

International In-Depth Report

Identification Data As Requested

Given name:
BI ELECTRIC SHERZHEN

Address HUA MEI ROAD, LONG GANG SHENZHEN, GUANGDONG, 518172,
CHINA
Country China (PRC)

Verified Identification Data

Subject name:
**BI ELECTRIC (SHENZHEN) CO.,
LTD.**

Registered number:
440301503233530

Address 3/F - 4/F
No 86 Huamei Middle Road
Huanggekeng Community Area
Longcheng Avenue
Longgang District
Town Shenzhen
State/province Guangdong
Zip/postal code 518172
Country China (PRC)
Telephone +86 (755) 28931642
Fax +86 (755) 28930819
Website www.dhcchina.com (Subject)
www.bi-group.com (Group)
www.nigroup.net / www.nig.com.kw (Ultimate)

Credit Risk Rating

Risk Dashboard

As at 04-10-2013

Analysis

91-100	Excellent
81-90	Good
51-80	Satisfactory
26-50	Passable
0-25	Poor
N/A	No classification

- Organisational structure is acceptable
- Management is modestly experienced
- Serious detrimental records found
- Group financial performance is good
- Operational trend is in liquidation
- Payment punctuality is undetermined

The Subject is in liquidation since 10-09-2013. Open credits of any magnitude are not advisable. Exercise business relations with caution.

Credit limit Recommended limit: Fully secured terms preferable.

Corporate Data

Subject name	BI ELECTRIC (SHENZHEN) CO., LTD.
Other style	比安电气(深圳)有限公司
Date registered	02-11-2006
Legal form	Wholly Foreign-Owned Enterprise
Registered number	440301503233530
Registry authority	Shenzhen City Administration of Industry and Commerce
Registry status	In Liquidation
Principal trading address	3/F - 4/F No 86 Huamei Middle Road Huanggekeng Community Area Longcheng Avenue Longgang District 518172 Shenzhen, Guangdong China (PRC)
Main activities	Design, development, production and sales of electronic devices and related products, parts and components
Number of employees	450 - As reported

Legal Notices

Bankruptcy filings	None
Court judgements	None
Tax liens	None
Debt collections	No negative information was found.
Other	The Subject is currently under liquidation. A board of committees of liquidation is being elected on 10-09-2013.

Financials

Required to file	Yes
Source	Group Consolidated Statements
Presentation	Attached to this report / Summarised below
Date of accounts	30-06-2013
Accounts type	Full audited
Currency	Kuwaiti Dinar (KWD)
Exchange rate	USD 1 = KWD 0.28 as of 04-10-2013

Summarised

	30-06-2013	31-12-2012	31-12-2011
Consolidation:	Group consolidated	Group consolidated	Group consolidated
Period:	6 months	12 months	12 months
Sales turnover:	52,795,000	103,688,000	98,072,000
Gross profit:	12,356,000	25,500,000	22,550,000
Profit before tax:	16,258,000	-32,328,000	-25,797,000
Profit after tax:	16,180,000	-34,032,000	-26,208,000
Non-current assets:	1,072,917,000	1,116,172,000	1,173,408,000
Current assets:	288,184,000	383,533,000	460,697,000
Inventories:	27,307,000	23,602,000	20,053,000
Total assets:	1,361,101,000	1,499,705,000	1,634,105,000
Current liabilities:	384,148,000	573,192,000	685,623,000
Non-current liabilities:	460,377,000	404,904,000	311,021,000
Total liabilities:	844,525,000	978,096,000	996,644,000
Shareholders' equity:	516,576,000	521,609,000	637,461,000

Comment

The above group consolidated figures relate to the Subject's Ultimate Holding Company NATIONAL INDUSTRIES GROUP (HOLDING) S A K and its subsidiaries.

