

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

MARCH 31, 2020

1 2 3 1
Month 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

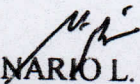
1. For the year ended MARCH 31, 2020
2. Commission identification number 35841
3. BIR Tax Identification No. 500-000-158-664
4. Exact name of registrant as specified in its charter FILSYN CORPORATION
5. Province, country or other jurisdiction of incorporation or organization Makati City, Philippines
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

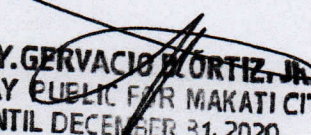
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on _____.


APOLINARIO L. POSIO
SVP-Accounting and Auditor
and Compliance Officer

MAKATI CITY
SUBSCRIBED AND SWORN to before me this JUN 23 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

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Book No. XX
Series of 2020


ATTY. GERVACIO R. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2020
PTR NO. 7335104/01-03-2019 MAKATI
IBP NO 656155 LIFETIME MEMBER
APPT. NO. M104/2017/ROLL NO. 4009
MCLE COMPLIANCE NO V-0006934
GROUND FLOOR 8747 PASEO DI
ROXAS, LEPANTO RIZAL

FILSYN CORPORATION
STATEMENTS OF FINANCIAL POSITION
(IN P000)

	Unaudited	Audited
	March 31	Dec. 31
	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	54,538	48,552
Prepayment and Other Current Assets	2,144	2,506
Total Current Assets	56,682	51,058
Prepaid retirement	25,698	25,698
Other Assets-net	924,988	924,766
	1,007,368	1,001,522
LIABILITIES AND CAPITAL DEFICIENCY		
Current Liabilities		
Income Tax Payable	3,473	3,473
Trade and other payables	483,651	479,208
Restructured loans	930,133	930,133
Loans payable to a stockholder	151,920	151,920
	1,569,177	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	(1,874,848)	(1,876,251)
	(702,292)	(703,695)
	1,007,368	1,001,522

FILSYN CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(IN THOUSANDS)

		2020		2019
		(Unaudited)		(Unaudited)
REVENUES	P	10,262	P	7,368
COSTS AND EXPENSES:				
OPERATING EXPENSES		4,176		5,045
FINANCIAL CHARGES - Net		4,683		4,683
		8,859		9,728
NET INCOME (LOSS)	P	1,403		(2,360)
TOTAL NUMBER OF SHARES ISSUED & OUTSTANDING		206,246		206,246
INCOME (LOSS) PER SHARE		0.00680		(0.01144)

FILSYN CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(IN THOUSANDS)

		2020 (Unadited)		2019 (Unadited)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	P	1,403	P	2,360
Increase (Decrease) in:				
Other assets		(141)		262
Trade and other payables		4,443		5,147
Net cash flows from operating activities		5,987		2,525
CASH AT BEGINNING OF PERIOD		48,551		36,786
CASH AT END OF PERIOD	P	54,538	P	39,311

FILSYN CORPORATION
STATEMENT OF CHANGES IN CAPITAL DEFICIENCY
For the Period ended MARCH 31, 2020 and 2019
(IN THOUSANDS)

		<u>2020</u>		<u>2019</u>
		(Unaudited)		(Unaudited)
CAPITAL STOCK - P5 par value				
Class A:				
	Authorized	-	144,000,000 shares	
	Issued	-	123,747,707 shares	
			P	618,739
			P	618,739
Class B:				
	Authorized	-	96,000,000 shares	
	Issued	-	82,498,494 shares	
				412,492
				412,492
				<u>1,031,231</u>
				<u>1,031,231</u>
ADDITIONAL PAID-IN CAPITAL				
				143,590
				143,590
	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			1,403
				(2,360)
				<u>1,874,848</u>
				<u>1,806,106</u>
TOTAL CAPITAL DEFICIENCY				
			P	<u>(702,292)</u>
			P	<u>(636,342)</u>

FILSYN CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 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 March 31, 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 March 31, 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.