SBSD1103
Financial Management

Group Project:
Advanced Ratio Analysis on Nestle Malaysia

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Introduction about Nestle Malaysia

Nestle is one of the world's largest multinational food and beverage corporations. Nestle was established in Vevey, Vaud, Switzerland, in the year of 1866. Nestle is the world's largest food producer in terms of revenue. The establishment was made by two companies that merged during the 1950s. At first, during the 1860s, the company started producing soluble milk that is for infants and babies. After that, nestle started producing soluble coffee during the 1930s. And in the year 2010, nestle managed to create about 109 billion Swiss Francs and the net profit was about 32 billion Swiss Francs.

In the global scope for nestle products, the company currently owns over 2,000 brands. For example, the brands that nestle owns are manufacturing coffee, bottled water, milkshakes and other beverages, breakfast cereals, infant foods, performance and healthcare nutrition, seasonings, soups and sauces, frozen and refrigerated foods, and pet food.

For Malaysia, nestle began to operate in Malaysia in 1912. The company chose Penang as its first place to operate in Malaysia. Later, as the company grew more, it moved to Kuala Lumpur in 1939. Currently, Nestle Malaysia's head office is now located in Mutiara Damansara, Petaling Jaya, Selangor. On December 13, 1989, Nestle Malaysia was listed on the KLSE, which is today known as Bursa Malaysia Bhd.

Nestle Malaysia is the company's largest Halal producer worldwide, producing more than 500 Halal foods and beverages. Out of over 180 markets globally, Nestlé Malaysia is recognized as the global Halal Centre of Excellence for the Nestlé Group. Nestle Malaysia only produce, import, and distribute Halal-certified items from the Department of Islamic Development Malaysia (JAKIM) and other recognized Islamic agencies. Thus, with the greatest quality and hygiene standards, Nestle's products allow both Muslim consumers and non-Muslim consumers to totally enjoy their products.

With more than 100 years of nourishing Malaysians with excellent brands and products, all while retaining our Halal excellence and integrity, Nestle Malaysia products such as Milo, Maggi, Nescafé, and Kit Kat had become portion of Malaysians' life for centuries. In terms of economy, Nestle Malaysia operates 6 factories and employs more than 5,000 employees countrywide, these will advance the nation's economy to growth, amidst increased employment rate in Malaysia.

Mission Statement

The world's leading nutrition, health, and wellness company. Our mission of "Good Food, Good Life" is to provide consumers with the best tasting, most nutritious choices in a wide range of food and beverage categories and eating occasions, from morning to night.

Vision

To be a leading, competitive, Nutrition, Health and Wellness Company delivering improved shareholder value by being a preferred corporate citizen, preferred employer, preferred supplier selling preferred products.

Board of Directors

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail

- Non-Independent Non-Executive Director
- Chairman of the Board of Directors
- Chairman of the Governance, Nomination, and Compensation Committee
- Member of the Audit Committee

Chin Kwai Fatt

- Independent Non-Executive Director
- Chairman of the Audit Committee

Dato' Hamidah Naziadin

- Independent Non-Executive Director
- Member of the Governance, Nomination, and Compensation Committee

Datin Sri Azlin Arshad

- Independent Non-Executive Director
- Member of the Audit Committee

YM Dr. Tunku Alina Raja Muhd Alias

- Independent Non-Executive Director

- Member of the Governance, Nomination, and Compensation Committee

Juan Aranols

- Executive Director
- Chief Executive Officer
- Alternate Director: Alessandro Monica

Craig Connolly

- Executive Director
- Chief Financial Officer

Tengku Ida Adura Tengku Ismail

- Company Secretary

Nestle Malaysia Chief Competitors

1. Horlicks Malaysia.

Horlicks Malaysia, owned by Unilever Malaysia, is a company that produces nutritious malted drinks, with multi-vitamins, minerals, macronutrients, and fiber. It is enormously popular in Malaysia, especially among children and teenagers. Since Milo is also a type of chocolate malt beverage, thus the similar characteristics between the two products (Horlicks and Milo) will pose big challenges to Nestle Malaysia. Nestle Malaysia's marketing strategies are important to cope with the competition with Horlicks Malaysia.

2. Wall's Malaysia

Wall has been in the Malaysian market for about 45 years while nestle has been in the market since 1912. Both brands have strong brand recognition so these two companies always compete with each other to provide their best product to consumers. When the nestle ice cream and Wall’s ice cream started to be introduced in the local market, they sold their ice cream using a motorbike that will drive around the housing area. Nowadays, we can find Wall’s ice cream and nestle’s ice cream in many places such as 7eleven, family mart, or even supermarkets such as Lotus, Aeon, and Giants. Other than that, nestle offers various flavors of ice creams such as Milo, KitKat, and different types of ice cream such as ‘aiskrim potong’ which is Malaysian traditional ice cream. Meanwhile, Wall’s also offer a lot of flavor option to consumers such as Ovaltine, Mochi chocolate vanilla, sandwich-type of ice cream, and a lot more.

3. Vitagen Malaysia

Malaysia Dairy Industries Pte Ltd (MDI) was incorporated as a joint venture between Singaporean partners and the Australian Dairy Produce Board in 1963. In 1977, MDI first introduced their probiotic milk product that has been well known to Malaysians as a healthy drink to consume every day called "VITAGEN". Vitagen is made by fermenting skimmed milk with billions of live probiotic cultures (Lactobacillus acidophilus and Lactobacillus casei). These probiotic cultures reach the intestines and help preserve the balance of good and bad bacteria for a good digestive system. Although Nestle has produced a similar type of nutrition drink called "Nestle BLISS" with various flavours, the VITAGEN always wins first place as the best nutrition drink among other brands.

4. F&N Malaysia

F&N was established in 1883 with two visionaries, John Fraser & David Chalmers Neave formed The Singapore and Straits Aerated Water Company to produce carbonated soft drinks. This company eventually became one of the region's food and beverage giants. Today, the F&N Group is among the oldest, most recognized, and most successful businesses in Singapore and Malaysia with core expertise and leadership in the Food & Beverage, Property Publishing & Printing sectors. The closest competitor of F&N in Malaysia is Nestle. This is because Nestle also produced creamer milk. The example of Nestle Creamer Milk Teapot. In addition, F&N has delicious soft drinks that can attract people in Malaysia and Nestle also has good texture creamer milk for baking and homemade drinks.

5. Cadbury

Cadbury was established in Birmingham, England in 1824, by John Cadbury, a Quaker who sold tea, coffee, and drinking chocolate. Cadbury also is internationally headquartered in Uxbridge, west London, and operates in more than 50 countries worldwide. Cadbury is well known for its Dairy Milk Chocolate, the Crème Egg, and Roses selection box. In Malaysia, Cadbury's brand owner is Mondelez Malaysia Sales Sdn Bhd. According to some reports, Asia- Pacific accounts for 15% of Mondelez International's US$35 billion (RM112.7 billion) business, with about three-quarters of its annual revenue generated in the fast-growing biscuits, chocolate, and candy categories. The closest competitor of Cadbury in Malaysia is Nestle. This is because Nestle also produced the chocolate bar. The other reason they compete is Nestle's wide reach and focus on the quality of their food product. Example of Nestle’s chocolate bars is crunch and KitKat. As we all know, Cadbury and Nestle's chocolate bars have a delicious taste that attracts people to buy them. They also produced many types of flavors to make them vary in the market. People can find all of that chocolate in many markets in Malaysia even in a small stall.

Country - Level Analysis

Years	GDP (RM million)
2010	821,434 .00
2011	864,920.00
2012	912,261.00
2013	955,080.00
2014	1,012,449.00
2015	1,176,941.00
2016	1,229,312.00
2017	1,300,769.00
2018	1,363,766.00
2019	1,424,310.00

Sources: Department of Statistic Malaysia

Year 2010 -

Overall, the Malaysian economy recorded 7.2% growth (2009: -1.7%) after an economic downturn in 2009. The growth is possibly supported by sustained domestic demand and increased private sector activities.

Domestic Demand

Domestic demand expanded 6.3% in 2010. This growth is supported by better conditions of employment rate, a steady incremental in income, higher crude palm oil prices, and rubber prices. These conditions encourage people to spend more, boosting the economy in a positive way.

The **unemployment rate** became lower in 2010 (3.2%), indicating a development in the labor market, directly causing a boost in domestic demand. Consumers' spending activity had greatly increased due to improved conditions in the labor market and stable income growth.

Higher food and commodity prices caused the **inflation rate to increase to 1.7%** (2009:0.6%). For example, wheat and corn global prices rise significantly due to bad weather conditions. In 2010, Malaysia had reached RM1.17 trillion in trade, which grew by 18% compared to the previous year

Private consumption:

Grow steadily by 6.6%. Mostly caused by robust performance in passenger car sales, retail sales, and imports of consumption goods. Besides improved labor market conditions, a better monetary environment also helps the consumer's spending as the credit access continued increasing.

Private sector investment extended by 13.8% in 2010, mainly in the manufacturing, mining, and services sectors. The growth can be reflected by the import of capital goods increasing by 16.2% and sales of construction-related materials rising by 11%.

Public investment

- Expanded by 5.5% (2009: 8%) because of the continuance of the second stimulus package of RM5 billion.

- In 2010, the Malaysian government mainly focus on the development of rural area infrastructure and urban public transportation, meanwhile improving public education and healthcare services.

Public consumption

- However public consumption growth slowed to 0.1 % (2009: 3.1%). It is due to the government having reduced the non-essential expenditure and reprioritized the spending programs. Spending on emoluments remains increasing due to the increased salary scheme. Meanwhile, **foreign direct investment** rises 500.3% to reach US$1.43 billion (2009: US$1.43 billion).

Total export grew to RM639.43 billion (15.7%), while **total imports** recorded RM529.19 billion (21.8%) in 2010. Manufactured goods contribute the highest, RM460.96 billion (72.1%) to total export, while intermediate goods are the most significant portion imported by Malaysia in 2010, which recorded RM363.15 billion (68.6%).

Malaysia's external debt: Due to a reduction in medium- and long-term debt, Malaysia's external debt reduced to RM226.3 billion, 30.2% of total GNI.

Year 2011 -

- Malaysia economy experienced steady growth of 5.1% in 2011. (2010: 7.2%). The overall economic growth in 2011 was quite soft, especially in the second quarter of 2011. In the second quarter, the global supply chain had been significantly affected due to a disaster that occurred in Japan.

Domestic Demand

- Increased by 8.2% in 2011, supported by strong performance in household and business spending, and higher public consumption.

Private consumption

- Rise by 6.9%, mainly caused by lower unemployment rate and broad-based income growth. According to a research carried by Bank Negara Malaysia, the average income in the private sector increased by 4.0% in 2011. Meanwhile, the higher price of palm oil and rubber contributes to greater income for rural areas.

- Several consumption indicators can prove that private consumption is experiencing strong growth, such as imports of consumption goods, retail sales, and credit spending.

Private Investment

- Expanded by 14.4% (2010: 17.7%). This growth is mainly supported by higher capital expenditure, mainly in the manufacturing, mining, and service sector. This can be seen clearly through the growth of imports of capital goods with 9.7%, sales of construction-related materials (12.1%), and loans made by businesses at 12.5%.

Public Investment

- Rise by 5.5% in 2010 (2009: 8%), owing in part to the continuance of the second stimulus package at RM5 billion in the first half of the year.

Public consumption

- In 2010, public consumption fell to 0.1 percent (2009: 3.1%), owing to decreasing spending on supply and services. This reduction is caused by governments' plan to reprioritize spending programs and cut non-essential spending.

- Nonetheless, emolument spending increased because of the enhanced wage structure for certain parts of the public service.

In 2010, Malaysia successfully reached a total amount of RM694.5 billion in export, while it recorded RM574.2 billion in imports. In the total of RM694.5 billion of export, Electrical & Electronic Products contribute 34.1% (RM236.5 billion), followed by 20.8% (RM144.6 billion), palm oil 9.3% (RM64.8 billion), and so on.

Year 2012 -

In a nutshell, the growth rate and quality of the Malaysian economy exceeded expectations. The Malaysian economy performed better than anticipated in 2012, posting a robust growth rate of 5.6%. The overall growth performance was driven by higher domestic demand growth, which more than offset the negative impact of the weak external environment.

Domestic Demand

Domestic demand grew at the fastest rate over the past decade, driven by increased consumption and investment spending. Despite external uncertainties, domestic consumer confidence increased due to positive income growth, the continued strength of the labour market, the low inflation environment, and favourable financing conditions. Investment activity was a key driver of the domestic economy during the year, as both the private and public sectors increased their capital expenditures.

Private consumption

Private consumption registered a firm growth of 7.7% in 2012. The strong performance was attributed to favorable income growth, Government transfers to low- and middle-income households, and supportive financing conditions. In the public sector, public consumption recorded a moderate growth of 5% amidst continued fiscal consolidation efforts during the year.

Private investment

Private investment increased by 22 percent, representing a double-digit increase. In 2012, private investment reached its highest level since 1998, at 15.5% of GDP. This was due to strong capital expenditures in consumer-related services, domestic manufacturing, and the implementation of significant infrastructure projects. In addition, public investment grew by 17.1% as public enterprises increased their capital expenditures.

- In addition, the robust investment performance was attributed to the launch and progress of a number of infrastructure projects, including those under the Economic Transformation Programme (ETP), as well as the gradual improvement of the investment climate.
- Aside from this, the current account surplus decreased to RM60 billion in 2012 (from RM97.1 billion in 2011) due to a smaller goods surplus and larger deficits in the services and income accounts. Malaysia's external debt decreased to RM252.8 billion (USD81.7 billion) as of the end of 2012 (2011: RM257.4 billion), representing 28 percent of gross domestic product (2011: 30 percent of GNI). The goods surplus resulted from a combination of robust import growth as a result of the increase in domestic demand and lower export growth as a result of weak external demand and lower commodity prices.
- The medium- and long-term external debt of the private sector increased during the year. Net international reserves increased by RM3.9 billion to RM427.2 billion as of 31 December 2012 (equivalent to USD139.7 billion). As of 28 February 2013, the reserves totaled RM429 billion (equivalent to USD140,3 billion), which is enough to finance retained imports for 9.5 months and is 4.6 times the short-term external debt.

Year 2013 -

In summary, the Malaysian economy continued to develop in 2013, as domestic demand continued to grow strongly. The Malaysian economy grew by 4.7% in 2013 (compared to 5.6% in 2012) due to the continued strong domestic demand growth. Despite the comparatively low external environment in the first half of the year.

Domestic Demand

Domestic demand remained robust across the year, driven by strong private sector activity. The expansion of domestic-related activity in the services and manufacturing sectors across the year was a result of the continued growth of domestic demand.

Private consumption

- Favorable employment conditions and wage growth were the main drivers of private consumption. In 2013, private consumption growth remained robust at 7.6%, supported primarily by favourable employment conditions and wage growth.
- Private consumption was also reinforced by government transfers to low- and middle-income households and continued access to credit for creditworthy borrowers. Public consumption rose 6.3% in 2013, primarily due to an increase expenditures on goods and services..

Private investment

Private investment was supported by mining, service, and manufacturing capital expenditures. The external sector's developments were largely responsible for 2013's more moderate growth performance.

- 13.6 % expansion in private investment was influenced by both domestic and foreign capital spending in the mining, services, and manufacturing sectors.
- Following a decline in federal development expenditures, public investment increased by a moderate 0.7%. Moreover, this was counterbalanced by increased capital expenditures by public sector firms, which were mainly focused towards to the oil and gas, transportation, and energy industries.
- Most businesses were able to adapt to the minimum wage policy, as employment increased by 4.8% while layoffs decreased. 3.1% was the unemployment rate throughout the entire year. The current account surplus rose to RM26,1 billion as export growth returned to positive territory because of rising demand for manufactured and agricultural goods. Import growth remained robust throughout the year owing to robust domestic demand. The current account had a surplus of RM37,3 billion for the entire year (2012: RM57.3 billion). Malaysia's external debt at the end of 2013 was RM318.1 billion (USD95.8 billion; 33.5 % of gross national income) compared to RM252.8 billion (RM) at the end of 2012. (2012: 27.9 % of GNI).

Year 2014 -

- In overall, Malaysian economy recorded 6.0% growth in 2014 (2013: 4.7%). The economy was expanding due to domestic demand and was reinforced by an improvement in the performance of international trade. However, after seven years net exports began to positively impact economic growth.

Domestic demand

- The domestic demand growth rate increased by 6% in 2014. Nevertheless, private domestic demand remained robust during the first half of the year, while public sector spending grew at a moderate pace. In addition, public consumption increase while public investment decrease.

Private consumption

- Increased by 7.1% in 2014 (2013: 7.2%). This expansion is supported by robust fundamental factors that mitigate the negative impact of the cost-driven inflation uprising. In 2014, household income growth was favourable, and labour market conditions remained stable. The nominal wages of export-oriented manufacturing industries increased by 5.7% over the course of the year (2013: 7.3%). Private consumption is also supported by the decline in the unemployment rate to 2.9% (from 3.1% in 2013) and the increase in employment to 13.6 million workers (2013: 13.2 million workers).

Public consumption

- Recorded a moderate expansion of 4.4% in 2014 (2013: 6.3 %). In addition, expenditures on emoluments continued in 2014, while spending growth on services and supplies slowed. At the end of the 2013 fiscal year, discretionary spending, travel, food and beverage, and rental payments were reduced.

- Gross fixed capital formation (GFCF) grew by 4.7% in 2014 as a result of a decline in public investment. GFCF increased by 64%.

Private investment

- Sustained to expand quickly t 11.0% (2013: 13.1%). Investment in the manufacturing sector (26% of private investment) enlarge in 2014. Investments have been managed in both the export-oriented industries like food processing, transport equipment, E&E, domestic-oriented industries, and resource-based. Based on the observation, 51% share of private investment also occur in the services sector where capital expending was also underpinned by investments in both export-oriented and domestic services industries.

