

## MIRA INFORM REPORT

<b>Report No. :</b>	534155
<b>Report Date :</b>	11.10.2018

### IDENTIFICATION DETAILS

<b>Name :</b>	F&D NET CO. LTD.
<b>Registered Office :</b>	79, Songi-Ro, Songpa-Gu, Seoul, Korea 3FL., Jinsung Bldg. 05706
<b>Country :</b>	South Korea
<b>Financials (as on) :</b>	31.12.2017
<b>Date of Incorporation :</b>	08.02.2004
<b>Com. Reg. No.:</b>	110111-3060277
<b>Legal Form :</b>	Co., Ltd by Shares
<b>Line of Business :</b>	Wholesales and Distribution of Pharmaceuticals, Medical Devices and Health Aid Food.
<b>No. of Employees :</b>	260

**RATING & COMMENTS**

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

**MIRA's Rating :**

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

<b>Maximum Credit Limit :</b>	2832138.27 USD
<b>Status :</b>	Satisfactory
<b>Payment Behaviour :</b>	Slow but Correct
<b>Litigation :</b>	Clear

**NOTES :**

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
South Korea	A1	A1

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

### **SOUTH KOREA - ECONOMIC OVERVIEW**

After emerging from the 1950-53 war with North Korea, South Korea emerged as one of the 20th century's most remarkable economic success stories, becoming a developed, globally connected, high-technology society within decades. In the 1960s, GDP per capita was comparable with levels in the poorest countries in the world. In 2004, South Korea's GDP surpassed one trillion dollars.

Beginning in the 1960s under President PARK Chung-hee, the government promoted the import of raw materials and technology, encouraged saving and investment over consumption, kept wages low, and directed resources to export-oriented industries that remain important to the economy to this day. Growth surged under these policies, and frequently reached double-digits in the 1960s and 1970s. Growth gradually moderated in the 1990s as the economy matured, but remained strong enough to propel South Korea into the ranks of the advanced economies of the OECD by 1997. These policies also led to the emergence of family-owned chaebol conglomerates such as Daewoo, Hyundai, and Samsung, which retained their dominant positions even as the government loosened its grip on the economy amid the political changes of the 1980s and 1990s.

The Asian financial crisis of 1997-98 hit South Korea's companies hard because of their excessive reliance on short-term borrowing, and GDP ultimately plunged by 7% in 1998. South Korea tackled difficult economic reforms following the crisis, including restructuring some chaebols, increasing labor market flexibility, and opening up to more foreign investment and imports. These steps lead to a relatively rapid economic recovery. South Korea also began expanding its network of free trade agreements to help bolster exports, and has since implemented 16 free trade agreements covering 58 countries—including the United State and China—that collectively cover more than three-quarters of global GDP.

In 2017, the election of President MOON Jae-in brought a surge in consumer confidence, in part, because of his successful efforts to increase wages and government spending. These factors combined with an uptick in export growth to drive real GDP growth to more than 3%, despite disruptions in South Korea's trade with China over the deployment of a US missile defense system in South Korea.

In 2018 and beyond, South Korea will contend with gradually slowing economic growth - in the 2-3% range - not uncommon for advanced economies. This could be partially offset by efforts to address challenges arising from its rapidly aging population, inflexible labor market, continued dominance of the chaebols, and heavy reliance on exports rather than domestic consumption. Socioeconomic problems also persist, and include rising inequality, poverty among the elderly, high youth unemployment, long working hours, low worker productivity, and corruption.

Source : CIA

## **BASIC INFORMATION**

### Basic

Company Name	F&D NET CO., LTD. (English Company Name : FOOD AND DRUG NETWORKING CO., LTD., FND NET CO., LTD.)
Registered Address	79, Songji-ro, Songpa-gu, Seoul, Korea
Building	3FL., Jinsung Bldg.
Zip Code	05706
Tel	+82-2-430-9471
Fax	+82-2-430-9472
E-mail	yjpark@fndkorea.com
Website	www.fndkorea.com
Trading Address	3FL., Jinsung Bldg., 79, Songji-ro, Songpa-gu, Seoul, Korea (Old Address System : 3FL., Jinsung Bldg., 48-7, Garak-dong, Songpa-gu, Seoul, Korea)
Tel	+82-2-430-9471
Fax	+82-2-430-9472
Other Address	
Tel	
Fax	
Type	Export/Import
Industry	Wholesales and Distribution of Pharmaceuticals, Medical Devices and Health Aid Food
Main Business	Vitamin Supplement, Probiotics, Ginseng, Maternity Products, Nutritional Supplements for Infant, Health Aid Food
Sub Business	
Established (mm/dd/yyyy)	08/02/2004

## **DETAILED PRODUCTS**

Activity	Detailed Products (UNSPSC)
Sell	Food or drug additives(12164500)
Sell	Formulas and products for nutritional support(42231800)
Sell	Dietary supplements and nutritional therapy products(51191900)

