

SME100™

MALAYSIA'S
FAST MOVING
COMPANIES 2011

It's finally here. The year's most awaited list for SME is out. SME100 is an annual programme analysed and published by SME Magazine and ranks the top 100 fast moving companies in Malaysia based on both quantitative and qualitative criteria.

Some call this the Fortune 500 of small companies. We prefer to simply call it Malaysia's Fast Moving Companies. But then that does not do the list complete justice – as the companies listed are not just fast moving, they are also some of Malaysia's finest. And in the current exciting economic climates, we take our hats off to this 100 – for their resilience, determination in

the face of adversity and more importantly, for carrying Malaysia's flag locally and abroad.

But it has not been a smooth sailing year for many of the companies featured. The year 2010 is fraught with so much challenges: political, economics and social, that we are now seeing a new breed of SMEs – one that is able to take a beating and still stand tall.

Indeed, the SME100 this year, as with the editorial direction of this magazine this year, is about building resilient businesses. More of that later on.

HOW THE 100 ARE CHOSEN

As with any exercise of selection, some parameters have to be defined. There is admittedly no scientific method to qualify the search for the 100. Were we to define success based on sales, it would not be fair to companies

that are in low-revenue, high-margin sectors, and it may tend to favour sectors such as retail, where revenue maybe high, but margin, after taking into consideration huge overheads: slim. Profitability by itself is also unjust, as we started out with the premise that success is not defined by ringgit and sen only, but should take into consideration long term sustainability. Then again, our theme is 'fast moving' so heavy weightages were placed on growth.

We began by sending a questionnaire / participation form to 3,000 pre-selected SMEs in Malaysia, based on a proportionate representation of the 20 industry groupings. To qualify, they had to meet our criteria which are:

- ✱ A home-grown and locally incorporated with at least 49% local equity
- ✱ Annual turnover of between RM 1 million and RM 50 million, or full time employees between 20 to 200 for manufacturing, manufacturing related and agro-based industries, and annual turnover of between RM 500,000 and RM 25 million, or full time employees between 10 to 150 for

SME 100 SCORECARD**QUANTITATIVE CRITERIA**

Scoring of 0 – 5 (best), with twin pairings against industry and collective average. Industry and collective average are indexed at 2.5 each. Sectoral adjustments are made to reflect current practices and to compensate for sectoral respond rate.

- ✱ Net Operating Profit Before Tax ✱ Annual Turnover ✱ Growth in Operating Profit
- ✱ Growth in Turnover ✱ Return on Assets ✱ Export Revenue/Turnover
- ✱ Investments in Capital ✱ Investments in Training ✱ Investments in Research & Development

QUALITATIVE CRITERIA

Scoring of 0 – 5 (best), based on established industry best practices and norms. To minimise discretionary scoring and biases, the analysts were given a 300-checkpoints chart proprietarily developed for SME 100.

- ✱ Management Outlook ✱ Major Innovations ✱ Market Presence and Share
- ✱ Information Technology Usage ✱ Corporate Social Responsibility Activities ✱ Export Activities

services, primary agriculture and ICT industries

- ✱ Can either be a holding company or a subsidiary. If the holding company participates all subsidiaries will not be eligible
- ✱ Have audited financial statements for the year ending 2009 & 2010.

A total of 320 SMEs responded. These were then compiled and analysed, and ultimately scored using our proprietary **SME 100 Scorecard** (below).

Weightage are then applied, with exact weightages only known to the analysis team and are not disclosed to participants. The final 100 are determined by the highest weighted average score.

MALAYSIAN SMES GROWING AT DOUBLE DIGIT PACE

Small and medium enterprises in the country are still poised for growth, not withstanding the recent financial crisis and a more challenging marketplace. The SME 100 report shows that revenue grew by 9.8 percent last year for the top 100 SMEs in the country, while revenue are projected to grow between 10 to 150 percent for the current year.