Public investment

- - Negative growth of 4.9% in 2014 (negative growth of 2.2% in 2013) as a result of a decline in the Government's development expenditures and lower capital spending by public enterprises. Public enterprises incurred fewer expenses for fixed assets. For instance, reduce expenditures on machinery and equipment. The decrease in the Federal Government's development expenditures is primarily attributable to the decrease in capital allocated to trade and industry.

Year 2015 –

- The Malaysian economy expanded by 5.0 % in 2015 (2014: 6.0 %) on the back of consistent domestic demand growth. Modest improvements in external demand also contributed to economic expansion.

Domestic demand

- Domestic demand growth moderated to 5.1%in 2015 (2014: 5.9%). The slower performance was a result of the slowed expansion of private ectopic activity. By following a smaller contraction in public investment the public sector expenditure improved marginally.

Private consumption

- - Growth slowed to 6% in 2015 (2014: 7%), as households adjusted their spending in response to the rising cost of living caused by fiscal reform. It is measured as the implementation of GST, price adjustment, and depreciation in ringgit. This is also similar to other countries' experiences with GST.

Public consumption

- Registered a continued growth of 4.3% in 2015 (2014: 4.4%). Continued efforts to rationalise and optimise the lower discretionary government spending. However, total spending on supplies and services increased in 2015, driven by expenditures on maintenance, communication, and utilities.

- **Gross fixed capital formation (GFCF)** increased by 3.7% in 2015, compared to 4.8% in 2014, as a result of slower private sector investment. Low investment in the upstream mining sector was a result of volatile oil prices and a climate of low confidence.

Private investment

- Recorded a slower growth rate of 6.4% (2014: 11.0%) due in part to weak business sentiments and a moderation in domestic demand conditions. The overall investment performance will be supported by manufacturing sector investment growth (24 % share of private investment).The manufacturing investment approved by MIDA in 2015 keeps high at RM74.7 billion with projects in natural ga and E&E sub-sectors.

Public investment

- Experienced negative growth in the first half of 2015 due to the near completion of several large projects managed by the public corporation. In addition, public investment began to record growth.

Year 2016 -

- In overall, the Malaysian economy recorded 4.2% (2015: 5%) growth in 2016 due to significant foreign and local constraints. Given the low commodity prices and poor worldwide demand, the global economic picture was tough.

Domestic Demand

- Domestic demand steady growth throughout the year, aided primarily by private sector spending. Malaysia's gross national savings remained high in 2016 (2015: 28.1% of GDP), compared to the emerging market average of 22.9% (excluding PR China). Malaysia has been able to finance its economic growth primarily through domestic means thanks to its high savings rate.

- The **unemployment rate** increased to 3.5% (2015: 3.1%). owing to weaker employment creation in the face of slower economic growth While employment grew, it wasn't enough to absorb new workers. Net job creation increased by 112,300, while the labour force grew by 168,000. According to industrial interactions throughout the year, employers were careful and didn't hire too quickly. Economic downturn made it harder for young people to find work.

- In 2016, there is a small output gap implies that the economy was not subjected to significant pricing pressures, which is consistent with the year's constant **inflation rate** of 2.1%.

Private consumption:

- Recorded remained stable at 6.1% (2015: 6.0%), owing to steady job and salary growth following increases in the minimum wage and civil servant wages. Household spending was boosted by government measures such as a temporary reduction in employees' contributions to the Employees Provident Fund (EPF), increased Bantuan Rakyat 1Malaysia (BR1M) dividends, and tax relief for lower-income taxpayers.

Private sector investment

- In 2016, gross fixed capital formation (GFCF) increased by 2.7 % (2015: 3.7%), owing primarily to reduced private investment growth due to sluggish profitability and business sentiments.

Public Investment

- Recorded the rate of decline was slower at -0.5% (2015: -1.0%) in 2016. This is because of the stronger investment in the downstream oil and gas industry, as well as the transportation and utilities sub-sectors.

Public consumption

- Grew slowly at 1.0% (2015: 4.4%). This is because following the government's early 2016 expenditure reductions in response to decreasing petroleum-related earnings due to low crude oil prices,

Year 2017 -

In overall, the Malaysian economy recorded 5.9% (2016: 4.2%) followed by the expansion in both private and public sector spending. The resurgence in gross export growth as global demand strengthened was a major feature of the year. This was mostly due to increased demand from major trading partners because of the global technology cycle's upswing, advanced nations' investment expansion, and commodities price turnaround.

Domestic Demand

- Domestic demand expanded due to the favourable external demand circumstances, which will help GDP growth. In 2018, both gross exports and imports are expected to expand faster than usual. Favourable demand from major trading partners, the global technological upcycle's continuous expansion, the expansion of domestic productive capacity, and broadly stable global commodity prices will all help boost exports. Despite the predicted increase in the current account goods surplus, the current account balance will continue to be weighed down by deficits in the services and income accounts. In 2018, the current account balance is predicted to be in the range of 2.0% to 3.0% of GDP.
- The unemployment rate stays constant at 3.4% (2016: 3.4%) during 2017. The labor market has strengthened, with faster job gains maintaining pace with population growth. The labour force grew by 303,000 persons, while net job increases totalled 295,000, with high- and mid-skilled workers accounting for the majority of the gains.
- In 2017, headline inflation reached 3.7 % (2016: 2.1 %). During the year, inflation remained variable, owing mostly to increasing domestic fuel prices. Inflation was boosted by increasing global commodity costs and interruptions in domestic food supplies.

Private consumption:

- Recorded growth accelerated at 7.0% (2016: 6.0%). The economy is being boosted by ongoing wage and employment growth, as well as government initiatives.

Private sector investment

- Grew steadily by 9.3% (2016: 4.3%) in 2017 as a result of the favorable global and domestic operating environment.

Public Investment

- Recorded return to expand at 1.0% (2016: -0.5%) in 2017 with continuing spending by the General Government and public corporations.

Public consumption

- Expanded by 5.4% (2016: 0.9%) in 2017 because the Federal Government spend more on supply and services while emoluments continue to rise.

Year 2018 -

In overall, the Malaysian economy recorded 4.7% growth in 2018 (2017: -5.9%). Even though there are multiple challenges faced by Malaysia such as political shifts and major policy, they managed to record a growth in the economy and show high resilience.

Domestic demand

Domestic demand expanded at 4.7% in 2018. The domestic demand growth continued to expand and was mainly supported by private sector expenditure. The other factors that create growth in domestic demand are because of a solid economy, financial and business fundamentals, and positive consumers. The net export for the economy becomes increases as the real exports are higher than real imports.

Private consumption:

Recorded at 8.1% (2017: -7.0%). It is the fastest speed of expansion since 2012. The household burden can be alleviated in the absence of the GST rate for three months, especially for motor vehicles and furnishings, food, and beverages.

Private investment:

Grew 4.5% slowly (2017: -9.3%). The growth expanded because of the uncertainty stemming from external and domestic developments.

Public consumption:

- Recorded a moderate growth of 3.3% (2017: -5.4%). This is because of the slower growth in spending on emoluments and services and supplies. This situation is in line with the government's desire to reduce costs on non-essential items.

Public investment:

- Decrease to 5.2% in 2018 (2017: -0.1%). The decline was basically caused by the lower spending from the public corporations.

Year 2019 -

In overall, Malaysia recorded 4.3% growth for the year 2019. It was the slowest pace of growth since the global financial crisis happened in 2009. However, the economy remained to grow though there are several challenges that occurred during the year such as the start of the Covid-19 outbreak.

Domestic demand:

- Malaysia recorded a 4% expansion in 2019. It is supported by high private sector activities. The increase in consumer spending in sectors such as retail, wholesale, and ICT sub-sectors is due to the positive income and employment growth and also low inflationary pressure.

Private consumption:

- Recorded 7.6% growth in 2019. Same as domestic demand, higher private activities create growth in private consumption. An increase in spending from consumers helps the private sector to gain profit and at the same time increases the growth of private consumption.

Private investment:

- Grew by 1.7% in 2019. However, in the upcoming year, the economy will receive an additional boost from a series of cuts in the overnight policy rate (OPR). Other than that, the targeted fuel subsidy will be postponed.

Public consumption:

- Recorded of 2.2% expansion in 2019 (2018: -3.3%). The government has undertaken the rationalization of spending in order to reduce costs. The costs of non-critical items can be reduced and can expand the growth of public consumption.

Public investment:

- Declined at 11.0% in 2019 (2018: -5.2%). The lack of spending by corporations can be the cause of the decline.

Industry- Level Analysis

Year 2010	Manufacturing Sector Grew by 11.4%, mainly caused by strong performance in both export and domestic-oriented industry. For example, electronics and electrical products have high demand in the export industry, due to the recovery of investment in the IT industry and the greater amount spent by consumers on electronics products. One remarkable result achieved by Malaysia in 2010 is a total value of RM47.18 billion manufacturing projects had been approved, which equals 910 manufacturing projects. This number is a growth of 18.8% number of projects compared with the last year. Through these approved projects, Malaysia can generate 97,319 employment opportunities, reducing the country's unemployment amid boost the country's economy. In 2010, Malaysia successfully attained RM29.06 billion of foreign investments in the manufacturing sector, which mainly focus on E&E products, basic metal products, non-metallic mineral products, and so on.
	Food and Beverage Sector In 2010, Malaysia imports RM13.8 billion of food and beverage products and exported RM12 billion within the same year. Malaysia is the world's fifth-biggest cocoa processor, exporting cocoa-based goods such as cocoa fat, cocoa powder, cocoa paste, and chocolate to over 80 countries. Exports of cocoa and cocoa preparations totaled RM3.9 billion in 2010, up from RM3.1 billion in 2009.

Year 2011	Manufacturing Sector Grow at a slower rate of 4.5% (2010: 11.4%), As the global manufacturing sector also faced several challenges, it will absolutely affect Malaysia’s manufacturing sector. As a result of natural disasters that happened in Japan and Thailand, the global manufacturing supply chain is affected, directly leading to moderate growth of Malaysia’s manufacturing sector, especially in electronics and electrical (E&E) products. Overall, Malaysia’s manufacturing sector contributed 27.5% to the total GDP in 2010. Total export of manufacturing goods grows to RM470.30 billion, E&E products accounted for the largest part of total export, which is RM35.6 billion, followed by others (RM9.0 billion), textiles and clothing (RM4.5 billion)
	Food and Beverage Sector Malaysia continues to be a net food and beverage importer. In 2011, Malaysians spent RM3.4 billion on processed foods, RM3.4 billion on sugar and sugar confectionery items, and RM2.5 billion on dairy. Cocoa (RM3.9 billion) and drinks (RM15.6 billion) are among Malaysia's RM15.6 billion in exports in this sub-sector (RM2.1 billion). In 2010, Malaysia’s bird nests had been banned by PRC to be imported. This imposes a big challenge on Malaysia's status as the second-largest producer of edible bird nests in the world. However, PRC officials have stated their intention to lift the prohibition after calculating the allowed quantity of nitrite for these goods, thus the swiftlet company is projected to resume its significant development in 2012.

Year 2012	Manufacturing Sector Manufacturing sector benefitted from both domestic-oriented and export-oriented industries and grew by a total of 4.8% Meanwhile, the services sector rose by 6.4 %, enjoying across-the-board growth in all sub-sectors. In the resource-based sectors, agriculture grew by 1.0 % while mining went up by 1.4 %. Headline inflation remained benign at 1.6 % in 2012. The modest gain in inflation was due to the slower increase in the prices of food, which in turn was the result of modest external price pressures as well as significant improvement in domestic food supplies. Price increases for the non-alcoholic beverages and transport categories. were moderate. Core inflation, an indicator of demand-driven price pressures, moderated to 2.2% in 2012. The stronger economic growth in 2012 had a positive impact on the labor market. The unemployment rate remained at a healthy level of 3.0 %, with gains in employment coming from the services and agriculture sectors in particular. However, total retrenchments increased by 35.2 % to 7,616, due mainly to higher layoffs in the manufacturing sector.
	Food and Beverage Sector In 2012, Malaysia's total exports of food and beverages remained stable at RM15.5 billion in 2012, almost the same as in 2011. The main exports in 2012 were RM3.3 billion in cocoa and cocoa preparations and RM5.0 billion in other processed food. Meanwhile, imports of food items grew 10.0%to RM16.3 billion, including RM3.9 billion of other processed food, RM3.7 billion of sugar and sugar confectionery, The oil palm products industry exported RM56.1 billion in products in 2012, a 13.3%decrease from 2011. International demand was affected by an uncertain global economic outlook and more competitive prices from Indonesian palm oil producers due to restructured export taxes.

	Manufacturing Sector The manufacturing sector grew by 3.4 per cent while the services sector grew by 5.9 per cent. Trade volume reached RM1.3 trillion, an increase of 4.6 per cent compared with 2012. Despite the modest pace of the world economy, exports increased to a new high of RM719.8 billion while imports reached RM649.1 billion. Manufacturing sector expanded due to the sustained growth of domestic demand. The external environment in the second half of 2013 improved and contributed to the growth of export-oriented manufacturing industries. Manufactured goods continued to dominate exports with a share of 67.1 per cent of total exports or RM483.0 billion. In 2013, the top five export products were E&E products, refined petroleum products, LNG, chemicals and chemical products, and palm oil. Exports of E&E products increased by 2.4 per cent to RM236.8 billion in 2013 following a recovery in the E&E cycle. The growth was backed mainly by the increase in exports of semiconductor devices and integrated circuits (ICs). In the oil & gas sector, exports of refined petroleum products increased by 26.9 per cent from RM51.5 billion in 2012 to RM65.4 billion in 2013. Singapore remained the main export destination with a share of 42.3 per cent of total exports of refined petroleum products. Exports of LNG increased by 5.5 per cent, valued at RM59.2 billion compared to RM56.2 billion last year.
Year 2013	Food and Beverage Sector In 2013, Malaysia's total food and beverage exports increased by 9.0 percent to RM16.9 billion, up from RM15.5 billion in 2012. In 2013, Malaysia remained a net importer of processed foods and beverages, with imports increasing by 15.3% to RM18.8 billion compared to RM16.3 billion in 2012. In 2013, total investments rose 21.0% to RM2.9 billion from RM2.4 billion in 2012. There were a total of RM2.1 billion in foreign investments and RM751.2 million in domestic investments. In 2013, 66 projects were approved, as opposed to 52 projects in 2012. In 2013, the industry employed 59,330 individuals, a 7.6% increase from 2012. (55,152 workers). Malaysia's chemical and petrochemical industry continued to make substantial contributions to the country's economy. Since 2012, the chemical and petrochemical industry has contributed 5.5% more to the gross domestic product. The employment rate increased by 5.1% to 122,652, surpassing that of 2012 (116,736). The export value of chemical and petrochemical

	products increased by 3.1% from 2012 to reach RM47.7 billion, while imports increased by 7.3% to RM55.9 billion.

Year 2014	Manufacturing Sector In 2014, the manufacturing sector experienced a growth of 6.2%. (2013: 5.9 %). The constant expansion of the sector was attributed to a gradual increase in global demand. This directly relates to export-oriented goods, such as robust private investment in domestic-oriented industries and domestic consumption. As a result of Malaysia's increased crude oil production in 2014, the mining industry grew by 3.1% (2013: 0.7%), despite the global decline in oil prices. Even though the agricultural sector experienced slower growth throughout the year due to flooding, it still posted a 2.6% increase over 2013's 1.9% growth.
	Food and Beverage Sector As a trade-dependent nation, Singapore anticipates a slowdown in its externally oriented manufacturing and wholesale trade services sector as a result of rising unemployment rates. India's total trade increased by 7.5% to 45.24 billion ringgit. Exports to India increase by 23.9 percent, or RM6.16 billion, to RM31.9 billion as palm oil and processed food exports increase. In addition, Malaysia's exports to Africa increased by 1% to RM19.47 billion (2013: RM17.54 billion). Major exports to Africa included petroleum, processed foods, palm oil, and machinery and equipment.. In manufactured exports, processed food contributed the growth of 16.3% to RM16.56 billion. In 2014, food manufacturing recorded an investment amounting to RM2.8 billion. Halal food also was developing in Islamic countries. However, food and beverages are also involved in the Business Linkage (BLing) Programme and also be one of the successful manufacturing sectors in that business. Food and beverages in Malaysia also have partnerships with SME.

Year 2015	Manufacturing Sector The manufacturing sector expanded by 4.9% in 2015. In 2015, this sector accounted for 23% of the increase in GDP. This continued to occur because export-oriented industries performed so well. The electrical and electronics (E&E) subsector is supported by the production of a number of firms that contribute to the growth of the manufacturing industry. In 2015, the mining and quarrying industry grew 4.7%, compared to 3.3% in 2014. It is also the only industry to have surpassed the 2014 growth rate. Next, construction growth slowed to 8.2 percent in 2015, down from 11.8 percent in 2014. This is the result of the residential subsector's weak performance. 2015 construction and agriculture contributions to GDP were 4.45 and 8.8 percent, respectively. The stability of the labour market is supported by domestic demand and unemployment.
	Food and Beverage Sector In 2015, there are many sectors that be Malaysia’s main exports to FTA partners which are food and beverages. FTA partner countries that registered increases in export from Malaysia are Turkey, Chile, Pakistan, Thailand, Viet Nam, Philippines, Myanmar, and Cambodia. The total trade with FTA partner countries stood at RM 927.57 billion (2014: RM909.48 billion). And the exports are RM492.41 billion (2014: RM493.5 billion) while the imports are valued at RM435.16 billion. FTA partner countries contributed 63.1% of Malaysia’s total exports in the year. In Singapore, the higher exports of processed food are RM190.7 million to 2.34 billion. Malaysia’s imports from the Philippines are valued at RM6.53 billion. Next, Malaysia’s exports to Myanmar increased by 16.4% to RM3.06 billion and the higher export of manufacture is processed food which I RM129.5 million. Nestle and Hershey have to build a halal food facility in Malaysia and followed by Kellog, major food manufacturer in the US. In 2015, Malaysia International Halal Showcase (MIHAS) promoted halal consumables, non-food products and services, packaging, machinery, and catering equipment. This program has many participants from many companies and increased by 7.9% from 489 companies in 2014.

