

MIRA INFORM REPORT

Report No. :	484050
Report Date :	06.01.2018

IDENTIFICATION DETAILS

Name :	MONACO MANUFACTURING CORPORATION
Registered Office :	101 Matutum corner Mauban Sts., Brgy. Manresa, Quezon City
Country :	Philippines
Financials (as on) :	2015
Date of Incorporation :	01.07.1981
Legal Form :	Private Limited Liability Company
Line of Business :	The company is presently engage in the production of threads and similar products used either as materials in textiles & garment production or as a finished products in itself
No. of Employees :	332

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 :	No Complaints

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Litigation :	Clear
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NOTES :

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

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2017)	Current Rating (30.09.2017)
Philippines	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

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PHILIPPINES - ECONOMIC OVERVIEW

The economy has been relatively resilient to global economic shocks due to less exposure to troubled international securities, lower dependence on exports, relatively resilient domestic consumption, large remittances from about 10 million overseas Filipino workers and migrants, and a rapidly expanding outsourcing industry. During 2016, the current account balance narrowed to its lowest level since the 2008 global financial crisis, but nevertheless mustered a surplus for a 14th consecutive year. International reserves remain at comfortable levels and the banking system is stable.

Efforts to improve tax administration and expenditures management have helped ease the Philippines' debt burden and tight fiscal situation. The Philippines received investment-grade credit ratings on its sovereign debt under the former AQUINO administration and has had little difficulty financing its budget deficits. However, weak absorptive capacity and implementation bottlenecks have prevented the government from maximizing its expenditure plans. Although it has improved, the low tax-to-GDP ratio remains a constraint to supporting increasingly higher spending levels and sustaining high and inclusive growth over the longer term.

Economic growth has accelerated, averaging 6.1% per year from 2011 to 2016, compared with 4.5% under the MACAPAGAL-ARROYO government; and competitiveness rankings have improved. Although 2016 saw a record year for net foreign direct investment inflows, FDI to the Philippines has continued to lag regional peers, in part because the Philippine constitution and other laws restrict foreign ownership in important activities/sectors - such as land ownership and public utilities.

Although the economy grew at a faster pace under the AQUINO government, challenges to achieving more inclusive growth remain. Wealth is concentrated in the hands of the rich. The unemployment rate declined from 7.3% to 5.5% between 2010 and 2016 but the jobs are low paying and tedious. Underemployment hovers at around 18% to 19% of the employed. At least 40% of the employed work in the informal sector. Poverty afflicts more than a fifth of the population. More than 60% of the poor reside in rural areas, where the incidence of poverty (about 30%) is more severe - a challenge to raising rural farm and non-farm incomes. Continued efforts are needed to improve governance, the judicial system, the regulatory environment, the infrastructure, and the overall ease of doing business.

2016 saw the election of President Rodrigo DUTERTE, who has pledged to make inclusive growth and poverty reduction his top priority. DUTERTE believes that illegal drug use, crime and corruption are key barriers to economic development among the lower income class. This administration wants to reduce the poverty rate to 14% and graduate the economy to upper-middle income status by the end of President DUTERTE's term in 2022. Key themes under the government's Ten-Point Socioeconomic Agenda include continuity of macroeconomic policy, tax reform, higher investments in infrastructure and human capital development, and improving competitiveness and the overall ease of doing business. The administration has vowed to address spending bottlenecks and is pushing for congressional passage of a Comprehensive Tax Reform Program to help finance more aggressive infrastructure and social spending, starting in 2018. The government also supports relaxing restrictions on foreign ownership, except for land.

Source : CIA

ANTECEDENT INFORMATION

Company: MONACO MANUFACTURING CORPORATION
Address: 101 Matutum corner Mauban Streets, Quezon City
Country: Philippines
Service Type: Normal

FINDINGS

We conducted research and investigation on MONACO MANUFACTURING CORP. and showed the following, viz:

VERIFICATION WITH SECURITIES & EXCHANGE COMMISSION (SEC): MONACO MANUFACTURING CORPORATION

Legal Entity - **PRIVATE.** Limited Liability Company

REGISTRATION

(Per General Information Sheet (GIS) dated May 11, 2016)

Certificate No. : 0000099724
Date : July 01, 1981
Term : Fifty (50) years
Company Type : Stock Corporation
TIN No. : 000 295 308 0000
g) Telephone No. : (02) 365 4562
h) Fax No. : (02) 365 4499

Principal Office/Business Address: 101 Matutum corner Mauban Sts., Brgy. Manresa, Quezon City

(Note: Currency in Philippine Peso, unless otherwise specified)

CAPITALIZATION

Authorized Capital Stock	Type of Shares	Number of Shares	Par Value / Shares	Amount Paid
Authorized Capital Stock	Common	500,000	100.00	<u>50,000,000.</u>

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Fully Subscribed & Paid-Up 500,000 **50,000,000.**

PRIMARY PURPOSE

Production of threads and similar products used either as materials in textiles or garment production or as finished production itself.