This is in stark contrast to the 5 percent GDP growth projected by the government for the year 2011.

"Whilst many are already feeling the effects of declining consumer confidence, SMEs in Malaysia remain bullish about the economy", group publisher and editor-in-chief William Ng said.

The average revenue of the SME 100 companies this year is RM 11.2 million, with a median revenue of RM 8.6 million. A total 320 companies responded to the programme, with the top 100 selected among the respondents based on both quantitative criteria such as revenue growth and profit, and qualitative criteria such as business outlook, investment in training, R&D efforts and so on.

Companies are listed according to their respective industry groupings. Among those listed are Naza Trutti Frutti (Malaysia) Sdn Bhd, Mavisco (M) Sdn Bhd, and Tech-Lab Manufacturing Sdn Bhd.

SUPPORT FOR SMES INTENSIFIED

President of Dewan Negara, Tan Sri Abu Zahar Ujang who officiated the release of the list said that the government has always facilitated a pro-business environment and

export-led economy as the main drivers of growth. He added that the government has announced a series of fund to help cash strapped SMEs.

"These include the RM 2 billion syariah-compliant SME Financing Fund, a RM 500 million Commercialisation Innovation Fund and a RM 100 million SME Revitalisation Fund. On top of that, there are also an additional RM 200 million for the development of Bumiputera entrepreneurs through the Ministry of Rural and Regional Development and the RM 2.1 billion micro-financing for entrepreneurs through Amanah Ikhtiar Malaysia", he said.

Ng added, "there are certainly more things that the government could do to assist SMEs, but that should not obscure the facts that the government is already doing a lot for local SMEs. Moving forward, what most SMEs would need is better access to financing, technology and talents".

THE INDUSTRY GROUPINGS

1. Agriculture, Livestock Plantations & Commodities
2. Automotive 3. Chemical & Plastics
4. Construction, Property Development & Building Materials
5. Consumer Goods 6. Education & Training
7. Electrical & Electronics 8. Financial Services
9. Food & Beverage 10. Furniture & Woodbased Manufacturing
11. Healthcare, Pharmaceutical & Biotechnology
12. Hospitality, Food Service & Tourism
13. Industrial & Commercial Products
14. Oil & Gas, Mining & Energy 15. Personal Services
16. Professional & Business Services
17. Retail 18. Telecommunications & ICT
19. Trading & Wholesaling 20. Transportation & Logistics

2011

SME100

RM1.12 BILLION
TOTAL REVENUE OF THE 100

RM8.6 MILLION
MEDIAN REVENUE OF THE 100

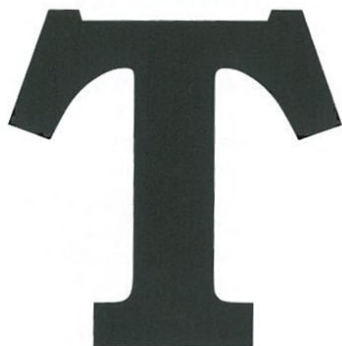
9.8%
AVERAGE GROWTH IN REVENUE
IN 2010 OVER 2009

320
NUMBER OF RESPONDENTS OUT OF
3,000 PRE-SELECTED

20
INDUSTRY GROUPINGS

SME100™

MAIN CHALLENGES FACING SMES



he SME 100 continues to debunk several myths that many had about SMEs. From the response that we received, we can conclude that Malaysian SME owners are not just well read, they are technologically savvy and well educated. Accounts are generally in good order, and in many cases, of greater depth and details than are legally required.

When we asked for management outlook, little did we expect that our conference room will be stacked up high to the ceilings with business plans that would shame any dotcom era rentseekers. The amount of effort put was astounding, and more importantly – the myth that SMEs cannot get financing due to poor documentation is nothing more than hullabaloo. It is clear that most of the 100 will have no problem putting together a loan proposal anytime they wish to.