Year 2016	Manufacturing Sector - Grown by 4.4% (2015: 4.9%) , owing to continuous increase in both export and local industries. The electronics and electrical (E&E) segment grew considerably in response to a recovery in global semiconductor demand in the second half of 2016, driving the performance of export-oriented businesses. Higher output of petrochemical goods aided growth by meeting sustained regional demand. The sluggish output of motor vehicles pulled down domestic-oriented businesses, although robust demand for food-related products and construction-related materials boosted development.
	Food and Beverage Sector - In 2016, Malaysia's halal products are in high demand, and exports have gradually expanded over the years, with halal ingredients, food and beverages, and palm oil derivatives accounting for the majority of export earnings (palm olein and stearin). Between 2011 and 2016, the cumulative investments in Halmas Halal Parks were RM11.89 billion, showing a CAGR of more than 13%, and 10,941 job opportunities were created. The United States, Japan, Italy, the Kingdom of Saudi Arabia, and Singapore have all invested in Halal Parks.New investments were RM2.59 billion, with RM1.38 billion going to the ingredients sector.

<table>
<tr><td rowspan="2">Year 2017</td><td>Manufacturing Sector

- Grown by 6.0%, higher growth in domestic-oriented sectors and ongoing expansion in export-oriented industries are driving this trend. Production of both commercial and consumer transport equipment turned around in domestic-oriented businesses, reversing a fall in motor vehicle output the previous year. Stable demand for food-related products and construction-related materials aided growth in the domestic-oriented industries. The expansion of export-oriented businesses coincided with a broad-based recovery in global demand, allowing for increasing production of E&E and resource-based items including palm oil-related and petroleum-related goods.
-</td></tr>
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</table>

<table>
<tr><td rowspan="2">Year 2018</td><td>Manufacturing Sector

There are 721 projects that have been approved for the manufacturing sector. RM87.4 billion (2017:-63.7 billion) were invested in 2018. when implemented, it will automatically create 59,294 employment opportunities for Malaysia (2017:-56,431). The investments in the manufacturing sector continued to be led by foreign investors which are 66.4% of approved investments or RM58 billion. Malaysia continued to expand the manufacturing sector with 70.7% of new investments worth RM61.8 billion in 386 projects approved in the manufacturing sector.</td></tr>
<tr><td>Food and Beverage Sector

The food processing sector contribute about 10% of Malaysia’s manufacturing output which included Malaysian-owned companies and is dominated by small and medium-sized companies. The implementation of industry 4.0 in the Malaysian economy, it can encourage the sector to thrive. The usage of IT and automation can improve efficiency and productivity which can eventually increase the quality of products and reduction in time in order to produce food and beverages. The export of processed food decreased by 1.7% to RM19.38 billion (2017:-RM19.71 billion). Singapore was the top nation for Malaysia’s exporting destination which is valued at RM2.56 billion (13.2%). Besides that, imports, decreased by 3.5% to RM19.95 billion (2017:-RM20.68 billion) and mainly from Thailand (RM2.4 billion).</td></tr>
</table>

Year 2019	Manufacturing Sector The manufacturing sector has contributed 22.3% to GDP. It is a slow pace of growth which is at 3.8% compared to the 5% in 2018. The total exports decreased by 0.3% to RM834.1 billion (2018:-RM837 billion). Meanwhile, the total imports declined by 4.7% to RM729.0 billion (2018:-RM765.1 billion). Electrical and electronics (E&E), petroleum and chemicals, and chemical products were the three top exports and imports. Investment of RM82.7 billion was approved in 2019 which is 65.2% or RM53.9 billion was foreign direct investments. Other than foreign direct investments, domestic investments were the remaining 34.8% or RM28.8 billion.
	Food and Beverage Sector Food processing contributed approximately 10% to Malaysia's manufacturing output. This sector has been identified as a critical industry for the economy. From Malaysia's total trade value of RM1.56 trillion, food processing accounted for 2.7% or RM42.04 billion. There is a growth in the food processing trade of 6.8% to RM42.04 billion as compared with RM39.36 billion in 2018. The total exports of processed food increased by 12.1% to RM21.77 billion in 2019 (2018: -RM19.41 billion). Edible products and preparations worth RM7.03 billion; cocoa and cocoa preparations at RM5.52 billion; and prepared cereals and flour preparations at RM3.54 billion were included in the exports. Meanwhile, there is an increase of 1.6% to RM20.28 billion for imports of processed food in 2019. Edible products and preparations worth RM5.86 billion; dairy products at RM4.14 billion; and sugar and sugar confectionery at RM 3.38 billion were the main imports.

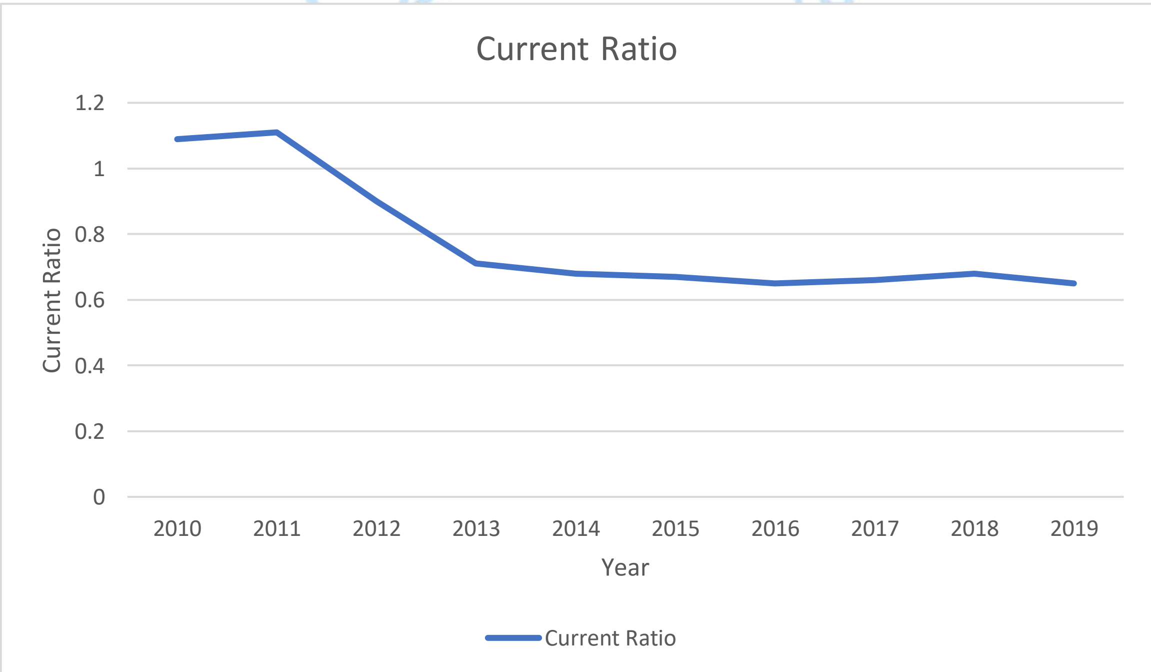
Firm-Level Analysis (Advance Ratio Analysis, Problems and Solutions)

1. Liquidity Ratio

a. Current Ratio

Year	Current Ratio
2010	1.09
2011	1.11
2012	0.90
2013	0.71
2014	0.68
2015	0.67
2016	0.65
2017	0.66
2018	0.68
2019	0.65

TABLE 1



GRAPH 1

$$\text{Current Ratio} = \frac{Current\ assets}{Current\ liabilities}$$

Current ratio is a type of ratio that compares a firm’s current assets to its current liabilities. Based on nestle company for 10 years, their highest current ratio is in 2011 which is 1.11 times. It is shown that the current assets of the firm are more than the current liabilities. Meanwhile, the lowest current ratio is in 2016 and 2019 which is 0.65 times. It is shown that the gap between current assets and current liabilities is getting smaller.

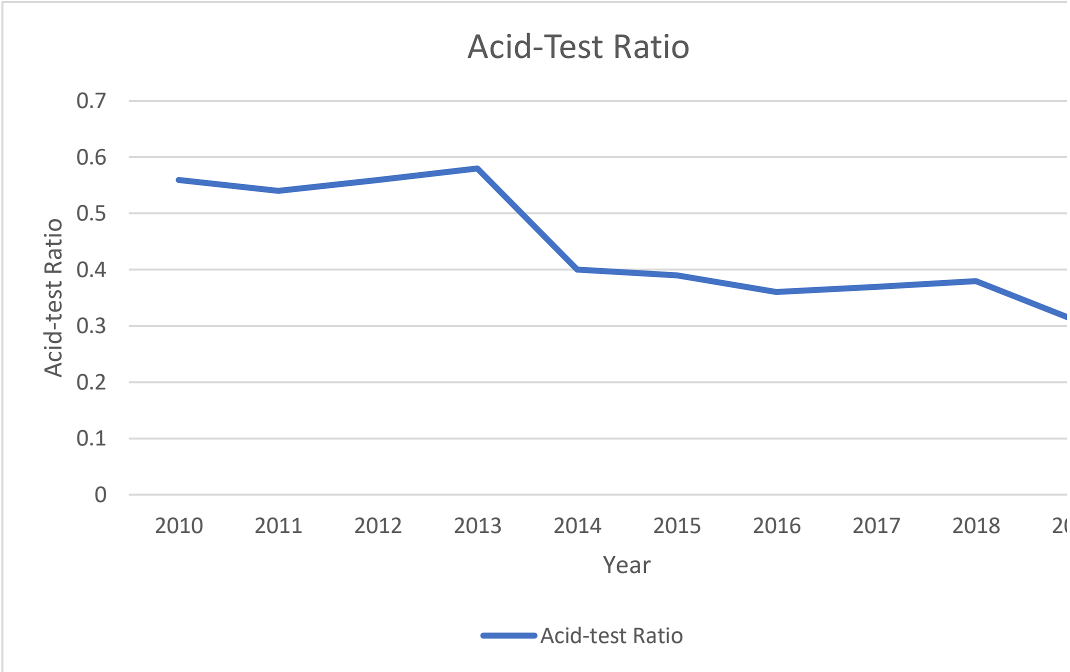
Problem: The lowest current ratio being recorded between 2010 to 2019 for nestle was at 2016 and 2019 which is 0.65 times. For 2016, the total current assets is 1,030,036 while the current liabilities is 1,576,843 while current assets and current liabilities for 2019 is 1,073,013 and 1,654,750. So we can conclude that the current ratio for 2016 was not good because the current assets is lower than the current liabilities.

Solution: For 2016 and 2019, Nestle company should reconfigure the debt. The company must identify the right lenders that offer low interest so that the current ratio can be decrease. The company also need to pay the current loan and restructuring the debts that the company has. Nestle company also can change the loan term from short-term debt to long-term debt to improve current ratio.

b. Acid–Test Ratio

Year	Acid-Test Ratio
2010	0.56
2011	0.54
2012	0.56
2013	0.58
2014	0.40
2015	0.39
2016	0.36
2017	0.37
2018	0.38
2019	0.31

TABLE 2



GRAPH 2

$$\text{Acid-Test Ratio} = \frac{Current\ assets - Inventory}{Current\ liabilities}$$

For Acid - Test Ratio, inventory is excluded from current assets as the inventory may not be very liquid. Based on nestle company for 10 years, the highest acid-test ratio is in 2013 which is 0.58 times. It is shown that the nestle company has a high inventory. However, the lowest acid-test ratio is in 2019 which is 0.31 times. This is much worse because the inventory is less.

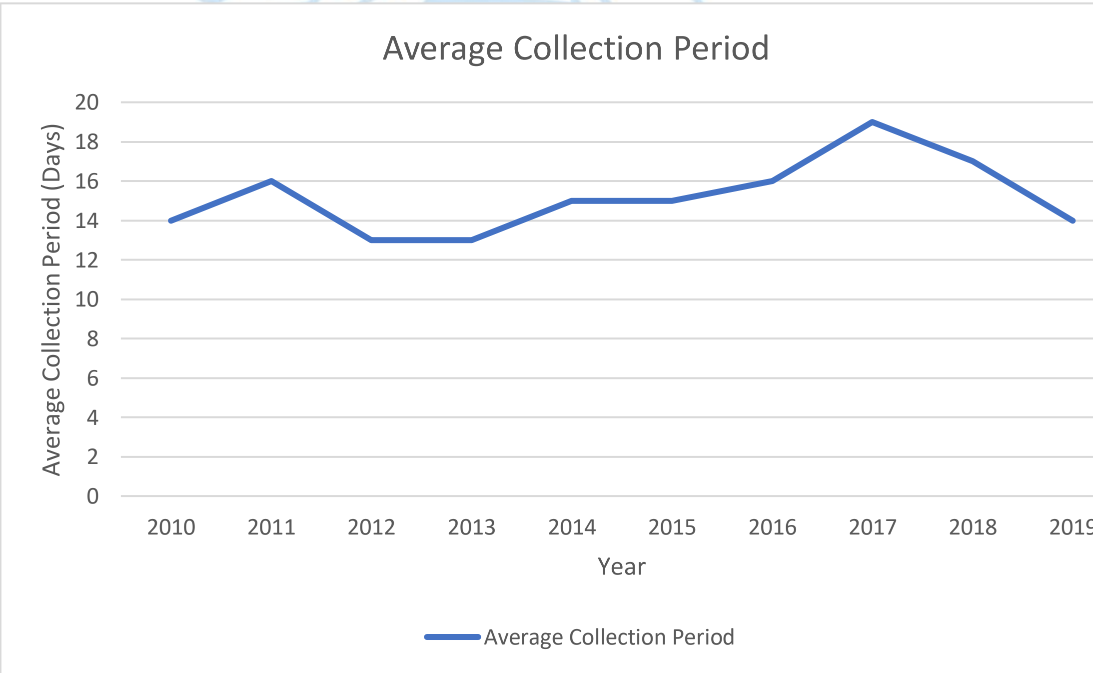
Problem: Based on Nestle Malaysia acid-test ratio between 2010 to 2019, the lowest being recorded was in 2019 at 0.31 times. Nestle company does not have more than 1 which is negative sign for the company. They don't have enough liquid assets to pay their current liabilities so nestle need to be caution.

Solution: Nestle Malaysia should pay off their liabilities quickly. Nestle must keep their liabilities in control because current liabilities is very important. If the current liabilities is low, then the company is in a good position. Nestle need to pay off their debt quickly to improve acid-test ratio.

c. Average Collection Period

Year	Average Collection Period (Days)
2010	14
2011	16
2012	13
2013	13
2014	15
2015	15
2016	16
2017	19
2018	17
2019	14

TABLE 3



GRAPH 3

$$\text{Average Collection Period} = \frac{\textit{Account Receivables}}{\textit{Daily Credit Sales}}$$

Average collection period measures the number of days taken for the firm to collect their receivables. Based on 10 years of the average collection period, the highest amount for nestle company is in 2017 which is 19 days. The more days it took to collect money from others, the more load the firm has because it can’t recover the money to expand its business. Meanwhile, the lowest average collection period is in 2012 and 2013 which is 13 days. This is good for nestle because they can recover the money as soon as possible.

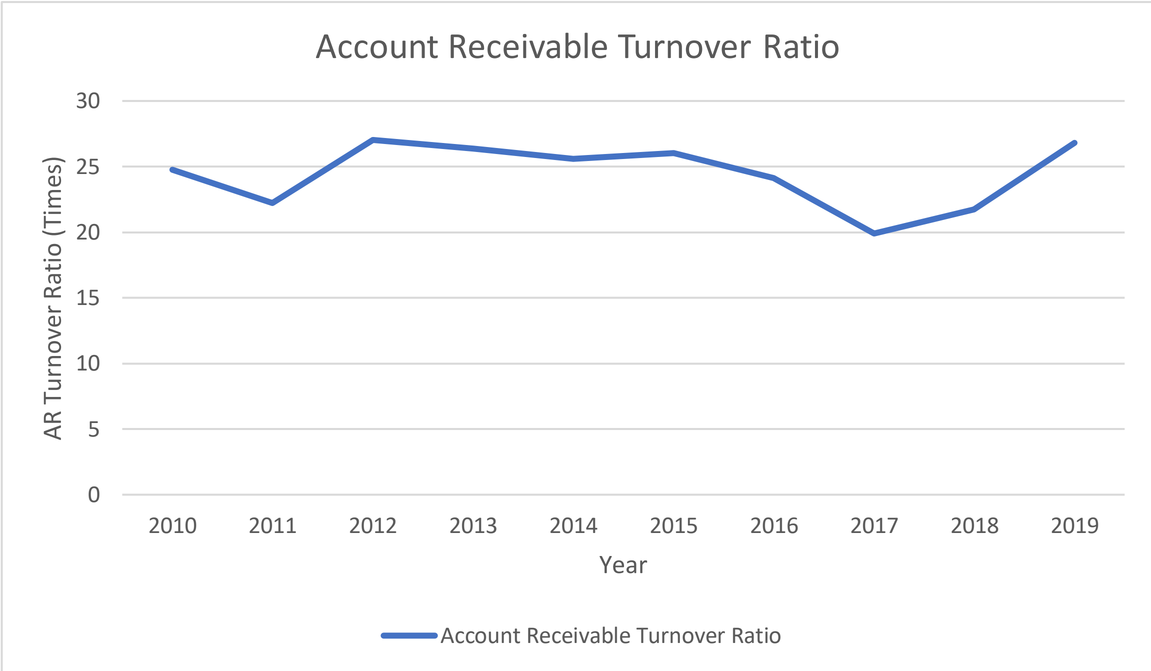
Problem: The highest average collection period between 2010 to 2019 for nestle is at 2017 which is 19 days. The higher average collection period indicates that the nestle company is in a bad condition. 19 days shows the amount of time nestle have to collect their receivable.

