,000	14,500	14,500
Others	-	-	117,450	234,293	360,360
TOTAL LONG TERM LIABILITIES	720,268	719,181	315,258	406,037	605,304
TOTAL NET ASSETS	1,174,928	1,120,440	1,118,642	1,080,673	779,464
<b>FINANCED BY:</b>					
<b>SHARE CAPITAL</b>					
Ordinary share capital	500,000	500,000	500,000	500,000	200,000
TOTAL SHARE CAPITAL	500,000	500,000	500,000	500,000	200,000
<b>RESERVES</b>					
Retained profit/(loss) carried forward	674,928	620,440	618,642	580,673	579,464
TOTAL RESERVES	674,928	620,440	618,642	580,673	579,464
SHAREHOLDERS' FUNDS/EQUITY	1,174,928	1,120,440	1,118,642	1,080,673	779,464

## **FINANCIAL RATIO**

### **CHIN HEONG (K.L.) SDN. BHD. TYPES OF FUNDS**

Cash	1,127,265	959,246	940,710	515,296	411,819
Net Liquid Funds	(2,482,600)	(3,316,388)	(2,819,141)	(2,852,902)	(2,109,345)
Net Liquid Assets	(3,194,564)	(2,781,425)	(2,403,182)	(1,954,322)	(1,328,033)

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Net Current Assets/(Liabilities)	101,781	(8,719)	(50,694)	380,494	(21,257)
Net Tangible Assets	1,171,220	1,116,213	1,118,642	1,080,673	779,464
Net Monetary Assets	(3,914,832)	(3,500,606)	(2,718,440)	(2,360,359)	(1,933,337)
<b>PROFIT &amp; LOSS ITEMS</b>					
Earnings Before Interest & Tax (EBIT)	468,831	330,204	337,357	278,956	317,643
Earnings Before Interest, Taxes, Depreciation And Amortization (EBITDA)	702,827	545,816	521,048	467,616	568,531
<b>BALANCE SHEET ITEMS</b>					
Total Borrowings	4,480,727	5,114,814	4,023,960	3,612,876	2,843,116
Total Liabilities	9,310,353	8,568,101	7,482,708	7,521,204	5,469,387
Total Assets	10,485,281	9,688,541	8,601,350	8,601,877	6,248,851
Net Assets	1,174,928	1,120,440	1,118,642	1,080,673	779,464
Net Assets Backing	1,174,928	1,120,440	1,118,642	1,080,673	779,464
Shareholders' Funds	1,174,928	1,120,440	1,118,642	1,080,673	779,464
Total Share Capital	500,000	500,000	500,000	500,000	200,000
Total Reserves	674,928	620,440	618,642	580,673	579,464
<b>GROWTH RATIOS (Year on Year) (%)</b>					
Revenue	(1.06)	17.10	4.01	20.25	(6.46)
Profit/(Loss) Before Tax	314.03	(58.57)	157.96	(62.84)	(60.49)
Profit/(Loss) After Tax	2,930.48	(95.26)	3,040.53	(97.27)	(77.89)
Total Assets	8.22	12.64	(0.01)	37.66	22.11
Total Liabilities	8.66	14.51	(0.51)	37.51	24.81
<b>LIQUIDITY (Times)</b>					
Cash Ratio	0.13	0.12	0.13	0.07	0.08
Liquid Ratio	0.63	0.65	0.66	0.73	0.73
Current Ratio	1.01	1.00	0.99	1.05	1.00
<b>WORKING CAPITAL CONTROL (Days)</b>					
Stock Ratio	50	42	42	43	29
Debtors Ratio	41	40	43	45	34
Creditors Ratio	79	55	63	71	52
<b>SOLVENCY RATIOS (Times)</b>					
Gearing Ratio	3.81	4.57	3.60	3.34	3.65
Liabilities Ratio	7.92	7.65	6.69	6.96	7.02
Times Interest Earned Ratio	1.70	1.17	1.50	1.19	1.59
Assets Backing Ratio	2.34	2.23	2.24	2.16	3.90
<b>PERFORMANCE RATIO (%)</b>					
Operating Profit Margin	0.81	0.19	0.55	0.22	0.71
Net Profit Margin	0.23	0.01	0.18	0.01	0.27
Return On Net Assets	39.90	29.47	30.16	25.81	40.75
Return On Capital	12.95	9.46	12.74	11.23	13.74

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Employed					
Return On Shareholders' Funds/Equity	4.64	0.16	3.39	0.11	5.68
Dividend Pay Out Ratio (Times)	0	0	0	0	0
<b>NOTES TO ACCOUNTS</b>					
Contingent Liabilities	0	0	0	0	0

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.55
UK Pound	1	INR 94.94
Euro	1	INR 84.40
MYR	1	INR 17.49

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

**INFORMATION DETAILS**

Analysis Done by :	VIVR
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)