[Your company letterhead: company name, registration no., address, phone, email]

Date: [DD Month YYYY]

To:
[Other company name]
[Registration no.]
[Address]

Attention: [Name, position]

Subject: Agreement for contra payment between [Your company name] and [Other company name]

Dear [Name],

We refer to the outstanding balances between our two companies. As we both buy from and sell to each other, we propose to settle part of these balances by contra, on the terms below.

1. Invoices included in this contra

Document	Issued by	No.	Date	Amount (RM)
Sales invoice	[Your company name]	[Invoice no.]	[Date]	[Amount]
Supplier invoice / bill	[Other company name]	[Invoice no.]	[Date]	[Amount]

2. Contra amount: RM[amount], being the smaller of the two balances above (or: an amount both parties agree).

3. Net balance after contra: RM[amount], payable by [Your company name / Other company name] to [the other party] by [date], by [bank transfer / cheque].

4. Effective date of the contra: [Date]

5. Reference: Both parties will record this contra under the reference [e.g. CONTRA-YYYY-MM-001], and it will appear on each party's next statement of account.

6. Invoices not listed above are not affected by this agreement and will be settled on their normal terms.

Please sign and stamp below to confirm your agreement, and return a copy to us.

Yours sincerely,

Signed for and on behalf of [Your company name]:

____
Name: [Name]
Position: [Position]
Company stamp:
Date:

Agreed and accepted for and on behalf of [Other company name]:

____
Name: [Name]
Position: [Position]
Company stamp:
Date: