

## EXECUTIVE SUMMARY

<b>REGISTRATION NO.</b>	:	SAMPLE-V
<b>COMPANY NAME</b>	:	SAMPLE SDN BHD
<b>FORMER NAME</b>	:	N/A
<b>INCORPORATION DATE</b>	:	02/10/1982
<b>COMPANY STATUS</b>	:	EXIST
<b>LEGAL STATUS</b>	:	PRIVATE LIMITED COMPANY
<b>LISTED STATUS</b>	:	NO
<b>REGISTERED ADDRESS</b>	:	XXA, LEBUH XXX, 41490 KLANG, SELANGOR, MALAYSIA.
<b>BUSINESS ADDRESS</b>	:	3, JALAN XXX 57, TAMAN 3, TAMAN KLANG JAYU, 41200 KLANG, SELANGOR, MALAYSIA.
<b>TEL.NO.</b>	:	03-00000
<b>FAX.NO.</b>	:	03-00000
<b>CONTACT PERSON</b>	:	NAME ( MANAGING DIRECTOR )

<b>INDUSTRY CODE</b>	:	00000
<b>PRINCIPAL ACTIVITY</b>	:	PRINTING SERVICES
<b>AUTHORISED CAPITAL</b>	:	MYR 5,000,000.00 DIVIDED INTO ORDINARY SHARE 5,000,000.00 OF MYR 1.00 EACH.
<b>ISSUED AND PAID UP CAPITAL</b>	:	MYR 2,400,000.00 DIVIDED INTO ORDINARY SHARES 2,400,000 CASH OF MYR 1.00 EACH.
<b>SALES</b>	:	MYR 11,181,576 [2006]
<b>NET WORTH</b>	:	MYR 4,965,499 [2006]
<b>STAFF STRENGTH</b>	:	20 [2007]
<b>BANKER (S)</b>	:	MALAYAN BANKING BHD
<b>LITIGATION</b>	:	CLEAR
<b>DEFALTER CHECK</b>	:	TRACED

<b>FINANCIAL CONDITION</b>	:	FAIR
<b>PAYMENT</b>	:	AVERAGE
<b>MANAGEMENT CAPABILITY</b>	:	AVERAGE
<b>COMMERCIAL RISK</b>	:	HIGH
<b>CURRENCY EXPOSURE</b>	:	NIL
<b>GENERAL REPUTATION</b>	:	SATISFACTORY
<b>INDUSTRY OUTLOOK</b>	:	MARGINAL GROWTH
<b>CREDIT RATING</b>	:	<b>B</b> (Please refer to appendix)

#### **HISTORY / BACKGROUND**

The SC 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 SC must have at least two directors. A private limited company is a separate legal entity from its shareholders. As a separate legal entity, the SC 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 SC is insolvent. The SC 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 SC is principally engaged in the (as a / as an) printing services.

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

The SC is not qualified to be one of the Top Corporate Performers in the Malaysia 1000 (M1000) publication, a directory jointly published by Companies Commission of Malaysia (The Registrar Office), Minister of Domestic Trade and Consumer Affairs and our publication arm, Publications House Sdn Bhd.

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

<u>Name</u>	<u>Address</u>	<u>IC/PP/Loc No</u>	<u>Shareholding</u>
MR.NAME1 +	20, JALAN KAMPAR, OFF JALAN LANDASAN, 41300 KLANG, SELANGOR, MALAYSIA.	820402- 00-9999 700000	505,776.00
MR.NAME2 +	LOT 3981, BATU 10, KEBUN BARU TELOK, 41300 KLANG, SELANGOR, MALAYSIA.	820402- 00-9999 8000000	262,805.00
MR.NAME3 +	14, JALAN KAMPAR, OFF JALAN	820402- 00-9999 6000000	349,444.00

	LANDASAN, 41300 KLANG, SELANGOR, MALAYSIA.		
MR.NAME4 +	52, JALAN ANGSA, BERKELEY GARDEN, 41150 KLANG, SELANGOR, MALAYSIA.	820402- 00-9999	111,464.00
MR.NAME5 +	8, SOLOK SERAMPANG 5, OFF JALAN TELOK PULAI, 41100 KLANG, SELANGOR, MALAYSIA.	820402- 00-9999	197,103.00
MR.NAME5	236, LEBOH SERAYA, TAMAN PETALING, 41200 KLANG, SELANGOR, MALAYSIA.	820402- 00-9999 100000	32,699.00
MR.NAME6	11, JALAN 12, KAWASAN 17, TAMAN ENG ANN ESTATE, 41150 KLANG, SELANGOR, MALAYSIA.	820402- 00-9999 400000	98,401.00

