CR03001-2024

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended

   Dec 31, 2023

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

   Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   Unit 8 5b/F Pearlbank Centre, 146 Valero st. Brgy. Bel-Air
   Postal Code
   1227

8. Issuer's telephone number, including area code

   86525167

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	49,071,976
PREFERRED	33,426,498

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. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

N/A

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☑ Yes ☐ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

N/A

(b) Any information statement filed pursuant to SRC Rule 20

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

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 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2023
Currency	IN PESOS

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2023	Dec 31, 2022
Current Assets	118,721,357	222,015,942
Total Assets	1,909,090,232	2,006,044,326
Current Liabilities	978,666,872	2,499,911,680
Total Liabilities	1,345,900,102	2,869,449,139
Retained Earnings/(Deficit)	-69,619,197	-1,973,190,658
Stockholders' Equity	563,190,130	-863,404,813
Stockholders' Equity - Parent	579,292,779	-847,265,864
Book Value Per Share	2.03	-4.18

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2023	Dec 31, 2022
Gross Revenue	623,267,738	55,002,672
Gross Expense	-62,855,467	75,935,742
Non-Operating Income	1,225,226	57,026
Non-Operating Expense	45,321,465	63,461,329
Income/(Loss) Before Tax	42,278,432	-84,337,373
Income Tax Expense	-1,222,378	-6,156,141
Net Income/(Loss) After Tax	41,056,054	-90,493,514
Net Income/(Loss) Attributable to Parent Equity Holder	41,019,754	-90,493,239

Earnings/(Loss) Per Share (Basic)	0.04	-0.44
Earnings/(Loss) Per Share (Diluted)	0.01	-0.44

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2023	Dec 31, 2022
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	-0.12	0.09
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	-0.61	0.04
; ; Solvency Ratio	**Total Assets / Total Liabilities**	-0.05	-0.03
Financial Leverage Ratios			
; ; Debt Ratio	**Total Debt/Total Assets**	0.7	1.43
; ; Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	2.39	-3.32
; ; Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	-1.96	-1.17
; ; Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	-3.39	-2.32
Profitability Ratios			
; ; Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	13.86	-0.38
; ; Net Profit Margin	**Net Profit / Sales**	6.59	-164.5
; ; Return on Assets	**Net Income / Total Assets**	2.22	-5.15
; ; Return on Equity	**Net Income / Total Stockholders' Equity**	27.35	-11.18
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	0	0

Other Relevant Information
NONE

Filed on behalf by:

Name	Apolinario Posio
Designation	Chief Financial Officer

Your BIR AFS eSubmission uploads were received

From <eafs@bir.gov.ph>
To <INFO@FILSYNCORP.COM>
Cc <POLPOSIO@YMAIL.COM>
Date 06.05.2024 17:39

Hi FILSYN CORPORATION,

Valid files
- EAFS000158664ITRTY122023.pdf
- EAFS000158664AFSTY122023.pdf

Invalid file
- <None>

Transaction Code: **AFS-0-4PZVTN4T0GC79KE5MWVVRS2Q033MZYXM1**
Submission Date/Time: **May 06, 2024 05:39 PM**
Company TIN: **000-158-664**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:
- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

FILSYN
Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN

The Management of **Filsyn Corporation** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **Filsyn Corporation** complete and correct in all material respects. Management likewise affirms that:

a. the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

b. any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c. the **Filsyn Corporation** has filed all applicable tax returns, reports, and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

FLORENTINO M. HERRERA III
Chairman and President

APOLINARIO L. POSIO
Executive Vice President and Chief Financial Officer

FILSYN
Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Filsyn Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FLORENTINO M. HERRERA III
Chairman and President

APOLINARIO L. POSIO
Executive Vice President and Chief Financial Officer

Signed this _________ day of ________

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

MAKATI CITY MAY 0 7 2024

SUBSCRIBED AND SWORN to before me this _____day of________2024, affiants exhibiting to me their competent evidence of identity to be the same persons, as follows:

Name	Passport ID No..
Florentino M. Herrera III	P2337037B
Apolinario L. Posio	P3043199C

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2024
IBP No. 05729-Lifetime Member
MCLE Compliance No. VII-0022734
Appointment No. M-39 (2023-2024)
PTR No. 9563522 Jan. 3, 2023
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg
Brgy Pio Del Pilar, Makati City

Doc No. 411;
Page No. 84;
Book No. XVI;
Series of 2024.

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3	5	8	4	1							

C O M P A N Y   N A M E

FILSYN CORPORATION

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
APFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
info@filsyncorp.com	N/A	09673155296

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
515	September 15	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Apolinario L. Posio	info@filsyncorp.com	N/A	09673155296

CONTACT PERSON's ADDRESS

Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
FILSYN Corporation
Unit 8, 5B The Pearlbank Centre, 146 Valero St.
Salcedo Village, Makati City

Report on the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of FILSYN Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity (capital deficiency) and parent company statements of cash flows for the years then ended, and notes to parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulation 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulation 15-2010 in Note 23 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the parent company financial statements. Such information is the responsibility of the management of FILSYN Corporation. The information has been subjected to the auditing procedures applied in our audit of the parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the parent company financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Editha V. Estacio.

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
Tax Identification No. 178-486-845
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026
PTR No. 10079934, January 5, 2024, Makati City

May 6, 2024

FILSYN CORPORATION

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱30,982,416**	₱55,287,737
Trade and other receivables (Note 5)	**6,765,245**	3,678,473
Prepayments and other current assets (Note 6)	**5,121,070**	3,015,668
Total Current Assets	**42,868,731**	61,981,878
Noncurrent Assets		
Investment properties - at deemed cost (Note 9)	**898,657,147**	898,657,147
Investments in and advances to subsidiaries and associates - net (Note 7)	**35,049,250**	33,967,149
Retirement plan assets - net (Note 18)	**21,352,885**	26,517,803
Noncurrent financial assets (Note 4)	**20,000,000**	–
Other noncurrent assets (Note 8)	**2,069,617**	–
Total Noncurrent Assets	**977,128,899**	959,142,099
TOTAL ASSETS	**₱1,019,997,630**	₱1,021,123,977
LIABILITIES AND CAPITAL DEFICIENCY		
Current Liabilities		
Accounts and other payables (Note 10)	**₱50,626,547**	₱503,325,367
Loans payable to a stockholder (Note 17)	**166,110,000**	167,265,000
Due to a related party (Note 17)	**1,000,000**	6,000,000
Restructured loans (Notes 11 and 17)	–	930,132,682
Income tax payable	–	1,025,765
Total Current Liabilities	**217,736,547**	1,607,748,814
Noncurrent Liability		
Deferred tax liabilities (Note 16)	**115,982,718**	117,273,948
Total Liabilities	**333,719,265**	1,725,022,762
Equity (Capital Deficiency)		
Capital stock (Note 12)	**366,858,160**	1,031,230,905
Additional paid-in capital (Note 12)	**335,372,611**	143,589,745
Remeasurement loss on retirement plan assets (Note 18)	**(6,049,797)**	(1,537,789)
Deficit	**(9,902,609)**	(1,877,181,646)
Total Equity (Capital Deficiency)	**686,278,365**	(703,898,785)
TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)	**₱1,019,997,630**	₱1,021,123,977

See accompanying Notes to Parent Company Financial Statements.