Solution: Nestle should react fast to the past-due receivable. In order to reduce the average collection period, nestle must notice and collect all the past-due receivable. From this, they can recover all their money faster and eventually they can decrease and improve their average collection period

d. Account Receivable Turnover Ratio

Year	Account Receivable Turnover Ratio
2010	24.75
2011	22.22
2012	27.03
2013	26.38
2014	25.57
2015	26.04
2016	24.13
2017	19.90
2018	21.73
2019	26.80

TABLE 4



GRAPH 4

$$\text{Account Receivable Turnover} = \frac{\textit{Annual Credit Sales}}{\textit{Accounts Receivables}}$$

Account Receivable Turnover Ratio measures how many times receivables are "rolled over" during a year. Based on graph 4 shows that the highest amount of account receivable turnover ratio is in 2012 which is 27.03 times. It means that the Nestle customers are paying on time and the Nestle company is good at collecting at that time. From 2015 to 2017, the company reported a decline in its ratio of accounts receivable turnover, but over time it has adopted more aggressive collection methods. In addition, the higher turnover achieved in 2019 suggests that the company benefited from an aggressive collection team.

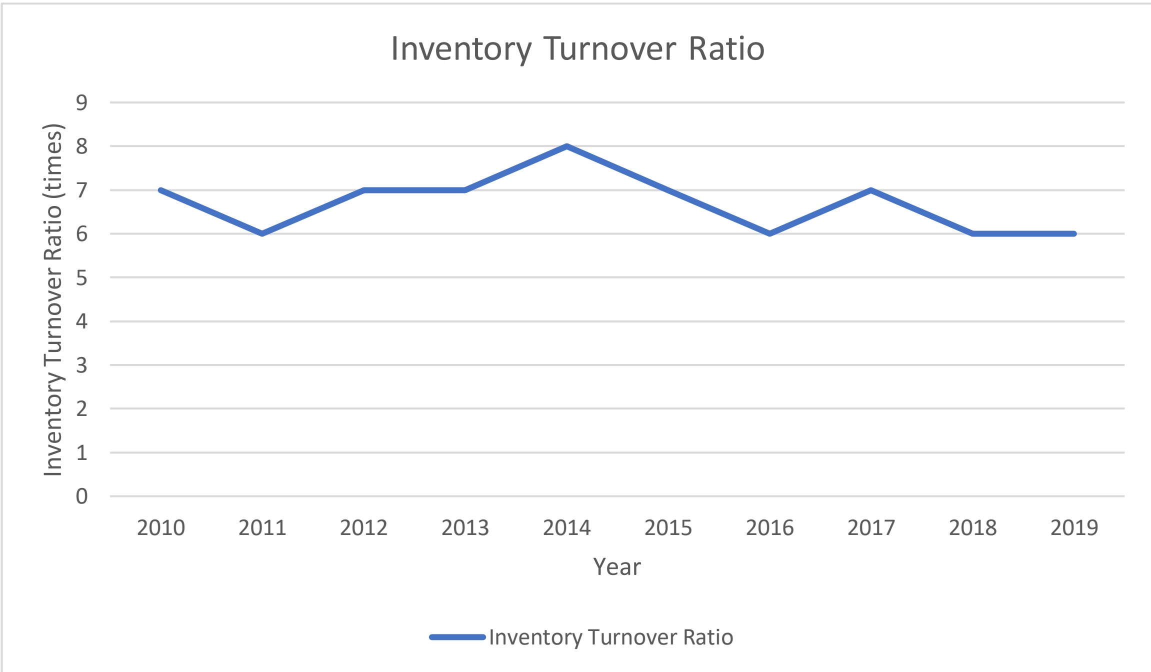
Problem: Based on the graph of account receivable turnover ratio, it is shown that 2017 was the lowest ratio, which is 19.90. A lower account receivable is not a good thing for a company. This could be the result of the company's having a poor collection process, poor credit policies, or consumers that aren't financially viable or creditworthy.

Solution: The company should reassess its credit policies to ensure the timely collection of its receivable. The company should not let the customer extend their time to pay their debt. But the company should not wait until it loses clients or suffers slow growth because this will lead to a lower account receivable turnover ratio.

e. Inventory Turnover Ratio

Year	Inventory Turnover Ratio
2010	7.00
2011	6.00
2012	7.00
2013	7.00
2014	8.00
2015	7.00
2016	6.00
2017	7.00
2018	6.00
2019	6.00

TABLE 5



GRAPH 5

$$\text{Inventory Turnover Ratio} = \frac{Cost\ of\ Goods\ Sold}{Inventories}$$

Inventory turnover ratio measures how many times the company turns over its inventory during the year. Shorter inventory cycles lead to greater liquidity because the items in inventory are converted to cash more quickly. Based on graph 5 shows that the highest ratio of inventory turnover is in 2018 which is 8.0 times. From 2012 to 2013 show that the stable ratio of inventory turnover is maintained at 7.0 times per year. The lower reports from 2017 and 2019 imply that Nestle Company had too many inventory purchases, but generally, the figures are average. The greatest statistics for inventory turnover ratio was recorded in 2014. Greater inventory turnover relative to industry performance may be indicative of a company's overall sales and purchasing effectiveness. The highest value was reported in 2014, indicating that the company has mastered inventory control and manages to avoid overstocking.

Problem: Based on the graph of inventory turnover ratio, it shows that 2011, 2016, 2018, and 2019 have the lower ratio, which is 6.00. The lower turnover ratio is a bad sign for the company. This might be because a fund is mostly sticking with the same stock.

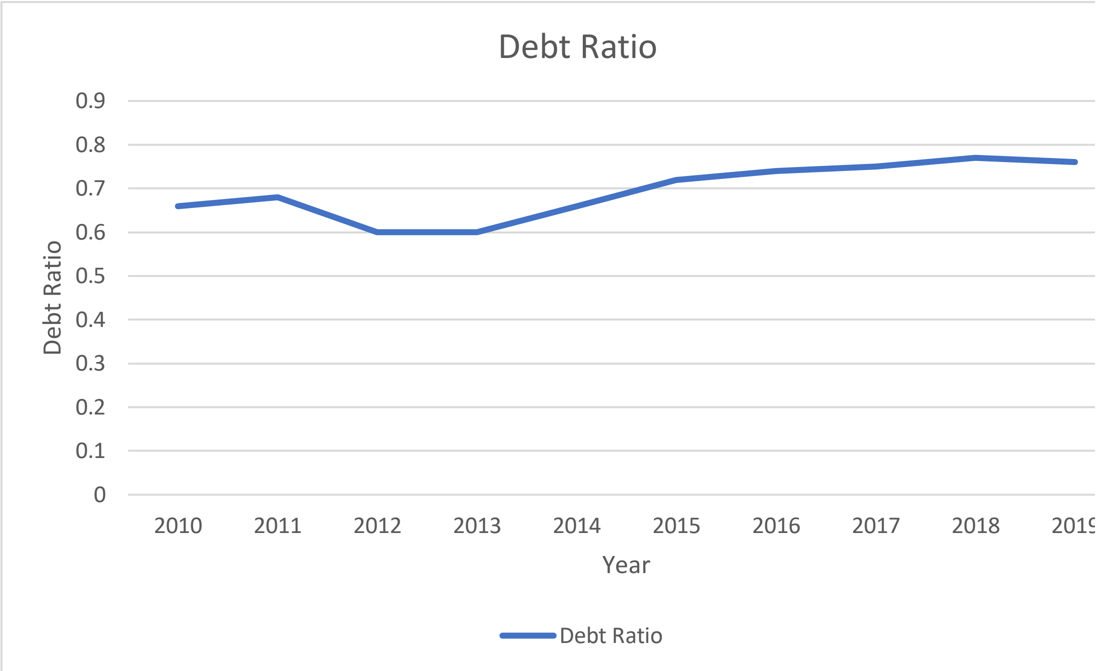
Solution: The company should improve sales to reach a higher inventory turnover ratio. Increased sales is another strategy to boost your inventory turnover ratio. To increase demand in the business and consequently increase revenue, the corporation needs to develop better marketing techniques. But the companies should not let the company have high inventory turnover because this will reduce the amount of capital they have tied up in their inventories. As a result, their liquidity and financial strength will improve. Furthermore, maintaining a high inventory turnover decreases the danger of spoilage, damage, theft, or technological obsolescence, rendering their inventory unsellable.

2. Capital Structure Ratios

a. **Debt Ratio**

Year	Debt Ratio
2010	0.66
2011	0.68
2012	0.60
2013	0.60
2014	0.66
2015	0.72
2016	0.74
2017	0.75
2018	0.77
2019	0.76

TABLE 6



GRAPH 6

$$\text{Debt Ratio} = \frac{Total\ Liabilities}{Total\ Assets}$$

Debt ratio measures the proportion of the firm's assets that were financed using current plus long-term liabilities. The company can recognize if they are putting themselves in a risky situation in case the interest rates were to increase out of a sudden for the loans by analyzing this ratio. Based on graph 6 shows that the debt ratio of Nestle company was increasing by the year. The less a company relies on debt to finance asset generation, the less risky it is. So, Nestle needs to work out a strategy to reduce its debt ratio by reducing its company's liabilities. This can stabilize the debt ratio of the nestle company. This suggests that equity finances a larger share of Nestle's assets.

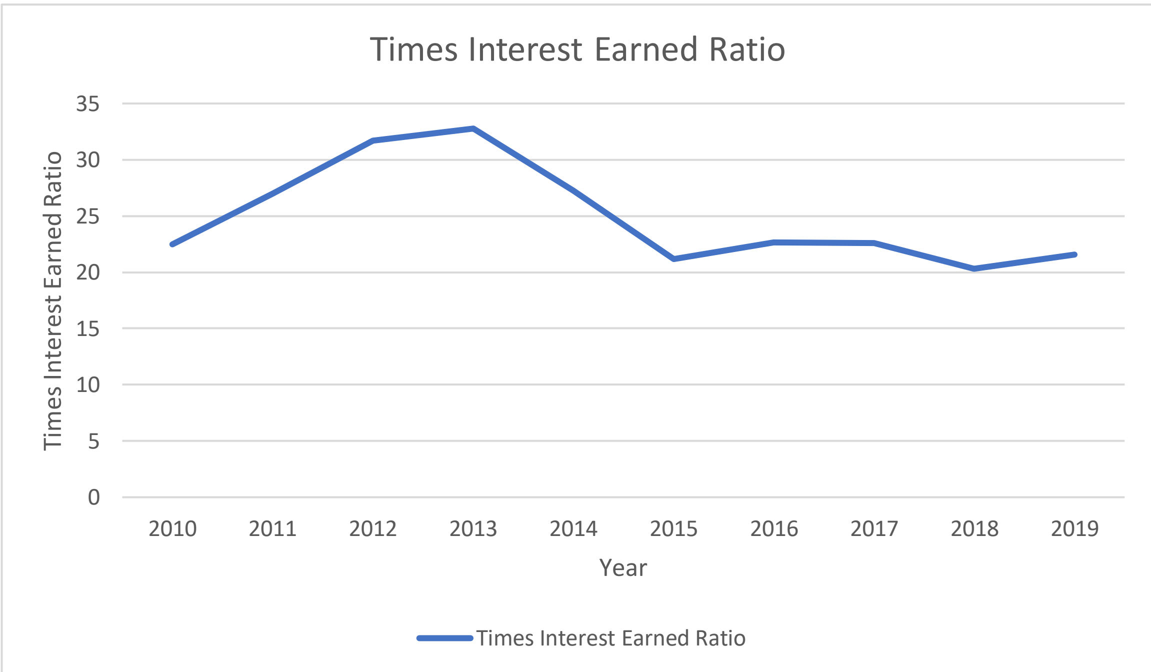
Problem*:* Based on the graph of debt ratio, which shows the increasing ratio of Nestle debt from 2011 to 2019. 2019 had the highest debt ratio of any year, which was 0.76. A high debt ratio will be bad for a company. This happens because the interest on a loan must be paid regardless of the profitability of the firm. Having too much debt might put the entire operation at risk if cash flow becomes scarce. Companies that are unable to repay their own debt may be forced to liquidate their assets or file for bankruptcy. A higher debt ratio also makes the company more difficult to borrow money from.

Solution*:* The company should pay off the loan so the ratio starts to balance out. The company also ensures to not take on additional debt either, since that company can raise the debt-to-equity ratio. Besides, the company also needs to increase its profitability. This will improve sales revenue and lower costs.

b. **Times Interest Earned Ratio (TIE)**

Year	Times Interest Earned Ratio
2010	22.46
2011	27.00
2012	31.67
2013	32.77
2014	27.26
2015	21.17
2016	22.65
2017	22.61
2018	20.31
2019	21.54

TABLE 7



GRAPH 7

$$\text{Times Interest Earned Ratio}=\frac{\textit{Net operating income}}{\textit{Interest Expenses}}$$

Times interest earned ratio, Measure of a company's ability to meet its debt obligations based on its current income. The formula for a company's TIE number is earnings before interest and taxes (EBIT) divided by the total interest payable on bonds and other debt. Based on graph 7 Nestle Company for 10 years, their top times interest earned ratio is in 2012 and 2013 which hits 31.67 times and 32.77 times. In the same way, the low times interest earned ratio is in 2015 and 2018 which hits 21.17 times and 20.31 times. This shows his overall performance Times interest earned ratio, which is declining in 2019.

Problems: Based on the graph of Times Interest Earned Ratio (TIE), the highest record reached 32.77 in 2013 and the lowest in 2018, which was 20.31. That shows higher recorded 32.77 shows the chart in 2013 is not good enough because Nestle Company with a high times interest earned ratio may lose favor with long-term investors. Earnings before interest and taxes (EBIT) divided by the total interest payable on bonds and other debt makes Nestle Company is declining and the company's debt is increasing. A ratio of less than one indicates that a business may not be in a position to pay its interest obligations, and so is more likely to default on its debt, a low ratio also a strong indicator of impending bankruptcy.

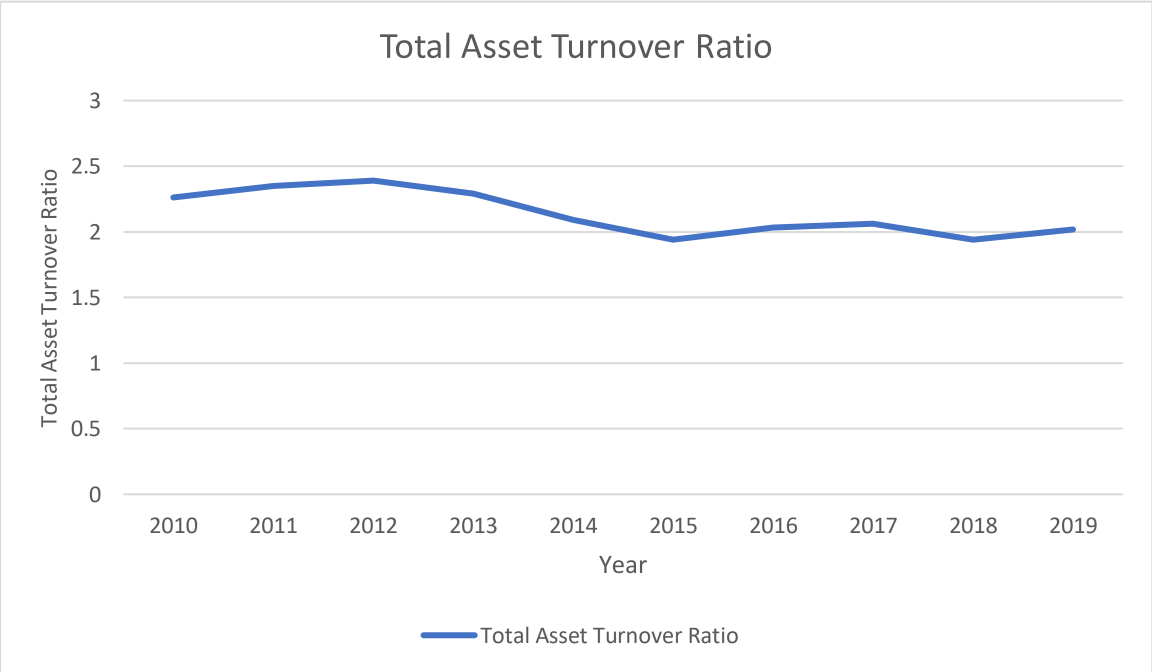
Solutions: The Nestle Company must utilize by both creditors and investors is the times interest earned ratio. Often referred to as the interest coverage ratio, the times interest earned ratio depicts Nestle Company ability to cover the interest owed on debt obligations, expressed as income before interest and taxes divided by interest expense. The times interest earned ratio is a solvency metric that evaluates how well a Nestle company can cover its debt obligations. A high times interest earned ratio typically means a Nestle company has stronger performance and is less risky. However, a high calculation could also mean a company is not prioritizing growth and may not be a strong long-term investment.

3. Asset Management Efficiency Ratios

a. **Total Asset Turnover Ratio**

Years	Total Assest Turnover Ratio
2010	2.26
2011	2.35
2012	2.39
2013	2.29
2014	2.09
2015	1.94
2016	2.03
2017	2.06
2018	1.94
2019	2.02

TABLE 8



GRAPH 8

$$\text{Total Assets Turnover} = \frac{Sales}{Total\ Assets}$$

Total asset turnover ratio is a general efficiency ratio that measures how efficiently a company uses all of its assets. The asset turnover ratio can be used as an indicator of the efficiency with which a company is using its assets to generate revenue. Based on graph 8 Nestle Company for 10 years, the higher record hit is in 2011 and 2012, which 2.35 times to 2.39 times. Similarly, the lowest hits in 2015 and 2018 which hits 1.94 times and 1.94 times. That explains why the total asset turnover ratio can increase only slightly in 2019.

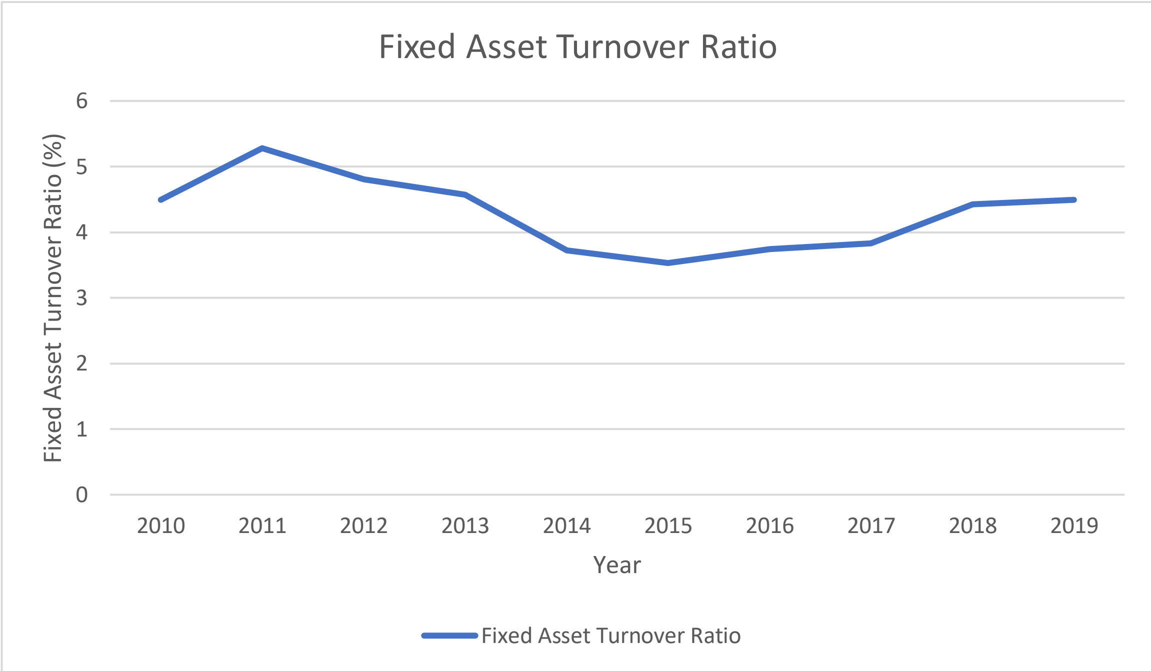
Problems: Based on the graph the record highest reached 2.39 in 2012 and the lowest in 2015 and 2018, which is 1.94. However, the lowest recorded 1.94 shows in the chart in 2015 and 2018 is not a good record for Nestle company because, the asset turnover ratio measures the efficiency of a Nestle company's assets in generating revenue or sales very poor. It compares the ringgit number of sales (revenues) to its total assets. If the ratio is less than 1 then it not good for the Nestle Company as the total assets aren't able to produce enough revenue at the end of the year. A lower ratio indicates that Nestle Company is not using its assets efficiently and may have internal problems.

Solutions: Nestle company may attempt to raise a low asset turnover ratio by stocking its shelves with highly sells items, replenishing inventory only when necessary, and augmenting its hours of operation to increase customer foot traffic and spike sales. Asset turnover is the ratio of total sales or revenue to average assets. This metric helps investors understand how effectively companies are using their assets to generate sales. Investors use the asset turnover ratio to compare similar companies in the same sector or group. This aspect evaluates how much inventory or services are sold per every ringgit of the assets used in the period analyzed. Nestle Company asset turnover ratio can be impact by large asset sales as well as significant asset purchases each year.

b. **Fixed Asset Turnover Ratio**

Years	Fixed Asset Turnover Ratio
2010	4.49
2011	5.28
2012	4.81
2013	4.57
2014	3.72
2015	3.53
2016	3.74
2017	3.83
2018	4.43
2019	4.49

TABLE 9



GRAPH 9

$$\text{Fixed Asset Turnover} = \frac{Sales}{Net\ plant\ and\ equipment}$$

Fixed asset turnover ratio is an efficiency ratio that measures a company's return on their investment in property, plant, and equipment by comparing net sales with fixed assets. In other words, it calculates how efficiently a company is producing sales with its machines and equipment. Based on graph 9 fixed asset turnover ratio top chart in the years is 2011 and 2019 hits 5.28 times and 4.49 times. Likewise, the lowest fixed asset turnover ratio in 2014 and 2015 is 3.72 times and 3.53 times. If we discuss the chart for fixed asset turnover ratio remains moderate from 2010 to 2019 which is natural 4.49 times and 4.49 times.

Problems: Based on the graph of Fixed Asset Turnover Ratio, the highest record reached 5.28 in 2011 and the lowest in 2015, which is 3.53. The lowest recorded 3.53 shows in the chart in 2015 is very bad record for Nestle Company because, when the business is performing poorly in sales and has a relatively high percentage of investment in fixed assets, the FAT ratio may be low. This is true especially for manufacturing businesses that employ big machines and facilities. Although not all low ratios are negative, the low fixed asset turnover ratio may have a negative impact if the company has recently made substantial investments in fixed assets for modernization. A decreasing ratio may also indicate that Nestle Company is overinvesting in fixed assets.

Solutions: Nestle Company may make such substantial acquisitions; intelligent investors will carefully monitor this ratio in subsequent years to determine whether the company's new fixed assets result in increased sales. Analysts and investors must compare a company's latest ratio to both its own historical ratios and ratio values from peer companies, as well as the average ratios for the company's industry. Prior to assigning significant weight to a ratio, an investor or analyst must evaluate whether the Nestle Company under deliberation is in the acceptable sector or industry. For example, the difference between an internet company and a manufacturing company. The fixed asset base of an internet company, such as Google, is considerably smaller than that of a manufacturing company, such as Komatsu. The fixed asset turnover ratio of Komatsu is more relevant and should carry more weight than the fixed asset turnover ratio of Google.

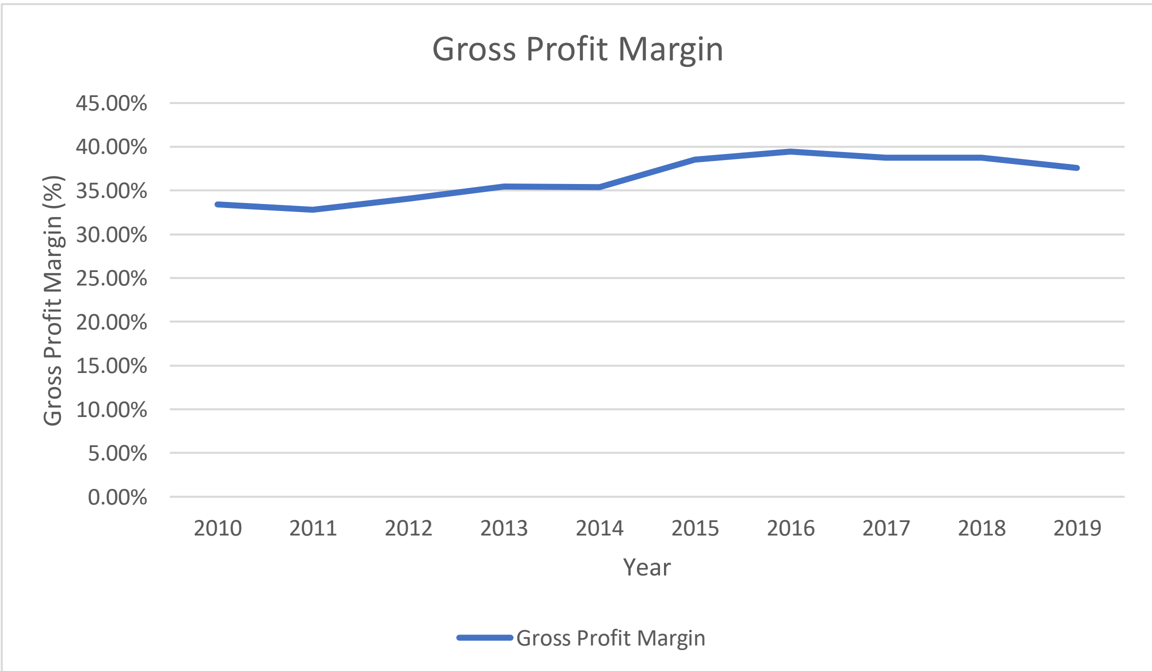
4. Profitability Ratios

a. **Gross Profit Margin**

Year	Gross Profit Margin
2010	33.39%
2011	32.80%
2012	34.09%
2013	35.46%
2014	35.35%
2015	38.56%
2016	39.45%
2017	38.73%
2018	38.73%
2019	37.58%

TABLE 10

$$\text{Gross Profit Margin} = \frac{Gross\ profits}{Sales}$$



GRAPH 10

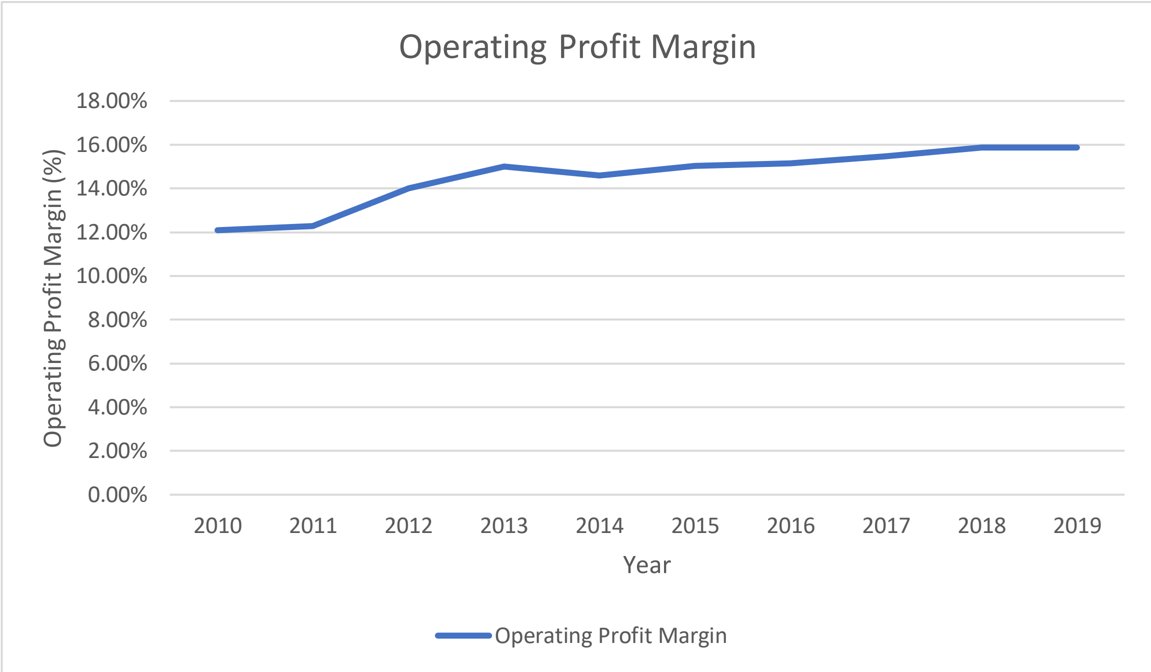
Gross profit margin shows how well the firm's management control its expenses to generate profits. Based on Nestle's company for 10 years, the highest profit margin is in 2015,2016, and 2018 which is 39 %. It is shown that Nestle spent RM0.61 for the cost of goods sold and thus RM0.39 out of each ringgit of sales went towards gross profits. Moreover, the lowest gross profit margin is in 2010 and 2011 which is 33%. It is shown that Nestle spent RM0.67 for the cost of goods sold and thus RM0.33 out of each ringgit of sales went towards gross profits.

Problem: The lowest gross profit margin being recorded between 2010 to 2019 for Nestle was in 2010 and 2011 which is 0.33. It is happened because the gross profit in both years shows the lower data than the other years. Next, it's sales also recorded a very low amount as compared to sales in other years. However, Nestle shows a good improve for the other years.
Solution: As we all know, gross profit margin is measuring how profitability a company can sell its inventory. So, to avoid the decreasing of gross profit margin, Nestle should buy inventory at a low- priced. This is because if Nestle can get a discount when they buy inventory, it's gross profit margin will become higher because the cost of goods sold will be lower.

b. **Operating Profit Margin**

Year	Operating Profit Margin
2010	12.09%
2011	12.29%
2012	14.00%
2013	15%
2014	14.58%
2015	15.04%
2016	15.14%
2017	15.48%
2018	15.87%
2019	15.87%

TABLE 11



GRAPH 11

$$\text{Operating Profit Margin} = \frac{\textit{Net Operating income / EBIT}}{\textit{Sales}}$$

Operating profit margin measures how much profits are generated from each ringgit of sales after accounting for both costs of goods sold and operating expenses. Based on Nestle's company for 10 years, their highest operating gross profit is at 2018 and 2019 which is 16%. It is shown that the company manages its income statement very well. Otherwise, the lowest operating profit margin is at 2010 and 2011 which is 12% small than the peer group operating profit margin which is 15.5%. so, it shows that the company was not doing well in managing the firm’s income statement.

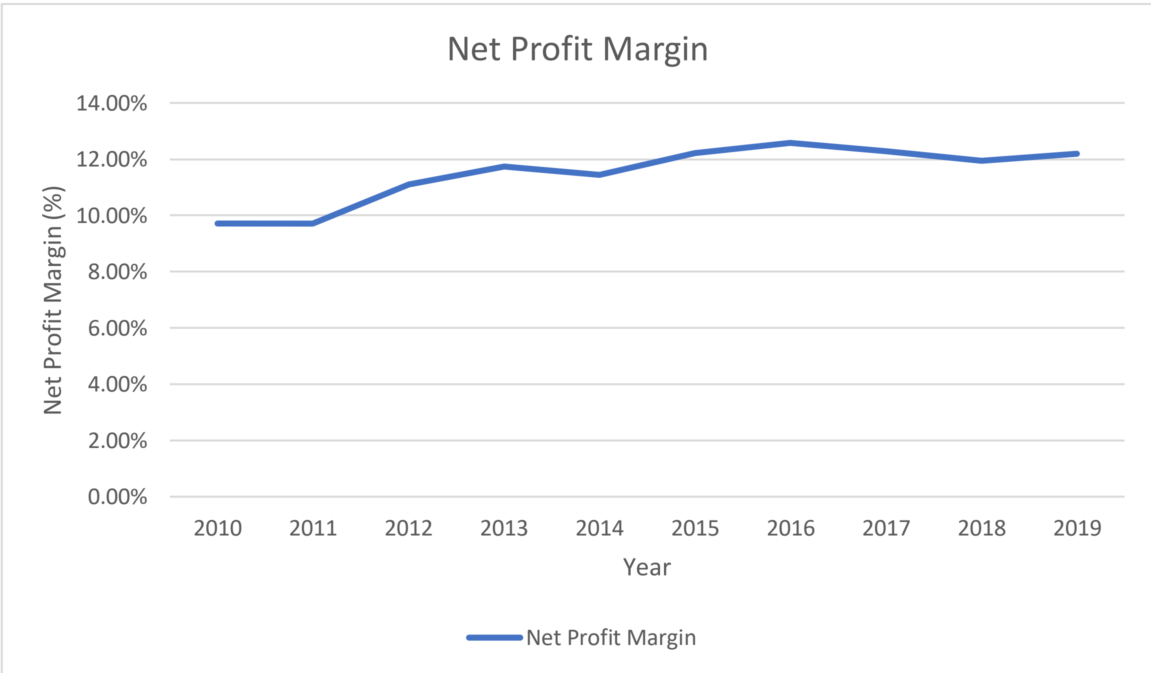
Problem: The lowest operating profit margin for Nestle has been recorded in 2010 and 2011 which is 0.12. It is exactly showing a bad effect for Nestle. It also happens because the sales revenue at that year does not give many outcomes for Nestle’s company. This incident also happens because during that year Nestle maybe are not popular in our society.

Solution: Operating profit margin also shows our company profitability by showing the earnings from running the business. One of the ways that Nestle can use for increasing its operating profit margin is increase average order value. In this case, nestle need to increase the size of purchasing from the shoppers that already buy from its company. For example, Nestle should recommend the relevant goods when a buyer have committed to buy a product. These ways can help Nestle to improve its operating profit margin.

c. Net Profit Margin

Year	Net Profit Margin
2010	9.72%
2011	9.71%
2012	11.10%
2013	11.73%
2014	11.45%
2015	12.21%
2016	12.58%
2017	12.28%
2018	11.94%
2019	12.19%

TABLE 12



GRAPH 12

$$\text{Net Profit Margin} = \frac{Net\ Income}{Sales}$$

Net profit margin is measuring how much income is generated from each ringgit of sales after adjusting for all expenses including income taxes. Net profit margin enables investors to identify whether a company's management is earning enough profit from its sales and whether operating and overhead expenditures are being kept under control. In the 10 years period, Nestle Malaysia generated highest net profit margin in year 2016, which is 12.58%, indicates that the company generated RM0.13 of sales after paying all the firm's expenses. While year 2010 recorded the lowest net profit margin, with only RM0.09 of net profit for each RM1 sales.

From 2010 to 2011, the net profit margin drops 0.01%.

From 2011 to 2012, net profit margin raises by 1.39%, mostly due to incremental in sales (from RM4246744 to RM4556423.00) and net income increase by 18.31%.

From 2012 to 2013, net profit margin continues to raise to 11.73%, supported by steong robust in net income (increase by 11.15%). Meanwhile, its sales growth by 5.08%. Nestle Malaysia finance income in 2013 also show remarkable growth with 507.865%.