MR.NAME7	9, LEBOH SEMBILANG 3, KAWASAN 7, TAMAN ANDAM, JALAN SUNGAI BERTEK, 41100 KLANG, SELANGOR, MALAYSIA.	820402- 00-9999 400000	32,699.00
MR.NAME8	30, JALAN SUNGAI KERAMAT 18, TAMAN KLANG UTAMA, 42100 KLANG, SELANGOR, MALAYSIA.	820402- 00-9999 7000000	164,253.00
MR.NAME9	9, SOLOK BALING, OFF JALAN KAPAR, 41400 KLANG, SELANGOR, MALAYSIA.	820402- 00-9999 100000	131,401.00
MR.NAME10	227, BATU 2 1/2, JALAN KAPAR, 41400 KLANG, SELANGOR, MALAYSIA.	820402- 00-9999 560000	197,103.00
MR.NAME11	32, JALAN JELAI 5, OFF JALAN KIM CHWAN, PANDAMARAN,	820402- 00-9999 A050000	25,862.00

	42000 PELABUHAN KLANG, SELANGOR, MALAYSIA.		
MR.NAME12	121, LORONG SERAMPANG 1, KAWASAN 7, JALAN TELUK PULAI, SELANGOR, MALAYSIA.	820402- 00-9999 600000	114,976.00
MR.NAME13	14, JALAN KAMPAR, OFF JALAN LANDASAN, BUKIT KUDA, 41300 KLANG, SELANGOR, MALAYSIA.	9000000	176,014.00
		=====	
		2,400,000.00	
		=====	

+ Also Director

#### DIRECTORS

## DIRECTOR 1

<b>Name Of Subject</b>	:	MR. NAME
<b>Address</b>	:	20, JALAN KAMPAR, OFF JALAN LANDASAN, 41300 KLANG, SELANGOR, MALAYSIA.
<b>IC / PP No</b>	:	7883000
<b>New IC No</b>	:	820402-00-9999
<b>Date of Birth</b>	:	04/01/1947
<b>Nationality</b>	:	MALAYSIAN CHINESE

## DIRECTOR 2

<b>Name Of Subject</b>	:	MR. NAME14
<b>Address</b>	:	LOT 3981, BATU 10, KEBUN BARU TELOK, 41300 KLANG, SELANGOR, MALAYSIA.
<b>IC / PP No</b>	:	8140111
<b>New IC No</b>	:	820402-00-9999

<b>Date of Birth</b>	:	24/06/1954
<b>Nationality</b>	:	MALAYSIAN CHINESE

### **DIRECTOR 3**

<b>Name Of Subject</b>	:	MR. NAME16
<b>Address</b>	:	14, JALAN KAMPAR, OFF JALAN LANDASAN, 41300 KLANG, SELANGOR, MALAYSIA.
<b>IC / PP No</b>	:	7007000
<b>New IC No</b>	:	820402-00-9999
<b>Date of Birth</b>	:	07/09/1944
<b>Nationality</b>	:	MALAYSIAN CHINESE

### **DIRECTOR 4**

<b>Name Of Subject</b>	:	MR. NAME17
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<b>Address</b>	:	52, JALAN ANGSA, BERKELEY GARDEN, 41150 KLANG, SELANGOR, MALAYSIA.
<b>IC / PP No</b>	:	5445500
<b>New IC No</b>	:	820402-00-9999
<b>Date of Birth</b>	:	08/04/1958
<b>Nationality</b>	:	MALAYSIAN CHINESE

### **DIRECTOR 5**

<b>Name Of Subject</b>	:	MR. NAME18
<b>Address</b>	:	8, SOLOK SERAMPANG 5, OFF JALAN TELOK PULAI, 41100 KLANG, SELANGOR, MALAYSIA.
<b>New IC No</b>	:	820402-00-9999
<b>Date of Birth</b>	:	26/05/1981
<b>Nationality</b>	:	MALAYSIAN CHINESE

### **MANAGEMENT**

1)	<b>Name of Subject</b>	:	NAME1
	<b>Position</b>	:	MANAGING DIRECTOR
<b>AUDITOR</b>			

Auditor	:	SAMPLE
Auditor' Address	:	306-308, JALAN PUDU, 55100 KUALA LUMPUR, WILAYAH PERSEKUTUAN, MALAYSIA.

<b>COMPANY SECRETARIES</b>			
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1)	<b>Company Secretary</b>	:	MS. NAME2
	<b>IC / PP No</b>	:	5257500
	<b>New IC No</b>	:	820402-00-9999
	<b>Address</b>	:	225, JALAN LADANG PALM GROVE, 41200 KLANG, SELANGOR, MALAYSIA.

2)	<b>Company Secretary</b>	:	MS. NAME3
	<b>IC / PP No</b>	:	2266000
	<b>New IC No</b>	:	820402-00-9999
	<b>Address</b>	:	77, JALAN IBUS, SOUTHERN PARK, 41200 KLANG, SELANGOR, MALAYSIA.

## **BANKING**

**Banking relations are maintained principally with :**

1)	<b>Name</b>	:	MALAYAN BANKING BHD

The SC enjoys normal banking routine with above mentioned banker(s). The SC has bank char

## **ENCUMBRANCE (S)**

### **ENCUMBRANCE 1**

<b>Date of Creation</b>	:	07/06/2002

Description Of Charge	:	N/A
Amount Secured	:	RM4,900,000.00
Description Of Property Affected	:	N/A
Name & Address Of Chargee	:	MALAYAN BANKING BHD
Form 40 Dated		
Registered and Numbered 5 In The Register of Charges		

#### **ENCUMBRANCE 2**

Date of Creation	:	10/05/2005
Description Of Charge	:	2ND & 3RD LEGAL CHARGE
Amount Secured	:	RM1,100,000.00
Description Of Property Affected	:	ALL THAT PIECE OF LAND HELD UNDER HS (D) 31115 PT 35149, 31116 PT 35150 & 31113 PT 35147, ALL IN MUKIM KLANG, SELANGOR

Name & Address Of Chargee	:	MALAYAN BANKING BHD 14-22, JALAN KEPAYANG, OFF JALAN MERU, 41050 KLANG, SELANGOR, MALAYSIA.
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Form 40 Dated 27/06/2005

Registered and Numbered 6 In The Register of Charges

#### LEGAL CHECK AGAINST SC

\* A check has been conducted in our databank against the SC whether the subject has been involved in any litigation. Our databank consists of 99% of the wound up companies in Malaysia back dated since 1900.

No legal action was found in our databank.

No winding up petition was found in our databank.

#### DEFALTER CHECK AGAINST SC

\* We have checked through the SC in our defaulters' database which comprised of debtors that have been blacklisted by our customers and debtors that have been placed or assigned to us for collection since 1990. Information was provided by third party where the debt amount can be disputed. Please check with creditors for confirmation as alleged debts may have been paid since recorded or are being disputed.

#### DEFALTER

Defaulter	:	SAMPLE SDN BHD
Creditor	:	XYZ (MALAYSIA) SDN BHD

Reference No	:	RMS/092358
Submission Date	:	03-08-2010
Amount Due	:	100,000.00
Amount Collected	:	30,000.00
Balance	:	70,000.00
Full Settlement	:	No
Last Settlement Date	:	30/12/2009
Debt Type	:	Goods Sold

#### PAYMENT RECORD

#### SOURCES OF RAW MATERIALS:

Local	:	YES	Percentage	:	100%
Overseas	:	NO	Percentage	:	0%

The SC 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

Promp	[ ]	Good	[ ]	Average	[ X ]
Fair	[ ]	Poor	[ ]		

#### CLIENTELE

Local	:	YES	Percentage	:	100%
Domestic Markets	:	MALAYSIA			
Overseas	:	NO	Percentage	:	0%
Credit Term	:	60 – 90 DAYS			
Payment Mode	:	CASH,CHEQUES			
Type of Customer	:	END USERS			

#### OPERATIONS

Services	:	PRINTING
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Competitor(s)	:	SAMPLE (MALAYSIA) SDN BHD NAME1 MALAYSIA SDN BHD NAME2 (MALAYSIA) SDN BHD NAME3 (MALAYA) SDN BHD NAME4 SDN BHD
Ownership of premises	:	OWNED
Total Number of Employees:		
YEAR		2007
GROUP		N/A
COMPANY		20

Branch	:	NO
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**Other Information:**

The SC is principally engaged in the (as a / as an) printing services.

The SC does the printing works for following products ;

- 1) Labels
- 2) Carton boxes

### 3) Pamphlets, brochures and others

The SC normally does the printing works based on the customers' requirements.

The SC's printing machines are semi-automated.

