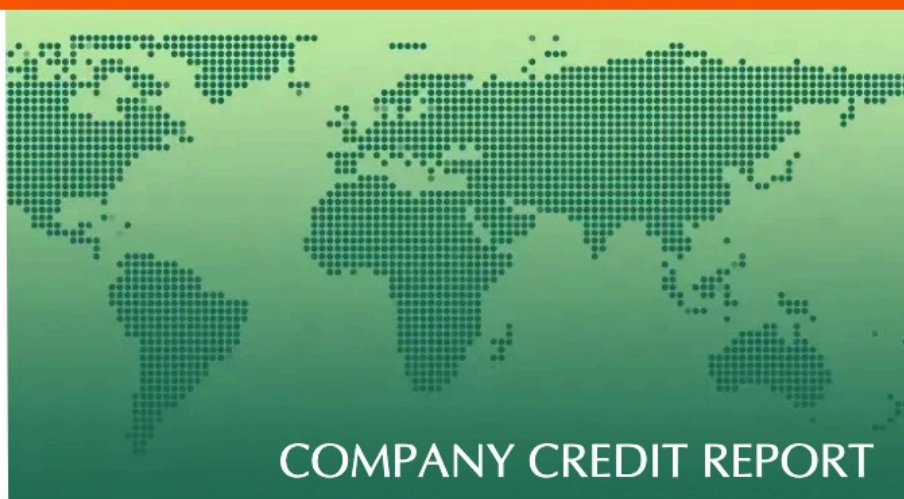


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PHILIPPINES



**COMPANY CREDIT REPORT**



## Philspec Construction Inc.

### REPORT INFORMATION

Company Name: \*\*\*Redacted\*\*\*

Country: **Philippines**

Report Date: 1 Sept 2022

### PHILSPEC CONSTRUCTION INC.

Regd./Business Address Rm 503 Sf Motroview Svn Bidg 915 San Antonia St Brgy 692 Zono 075, Malate Manita - 1004, Philippines

Phone +63 9450040794 , 27883260

Email jchn\_jc@gail.com

### Executive Summary

Report ID \*\*\*Redacted\*\*\*

Company Name \*\*\*Redacted\*\*\*

Company Status Active

Legal Form Stock Corporation

Regd./Formation Date 08-Mar-2016

Incorporation No. CS201617120

Business Type Manufacturer

TIN/CST 009-367-084

No. of Employees n.a.

### Financial Summary

Capital PHP30 000 000 000

Net worth PHP 66 666 649 000

Turnover/Sales PHP 152 189 525 000

Profit Before Tax PHP 5 156 172 000

FY Ended 31-Dec-2020

Financial Types Standalone



Business Activity	Manufactures and transports building materials.
SIC Code(s)	2640 - Manufacture of bricks, tiles and construction products, in baked clay 2661 - Manufacture of concrete products for construction purposes 2662 - Manufacture of plaster products for construction purposes 5153 - Wholesale of wood, construction materials and sanitary equipment
NACE Code(s)	2332 - Manufacture of bricks, tiles and construction products, in baked clay 2361 - Manufacture of concrete products for construction purposes 4673 - Wholesale of wood, construction materials and sanitary equipment

**Notes**

\* We tried to contact the subject on available numbers but these numbers are not ringing.

\* The complete and the correct name and address of the subject is mentioned above.

\* Following the recent outbreak and escalation of Covid-19 in the region, Governments and all concerned are taking the relevant actions and necessary precautions to contain the virus, which might affect the subject's business operations going forward.

**Credit Recommendation**

Credit Rating A

Credit Score  63

Credit Limit USD 2 000 000

Comments Recommendation is based on subject's overall operational base and financial state-of-affair, though conservative as the subject reported declined turnover and net profit,

**Credit Rating Guide**

Credit Rating	Credit Score	Explanation
A+	81 - 100	Low Risk
A	61 - 80	Moderate Risk
B	40 - 60	Medium Risk
C	21 - 39	Medium High Risk
D	1 - 20	High Risk
NR	--	No Rating