Current Directors and Other Appointments

Appointments

Name Ian Starkey
Board function Chairman and Liquidator
Address China

Name Hong Gao
Board function Liquidator
Address China

Name Rongrong Cui
Board function Liquidator
Address China

Name Yanqing Wang
Board function Liquidator
Address China

Name Janine Anita Ramsdale
Board function Director
Address China

Name Merrick Wentworth Taylor
Board function Director
Address China

Name Paul Anthony Hope
Board function Director
Address China

Management Team

Name Ian Starkey
Job Title Chairman and Liquidator

Name Janine Anita Ramsdale
Job Title Director

Name Merrick Wentworth Taylor
Job Title Director

Name Paul Anthony Hope
Job Title Director

Name Dalei Li
Job Title General Manager

Share Capital Structure

Authorised capital HKD 2,400,000
Issued capital HKD 2,400,000
Paid-up capital HKD 2,400,000

Shareholders

How listed	Full List
Name	DIAMOND ASIA CONTROLS MANUFACTURING (HONG KONG) LIMITED
No. of shares	HKD 2,400,000
% of shares	100%
Address	Room 501 5/F 113 Argyle Street Mongkok Kowloon Hong Kong
Comment	Also known as 協優製造(香港)有限公司

Corporate Structure

Name	NATIONAL INDUSTRIES GROUP (HOLDING) S A K
Affiliation type	Ultimate Holding Company
Address	PO Box 417 Safat 13005 Kuwait
Name	DIAMOND ASIA CONTROLS MANUFACTURING (HONG KONG) LIMITED
Affiliation type	Parent Company
Address	Room 501 5/F 113 Argyle Street Mongkok Kowloon Hong Kong
Comment	Also known as 協優製造(香港)有限公司
Comments	Other companies of the NATIONAL INDUSTRIES GROUP (HOLDING) S A K Group should also be considered as affiliates of the Subject. A list of major affiliated companies is attached to this report.

Operations and History

Full description	The Subject is engaged in design, development, production and sales of electronic devices and related products, parts and components.
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Property and Assets

Premises	The Subject principally operates from premises located at the heading address, consisting of production facilities, a warehouse and administrative offices.
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Payment Profile

Debt Collections / Judgements	No negative information was found.
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Payment Experience Payment behaviour

As trade references were not supplied, the Subject's payment track record history CANNOT BE ACCURATELY DETERMINED.

Analysts' Comments

Sources Official and local business sources

Attachments

Attachments Group consolidated financial statements
List of affiliated companies

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Interim condensed consolidated statement of income

	Note	Three months ended		Six months ended	
		30 June 2013 (Unaudited) KD '000	30 June 2012 (Unaudited) KD '000 (Restated)	30 June 2013 (Unaudited) KD '000	30 June 2012 (Unaudited) KD '000 (Restated)
Continuing operations					
Sales		27,665	28,926	52,795	55,111
Cost of sales		(20,397)	(22,247)	(40,439)	(42,146)
Gross profit		7,268	6,679	12,356	12,965
Income from investments	3	20,047	7,512	32,174	25,385
Profit on disposal of associate	6	994	-	994	-
Share of results of associates		5,300	5,928	10,530	9,239
Changes in fair value of investment properties		-	1,735	-	1,735
Interest and other income	4	2,779	1,588	4,495	3,116
Distribution costs		(1,108)	(1,132)	(2,171)	(2,135)
General, administrative and other expenses		(5,971)	(5,230)	(11,186)	(10,338)
Loss on foreign currency exchange		(400)	(2,227)	(1,691)	(1,861)
		28,909	14,853	45,501	38,106
Finance costs		(10,073)	(9,203)	(18,049)	(18,455)
Dilution loss on associate		-	(253)	-	(253)
Impairment in value of investment in associate		(118)	-	(118)	-
Impairment in value of available for sale investments	8	(8,043)	(2,475)	(10,449)	(5,273)
Impairment in value of accounts receivables and other assets		(627)	-	(627)	-
Profit before taxation, NLST and Zakat		10,048	2,922	16,258	14,125
Taxation of foreign subsidiaries		(59)	(65)	(78)	(65)
Provision for National Labour Support Tax (NLST)		-	98	-	-
Provision for Zakat		-	36	-	-
Profit from continuing operations		9,989	2,991	16,180	14,060
Discontinued operations					
Loss for the period from discontinued operations		-	(5)	-	(164)
Profit for the period		9,989	2,986	16,180	13,896
Attributable to :					
Owners of the parent company		5,702	1,061	10,434	10,482
Non-controlling interests		4,287	1,925	5,746	3,414
		9,989	2,986	16,180	13,896
Basic and diluted earnings per share attributable to the owners of the parent company					
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- From continuing operations		4.5 Fils	0.8 Fils	8.3 Fils	8.4 Fils
- From discontinued operations		-	-	-	(0.1) Fils
		4.5 Fils	0.8 Fils	8.3 Fils	8.3 Fils