## **CEO'S**

Name	Lee Myung-Ho
Date of Birth	03/05/1960
Title	President & CEO
Nationality	Korean

## **PROFILES**

Capital (KRW)	300,000,000		
Employees	260		
Formation	Co., Ltd by Shares		
Bank Details	Kookmin Bank Shinhan Bank		
Corporate Registered No.	110111-3060277		
Business Registered No.	215-86-60263		
Permit & Licenses	Mail Order License No.:2014-Seoul Songpa-1580		
Shareholder Position	Name	Shares	%
	JUBILEE I LLC(110114-0195716)	45,000	75.00
	KIM KYEONG-OK	6,000	10.00
	JUNG YOUNG-HO	3,000	5.00
	TREASURY STOCK	6,000	10.00
	TOTAL	60,000	100.00
Company History	08/02/2004 Incorporated as the present name		
	07/05/2013 Increased the authorized shares to 1,000,000 shares from 40,000 shares		
	09/25/2013 Increased capital to 300,000,000 KRW from 100,000,000 KRW		
	11/15/2017 Moved to the present HQ address from 5FL., Jinsung Bldg., 79, Songi-ro, Songpa-gu, Seoul, Korea (Old Address System : 5FL., Jinsung Bldg., 48-7, Garak-dong, Songpa-gu, Seoul, Korea)		

## **DETAILED INFORMATION**

### Management

Job Description	Name	Nationality	Date of Birth	Inauguration Date
President & CEO	Lee Myung-Ho	Korean	03/05/1960	09/03/2018
Outside Director	Kim Soo-Min	Korean	10/31/1969	04/13/2017
Outside Director	Shin Sun-Hwa	Korean	02/11/1976	04/13/2017
Outside Director	Hong Hee-Joo	Korean	10/17/1986	03/09/2018
Auditor	Kang Dong-Hoon	USA	01/23/1983	04/13/2017

### Financials

Year / Unit : KRW	Sales	Assets	Net Income
2017	42,003,947,622	27,602,450,885	6,661,678,348
2016	36,833,714,855	21,869,500,112	5,738,494,544
2015	32,115,532,954	17,212,762,469	5,775,006,154
2014	26,341,875,000	11,886,601,000	4,062,668,000

## **FINANCIAL DESCRIPTION**

Authorized Capital(KRW)	5,000,000,000
Paid-Up Capital(KRW)	300,000,000
Total Issued Shares	60,000

### Balance Sheet

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Total Assets	27,602,450,885	21,869,500,112	17,212,762,469
Current Assets	22,690,749,948	15,071,512,961	11,790,226,311
Cash & Cash Equivalents	10,262,368,361	4,683,401,188	3,004,789,072
Current Financial Instruments	30,000,000	30,000,000	30,000,000
Held-to-Maturity Financial Assets	-	20,332,660	-
Trade Receivables & Other Receivables	8,668,427,400	7,048,023,361	5,796,357,246
Inventories	3,423,586,450	3,168,332,951	2,748,418,981
Other Current Assets	306,367,737	121,422,801	
Non-Current Assets	4,911,700,937	6,797,987,151	5,422,536,158
Non-Current Financial Instruments	790,680,150	714,791,700	386,985,076
Marketable Financial Instruments	350,000,000	350,000,000	
Held-to-Maturity Financial Assets	300,000,000	300,000,000	297,000,000
Long-Term Trade Receivables & Other Long-Term Receivables	2,736,520,508	1,800,618,508	
Tangibles	451,945,856	3,459,964,619	3,146,696,688
Intangibles	125,858,274	96,823,283	35,838,426
Deferred Income Tax Assets	156,696,149	75,789,041	
Total Liabilities	6,037,546,454	6,966,274,029	8,052,550,025
Current Liabilities	6,037,546,454	6,126,274,029	7,972,550,025
Trade Payables & Other Payables	4,373,731,927	3,703,930,422	2,690,632,530
Short-Term Borrowings	-	425,188,000	-
Current Portion of Long-Term Debts	-	240,000,000	-
Other Current Liabilities	705,757,346	437,503,292	
Provisions	307,415,066	249,914,731	-
Deferred Income Tax Credit	650,642,115	1,069,737,584	
Non-Current Liabilities	-	840,000,000	80,000,000
Long-Term Trade Payables & Other Payables	-	80,000,000	80,000,000
Long-Term Borrowings	-	760,000,000	-

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Deferred Income Tax Credit	-	-	
Capital Stock	300,000,000	300,000,000	300,000,000
Others	-2,960,526,000	-2,960,526,000	-2,960,526,000
Profit Surplus	24,225,430,431	17,563,752,083	11,820,738,444
Total Equity	21,564,904,431	14,903,226,083	9,160,212,444
Liab. & Shareholder's Equity	27,602,450,885	21,869,500,112	17,212,762,469