**Capital Structure / Ownership**

Authorised Capital	PHP 30 000 000
--------------------	----------------

Paid up Capital	PHP 30 000 000
-----------------	----------------

**Shareholding Structure / Major Shareholder(s)**

Name	No. of Shares	Holding (%)
<b>Suncchang E &amp; C Co. Ltd</b>	113 700	37.90
John John C. Cundangan	60 000	20.00
Virginia S, Llanda	60 000	20.00
Laila Dimla	60 000	20.00
Doo Yeop Kim	3 300	1.10
Jung Namgoong	3 000	1.00
<b>TOTAL</b>	<b>300 000</b>	<b>100.00</b>



## Directors / Principals

- Name** John John C. Cundangan  
**Designation** President  
**Nationality** Filipino
- Name** Doo Yeop Kim  
**Designation** Director  
**Nationality** Korean
- Name** Jung Namgoong  
**Designation** Director  
**Nationality** Korean

## Key Personnel

- Name** Virginia S. Llanda  
**Designation** Secretary  
**Nationality** Filipino
- Name** Laila Dimla  
**Designation** Treasurer  
**Nationality** Filipino



**Business Operations**

The subject manufactures and transports building materials.

**Bank Details** Not available

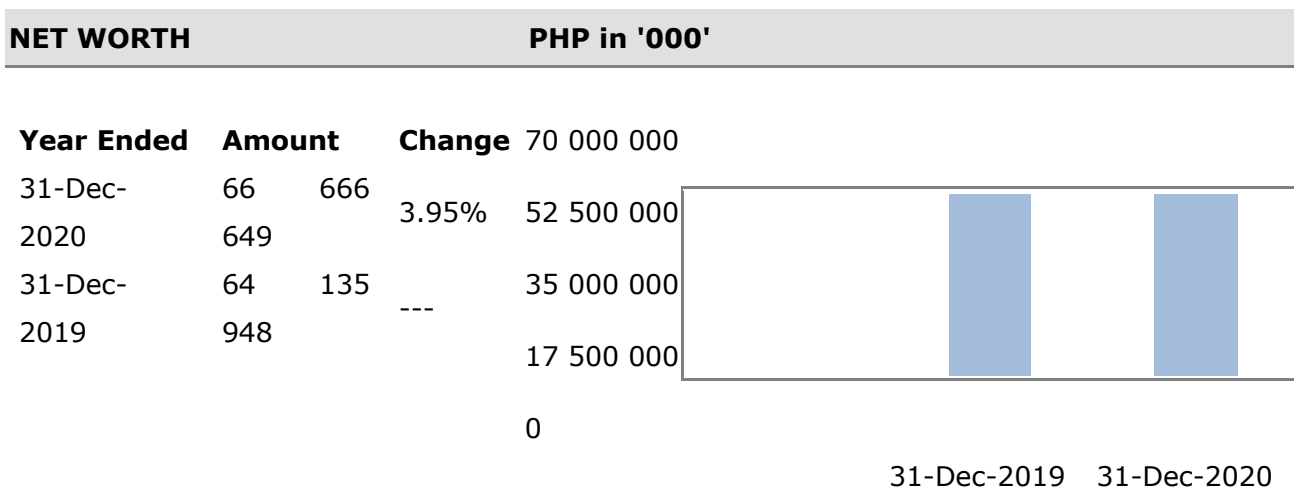
**Employee Details** Not available

**Listing on Stock Exchange** No

**Auditor**

Name Roxanne D Raguini

**FINANCIAL SUMMARY**



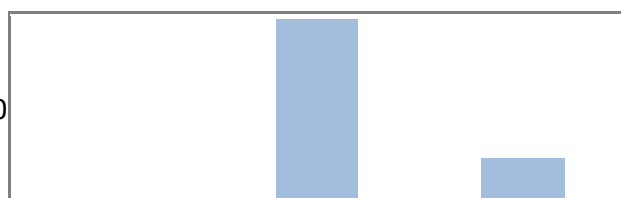




**OPERATING REVENUE** **PHP in '000'**

Year Ended	Amount	Change
31-Dec-2020	152 189	- 84.16%
31-Dec-2019	960 708	---

1 000 000  
750 000  
500 000  
250 000  
0

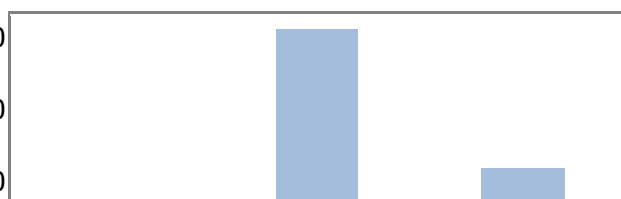


31-Dec-2019 31-Dec-2020

**PROFIT BEFORE TAX** **PHP in '000'**

Year Ended	Amount	Change
31-Dec-2020	5 156 172	- 88.40%
31-Dec-2019	44 466	---

50 000 000  
37 500 000  
25 000 000  
12 500 000  
0



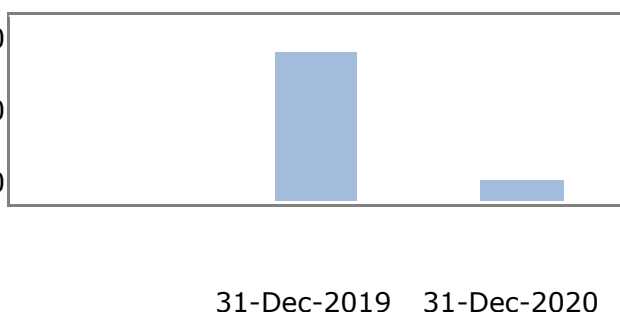
31-Dec-2019 31-Dec-2020



**PROFIT AFTER TAX**

**PHP in '000'**

Year Ended	Amount	Change
31-Dec-2020	2 531 302	- 91.87%
31-Dec-2019	31 129 545	---



**BALANCE SHEET**

For the Year Ending :	31-Dec-2020	31-Dec-2019
	(PHP in '000')	
Period	(12 months)	(12 months)
Type of Financials	Standalone	Standalone