We also asked the CEOs their take on how the economic climate in 2011 affected them, and the response showed not just finesse, but experience comparable to those of multinationals. Malaysian SMEs have finally come of age.

The SME 100 confirm that the key challenges facing SMEs in Malaysia are many and varied.

Whilst all SMEs asked feel that the Government are doing its part to help SMEs in general, most feel that the Government could do more and in more specific areas.

These challenges are grouped into four broad groupings:

1. Access to Finance
2. Access to Human Capital
3. Access to Technology
4. Access to Market

ACCESS TO FINANCING

For many SMEs, while banks and the Government alike are making available funds for business expansion, the reality is – it is getting tougher to secure financing. The global financial crisis have caused financial institutions to be more cautious and credit processing has become so complex, that very often SMEs find it difficult to both understand the procedures and decisions when it comes to loan processing.

Many SMEs in the services sector do not own land or equipment, and as a result, find it difficult to provide any form of security or collateral to financial institutions – resulting in an otherwise profitable business venture unable to obtain financing for business expansion.

We call this is the curse of collateral. As long as financial institutions in this country rely on the current antiquated secured-lending principles, business simply won't grow. In more advanced countries, unsecured lending is fast becoming the rule rather than exception – and there's plenty our SME banking operations have to catch up on.

ACCESS TO HUMAN CAPITAL

Whilst the government has realised the severity of the brain drain, especially among professionals and skilled workers, little is being done to help SMEs attract and retain world class talents.

Take the Talent Corporation, for example. Whilst we are confident the plans will work given proper and transparent implementation, the returning talents are unlikely to want to work for SMEs.

Many SMEs has put in place numerous practices to attract and retain talents – including paying above market average salary, annual bonuses, continuous training and a conducive and supportive working environment. So it is not true that working for SMEs is not attractive. But the fact is, given a choice, candidates would prefer to work for larger companies. This is where the government could step in and offer incentives to returning talents to work in SMEs and provide more incentives to SMEs to provide greater staff benefits.

ACCESS TO TECHNOLOGY

At a time when the country is preparing to move into high technology industries aggressively, not only as a consumer but also as developers of technology – many SMEs still find it a challenge to acquire or develop new technology.

This become a critical point as the rapidly evolving market demands cutting edge technology in almost every aspect of business, and the new mantra of the 2010s is 'latest, best and most advanced'.

While we want to move forward to become a global hub for biotechnology among others, we need to

admit that many of the leading research and technological developments are coming out from Europe and North America. Finding partners and vendors who are willing to transfer these technologies to Malaysia is tough enough let alone transferring these technologies to SMEs. Again, this is an area that many SMEs hope the government will play a facilitating role.

ACCESS TO MARKET

Although Malaysia's entry into WTO and AFTA has promised to open up new markets for our SMEs, many of our SMEs are instead facing such intense challenge that many have even considered folding up.

The year 2011 in particular has seen marked increase in competition. As the country recovers from the global financial crisis of 2008 / 9, many companies resort to cutting price to secure lost businesses and to get back on track. This has resulted in stiff competition in almost all industries. The rising cost of goods did not help, as this has resulted in razor thin margins like never seen before.

The uncertainty of 2011 seems to be a recurring theme for many SMEs. Most of those interviewed agreed that it was a year of spiraling costs and decreasing margins.

WHAT THEY SAY

Of the 100 who made the list 26 attended a star-studded gala dinner to receive their Awards from the President of the Dewan Negara. Those who turned up were impressed with the organisation of the Awards, and felt that it will spur them to even greater heights.



"This award is a huge recognition for SMEs like me and after all the hard work and sacrifices that had been done, it is worth it. I would also like to recognize SME Magazine's as an insightful reading material and it contained a lot of useful news articles."

Jamil Buang
3F Resources



"I am happy to receive this prestigious award and glad to know that we are the first Pet Grooming Academy to win the SME100 Award. I would like to thank God and his stakeholders for believing in me and make me what I am today. I would also like to congratulate my staff because without them i won't be here receiving this award. I like SME Magazine and it provides a lot of educational knowledge especially in terms of some articles on the subject of marketing. In short, I think it is a super magazine!"