#### 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 SC indicated that :

Telephone Number Provided By Client	:	N/A
Current Telephone Number	:	000000000
Match	:	N/A
Address Provided by Client	:	10A LEBUH GOPENG, 41400 KLANG, SELANGOR
Current Address	:	3, JALAN SERULING 57, KAWASAN 3, TAMAN KLANG JAYA, 41200 KLANG, SELANGOR, MALAYSIA.
Match	:	NO

Latest Financial Accounts	:	YES
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### Other Investigations

On 2nd February 2007, we conducted an interview with the SC's staff, Ms Heng. She furnished us some information on the SC.

Besides, we have contacted another staff, Ms Cheah. She furnished us some information on the SC.

### FINANCIAL COMMENTS

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#### Profitability:

Turnover	:	Increased	[	28.05%	]
Profit/(Loss) Before Tax	:	Decreased	[	8.99%	]
Return on Shareholder Funds	:	Acceptable	[	17.29%	]
Return on Net Assets	:	Unfavourable	[	9.86%	]

The higher turnover could be attributed to the favourable market condition and the SC could be gaining the market share progressively. The dip in profit could be due to the stiff market competition which reduced the SC's profit margin. The SC's management had generated acceptable return for its shareholders using its assets.

### Working Capital Control:

Stock Ratio	:	Favourable	[	15 Days	]
Debtors Ratio	:	Unfavourable	[	146 Days	]
Creditors Ratio	:	Favourable	[	52 Days	]

The SC's stocks were moving fast thus reducing its holding cost. This had reduced funds being tied up in stocks. The SC's debtors ratio was high. The SC should tighten its credit control and improve its collection period. The SC had a favourable creditors' ratio as evidenced by its favourable collection days. The SC could be taking advantage of the cash discounts and also wanting to maintain goodwill with its creditors.

### Liquidity:

Liquid Ratio	:	Acceptable	[	0.80 Times	]
Current Ratio	:	Unfavourable	[	0.88 Times	]

The SC's liquid ratio was slightly low. This could indicate that the SC's working capital was slightly deficient. The SC will have to improve its liquidity position either by obtaining short term financing or increase its paid up capital so that it can meet all its short term obligations as and when they fall due.

### Solvency

Interest Cover	:	Acceptable	[	3.33 Times	]
Gearing Ratio	:	Unfavourable	[	1.14 Times	]

The SC's interest cover was slightly low. If there is no sharp fall in its profit or sudden increase in the interest rates, we believe the SC is able to generate sufficient income to service its interest and repay the loans. The SC was highly geared, thus it had a high financial risk. The SC was dependent on loans to finance its business needs. In times of economic downturn and / or high interest rate, the SC will become less profitable and competitive than other firms in the same industry, which are lowly geared. This is because the SC has to service the interest and to repay the loan, which will erode part of its profits. The profits will fluctuate depending on the SC's turnover and the interest it needs to pay.

### **Overall Accessment:**

Although the SC's turnover had increased, its profits had declined over the same corresponding period. This could be due to the stiffer market competition and / or higher operating costs which lowered the SC's profit margin. The SC's liquidity was at an acceptable range. If the SC is able to obtain further short term financing, it should be able to meet all its short term obligations. The SC had an acceptable interest cover. If there is no sudden sharp increase in interest rate or fall in the SC's profit, we do believe the SC is able to generate sufficient cash flow to service its interest payment. The SC'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 SC : FAIR**

ECONOMIC / INDUSTRY OUTLOOK					
Major Economi c Indicator s:	2003	2004	2005	2006*	2007*
Population ( Million)	25.05	25.58	26.13	26.64	27.17

<b>Gross Domestic Products ( % )</b>	<b>5.4</b>	<b>7.1</b>	<b>5.3</b>	<b>5.8</b>	<b>6.0</b>
Domestic Demand ( % )	5.9	7.5	7.3	7.8	7.1
<b>Private Expendit ure ( % )</b>	<b>5.5</b>	<b>13.1</b>	<b>9.5</b>	<b>7.6</b>	<b>7.2</b>
Consumpt ion ( % )	6.6	10.5	9.2	7.1	6.4
Investmen t ( % )	0.4	25.8	8.5	10.1	10.5
<b>Public Expendit ure ( % )</b>	<b>6.6</b>	<b>&lt;2.1&gt;</b>	<b>3.6</b>	<b>8.0</b>	<b>6.7</b>
Consumpt ion ( % )	10.0	6.0	5.4	5.5	5.4
Investmen t ( % )	3.9	<8.7>	1.9	10.6	8.0
Balance of Trade (	81,13 6	80,66 3	99,76 0	111,7 28	117,0 10

