

BASIS CREDIT REPORT

specially prepared for

ABC

Your Reference	:	000000
Order Reference	:	000000/SYA/AMU/LYA
Subject Enquired	:	ABC (M) SDN. BHD.
Registration No	:	000000000000 (000000-P)
Service Mode	:	NORMAL
Order Date	:	19/11/2020
Date Report Sent	:	25/11/2020

THIS REPORT IS PROVIDED TO YOU IN STRICT CONFIDENCE & ITS CONTENTS CANNOT BE DISCLOSED TO THE SUBJECT OR TO ANY THIRD PARTY IN ANY MANNER WHATSOEVER.

N/A - Not Applicable

EXECUTIVE SUMMARY	
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REGISTRATION NO.	: 000000000000 (000000-P)
COMPANY NAME	: ABC (M) SDN. BHD.
INCORPORATION DATE	: 09/04/2009
COMPANY STATUS	: EXIST
LEGAL FORM	: PRIVATE LIMITED (LIMITED BY SHARE)
LISTED STATUS	: NO
REGISTERED ADDRESS	: 00, JALAN ABC 1, BANDAR ABC, 13700 PERAI, PULAU PINANG, MALAYSIA.
BUSINESS ADDRESS	: 00, PENANG ABC, 14100 SIMPANG AMPAT, PULAU PINANG, MALAYSIA.
TEL.NO.	: 04-000000
FAX.NO.	: 04-000000
EMAIL	: ABC@ABC.MY
WEB SITE	: WWW.ABC.MY
CONTACT PERSON	: DIRECTOR (MANAGING DIRECTOR)
INDUSTRY CODE	: 46693 46691
PRINCIPAL ACTIVITY	: TRADING OF PLASTIC AND CHEMICAL PRODUCTS
ISSUED AND PAID UP CAPITAL	: MYR 1,000,000.00 DIVIDED INTO ORDINARY SHARES 600,000.00 CASH OF MYR 1.00 EACH ORDINARY SHARES 400,000.00 CASH OF MYR 1.00 EACH
SALES	: MYR 61,927,452 [2019]
NET WORTH	: MYR 3,691,989 [2019]
STAFF STRENGTH	: 90 [2020]
BANKER (S)	: ABC BANK (MALAYSIA) BHD
LITIGATION	: CLEAR
DEFAULTER CHECK	: CLEAR
FINANCIAL CONDITION	: STABLE
PAYMENT	: AVERAGE
MANAGEMENT CAPABILITY	: AVERAGE
COMMERCIAL RISK	: LOW
CURRENCY EXPOSURE	: MODERATE
GENERAL REPUTATION	: SATISFACTORY
INDUSTRY OUTLOOK	: MATURE
CREDIT RATING	: BB *(Please refer to appendix)
CREDIT SCORE	: 66 *
DEFAULT RATE	: 1.71% *
PROPOSED CREDIT LIMIT	: MYR 580,000 (USD 138,000)

HISTORY / BACKGROUND

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

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

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

Former Address(es)

Address	As At Date
00, JALAN ABC, TAMAN ABC, 13400, PULAU PINANG, MALAYSIA	15/02/2013
8, LORONG INDUSTRI ABC, KAWASAN INDUSTRI ABC, 14100, PULAU PINANG, MALAYSIA	N/A

Share Capital History

Date	Authorised Shared Capital	Issue & Paid Up Capital
28/06/2017	N/A	MYR 1,000,000.00
29/01/2013	MYR 1,000,000.00	MYR 600,000.00
06/01/2012	MYR 500,000.00	MYR 300,000.00
16/08/2010	MYR 500,000.00	MYR 200,000.00
03/08/2009	MYR 100,000.00	MYR 100,000.00
09/04/2009	MYR 100,000.00	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. DIRECTOR +	7, LORONG ABC 6, TAMAN ABC, 14100 SIMPANG AMPAT, PULAU PINANG, MALAYSIA.	000000-00-0000	900,000.00	90.00
MS. DIRECTOR +	7, LORONG ABC 6, TAMAN ABC, 14100 SIMPANG AMPAT, PULAU PINANG, MALAYSIA.	000000-00-0000	100,000.00	10.00
			-----	-----
			1,000,000.00	100.00
			=====	=====

+ Also Director

DIRECTORS

DIRECTOR 1

Name Of Subject : MS. DIRECTOR
Address : 0, LORONG ABC, TAMAN ABC, 14100 SIMPANG AMPAT, PULAU PINANG, MALAYSIA.
Other Address(es) : - 000, TAMAN ABC, 06660 ALOR SETAR, KEDAH, MALAYSIA.
- 00, JALAN ABC, TAMAN ABC, 13400 BUTTERWORTH, PULAU PINANG, MALAYSIA.
New IC No : 000000-00-0000
Date of Birth : 28/12/1979
Nationality : MALAYSIAN
Date of Appointment : 09/04/2009

