

MIRA INFORM REPORT

Report No. :	529327
Report Date :	14.09.2018

IDENTIFICATION DETAILS

Name :	PT. DAKAI IMPEX
Registered Office :	Jl. Teluk Kumai Timur No. 64, Kelurahan Perak Utara, Kecamatan Pabean Cantikan, Kota Surabaya 60165, Jawa Timur
Country :	Indonesia
Date of Incorporation :	2002
Legal Form :	Private Limited Liability Company or Perseroan Terbatas (PT)
Line of Business :	<ul style="list-style-type: none"> • Wholesale trade, except of motor vehicles and motorcycles • Financial service activities, except insurance and pension funding • Wholesale of food, beverages and tobacco • Activities of holding companies • Wholesale of fruit and vegetable juices, mineral waters and soft drinks
No. of Employees :	15 [2018]

RATING & COMMENTS

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

MIRA's Rating :	B
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Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

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

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com 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.

Indonesia still struggles with poverty and unemployment, inadequate infrastructure, corruption, a complex regulatory environment, and unequal resource distribution among its regions. 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 IDENTIFICATION

Company Name	PT. Dakai Impex
Address	Jl. Teluk Kumai Timur No. 64 Kelurahan Perak Utara, Kecamatan Pabean Cantikan Kota Surabaya 60165 Jawa Timur - Indonesia
Telephone	+62313291514
Fax	+62313291701
Mobile Phone	N.A.
Email	N.A.
Web	N.A.

PROFILE

Address	Jl. Teluk Kumai Timur No. 64 Kelurahan Perak Utara, Kecamatan Pabean Cantikan Kota Surabaya 60165 Jawa Timur - Indonesia
Office Building	a. Area - Commercial b. Status - Leased
Date Of Establishment	- 2002
Start Operation	2002
Legal Status	Private Limited Liability Company or Perseroan Terbatas (PT)
Legalization (historical)	<u>No. AHU-AH.01.10-03308</u> <u>Dated, 05 February 2014</u> <u>Kementerian Perdagangan</u>
Government Permit (s)	<u>TDP - 503 / 5322.B / 436.7.17 / 2017</u> <u>Dated, 2017</u> <u>Direktorat Jenderal Pajak</u> <u>NPWP - 02.091.788.6-631.000</u>
Significant change	PT. Dakai Impex (the Company) was established in 2002 in Surabaya - East Java. Up to the completion of this report, however, we are unable to obtain the establishment act of the Company; so that we cannot provide details about its initial capitalization and shareholder structure. On January 21, 2014, the Company published a notarial act. As written on the act, the Company's authorized capital was IDR 6,500 million, of which IDR 1,625 million was issued and paid up capital. Shareholders of the Company were Ms. Tjong Yuviana Kurniawati (30.000%), Mr. Chan Luen Kai (50.000%) and Mr. Chan Hon Ngai (Hans) (20.000%). As far as we know, there has been no more change in the

Capitalization	Company's notarial act as published by the Ministry of Justice.
- Authorized Capital	IDR 6,500,000,000
- Issued Capital	IDR 1,625,000,000
- Paid Up Capital	IDR 1,625,000,000

SHAREHOLDERS & MANAGEMENT

Shareholders	Total No. of Shareholders: 3 Shareholders as <i>05 February 2014</i> Total Shareholding private - 3,250 shares
Name of Shareholders	- Ms. Tjong Yuviana Kurniawati (975 shares) - 30.000% - Mr. Chan Luen Kai (1,625 shares) - 50.000% - Mr. Chan Hon Ngai (Hans) (650 shares) - 20.000%
Management Board	
Name	Mr. Yudi Satriya
Position	Director
Nationality	Indonesian
Supervisory Board	
Name	Mr. Chan Hon Ngai (Hans)
Position	Commissioner
Nationality	Indonesian
Management Assessment	The management is deemed to have sufficient experience and industry expertise to manage subject properly.
Authorized Signatories	Mr. Yudi Satriya as Director of the Company which must be approved by shareholders meeting.
Affiliate (s) / Associate (s)	- PT. Dakai Jaya (Warehousing and storage)

KEY DATA ON OPERATIONS

Registered Activities	SIC Code 46 : Wholesale trade, except of motor vehicles and motorcycles
	SIC Code 64 : Financial service activities, except insurance and pension funding
Employee	Per 2018 15
Bussiness Category	SIC Code 46.3 : Wholesale of food, beverages and tobacco

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Line of Business	SIC Code 64.2 : Activities of holding companies SIC Code : Wholesale of fruit and vegetable juices, 46.34/1 mineral waters and soft drinks SIC Code 64.20 : Activities of holding companies
Product & Capacity Status of Investment	N.A. Non-facilities based Company
Sales Territory	Local 80% International 20%
Main Items Imported And Country Origin	- Coriander - Africa - Garlic - China - Coriander - Bulgaria - Fruits - China - Palawija - China
Main Items Exported And Country Destination	- Palawija - Malaysia - Palawija - Taiwan - Palawija - Asia
Major Customers	- PT. Dakai Jaya - Buyer from Malaysia - Buyer from Taiwan
Major Suppliers	- Supplier from China - Supplier from Africa - Supplier from Bulgaria - PT. Dakai Jaya
Terms of Payment	Purchase Payment Domestic : Immediate Payment, 31-60 days credit, 61-90 days credit Overseas : Telegraphic Transfer (T.T) up to 30 days payment
Activity Comment	Sale Term Domestic : Immediate Payment, Telegraphic Transfer, 31- 60 days credit, 61-90 days credit Overseas : Telegraphic Transfer (T.T) with credit term based on agreement Started the operation in 2002, PT. Dakai Impex (the Company) is a non-facilities based company that is engaged in trading. Head office, warehouse and registered address of the Company are located in commercial area of Surabaya, precisely at Jl. Teluk Kumai Timur No. 64, Kelurahan Perak Utara, Kecamatan Pabean Cantikan, Surabaya 60165, Jawa Timur, Indonesia. We believe that the location is leased from other parties. Based on our investigation, the Company is engaged in trading of

horticulture products both from abroad and local market, such as Garlic, Coriander, Fruits, and Palawija. The products of the Company are imported from principals in some countries, such as Garlic from China, Coriander from Mozambique (Africa) and Bulgaria, Fruits (Apple, Orange, etc.) from China.

As described by our source, in 2018, to meet the market demand, on average, the Company is importing Garlic 5 containers per day (1 container (40 feet)= 20 tons), Coriander ranging of 2-3 containers per day (1 container (20 feet) = 12 tons), Fruits ranging of 5 - 6 containers per day 1 container (40 feet)= 20 tons), and Palawija 5 containers per day (1 container (40 feet)= 20 tons).

Meanwhile, from the local market, the Company provides shallot that obtained from the local suppliers. Unfortunately, the Company was reluctant to give the name of the suppliers both from abroad and local market. As for storage, the Company is supported by its affiliates, namely PT. Dakai Jaya for coldstorage.

Regarding the marketing, the Company's products are marketed mainly in the domestic market or about 80% to the local distributors or agents in Surabaya and other regions. The remaining 20% are marketed in the export market, especially for Palawija, and mostly now are exported to the Asian countries, such as to Malaysia, Taiwan, etc.

In addition to trading from horticultural products, the Company is also a holding company of PT. Dakai Jaya (PT DJ) with ownership percentage of 80%. As we learned, PT. DJ is engaged in warehousing activities, include in cold storage dry warehouse and refrigeration room (chiller & freezer). In the performance, it seems like that PT. DJ is no too influenced by the slowing economy, in which the performance remains stable in the last three years, until this third quarter of 2018, especially from the cold storage units that leased by the customers from the Food and Beverage Companies. Currently, PT. DJ is supported by 30 employees.

Related to payment, at present, the Company is not facing significant problem from the current risk on both payable and receivable system.

In performance, until 2017, for the trading sector, the demand for the Company's products were still quite large. The Company's performance also relatively stable until this third quarter of 2018, with the largest are coming from fruits, followed by garlic and others. Meanwhile, as a holding, the Company's income is also supported by its subsidiary, PT. DJ engaged in warehousing activities sector. To date, the Company's performance is still relatively positive.

Litigation

As information, the investigation of the case we did to the State Court where the Company was established and operating, namely the Surabaya State Court, the Company and some of the importers, namely PT. Prima Nusa Lentera Agung, CV. Argo Nusa Permai , CV. Mulia Argo Lestari and PT. Mulya Agung Dirgantara are suing Business Competition Supervisory Commission of the

Republic of Indonesia (KPPU RI) where the plaintiff is now conducting an objection against the application for fines given to the Commission in which the claimant to be in violation of Monopolistic Practices and Unfair Business Competition. The case is listed on the Surabaya State Court Case No. 345/PDT.KPPU/2014/PN.SBY.

However, although the Company is currently doing an objection letter to the Commission, the operation of the Company is still doing quite well. Although it can not be denied when the Commission decides the Company must pay a penalty in 2014, the operation of the Company was disturbed.