Ryan Leong Kwong Fei
Groomers Connection Academy



"I am happy to receive this award and glad that all the efforts made are being recognized. I believe we will be motivated to work harder for future achievement and to achieve a better result. To me SME Magazine is a good magazine and I hope that the magazine can be circulated at a more international level."

Dr Nixon Yap Kim Piow
Asia EM Studio



"To be nominated was good news but to be chosen as one of Malaysia's fast moving companies was unexpected and I'm happy for it. For a businessman like me, I think SME Magazine is a good business magazine complete with useful information."

Muhammad Awis Qarni
Legasi Ulung Sdn Bhd



"I am very happy to receive the SME100 Award and thank you SME Magazine for giving us the opportunity to win the prestigious award. I believe it was a good competition and winning this award is an honour. For me, SME Magazine is a good magazine and it provides platform for SMEs like us to introduce our product domestically and regionally."

Edwin Nim
Adem Locktronics System

COMPANY NAME	CEO/MD/GM	INDUSTRY
3F RESOURCES SDN BHD	Jamil bin Buang	Telecommunications & ICT
ACE DECOR SDN BHD	Dato' Tan Wei Lian	Trading and Wholesaling
ACTAN (M) SDN BHD	Jimmy Tan Ah chai	Trading and Wholesaling
ADEM LOCKTRONICS SYSTEM SDN BHD	Nim Ai Huat	Industrial & Commercial Products
ADVANCE POWER MOTOR INDUSTRY SDN BHD	Ooi Alk Ping	Automotive
ALFO DESIGN SDN BHD	Chong Thiam Fook	Retail
ALGAETECH SDN BHD	Syed Isa Syed Alwi	Healthcare, Pharmaceutical & Biotechnology
ALLIED FOODSERVICE EQUIPMENT SDN BHD	Elwin Khoo	Hospitality, Food Service & Tourism
ARASH VENTURES SDN BHD	Dato' Faridah Omar Shah	Construction, Property Development & Building Materials
ASIA EM STUDIO SDN BHD	Dr. Nixon Yap Kim Piow	Professional and Business Services
ASIA MEDIA GROUP BHD	Dato' Ricky Wong	Professional and Business Services
AUTORFID SOLUTIONS SDN BHD	Ahilan Thiyagarajah	Telecommunications & ICT
BAAGUS CURTAIN SDN BHD	Christy Wong	Retail
BACFREE SDN BHD	Lim Wee Keong	Industrial & Commercial Products
BERYL'S CHOCOLATE & CONFECTIONERY SDN BHD	Ting Sii Liong	Food & Beverage
BISON STORES SDN BHD	Dang Tai Luk	Retail
BOILERMECH HOLDINGS BHD	Leong Yew Cheong	Industrial & Commercial Products
BROADWAY ENGINEERING SERVICE & TRADING SDN BHD	Chen Kok Eng	Electrical and Electronics
BSTM GROUP SDN BHD	Bernard Lee	Trading and Wholesaling
CAROTINO SDN BHD	Chang Chu Shien	Consumer Goods
CATCHA MEDIA BHD	Ken Tsurumaru	Professional and Business Services
CENTRAL SPECTRUM (M) SDN BHD	Suhaimi bin Kamaralzaman	Construction, Property Development & Building Materials
CHOCOLATE WORLD (M) SDN BHD	Cheah Mei Chin	Food & Beverage
CHULIA FACILITIES MANAGEMENT SDN BHD	Shahfie bin Ahmad	Oil & Gas, Mining and Energy
CORPORATE INFORMATION TRAVEL SDN BHD	Thaddeus HH Foo	Hospitality, Food Service & Tourism
DA VINCI CREATIVE KIDS	Jane Wong	Education and Training
DENISE WINES SDN BHD	David Lim	Retail
DISTINCTIVE FINE FURNITURE SDN BHD	Michelle Aw	Furniture and Woodbased Manufacturing
DIYOU FIBRE (M) SDN BHD	K.S Lim	Industrial & Commercial Products
EK HITEC CORPORATION SDN BHD	Alwin Lui Pack Leong	Industrial & Commercial Products
EXABYTES NETWORK SDN BHD	Chan Kee Siak	Telecommunications & ICT
EXALTECH SDN BHD	Chua Sui Hau	Electrical and Electronics
EXIS TECH SDN BHD	Lee Heng Lee	Electrical And Electronic
FIDANI CHOCOLATIER SDN BHD	Dato' Dahlan bin Hj Mohd Rasaid	Food & Beverage
FIGHTER INDUSTRY SDN BHD	Michelle Hah Mei Kian	Industrial & Commercial Products
FUJIAIRE (MALAYSIA) SDN BHD	Tan Poh Ai	Trading and Wholesaling
GASTRODOME MANAGEMENT SERVICES SDN BHD	Edward Hyde	Hospitality, Food Service & Tourism
GREAT VISION ADVISORY GROUP	James Tan	Financial Services
GROOMERS CONNECTION ACADEMY SDN BHD	Ryan Leong	Education & Training
GUNUNG RAPAT HIONG PIAH SDN BHD	Ron Tan	Food & Beverage
HK KITARAN SDN BHD	H'ng Choon Seng	Industrial & Commercial Products
HLK (CHAIN-STORE) SDN BHD	Leng Jig Leong	Electrical and Electronics
HUNG TAI IMPORT & EXPORT (M) SDN BHD	Dato' Jeffrey Wong Goang Ching	Automotive
I-CHEM SOLUTION SDN BHD	Lee Tiong Do	Trading And Wholesaling
IDIMENSION CONSOLIDATED BHD	Daniel Boo Hui Siong	Telecommunications & ICT
INARI BHD	Dr Tan Seng Chuan	Telecommunications & ICT
JOEY YAP RESEARCH INETRATIONAL SDN BHD	Joey Yap	Professional and Business Services
JWR TECHNOLOGY (M) SDN BHD	Johora Bee Shaik Nattersah	Industrial & Commercial Products
KIANCLASSIC DESIGN SDN BHD	Yap Kian Wee	Furniture and Woodbased Manufacturing
LEGASI ULUNG SDN BHD	Mohammad Awis Qarni	Trading And Wholesaling