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		Profit/(loss) After Tax	Financial Year	Status	As At
					No.	%				
1	000000P	ABC (M) SDN. BHD.	Director	09/04/2009	100,000.00	10.00	MYR879,409.00	2019	-	20/11/2020
2	000000A	ABC CAPITAL SDN. BHD.	Director	19/11/2013	1.00	50.00	MYR(2,484.00)	2017	-	29/03/2019
3	000000X	ABC CHEMICAL SDN. BHD.	Director	01/10/2015	5,000.00	10.00	MYR128,002.00	2018	-	03/08/2020
4	000000K	ABC FOODS SDN. BHD.	Director	14/04/2014	250,000.00	10.00	MYR(30,664.00)	2017	-	12/04/2019

INTEREST IN BUSINESS

No	Local No	Business	Designation	App Date	Shareholding (%)	Status	As At
1	PG000000P	ABC TRADING	SOLE PROPRIETORSHIP	07/03/2008	100.00	Expired (06/03/2009)	19/03/2019

FORMER INTEREST

No	Local No	Company	Designation	App Date	Withdrawn Date	Shareholding	Status
1	000000V	ABC (M) SDN. BHD.	Director	28/03/2006	01/06/2006	-	-
2	000000V	ABC (M) SDN. BHD.	Shareholder	-	-	-	-

DIRECTOR 2

Name Of Subject : MR. DIRECTOR
Address : 0, LORONG ABC 6, TAMAN ABC, 14100 SIMPANG ABC, PULAU PINANG, MALAYSIA.
Other Address(es) : - 000-B, BATU 0, SIMPANG ABC, 06650 SIMPANG ABC, KEDAH, MALAYSIA.
- 00, JALAN ABC, TAMAN ABC, 13400 BUTTERWORTH, PULAU PINANG, MALAYSIA.
New IC No : 000000-00-0000
Date of Birth : 04/06/1979
Nationality : MALAYSIAN
Date of Appointment : 09/04/2009

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		Profit/(loss) After Tax	Financial Year	Status	As At
					No.	%				
1	000000D	ABC CHEMICAL SDN. BHD.	Director	25/11/2010	1.00	50.00	-	2019	Dissolved by Registrar (12/12/2012)	05/11/2020
2	000000P	ABC (M) SDN. BHD.	Director	09/04/2009	900,000.00	90.00	MYR879,409.00	2019	-	20/11/2020
3	000000A	ABC CAPITAL SDN. BHD.	Director	19/11/2013	1.00	50.00	MYR(2,484.00)	2017	-	29/03/2019
4	000000X	ABC CHEMICAL SDN. BHD.	Director	01/04/2013	30,000.00	60.00	MYR128,002.00	2018	-	03/08/2020
5	000000K	ABC FOODS SDN. BHD.	Director	14/04/2014	2,250,000.00	90.00	MYR(30,664.00)	2017	-	12/04/2019
6	000000D	ABC	Director	12/06/2014	70,000.00	70.00	MYR211,761.00	2018	-	10/08/2019

	PLASTICS SDN. BHD.						
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INTEREST IN BUSINESS

No	Local No	Business	Designation	App Date	Shareholding (%)	Status	As At
1	AS0000000W	PUSAT ABC GEMILANG	SOLE PROPRIETORSHIP	23/11/2003	100.00	Expired (23/11/2004)	19/03/2019
2	AS0000000X	ABC TRADING	SOLE PROPRIETORSHIP	23/11/2003	100.00	Expired (06/02/2007)	19/03/2019

FORMER INTEREST

No	Local No	Company	Designation	App Date	Withdrawn Date	Shareholding	Status
1	000000V	ABC (M) SDN. BHD.	Director	01/06/2006	01/06/2009	-	-
2	000000V	ABC (M) SDN. BHD.	Shareholder	-	-	15000.00	-
3	000000A	ABC MARKETING SDN. BHD.	Shareholder	-	-	10000	-

MANAGEMENT

- 1) Name of Subject : DIRECTOR
Position : MANAGING DIRECTOR

AUDITOR

Firm No	Firm Name	Address	As At Date
AF000000	ABC & CO	0, MEDAN ABC2, PUSAT PERNIAGAAN ABC, 14000 BUKIT MERTAJAM, PULAU PINANG, MALAYSIA.	31/05/2019
AF000000	YCS & CO	000-C-0, WISMA ABC, JALAN ABC, 10150 GEORGETOWN, PULAU PINANG, MALAYSIA.	31/05/2014

COMPANY SECRETARIES

- 1) Company Secretary : MS. SECRETARY
New IC No : 000000-00-0000
Address : 00, JALAN ABC 1, BANDAR ABC, 13700 PERAI, PULAU PINANG, MALAYSIA.
Date of Appointment : 09/04/2009

BANKING

Banking relations are maintained principally with :

- 1) Name : ABC BANK (MALAYSIA) BHD

ENCUMBRANCE (S)

