

MIRA INFORM REPORT

Report No. :	532377
Report Date :	04.10.2018

IDENTIFICATION DETAILS

Name :	P.T. COSMAX INDONESIA
Registered Office :	Jl. Raya Bogor Km. 26,4, RT.003, RW.007, Kelurahan Ciracas, Kecamatan Ciracas, Jakarta Timur 13740
Country :	Indonesia
Financials (as on) :	2017 (Summarized)
Date of Incorporation :	28.10.2011
Com. Reg. No.:	AHU-AH.01.03-0134066
Legal Form :	Limited Liability Company
Line of Business :	Trading, Import and Distribution of Cosmetic Products.
No. of Employees :	48

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES:

Any query related to this report can be made on e-mail: while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Indonesia	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

INDONESIA - ECONOMIC OVERVIEW

Indonesia, the largest economy in Southeast Asia, has seen a slowdown in growth since 2012, mostly due to the end of the commodities export boom. During the global financial crisis, Indonesia outperformed its regional neighbors and joined China and India as the only G20 members posting growth. Indonesia's annual budget deficit is capped at 3% of GDP, and the Government of Indonesia lowered its debt-to-GDP ratio from a peak of 100% shortly after the Asian financial crisis in 1999 to 34% today. In May 2017 Standard & Poor's became the last major ratings agency to upgrade Indonesia's sovereign credit rating to investment grade.

Poverty and unemployment, inadequate infrastructure, corruption, a complex regulatory environment, and unequal resource distribution among its regions are still part of Indonesia's economic landscape. President Joko WIDODO - elected in July 2014 – seeks to develop Indonesia's maritime resources and pursue other infrastructure development, including significantly increasing its electrical power generation capacity. Fuel subsidies were significantly reduced in early 2015, a move which has helped the government redirect its spending to development priorities. Indonesia, with the nine other ASEAN members, will continue to move towards participation in the ASEAN Economic Community, though full implementation of economic integration has not yet materialized.

Source : CIA

COMPANY NAME AND SUMMARY

Name of Company :
P.T. COSMAX INDONESIA

Address :

Head Office & Factory

Jl. Raya Bogor Km. 26,4, RT.003, RW.007,
Kelurahan Ciracas, Kecamatan Ciracas,
Jakarta Timur 13740

Indonesia

Phone - (62-21) 2961 6781 - 86

Fax. - (62-21) 2961 6782

Website - <http://www.cosmax.com>

Land Area - 14,000 square meters

Building Area - 10,200 square meters

Region - Industrial Zone

Status - Owned

Date of Incorporation :

28 October 2011

Legal Form :

P.T. (Perseroan Terbatas) or Limited Liability Company

Company Reg. No. :

The Ministry of Law and Human Rights

a. No. AHU-54139.AH.01.01.Tahun 2011

Dated 04 November 2011

b. No. AHU-0018051.AH.01.02.Tahun 2018

Dated 03 September 2018

c. No. AHU-AH.01.03-0134066

Dated 03 September 2018

Company Status :

Foreign Investment Company (PMA)

Permit by the Government Department :

The Department of Finance

NPWP No. 03.178.339.2-009.000

Related/Associated Companies :

a. COSMAX INC., of Republic of Korea (Investment Holding)

b. COSMAXBTI, INC., of Democratic People's Republic of Korea (Investment Holding)

c. COSMEX CHINA, etc.

CAPITAL AND OWNERSHIP

Capital Structure :

Authorized Capital - Rp. 68,792,400,000.-
Issued Capital - Rp. 68,792,400,000.-
Paid up Capital - Rp. 68,792,400,000.-

Shareholders/Owners :

a. COSMAX INC. - Rp. 68,276,457,000.- (99.25%)

Address : 902-4, 902 Sangsin-Ri,
Hyangnam-Myun Hwangsung-Si
Republic of Korea

b. COSMAXBTI, INC. - Rp. 515,943,000.- (0.75%)

Address : E-401, (Pangyo Inovalley, Sampyeong-
Dong), 255 Pangyo-ro, Bundang-gu
Seongnam-si, Gyeonggi-do, Korea

BUSINESS ACTIVITIES

Lines of Business :

Trading, Import and Distribution of Cosmetic Products

Agents and Distributors of :

COSMAX Co. Ltd., Cosmetic Products of Korea

Total Investment :

None

Started Operation :

January 2012

Brand Name :

COSMAX INDONESIA

Technical Assistance :

COSMAX Co. Ltd., of Korea

Number of Employee :

48 persons

Marketing Area :

Domestic - 100%

Main Customers :

a. Cosmetics Dealers and Distributors

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- b. Beauty Salons and Clinics
- c. Cosmetic Shops and Retails
- d. Etc.