FILSYN CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
RENTAL INCOME (Notes 9 and 14)	**₱48,125,172**	₱54,012,272
COSTS AND EXPENSES (Note 15)	**43,878,228**	29,621,444
OTHER INCOME (CHARGES) - Net		
Foreign exchange gains (losses) - net (Note 17)	**1,155,000**	(14,268,000)
Interest income (Note 4)	**565,106**	42,981
Bank Charges	**(265,300)**	–
Provision for impairment losses on advances to subsidiaries (Note 7)	**(175,021)**	–
Interest expense (Note 17)	–	(18,731,973)
Other income	**378,124**	45,243
	1,657,909	(32,911,749)
INCOME (LOSS) BEFORE INCOME TAX	**5,904,853**	(8,520,921)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 16)		
Current	**964,750**	6,130,660
Deferred	**212,773**	(21,642)
	1,177,523	6,109,018
NET INCOME (LOSS)	**4,727,330**	(14,629,939)
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive gain (loss) not to be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on retirement plan assets (Note 18)	**(6,016,011)**	(316,933)
Income tax effect	**1,504,003**	79,233
TOTAL OTHER COMPREHENSIVE LOSS, NET OF TAX	**(4,512,008)**	(237,700)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱215,322**	(₱14,867,639)
LOSS PER SHARE (Note 13)		
Basic and diluted, for net loss attributable to equity holders of the Parent Company	**(₱0.1737)**	(₱0.0847)

See accompanying Notes to Parent Company Financial Statements.

FILSYN CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Capital Stock (Note 12)	Additional Paid-in Capital (Note 12)	Remeasurement Gain (Loss) on Retirement Plan Assets (Note 18)	Retained Earnings (Deficit) (Note 1)	Total
Balances at December 31, 2021	₱1,031,230,905	₱143,589,745	(₱1,300,089)	(₱1,862,551,707)	(₱689,031,146)
Net loss	–	–	–	(14,629,939)	(14,629,939)
Remeasurement loss on retirement plan assets, net of tax	–	–	(237,700)	–	(237,700)
Total comprehensive loss	–	–	(237,700)	(14,629,939)	(14,867,639)
Balances at December 31, 2022	₱1,031,230,905	₱143,589,745	(₱1,537,789)	(₱1,877,181,646)	(₱703,898,785)
Net income	–	–	–	4,727,330	4,727,330
Remeasurement loss on retirement plan assets, net of tax	–	–	(4,512,008)	–	(4,512,008)
Total comprehensive income	–	–	(4,512,008)	4,727,330	215,322
Equity restructuring (Note 12)					
Reduction in par value of common stock	(928,107,815)	928,107,815	–	–	–
Debt to equity conversion	263,735,070	1,126,226,758	–	–	1,389,961,828
Application of APIC to deficit	–	(1,862,551,707)	–	1,862,551,707	–
Net effect of Equity Restructuring	(664,372,745)	191,782,866	–	1,862,551,707	1,389,961,828
Balances at December 31, 2023	**₱366,858,160**	**₱335,372,611**	**(₱6,049,797)**	**(₱9,902,609)**	**₱686,278,365**

See accompanying Notes to Parent Company Financial Statements.

FILSYN CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**₱5,904,853**	(₱8,520,921)
Adjustments for:		
Unrealized foreign exchange (gains) losses - net (Note 17)	**(1,155,000)**	14,268,000
Retirement expense (income) (Note 18)	**(851,093)**	86,567
Interest income (Note 4)	**(565,106)**	(42,981)
Provision for impairment losses on advances to subsidiary (Note 7)	**175,021**	–
Interest expense (Note 17)	–	18,734,473
Working capital changes:		
Decrease (increase) in		
Trade and other receivables	**(2,608,351)**	(1,530,420)
Prepayments and other current assets (Note 6)	**(2,105,401)**	3,771,019
Increase (decrease) in accounts and other payables	**7,130,326**	(10,430,017)
Net cash generated from operations	**5,925,249**	16,335,720
Interest received	**86,684**	42,981
Income tax paid	**(1,990,515)**	(454,939)
Net cash flows generated from operating activities	**4,021,418**	15,923,762
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in noncurrent financial assets	**(20,000,000**	–
Increase in noncurrent assets	**(2,069,617)**	–
Increase in investments in and advances to subsidiaries (Notes 7 and 17)	**(1,257,122)**	(1,511,939)
Net cash flows used in investing activities	**(23,326,739)**	(1,511,939)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Movement in due to a related party (Note 17)	**(5,000,000)**	6,000,000
Interest paid (Note 17)	–	(1,200,000)
Net cash flows from (used in) financing activities	**(5,000,000)**	4,800,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(24,305,321)**	19,211,823
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**55,287,737**	36,075,914
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱30,982,416**	₱55,287,737

See accompanying Notes to Parent Company Financial Statements.

FILSYN CORPORATION
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. **Corporate Information and Status of Operations**

Corporate Information
Filsyn Corporation (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 22, 1968 and is domiciled in the Republic of the Philippines. The Parent Company's shares are publicly listed but trading of which have been suspended.

The Parent Company's primary purpose is to carry on the business of making, manufacturing, preparing, dyeing, processing, treating, finishing, and converting all kinds of fibers, filaments, and materials, whether polyester, nylon, acrylic, rayon, cotton, wool, silk, hemp, flex and jute, and to make, manufacture, produce, raise, prepare, process, purchase, or otherwise acquire, and to hold, own, use, sell at wholesale, import, export, dispose of or otherwise trade or deal in with, such fibers, filaments and materials, any and all kinds of yarns, threads, textiles, fabrics, cloth, and other goods and components spun, woven, knit or made in whole or in part of such fibers, filaments, or materials, or any of them, and all other articles, products, chemicals and substances related thereto or of a like or similar nature or which may enter into manufacture of any of the foregoing or which may be used in connection therewith.

The registered office address of the Parent Company is Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City.

Status of Operations
In 2002, the SEC issued Order of Revocation of the Parent Company's Registration of Securities and Permit to Sell Securities to the public.

Following the cessation of its operation in 2005, the operations of the Company is now primarily focused on leasing of its investment properties.

On October 24, 2016, the PSE 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 ₱1.2 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 Parent Company responded to the PSE that discussions are ongoing on the first three items above with the appropriate parties. Management believes that the development of the land in Sta. Rosa Laguna will increase its value and bring the Parent Company's equity from negative to positive.

In September 2017, the BOD and stockholders of the Parent Company approved a business plan, which consists of the following phases:
- Financial restructuring subject to Philippine SEC approval;
- Development of the Sta. Rosa property; and
- A new business activity of recycling Polyethylene Terephthalate (PET) to be registered with the Philippine Economic Zone Authority

In relation to the financial restructuring, in September 2018, the BOD approved the following:

A. Amendment of the Seventh Article of the Parent Company's AOI to reflect the following:

   1. Reduction of par value from ₱5.00 per share to ₱2.50 per share

   2. Creation of Preferred Shares

   3. Reclassification of 33,426,498 Common Shares (Class B) to Preferred Shares

B. Conversion of debt to equity (see Note 12)

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

   On September 20, 2018, the BOD formally authorized the filing of the Amended Registration Statement with the SEC which was filed on October 30, 2018.

   On July 23, 2019, the Parent Company filed its application for amendment of AOI with the SEC. On September 25, 2019, The SEC provided their initial comments on the application for amendment of AOI.

   On November 11, 2021, the BOD approved the further amendments in the Seventh Article of the AOI which revoked and superseded September 21, 2018 resolutions approving the amendments to the Seventh Article of the AOI. The BOD approved the following:

   1. Decrease in Authorized Capital Stock and Reclassification or Conversion of 33,426,498 Class B Shares into 33,4266,498 Preferred Shares

      This include the following approvals of the BOD:
      a. Reduction in the par value of all common shares from ₱5.00 per share to ₱0.50 per share,
      b. Decrease in the authorized capital stock from ₱1,200,000,000 to ₱120,000,000, and
      c. Classification of capital contributed in excess of the reduced par value as additional paid in capital
      d. Reclassification of the 33,426,498 Class B common shares held by Malaysia Garment Manufacturers (Pte) Ltd. (Malaysia Garments), a company incorporated in Singapore and a related party, into 33,426,498 Preferred Shares with the the following features:

         i. Preemptive Right - The Preferred Shareholders shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios
         ii. Dividends - The Preferred Shareholders shall bear preferential dividends at the rate of 5% per annum of total debt converted in the amount of ₱1,389,961,828.
         iii. Exercise of Voting Right - The Preferred Shareholders shall not have a right to vote, except on matters specified in Section 6 of the Revised Corporation Code of the Philippines and those relative to the development of the Sta. Rosa Property; and
         iv. Convertibility - The Preferred Shareholders shall, at their option, have the right to convert their preferred shares to common shares using 16.78:1 conversion ratio at ₱0.50 per share.