Charge No	Creation Date	Charge Description	Chargee Name	Total Charge	Status
1	17/09/2010	LEGAL CHARGE	ABC BANK (MALAYSIA) BERHAD.	MYR 260,000.00	Satisfied
2	17/09/2010	LEGAL CHARGE	ABC BANK (MALAYSIA) BERHAD.	MYR 300,000.00	Satisfied
3	27/02/2014	LEGAL CHARGE	ABC BANK (MALAYSIA) BERHAD.	MYR 800,000.00	Satisfied
4	27/02/2014	LEGAL CHARGE	ABC BANK (MALAYSIA) BERHAD.	MYR 800,000.00	Satisfied
5	03/07/2016	LEGAL CHARGE	ABC BANK (MALAYSIA) BERHAD.	-	Satisfied
6	03/07/2016	LEGAL CHARGE	ABC BANK (MALAYSIA) BERHAD.	-	Satisfied
7	29/10/2019		ABC ISLAMIC BHD	-	Unsatisfied
8	29/10/2019		ABC ISLAMIC BHD	-	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.

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
Domestic Markets : MALAYSIA
Overseas : YES
Export Market : ASIA
Credit Term : 90 DAYS
Payment Mode : CASH
CHEQUES
TELEGRAPHIC TRANSFER (TT)

OPERATIONS

Goods Traded : PLASTIC AND CHEMICAL PRODUCTS

Total Number of Employees:

YEAR	2020	2019	2018	2017
GROUP	N/A	N/A	N/A	N/A
COMPANY	15	15	15	15

Other Information:

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

The Subject products are as below:

- Expandable Polystyrene(EPS)
- Polystyrene(PS)
- Polyvinyl Chloride(PVC)
- Polyethylene Terephthalate(PET)
- Silicone Chemicals
- Polybutylene Terephthalate(PBT)
- Totally degradable plastic additives

The Subject provides premium quality global trading and supply chain services to broad range of industries.

It aims to promote core capabilities and achieve stable growth to become a global top trading company.

Supply to those industries by the Subject is food packaging, electrical and electronic, paint and coating. Besides the core businesses, it also comprises personal care and health, rubber and plastics, automotive and marine, water treatment, construction, textile, and paper industry.

RECENT DEVELOPMENT

We have checked with the Malaysian National News Agency's (BERNAMA) database, but no recent development was noted during the time of inspection.

CURRENT INVESTIGATION

Latest fresh investigations carried out on the Subject indicated that :

Telephone Number Provided By Client	: N/A	
Current Telephone Number	: 04-000000	
Match	: N/A	
Address Provided by Client	: 0, LORONG INDUSTRI ABC, KAWASAN INDUSTRI ABC, 14100 SIMPANG AMPAT, PULAU PINANG	
Current Address	: 0000 LORONG ABC5, PENANG ABC, 14100 SIMPANG AMPAT, PULAU PINANG, MALAYSIA.	
Match	: NO	
Remarks	: The address provided belongs to the Subject's former business address.	
Latest Financial Accounts	: YES	

Other Investigations

On 24th November 2020, we have contacted one of the staff from the Subject and he provided some information.

The Subject refused to comment anything on the impact of covid to the Subject.

FINANCIAL ANALYSIS

Profitability

Turnover	: Increased	[2015 - 2019]
Profit/(Loss) Before Tax	: Increased	[2015 - 2019]
Return on Shareholder Funds	: Acceptable	[23.82%]
Return on Net Assets	: Favourable	[34.12%]

The Subject's turnover increased steadily as the demand for its products / services increased due to the goodwill built up over the years. The Subject's management have been efficient in controlling its operating costs. The Subject's management had generated acceptable return for its shareholders using its assets.

Working Capital Control

Stock Ratio	: Favourable	[5 Days]
Debtor Ratio	: Favourable	[51 Days]
Creditors Ratio	: Unfavourable	[71 Days]

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	: Favourable	[1.07 Times]
Current Ratio	: Unfavourable	[1.15 Times]

A minimum liquid ratio of 1 should be maintained by the Subject in order to assure its creditors of its ability to meet short term obligations and the Subject was in a good liquidity position. Thus, we believe the Subject is able to meet all its short term obligations as and when they fall due.

Solvency

Interest Cover	: Nil	[0.00 Times]
Gearing Ratio	: Favourable	[0.17 Times]

The Subject's interest cover was nil as it did not pay any interest during the year. The Subject was lowly geared thus it had a low financial risk. The Subject was mainly financed by its shareholders' funds and internally generated funds. In times of economic slowdown / downturn, the Subject being a lowly geared company, will be able to compete better than those companies which are highly geared in the same industry.

Overall Assessment :

Generally, the Subject's performance has improved with higher turnover and profit. The Subject was in good liquidity position with its total current liabilities well covered by its total current assets. With its current net assets, the Subject should be able to repay its short term obligations. The Subject did not make any interest payment during the year. The Subject was dependent on its shareholders' funds to finance its business needs. The Subject as a lowly geared company, will be more secured compared to those highly geared companies. It has the ability to meet all its long term obligations.