Interim condensed consolidated statement of financial position

	Note	30 June 2013 (Unaudited) KD '000	31 Dec. 2012 (Audited) KD '000	30 June 2012 (Unaudited) KD '000 (Restated)
Assets				
Non-current assets				
Goodwill		6,810	7,083	6,876
Property, plant and equipment		68,637	63,994	65,371
Investment in associates	6	293,546	287,497	289,486
Investment properties	7	26,342	25,259	24,388
Available for sale investments	8	675,565	698,095	728,628
Accounts receivable		2,017	1,969	7,770
Total non-current assets		1,072,917	1,083,897	1,122,519
Current assets				
Inventories		27,307	25,644	23,164
Available for sale investments	8	74,468	79,847	75,137
Accounts receivable and other assets		68,039	62,176	60,406
Murabaha and wakala investments		1,044	11,293	9,009
Investments at fair value through profit or loss	9	58,316	61,992	74,289
Short-term deposits	12	5,195	6,129	77,338
Bank balances and cash	12	53,815	57,072	38,478
Total current assets		288,184	304,153	357,821
Total assets		1,361,101	1,388,050	1,480,340
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	10	129,510	129,510	129,510
Treasury shares		(30,375)	(30,375)	(30,375)
Share Premium	10	122,962	122,962	122,962
Cumulative changes in fair value		128,487	140,199	133,114
Other components of equity	11	17,046	16,921	13,968
Retained earnings		13,994	2,911	4,872
Equity attributable to owners of the parent		381,624	382,128	374,051
Non-controlling interests		134,952	141,790	139,280
Total equity		516,576	523,918	513,331
Non-current liabilities				
Long-term borrowings		446,174	523,935	414,211
Leasing creditors		74	152	223
Provisions		14,129	15,139	14,627
Total non-current liabilities		460,377	539,226	429,061
Current liabilities				
Accounts payable and other liabilities		52,590	50,686	48,236
Trust certificates issued – current portion		-	-	133,309
Short-term borrowings		305,818	256,323	329,774
Due to banks	12	25,740	17,897	26,629
Total current liabilities		384,148	324,906	537,948
Total liabilities		844,525	864,132	967,009
Total equity and liabilities		1,361,101	1,388,050	1,480,340

Sa'ad Mohammed Al-Sa'ad
Chairman



Ahmad Mohammed Hassan
Chief Executive Officer

The notes set out on pages 9 to 25 form an integral part of this interim condensed consolidated financial information.

Interim condensed consolidated statement of cash flows

	Six months ended 30 June 2013 (Unaudited) KD '000	Six months ended 30 June 2012 (Unaudited) KD '000 (Restated)
OPERATING ACTIVITIES		
Profit before taxation, NLST and Zakat	16,258	14,125
Adjustments for :		
Depreciation of property, plant and equipment	3,465	3,707
Change in fair value of investment properties	-	(1,735)
Loss on disposal of property, plant and equipment	23	6
Share of results of associates	(10,530)	(9,239)
Dilution loss on associate	-	253
Profit on disposal of associate	(994)	-
Impairment in value of investments in associate	118	-
Dividend income from available for sale investments	(18,123)	(18,703)
Effect on unwinding discount of account receivables	(236)	-
Unrealised gain on interest rate SWAPs	-	(12)
Impairment in value of available for sale investments	10,449	5,273
Impairment in value of accounts receivable and other assets	627	-
Profit on sale of available for sale investments	(13,232)	(6,411)
Net provision released	(1,010)	(437)
Finance costs	18,049	18,455
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments	(263)	(1,104)
	4,601	4,178
Changes in operating assets and liabilities:		
Inventories	(1,663)	438
Accounts receivable and other assets	(10,493)	7,894
Investments at fair value through profit or loss	3,676	7,527
Accounts payable and other liabilities	420	(8,170)
Cash from operations	(3,459)	11,867
Taxation paid	(161)	-
KFAS paid	-	(83)
Net cash (used in)/from operating activities	(3,620)	11,784

Interim condensed consolidated statement of cash flows (continued)