MYR Million )					
Government Finance ( MYR Million )	<20,9 28>	<19,4 19>	<18,6 84>	<19,2 89>	<20,1 96>
<b>Government Finance to GDP / Fiscal Deficit ( % )</b>	<b>&lt;5.3&gt;</b>	<b>&lt;4.3&gt;</b>	<b>&lt;3.8&gt;</b>	<b>&lt;3.5&gt;</b>	<b>&lt;3.4&gt;</b>
Inflation ( % Change in Composite CPI)	1.2	1.4	3.1	3.9	4.0
Unemployment Rate	3.6	3.5	3.5	3.4	3.5
Net International Reserves ( MYR Billion )	171	254	266	—	—

Average Risk-Weighted Capital Adequacy Ratio ( % )	13.28	13.84	13.63	—	—
<b>Average 3 Months of Non-performing Loans ( % )</b>	<b>9.46</b>	<b>8.46</b>	<b>6.74</b>	—	—
Average Base Lending Rate ( % )	6.13	5.99	6.00	—	—
Business Loans Disbursed ( % )	7.2	10.5	8.7	—	—
Foreign Investment ( MYR Million )	15,640.4	13,143.9	17,882.9	20,228.0	—
Consumer Loans ( % )	—	—	—	—	—

<b>Registration of New Companies ( No. )</b>	<b>36,124</b>	<b>38,580</b>	<b>37,474</b>	—	—
Registration of New Companies ( % )	3.8	6.8	<2.9>	—	—
<b>Liquidation of Companies ( No. )</b>	<b>3,958</b>	<b>3,334</b>	<b>7,633</b>	—	—
Liquidation of Companies ( % )	12.8	<15.8>	128.9	—	—
<b>Registration of New Business ( No. )</b>	<b>180,950</b>	<b>189,206</b>	<b>193,095</b>	—	—
Registration of New Business ( % )	16.4	4.6	2.1	—	—

<b>Business Dissolved ( No. )</b>	<b>47,931</b>	<b>51,301</b>	<b>73,355</b>	—	—
Business Dissolved ( % )	<37.7 >	7.0	43.0	—	—
Sales of New Passenger Cars ('000 Unit )	320.5	380.6	400.8	188.8	—
Cellular Phone Subscribers ( Million )	11.1	14.6	18.5	21.3	—
Tourist Arrival ( Million Persons )	10.6	15.7	16.7	17.5	20.1
Hotel Occupancy Rate ( % )	55.3	60.8	63.6	64.8	—

Credit Cards Spending ( % )	14.3	19.3	16.7	—	—
Bad Cheque Offenders (No.)	74,194	70,465	68,654	—	—
Individual Bankruptcy ( No.)	12,351	16,251	16,837	—	—
Individual Bankruptcy ( % )	0.7	31.6	3.6	—	—
<b>INDUSTRIES ( % of Growth ):</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006*</b>	<b>2007**</b>
Agriculture	5.6	5.0	2.5	5.3	4.7
Palm Oil	11.3	3.9	7.1	4.3	—
Rubber	11.3	16.5	<2.9>	6.4	—
Forestry & Logging	2.0	4.3	2.0	1.4	—

Fishing	3.7	5.5	<0.4>	8.6	—
Other Agriculture	0.3	2.4	3.2	7.0	—
<i>Industry Non-Performing Loans ( MYR Million )</i>	<b>759.2</b>	<b>655.3</b>	<b>581.2</b>	<b>0</b>	<b>0</b>
<i>% of Industry Non-Performing Loans</i>	<b>7.7</b>	<b>6.3</b>	<b>5.5</b>	<b>0</b>	<b>0</b>
<b>Mining</b>	<b>5.8</b>	<b>3.9</b>	<b>0.8</b>	<b>5.0</b>	<b>4.5</b>
Oil & Gas	5.1	4.5	1.6	4.6	—
Other Mining	2.9	<8.0>	<1.0>	5.1	—
<i>Industry Non-performing Loans ( MYR Million )</i>	<b>143.6</b>	<b>85.9</b>	<b>119.1</b>	—	—