Overall financial condition of the Subject : STABLE

MALAYSIA ECONOMIC / INDUSTRY OUTLOOK

Major Economic Indicators:	2016	2017	2018	2019*	2020**
Population (Million)	31.6	32.1	32.4	32.6	33.0
Gross Domestic Products (%)	4.2	5.3	4.7	4.7	4.8
Domestic Demand (%)	4.3	6.3	5.5	4.0	4.8
Private Expenditure (%)	7.8	7.4	7.1	5.6	5.8
Consumption (%)	5.1	6.9	8.0	6.8	6.9
Investment (%)	10.0	9.3	4.3	1.5	2.1
Public Expenditure (%)	3.3	5.3	0.1	(1.8)	0.8
Consumption (%)	2.0	2.7	3.3	2.0	1.5
Investment (%)	1.1	3.4	(5.0)	(8.1)	(0.6)
Balance of Trade (MYR Million)	88,145	98,505	123,783	146,590	133,430
Government Finance (MYR Million)	(38,401)	(40,321)	(53,385)	(51,760)	(51,724)
Government Finance to GDP / Fiscal Deficit (%)	(3.1)	(2.9)	(3.7)	(3.4)	(3.2)
Inflation (% Change in Composite CPI)	2.1	3.5	3.0	-	-
Unemployment Rate	3.4	3.4	3.3	3.3	5.0
Net International Reserves (MYR Billion)	451	420	420	429	-
Average Risk-Weighted Capital Adequacy Ratio (%)	-	-	-	-	-
Average 3 Months of Non-performing Loans (%)	1.90	-	-	-	-
Average Base Lending Rate (%)	6.73	6.67	6.89	6.71	-
Business Loans Disbursed(%)	-	-	6.7	0.4	-
Foreign Investment (MYR Million)	-	-	-	-	-
Consumer Loans (%)	-	-	-	-	-
Registration of New Companies (No.)	43,255	47,871	47,328	43,402	-
Registration of New Companies (%)	(5.3)	10.8	(1.1)	(8.3)	-
Liquidation of Companies (No.)	36,778	38,093	40,387	-	-
Liquidation of Companies (%)	5.7	3.6	6.0	-	-
Registration of New Business (No.)	376,720	484,029	420,556	332,763	-
Registration of New Business (%)	3.0	29.0	(-13.1)	(-20.9)	-
Business Dissolved (No.)	-	-	-	-	-
Business Dissolved (%)	-	-	-	-	-
Sales of New Passenger Cars (' 000 Unit)	514.6	514.7	533.2	363.8	-
Cellular Phone Subscribers (Million)	44	-	-	-	-
Tourist Arrival (Million Persons)	30.2	30.1	-	-	-
Hotel Occupancy Rate (%)	61.2	-	-	-	-
Credit Cards Spending (%)	6.3	-	-	-	-
Bad Cheque Offenders (No.)	-	-	-	-	-
Individual Bankruptcy (No.)	19,588	18,227	16,482	-	-
Individual Bankruptcy (%)	6.1	(7.0)	(9.6)	-	-

INDUSTRIES (% of Growth):	2016	2017	2018	2019*	2020**
Agriculture	(5.2)	7.2	0.1	4.3	3.4
Palm Oil	(12.7)	11.8	(1.8)	7.7	5.5
Rubber	(6.3)	10.8	(17.6)	7.3	4.4
Forestry & Logging	(3.0)	(15.0)	(5.5)	(3.1)	(6.1)
Fishing	2.2	0.2	0.5	(1.2)	(0.2)
Other Agriculture	5.1	2.4	3.3	3.0	3.1
<i>Industry Non-Performing Loans (MYR Million)</i>	<i>420.3</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>% of Industry Non-Performing Loans</i>	<i>1.8</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Mining	2.1	1.0	(2.6)	0.6	0.3
Oil & Gas	4.5	-	-	-	-
Other Mining	42.6	-	-	-	-
<i>Industry Non-performing Loans (MYR Million)</i>	<i>190</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>% of Industry Non-performing Loans</i>	<i>0.8</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Manufacturing #	4.4	6.0	5.0	4.0	4.1
Exported-oriented Industries	4.3	6.5	9.0	0.7	-
Electrical & Electronics	7.5	7.3	6.0	3.7	-
Rubber Products	3.6	4.6	4.6	5.6	-
Wood Products	3.3	3.5	5.6	4.9	-
Textiles & Apparel	6.8	8.0	4.3	5.2	-
Domestic-oriented Industries	3.4	6.2	-	-	-
Food, Beverages & Tobacco	4.1	4.9	4.9	4.2	-
Chemical & Chemical Products	4.5	3.5	-	-	-
Plastic Products	5.1	-	-	-	-
Iron & Steel	2.2	-	-	-	-
Fabricated Metal Products	5.0	4.9	5.1	-	-
Non-metallic Mineral	4.1	4.9	4.9	4.2	-
Transport Equipment	(2.7)	5.6	6.0	6.4	-
Paper & Paper Products	5.4	5.8	-	-	-
Crude Oil Refineries	13.7	-	-	-	-
<i>Industry Non-Performing Loans (MYR Million)</i>	<i>4,214.1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>% of Industry Non-Performing Loans</i>	<i>18.5</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Construction	7.4	6.7	4.2	1.7	3.7
<i>Industry Non-Performing Loans (MYR Million)</i>	<i>1,793.9</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>% of Industry Non-Performing Loans</i>	<i>7.9</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Services	5.7	6.2	6.8	6.1	6.2
Electric, Gas & Water	5.4	2.9	4.9	5.6	4.4
Transport, Storage & Communication	6.80	7.40	7.40	6.60	6.65
Wholesale, Retail, Hotel & Restaurant	6.1	7.0	7.8	6.8	8.0
Finance, Insurance & Real Estate	4.30	5.90	6.40	6.10	6.45
Government Services	4.9	4.9	4.5	4.0	4.0
Other Services	4.9	5.1	5.5	5.3	5.1
<i>Industry Non-Performing Loans (MYR Million)</i>	<i>7,190.6</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>% of Industry Non-Performing Loans</i>	<i>31.5</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