**Income Statement**

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Sales	42,003,947,622	36,833,714,855	32,115,532,954
Cost of Sold Goods	15,058,406,389	14,287,608,140	13,781,868,688
Gross Profit	26,945,541,233	22,546,106,715	18,333,664,266
Selling & Admin. Expenses	19,310,337,329	14,556,993,432	10,909,502,289
Operating Income	7,635,203,904	7,989,113,283	7,424,161,977
Finance Income	102,674,259	49,675,800	
Finance Expenses	14,377,808	27,630,382	
Non-Operating Income	408,259,818	116,963,346	137,712,026
Non-Operating Expenses	94,188,206	91,729,357	331,844,659
Income Before Taxes	8,037,571,967	8,036,392,690	7,230,029,344
Income Taxes Expenses	1,375,893,619	2,297,898,146	1,455,023,190
Net Income	6,661,678,348	5,738,494,544	5,775,006,154

**Cash Flows**

Unit : Korean Won	As of 12/31/2017	As of 12/31/2016	As of 12/31/2015
Operating Activities Cash Flows	3,905,783,561	931,901,768	7,732,369,840
Cash Flows from Operating Net Income	5,683,000,055	3,192,427,539	
Adjustment	6,661,678,348	5,738,494,544	5,775,006,154
Changes in Asset/ & Liability	1,229,747,596	1,656,205,755	
Interests Received	-2,208,425,889	-4,202,272,760	
Interests Paid	102,848,458	49,351,601	
Income Taxes	-4,168,756	-27,630,382	
Cash Flows from Investing	-1,875,896,196	-2,282,246,990	
Cash Inflow from Investing	3,130,108,525	-698,310,059	-591,246,978
Cash Outflows for Investing	3,508,025,388	540,472,580	238,567,500
Cash Flows from Financing	-377,916,863	-1,238,782,639	-829,814,478
Cash Inflows from Financing	-1,425,188,000	1,425,188,000	-4,460,526,000
Cash Outflows from Financing	-	1,625,188,000	-
Increase/Decrease in Cash	-1,425,188,000	-200,000,000	-4,460,526,000
Cash at the Beginning of Year	5,610,704,086	1,658,779,709	2,680,596,862
Cash at the End of Year	4,683,401,188	3,004,789,072	324,192,210
	10,262,368,361	4,683,401,188	3,004,789,072

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**PRODUCTS, TECHNOLOGIES, SERVICES**  
**DESCRIPTION**

Main Products & Services Vitamin Supplement, Probiotics, Ginseng, Maternity Products, Nutritional Supplements for Infant, Health Aid Food  
Detailed Products Spec.  
Technologies Acquired

**TRADE PARTNERS & COMPETITORS**

Suppliers  
Customers  
Competitors

TAEWON FOOD INDUSTRY CO., LTD.  
1125-2, SINGIL-DONG, DANWON-GU, ANSAN-SI, GYEONGGI-DO,  
KOREA  
TEL:+82-31-491-7912 FAX:+82-31-491-7909

OKCHEON FOOD CO., LTD.  
321-1, SINCHON-RI, GYOHA-EUP, PAJU-SI, GYEONGGI-DO, KOREA  
TEL:+82-31-943-0451 FAX:+82-31-943-0433

YUJUNG FOOD CO., LTD.  
15B-14L, 450-1, MONGNAE-DONG, DANWON-GU, ANSAN-SI,  
GYEONGGI-DO, KOREA  
TEL:+82-31-491-8062 FAX:+82-31-491-8064

**RELATED PARTIES (SUBSIDIARIES, JOINT-VENTURE & AFFILIATES)**

Affiliates F&D MEDICAL CO.(215-22-08853)  
VITAMIN D MALL CO.(KOREA)

Overseas Office  
Liaison Office  
Overseas Branch  
Joint Venture  
Subsidiary  
Corporate Ownership  
Major Shareholders  
Cooperative Enterprise -Insured Company  
HANWHA GENERAL INSURANCE CO., LTD.(110111-0006456)

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## **SALES BY REGION (ACTIVITY & MARKETS)**

Sales/ Unit :Mil KRW	2017	2016	2015
Export			
Domestic			
Total			
Not Available.			

## **COURT ACTION**

Case No.	Court	Plaintiff(s)/ Creditor(s)/ Applicant(s)	Defendant(s)/ Debtor(s)/ Respondent(s)	Cause	Amount (Million KRW)	Status
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No.

News Clipping

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 74.13
UK Pound	1	INR 97.62
Euro	1	INR 85.26
KRW	1	INR 0.065

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

**INFORMATION DETAILS**

Analysis Done by :	PRI
Report Prepared by :	POJ

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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)