<i>% of Industry Non- performing Loans</i>	13.7	9.1	15.6	—	—
<b>Manufacturing #</b>	<b>8.4</b>	<b>9.8</b>	<b>5.1</b>	<b>7.3</b>	<b>6.8</b>
<b>Exported-oriented Industries</b>	<b>8.9</b>	<b>15.5</b>	<b>3.0</b>	<b>10.9</b>	—
Electrical & Electronics	9.6	17.8	3.6	13.1	—
Rubber Products	17.6	14.8	2.4	0.3	—
Wood Products	0.9	12.7	0.9	0.7	—
Textiles & Apparel	<2.2>	<11.7 >	<4.4>	2.3	—
<b>Domestic-oriented Industries</b>	<b>12.1</b>	<b>9.7</b>	<b>6.9</b>	<b>5.0</b>	—
Food, Beverages & Tobacco	10.9	3.8	7.7	4.8	—

Chemical & Chemical Products	20.7	14.6	6.9	2.6	—
Plastic Products	28.0	13.5	18.6	21.3	—
Iron & Steel	12.9	2.7	<6.7>	<10.9>	—
Fabricated Metal Products	6.0	29.2	<7.5>	4.4	—
Non-metallic Mineral	10.8	<4.8>	<6.0>	<2.6>	—
Transport Equipment	<5.5>	8.6	10.4	5.6	—
Paper & Paper Products	5.1	2.3	4.6	3.9	—
Crude Oil Refineries	1.7	<2.4>	8.2	12.1	—
<i>Industry Non-Performing Loans ( MYR Million )</i>	<i>9,463.3</i>	<i>8,151.1</i>	<i>6,238.1</i>	—	—

<i>% of Industry Non- Performing Loans</i>	15.9	13.2	10.5	—	—
<b>Construction</b>	<b>1.5</b>	<b>&lt;1.5&gt;</b>	<b>&lt;1.6&gt;</b>	<b>0.7</b>	<b>3.7</b>
Industry Non- Performing Loans ( MYR Million )	<b>7,647. 2</b>	<b>6,789. 7</b>	<b>5,679. 2</b>	—	—
<i>% of Industry Non- Performing Loans</i>	27.5	23.6	20.2	—	—
<b>Services</b>	<b>4.5</b>	<b>6.8</b>	<b>6.6</b>	<b>5.7</b>	<b>6.0</b>
Electric, Gas & Water	4.9	8.1	5.5	4.4	4.7
Transport, Storage &	5.7	8.5	6.3	7.1	5.9

Communication					
Wholesale, Retail, Hotel & Restaurant	1.5	7.1	8.0	6.5	7.3
Finance, Insurance & Real Estate	5.5	6.3	7.0	6.0	5.9
Government Services	8.3	6.5	7.6	5.8	5.5
Other Services	3.3	4.9	5.0	4.4	4.8
<i>Industry Non-Performing Loans (MYR Million)</i>	<i>27,167.4</i>	<i>27,068.3</i>	<i>27,502.0</i>	—	—
<i>% of Industry Non-Performing Loans</i>	<i>11.3</i>	<i>10.2</i>	<i>9.5</i>	—	—

\* Estimate /

Preliminary

\*\* Forecast

# Based On Manufacturing Production Index

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

## INDUSTRY COMMENTS

**MSIC  
CODE**

22210 : Printing

**INDUSTRY** PUBLISHING & MEDIA  
:

The Malaysian Advertisers Association (MAA) expects the local advertising industry to garner at least RM5 billion in advertising expenditure (adex), mainly boosted by international events during the year 2006. According to MAA, the industry achieved a higher adex of over RM4.5 billion in 2005, up 3% from the year before. But for the first quarter of 2006, adex was slow and it is expected to pick up in the second quarter 2006. Print media would still dominate the adex market at least for the next two to three years and this would be taken over by the electronic media.

In 2005, newspapers accounted for 61% or RM2.77 billion of the total adex share. The industry would be more competitive as new players are coming into the country. For example the automotive industry as Malaysia have both local cars and many from outside like China are coming in to Malaysia market. Therefore those existing companies had to spend more on advertising while new players would also need to spend to raise the profile of their brands.

## **OVERALL INDUSTRY OUTLOOK : Marginal Growth**

### **COMMENTS**

Incorporated in 1982, the SC is a private limited company focusing on printing services. Its long presence in the market coupled with its vast experience in the business should have enabled the SC to build up a stable clientele and supplier base. Besides that, its reputation in the market is satisfactory. The SC grows steadily with its paid up capital stands at RM2.4 million. The major shareholder of the SC is Tan Kaw who is a director of the SC. We considered that the SC's business position in the market is much dependent on the ability of its director.

