

MIRA INFORM REPORT

Report No. :	536264
Report Date :	26.10.2018

IDENTIFICATION DETAILS

Name :	FERNA CORPORATION
Registered Office :	16, Bernardo St., San Rafael Village, Navotas City
Country :	Philippines
Financials (as on) :	2015
Date of Incorporation :	26.08.1996
Legal Form :	Private Limited Liability Company
Line of Business :	Subject is engaged in importing, buying, manufacturing, selling, trading of food flavoring and chemicals and other related items.
No. of Employees :	Not available

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 (30.06.2018)	Current Rating (30.09.2018)
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 services industry. During 2017, the current account balance fell into the negative range, the first time since the 2008 global financial crisis, in part due to an ambitious new infrastructure spending program announced this year. However, 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 over 6% per year from 2011 to 2017, compared with 4.5% under the MACAPAGAL-ARROYO government; and competitiveness rankings have improved. Although 2017 saw a new 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 limit foreign investment and restrict foreign ownership in important activities/sectors - such as land ownership and public utilities.

Although the economy grew at a rapid 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 5.7% between 2010 and 2017; while there has been some improvement, underemployment remains high at around 17% to 18% of the employed population. At least 40% of the employed work in the informal sector. Poverty afflicts more than a fifth of the total population but is as high as 75% in some areas of the southern Philippines. 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. The administration wants to reduce the poverty rate to 17% 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 sees infrastructure shortcomings as a key barrier to sustained economic growth and has pledged to spend \$165 billion on infrastructure by 2022. Although the final outcome has yet to be seen, the current administration is shepherding legislation for a comprehensive tax reform program to raise revenues for its ambitious infrastructure spending plan and to promote a more equitable and efficient tax system. However, the need to finance rehabilitation and reconstruction efforts in the southern region of Mindanao following the 2017 Marawi City siege may compete with other spending on infrastructure.

Source : CIA

ANTECEDENT INFORMATION

Company: FERNA CORP.
Address: 16 Bernardo St., San Rafael Village, Navotas, 1485 Metro Manila
Country: Philippines
Service Type: Normal

FINDINGS

We conducted research and investigation on FERNA CORPORATION and showed the following, viz:

VERIFICATION WITH SECURITIES & EXCHANGE COMMISSION (SEC): FERNA CORPORATION

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

REGISTRATION

(Per General Information Sheet (GIS) for Year 2015, filed April 26, 2016. Latest on file.)

Certificate No. : A199604945
Date : August 26, 1996
Term : Fifty (50) years
Company Type : Stock Corporation
Fax No. : (632) 523 1110
Telephone Nos. : (632) 5231165 - 68
Corp. Tax ID No. : 004 527-318-000
Website : www.ferna.com.ph
Email : info@ferna.com.ph

Principal Office/Business Address: 16 Bernardo St., San Rafael Village, Navotas City

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

CAPITALIZATION

(As of 2015)

Authorized Capital Stock - 40,000,000. - 400,000 Shares - Common

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Subscribed & Paid Up Capital	-	<u>18,000,000.</u>	-	180,000 Shares
Par value per Share	-	<u>100.</u>		

PRIMARY PURPOSE

Manufacture/Importation of food ingredients.

STOCKHOLDERS/DIRECTORS/OFFICERS

(For Year 2015)

Name / Nationality (Filipinos)	Position	Amount Paid Up
Fernando G. Co	Chairman	7,200,000.
Fernando K. Co, Jr.	Director	3,600,000.
Giovanni K. Co	President	3,600,000.
Sheila Co Taboso	Corp. Sec.	NIL
Ester K. Co	Director	1,800,000.
Jeanette N. Co	Director	<u>1,800,000.</u>
	TOTAL	<u>18,000,000.</u>