COMPANY NAME	CEO/MD/GM	INDUSTRY
LORD'S TAILOR SDN BHD	Loh Kong Yew	Retail
M.D. POWER (M) SDN BHD	Sahrul Ashikin bin Salikan	Electrical and Electronics
MALAYA OPTICAL SDN BHD	Ryan Ho	Retail Malaysia Microelectronic Solutions Sdn Bhd
MALAYSIA MICROELECTRONIC SOLUTIONS SDN BHD	Shafiq Akmal bin Ismail	Electrical and Electronics
MALEX PAPER PRODUCTS SDN BHD	Wern Tan	Industrial & Commercial Products
MANAGEPAY SYSTEM BHD	Chew Chee Seng	Telecommunications & ICT
MASER (M) SDN BHD	Nazubudin Ibrahim	Oil & Gas, Mining and Energy
MASTER JAYA ENVIRONMENTAL SDN BHD	Jocelyn S M Wee	Industrial & Commercial Products
MAVISO (M) SDN BHD	Saw Kai Hong	Telecommunications & ICT
MITCOM SDN BHD	Liew Khek Kong	Telecommunications & ICT
MO ADVERTISING SDN BHD	Alwin Ng Yeo Waa	Professional And Business Services
MRCENDOL (M) SDN BHD	Ling Wang Bang	Food & Beverage
MUSIC VALLEY SDN BHD	Pua Kim San	Retail
NAZA TUTTI FRUTTI (MALAYSIA) SDN BHD	Izham, Hakimi Hamdi	Food & Beverage
NOOR ARFA HOLDINGS SDN BHD	Noor Hijerah Hanafiah	Retail
PASCAL CONTROL SDN BHD	Fu Peng choon	Industrial & Commercial Products
PECCA LEATHER SDN BHD	Rick Lee	Furniture and Woodbased Manufacturing
PETERLABS HOLDINGS BHD	Lim Tong Seng	Agriculture, Livestock, Plantations & Commodities
PEWTER ART MALAYSIA	Ng Boon Theng	Consumer Goods
PKT LOGISTICS GROUP SDN BHD	Dato' Michael Tio Boon Yaw	Transportations and Logistics
PROMINENT AUTOTECH SDN BHD	Goh Jen Nee	Automotive
PROTELLUS (M) SDN BHD	Sazaly Bin Hassan	Telecommunications & ICT
PYROGEN MANUFACTURING SDN BHD	Hee Choi	Industrial & Commercial Products
PZO PRINTING SDN BHD	Yeo Chin Boon	Industrial & Commercial Products
QUBE INTERGRATED MALAYSIA SDN BHD	Richard Teo	Professional and Business Services
ROTOMAS TECHNOLOGY (M) SDN BHD	Bluey Chew	Industrial & Commercial Products
SAFARI OFFICE SYSTEM SDN BHD	Wendy Kiew	Furniture and Woodbased Manufacturing
SIGUROS SDN BHD	Mohamad Azmadi Fadzil	Oil & Gas, Mining and Energy
SK BROTHERS REALTY SDN BHD	Chan Ai Cheng	Professional and Business Services
SKYNET WORLDWIDE (M) SDN BHD	Peter Ng Keng Hian	Transportations and Logistics
SP MULTITECH ELECTRICAL SDN BHD	William Tan Soo Peng	Electrical and Electronics
STATION ONE PRODUCTS SDN BHD	Winson Chan	Hospitality, Food Service & Tourism
SURIA BUSINESS SOLUTIONS SDN BHD	Loke Yee Ho	Telecommunications & ICT
SYDNEY CAKE HOUSE SDN BHD	Jenny Chuang	Food & Beverage
TANAMERA TROPICAL SPA SDN BHD	Mohammad Faisal Ahmad	Consumer Goods
TECH-LAB MANUFACTURING SDN BHD	Ho Yeam Chan	Healthcare, Pharmaceutical & Biotechnology
TELEFLOW CORPORATION SDN BHD	Dr. Hj Ahmad Kamal bin Zakaria	Telecommunications & ICT
THE OTOMOTIF COLLEGE	Adeline Foo	Education and Training
THUMBPRINTS UTD SDN BHD	Tam Wah Fiong	Industrial & Commercial Products
TOYOMI (M) SDN BHD	Charles Chan	Industrial & Commercial Products
TRICOR ROOTS CONSULTING SDN BHD	Margaret Chin	Professional and Business Services
TRUE FITNESS SDN BHD	Patrick Wee	Personal Services
TUMASEK PEWTER SDN BHD	David Tan	Retail
UNI-TRAVEL SDN BHD	Mohd Hidayat bin Abdul Latiff	Hospitality, Food Service & Tourism
VISCON SYSTEMS SDN BHD	Chee Peng Choo	Electrical And Electronic
VISIBER SDN BHD	Dato' Patrick Tan	Personal Services
VISTA LASER EYE CENTER SDN BHD	Lim Boon Siong	Healthcare, Pharmaceutical & Biotechnology
WENMAX SDN BHD	Dato' Michael Aziz Eu	Oil & Gas, Mining and Energy
XOX BHD	Ng Kok Heng	Telecommunications & ICT
YATO PRECISION ENGINEERING SDN BHD	Gan Kee Ron	Industrial & Commercial Products