* Estimate / Preliminary

** Forecast

Based On Manufacturing Production Index

(Source : Department of Statistics / Economic Report / Bank Negara Report)

INDUSTRY ANALYSIS

MSIC CODE

46693 : Wholesale of plastic materials in primary forms

46691 : Wholesale of industrial chemicals

INDUSTRY : TRADING

The movement control order (MCO) to curb the spread of Covid-19 will have a severe effect on the retail sector, with ripples likely to continue even after the order has been lifted. Retail Group Malaysia indicated that the MCO, which will remain in effect until the end of the April 2020,

would see shopping centres, retail shops, cafes and restaurants closed. The control order would also affect the cash flow of retailers in maintaining their businesses, especially those who own small businesses, as well as their ability to pay their staff at the end of April 2020.

Malaysia's retail industry is expected to post a 5.5% drop in sales in 2020, dragged down by the negative growth in the first half. It projected industry sales to shrink by 18.8% year-on-year (y-o-y) in the first quarter and by 9.3% in the second quarter. The decline in number of shoppers had been obvious since the second wave of the virus struck in late February, 2020. According to Retail Group Malaysia (RGM), the forecast 9.3% y-o-y decline in 2Q sales factored in the four weeks of the Movement Control Order (MCO) in April as well as the expected slow sales during Hari Raya Aidilfitri.

Based on the retail sale performances of essential retailers during the first two weeks of the MCO, as well as the assumption of zero income for almost all the non-essential retailers, April is expected to see a 60.7% contraction in retail sales compared to April in 2019. About 126,000 retailers, including 10% of stalls and markets, have remained open during the MCO period. They represent about 37% of the total retail outlets in Malaysia. On the other hand, more than 209,000 retail stores were shut. However, the business of grocery retailers which include supermarkets, hypermarkets, mini-markets, provision shops and convenience stores climbed 20.9% during the first week of the MCO when Malaysians rushed to stock up on foods and basic necessities.

The partial lockdown would also affect those who depend on foreign tourists, predicting that Malaysia would see zero foreign tourist arrivals in March ahead. The closures of some retail shops in tourist-dependent areas are expected in April and May 2020.

Even after the MCO ends on April 28, it would take the sector some time to get back on its feet as consumer spending is expected to take two to three months to recover previous year's buying momentum.

Even grocery stores and pharmacies which have enjoyed higher sales in February and March might experience a dip after April 2020 as consumers would have stockpiled supplies. Meanwhile, other retail sub-sectors including fashion, electrical and electronics and furniture might not be able to gain back losses incurred during February and March. This is because the disposable income of many Malaysians has been affected due to the Covid-19 outbreak.

OVERALL INDUSTRY OUTLOOK : Mature

CREDIT RISK EVALUATION & RECOMMENDATION

Incorporated in 2009, the Subject is a Private Limited company, focusing on trading of plastic and chemical products. Having been in the industry for over a decade, the Subject has achieved a certain market share and has built up a satisfactory reputation in the market. It should have received supports from its regular customers. A paid up capital of MYR 1,000,000 allows the Subject to expand its business more comfortably. We considered that the Subject's business position in the market is much dependent on the efforts of its directors.

Over the years, the Subject has penetrated into both the local and overseas market. The Subject has positioned itself in the global market and is competing in the industry. Its stable clientele base will enable the Subject to further enhance its business in the near term. 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.

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. Return on shareholders' funds of the Subject was at a favourable range which indicated that the management was efficient in utilising its funds to generate income. The Subject is in good liquidity position with its current liabilities well covered by its current assets. Hence, it has sufficient working capital to meet its short term financial obligations. Being a lowly geared company, the Subject is exposed to low financial risk as it is mainly dependent on its internal funds to finance its business needs. Given a positive net worth standing at MYR 3,691,989, 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 has reached its optimum level and is generally stable. It is saturated and very competitive. Thus, the Subject's growth prospect is very much depends on its capacity in sustaining its performance in the market.

