

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
Sep 30, 2020
2. SEC Identification Number
35841
3. BIR Tax Identification No.
000-158-664-000
4. Exact name of issuer as specified in its charter
FILSYN CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
MAKATI CITY
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
UNIT 8 5B PEARLBANK CENTRE, 146 VALERO ST., SALCEDO VILLAGE, MAKATI
CITY
Postal Code
1227
8. Issuer's telephone number, including area code
(02) 7752-3133 / 77523611
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
CLASS A COMMON	123,747,707
CLASS B COMMON	82,498,474
11. Are any or all of registrant's securities listed on a Stock Exchange?
Yes No
If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

(b) has been subject to such filing requirements for the past ninety (90) days

Yes No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Filsyn Corporation
FYN

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Sep 30, 2020
Currency (indicate units, if applicable)	PESOS IN THOUSANDS

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2020	Dec 31, 2019
Current Assets	57,945	51,058
Total Assets	1,010,413	1,001,522
Current Liabilities	1,573,613	1,564,734
Total Liabilities	1,714,096	1,705,217
Retained Earnings/(Deficit)	-1,876,239	-1,876,251
Stockholders' Equity	-703,683	-703,695
Stockholders' Equity - Parent	-703,683	-703,695
Book Value per Share	-0	-0

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	10,453	10,161	26,822	29,949
Gross Expense	8,214	10,265	26,810	30,713
Non-Operating Income	-	-	-	-
Non-Operating Expense	-	-	-	-
Income/(Loss) Before Tax	2,239	-104	12	-764
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	2,239	-104	12	-764
Net Income Attributable to Parent Equity Holder	2,239	-104	12	-764
Earnings/(Loss) Per Share (Basic)	0.01	-0	-0	-0
Earnings/(Loss) Per Share (Diluted)	0.01	-0	-0	-0

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	-0.01	-0
Earnings/(Loss) Per Share (Diluted)	-0.01	-0

Other Relevant Information

NONE

Filed on behalf by:

Name	Apolinario Posio
Designation	Senior Vice President - Accounting, Auditor and Compliance Officer, Chief Audit Executive and Chief Risk Officer

COVER SHEET

MA-045

3 5 8 4 1

SEC Registration Number

F I L S Y N C O R P O R A T I O N

(Company's Full Name)

U N I T 8 5 B P E A R L B A N K C E N T R E

1 4 6 V A L E R O S T . M A K A T I C I T Y

(Business Address: No. Street City/Town/Province)

Mr. Apolinario L. Posio

Contact Person

752-3133/7523611

Company Telephone Number

SEC FORM 17-Q
SEPTEMBER 30, 2020

1 2

Month

3 1

Day

Fiscal Year

Month

Day

Annual Meeting

Not Applicable

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Not Applicable

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = please Use Black Ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 - Q

QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SRC AND SRC RULE 17 (2) (B) THEREUNDER

1. For the year ended SEPTEMBER 30, 2020
2. Commission identification number 35841
3. BIR Tax Identification No. 500-000-158-664
4. Exact name of registrant as specified in its charter FILSYN CORPORATION
5. Province, country or other jurisdiction of incorporation or organization Makati City, Philippines
6. Industry Classification Code (SEC Use Only)
7. Address of registrant's principal office Unit 8 5B Pearlbank Centre
146 Valero St., Salcedo Village, Makati City 1227
8. Registrant's telephone number, including area code (02) 752-3133 / 752-3611
9. Securities registered pursuant to Sections 8 and 12 of the SRC
- | Title of each Class | Number of shares of common stock outstanding |
|---------------------|--|
| Class A Common | <u>123,747,707 shares fully paid</u> |
| Class B Common | <u>82,498,474 shares fully paid</u> |
10. Securities listed in the PSE 206,246,181 shares

FINANCIAL INFORMATION

Please see attached Financial and Management Reports.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on NOV 09 2020.

f. Alene Posio
APOLINARIO L. POSIO
SVP-Accounting and Auditor
and Compliance Officer

MAKATI CITY

SUBSCRIBED AND SWORN to before me this NOV 09 2020
affiants exhibiting to me his Community Tax Certificate / Passport as follows:

Name	Passport No.	Date of Issue	Place of Issue
Apolinario L. Posio	P1628847A	January 14, 2017	DFA - Manila

Doc. No. 1349
Page No. 31
Book No. XV
Series of 2020

[Signature]
ATTY. SERVACIO B. ORTIZ JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2020
PTR NO. 7333104/01-03-2019 MAKATI
IBP NO 656155 LIFETIME MEMBER
APPT. NO. M104/2017/ROLL NO. 4009
MCLE COMPLIANCE NO. V-0006934
ROUND FLOOR 8747 PASEO DE
DIXAS, LEPANTO BLVD

FILSYN CORPORATION
STATEMENTS OF FINANCIAL POSITION
(IN P000)

	Unaudited	Audited
	September 30	Dec. 31
	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	54,140	48,552
Prepayment and Other Current Assets	3,805	2,506
Total Current Assets	57,945	51,058
Investments in and Advances to Subsidiaries	28,113	26,109
Prepaid retirement	25,698	25,698
Other Assets-net	898,657	898,657
	1,010,413	1,001,522
LIABILITIES AND CAPITAL DEFICIENCY		
Current Liabilities		
Due to a related party	25,000	25,000
Income Tax Payable	-	3,473
Trade and other payables	466,560	454,208
Restructured loans	930,133	930,133
Loans payable to a stockholder	151,920	151,920
	1,573,613	1,564,734
Deferred tax liability	140,483	140,483
Capital Deficiency		
Capital stock	1,031,231	1,031,231
Additional paid-in-capital	143,590	143,590
Remeasurement loss on retirement plan sheet	(2,265)	(2,265)
Deficit	(1,876,239)	(1,876,251)
	(703,683)	(703,695)
	1,010,413	1,001,522

FILSYN CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(IN THOUSANDS)

		2020 (Unaudited)			2019 (Unaudited)	
		This Quarter	Year-to-date		This Quarter	Year-to-date
REVENUES	P	10,453	26,822	P	10,161	29,949
COSTS AND EXPENSES:						
OPERATING EXPENSES		3,621	12,851		6,122	16,676
FINANCIAL CHARGES - Net		4,593	13,959		4,143	14,037
		8,214	26,810		10,265	30,713
NET INCOME (LOSS)	P	2,239	12	P	(104)	(764)
TOTAL NUMBER OF SHARES ISSUED & OUTSTANDING		206,246	206,246		206,246	206,246
INCOME (LOSS) PER SHARE		0.010856	0.000059		(0.000504)	(0.003704)

FILSYN CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(IN THOUSANDS)

	2020 (Unaudited)	2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	P 12	P (764)
Increase (Decrease) in:		
Other assets	3,303	28,590
Trade and other payables	8,879	40,892
Net cash flows from operating activities	5,588	11,538
CASH AT BEGINNING OF PERIOD	48,552	36,786
CASH AT END OF PERIOD	P 54,140	P 48,324

FILSYN CORPORATION
STATEMENT OF CHANGES IN CAPITAL DEFICIENCY
For the Period ended SEPTEMBER 30, 2020 and 2019
(IN THOUSANDS)

	<u>2020</u>		<u>2019</u>
	<u>(Unaudited)</u>		<u>(Unaudited)</u>
CAPITAL STOCK - P5 par value			
Class A:			
Authorized	- 144,000,000 shares		
Issued	- 123,747,707 shares	P	618,739
P	618,739	P	618,739
Class B:			
Authorized	- 96,000,000 shares		
Issued	- 82,498,494 shares		
	<u>412,492</u>		<u>412,492</u>
	<u>1,031,231</u>		<u>1,031,231</u>
ADDITIONAL PAID-IN CAPITAL	<u>143,590</u>		<u>143,590</u>
Remeasurement loss on retirement plan asset	2,265		5,057
DEFICIT			
Balance, beginning	1,876,251		1,803,746
Net Income (Loss) for the period	12		764
	<u>1,876,239</u>		<u>1,804,510</u>
TOTAL CAPITAL DEFICIENCY	<u>P 703,683</u>	P	<u>634,746</u>

FILSYN CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

BASIS OF PREPARATIONS, STATEMENT OF COMPLIANCE AND SUMMARY OF
SIGNIFICANT ACCOUNTING AND FINANCIAL REPORTING POLICIES

Basis of Preparation

The accompanying interim financial statements as of September 30, 2020 have been prepared under the historical cost basis. These statements are presented in Philippine peso which is the company's functional and presentation currency under the Philippine Financial Reporting Standard (PFRS). All values are in (P000).

Statement of Compliance

- » The accompanying interim financial statements are presented in compliance with PFRS.
- » The accounting policies and methods adopted in said interim financial statements are the same as those in the annual financial statements for the year ended December 31, 2019.
- » The adoption of PAS 34 in the interim financial statements did not have any material impact on the financial position or performance of the company.
- » That the company is still not in commercial operation.
- » There were no transactions unusual in nature, size or incidents during the period that will have a material effect in the interim financial statements.
- » There were no issuances, repurchases, and repayment of debts and equity securities.
- » There were no dividends declared/paid during the period.
- » There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- » There were no changes in the composition of the issuer during the interim period.
- » There were no changes in contingent liabilities and contingent assets since December 31, 2019.
- » There were no material contingencies and any other credits or transactions existing that will materially affect the interim financial statements for the period ended September 30, 2020.
- » The main sources of funds consist mainly of warehouse rental income.

MANAGEMENT DISCUSSION & ANALYSIS OF OPERATION

Filsyn Corporation continued to generate income mainly from warehouse rentals and sale of equipment which was sufficient to cover all expenses, hence, there was no need for any outside financing to sustain its operations.

The Company's losses for the last three (3) years were due to non-commercial operations. The Company has no plan yet to resume commercial operations. In view of the non-commercial operation of the Company for the last three (3) years, there were no material key variable and other qualitative and quantitative factors nor performance indicators nor any major risks to consider .

There can be no comparable discussions to assess material changes during the last three (3) years because of the non-commercial operation of the Company.

There were no events during the last three (3) years that will trigger direct or contingent financial obligation that was material to the Company. There were for the last three (3) years no material, off-balance sheet, transactions, arrangements, obligations (including contingent obligations) nor any other relationships with unconsolidated entities or other persons. There were no material commitments for capital expenditures.

The Company can satisfy its cash requirement for the next 12 months. The Company will not raise additional funds in the next 12 months.

The Company has no product research and developments for the term of the plan.

The Company will not purchase any plant or equipment within the next 12 months.

The Company does not expect any significant changes in the number of employees.

There are no seasonal aspects that have material effect to the financial statements.

The main concern of the Company up to now is how to settle the debt issue.

On December 10, 2009, the BOD of the Company approved to offer the property in Sta. Rosa, Laguna as dacion in payment of the entire obligation to Chinatrust, and in case of the latter's acceptance, to offer to manage the property in trust, in consideration of management fees and trustee fees, until such time as may be agreed by the parties.

On November 2, 2010, Chinatrust accepted the proposal of the Company to fully settle its outstanding loan obligation amounting to P1.2 billion through the Sta. Rosa property as dacion in payment. Chinatrust agreed that the Group shall not be liable for any deficiency between the amount of the outstanding loan obligation and the value of the Sta. Rosa property.

The "Dacion En Pago" did not materialize and the ownership of the loan was transferred to Chuan Yuan Limited, a Company incorporated in Taiwan. Chuang Yuan Limited became the creditor of the first and second MTI. Chuang Yuan Limited later sold the loan to Malaysia Garment Manufacturers (Pte) Ltd. (Malaysia Garments), a Company incorporated in Singapore, a related party.

On October 24, 2016, the PSE has issued a letter to the Company on the subject: *Negative Stockholders' Equity and SEC Order of Revocation* requesting for update on the following items:

- Settlement of outstanding loan obligations amounting to P1.2 billion through the Sta. Rosa property as dacion;
- Discussions/negotiations with real estate companies for potential joint venture arrangement over the property to develop the 30 hectares (ha.) property located at Sta. Rosa, Laguna;
- Discussions/negotiations regarding the sale of the property located in Gen. Malvar Alvarez, Cavite City; and
- SEC Order of Revocation dated August 26, 2002.

On December 12, 2016 the Company responded to the PSE that discussions are ongoing on the first three (3) items above with the appropriate parties. Should the ongoing discussions on the abovementioned items be not fruitful, the Group will invite an investor to join them in developing the Sta. Rosa Property. Management believes that the development of the land will increase its value and bring the Group's equity from negative to positive.

At the special meeting of the board of directors and in the annual stockholders' meeting of Filsyn Corporation both held on September 21, 2017, at least a majority of the directors and stockholders of the Corporation approved a Business Plan to address the corporation's existing capital deficiency. The Business Plan consists of three (3) phases including:

1. Financial restructuring subject to SEC approval;
2. Development of a property located at Sta. Rosa, Laguna; and
3. A new business activity for recycled Polyethylene Terephthalate (PET) to be registered with the Philippine Economic Zone Authority (PEZA)

In 2002, the SEC has issued Order of Revocation of the Company's Registration of Securities and Permit to Sell Securities to the public. On February 2005, the SEC acknowledged the Parent Company's full payment of the penalties for the reportorial violations.

On February 18, 2018, the Commission en Banc has resolved to lift the Order of Revocation. The lifting of the Order of Revocation directed the Company to amend its Registration Statement to reflect any prior changes prior to restatement of its registration statement and permit to sell securities.

At the special meeting of the Board of Directors and in the Annual Stockholders' meeting of Filsyn Corporation both held on September 20, 2018 at least majority of the directors and stockholders of the Corporation decided the following:

1. Approved the Amended Registration Statement and designated the officers authorized to sign the Amended Registration Statement, namely: Mr. Jaime M. Sto. Domingo, President, Mr. David Wang, Executive Vice President & Chief Finance Officer, Mr. Emmanuel C. Paras, Corporate Secretary and Mr. Apolinario L. Posio, Senior Vice-President-Accounting and Auditor and Compliance Officer;
2. Authorized the filing of the Amended Registration Statement of the Company with the Securities and Exchange Commission (“SEC”)
3. Approved the Amendment of Seventh Article of the Articles of Incorporation of the Company to reflect the following:
 - i. Reduction of par value from PhP5.00 per share to PhP2.5 per share;
 - ii. Creation of Preferred Shares with the following features:
 - Pre-Emptive Right – Right to subscribe to the same proportion of shares in case of issuance of new shares;
 - Preference in Distribution of Dividends – Right to receive fixed dividends (5% of total debt converted, namely P1,318,316,337.00), cumulative dividends and right to receive profit-participating stocks;
 - Veto Right – Right to veto the development of Sta. Rosa Property such that the development project of said land must be approved by Preferred shareholders;
 - Exercise of Voting Right – The Preferred Shareholders shall not have a right to vote, except on matters specified in Section 6 of the Corporate Code of the Philippines and those relative to the development of the Sta. Rosa Property; and
 - Convertible to Common Shares – Right to convert preferred shares to common Class B shares using 16.78:1 conversion ratio; and
 - iii. Reclassification of 33,426,498 Common (Class B) to Preferred shares
4. Approved the Conversion of Debt to Additional Paid-In Capital which will be reserved for the Conversion of Preferred shares to Common shares;
5. Authorized the filing of the Amended Articles of Incorporation of the Company and other documentary requirements with the SEC; and
6. Approved the incorporation of a wholly-owned subsidiary of the Company for its PET Recycling plant project in a Philippine Economic Zone Authority (“PEZA”) location.

The Company received from SEC, Certificate of Incorporation of FYN Green PET Corporation, a wholly-owned subsidiary dated June 6, 2019. This is for the Company’s PET Recycling Plant Project. As of September 30, 2020 FYN Green has not yet started commercial operation and negotiation with the land owner for the purchase of the land and building that will be used for its business activities and the process of registration with the Bureau of Internal Revenue is still ongoing.