In addition, in 2013, the Company included as one of the 19 garlic importers companies suspected of being exposed to a cartel case of garlic by the Business Competition Supervisory Commission (KPPU), alleging violations of Article 11, Article 19 letter c and Article 24 of the Act Number 5 Year 1999, the main issue of garlic importation in November 2012-February 2013.

**Warehouse and Registered
Address**

Jl. Teluk Kumai Timur No. 64
Kelurahan Perak Utara, Kecamatan Pabean Cantikan
Kota Surabaya 60165
Jawa Timur - Indonesia
Phone : +62313291514
Fax : +62313291701
Email : --

BANKING INFORMATION

Banker (s) - PT. Bank Central Asia Tbk
Insurance - Badan Penyelenggara Jaminan Sosial (BPJS)

BUSINESS PROSPECTS

Business Prospects

Although it is predicated as an agricultural country, Indonesia still needs to import vegetables and fruits from abroad. Central Bureau of Statistics (Badan Pusat Statistik) noted that imports of various vegetables and fruits Indonesia are still high. Throughout January-February 2017, the imports of vegetables by Indonesia totaled up to 148,216 tons valued at USD 148.58 million.

Meanwhile, imports of fruits in the period January-February 2017 amounted to 161,402 tons valued at USD 233.44 million. Similarly like vegetables, the largest imported fruits are also coming from China with total volume of 96,737 tons (USD 137.36 million). Meanwhile the rest is coming from Thailand, Pakistan, the United States, Egypt, and others.

Based on data from Central Bureau of Statistics (Badan Pusat Statistik), the highest import of fruits occurred in August 2017. Compared to the import in July 2017, import of fruits in August 2017 increased by 277.73% valued at USD 63.6 million. The increasing import is mainly caused by season factors. The fluctuating import of certain commodities reflects the fluctuating need and behavior of the market.

Actually, Indonesia has lots and varying types of fruits. Unfortunately, fruit consumption in the country is still very low. In fact, it is below the standard, namely only 34.55 kg per capita per year – far lower than the adequacy standard at 73 kg per capita per year, or health adequacy standard at 91.25 kg per capita per year.

On the other hand, the considerable number of the population of Indonesia, which is more than 200 million people, is definitely indicating the very potential market for horticultural commodities. Based on the data shown above, and regarding the high demand for imported fruits and agriculture product in Indonesia, we believe that imported fruit business will still have a pretty bright prospect.

FINANCIAL STATEMENT

Sales Turn Over	- 2015 - IDR 16,970,250,000 (Estimated) - 2016 - IDR 18,866,925,000 (Estimated) - 2017 - IDR 19,600,000,000 (Estimated)
Total Assets	As the Company is not a publicly listed company, we are unable to give a detailed picture of the financial condition of the Company.
Other Financial Data	As the Company is not a publicly listed company, we are unable to provide details on the financial condition of the Company.

CREDITWORTHINESS

Management Capability	Adequate
Business Morality	Poor
Payment Manner	Slow but correct
Financial Condition	Satisfactory
Operating Trend	Up
Conclusive remarks	Based on the information shown above, we learned that the Company is engaged in trading of horticulture products both from abroad and local market for about 16 years in the business, sells the horticulture products both for abroad and local market. As we learned, operationally, apart from the case, so far, the

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Company's performance still quite satisfactory both from demand in abroad and local market. Aside from being a holding company, the Company is also supported by the performance of its subsidiary engaged in warehousing activities. So far the Company's performance is still quite stable.

Regarding the fact, and the needs of Indonesian vegetables and fruits are still imported, coupled with the considerable number of population of Indonesia, which is above 200 million people, is definitely indicating the very potential market of horticultural commodities. So, we believe that the Company is still prospective in the future. However, the thing that should be wary for the sustainability of the Company's business is, the government which will restrict the regulation toward imported vegetables in order to empower local farmers to increase their products.

In the other hand, although the Company runs the potential business competently, but considering the several cases, include garlic cartel case and the Company's business also largely influenced by the government policy, so we rate the Company's credit opinion at Medium to High Risk.

For security reason, nevertheless, we advise those wishing to make cooperation with and to grant loans to the Company to ask for adequate collaterals from the owners and management.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.32
UK Pound	1	INR 94.42
Euro	1	INR 84.08
IDR	1	INR 0.0048

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

INFORMATION DETAILS

Analysis Done by :	NIS
Report Prepared by :	SYL

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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)