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

~ END OF REPORT ~

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DISCLAIMER : This report is based on information obtained by us from sources believed to be true. However we do not make any representation as to its accuracy. Any advice or recommendation contained in this report or any sales or purchase of securities has been given without regard to the specific investment objectives, financial situations and the particular needs of any specific addressee. This report is for the information of the addressee only and is not to be construed as an offer or solicitation of an offer to buy/sell securities or to approve/reject any credit application. We accept no liability whatsoever for any direct or consequential loss arising from any use of this report or further communication given in relation to this report.

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PROFIT AND LOSS ACCOUNT

**THE FINANCIAL STATEMENTS WERE PREPARED IN ACCORDANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS(FRS)
ABC (M) SDN. BHD.**

Financial Year End	2019-05-31	2018-05-31	2017-05-31	2016-05-31	2015-05-31
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	61,927,452	56,166,699	34,439,843	30,930,941	31,037,398
Other Income	603,359	349,615	267,847	215,501	238,003
Total Turnover	62,530,811	56,516,314	34,707,690	31,146,442	31,275,401
Costs of Goods Sold	(56,640,206)	(51,622,899)	(30,704,791)	(27,438,982)	(28,863,716)
Gross Profit	5,890,605	4,893,415	4,002,899	3,707,460	2,411,685
PROFIT/(LOSS) FROM OPERATIONS	1,259,844	1,013,815	849,713	813,187	394,534
PROFIT/(LOSS) BEFORE TAXATION	1,259,844	1,013,815	849,713	813,187	394,534
Taxation	(380,435)	(296,826)	(237,049)	(243,834)	(125,451)
PROFIT/(LOSS) AFTER TAXATION	879,409	716,989	612,664	569,353	269,083
RETAINED PROFIT/(LOSS) BROUGHT FORWARD					
As previously reported	2,012,580	1,495,591	1,082,927	514,572	345,489
Prior year adjustment	-	-	-	99,002	-
As restated	2,012,580	1,495,591	1,082,927	613,574	345,489
PROFIT AVAILABLE FOR APPROPRIATIONS	2,891,989	2,212,580	1,695,591	1,182,927	614,572
DIVIDENDS - Ordinary (paid & proposed)	(200,000)	(200,000)	(200,000)	(100,000)	(100,000)
RETAINED PROFIT/(LOSS) CARRIED FORWARD	2,691,989	2,012,580	1,495,591	1,082,927	514,572
INTEREST EXPENSE (as per notes to P&L)					
Others	-	30,956	37,923	45,080	50,871
	-	30,956	37,923	45,080	50,871
DEPRECIATION (as per notes to P&L)	298,684	305,227	295,725	273,052	230,991
Total Amortization And Depreciation	298,684	305,227	295,725	273,052	230,991

BALANCE SHEET

ABC (M) SDN. BHD.

Financial Year End	2019-05-31	2018-05-31	2017-05-31	2016-05-31	2015-05-31
Months	12	12	12	12	12
Currency	MYR	MYR	MYR	MYR	MYR
ASSETS EMPLOYED:					
FIXED ASSETS	1,890,399	1,214,150	1,228,956	1,429,884	1,896,532

LONG TERM INVESTMENTS/OTHER

ASSETS

Investment properties	500,000	500,000	500,000	500,000	-
Deferred assets	-	7,000	18,000	-	-
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TOTAL LONG TERM INVESTMENTS/OTHER ASSETS	500,000	507,000	518,000	500,000	-

TOTAL LONG TERM ASSETS	2,390,399	1,721,150	1,746,956	1,929,884	1,896,532
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CURRENT ASSETS

Stocks	895,870	641,716	102,587	394,996	569,176
Trade debtors	8,690,395	12,859,786	2,346,716	3,049,595	2,940,405
Other debtors, deposits & prepayments	2,238,313	1,056,211	322,451	94,467	132,468
Cash & bank balances	2,084,820	2,574,219	1,963,607	1,676,031	1,448,323
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TOTAL CURRENT ASSETS	13,909,398	17,131,932	4,735,361	5,215,089	5,090,372

TOTAL ASSET	16,299,797	18,853,082	6,482,317	7,144,973	6,986,904
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CURRENT LIABILITIES

Trade creditors	11,022,522	14,070,733	889,790	2,619,675	4,523,796
Other creditors & accruals	884,966	1,540,887	2,879,911	2,217,365	607,271
Hire purchase & lease creditors	168,243	30,786	85,505	158,719	169,089
Bank overdraft	-	-	-	42,941	-
Short term borrowings/Term loans	-	-	10,001	8,770	10,548
Amounts owing to director	-	-	200,000	-	-
Provision for taxation	60,579	135,503	100,503	97,045	75,998
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TOTAL CURRENT LIABILITIES	12,136,310	15,777,909	4,165,710	5,144,515	5,386,702
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NET CURRENT ASSETS/(LIABILITIES)	1,773,088	1,354,023	569,651	70,574	(296,330)
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LONG TERM LIABILITIES