2. Increase in Capital Stock

   The BOD approved the increase of the Parent Company's authorized capital stock from ₱120,000,000 to ₱647,306,477 which consists of:

   a. 440,229,812 Class "A" common shares with par value of ₱0.50 per share, or an aggregate par value of ₱220,114,906;
   b. 293,486,507 Class "B" common shares with a par value of ₱0.50 per share, or an aggregate par value of ₱146,743,253.50; and
   c. 33,426,498 Preferred Shares, with a par value of ₱8.39 per share (increased from ₱0.50), or an aggregate par value of ₱280,448,318, with Malaysia Garments subscribing to the increase in the par value of the 33,426,498 Preferred Shares amounting to ₱263,735,069 by way of converting debt owed to it by the Corporation as of December 31, 2020 amounting to ₱1,389,961,828 to equity, with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital

   The BOD also approved the subscription by Malaysia Garments to the increase in the par value of the 33,426,498 Preferred Shares, and the conversion of debt owed to it by the Parent Company as of December 31, 2020 amounting to ₱1,389,961,828 to equity as payment for the aforesaid 33,426,498 Preferred Shares with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital.

3. Use of Additional Paid in Capital to Wipe Out Deficit

   The BOD approved the use of the Additional Paid In Capital resulting from: (a) the existing Additional Paid in Capital; (b) the decrease of capital through the reduction of par value; and (c) the conversion of the existing liability to Malaysia Garments to wipe out all the accumulated deficit of the Parent Company.

On November 11, 2021, management filed the final restructuring project to SEC. Prior to submission of the project, management has already agreed the conversion of debt with its creditors and legal counsel.

On May 30, 2022, a Deed of Assignment on the loan was entered between Malaysia Garment and the Parent Company in which the former unconditionally and irrevocably assigns, cedes, transfers and conveys unto the Parent Company all of its title, right and interests to receive the payment for the debt as payment for the subscription price, thereby converting the debt into equity.

In addition, the related parties, Malaysia Garments and Trans-Pacific Oriental Holding Company, Inc. (Trans-Pacific), have undertaken to support the Parent Company financially by not demanding payment of loans due to the former. Accordingly, the financial statements have been prepared on a going concern basis.

On March 29, 2023, management completed all the aforementioned documents required by the SEC.

On April 4, 2023, the Parent Company was notified by the SEC that it is ready to issue its assessment on the planned restructuring project upon issuance of the SEC-Markets and Securities Regulation Department (MSRD) clearance. Thereafter, a Payment Request Form was issued to the Parent Company, which signified the acceptance of the SEC on the application to proceed with filing.

On June 26, 2023, the SEC approved simultaneously the Parent Company's amendments to the Articles of Incorporation, decrease/ increase in authorized capital stock and equity restructuring (see Note 12). With the SEC approval, the Parent Company can now focus on the operations and expansion of its subsidiary, FYN Green PET Corporation (FYGP), and the development of its 30 - hectare property located in Sta. Rosa City, Laguna.

Notice of Involuntary Delisting
On February 3, 2023, the Parent Company received a Notice of Involuntary Delisting from the Philippine Stock Exchange (PSE).

On April 3, 2023, representatives of the Parent Company participated in a hearing conducted by the Exchange relating to the involuntary delisting proceedings involving the Parent Company. The Parent Company then requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.

The grounds for the initiation of involuntary delisting proceedings involving Parent Company are due to the (a) revocation of its registration of securities and permit to sell securities; and (b) negative stockholders' equity.

In the said hearing, the Parent Company raised the following arguments:

a. There was no obstinate refusal on the part of the Parent Company to comply with the directives of the Exchange and the Securities and Exchange Commission (SEC).
b. The Parent Company, in utmost good faith, exerted serious efforts to comply with the SEC directives. All the corporate actions of Parent Company on the matter were timely and promptly disclosed to the Exchange.
c. The SEC-Markets and Securities Regulation Department (MSRD) will only act on the Parent Company's amended registration statement after the approval of the Parent Company's financial restructuring plan being reviewed by the SEC- Financial Analysis and Audit Division (FAAD).
d. The Parent Company will file its amended registration statement after it secures the SEC's approval of its financial restructuring plan. Thereafter, the Parent Company will request SEC-MSRD to issue the corresponding Order Lifting the Order of Revocation dated August 26, 2002 against the Parent Company.
e. The conversion of the Parent Company's obligation to one of the Corporation's major creditors, Malaysia Garment Manufacturers Pte. Ltd, amounting to ₱1,390.0 million into equity has effectively wiped-out the deficit amounting to ₱689.0 million,. The debt-to-equity conversion is part of the financial restructuring plan being carried out by the Parent Company. The deficit would have been wiped-out had the SEC-FAAD approved the Parent Company's financial restructuring plan.
f. The involuntary delisting will be prejudicial to the Parent Company's stockholders who have been expecting that the trading suspension will be lifted soon and the financial restructuring plan approved in light of the actions being actively undertaken by the Parent Company.
g. In 2019, parallel to its efforts to solve its capital deficiency, the Parent Company incorporated FYN Green PET Corporation ("FYGP"), a 100% wholly owned subsidiary, to provide cash flow and steady stream of revenues. FYGP will commence its commercial operations in May 2023.

The Parent Company therefore requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until June 26, 2024.

The PSE, in its Letter dated 31 January 2024, granted the Parent Company's request for a six (6)-month non-extendible extension or until 26 June 2024 to complete the requirements of the SEC and obtain an effective registration of securities and permit to sell securities with the SEC; and (ii) to maintain the suspension of the involuntary delisting proceedings against the Parent Company until the issuance of SEC's decision on the Parent Company's application for the approval of its Amended Registration Statement or until 26 June 2024 whichever is earlier.

Authorization for Issuance of the Parent Company Financial Statements
The financial statements of the Parent Company as at and for the years ended December 31, 2023 and 2022 were authorized for issuance by the Parent Company's BOD on May 6, 2024.

2. Basis of Preparation and Summary of Material Accounting Policies

Basis of Preparation
The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The parent company financial statements have been prepared using the historical cost basis and are presented in Philippine peso which is the Parent Company's functional and presentation currency. All values are rounded to the nearest peso except when otherwise indicated.

The Parent Company prepares and issues consolidated financial statements for the same period as the parent company financial statements and are presented in accordance with PFRSs. The consolidated financial statements of the Parent Company are filed and may be obtained from the SEC.

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In 2023, the Company adopted the Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies.*

The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Company applied the materiality guidance in its 2023 accounting policy disclosures.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers.*

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

Subsequent Measurement
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at December 31, 2023 and 2022, the Parent Company's financial assets at amortized cost pertains to cash and cash equivalents, refundable deposits under 'prepayments and other current assets', advances to subsidiaries and long term time deposits under 'Noncurrent financial assets'. The Company has no financial assets at fair value through OCI and financial assets at fair value through profit or loss as at December 31, 2023 and 2022.

Impairment
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) since initial recognition and that are not credit-impaired upon origination, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables and due from related parties, the Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. The Parent Company recognizes an allowance based on 12-month ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

The Parent Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Parent Company's financial liabilities are in the nature of payables. As at December 31, 2023 and 2022, the Parent Company has no financial instruments classified as financial assets and liabilities at FVPL or as derivatives designated as hedging instruments in an effective hedge.

Subsequent Measurement
After initial recognition, payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This accounting policy applies to the Parent Company's accounts and other payables, restructured loans and loans payable to a stockholder.

Investments in Subsidiaries and Associates

Investments in Subsidiaries

A subsidiary is an entity over which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Parent Company's investment in subsidiaries is accounted for under the cost method of accounting. Under the cost method, investment is recognized at cost less impairment loss, if any. Income from the investment is recognized only to the extent that the investor receives distributions from accumulated profits of the subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of investment.

The Parent Company provides advances to its subsidiaries for working capital requirements. Such advances recorded in the books of the Parent Company are deemed as part of the investment in subsidiaries. Percentage of ownership by the Parent Company in its subsidiaries is as follows:

Subsidiaries	Nature of Business	Percentage of Ownership
FYN Green PET Corporation (FYGP)	Manufacturing	100.00%
Island King Aquaventures Corporation (IKAC)	Leasing	77.08%
SRTC Development Corporation (SRTC)	Under liquidation	56.98%

Investments in Associates

The Parent Company's investment in associate is accounted for using the equity method.

The statement of comprehensive income reflects the Parent Company's share of the results of operations of the associate. Any change in other comprehensive income of associate is presented as part of the Parent Company's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Parent Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Parent Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Parent Company's share of profit or loss of an associate is shown on the face of the statement of comprehensive income outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate.

Investment Properties

Investment properties consist of land which are measured at deemed cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated impairment in value.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the parent company statement of comprehensive income in the year of retirement or disposal.

A transfer is made to investment properties when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

The Parent Company's investment property consists of land held to earn rentals and for capital appreciation.

Capital Stock

The Parent Company has issued common and preferred shares that are classified as equity.

The preference shares carry a dividend yield of 5% per annum from the converted debt, payable annually. The dividend rights are cumulative. The preference shares rank ahead of the ordinary shares in the event of a liquidation.

Deficit

Deficit represent the cumulative balance of periodic net income or loss, dividend contributions, prior period adjustments, effect of changes in accounting policies and other capital adjustments.

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services. The Parent Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customers.

Rental Income

Revenue from rental of leased property is recognized in the parent company statement of comprehensive income on a straight-line basis over the term of the lease agreement as the parent company substantially retains all the risks and benefits of the ownership of the asset.

Interest Income

Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable. Revenue is recognized as the interest accrues taking into account the effective yield of the asset.

Other Income

Other income arising from Common Area Maintenance (CAM) are presented net of cost as 'other income' as it is not the main source of the Parent Company's revenue and is not material to the financial statements.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized in the statements of comprehensive income when these are incurred.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Parent Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in parent company statement of comprehensive income.

Deferred Tax
Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted the reporting date.

Deferred income tax assets and liabilities are offset if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same tax authority.

Retirement Plan Assets
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting date reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net amount of service costs and net interest on the net defined benefit liability or asset is recognized as 'Interest expense' or 'Interest income' in the parent company statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Parent Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The Parent Company has a defined benefit retirement plan which requires contributions to be made to trustee-administered funds. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. All actuarial gains and losses are recognized in the OCI under remeasurement loss on retirement plan assets.

Basic/ Diluted Loss Per Share

Earnings (loss) per share is computed by dividing the net income (loss) for the year, attributable to the equity holders of the Parent Company, by the weighted average number of common shares issued and outstanding during the year. The weighted average number of common shares issued and outstanding during the period and for all years presented are adjusted for events, other than the conversion of potential common shares, that have changed the number of common shares outstanding, without a corresponding change in resources.

Diluted earnings (loss) per share is calculated by dividing the profit (loss) attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Parent Company's financial statements in compliance with PFRSs requires the management to make judgments, estimates and assumptions that affect amounts reported of assets, liabilities and disclosures of contingent assets and liabilities at the date of financial information and the reported amounts of income and expenses during the year. The judgments, estimates and assumptions used in the financial statements are based upon management evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as these become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcome can differ from these estimates.

Estimates and Assumptions

The key estimates and assumptions concerning future and key sources of estimation uncertainty as at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of Allowance for Impairment Losses on Investments in and Advances to Subsidiaries

The Parent Company assesses whether there are any indicators of impairment for investments in and advances to subsidiaries and investments in associates at each end of reporting date. These assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount.

Further details on the investments in and advances to subsidiaries is provided in Notes 7.

Determination of Retirement Obligation
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Retirement plan assets as December 31, 2023 and 2022 amounted to ₱21.4 million and ₱26.5 million, respectively (see Note 18).

Assessment of Realizability of Deferred Tax Assets
The Parent Company reviews the carrying amounts of deferred taxes at each end of the reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies.

Information on the Parent Company's deferred assets is in Note 16.

4. **Financial Assets**

Cash and Cash Equivalents

	2023	2022
Cash on hand	**₱35,000**	₱35,000
Cash in banks	**28,705,223**	53,089,404
Short-term investments	**2,242,193**	2,163,333
	₱30,982,416	₱55,287,737

Cash in banks earns interest at current bank deposit rates. Short-term investments are made for varying periods up to three months, depending on the immediate cash requirements of the Parent Company, and earn interest at the respective short-term deposit rates.

Interest income earned from cash in banks and short-term investments amounted to ₱86,684 and ₱42,981 in 2023 and 2022, respectively.

Noncurrent financial asset
The Parent Company has a long-term time deposit with CTBC Bank (Philippines) Corporation amounting to ₱20.0 million as at December 31, 2023 with a maturity of 2 years, and an interest rate of 5.1%. Interest income from the long-term time deposit amounted to ₱478,422 in 2023.

5. Trade and Other Receivables

Trade and other receivables amounted to ₱6,765,245 and ₱3,678,473 in 2023 and 2022, respectively. These are rentals in arrears that are collected within the next 12 months.

6. Prepayments and Other Current Assets

	2023	**2022**
Prepaid rent (Note 14)	**₱2,338,144**	₱757,588
Input VAT	**1,651,974**	1,034,496
Advances to officers and employees	**848,516**	928,517
Refundable deposits	**282,436**	295,067
	₱5,121,070	₱3,015,668

Input VAT pertains to the VAT on domestic purchases of the Parent Company.

Advances to officers and employees pertain to noninterest-bearing cash advances which are subject to liquidation.

Refundable deposits pertain to miscellaneous deposits related to rent such as office and parking spaces.

7. Investments in and Advances to Subsidiaries and Associates - net

Subsidiaries

	2023	2022
Investments in subsidiaries		
Acquisition costs:		
IKAC	**₱48,243,130**	₱48,243,130
FYN Green	**25,000,000**	25,000,000
SRTC	**19,247,202**	19,247,202
	92,490,332	92,490,332
Advances to subsidiaries (Note 17)	**96,138,068**	94,880,946
	188,628,400	187,371,278
Less: Allowance for impairment losses	**153,579,151**	153,404,130
	₱35,049,249	₱33,967,148

As at December 31, 2023 and 2022 the parent company's subsidiaries are as follows:

Subsidiaries	Nature of Business	Percentage of Ownership
FYN Green PET Corporation (FYGP)	Manufacturing	100.00%
Island King Aquaventures Corporation (IKAC)	Leasing	77.08%
SRTC Development Corporation (SRTC)	Under liquidation	56.98%

FYN Green was registered with the Philippine SEC on June 6, 2019 primarily in recycling of waste Polyethylene Terephthalate (PET) bottles into resin to be used as feedstock for manufacture of Filament and Food Grade Chip. The registered office address of the Company is First Cavite Industrial Estate, Lot 2, Block 1, Phase 2, Langkaan II Dasmarinas City, Cavite.

On June 6, 2019, the SEC issued the certificate of incorporation of the FYN Green PET Corporation, wholly owned subsidiary of the Parent Company. During the year, the Parent Company invested in the wholly owned subsidiary to carry out the business activity for recycling PET within the Philippine Economic Zone Authority amounting to ₱25,000,000. Advances to subsidiary amounted to ₱10.0 million and ₱8.8 as at December 31, 2023 and 2022, respectively (see Note 17).

On May 5, 2023, FYN Green commenced its operations, supplying recycled PET chips to FE New Century Industry (Singapore) (FNIS).

IKAC was registered with the Philippine SEC on September 15, 1986 primarily to engage in the business of aquaculture and undertake any and all related activities necessary, incidental and related thereto. The registered office address of the Company is Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City.