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>	<b>66 666 649.00</b>	<b>64 135 948.00</b>
- Share Capital	30 000 000.00	30 000 000.00
- Reserves and Surplus	36 666 649.00	34 135 948.00
<b>Current liabilities</b>	<b>109 456.00</b>	<b>169 193 097 883.00</b>





- Trade payables	98 163 271.00	171 165 494.00		
- Other current liabilities	6 428 033.00	17 354 237.00		
- Advances from customers	4 578 152.00	4 578 152.00		
<b>TOTAL</b>	<b>175 105.00</b>	<b>836 257 233 831.00</b>		
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>4 146 280.00</b>	<b>7 557 635.00</b>		
- Tangible assets	4 146 280.00	7 557 635.00		
<b>Current assets</b>	<b>171 825.00</b>	<b>689 249 676 196.00</b>		
- Cash and cash equivalents	49 318 818.00	50 665 303.00		
- Trade receivables	24 044.00	100 780 523.00		
- Inventories	94 175 110.00	65 150 400.00		
- Other current assets	28 171 853.00	33 079 970.00		
<b>TOTAL</b>	<b>175 105.00</b>	<b>836 257 233 831.00</b>		

**PROFIT & LOSS A/C**

<b>For the Year Ending :</b>	<b>31-Dec-2020</b>	<b>31-Dec-2019</b>
	<b>(PHP in '000')</b>	
<b>Revenue</b>		
- Revenue from operations	152 189 525.00	960 708 282.00



- Other income	901.00	-40 102.00		
<b>TOTAL REVENUE</b>	<b>152</b>	<b>190 960</b>	<b>668</b>	
	<b>426.00</b>	<b>180.00</b>		
<b>Expenses</b>				
- Manufacturing Expenses	45 164 700.00	373 111 768.00		
- Direct Expenses	26 303 996.00	227 134 154.00		
- Construction Expenses	47 122 518.00	258 565 445.00		
- Operating expenses	28 443 040.00	57 390 049.00		
<b>TOTAL EXPENSES</b>	<b>147</b>	<b>034 916</b>	<b>201</b>	
	<b>254.00</b>	<b>416.00</b>		
<b>Profit (Loss) before tax</b>	<b>5 156 172.00</b>	<b>44 466 764.00</b>		
<b>Tax Expenses</b>				
- Taxes	2 624 870.00	13 337 219.00		
<b>Profit (Loss) for the period</b>	<b>2 531 302.00</b>	<b>31 129 545.00</b>		

## COMMENTS

\* The details provided in this report are largely based on the information procured from the subject's records file at Philippine Securities and Exchange Commission (SEC).