Long term loans	-	-	185,711	196,721	205,100
Lease obligations	459,498	62,593	35,305	120,810	-
Hire purchase creditors	-	-	-	-	279,530
Deferred taxation	12,000	-	-	-	1,000
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TOTAL LONG TERM LIABILITIES	471,498	62,593	221,016	317,531	485,630
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TOTAL NET ASSETS	3,691,989	3,012,580	2,095,591	1,682,927	1,114,572
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FINANCED BY:**SHARE CAPITAL**

Ordinary share capital	1,000,000	1,000,000	600,000	600,000	600,000
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TOTAL SHARE CAPITAL	1,000,000	1,000,000	600,000	600,000	600,000
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RESERVES

Retained profit/(loss) carried forward	2,691,989	2,012,580	1,495,591	1,082,927	514,572
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TOTAL RESERVES	2,691,989	2,012,580	1,495,591	1,082,927	514,572
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SHAREHOLDERS' FUNDS/EQUITY	3,691,989	3,012,580	2,095,591	1,682,927	1,114,572
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CASH FLOW STATEMENT

ABC (M) SDN. BHD.

Financial Year End	2019-05-31	2018-05-31	2017-05-31	2016-05-31	2015-05-31
Months	12	12	12	12	12
Currency	MYR	MYR	MYR	MYR	MYR
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Generated from operations	365,048	1,383,298	1,065,525	924,120	847,811
Interest expenses paid / received	-14,774	-13,318	-22,467	-25,225	-35,101
Income taxes paid/refunded	-436,359	-250,826	-251,591	-223,787	-94,360
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Net cash generated from operating activities	-86,085	1,119,154	791,467	675,108	718,350
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Cash used in investing activity	-137,676	-205,399	-92,452	-211,094	-321,669
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Cash used in financial activity	-265,638	-303,143	-368,498	-279,247	-271,894
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NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-489,399	610,612	330,517	184,767	124,787
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,574,219	1,963,607	1,633,090	1,448,323	1,323,536
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CASH AND CASH EQUIVALENTS AT END OF YEAR	2,084,820	2,574,219	1,963,607	1,633,090	1,448,323
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FINANCIAL RATIO**ABC (M) SDN. BHD.**

Financial Year End	2019-05-31	2018-05-31	2017-05-31	2016-05-31	2015-05-31
Months	12	12	12	12	12
Currency	MYR	MYR	MYR	MYR	MYR
TYPES OF FUNDS					
Cash	2,084,820	2,574,219	1,963,607	1,676,031	1,448,323
Net Liquid Funds	2,084,820	2,574,219	1,963,607	1,633,090	1,448,323
Net Liquid Assets	877,218	712,307	467,064	(324,422)	(865,506)
Net Current Assets/(Liabilities)	1,773,088	1,354,023	569,651	70,574	(296,330)
Net Tangible Assets	3,691,989	3,012,580	2,095,591	1,682,927	1,114,572
Net Monetary Assets	405,720	649,714	246,048	(641,953)	(1,351,136)
PROFIT & LOSS ITEMS					
Earnings Before Interest & Tax (EBIT)	1,259,844	1,044,771	887,636	858,267	445,405
Earnings Before Interest, Taxes, Depreciation And Amortization (EBITDA)	1,558,528	1,349,998	1,183,361	1,131,319	676,396
BALANCE SHEET ITEMS					
Total Borrowings	627,741	93,379	316,522	527,961	664,267
Total Liabilities	12,607,808	15,840,502	4,386,726	5,462,046	5,872,332
Total Assets	16,299,797	18,853,082	6,482,317	7,144,973	6,986,904
Net Assets	3,691,989	3,012,580	2,095,591	1,682,927	1,114,572
Net Assets Backing	3,691,989	3,012,580	2,095,591	1,682,927	1,114,572
Shareholders' Funds	3,691,989	3,012,580	2,095,591	1,682,927	1,114,572
Total Share Capital	1,000,000	1,000,000	600,000	600,000	600,000
Total Reserves	2,691,989	2,012,580	1,495,591	1,082,927	514,572
Cash Convertible Assets (CCA)	10,775,215	15,434,005	4,310,323	4,725,626	4,388,728
Tangible Net Worth (TNW)	3,691,989	3,012,580	2,095,591	1,682,927	1,114,572
GROWTH RATIOS (Year on Year) (%)					
Revenue	10.26	63.09	11.34	(0.34)	28.92
Profit/(Loss) Before Tax	24.27	19.31	4.49	106.11	68.02
Profit/(Loss) After Tax	22.65	17.03	7.61	111.59	53.68
Total Assets	(13.54)	190.84	(9.27)	2.26	(0.76)
Total Liabilities	(20.41)	261.10	(19.69)	(6.99)	(3.65)

LIQUIDITY (Times)

Cash Ratio	0.17	0.16	0.47	0.33	0.27
Liquid Ratio	1.07	1.05	1.11	0.94	0.84
Current Ratio	1.15	1.09	1.14	1.01	0.94
Debt to EBITDA	0	0	0	0	0

WORKING CAPITAL CONTROL (Days)

Stock Ratio	5	4	1	5	7
Debtors Ratio	51	84	25	36	35
Creditors Ratio	71	99	11	35	57

SOLVENCY RATIOS (Times)