SRTC was registered with the Philippine SEC on April 30, 1992 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease and hold for investment or otherwise, real estate of all kinds, and to improve, manage or otherwise dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances. The registered office address of the Company is Unit 8, 5B Floor, Pearl Bank Centre, 146 Valero St., Salcedo Village, Makati City.

On November 22, 2001, the BOD and stockholders of SRTC approved the amendment of SRTC's Articles of Incorporation to shorten its life until December 31, 2001. Subsequently, SRTC declared advance liquidating dividends to its stockholders. Advance liquidating dividends received from SRTC were recognized by the Parent Company as a reduction in its investment in SRTC. On September 25, 2014, the BOD and stockholders of SRTC approved the amendment of the Parent Company's Articles of Incorporation to shorten its life until December 31, 2014. This approval superseded the approval made in 2001. The Company has yet to complete the requirements for its liquidation.

An allowance for impairment losses on investments in and advances to subsidiaries was provided because these investees, IKAC and SRTC, have negative net worth and have suspended their operations.

Associates

	2023	2022
Investments in Associates:		
Filsyn International Corporation	**₱2,067,500**	₱2,067,500
Lefilton Trading	**200,000**	200,000
Lakeview Industrial Corporation	**1**	1
	2,267,501	2,267,501
Less: Allowance for impairment losses	**2,267,500**	2,267,500
	₱1	₱1

Investments in associates are investees that are dormant and non-operating. As at December 31, 2023 and 2022, the Parent Company's investments in associates have been impaired.

8. **Other Noncurrent Assets**

	2023	2022
CWTs	**₱60,423,477**	₱58,353,860
Less: Allowance for impairment losses	**58,353,860**	58,353,860
	₱2,069,617	₱–

CWT pertains to unapplied certificates which can be used to pay for future income tax payments.

9. **Investment Properties -** at deemed cost

Investment properties of the Parent Company consist of land in Laguna and Cavite which are being leased to third parties, as follows:

a. Parcel of land located in Sta. Rosa, Laguna with a total land area of 300,018 square meters (sqm). This investment property is mortgaged in connection with the MTI discussed in Note 11.
b. Parcel of land located in Gen. Mariano Alvarez, Cavite with a total land area of 162,716 sqm.

In adopting the cost model, the Parent Company applied the revalued amount of these properties as deemed cost upon adoption of PFRS in 2005. The original acquisition cost of the said properties amounted to ₱14.9 million. As at December 31, 2023 and 2022, the balance of deficit includes the remaining balance of the deemed cost adjustment amounting to ₱883.9 million which arose when the Parent Company transitioned to PFRS in 2005.

Based on the latest valuation report from Asian Appraisal, the of the fair value of parcels of lands as at February 19, 2024 are as follows:

Location	Deemed Cost	Fair Value	Observable Input	Total Land Area	Estimated Fair Value per sqm
Laguna	₱750,045,000	₱3,240,194,000	Price per sqm	300,018 sqm	₱10,800
Cavite	148,612,147	602,049,000	Price per sqm	162,716 sqm	3,700
	₱898,657,147	₱3,842,243,000			

The investment properties are categorized under the Level 2 of the fair value hierarchy and the valuation method used was Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. This approach requires establishing a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

The Parent Company has assessed that the highest and best use for its land in Sta. Rosa, Laguna is for light industrial development since it would be too large for a commercial development and a residential subdivision development will not yield a maximum return. The Parent Company has assessed that the highest and best use of the idle investment property in Gen. Mariano Alvarez, Cavite is to develop the land into a self-contained residential subdivision project offering mainly and in combination of vacant residential house and lots and house and lot package complemented with some commercial and institutional usage. For strategic purposes, the property is currently not being used in this manner.

Rental income and direct operating expense pertaining to the lease properties are as follows:

	2023	2022
Sta. Rosa, Laguna		
Rental income	**₱48,125,172**	₱54,012,272
Real property taxes	**3,791,018**	3,791,018
Repairs and maintenance	**29,976**	2,250,480

	2023	2022
Gen. Mariano Alvarez, Cavite		
Real property taxes	**₱1,041,382**	₱937,244

10. Accounts and Other Payables

	2023	2022
Accounts payable	**₱9,661,501**	₱5,134,834
Accrued interest - related party (Note 17)	**28,663,972**	489,193,118
Customer's deposits	**9,379,043**	7,527,821
Nontrade payables	**2,469,672**	995,260
Government payables	**29,532**	51,508
Others	**422,827**	422,826
	₱50,626,547	₱503,325,367

Accounts payables represent obligations of the Parent Company which are generally non-interest bearing and are settled on 30 to 90 days' terms.

Accrued interest pertains to interest payable of the Parent Company from its outstanding loans to Malaysia Garment and Trans-Pacific Oriental Holding Company and are payable on demand (see Note 17). Accrued interest on these loans amounted to ₱28.7 million and ₱489.2 million as at December 31, 2023 and 2022, respectively. On June 26, 2023, as a result of the restructuring, interest payable amounting to ₱459.8 million was converted to equity and was used to wipe out the Parent Company's capital deficiency (see Notes 1 and 12).

Nontrade payables are noninterest bearing payable to various sources and are normally settled on a 30 days' term.

Refundable customers' deposits pertain to rental deposits from the lessees to the Parent Company which will be refunded upon expiration of the lease term.

Government payables include obligations to the government for income tax due and other taxes.

Others pertains to accruals made for expenses incurred but billings are not yet received. These are normally settled within 12 months from the end of the financial reporting period.

11. Restructured Loans

As at December 31, 2023 and 2022, the Parent Company has debts secured by Mortgage Trust Indenture (MTI) amounting to ₱930,132,682.

The Parent Company's debts bear fixed interest rate of 12.03% per annum and are secured by a MTI dated October 29, 1982 covering the Parent Company's investment property situated in Sta. Rosa, Laguna (see Note 9). These are payable in accordance with the terms of the second MTI as discussed in the succeeding paragraphs. In recognition of the financial condition of the Parent Company, the creditors agreed to stop the accruing of interest on the second MTI. The first MTI, however, shall continue to earn interest.

On December 14, 1998, the Parent Company entered into an Agreement with its bank creditors and a supplier (collectively known as "creditors") wherein the Parent Company agreed to execute a second MTI to secure the payment of its overdue and outstanding drafts and acceptances payable, liabilities under trust receipts and loans (reclassified to debts secured by second MTI) to avoid impending litigations and in consideration of the creditors agreeing to cease accruing interest on those debts after April 30, 1998. The second MTI covers some of the properties included in the first MTI and certain investment properties.

The Agreement provides that the creditors have the option to sell the Parent Company's land in Sta. Rosa, Laguna in a private sale (without the need of prior consent of the Parent Company but with the prior consent of the first mortgagees) within three years from the date of the Agreement at a price not less than the amount indicated in the Agreement. The Agreement further provides that during its effectivity, the first mortgagees shall continue to enjoy their right to foreclose the said properties. The proceeds of the private sale or foreclosure shall first be applied to the payment of debts secured by the first MTI and thereafter to the payment of debts secured by the second MTI. The Parent Company shall be liable for any deficiency in the event that the debts are not fully paid after the private sale or foreclosure of the properties. Should the private sale not take place within the stipulated three-year period, the creditors and the Parent Company shall appoint an independent appraiser to determine the price at which the land may be sold.

The Agreement also provides that the Parent Company assigns in favor of the creditors its shares of stock in SRTC as an additional security for the payment of the debts secured by the second MTI.

The first and second MTI provide, among other things, that the Parent Company shall:

a. at all times maintain the sound value of the collateral at a level at least equal to the aggregate of the specified collateral values for the various loan accounts;
b. not make any alterations upon, sell, assign, transfer, encumber or otherwise dispose of any collateral without the prior consent in writing of the trustee acting upon the written direction of the majority creditors; and
c. at all times keep the collateral in good condition.