The SC's business operations are predominantly in local market. As such, any adverse developments in the economic environment and uncertainties in local market could adversely affect the business prospects of the SC. As such, the SC is deemed to be in a high business risk. The management of the SC is assisted by 20 staff in the operations. Overall the management capability of the SC is average.

In 2005, the SC reported pre-tax profit of RM630,114 over its turnover of RM11.18 million. The SC has generated an acceptable return on shareholders' funds of 17.29%. This indicates that the SC was efficient in utilising its shareholders' funds to generate profit. Besides that, the SC also has an acceptable gearing ratio and its financial risk is low. However, the SC

is in a weak liquidity position. Thus it faces working capital deficiency. The overall financial performance of the SC is fair.

We noted that the SC only imports its products from local suppliers. Without involving in any import and export activities, the SC does not face foreign exchange risk. The SC should have built up its rapport with its suppliers through its years of establishment. Hence it should have no problems in getting its raw materials when required.

Based on our financial historical data, we concluded that the SC's payment pattern is average. There are no legal suits against the SC.

The potential growth for the industry is marginal and it is quite competitive. It is much dependent on the SC's capacity in sustaining its performance in the market. As the SC is long presence in the market, it should have acquired competitive edge against other players in the same fields.

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

**~ END OF REPORT ~**

## **PROFIT AND LOSS ACCOUNT**

**THE FINANCIAL STATEMENTS WERE PREPARED IN ACCORDANCE WITH MALAYSIA ACCOUNTING STANDARD.**

**SAMPLE SDN BHD**

**For The Year Ended 30-09-2006**

	2006	2005
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	MYR	MYR
<b>TURNOVER</b>	11,181,576	8,732,446
	=====	=====
	==	==
<b>PROFIT/(LOSS) FROM OPERATIONS</b>	630,114	692,372
	_____	_____
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	630,114	692,372
Taxation	228,634	<518,908>
<b>PROFIT/(LOSS) AFTER TAXATION</b>	858,748	173,464
<b>PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS</b>	858,748	173,464
<b>PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS RETAINED PROFIT/(ACCUMULAT</b>	858,748	173,464

ED LOSS) BROUGHT FORWARD		
As previous reported	1,706,751	1,533,287
As restated	1,706,751	1,533,287
PROFIT AVAILABLE FOR APPROPRIATIONS	2,565,499	1,706,751
RETAINED PROFIT/(ACCUMULATED LOSS) CARRIED FORWARD	2,565,499 ===== ==	1,706,751 ===== ==
RETAINED BY: The Company	2,565,499 ===== ==	1,706,751 ===== ==
<b>INTEREST EXPENSE (as per notes to PL)</b>		
Term loan	122,779	158,982
Bank overdraft	3,256	1,711

Hire purchase	144,742	85,519
	_____	_____
	270,777	246,212
	=====	=====
	==	==

### BALANCE SHEET

<b>SAMPLE SDN BHD</b>		
<b>As At 30-09-2006</b>		
	<b>2006</b>	<b>2005</b>
	<b>MYR</b>	<b>MYR</b>
<b>ASSET EMPLOYED:</b>		
<b>FIXED ASSETS</b>	9,901,993	7,484,772
<b>TOTAL LONG TERM ASSETS</b>	9,901,993	7,484,772

<b>CURRENT ASSETS</b>		
Stocks	455,731	350,956
Trade debtors	4,481,186	3,272,744
Other debtors, deposits & prepayments	307,140	311,124
Short term deposits	217,569	214,356
Cash & bank balances	21,919	20,669
<b>TOTAL CURRENT ASSETS</b>	<hr/> 5,483,545	<hr/> 4,169,849
 <b>CURRENT LIABILITIES</b>		
Trade creditors	1,606,203	860,600
Other creditors & accruals	550,021	208,372
Hire purchase & lease creditors	1,152,716	578,295
Bank overdraft	319,924	382,462

Short term borrowings/Term loans	277,655	255,250
Bill & acceptances payable	1,991,000	1,240,697
Amounts owing to director	350,693	648,150
Provision for taxation	—	219,981
<b>TOTAL CURRENT LIABILITIES</b>	<hr/> 6,248,212	<hr/> 4,393,807
<b>NET CURRENT ASSETS/(LIABILITIES)</b>	<hr/> <764,667>	<hr/> <223,958>
<b>TOTAL NET ASSETS</b>	<hr/> 9,137,326 =====	<hr/> 7,260,814 =====
	=	=
<hr/> <b>FINANCED BY:</b>		
<hr/> <b>SHARE CAPITAL</b>		
Ordinary share capital	2,400,000	2,400,000