STOCKHOLDERS/DIRECTORS/OFFICERS

Name / Nationality	Position	Amount Paid Up
Eric S. Chua Yap, Filipino	VP Marketing/Director	10,050,000.
Eleanor C. Ong, Filipino	VP Finance/Treas./Dir	9,690,000.
Enrique S. Chua Yap, Filipino	VP Manufacturing/Dir.	10,050,000.
Olivia C. Chua Yap, Filipino	Asst. Corp. Secretary	3,040,000.
Efren S. Chua Yap, Filipino	President/CEO	10,050,000.
Le Siong T. Chua Yap, Filipino	Corporate Secretary	3,040,000.
Ellen Jean T. Chua Yap, Filipino		3,040,000.
MONACO MANUFACTURING CORP.		<u>1,040,000.</u>
		<u>50,000,000.</u>

BUSINESS ACTIVITY

The company is presently engage in the production of threads and similar products used either as materials in textiles & garment production or as a finished products in itself. It Is one of the leading sewing thread manufacturing companies in the Philippines today. Its humble beginnings trace back to the year 1958 when Mr. Chua Yap Chek established Monaco Thread Company engaged in the production and marketing of bag closing threads. Over the years, the company grew steadily and so did its range of products and services, which catered mainly to the textile and garment sectors. Today, the company operates two plants in Metro Manila which house some of the most modern twisting, rewinding and dyeing machinery & equipment. A satellite office and warehouse is located in Cebu to better serve the Visayas and Mindanao markets. The company also exports embroidery and sewing threads to various parts of the world

Products:

ACRYLIC YARN - Suitable for flat knitting machine (knitwear, rugs, carpets, etc.)
BAG CLOSING THREADS - Industrial bag closing (e.g. sacks, flour bag)
COTTON YARN - Used for circular and flat knitting machine (socks, knitwear, striped fabrics, etc.)
CROCHET THREAD - Used for hand crochet, knitting fabric (blouse, sweaters, etc.)
EMBROIDERY THREAD - Used for manual and computerized embroidery machine
NYLON FISHING TWINE - Fishing net, upholstery, leather goods such as bags and sport gloves

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SEWING THREAD/SPUN POLYESTER - Used for general seaming of knitwear, shirt, blouses, outerwear, sportswear, etc.

TEXTURIZED POLYESTER - Used for underlining or underlaying, edging, labels, weaving fabrics

SERVICES - Dyeing & Twisting Service; Laboratory Section; Spun Yarn Twisting Section; Quality Control Department

Plant Site - N.Y. Compound Bagbaguin Caloocan City

Head Office

Address: #101 Matutum St. cor. Mauban St. Manresa, Quezon City Philippines

Telephone: (632) 365-45-62 (connecting all department)

Fax: (632) 362-06-61 / 365-44-99

(632) 412-80-23 (sales department)

Cebu Branch Office

Address: A.S Fortuna Ext. Brgy. Guizo, Mandaue City, Cebu

Telephone: (032) 346-79-51 / 346-79-49

Fax: (032) 346-79-52

Total Manpower complement: 332

Email: monacomfgcorp@gmail.com

Website: monaco.com.ph

FINANCIAL CONDITION

(Audited Financial Statement for years 2015 & 2014, as compiled)

BALANCE SHEET

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalent	19,574,174.	18,062,555.
Trade & Other Receivables	56,089,299.	91,876,094.
Inventories	266,308,054.	261,313,391.
Prepayments & Other Assets	<u>17,179,419.</u>	<u>8,474,010.</u>
Total Current Assets	<u>359,150,946.</u>	<u>379,726,050.</u>
NON CURRENT ASSETS		
Property, Plant & Equipment	139,177,075.	131,767,166.
Other Current Assets	<u>3,074,076.</u>	<u>6,662,901.</u>
Total Non Current Assets	<u>142,251,151.</u>	<u>138,430,066.</u>
TOTAL ASSETS	<u>501,402,098.</u>	<u>518,156,117.</u>

LIABILITIES & STOCKHODLER'S EQUITY

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CURRENT LIABILITIES

Trade & Other Payables	217,300,138.	231,305,036.
Other Current Liabilities	<u>4,902,898.</u>	<u>8,262,054.</u>
Total Current Liabilities	<u>222,203,036.</u>	<u>239,567,090.</u>

NON CURRENT LIABILITIES

Notes Payable	39,000,000.	39,000,000.
Advances from stockholders	<u>42,500,000.</u>	<u>42,500,000.</u>
Total Non Current Liabilities	<u>81,500,000.</u>	<u>81,500,000.</u>
TOTAL LIABILITIES	<u>303,703,036.</u>	<u>321,067,090.</u>

STOCKHOLDER'S EQUITY

Capital Stock	50,000,000.	50,000,000.
Revaluation Increment on property	72,752,955.	72,752,955.
Retained Earnings	81,670,762.	74,336,071.
Treasury Stock	<u>(6,724,655.)</u>	<u>NIL</u>
Total Equity	<u>197,699,062.</u>	<u>197,089,026.</u>
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>501,402,098.</u>	<u>518,156,117.</u>

INCOME STATEMENT

Sales	<u>382,391,098.</u>	<u>410,755,911.</u>
Gross Profit	57,725,746.	53,024,200.
Other Income	<u>694,570.</u>	<u>694,540.</u>
	58,420,316.	53,718,740.
Selling Expenses	(1,170,686.)	(1,198,935.)
Administrative Expenses	<u>(48,468,734.)</u>	<u>(42,402,390.)</u>
Net Income before IncomeTax	<u>8,780,896.</u>	<u>10,117,415.</u>
NET INCOME FOR THE YEAR	<u>5,888,159.</u>	<u>7,082,212.</u>

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 63.38
UK Pound	1	INR 86.02
Euro	1	INR 76.50
PHP	1	INR 1.27

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

INFORMATION DETAILS

Analysis Done by :	PRI
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)

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