\* Kindly note that subject's line of business is collected from the desktop search and the same has not been verified from the subject yet as contact with the subject could not be established as of now.

## KEY RATIOS

<b>SOLVENCY RATIOS</b>	<b>31-Dec-2020</b>	<b>31-Dec-2019</b>
Current Ratio	1.57	1.29
Quick Ratio	0.71	0.96



**Current Ratio** - A measure of short term solvency i.e. ability to meet the short term obligations by matching current assets against current liabilities. Ideal current ratio is 2 : 1 (2.0). However, a very high ratio indicates availability of idle cash and is not a good sign.

**Quick Ratio** - A measure of the amount of liquid assets available to offset current liabilities. The ratio is 1:1 (1.0), the business is said to be in a liquid condition. The larger the ratio, the greater the liquidity.

LEVERAGE RATIOS	31-Dec-2020	31-Dec-2019
Debt Ratio	0.62	0.75
Current Liabilities / Net Worth	1.64	3.01
Fixed Asset/ Net Worth	0.06	0.12

**Debt Ratio** - A ratio that indicates what proportion of debt a company has relative to its assets. A debt ratio of greater than 1 indicates that a company has more debt than assets. The debt ratio can help investors determine a company's level of risk.

**Debt Equity Ratio** - The debt-to-equity ratio is a measure of the relationship between the short term & long term debts and the capital contributed by shareholders. A ratio of 1:1 is usually considered to be satisfactory ratio.

**Current Liabilities /Net Worth** - This ratio indicate the amount due to creditors within a year as a percentage of the owners or stockholders investment. The smaller the net worth, larger the liabilities, resulting in less security for creditors.

**Fixed Asset/ Net Worth** - The ratio indicates the extent to which shareholder's funds are invested into the fixed assets. If this ratio is unusually large, a company may be overinvested in fixed assets and vice versa if it is small it may limit the company's ability to produce profits. A ratio of .75 or higher is usually undesirable.



**Interest Coverage Ratio** - A ratio used to determine how easily a company can pay interest on outstanding debt. It measures the margin of safety for the lenders. The higher the number, more secure the lender is in respect of periodical interest.

<b>EFFICIENCY RATIOS</b>	<b>31-Dec-2020</b>	<b>31-Dec-2019</b>
Average Collection Days	0.06	38.29
Accounts Receivable Turnover	6 329.63	9.53
Inventory Turnover	1.62	14.75
Asset Turnover	36.71	127.12

**Average Collection Days** - The approximate amount of time that it takes for a business to receive payments owed, in terms of receivables, from its customers and clients. Possessing a lower average collection period is seen as optimal.

**Accounts Receivable Turnover** - The accounting measure used to quantify a firm's effectiveness in extending credit as well as collecting debts. A high ratio implies either that a company operates on a cash basis or that its extension of credit and collection of accounts receivable is efficient.

**Inventory Turnover** - A ratio showing how many times a company's inventory is sold and replaced over a period. A low turnover implies poor sales and, therefore, excess inventory. A high ratio implies either strong sales or inefficient buying.

**Asset Turnover** - Asset turnover ratio measures the efficiency of a company's use of its assets in generating sales revenue or sales income to the company. The higher the number the better.

<b>PROFITABILITY RATIOS</b>	<b>31-Dec-2020</b>	<b>31-Dec-2019</b>
Operating Profit Margin	3.39	4.63
Net Profit Margin	1.66	3.24
Return on Total Assets	1.44	12.10
Return On Equity	3.80	48.54



**Operating Profit Margin** - The operating profit margin ratio is a measure of overall operating efficiency of a company. It is expressed as a percentage of sales and shows the efficiency of a company for controlling the costs and expenses associated with business operations.

**Net Profit Margin** - Net Profit Margin ratio is calculated by dividing net profit by operating income. It measures how much out of every unit of sales a company actually earns profit. The higher the ratio the better.

**Return on Total Assets** - The Return on Assets of a company determines its ability to utilize the Assets employed in the company efficiently and effectively to earn a good return. The greater a company's earnings in proportion to its assets the more effectively that company is said to be using its assets.