The Agreements covering the debts secured by the first and second MTI contain, among others, some or all of the following restrictions: payment of cash dividends, incurrence of any major expenditures, incurrence of additional indebtedness or obligations, acquisition by the Parent Company of its own capital stock and merger or consolidation with any corporation.

The Agreement was extended for an additional period of two years until January 2004.
In August 2004, Chinatrust took over the trusteeship on the first and second MTI from Hong Kong Shanghai Bank Corporation which is one of the creditor banks. Also, in 2004, Chinatrust has assumed the participation of the other creditors of the first and second MTI and became the sole holder of the mortgage participation contracts.

On December 10, 2009, the BOD has approved to offer the Parent Company’s property in Sta. Rosa, Laguna as payment in lieu 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 Parent Company to fully settle its outstanding loan obligation amounting to ₱1,310,000,000 through the Sta. Rosa property as dation in payment. Chinatrust agreed that the Parent Company 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 Chuang Yuan Limited, a company incorporated in Taiwan.

On August 27, 2018, Chuang Yuan Limited sold the loan to Malaysia Garments, a company incorporated in Singapore and a related party.

In September 2018, the BOD approved a financial restructuring plan that includes the conversion of restructured loans and related accrued interest to equity in the form of additional paid in capital (see Note 1).

On May 30, 2022, the parties entered a Deed of Assignment to convert the Debt owed to Malaysia Garments Manufacturing (Pte) Ltd. Amounting to ₱1,390.0 million inclusive of interest of ₱459.8 million to equity as payment for the subscription of 33,426,498 preferred shares at PAR value of P8.39 with the excess carried over as APIC.

On September 21, 2022, the Parent Company’s lawyers met with the SEC to discuss the latter’s initial comments on the revised financial structuring plan. The revised restructuring plan was subjected to further review pending additional documents requested by the SEC. The documents were provided on November 7, 2022.

On April 4, 2023, the Parent Company was notified by the SEC that it is ready to issue its assessment on the planned restructuring project upon issuance of the SEC-Markets and Securities Regulation Department (MSRD) clearance. Thereafter, a Payment Request Form will then be issued to the Parent Company, which will signify acceptance of the SEC on the application to proceed with filing.

The restructured loan was then converted to APIC as part of the Parent Company's equity restructuring (see Note 12).

12. **Capital Stock**

As at December 31, 2023 and 2022, the Parent Company's capital stock is shown below:

	2023	2022	**2023**	2022
	No. of Shares		Amount	
Common stock				
Class A:				
Par value	**₱0.50**	₱5.00		
Authorized shares	**440,229,812**	144,000,000		
Issued shares	**123,747,707**	123,747,927	**₱61,873,854**	₱618,738,535
Class B:				
Par value	**₱0.50**	₱5.00		
Authorized shares	**293,486,507**	96,000,000		
Issued shares	**49,071,976**	82,498,474	**24,535,988**	412,492,370
			₱86,409,842	₱1,031,230,905
Preferred stock				
Par value	**₱8.39**	₱–		
Authorized shares	**33,426,498**	–		
Issued shares	**33,426,498**	–	**₱280,448,318**	₱–
			₱366,858,160	₱1,031,230,905

All shares of common stock have the same rights and privileges, except that Class A common stock can be issued only to Filipino citizens or entities. The total number of issued Class B shares should not exceed 2/3 of the total number of issued Class A shares. All shares of preferred stock shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios and bears preferential dividends of 5% per annum of the total debt converted, payable annually in cash, cumulative and convertible to common stocks. Preferred shareholders are also entitled to participate and share in the retained earnings after payment of preferential dividends.

The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
July 22, 1968	100,000,000	94,964,130	₱7.80
September 22, 1989	100,000,000	94,964,130	5.00
July 18, 1991	160,000,000	154,964,130	5.00
1991 - 2002	240,000,000	206,246,181	5.00

Equity Restructuring

As mentioned in Note 1, on June 26, 2023, the SEC approved simultaneously the Parent Company's amendment in articles of incorporation, increase/decrease in authorized capital stock and equity restructuring. The approval then resulted to the following:

- Decrease in authorized capital stock of the parent Company, with par value of the common shares being reduced from ₱5.00 to ₱0.50, with a portion of the Class B common shares reclassified to preferred shares, resulting to 144,000,000 Class A common shares, 62,573,502 Class B common shares and 32,426,498 preferred shares with par value of ₱0.50. The excess amounting to ₱928,107,814 as a result of the reduction in the par value were carried over as APIC.

- Increase in authorized capital stock making the Parent Company's authorized shares to 440,229,812 Class A common share, 293,486,507 Class B common shares with par values of P0.50 and 33,426,498 preferred shares with par value from ₱0.50 to ₱8.39 The increase in par value of the preferred shares were paid by the conversion to equity of debt owed to Malaysia Garments amounting to ₱1,389,961,828. The excess from the debt-to-equity conversion amounting to ₱1,126,226,759 was then carried over as APIC.

- Parent Company's recorded deficit as of December 31, 2021 amounting to ₱1,862,551,707 was eliminated against the APIC from the reduction in par values and debt-to-equity conversion. The net movement in the APIC after application amounted to ₱191,782,866

As of May 6, 2024, the Company's application for the issuance of stock certificates for common and preferred stocks, and amended General Information Sheet is in progress.

Dividends Payable
In 2011, the SRTC's trustee returned an amount of ₱156,087 which pertains to unclaimed dividends declared in 2002. These will be paid upon approval of SRTC's dissolution.

13. Income (Loss) per share

Basic and Diluted EPS

	2023	2022
Net income (loss)	**₱4,727,330**	(₱14,629,939)
Preference dividends	**34,749,046**	–
	(30,021,716)	(14,629,939
Weighted average number of common shares issued and outstanding during the year	**172,819,683**	172,819,683
Basic/diluted loss per share	**(₱0.1737)**	(₱0.0847)

The preference shareholders have a right to participate in the retained earnings after payment of preferential dividends of 5% per annum of the total debt converted to equity. These shares are also convertible to common shares using a 16.78:1 conversion ratio at ₱0.50 per share.

The number of common shares in 2022 have been adjusted for the effect of the restructuring as approved by the SEC on July 26, 2023 as discussed in Note 1.

In 2023, the diluted EPS did not consider the effect of convertible shares outstanding since these were anti-dilutive.

14. Lease Agreements

Parent Company as a lessor
The Parent Company has existing short-term lease agreements with various third parties (lessees) covering the Parent Company's investment property located in Sta. Rosa, Laguna. The term of the lease are generally renewable every six months to one year or at the option of both parties under the terms and stipulations mutually agreed upon, unless sooner terminated due to breach of agreement.

Rental income earned amounted to ₱48.1 million and ₱54.0 million in 2023 and 2022, respectively.

Parent Company as a lessee
The Parent Company entered into a lease contract wherein the Parent Company leased the lessor's commercial space located at The Pearlbank Centre, Salcedo Village, Makati City for a period of five years commencing on January 1, 2015 to December 31, 2019 with no rent escalation for the first three years, 5% escalation on the 4th year, and another 5% escalation on the 5th year.
In previous years, the contract was renewed for a period of one year with no rent escalation. In December 2023, the contract was renewed for another year with no rent escalation.

Total rental expense amounted to ₱2.0 million and ₱1.2 million in 2023 and 2022, respectively (see Note 15). Prepaid rent amounted to ₱2.3 million and ₱0.8 million as at December 31, 2023 and 2022, respectively (see Note 6).

15. Costs and Expenses

	2023	2022
Professional fees	**₱21,908,380**	₱6,577,171
Taxes and licenses	**8,421,547**	5,287,082
Security services	**4,747,631**	4,207,179
Salaries and wages	**3,100,449**	3,523,849
Rentals	**2,028,523**	1,174,281
Employee benefits	**1,600,281**	2,660,793
Retirement expense (income) (Note 18)	**(851,093)**	86,567
Subscriptions, dues and donations	**687,840**	811,205
Utilities	**293,894**	1,091,728
Office supplies	**267,643**	84,364
Transportation and travel	**118,490**	154,650
Repairs and maintenance	**29,976**	2,250,480
Entertainment, amusement and recreation	**5,000**	285,668
Contractual laborer	–	470,903
Others	**1,519,667**	955,524
	₱43,878,228	₱29,621,444

Other expenses comprise of miscellaneous expenses, insurance expenses and other minimal expenses.