From 2013 to 2014, net profit margin fell to 11.45%. The major cause is the reduction in other income (drop by 58.32%), while finance income decreases by 72.25%. These two causes will lead Nestle Malaysia net income in 2014 drop simultaneously.

Starting from 2015 to 2016, net profit margin increases again to 12.21% and 12.58% respectively. In 2015, although there is a growth in the net profit, however it is mainly caused by the lower cost of sales. Operating activities expenses increases by 4.86%. while the other income and finance income all record negative growth in 2015. In 2016, rise in sales, other income and finance income contribute to a higher net profit margin. Meanwhile, the reduction in other expenses and net finance cost also lead to a higher net income in 2016.

From 2017 to 2018, the net profit margin show downturn. Starting 2019, the net profit margin raises again to 12.19%. Although there is a drop of revenue in 2019, but the increase in other income and reduction in expenses contribute to a higher net profit margin in 2019.

Problems: Among the 10 years period, its net profit margin is in an increasing rate, from 9% to 12%. However, 9% to 12% of net profit margin is considered as low compared to it gross profit margin. The big gap between gross profit margin and net profit margin shows Nestle Malaysia's expenses is high, leads to lower net profit margin. Low in net profit margin is unstable because it will affect the return on equity ratio, which ultimately lead to lack of confident to Nestle Malaysia among the shareholders.

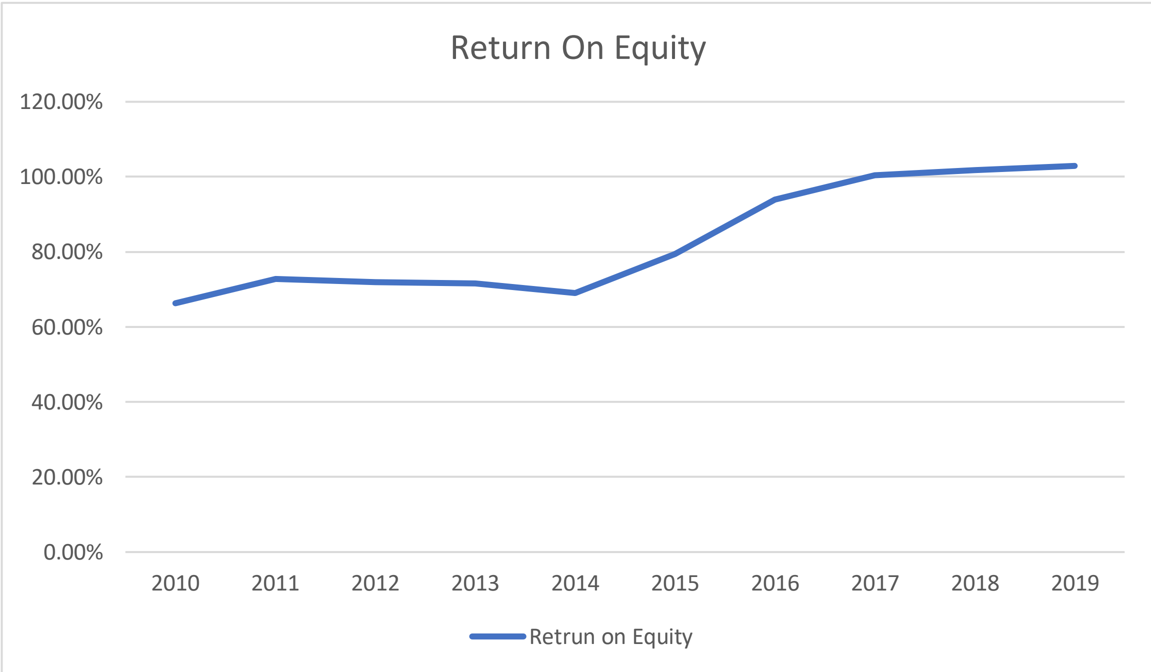
Solutions: Since the sales of Nestle Malaysia is rising throughout the period, thus Nestle Malaysia should focus on reducing the overhead expenses, financing, and interest cost to cut off the total expenses. Thus, a lower expense in the company will assist the net profit become higher, lifting the overall net profit margin as well. Meanwhile, Nestle Malaysia need to increase its sales in bigger portion.

d. **Return on Equity (ROE)**

Year	Return on Equity (ROE)
2010	66.31%
2011	72.76%
2012	71.99%
2013	71.66%
2014	69.08%

2015	79.52%
2016	93.98%
2017	100.35%
2018	101.82%
2019	102.91%

GRAPH 13



$$\text{Return On Equity} = \frac{Net\ Income}{Common\ Equity}$$

Return On Equity (ROE) shows how well the company manages shareholders' equity to get the return on investment. A higher return on equity indicates the company management efficiently generates income from its shareholders' equity. The return on equity increased from 2010 to 2011, then decreased from 2012 to 2014. From 2015 to 2019, Nestle Malaysia's return on equity rose steadily, which is a good sign as Nestle Malaysia had an outstanding performance in generating income using shareholders'' equity. Since the year 2017, the return on equity of Nestle Malaysia has reached more than 100%, which means that the revenue generated is higher than the shareholders' equity in the company.

From 2010 to 2011, Nestle Malaysia's return on equity show growth. There is an increase in net income (16.58%) and total equity (4.49%) in year 2011. Starting from 2012 to 2014, the return on equity keeps decreasing. This may cause by the dividend paid to the shareholder is increased, while the net income for the period is not stable and fluctuated. However, starting year 2015 to 2019, the return on equity grows continuously, even exceed 100% starting 2017. The sustainable increase in common equity and net income strongly supports the return on equity to grow.

Problems: Since the overall trend of Return on Equity ratio is keep raising, it indicates that the Nestle Malaysia income is higher than its equity. However, the total equity of Nestle

Malaysia is fluctuated across the 10 years period. From 2014 to 2019, total equity of Nestle Malaysia drops continuously. The decrease in equity indicates that

Nestle Malaysia performance, during and after Covid-19 pandemic.

Many foods and beverage (FNB) enterprises in Malaysia were impacted by the COVID-19 pandemic and went bankrupt as a result. One of the food and beverage (FNB) companies that was also affected was Nestle Malaysia. The Nestle Malaysia revenue declined 20.8% year on year in the first quarter of 2020 (1S20), as the country's largest food and beverage (FNB) market was impacted by the COVID-19 epidemic and the festive season earlier than expected. According to Shazni Ong's report, Bursa Malaysia group said, "The impact on domestic sales is partly due to the expected early Chinese New Year (CNY) and the impact of COVID-19 on business abroad, following the closure of restaurants, coffee shops, and most other restaurants in the channel." In initial preparation for the Chinese New Year in 2020, Nestle sales increased quarter-on-quarter, with 1Q20 net profit being higher than the RM131.82 million reported in 4Q19.

Despite the setback, Nestlé Malaysia is dedicated to keeping its staff and will not impose any major restructuring or pay cuts. Chief Executive Officer Juan Aranos said, "We have made some clear commitments to retain our workforce. The future is dominated by many white pages. ". As is customary in the corporate world, they will continue to work, as usual, improving efficiencies and methods of operation. NESTLE Company also sticks to its dividend policy of delivering at least 95% of net profit to shareholders. Since the commencement of the COVID-19 epidemic, Nestle Malaysia has implemented severe safety and health precautions throughout all work areas, as well as reinforced messaging to all employees, to ensure that they are protected against the virus. This applies to their factories, offices, and distribution hubs, among other places. All previous safety arrangements have been updated to meet the government's criteria. The measures that Nestle Malaysia take to protect their employees are by equipping the worksites a They have prepared strict safety protocols and measures by declaring the employee's health status before entering the worksites, taking a Covid-19 antigen test, and need to follow the SOPs. Next, Nestle Malaysia also equips its employees. Nestle Malaysia has consistently informed and engaged its employees to ensure that they are not just educated but also committed to honoring their obligations in safeguarding the safety of themselves, their coworkers, and their families at home.

Apart from health and safety, Nestle also values helping communities in need. Nestle Malaysia, humbled and bonded by Malaysians, was committed to lending a helping hand to those in need. Their initiatives, in collaboration with household brands such as Milo, Maggi, and KitKat, aim to continue to unify Malaysians and battle this worldwide pandemic together. Thanks to the kindness of Malaysians who contributed to #SkuadKebaikanMilo throughout the fasting month of Ramadhan, communities in need across the country were able to celebrate Hari Raya Aidilfitri with #ParcelKebaikan (food parcel donations) from Selayang to Kuching. Milo also launched the online donating platform through Shopee Application, #SkuadKebaikanMilo returned for the second year in early April to continue spreading goodness and helping communities in need keep nourished and energized during these difficult times. Nestle Malaysia also has become a partnership with the Malaysian Red Crescent Society (MRCS) to distribute food and beverage product items for front liners and communities in need as well as an RM1 million cash commitment to upgrade emergency medical equipment in MRCS ambulances. Popular brands such as MAGGI, MILO, and KITKAT have also rallied in support of the Rakyat through several community programs, including the MAGGI Bubur Lambuk Distribution, MAGGI SAH Malaysia distribution of meal kits to the B40 communities, MILO Skuad Kebaikan e-commerce product donations to vulnerable communities, and KITKAT's Break Bus campaign to health care workers, since the start of the Movement Control Order at the beginning of the year.

Nestlé Malaysia is eager to share industry best practices with other producers and those who are interested in reducing Covid-19 infections among industry workers. The Chief executive officer (CEO), Juan Aranols said that after achieving a continuous positivity rate of less than 0.1% of its whole staff of 4,500 workers in the country, the nutrition, health, and wellness organization has offered to share the industry's best practices. Nestle Malaysia undertake at least one swab test per week for their 1500 to 2500 employees daily. Then, they have examined the housing conditions of those personnel to ensure that they are in proper living quarters. If not, they must take action against affected employees, as this will hurt Nestle's operations. Juan Aranols also noted that Nestle Malaysia has been introducing with Public-Private Partnership Covid-19 Industry Immunisation Programme (PIKAS) through raising vaccine uptake among the Malaysian workers and reducing the number of Covid-19 workplace clusters, the government's efforts to speed immunization for the people and attain herd immunity will be aided.

Lastly, Nestlé Malaysia's popular brands continued to win consumers' hearts at the Putra Brand Awards 2021. In the Beverage (Non-Alcoholic) category, MILO received Platinum, while NESCAFÉ took Silver. In the Foodstuff category, MAGGI and KIT KAT tied for Gold, with Nestlé Ice Cream earning Bronze, and NESTLÉ OMEGA PLUS taking Bronze in the Beverage (Dairy) category. MILO also won the coveted Putra Marketer of the Year award and was inducted into the Putra Hall of Fame for its decades of success. Putra Brand Awards is the premier brand award in Malaysia and it is the only brand award of, by, and for the brand managers and owners. Furthermore, Nestlé Malaysia won the Brand of the Year Award from LazMall Malaysia, which recognized Nestlé as the most iconic brand success on the e-commerce platform. This came as a consequence of a year of successful partnership with Lazada, which included a statewide vaccination drive, the first Livestream brand launch on Lazada during Super Brand Day 2021, and the introduction of HARVEST GOURMET as Nestlé Malaysia's first plant-based range, among other things.

How Nestle Malaysia can sustain in the industry.

1. Apply innovative in the processing of food and beverages.
   - Innovative is an important element for a company to increase their sales and profits, allow them to be more sustainable in the industry. With the innovative products, It will create added value on the products, attracting more customers for the company. A more innovative idea will foster Nestle Malaysia's competitive advantage. In the long term, it will be the leader in the industry, amidst more sustainable.

2. Constantly risk management
   - Nestle Malaysia should continually have risk management, so it can consider the full range of risks it faces. Thus, Nestle Malaysia can prepare for the unforeseen events that may obstruct progress and growth. They can develop a structured plan to handle the risk. The plan can increase its chances of being a successful company, thus it can be more sustainable in the industry.

3. Maintain good relationship with external stakeholders.
   - Nestle Malaysia should always maintain good relationship with the external stakeholders as they can impact the company positively and negatively. Thus, an effective stakeholder relationship management is important. Understanding the stakeholders' needs and prioritise it is important. After understanding it, Nestle Malaysia should try to satisfy the stakeholders' needs. Furthermore, effective communication with the stakeholders' also significant. Nestle Malaysia should be integrity and consistent in the communication process, so the stakeholders will understand the process, the outcome, and their influence on the outcome. For example, Nestle Malaysia should maintain good relationship with the government as the government policy will affect the company operation.

Conclusion

In conclusion, it is recommended to invest in Nestle Malaysia. Nestle Malaysia is stable and strong on their financial status. Based on the financial ratio analysis conducted by our group, we found that Nestle Malaysia is stable and sustainable in their financial aspect. Although its current ratio and acid-test ratio is quite worrying, but its profitability ratio and return on equity ratio boost investors' confident to invest in Nestle Malaysia. Nestle Malaysia share performance indicates that investors are confident and expecting to get more revenue by investing in Nestle Malaysia. Nestle Malaysia should maintain its financial sustainability so it can perform better in the future.

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Appendix

Financial Ratio Analysis (Nestle Malaysia)

Particular	YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Sales (RM'000)	4,026,319.00	4,700,994.00	4,556,423.00	4,787,925.00	4,808,933.00	4,837,957.00	5,063,506.00	5,260,490.00	5,519,045.00	5,518,076.00
COGS (RM'000)	2,682,027.00	3,158,877.00	3,003,239.00	3,089,908.00	3,108,981.00	2,972,500.00	3,066,051.00	3,330,141.00	3,381,380.00	3,444,561.00
Gross Profit (RM'000)	1,344,292.00	1,542,117.00	1,553,184.00	1,698,017.00	1,699,952.00	1,865,457.00	1,997,455.00	1,930,349.00	2,137,665.00	2,073,515.00
EBIT (RM'000)	486,755.00	577,833.00	637,668.00	719,054.00	701,187.00	727,711.00	766,494.00	814,129.00	875,890.00	875,725.00
Interest Expense (RM'000)	21,669.00	21,398.00	20,131.00	21,937.00	25,722.00	34,376.00	33,836.00	36,001.00	43,123.00	40,663.00
Net Income (RM'000)	391,398.00	456,301.00	505,352.00	561,701.00	550,384.00	590,733.00	637,127.00	645,795.00	658,882.00	672,913.00
Total Liabilities (RM'000)	1,165,345.00	1,361,463.00	1,153,963.00	1,272,290.00	1,526,159.00	1,779,734.00	1,847,389.00	1,917,058.00	2,192,949.00	2,061,614.00
Total Assets (RM'000)	1,778,681.00	2,002,323.00	1,905,169.00	2,088,734.00	2,303,296.00	2,488,330.00	2,494,610.00	2,556,986.00	2,847,282.00	2,726,528.00
Net Fixed Assets (RM'000)	994,812.00	987,259.00	1,064,466.00	1,158,747.00	1,409,946.00	1,472,918.00	1,464,574.00	1,483,874.00	1,631,866.00	1,653,525.00
Total Equity (RM'000)	613,336.00	640,860.00	631,143.00	678,404.00	777,137.00	708,596.00	647,221.00	639,928.00	654,333.00	664,924.00
Current Assets (RM'000)	783,869.00	1,015,064.00	840,703.00	929,987.00	893,350.00	1,015,412.00	1,030,036.00	1,073,112.00	1,215,416.00	1,073,013.00
Current Liabilities (RM'000)	720,915.00	914,740.00	929,392.00	1,071,862.00	1,306,084.00	1,524,627.00	1,576,843.00	1,622,058.00	1,782,079.00	1,654,750.00
Cash & Cash Equivalents (RM'000)	48,683.00	52,461.00	34,593.00	15,196.00	15,504.00	13,901.00	23,966.00	12,615.00	7,011.00	10,399.00
Accounts Receivables (RM'000)	162,666.00	211,587.00	168,555.00	181,480.00	188,053.00	185,785.00	209,855.00	264,336.00	253,957.00	205,919.00
Inventories (RM'000)	380,539.00	517,573.00	411,170.00	408,614.00	370,291.00	414,262.00	455,337.00	467,316.00	530,378.00	551,827.00
Accounts Payable (RM'000)	420,553.00	576,508.00	617,217.00	591,998.00	646,950.00	797,326.00	985,027.00	903,819.00	1,066,054.00	983,551.00
Daily Credit Sales (RM'000)	11,031.01	12,879.44	12,483.35	13,117.60	13,175.16	13,254.68	13,872.62	14,412.30	15,120.67	15,118.02
Net Property, Plant and Equipment (RM'000)	897,505.00	889,741.00	945,812.00	1,046,463.00	1,293,757.00	1,369,874.00	1,353,050.00	1,373,652.00	1,245,564.00	1,227,821.00

Financial Ratio Analysis (Nestle Malaysia)

Particular	YEAR									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Current Ratio	1.09	1.11	0.90	0.71	0.68	0.67	0.65	0.66	0.68	0.65
Acid-test ratio	0.56	0.54	0.56	0.58	0.40	0.39	0.36	0.37	0.38	0.31
Average Collection Period	14.00	16.00	13.00	13.00	15.00	15.00	16.00	19.00	17.00	14.00
Accounts Receivable Turnover Ratio	24.75	22.22	27.03	26.38	25.57	26.04	24.13	19.90	21.73	26.80
Inventory turnover ratio	7.00	6.00	7.00	7.00	8.00	7.00	7.00	8.00	6.00	6.00
Debt ratio	0.66	0.68	0.60	0.60	0.66	0.72	0.74	0.75	0.77	0.76
Times Interest Earned Ratio (TIE)	22.46	27.00	31.67	32.77	27.26	21.17	22.65	22.61	20.31	21.54
Total Asset Turnover Ratio	2.26	2.35	2.39	2.29	2.09	1.94	2.03	2.06	1.94	2.02
Fixed asset turnover ratio	4.49	5.28	4.81	4.57	3.72	3.53	3.74	3.83	4.43	4.49
Gross profit margin	33.39%	32.80%	34.09%	35.46%	35.35%	38.56%	39.45%	36.70%	38.73%	37.58%
Operating Profit Margin	12.09%	12.29%	14.00%	15.00%	14.58%	15.04%	15.14%	15.48%	15.87%	15.87%
Net Profit Margin	9.72%	9.71%	11.10%	11.73%	11.45%	12.21%	12.58%	12.28%	11.94%	12.19%
Return on Equity (ROE)	63.81%	71.20%	80.07%	82.80%	70.82%	83.37%	98.44%	100.92%	100.70%	101.20%