**Return on Equity** - Return on equity measures the return on the ownership interest of the common stock owners. It measures a firm's efficiency at generating profits from every unit of shareholders' equity.

### Economic Outlook -Philippines

	2018	2019	2020
GDP (Nominal)	\$ 346.84 Billion	\$ 376.82 Billion	\$ 361.49 Billion
GDP (Nominal) Growth %	6.34%	6.12%	-9.57%
Inflation	5.21%	2.48%	2.64%
Un-Employment Rate %	2.34%	2.24%	3.36%

Population (2020 Estimated)	109,581,085
Density (2020 Estimated)	367.51 people/sq.km
Population Growth rate (2020 Estimated)	1.35%
Life expectancy (2020 estimated)	71.36 years





Sex Ratio (2020 Estimated)	1.00 male(s)/female
----------------------------	---------------------

Imports From (2020)	Exports to (2020)
China (\$20.96 billion)	Japan (\$9.92 billion)
Japan (\$8.72 billion)	US (\$9.72 billion)
US (\$7.10 billion)	China (\$18.71 billion)
South Korea (\$7.02 billion)	Singapore (\$3.76 billion)
Indonesia (\$5.86 billion)	Thailand (\$2.88 billion)

Major Imports in 2020	Major Exports in 2020
Electrical machinery, equipment: \$27 billion	Electrical machinery, equipment: \$31.7 billion
Mineral fuels including oil: \$13.6 billion	Machinery including computers: \$9.5 billion
Machinery including computers: \$12.5 billion	Fruits, nuts: \$2.3 billion
Vehicles: \$8.5 billion	Optical, technical, medical apparatus: \$1.8 billion
Iron, steel: \$3.9 billion	Ores, slag, ash: \$1.7 billion

Major Sectors	GVA (current US\$)	Share % of GDP
Industry (including construction), value added	\$ 102.66 Billion	28.40%
Agriculture, forestry, and fishing, value added	\$ 36.82 Billion	10.18%
Services, value added	\$ 222.01 Billion	61.42%

	2019	2020
Average Exchange Rate (USD to PHP)	51.77	49.61
Budget Deficit in %	-1.66%	-5.74%

\* The Philippines' economy is considered as one of the most dynamic economies in East Asia and the Pacific. In 2020, however, GDP contracted by an estimated 9.5%, due to the outbreak





of COVID-19. Nevertheless, according to the IMF's April 2021 forecast, GDP growth is expected to pick up to 6.9% in 2021 and 6.5% in 2022, subject to the post-pandemic global economic recovery. Key economic drivers include solid fundamentals, a competitive workforce, a stable job market, steady remittances, and investment in the construction sector (World Bank).

\* According to the IMF's latest World Economic Outlook, inflation is expected to rise to 3.4% in 2021 and 3% in 2022.

\* The unemployment rate was heavily affected by the negative economic impact of the COVID-19 pandemic and nearly doubled in 2020, reaching 10.4%. Nevertheless, that rate should decrease to 7.4% in 2021 and 6.3% in 2022.

**Sources :**

<https://data.worldbank.org>

<https://knoema.com>

<https://tradingeconomics.com/>

<https://www.worldstopexports.com>

[www.exchangerates.org.uk](http://www.exchangerates.org.uk)

<https://www.lloydsbanktrade.com/>

<https://www.statista.com/>

**Credit Rating Explanation**

<b>Credit Rating</b>	<b>Credit Score Explanation</b>	<b>Rating Comments</b>
----------------------	---------------------------------	------------------------



A+	81 - 100	Low Risk	Business dealings permissible with low risk of default.
A	61 - 80	Moderate Risk	Business dealings permissible with moderate risk of default.
B	40 - 60	Medium Risk	Business dealings permissible on a regular monitoring basis.
C	21 - 39	Medium High Risk	Business dealings permissible preferably on secured terms.
D	1 - 20	High Risk	Business dealing not recommended or on secured terms only.
NR	--	No Rating	No recommendations can be made at this stage due to lack of sufficient information.

*The credit appraisal provides an assessment of the creditworthiness of a company. It takes into account significant elements of credit including history, business performance, management, background, financial position, payment history, overall market conditions, market trends and the reputation of the company.*

*NR is stated where there is insufficient information to facilitate rating. However, it is not to be construed as unfavourable.*



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