<b>TOTAL SHARE CAPITAL</b>	2,400,000	2,400,000
<b>RESERVES</b>		
Retain profit/(Accumulated loss) carried forward	2,565,499	1,706,751
<b>TOTAL RESERVES</b>	2,565,499	1,706,751
<b>SHAREHOLDERS' FUNDS/EQUITY</b>	4,965,499	4,106,751
<b>LONG TERM &amp; DEFERRED LIABILITIES &amp; PROVISIONS</b>		
Long term loans	1,831,564	2,161,342
Hire purchase creditors	2,090,263	512,721
Deferred taxation	250,000	480,000
<b>TOTAL LONG TERM &amp; DEFERRED LIABILITIES &amp; PROVISIONS</b>	4,171,827	3,154,063

	9,137,326	7,260,814
	=====	=====
=		=

## FINANCIAL RATIOS

<b>SAMPLE SDN BHD</b>		
<b>As At 30-09-2006</b>		
	<b>2006</b>	<b>2005</b>
	<b>MYR</b>	<b>MYR</b>

## TYPES OF FUNDS

Cash	239,488	235,025
Net Liquid Funds	<358,091>	<402,687>
Net Liquid Assets	<1,220,398>	<574,914>
Net Current Assets/(Liabilities)	<764,667>	<223,958>

Net Tangible Assets	9,137,326	7,260,814
Net Monetary Assets	<5,392,225>	<3,728,977>

### BALANCE SHEET ITEMS

Total Borrowings	5,672,122	3,890,070
Total Liabilities	10,420,039	7,547,870
Total Assets	15,385,538	11,654,621
Net Assets	9,137,326	7,260,814
Net Assets Backing	4,965,499	4,106,751
Shareholders" Funds	4,965,499	4,106,751
Total Share Capital	2,400,000	2,400,000
Total Reserves	2,565,499	1,706,751

### LIQUIDITY(Times)

Cash Ratio	0.04	0.05
Liquid Ratio	0.80	0.87
Current Ratio	0.88	0.95

## WORKING CAPITAL CONTROL (Days)

Stock Ratio	15	15
Debtors Ratio	146	137
Creditors Ratio	52	36

## SOLVENCY RATIOS (Times)

Gearing Ratio	1.14	0.95
Liabilities Ratio	2.10	1.84
Times Interest Earned Ratio	3.33	3.81

## PERFORMANCE RATIO (%)

Operating Profit Margin	5.64	7.93
Net Profit Margin	7.68	1.99
Return On Net Assets	9.86	12.93
Return On Capital Employed	8.27	11.07

Return On Shareholders' Funds/Equity	17.29	4.22
Dividend Pay Out Ratio (Times)	0	0

## NOTES TO ACCOUNTS

Contingent Liabilities	0	0
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## ~ APPENDIX ~

<b>RATING</b>	<b>CREDIT RISK</b>	<b>CREDIT RECOMMENDATION</b>	<b>PROPOSED CREDIT LIMIT (in concerned business)</b>
AA	Very Low	Credit can be proceeded with favourable	Large amount
A	Low	Credit can be proceeded promptly	Fairly large amount
BB	Below Average	Credit can be proceeded with normally	Moderate amount
B	Average	Credit can be proceeded with monitor	Small amount – periodical

C	Above Average	Credit can be extended under guarantee	C.O.D to small amount
D	High	Credit is not recommended	C.O.D
E	Very High	Not qualified for credit assessment	Deposit or advance payment

The above rating reflects the credit risk and confidence level of SC 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 major and micro analyses as epitomized by the 6 Cs.

### **CHARACTER (25%)**

It refers to the study of behavioral measures, management capacity and integrity of SC.

### **CAPITAL (30%)**

It refers to an evaluation of the financial position of the company taking consideration of company's financial and operational ratios. These are normally the organization's capital adequacy, management efficiency, earning and liquidity.

### **CAPACITY (12.5%)**

It refers to the study of its payment records, potential resources and capacity, stakeholder's alliances and value chain analysis.

#### **CONDITION (15%)**

It refers to the environment scanning, industry study and benchmarking, SWOT analysis, market trend and corporation's value chain analysis in evaluating its current position and future prospects.

#### **CONTACT (5%)**

It indicates the influence of business networking, political connection and market coverage in achieving business success.

#### **CONTROL & CONTIGENCY (12.5%)**

It refers to the situational and sensitivity analysis, cost-benefit study, asset quality and coverage for untoward happenings, etc.

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