BUSINESS ACTIVITY

Engaged in importing, buying, manufacturing, selling, trading of food flavoring and chemicals and other related items. has all the ingredients of a certified food ingredient specialist, Food ingredients of the highest quality. Advanced Manufacturing Technology. Innovative Formulations. Global Sourcing Capabilities. International Partnerships. We can customize food products to suit and complement your requirements and business needs. Phil. FDA – LTO No. CFRR-NCR-F1-1446. Expiry: Feb. 02, 2021. Class: F1

Products:

Ferna Spices - A variety of vegetable or plant substances that exhibit pungent taste and smell, whose main functions are more of a seasoning and relish to foods. Generally recommended in snack foods, pastries and baked products, pie fillings, processed meat, sauces & condiments and soup. Available spices are minced onion, onion powder, minced garlic, garlic powder, oleoresin paprika and red cayenne.

Ferna Seasonings - Blends of one or more spices with other components to enhance and improve the original taste and flavor of the food. Wide range of seasonings to choose from such as various cheese powder profiles to savory flavor blends like beef, chicken and pork accentuated with a grill, roast or smoke flavor as back note to impart a unique taste to certain food products. Seafood flavors are available as well for specific product requirements.

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FERNA Jolly Gulaman; FERNA Liquid Colors; FERNA Shake Powder; Tender Fresh Flakes; Vanilla Powder; Eagle Instant Dry Yeast; Gelatine; Spices & Seasoning, Drink Mixes, etc. Exclusive Distributorships with – NUTRASWEET (sweeteners); FROSTY BOY (soft serve ice cream; yogurt soft serve ice cream; whip cream powder); FRANKLIN BAKER (dessicated coconut products); EOI MASTER CRAFTSMAN (cake margarine & shortening; bread shortening). New Products – Breading Mix; Waffle Mix; Baking Powder and Baking Soda.

Provincial Branches in Iloilo, Cebu and Bulacan.

Email: sale@ferna.com.ph

FINANCIAL CONDITION

(Audited Financial Statement for years 2015 & 2014, as compiled) (Latest on file with SEC.)

BALANCE SHEET

	2015	2014
Current Asset		
Cash	1,261,961.	1,539,105.
Trade Receivables	24,810,504.	17,849,283.
Inventories	344,011,014.	266,507,862.
Input Taxes	16,053,957.	11,076,941.
Supplies	<u>4,197,854.</u>	<u>3,816,230.</u>
Total Current Assets	<u>390,335,289.</u>	<u>300,789,421.</u>
Non Current Assets		
Property, Plant & Equipment, net	<u>36,671,718.</u>	<u>37,234,409.</u>
Total Non Current Assets	<u>36,671,717.</u>	<u>37,234,409.</u>
TOTAL ASSETS	<u>427,007,007.</u>	<u>338,023,830.</u>

LIABILITIES & STOCK HOLDER'S EQUITY

Current Liabilities		
Trade & Other Payables	380,105,469.	294,655,402.
Advances from Stockholders	10,000,000.	10,000,000.
Income Tax Payable	<u>24,859.</u>	<u>252,360.</u>
Total Current Liabilities	<u>390,130,328.</u>	<u>304,907,762.</u>
Total Liabilities	<u>390,130,328.</u>	<u>304,907,762.</u>
Equity		
Capital Stock	18,000,000.	18,000,000.
Retained Earnings	<u>18,876,679.</u>	<u>15,116,068.</u>

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Total Equity	<u>36,876,679.</u>	<u>33,116,068.</u>
TOTAL LIABILITIES & EQUITY	<u>427,007,007.</u>	<u>338,023,830.</u>

INCOME STATEMENT

SALES	<u>439,060,885.</u>	<u>387,434,366.</u>
Gross Profit	70,752,654.	66,599,783.
Operating Expenses	<u>(64,236,336.)</u>	<u>(60,779,650.)</u>
Income Before Tax	<u>6,516,318.</u>	<u>5,820,133.</u>
NET INCOME	<u>4,561,422.</u>	<u>4,074,093.</u>

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.27
UK Pound	1	INR 94.62
Euro	1	INR 83.65
PHP	1	INR 1.37

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

INFORMATION DETAILS

Analysis Done by :	VIV
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)