	Note	Six months ended 30 June 2013 (Unaudited) KD '000	Six months ended 30 June 2012 (Unaudited) KD '000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,014)	(4,202)
Proceeds from sale of property, plant and equipment		-	152
Purchase of investment properties		(1,083)	(8,741)
Proceeds from disposal of associate		3,206	-
Addition to investment in associates		(5,931)	(1,891)
Dividend received from associates		6,368	4,652
Purchase of available for sale investments		(19,177)	(4,082)
Proceeds from sale of available for sale investments		40,361	16,118
Decrease/(increase) in wakala investments maturing after three months		10,249	(1,596)
Decrease/(increase) in block balances		5,155	(2,311)
Dividend income received from available for sale investments		18,123	18,703
Interest/profit received from bank balances, short-term deposits, wakala and murabaha investments		266	1,104
Net cash from investing activities		54,523	17,906
FINANCING ACTIVITIES			
Finance lease (payment)/receipts		(74)	488
Net (decrease)/increase in long-term borrowings, bonds and trust certificates		(77,761)	23,221
Net increase/(decrease) in short-term borrowings		49,495	(34,380)
Dividend paid to owners of the parent		(33)	(137)
Finance costs paid		(17,127)	(19,665)
Decrease in non-controlling interests		(12,245)	(4,443)
Net cash used in financing activities		(57,745)	(34,916)
Net decrease in cash and cash equivalents		(6,842)	(5,226)
Translation difference		(37)	(7)
Cash and cash equivalents at beginning of the period		(6,879)	(5,233)
Cash and cash equivalents at end of the period	12	30,729	86,761

Consolidated statement of income

	Note	Year ended 31 Dec. 2011 KD '000	Year ended 31 Dec. 2010 KD '000
Sales		103,688	98,072
Cost of sales		(78,188)	(75,522)
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Gross profit		25,500	22,550
Profit on disposal of subsidiary		-	646
Income from investments	8	24,838	32,390
Share of results of associates	17	14,464	29,680
Realised loss on disposal of investment properties		(353)	-
Changes in fair value of investment properties	18	460	(3,015)
Interest and other income	9	7,516	4,426
Distribution costs		(4,881)	(4,720)
General, administrative and other expenses		(22,335)	(21,949)
Gain on foreign currency exchange		2,189	5,403
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Finance costs	11	(40,866)	(37,359)
Impairment in value of available for sale investments	19c	(40,061)	(42,830)
Effect of discounting on accounts receivable	21c	(867)	-
Impairment in value of investment in associates		-	(397)
Impairment in value of goodwill	15	-	(1,326)
Impairment in value of receivables and other assets	21b	-	(6,603)
Reversal of provision/(provision for) onerous property leases and dilapidations	29	2,068	(2,693)
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Loss before taxation and other statutory contributions		(32,328)	(25,797)
Taxation and other statutory contributions	12	(1,704)	(411)
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Loss for the year	13	(34,032)	(26,208)
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Attributable to :			
Owners of the parent		(28,757)	(19,200)
Non-controlling interests		(5,275)	(7,008)
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		(34,032)	(26,208)
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Basic and diluted loss per share attributable to the owners of the parent	14	(23) Fils	(15) Fils

Consolidated statement of financial position

	Note	31 Dec. 2011 KD '000	31 Dec. 2010 KD '000
Assets			
Non-current assets			
Goodwill	15	6,645	6,718
Property, plant and equipment	16	65,316	67,201
Investment in associates	17	283,126	272,494
Investment properties	18	13,912	36,642
Available for sale investments	19	739,325	790,353
Accounts receivable	21	7,848	-
Total non-current assets		1,116,172	1,173,408
Current assets			
Inventories	20	23,602	20,053
Available for sale investments	19	86,713	104,514
Accounts receivable and other assets	21	68,224	59,182
Murabaha and wakala investments	22	8,413	15,263
Investments at fair value through profit or loss	23	81,816	119,118
Short-term deposits	32	79,041	104,565
Bank balances and cash	32	35,724	38,002
Total current assets		383,533	460,697
Total assets		1,499,705	1,634,105
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	24	129,510	129,510
Treasury shares	25	(30,375)	(30,804)
Share premium	24	151,719	152,691
Cumulative changes in fair value	26a	139,662	195,732
Other reserves	26b	16,931	59,081
Accumulated losses		(30,524)	(42,965)
Equity attributable to owners of the parent		376,923	463,245
Non-controlling interests	26c	144,686	174,216
Total equity		521,609	637,461
Non-current liabilities			
Trust certificates issued	27	-	133,523
Long-term borrowings	28	394,993	165,688
Leasing creditors		300	446
Provisions	29	9,611	11,364
Total non-current liabilities		404,904	311,021
Current liabilities			
Accounts payable and other liabilities	30	56,076	43,387
Trust certificates issued – current portion	27	132,549	14,010
Short-term borrowings	31	360,911	594,948
Due to banks	32	23,656	33,278
Total current liabilities		573,192	685,623
Total liabilities		978,096	996,644
Total equity and liabilities		1,499,705	1,634,105