Personnel Costs

	2023	2022
Salaries and wages	**₱3,100,449**	₱2,753,796
Employee benefits	**1,600,281**	2,660,793
Retirement expense (income)	**(851,093)**	86,567
	₱3,849,637	₱5,501,156

16. **Income Taxes**

Current income tax

The provision for current income tax represents regular corporate income tax in 2023 and 2022.

The reconciliation of income tax computed at the statutory income tax rate to provision for current income tax as shown in the Parent Company statements of comprehensive income follows

	2023	2022
Tax at statutory income tax rate	**₱1,476,213**	(₱2,130,230)
Add (deduct) tax effects of:		
Movement in unrecognized deferred tax assets	**(244,995)**	3,565,750
Movement in DTL	**(212,773)**	–
Interest income already subjected to final tax	**(141,277)**	(10,745)
Nondeductible penalties	**87,582**	4,684,243
	₱964,750	₱6,109,018

Deferred income tax

The Parent Company has temporary differences for which no deferred tax assets were recognized as it is not probable that sufficient future taxable income will be available against which the benefits of the deferred tax assets can be utilized.

	2023	2022
Allowance for impairment losses on advances to subsidiaries	**₱86,088,819**	₱85,913,798
Unrealized foreign exchange losses	**105,036,858**	106,191,858
Allowance for impairment losses on non-current assets	**58,353,860**	58,353,860
Accrued interest	**28,663,972**	489,193,118

The components of recognized deferred tax liabilities as at December 31, 2023 and 2022 are as follows:

	2023	2022
Investment properties	**₱110,644,498**	₱110,644,498
Retirement plan assets	**5,338,220**	6,629,450
	₱115,982,718	₱117,273,948

17. **Related Party Disclosures**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Parent Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Parent Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Parent Company, close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

In the normal course of business, transactions with related parties consist mainly of unsecured non-interest bearing, short-term cash advances for working capital requirements of the Parent Company, which are due upon demand.

Category	Amount/ Volume	Outstanding Balance	Terms	Conditions
Stockholder				
Trans-Pacific Oriental Holding Company, Inc. (Trans-Pacific)				
Loan payable				
2023	**₱–**	**₱166,110,000**	Non-interest bearing until 2019, payable on demand; to be settled in cash	Unsecured and unguaranteed
2022	–	167,265,000		
Due to a related party				
2023	**–**	**1,000,000**	Non-interest bearing payable on demand; to be settled in cash	Unsecured and unguaranteed
2022	6,000,000	6,000,000		
Malaysia Garment				
Restructured loans (Note 11)				
2023	**₱–**	**₱–**	Subjected to financial restructuring	Secured by first and second MTIs
2022	–	930,132,682		
Accrued interest payable (Note 10)			Portion was subjected to financial restructuring; payable in cash	Unsecured and unguaranteed
2023	**–**	**28,663,972**		
2022	18,731,973	489,193,118		
Subsidiaries **-** Advances to subsidiaries (Note 7)				
IKAC				
2023	**₱57,122**	**₱86,007,818**	Interest bearing	Unsecured and unguaranteed; Impaired
2022	36,899	85,950,696		
FYN Green				
2023	**1,200,000**	**10,049,250**	Non-interest bearing, collectible on demand, to be collected in cash	Unsecured and unguaranteed
2022	1,394,040	8,849,250		
SRTC			Non-interest bearing, collectible on demand, to be collected in cash	Unsecured and unguaranteed
2023	**–**	**81,000**		
2022	81,000	81,000		

The Parent Company availed of working capital US$-denominated loan in 1993 amounting to $3 million (₱83,097,000) from Trans-Pacific, a major stockholder, with fixed interest rate. In 2001, the loan payable was modified to cease the accrual of the interest. The loan payable amounting to ₱166.1 million as at December 31, 2023 remains to be outstanding. Unrealized foreign exchange gain (loss) was recognized from the loan amounting to ₱1.2 million in 2023 and (₱14.3 million) in 2023 and 2022, respectively.

Interest expense amounted to nil and ₱18.7 million as at December 31, 2023 and 2022, respectively.

Compensation of Key Management Personnel

The Parent Company considered all employees holding managerial positions up to president as key management personnel. Compensation of key management personnel, which consist of short-term and employee benefits, amounted to ₱0.9 million in 2023 and 2022.

18. **Retirement Plan**

The Parent Company has a funded, noncontributory defined benefit retirement plan covering substantially all of its regular employees. Benefits are dependent on the years of service and the respective employee's compensation. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. There was no planned termination, curtailment or settlement for the years ended December 31, 2023 and 2022.

Under the existing regulatory framework, RA 7641, otherwise known as the "Retirement Pay Law", requires a provision for retirement pay to qualified private sector employees in the absence of any retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law.

The Parent Company's plan is a noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

The fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Committee is responsible for the investment strategy of the plan.

The following table summarizes the details in the Actuarial Valuation Report as at December 31, 2023 and 2022.

	2023								
		Net Benefit Cost in Profit or Loss			Remeasurements in Other Comprehensive Income				
	January 1, 2023	**Current Service Cost**	**Net Interest Cost**	**Subtotal**	**Return on plan assets**	**Actuarial Loss (Gains) on Defined Benefit Obligation**	**Actuarial Changes Arising from Changes in Experience Adjustments**	**Subtotal**	**December 31, 2023**
Present value of defined benefit obligation	**₱3,655,923**	**₱61,611**	**₱59,479**	**₱121,090**	**₱–**	**(₱14,060)**	**₱6,101,826**	**₱6,087,766**	**₱2,451,028**
Fair value of plan asset	**(30,173,726)**	**–**	**(972,183)**	**(972,183)**	**(71,755)**	**–**	**–**	**(71,755)**	**(23,803,913)**
Net plan assets	**(₱26,517,803)**	**₱61,611**	**(₱912,704)**	**(₱851,093)**	**(₱71,755)**	**(₱14,060)**	**₱6,101,826**	**₱6,016,011**	**(₱21,352,885)**

	2022								
		Net Benefit Cost in Profit or Loss			Remeasurements in Other Comprehensive Income				
	January 1, 2022	**Current Service Cost**	**Net Interest Cost**	**Subtotal**	**Return on plan assets**	**Actuarial Loss (Gains) on Defined Benefit Obligation**	**Actuarial Changes Arising from Changes in Experience Adjustments**	**Subtotal**	**December 31, 2022**
Present value of defined benefit Obligation	₱3,694,821	₱86,567	₱–	₱86,567	₱–	(₱125,465)	₱–	(₱125,465)	₱3,655,923
Fair value of plan asset	(30,616,124)	–	–	–	442,398	–	–	442,398	(30,173,726)
Net plan assets	(₱26,921,303)	₱86,567	₱–	₱86,567	₱442,398	(₱125,465)	₱–	₱316,933	(₱26,517,803)

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The trustee has no specific matching strategy between the plan assets and the retirement obligation. The Parent Company is not required to pre-fund the defined benefit obligation before they become due. The amount and timing of contributions to the retirement fund are at the Parent Company’s discretion.