Gearing Ratio	0.17	0.03	0.15	0.31	0.60
Liabilities Ratio	3.41	5.26	2.09	3.25	5.27
Times Interest Earned Ratio	0	33.75	23.41	19.04	8.76
Assets Backing Ratio	3.69	3.01	3.49	2.80	1.86

PERFORMANCE RATIO (%)

Operating Profit Margin	2.03	1.81	2.47	2.63	1.27
Net Profit Margin	1.42	1.28	1.78	1.84	0.87
Return On Net Assets	34.12	34.68	42.36	51.00	39.96
Return On Capital Employed	29.08	33.64	36.95	38.97	25.17
Return On Shareholders' Funds/Equity	23.82	23.80	29.24	33.83	24.14
Dividend Pay Out Ratio (Times)	0.23	0.28	0.33	0.18	0.37

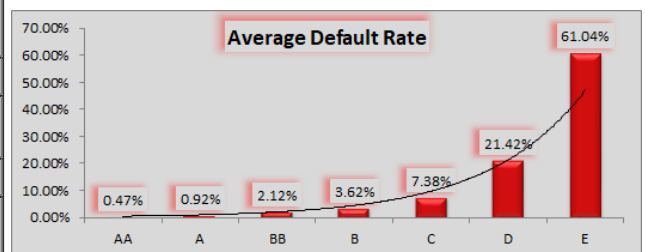
NOTES TO ACCOUNTS

Contingent Liabilities	0	0	0	0	0
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APPENDIX

RATING	CREDIT SCORE	CREDIT RISK	CREDIT RECOMMENDATION	PROPOSED CREDIT LIMIT (in concerned business field)
AA	86 - 100	Very Low	Credit can be proceeded with favourable terms	Large amount
A	71 - 85	Low	Credit can be proceeded promptly	Fairly large amount
BB	56 - 70	Below Average	Credit can be proceeded normally	Moderate amount
B	41 - 55	Average	Credit can be proceeded with close monitoring	Small amount periodically
C	26 - 40	Above Average	Credit can be extended under guarantee	Cash on Delivery to small amount
D	11- 25	High	Credit is not recommended	Cash on Delivery
E	< 11	Very High	Not qualified for credit assessment	Deposit or advance payment

RATING	AVERAGE DEFAULT RATE	DEFAULT RATE RANGE	PROBABILITY OF DEFAULT RISK
AA	0.47%	< 0.75%	Very Low Default Risk
A	0.92%	0.75% - < 1.5%	Low Default Risk
BB	2.12%	1.5% - < 2.5%	Moderate Default Risk
B	3.62%	2.5% - < 5%	Average Default Risk
C	7.38%	5% - < 10%	Substantial Default Risk
D	21.42%	10% - < 30%	High Default Risk
E	61.04%	>= 30%	Very High Default Risk

**CREDIT RATING DEFINITION**

The credit rating scale is an ordinal measure of risk where successive move down the scale represents an exponential increase in credit risk. The rating reflects the credit risk and confidence level of Subject and serves as a guide in setting the amount of credit to be extended. It is calculated from a composite weighted scores obtained from each of the macro and micro analyses as epitomized by the 6 Cs.

• CHARACTER (15%)	• CREDIBILITY (20%)
It refers to the study of Subject years of establishment, legal status and its shareholders or owners.	It refers to the Subject's credibility in honoring its obligations through an evaluation of its payment records and credit history.

<ul style="list-style-type: none"> • CAPITAL (40%) 	<ul style="list-style-type: none"> • CONDITION (10%)
It refers to an evaluation of the financial position of the Subject by taking consideration of its capital adequacy, management efficiency, earning, liquidity and leverage position.	It refers to the benchmarking and trend analysis of Subject performance against the macro-economic and industry data.
<ul style="list-style-type: none"> • CAPACITY (10%) 	<ul style="list-style-type: none"> • CONTIGENCY (5%)
It refers to the study of the management capacity in performing contracts or undertaking projects and the degree of client diversification.	It refers to the study of the asset quality and the readiness of the Subject in facing any untoward event in the future.

In case of unlimited companies, currently commenced companies, lack of financial data or businesses, more weight is given to other 5 Cs(non-financial measures) in our analysis.

DEFAULT RATING DEFINITION

Default rate defined as the probability of the Subject with given credit rating default within the next 12 months period.

The Subject is deemed default upon the first occurrence of any of the events such as a missed or delayed disbursement of interest and/or principal, a distressed exchange with creditor, company winding up or company dissolution.

Default rate is generated from the statistic stochastic model, namely Transition Probability Matrix (TPM) Model.

TPM Model consist of a rating transition probability matrix built based on discrete-time Markov chain using the Cohort approach along with time homogeneity and non-informative transition assumptions.

CREDIT LIMIT DEFINITION

The credit limit is determined with consideration of Subject's financial health, payment record, industry outlook, credit history and adjusted accordingly with reference to the credit rating identified.

The proposed credit limit of evaluated Subject is the recommended outstanding total amount of credit to the Subject at any time.