Consolidated statement of cash flows

	Year ended 31 Dec. 2011 KD '000	Year ended 31 Dec. 2010 KD '000
OPERATING ACTIVITIES		
Loss before taxation and other statutory contributions	(32,328)	(25,797)
Adjustments:		
Depreciation of property, plant and equipment	5,983	6,547
Changes in fair value of investment properties	(460)	3,015
Gain on disposal of property, plant and equipment	(601)	(246)
Profit on disposal of subsidiary	-	(646)
Realised loss on disposal of investment properties	353	-
Impairment in value of investment in associates	-	397
Share of results of associates	(14,464)	(29,680)
Dividend income from available for sale investments	(13,883)	(14,078)
Profit on sale of available for sale investments	(25,911)	(12,977)
Impairment in value of goodwill	-	1,326
Impairment in value of receivable and other assets	-	6,603
Effect of discounting on accounts receivable	867	-
Impairment in value of available for sale investments and wakala investments	40,061	42,830
Net provisions (released)/charged	(865)	2,309
Finance costs	40,866	37,359
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments	(2,449)	(3,115)
Negative goodwill on acquisition of subsidiary	-	(302)
	(2,831)	13,545
Changes in operating assets and liabilities:		
Inventories	(3,549)	2,518
Accounts receivable and other assets	(1,232)	1,061
Investments at fair value through profit or loss	31,004	17,238
Accounts payable and other liabilities	3,528	782
Cash from operations	26,920	35,144
KFAS and Zakat contribution paid	(2,949)	-
NLST paid	(418)	-
Taxation paid	(125)	(146)
Net cash from operating activities	23,428	34,998

Consolidated statement of cash flows (continued)

	Note	Year ended 31 Dec. 2011 KD '000	Year ended 31 Dec. 2010 KD '000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,143)	(16,717)
Proceeds from disposal of property, plant and equipment		1,430	2,573
Proceeds from disposal of investment properties		9,914	-
Additions to investment properties		(3,698)	(5,915)
Investment in an associates		(4,353)	(5,611)
Dividend received from associate companies		2,845	2,393
Bank balances and cash received on a acquisition of subsidiary		-	3,714
Decrease/(increase) in wakala investments maturing after three months		7,350	(4,343)
Decrease/(increase) in short term deposits maturing after three months		150	(150)
(Increase)/decrease in blocked deposits		(105)	1,150
Purchase of available for sale investments		(41,740)	(42,421)
Proceeds from sale of available for sale investments		50,824	45,729
Dividend income received from available for sale investments		13,883	14,078
Interest/profit on bank balances, short-term deposits, wakala and murabaha investments		2,545	3,368
Net cash from/(used in) investing activities		33,902	(2,152)
FINANCING ACTIVITIES			
Net increase in long-term borrowings and trust certificates		236,315	37,090
Finance lease payments		(247)	(250)
Net decrease in short-term borrowings		(256,031)	(41,910)
Dividend paid to the owners of the parent		(468)	(1,402)
Finance costs paid		(42,308)	(36,990)
Purchase of treasury shares		(728)	(4,571)
Proceeds from sale of treasury shares		537	1,906
Decrease in non-controlling interests		(12,034)	(1,447)
Net cash used in financing activities		(74,964)	(47,574)
Net decrease in cash and cash equivalents		(17,634)	(14,728)
Translation difference		(1)	24
		(17,635)	(14,704)
Cash and cash equivalents at beginning of the year		109,629	124,333
Cash and cash equivalents at end of the year	32	91,994	109,629