Market Situation :

Very Competitive

Main Competitors :

- a. PT. Yasulor Indonesia
- b. PT. Mustika Ratu Tbk.
- c. PT. Martina Bertho
- d. PT. Viva Cosmetics
- e. PT. Verra Cosmetics
- f. Etc.

Business Trend :

Growing

BANKER, AUDITOR & LITIGATION

Bankers :

- a. P.T. Bank KEP Hana Indonesia
Gedung Wisma Mulia, Mezzanine Floor,
Jl. Jend. Gatot Subroto No 42,
Jakarta Selatan
Indonesia
- b. P.T. Shinhan Bank Indonesia
International Financial Center 2,
Jl. Jend. Sudirman Kav. 22-23,
Jakarta Selatan
Indonesia

Auditor :

Internal Auditor

Litigation :

No litigation record in our database

FINANCIAL FIGURE

Annual Sales (estimated) :

2014 – Rp. 113.0 billion

2015 – Rp. 129.0 billion

2016 – Rp. 147.0 billion
2017 – Rp. 168.0 billion

Net Profit (Loss) :

2014 – Rp. 8.4 billion
2015 – Rp. 9.6 billion
2016 – Rp. 11.0 billion
2017 – Rp. 12.6 billion

Payment Manner :

Slow but correct

Financial Comments :

Fairly

KEY EXECUTIVES

Board of Management :

President Director - Mr. Cheong Min Kyoung
Directors - a. Mr. Lee Youngha
b. Mr. Kwon Chul

Board of Commissioners :

Commissioner - Mr. Lee Byung Man

Signatories :

President Director (Mr. Cheong Min Kyoung) or one of the Directors (Mr. Lee Yongha or Mr. Kwon Chul) which must be approved by Board of Commissioner (Mr. Lee Byung Man)

CAPABILITIES

Management Capability :

Good

Business Morality :

Good

OVERALL PERFORMANCE

P.T. COSMAX INDONESIA (P.T. CI) was established in Jakarta based on notarial Deed No. 42 dated October 28, 2011 drawn up by Petrus Suandi Halim, SH., notary in Jakarta with the authorized capital of Rp. 35,460,000.- of which Rp. 8,865,000,000.- was issued and fully paid up. The founding shareholders of the company are

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Cosmad Inc., of Korea (80%), Mr. Lee Byung Joo (10%) and Mr. Lee Byung Man (10%), both of South Korea. The Deed of establishment has been approved by the Minister of Law and Human Rights of the Republic of Indonesia through its Decree No. AHU-54139.AH.01.01.Tahun 2011 dated November 04, 2011.

The Articles of association of the company have been revised, most recently by notarial Deed No. 25 dated August 15, 2018 drawn up by Petrus Suandi Halim, SH., notary in Jakarta, the authorized capital was raised to Rp 68,792,400,000.- entirely was issued and fully paid up. Since then, the shareholders of the company are COSMAX INC., of Korea (99.25%) and COSMAXBTI, INC., of Democratic People's Republic of Korea (0.75%). The amendment to Deed has been approved by the Minister of Law and Human Rights of the Republic of Indonesia through Decree No. AHU-AH.01.03-0134066 dated September 03, 2018.