Statements of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Revenue		**4,026,319**	3,744,233	**383,815**	355,635
Cost of goods sold		**(2,682,027)**	(2,462,739)	**-**	-
Gross profit		**1,344,292**	1,281,494	**383,815**	355,635
Other income		**736**	117	**-**	-
Distribution and selling expenses		**(749,794)**	(698,203)	**-**	-
Administrative expenses		**(95,576)**	(96,915)	**(1,500)**	(1,207)
Other expenses		**(12,167)**	(25,504)	**-**	-
Results from operating activities	14	**487,491**	460,989	**382,315**	354,428
Finance income		**35**	35	**2,730**	12,631
Finance costs		**(21,669)**	(21,123)	**-**	(11,755)
Net finance (costs)/income		**(21,634)**	(21,088)	**2,730**	876
Share of (loss)/profit of an equity accounted associate, net of tax		**(113)**	360	**-**	-
Profit before tax		**465,744**	440,261	**385,045**	355,304
Income tax expense	16	**(74,346)**	(88,468)	**1,602**	(2,483)
Profit for the year		**391,398**	351,793	**386,647**	352,821
Other comprehensive income, net of tax					
Cash flow hedge		**4,125**	2,705	**-**	-
Defined benefit plan actuarial gains		**2,384**	1,776	**-**	-
Other comprehensive income for the year, net of tax	17	**6,509**	4,481	**-**	-
Total comprehensive income for the year		**397,907**	356,274	**386,647**	352,821
Basic earnings per ordinary share (sen)	18	**167**	150		

Statements of Financial Position

AS AT 31 DECEMBER 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Assets					
Property, plant and equipment	3	**897,505**	860,253	–	–
Goodwill	4	**61,024**	61,024	–	–
Investments in subsidiaries	5	**–**	–	**188,022**	188,022
Investment in an associate	6	**3,189**	3,467	**3,000**	3,000
Deferred tax assets	7	**10,441**	7,379	–	–
Receivables, deposits and prepayments	8	**22,653**	22,923	–	–
Total non-current assets		**994,812**	955,046	**191,022**	191,022
Receivables, deposits and prepayments	8	**354,303**	370,421	**347,743**	314,476
Inventories	9	**380,539**	354,381	–	–
Current tax assets		**344**	7,118	**20**	–
Cash and bank balances		**48,683**	25,751	–	–
Total current assets		**783,869**	757,671	**347,763**	314,476
Total assets		**1,778,681**	1,712,717	**538,785**	505,498
Equity					
Share capital		**234,500**	234,500	**234,500**	234,500
Reserves		**37,016**	32,891	**33,000**	33,000
Retained earnings		**341,820**	299,788	**270,481**	235,584
Total equity attributable to owners of the Company	10	**613,336**	567,179	**537,981**	503,084
Liabilities					
Loans and borrowings	11	**326,298**	328,039	–	–
Employee benefits	12	**42,537**	48,411	–	–
Deferred tax liabilities	7	**75,595**	70,309	–	–
Total non-current liabilities		**444,430**	446,759	–	–
Loans and borrowings	11	**87,256**	56,458	–	–
Payables and accruals	13	**623,269**	622,228	**804**	469
Taxation		**10,390**	20,093	–	1,945
Total current liabilities		**720,915**	698,779	**804**	2,414
Total liabilities		**1,165,345**	1,145,538	**804**	2,414
Total equity and liabilities		**1,778,681**	1,712,717	**538,785**	505,498

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Property, plant and equipment	3	**889,741**	897,505	**–**	–
Goodwill	4	**61,024**	61,024	**–**	–
Investments in subsidiaries	5	**–**	–	**188,022**	188,022
Investment in an associate	6	**3,210**	3,189	**3,000**	3,000
Deferred tax assets	7	**9,482**	10,441	**–**	–
Trade and other receivables	8	**23,802**	22,653	**–**	–
Total non-current assets		**987,259**	994,812	**191,022**	191,022
Trade and other receivables	8	**444,854**	354,303	**372,401**	347,743
Inventories	9	**517,573**	380,539	**–**	–
Current tax assets		**176**	344	**91**	20
Cash and cash equivalents	10	**52,461**	48,683	**–**	–
Total current assets		**1,015,064**	783,869	**372,492**	347,763
Total assets		**2,002,323**	1,778,681	**563,514**	538,785
Equity					
Share capital		**234,500**	234,500	**234,500**	234,500
Reserves		**10,560**	37,016	**33,000**	33,000
Retained earnings		**395,800**	341,820	**295,271**	270,481
Total equity attributable to owners of the Company	11	**640,860**	613,336	**562,771**	537,981
Liabilities					
Loans and borrowings	12	**337,711**	326,298	**–**	–
Employee benefits	13	**42,316**	42,537	**–**	–
Deferred tax liabilities	7	**66,696**	75,595	**–**	–
Total non-current liabilities		**446,723**	444,430	**–**	–
Loans and borrowings	12	**4,223**	87,256	**–**	–
Trade and other payables	14	**878,321**	623,269	**743**	804
Taxation		**32,196**	10,390	**–**	–
Total current liabilities		**914,740**	720,915	**743**	804
Total liabilities		**1,361,463**	1,165,345	**743**	804
Total equity and liabilities		**2,002,323**	1,778,681	**563,514**	538,785

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue		**4,700,994**	4,026,319	**422,400**	383,815
Cost of goods sold		**(3,158,877)**	(2,682,027)	**–**	–
Gross profit		**1,542,117**	1,344,292	**422,400**	383,815
Other income		**1,595**	736	**537**	–
Distribution and selling expenses		**(828,947)**	(749,794)	**–**	–
Administrative expenses		**(128,711)**	(95,576)	**(1,351)**	(1,500)
Other expenses		**(6,626)**	(12,167)	**–**	–
Results from operating activities	15	**579,428**	487,491	**421,586**	382,315
Finance income		**458**	35	**2,514**	2,730
Finance costs		**(21,398)**	(21,669)	**–**	–
Net finance (costs)/income		**(20,940)**	(21,634)	**2,514**	2,730
Share of profit/(loss) of an equity accounted associate, net of tax		**321**	(113)	**–**	–
Profit before tax		**558,809**	465,744	**424,100**	385,045
Income tax expense	17	**(102,508)**	(74,346)	**(660)**	1,602
Profit for the year		**456,301**	391,398	**423,440**	386,647
Other comprehensive (expense)/income, net of tax					
Cash flow hedge		**(26,456)**	4,125	**–**	–
Defined benefit plan actuarial (losses)/gains		**(3,671)**	2,384	**–**	–
Other comprehensive (expense)/income for the year, net of tax	18	**(30,127)**	6,509	**–**	–
Total comprehensive income for the year		**426,174**	397,907	**423,440**	386,647
Basic and diluted earnings per ordinary share (sen)	19	**195**	167		

Statements of Financial Position

as at 31 December 2012

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000	Group 1.1.2011 RM'000	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Assets							
Property, plant and equipment	3	**945,812**	889,741	897,505	**–**	–	–
Goodwill	4	**61,024**	61,024	61,024	**–**	–	–
Investments in subsidiaries	5	**–**	–	–	**188,022**	188,022	188,022
Investment in an associate	6	**3,217**	3,210	3,189	**3,000**	3,000	3,000
Deferred tax assets	7	**32,412**	18,460	19,415	**–**	–	–
Trade and other receivables	8	**22,001**	23,802	22,653	**–**	–	–
Total non-current assets		**1,064,466**	996,237	1,003,786	**191,022**	191,022	191,022
Trade and other receivables	8	**394,144**	444,854	354,303	**441,590**	372,401	347,743
Inventories	9	**411,170**	517,573	380,539	**–**	–	–
Current tax assets		**796**	176	344	**28**	91	20
Cash and cash equivalents	10	**34,593**	52,461	48,683	**–**	–	–
Total current assets		**840,703**	1,015,064	783,869	**441,618**	372,492	347,763
Total assets		**1,905,169**	2,011,301	1,787,655	**632,640**	563,514	538,785
Equity							
Share capital		**234,500**	234,500	234,500	**234,500**	234,500	234,500
Reserves		**32,050**	10,560	37,016	**33,000**	33,000	33,000
Retained earnings		**484,656**	407,659	382,852	**363,643**	295,271	270,481
Total equity attributable to owners of the Company	11	**751,206**	652,719	654,368	**631,143**	562,771	537,981
Liabilities							
Loans and borrowings	12	**95,167**	337,711	326,298	**–**	–	–
Employee benefits	13	**54,546**	42,316	42,537	**–**	–	–
Deferred tax liabilities	7	**74,858**	63,815	43,537	**–**	–	–
Total non-current liabilities		**224,571**	443,842	412,372	**–**	–	–
Loans and borrowings	12	**4,223**	4,223	87,256	**–**	–	–
Trade and other payables	14	**872,045**	878,321	623,269	**1,497**	743	804
Taxation		**53,124**	32,196	10,390	**–**	–	–
Total current liabilities		**929,392**	914,740	720,915	**1,497**	743	804
Total liabilities		**1,153,963**	1,358,582	1,133,287	**1,497**	743	804
Total equity and liabilities		**1,905,169**	2,011,301	1,787,655	**632,640**	563,514	538,785

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Revenue		**4,556,423**	4,246,744	**490,950**	422,400
Cost of sales		**(3,003,239)**	(2,862,535)	**-**	-
Gross profit		**1,553,184**	1,384,209	**490,950**	422,400
Other income		**5,715**	1,595	**33**	537
Distribution and selling expenses		**(758,635)**	(671,039)	**-**	-
Administrative expenses		**(139,663)**	(128,711)	**(2,467)**	(1,351)
Other expenses		**(3,726)**	(6,626)	**-**	-
Results from operating activities	15	**656,875**	579,428	**488,516**	421,586
Finance income		**929**	458	**2,758**	2,514
Finance costs		**(20,131)**	(21,398)	**-**	-
Net finance (costs)/income		**(19,202)**	(20,940)	**2,758**	2,514
Share of (loss)/profit of an equity accounted associate, net of tax		**(5)**	321	**-**	-
Profit before tax		**637,668**	558,809	**491,274**	424,100
Income tax expense	17	**(132,316)**	(131,681)	**(802)**	(660)
Profit for the year		**505,352**	427,128	**490,472**	423,440
Other comprehensive income/(expense), net of tax					
Item that may be reclassified subsequently to profit or loss					
Cash flow hedge		**21,490**	(26,456)	**-**	-
Item that will not be reclassified subsequently to profit or loss					
Defined benefit plan actuarial losses		**(6,255)**	(3,671)	**-**	-
Other comprehensive income/(expense) for the year, net of tax	18	**15,235**	(30,127)	**-**	-
Total comprehensive income for the year		**520,587**	397,001	**490,472**	423,440
Basic and diluted earnings per ordinary share (sen)	19	**216**	182		

Statements of Financial Position

as at 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Assets					
Property, plant and equipment	3	**1,046,463**	945,812	**–**	–
Goodwill	4	**61,024**	61,024	**–**	–
Investments in subsidiaries	5	**–**	–	**188,022**	188,022
Investment in an associate	6	**3,619**	3,217	**3,000**	3,000
Deferred tax assets	7	**25,775**	32,412	**–**	–
Trade and other receivables	8	**21,866**	22,001	**–**	–
Total non-current assets		**1,158,747**	1,064,466	**191,022**	191,022
Trade and other receivables	8	**502,207**	394,144	**488,879**	441,590
Inventories	9	**408,614**	411,170	**–**	–
Current tax assets		**3,970**	796	**36**	28
Cash and cash equivalents	10	**15,196**	34,593	**–**	–
Total current assets		**929,987**	840,703	**488,915**	441,618
Total assets		**2,088,734**	1,905,169	**679,937**	632,640
Equity					
Share capital		**234,500**	234,500	**234,500**	234,500
Reserves		**33,407**	32,050	**33,000**	33,000
Retained earnings		**548,537**	484,656	**410,904**	363,643
Total equity attributable to owners of the Company	11	**816,444**	751,206	**678,404**	631,143
Liabilities					
Loans and borrowings	12	**92,343**	95,167	**–**	–
Employee benefits	13	**25,337**	54,546	**–**	–
Deferred tax liabilities	7	**82,748**	74,858	**–**	–
Total non-current liabilities		**200,428**	224,571	**–**	–
Loans and borrowings	12	**7,555**	4,223	**–**	–
Trade and other payables	14	**1,022,999**	872,045	**1,533**	1,497
Current tax liabilities		**41,308**	53,124	**–**	–
Total current liabilities		**1,071,862**	929,392	**1,533**	1,497
Total liabilities		**1,272,290**	1,153,963	**1,533**	1,497
Total equity and liabilities		**2,088,734**	1,905,169	**679,937**	632,640

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue		**4,787,925**	4,556,423	**551,075**	490,950
Cost of sales		**(3,089,908)**	(3,003,239)	**–**	–
Gross profit		**1,698,017**	1,553,184	**551,075**	490,950
Other income		**3,793**	5,715	**–**	33
Selling and distribution expenses		**(824,372)**	(758,635)	**–**	–
Administrative expenses		**(136,171)**	(139,663)	**(1,760)**	(2,467)
Other expenses		**(6,625)**	(3,726)	**–**	–
Results from operating activities	15	**734,642**	656,875	**549,315**	488,516
Finance income		**5,947**	929	**2,711**	2,758
Finance costs		**(21,937)**	(20,131)	**–**	–
Net finance (costs)/income		**(15,990)**	(19,202)	**2,711**	2,758
Share of profit/(loss) of an equity accounted associate, net of tax		**402**	(5)	**–**	–
Profit before tax		**719,054**	637,668	**552,026**	491,274
Income tax expense	17	**(157,353)**	(132,316)	**(590)**	(802)
Profit for the year		**561,701**	505,352	**551,436**	490,472
Other comprehensive income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Cash flow hedge		**1,357**	21,490	**–**	–
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		**6,355**	(6,255)	**–**	–
Other comprehensive income for the year, net of tax	18	**7,712**	15,235	**–**	–
Total comprehensive income for the year		**569,413**	520,587	**551,436**	490,472

	Note	Group 2013	Group 2012
Basic and diluted earnings per ordinary share (sen)	19	**240**	216

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2014

		Group		Company	
	Note	2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	1,293,757	1,046,463	–	–
Goodwill	4	61,024	61,024	–	–
Investments in subsidiaries	5	–	–	188,022	188,022
Investment in an associate	6	3,631	3,619	3,000	3,000
Deferred tax assets	7	27,958	25,775	–	–
Trade and other receivables	8	23,576	21,866	–	–
Total non-current assets		1,409,946	1,158,747	191,022	191,022
Trade and other receivables	8	504,540	502,207	489,074	488,879
Inventories	9	370,291	408,614	–	–
Current tax assets		3,015	3,970	240	36
Cash and cash equivalents	10	15,504	15,196	–	–
Total current assets		893,350	929,987	489,314	488,915
Total assets		2,303,296	2,088,734	680,336	679,937
Equity					
Share capital		234,500	234,500	234,500	234,500
Reserves		32,668	33,407	33,000	33,000
Retained earnings		509,969	548,537	411,134	410,904
Total equity attributable to owners of the Company	11	777,137	816,444	678,634	678,404
Liabilities				–	–
Loans and borrowings	12	90,067	92,343	–	–
Employee benefits	13	62,486	25,337	–	–
Deferred tax liabilities	7	67,522	82,748	–	–
Total non-current liabilities		220,075	200,428	–	–
Loans and borrowings	12	84,313	7,555	–	–
Trade and other payables	14	1,170,240	1,022,999	1,702	1,533
Current tax liabilities		51,531	41,308	–	–
Total current liabilities		1,306,084	1,071,862	1,702	1,533
Total liabilities		1,526,159	1,272,290	1,702	1,533
Total equity and liabilities		2,303,296	2,088,734	680,336	679,937

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue		4,808,933	4,787,925	551,375	551,075
Cost of sales		(3,108,981)	(3,089,908)	–	–
Gross profit		1,699,952	1,698,017	551,375	551,075
Other income		1,581	3,793	–	–
Selling and distribution expenses		(844,464)	(824,372)	–	–
Administrative expenses		(128,337)	(136,171)	(2,717)	(1,760)
Other expenses		(3,785)	(6,625)	–	–
Results from operating activities	15	724,947	734,642	548,658	549,315
Finance income		1,650	5,947	3,043	2,711
Finance costs		(25,722)	(21,937)	–	–
Net finance (costs)/income		(24,072)	(15,990)	3,043	2,711
Share of profit of an equity accounted associate, net of tax		312	402	–	–
Profit before tax		701,187	719,054	551,701	552,026
Income tax expense	17	(150,803)	(157,353)	(396)	(590)
Profit for the year		550,384	561,701	551,305	551,436
Other comprehensive (expense)/income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Cash flow hedge		(739)	1,357	–	–
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(37,877)	6,355	–	–
Other comprehensive (expense)/income for the year, net of tax	18	(38,616)	7,712	-	-
Total comprehensive income for the year		511,768	569,413	551,305	551,436
Basic and diluted earnings per ordinary share (sen)	19	235	240		

Statements of Financial Position

as at 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Property, plant and equipment	3	**1,369,874**	1,293,757	**–**	–
Intangible assets	4	**62,814**	61,024	**–**	–
Investments in subsidiaries	5	**–**	–	**188,022**	188,022
Investment in an associate	6	**4,114**	3,631	**3,000**	3,000
Deferred tax assets	7	**11,068**	27,958	**–**	–
Trade and other receivables	8	**25,048**	23,576	**–**	–
Total non-current assets		**1,472,918**	1,409,946	**191,022**	191,022
Trade and other receivables	8	**581,918**	504,540	**383,615**	489,074
Inventories	9	**414,262**	370,291	**–**	–
Current tax assets		**5,331**	3,015	**62**	240
Cash and cash equivalents	10	**13,901**	15,504	**–**	–
Total current assets		**1,015,412**	893,350	**383,677**	489,314
Total assets		**2,488,330**	2,303,296	**574,699**	680,336
EQUITY					
Share capital		**234,500**	234,500	**234,500**	234,500
Reserves		**108,976**	32,668	**33,000**	33,000
Retained earnings		**365,120**	509,969	**305,667**	411,134
Total equity attributable to owners of the Company	11	**708,596**	777,137	**573,167**	678,634
LIABILITIES					
Loans and borrowings	12	**96,451**	90,067	**–**	–
Employee benefits	13	**81,117**	62,486	**–**	–
Deferred tax liabilities	7	**77,539**	67,522	**–**	–
Total non-current liabilities		**255,107**	220,075	**–**	–
Loans and borrowings	12	**253,034**	84,313	**–**	–
Trade and other payables	14	**1,231,605**	1,170,240	**1,532**	1,702
Current tax liabilities		**39,988**	51,531	**–**	–
Total current liabilities		**1,524,627**	1,306,084	**1,532**	1,702
Total liabilities		**1,779,734**	1,526,159	**1,532**	1,702
Total equity and liabilities		**2,488,330**	2,303,296	**574,699**	680,336

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue		4,837,957	4,808,933	609,499	551,375
Cost of sales		(2,972,500)	(3,108,981)	-	-
Gross profit		1,865,457	1,699,952	609,499	551,375
Other income		1,476	1,581	-	-
Selling and distribution expenses		(927,626)	(844,464)	-	-
Administrative expenses		(143,704)	(128,337)	(1,894)	(2,717)
Other expenses		(35,426)	(3,785)	-	-
Results from operating activities	15	760,177	724,947	607,605	548,658
Finance income		1,127	1,650	3,107	3,043
Finance costs		(34,376)	(25,722)	-	-
Net finance (costs)/income		(33,249)	(24,072)	3,107	3,043
Share of profit of an equity accounted associate, net of tax		783	312	-	-
Profit before tax		727,711	701,187	610,712	551,701
Income tax expense	17	(136,978)	(150,803)	(954)	(396)
Profit for the year		590,733	550,384	609,758	551,305
Other comprehensive income/(expense), net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Cash flow hedge		76,308	(739)	-	-
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(20,357)	(37,877)	-	-
Other comprehensive income/(expense) for the year, net of tax	18	55,951	(38,616)	-	-
Total comprehensive income for the year		646,684	511,768	609,758	551,305
Basic and diluted earnings per ordinary share (sen)	19	252	235		

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
ASSETS					
Property, plant and equipment	3	**1,353,050**	1,369,874	-	-
Intangible assets	4	**62,400**	62,814	-	-
Investments in subsidiaries	5	-	-	**188,022**	188,022
Investment in an associate	6	**4,224**	4,114	**3,000**	3,000
Deferred tax assets	7	**20,155**	11,068	-	-
Trade and other receivables	8	**24,745**	25,048	-	-
Total non-current assets		**1,464,574**	1,472,918	**191,022**	191,022
Trade and other receivables	8	**544,307**	581,918	**382,305**	383,615
Inventories	9	**455,337**	414,262	-	-
Current tax assets		**6,396**	5,331	**433**	62
Cash and cash equivalents	10	**23,996**	13,901	-	-
Total current assets		**1,030,036**	1,015,412	**382,738**	383,677
Total assets		**2,494,610**	2,488,330	**573,760**	574,699
EQUITY					
Share capital		**234,500**	234,500	**234,500**	234,500
Reserves		**43,896**	108,976	**33,000**	33,000
Retained earnings		**368,825**	365,120	**304,901**	305,667
Total equity attributable to owners of the Company	11	**647,221**	708,596	**572,401**	573,167
LIABILITIES					
Loans and borrowings	12	**93,146**	96,451	-	-
Employee benefits	13	**86,140**	81,117	-	-
Deferred tax liabilities	7	**91,260**	77,539	-	-
Total non-current liabilities		**270,546**	255,107	-	-
Loans and borrowings	12	**183,961**	253,034	-	-
Trade and other payables	14	**1,392,780**	1,231,605	**1,359**	1,532
Current tax liabilities		**102**	39,988	-	-
Total current liabilities		**1,576,843**	1,524,627	**1,359**	1,532
Total liabilities		**1,847,389**	1,779,734	**1,359**	1,532
Total equity and liabilities		**2,494,610**	2,488,330	**573,760**	574,699

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue		**5,063,506**	4,837,957	**633,450**	609,499
Cost of sales		**(3,066,051)**	(2,972,500)	**-**	-
Gross profit		**1,997,455**	1,865,457	**633,450**	609,499
Other income		**3,623**	1,476	**-**	-
Selling and distribution expenses		**(1,025,937)**	(927,626)	**-**	-
Administrative expenses		**(164,034)**	(143,704)	**(3,084)**	(1,894)
Other expenses		**(12,327)**	(35,426)	**-**	-
Results from operating activities	15	**798,780**	760,177	**630,366**	607,605
Finance income		**1,140**	1,127	**2,511**	3,107
Finance costs		**(33,836)**	(34,376)	**-**	-
Net finance (costs)/income		**(32,696)**	(33,249)	**2,511**	3,107
Share of profit of an equity accounted associate, net of tax		**410**	783	**-**	-
Profit before tax		**766,494**	727,711	**632,877**	610,712
Income tax expense	17	**(129,367)**	(136,978)	**(493)**	(954)
Profit for the year		**637,127**	590,733	**632,384**	609,758
Other comprehensive (expense)/income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Cash flow hedge		**(65,080)**	76,308	**-**	-
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		**(272)**	(20,357)	**-**	-
Other comprehensive (expense)/income for the year, net of tax	18	**(65,352)**	55,951	**-**	-
Total comprehensive income for the year		**571,775**	646,684	**632,384**	609,758
Basic and diluted earnings per ordinary share (sen)	19	**272**	252		

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Revenue		**5,260,490**	5,063,506	**645,175**	633,450
Cost of sales		**(3,330,141)**	(3,066,051)	**-**	-
Gross profit		**1,930,349**	1,997,455	**645,175**	633,450
Other income		**5,056**	3,623	**-**	-
Selling and distribution expenses		**(922,930)**	(1,025,937)	**-**	-
Administrative expenses		**(156,335)**	(164,034)	**(2,906)**	(3,084)
Other expenses		**(8,238)**	(12,327)	**(67)**	-
Results from operating activities	15	**847,902**	798,780	**642,202**	630,366
Finance income		**1,443**	1,140	**2,428**	2,511
Finance costs		**(36,001)**	(33,836)	**-**	-
Net finance (costs)/income		**(34,558)**	(32,696)	**2,428**	2,511
Share of profit of an equity accounted associate, net of tax		**785**	410	**-**	-
Profit before tax		**814,129**	766,494	**644,630**	632,877
Income tax expense	16	**(168,334)**	(129,367)	**(955)**	(493)
Profit for the year		**645,795**	637,127	**643,675**	632,384
Other comprehensive (expense)/income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Cash flow hedge		**(20,068)**	(65,080)	**-**	-
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		**130**	(272)	**-**	-
Other comprehensive expense for the year, net of tax	17	**(19,938)**	(65,352)	**-**	-
Total comprehensive income for the year		**625,857**	571,775	**643,675**	632,384
Basic and diluted earnings per ordinary share (sen)	18	**275**	272		

Statements of Financial Position

as at 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	**1,373,652**	1,353,050	**-**	-
Intangible assets	4	**61,986**	62,400	**-**	-
Investments in subsidiaries	5	**-**	-	**188,022**	188,022
Investment in an associate	6	**4,709**	4,224	**3,000**	3,000
Deferred tax assets	7	**19,244**	20,155	**-**	-
Trade and other receivables	8	**24,283**	24,745	**-**	-
Total non-current assets		**1,483,874**	1,464,574	**191,022**	191,022
Trade and other receivables	8	**580,848**	544,307	**393,354**	382,305
Inventories	9	**467,316**	455,337	**-**	-
Current tax assets		**12,333**	6,396	**-**	433
Cash and cash equivalents	10	**12,615**	23,996	**-**	-
Total current assets		**1,073,112**	1,030,036	**393,354**	382,738
Total assets		**2,556,986**	2,494,610	**584,376**	573,760
Equity					
Share capital		**267,500**	234,500	**267,500**	234,500
Reserves		**(9,172)**	43,896	**-**	33,000
Retained earnings		**381,600**	368,825	**315,426**	304,901
Total equity attributable to owners of the Company	11	**639,928**	647,221	**582,926**	572,401
Liabilities					
Loans and borrowings	12	**84,264**	93,146	**-**	-
Employee benefits	13	**89,749**	86,140	**-**	-
Deferred tax liabilities	7	**120,987**	91,260	**-**	-
Total non-current liabilities		**295,000**	270,546	**-**	-
Loans and borrowings	12	**305,631**	183,961	**-**	-
Trade and other payables	14	**1,296,619**	1,392,780	**1,425**	1,359
Current tax liabilities		**19,808**	102	**25**	-
Total current liabilities		**1,622,058**	1,576,843	**1,450**	1,359
Total liabilities		**1,917,058**	1,847,389	**1,450**	1,359
Total equity and liabilities		**2,556,986**	2,494,610	**584,376**	573,760

The notes on pages 55 to 102 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

		<------Group	------	------>	<------Company	------>
		31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**
	Note		**Restated**	**Restated**		
Assets						
Property, plant and equipment	3	**1,245,564**	1,295,464	1,273,203	**-**	-
Right-of-use assets	4	**261,567**	136,747	161,815	**-**	-
Intangible assets	5	**67,546**	61,986	62,400	**-**	-
Investments in subsidiaries	6	**-**	-	-	**188,022**	188,022
Investment in an associate	7	**5,084**	4,709	4,224	**3,000**	3,000
Deferred tax assets	8	**30,572**	20,523	22,766	**-**	-
Trade and other receivables	9	**21,533**	24,283	24,745	**-**	-
Total non-current assets		**1,631,866**	1,543,712	1,549,153	**191,022**	191,022
Trade and other receivables	9	**605,414**	580,847	544,307	**404,244**	393,354
Inventories	10	**530,378**	467,316	455,337	**-**	-
Current tax assets		**163**	12,333	6,396	**-**	-
Cash and cash equivalents	11	**7,011**	12,615	23,996	**-**	-
		1,142,966	1,073,111	1,030,036	**404,244**	393,354
Assets classified as held for sale	12	**72,450**	-	-	**-**	-
Total current assets		**1,215,416**	1,073,111	1,030,036	**404,244**	393,354
Total assets		**2,847,282**	2,616,823	2,579,189	**595,266**	584,376
Equity						
Share capital		**267,500**	267,500	234,500	**267,500**	267,500
Reserves		**2,498**	(9,172)	43,896	**-**	-
Retained earnings		**384,335**	377,566	368,036	**325,994**	315,426
Total equity attributable to owners of the Company	13	**654,333**	635,894	646,432	**593,494**	582,926
Liabilities						
Loans and borrowings	14	**-**	84,264	84,264	**-**	-
Lease liabilities	15	**180,198**	34,819	63,476	**-**	-
Employee benefits	16	**95,282**	89,749	86,140	**-**	-
Deferred tax liabilities	8	**135,390**	120,987	91,260	**-**	-
Total non-current liabilities		**410,870**	329,819	325,140	**-**	-
Loans and borrowings	14	**180,304**	305,631	179,753	**-**	-
Lease liabilities	15	**26,778**	29,052	42,463	**-**	-
Trade and other payables	17	**1,527,276**	1,296,619	1,385,299	**1,691**	1,425
Current tax liabilities		**47,721**	19,808	102	**81**	25
Total current liabilities		**1,782,079**	1,651,110	1,607,617	**1,772**	1,450
Total liabilities		**2,192,949**	1,980,929	1,932,757	**1,772**	1,450
Total equity and liabilities		**2,847,282**	2,616,823	2,579,189	**595,266**	584,376

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

		Group		Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
	Note		Restated		
Revenue		**5,519,045**	5,260,490	**657,020**	645,175
Cost of sales		**(3,381,380)**	(3,309,386)	**-**	-
Gross profit		**2,137,665**	1,951,104	**657,020**	645,175
Other income		**16,819**	5,056	**-**	-
Selling and distribution expenses		**(1,023,305)**	(944,096)	**-**	-
Administrative expenses		**(177,990)**	(156,335)	**(3,432)**	(2,906)
Other expenses		**(38,593)**	(8,238)	**(142)**	(67)
Results from operating activities	18	**914,596**	847,491	**653,446**	642,202
Finance income		**3,622**	1,443	**2,568**	2,428
Finance costs		**(43,123)**	(37,503)	**-**	-
Net finance (costs)/income		**(39,501)**	(36,060)	**2,568**	2,428
Share of profit of an equity-accounted associate, net of tax		**795**	785	**-**	-
Profit before tax		**875,890**	812,216	**656,014**	644,630
Income tax expense	19	**(217,008)**	(169,666)	**(571)**	(955)
Profit for the year		**658,882**	642,550	**655,443**	643,675
Other comprehensive income/(expense), net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Cash flow hedge		**11,670**	(20,068)	**-**	-
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		**(283)**	130	**-**	-
Other comprehensive income/(expense) for the year, net of tax	20	**11,387**	(19,938)	**-**	-
Total comprehensive income for the year		**670,269**	622,612	**655,443**	643,675
Basic and diluted earnings per ordinary share (sen)	21	**281**	274		

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Assets					
Property, plant and equipment	3	**1,277,861**	1,245,564	**-**	-
Right-of-use assets	4	**254,184**	261,567	**-**	-
Intangible assets	5	**65,795**	67,546	**-**	-
Investments in subsidiaries	6	**-**	-	**188,022**	188,022
Investment in an associate	7	**5,367**	5,084	**3,000**	3,000
Deferred tax assets	8	**34,511**	30,572	**-**	-
Trade and other receivables	9	**15,807**	21,533	**-**	-
Total non-current assets		**1,653,525**	1,631,866	**191,022**	191,022
Trade and other receivables	9	**508,097**	605,414	**408,111**	404,244
Inventories	10	**551,827**	530,378	**-**	-
Current tax assets		**2,690**	163	**-**	-
Cash and cash equivalents	11	**10,399**	7,011	**-**	-
		1,073,013	1,142,966	**408,111**	404,244
Assets classified as held for sale	12	**-**	72,450	**-**	-
Total current assets		**1,073,013**	1,215,416	**408,111**	404,244
Total assets		**2,726,538**	2,847,282	**599,133**	595,266
Equity					
Share capital		**267,500**	267,500	**267,500**	267,500
Reserves		**(931)**	2,498	**-**	-
Retained earnings		**398,355**	384,335	**329,647**	325,994
Total equity attributable to owners of the Company	13	**664,924**	654,333	**597,147**	593,494
Liabilities					
Lease liabilities		**176,823**	180,198	**-**	-
Employee benefits	15	**91,444**	95,282	**-**	-
Deferred tax liabilities	8	**138,597**	135,390	**-**	-
Total non-current liabilities		**406,864**	410,870	**-**	-
Loans and borrowings	14	**257,431**	180,304	**-**	-
Lease liabilities		**28,753**	26,778	**-**	-
Trade and other payables	16	**1,321,407**	1,527,276	**1,858**	1,691
Current tax liabilities		**47,159**	47,721	**128**	81
Total current liabilities		**1,654,750**	1,782,079	**1,986**	1,772
Total liabilities		**2,061,614**	2,192,949	**1,986**	1,772
Total equity and liabilities		**2,726,538**	2,847,282	**599,133**	595,266

The notes on pages 56 to 122 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue		**5,518,076**	5,519,045	**662,050**	657,020
Cost of sales		**(3,444,561)**	(3,381,380)	**-**	-
Gross profit		**2,073,515**	2,137,665	**662,050**	657,020
Other income		**20,960**	16,819	**-**	-
Selling and distribution expenses		**(977,094)**	(1,023,305)	**-**	-
Administrative expenses		**(192,373)**	(177,990)	**(3,495)**	(3,432)
Other expenses		**(13,015)**	(38,593)	**(14)**	(142)
Results from operating activities	17	**911,993**	914,596	**658,541**	653,446
Finance income		**3,662**	3,622	**2,465**	2,568
Finance costs		**(40,663)**	(43,123)	**-**	-
Net finance (costs)/income		**(37,001)**	(39,501)	**2,465**	2,568
Share of profit of an equity-accounted associate, net of tax		**733**	795	**-**	-
Profit before tax		**875,725**	875,890	**661,006**	656,014
Income tax expense	18	**(202,812)**	(217,008)	**(753)**	(571)
Profit for the year		**672,913**	658,882	**660,253**	655,443
Other comprehensive (expense)/ income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Cash flow hedge		**(3,429)**	11,670	**-**	-
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		**(2,293)**	(283)	**-**	-
Other comprehensive (expense)/ income for the year, net of tax	19	**(5,722)**	11,387	**-**	-
Total comprehensive income for the year		**667,191**	670,269	**660,253**	655,443
Basic and diluted earnings per ordinary share (sen)	20	**287**	281		