P.T. COSMAX INDONESIA ("the Company") obtained a foreign investment company (PMA) facility issued by Investment Coordinating Board (BKPM) in 1991 for dealing with cosmetic manufacturing with its plant located at Jl. Raya Bogor Km. 26,4, Ciracas sub-district, Ciracas district, East Jakarta, where it stands on a 1.4 hectares landsite. The plant was purchased from a global cosmetics company, L'Oreal in 2012. After upgrading the skin care and makeup equipment of L'Oreal factory, the Company upgraded the facility into a factory capable of manufacturing 50 million cosmetic products per year, consisting of Skin Care: liquid, gel, cream, semi liquid, etc., and Makeup: solid, semi solid, etc. The company's cosmetic products are sold to cosmetics dealers and distributors, beauty salons and clinics, cosmetic shops and other retail shops in Jakarta, Bandung, Semarang, Surabaya, Medan, Palembang and other big cities in Sumatra, Kalimantan and Sulawesi islands. We observed that P.T. CI is classified as a medium sized company of its kind in the country of which the operation has been fluctuating in the last five years.

The domestic demand for cosmetic products had been rising by 8% to 10% on the average per annum in the last five years in line with the rapid growth of beauty salons and clinics, cosmetic counters and dealers, cosmetic shops and other retail shops in the country. The solid and steady domestic economy, Indonesia with the rising of Country Rating to Investment Grade, and also supported by Indonesia's economic indicators such as inflation, exchange rates and interest rates are expected to encourage the business sectors.

Macroeconomic indicators from China showed downward trend. In contrary, macroeconomic indicators of the US and India showed improvement. Both of these indicated continued uncertainties. The global economic crisis that accompanied the decline of the Indonesian Rupiah (IDR) against the US Dollar in the past two months, resulting in Indonesian people's purchasing power declined sharply. The value of the Rupiah from Rp. 11,800.- per US dollar at the end of 2014, has now slumped to Rp. 14.850 per US Dollar.

Table of Indonesian Economic Indicators from 2013 to 2017

Indonesian Economic Indicators	2013	2014	2015	2016	2017
Gross Domestic Product (PDB)	5.6	5.0	4.8	5.0	5.1
Consumer Price Index (inflation)	8.4	8.4	3.4	3.0	3.6
Government Debt	28.7	24.7	27.0	27.9	28.5
Exchange Rate (IDR/USD)	11,563	11,800	13,400	13,309	13,381
Current Account Balance	-3.3	-3.1	-2.1	-1.8	-1.7
Population (in millions)	251	254	258	261	264
Poverty (percentage of population)	11.5	11.0	11.2	10.7	10.1
Unemployment (percentage of workforce)	6.3	5.9	6.2	5.6	5.5
Reserves (in billion USD)	99.4	111.9	105.9	116.4	130.2

Until this time P.T. CI has not been registered with Indonesian Stock Exchange, so that they shall not oblige to announce their financial statement. Therefore, the company has no obligation to publish financial statement publicly. We have checked to Department of Trade and Industry and found that no financial statement has been reported. P.T. CI's management is very reclusive to outsider and rejecting to disclose its financial condition but we estimated the total sales turnover of the company in 2015 amounted to Rp. 129.0 billion increased to Rp. 147.0 billion in 2016 and rose again to Rp. 168.0 billion in 2017. The operation in 2017 yielded a net profit at least Rp. 12.6 billion and the company has a total net worth of Rp. 80.0 billion. It is projected that total sales turnover of the company will increase at least 8% in 2018. So far we did not hear that P.T. CI has been black listed by Bank Indonesia (Central Bank) or having detrimental cases being settled in local district court. The company usually pays its debts punctually to suppliers.

P.T. CI's management is headed by Mr. Cheong Min Kyoung (46) of South Korea as president director with more than 12 years of experience in trading, importing and distribution of cosmetic products. He gained a Master of Business Administration (MBA) from Yonsei University (2002 – 2005) and International Master, Business Administration (IMBA) from IE Business School (2009 – 2010). In daily activities, he is assisted by Mr. Lee Yongha (48) and Mr. Kwon Chul (appr.45), both of Korea and as directors respectively. They have wide relations with private businessmen within and outside the country. So far, we did not hear that the management of the company being filed to the district court for detrimental cases or involved in any fraudulent dealings. The company's litigation record is clean and it has not registered with the black list of Bank of Indonesia.

P.T. COSMAX INDONESIA is appraised to be good for business transaction. However, in view of the unstable economic condition in the country we recommend to treat prudently in extending a loan to the company.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.03
UK Pound	1	INR 94.99
Euro	1	INR 85.58
IDR	1	INR 0.0048

Note: Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	NIY
Report Prepared by :	NIT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)