The carrying value and fair value of plan assets by each class as at the end of the reporting period are as follow:

	2023	2022
Cash	**₱1,388,964**	₱1,747,738
Government securities	**22,320,957**	28,345,576
Accrued income receivable	**130,544**	126,806
Trust fee payable	**(36,552)**	(46,394)
	₱23,803,913	₱30,173,726

The plan assets have diverse investments in equity and debt securities, and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined retirement benefit liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	**2023**	2022
Discount rates	+1%	**₱2,429,996**	₱3,633,057
	-1%	**₱2,472,443**	₱3,679,161
Salary increase rate	+1%	**₱2,475,295**	₱3,692,121
	-1%	**₱2,426,760**	₱3,619,726

Shown below is the maturity analysis of the undiscounted benefit payments:

	2023	2022
Less than one year	**₱2,590,459**	₱3,777,013

Retirement fund
The Parent Company entered into a Trust Agreement with BPI Asset Management for the latter to serve as a trustee for the Parent Company's retirement fund. The carrying amount equals the fair value of the retirement fund amounting to ₱23.8 million and ₱30.2 million as at December 31, 2023 and 2022, respectively. There were no any other transactions between the Parent Company and the retirement fund trustee.

19. Financial Risk Management Objectives and Policies and Capital Management

Financial Risk Management Objectives and Policies
The Parent Company's principal financial instruments consist of cash and cash equivalents, noncurrent financial assets, restructured loans and loans payable to a stockholder. The main purpose of these financial instruments is to raise funds for the Parent Company's operations. The Parent Company has various other financial instruments such as long term time deposit and accounts and other payables, excluding government payables, which arise directly from its operations.

The main risks arising from the financial instruments of the Parent Company are credit risk, liquidity risk and market risk. The BOD reviews and agrees policies for managing these risks.

Credit Risk
Credit risk arises from the possibility that the Parent Company may incur financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Parent Company is exposed to credit risk principally from its cash in banks and cash equivalents and refundable

deposits. In addition, the balances of cash in banks and cash equivalents and refundable deposits are monitored on an ongoing basis so that the Parent Company's exposure to impairment losses is not significant. There is no significant concentration of credit risk in the Parent Company.

The Parent Company has four types of financial assets that are subject to the expected credit loss model which is cash and cash equivalents, receivables, amounts owed by related parties and long term time deposits.

Generally, receivables and amounts by related parties are written off if it can no longer be recovered and are not subject to enforcement activity. As of December 31, 2023, the maximum exposure to credit risk is the carrying value of each class of financial assets.

While cash and cash equivalents are also subject to the impairment requirements of PFRS 9, the identified impairment loss were immaterial.

The table below shows the maximum exposure to credit risk for the Parent Company's financial assets, without taking into account any collateral and other credit enhancements as at December 31, 2023 and 2022.

	2023	2022
Cash and cash equivalents:		
Cash in banks	**₱28,705,223**	₱53,089,404
Short-term investments	**2,242,193**	2,163,333
Refundable deposits	**282,436**	295,068
Trade and other receivables	**6,765,245**	3,678,473
Advances to subsidiaries	**10,049,250**	8,849,250
Long term time deposit	**20,000,000**	–
	₱68,044,347	₱68,075,528

The aging analysis of financial assets follows:

	2023				
		Days Past Due			
	Current	**60 Days**	**180 Days or more**	**ECL**	**Total**
Cash in bank	**₱28,705,223**	**₱–**	**₱–**	**₱–**	**₱28,705,223**
Cash equivalents	**2,242,193**	**–**	**–**	**–**	**2,242,193**
Refundable deposits	**282,436**	**–**	**–**	**–**	**282,436**
Trade and other receivables	**6,765,245**	**–**	**–**	**–**	**6,765,245**
Advances to subsidiaries	**10,049,250**	**–**	**–**	**86,088,818**	**96,138,068**
Long term time deposit	**20,000,000**	**–**	**–**	**–**	**20,000,000**
	₱68,044,347	**₱–**	**₱–**	**₱86,088,818**	**₱154,133,165**

	2022				
		Days Past Due			
	Current	60 Days	More than 180 Days	ECL	Total
Cash in bank	₱53,089,404	₱–	₱–	₱–	₱53,089,404
Cash equivalents	2,163,333	–	–	–	2,163,333
Refundable deposits	295,068	–	–	–	295,068
Trade and other receivables	3,678,473	–	–	–	3,678,473
Advances to subsidiaries	8,849,250	–	–	86,031,696	94,880,946
	₱68,075,528	₱–	₱–	₱86,031,696	₱154,107,224

General approach

Set out below is the credit risk of the financial assets under General approach.

2023

	General Approach			Simplified	
	Stage 1	**Stage 2**	**Stage 3**	**Approach**	**Total**
			(In Thousands)		
Cash in bank	**₱28,705,223**	**₱–**	**₱–**	**₱–**	**₱28,705,223**
Short term investments	**2,242,193**	**–**	**–**	**–**	**2,242,193**
Refundable deposits	**282,436**	**–**	**–**	**–**	**282,436**
Trade and other receivables	**6,765,245**	**–**	**–**	**–**	**6,765,245**
Advances to subsidiaries	**10,049,250**	**–**	**86,088,818**	**–**	**96,138,068**
Long term time deposit	**20,000,000**	**–**	**–**	**–**	**20,000,000**
	₱68,044,347	**₱–**	**₱86,088,818**	**₱–**	**₱154,133,165**

** Excluding cash on hand amounting to ₱0.35M*

2022

	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
			(In Thousands)		
Cash in bank	₱53,089,404	₱–	₱–	₱–	₱53,089,404
Short term investments	2,163,333	–	–	–	2,163,333
Refundable deposits	295,068	–	–	–	295,068
Trade and other receivables	3,678,473	–	–	–	3,678,473
Advances to subsidiaries	8,849,250	–	86,031,696	–	94,880,946
	₱68,075,528	₱–	₱86,031,696	₱–	₱154,107,224

** Excluding cash on hand amounting to ₱0.35M*

Simplified approach

There were no significant concentrations of credit risk using simplified approach within the Parent Company

Liquidity Risk

Liquidity risk arises when there is a shortage of funds and the Parent Company, as a consequence, would not meet its maturing obligations.

The Parent Company seeks to manage its liquid funds through cash planning on a monthly basis. The Parent Company uses historical figures and experiences and forecasts from its collection and disbursement.

The amounts disclosed in the table below are the contractual undiscounted cash flows as at December 31, 2023 and 2022 which are all due and demandable:

2023	**On Demand**	**Within one Year**	**Over one Year**	**Total**
Financial liabilities				
Accounts and other payables*	**₱50,597,015**	**₱–**	**₱–**	**₱50,597,015**
Loans payable to a stockholder	**166,110,000**	**–**	**–**	**166,110,000**
Due to related party	**1,000,000**	**–**	**–**	**1,000,000**
	₱217,707,015	**₱–**	**₱–**	**₱217,707,015**

**Excluding government payables*

2022	On Demand	Within one Year	Over one Year	Total
Financial liabilities				
Accounts and other payables*	₱503,273,859	₱–	₱–	₱503,273,859
Restructured loans	930,132,682	–	–	930,132,682
Loans payable to a stockholder	167,265,000	–	–	167,265,000
Due to related party (TPO)	6,000,000	–	–	6,000,000
	₱1,606,671,541	₱–	₱–	₱1,606,671,541

**Excluding government payables*

Market Risk
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes.

Foreign Currency Risk
Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Parent Company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial and cash flows.

The Parent Company's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Parent Company believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Parent Company is engaged.

The Parent Company's foreign currency-denominated financial asset and liability as at December 31, 2023 and 2022 are as follows:

	2023		2022	
	USD	**Peso Equivalent**	USD	Peso Equivalent
Financial Liability				
Loans payable to a stockholder	**($3,000,000)**	**(₱166,110,000)**	($3,000,000)	(₱167,265,000)

As at December 31, 2023 and 2022, the exchange rates of the Philippine peso to the US$ are ₱55.37 and ₱55.76 to US$1.00 respectively. Unrealized foreign exchange gain (loss) amounted to ₱1.2 million and (₱14.3 million) in 2023 and 2022, respectively.

The sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Parent Company's income before tax as at December 31, 2023 and 2022 is as follows:

	Change in foreign exchange rate	Effect in loss before income tax
2023	**+0.93**	**(₱2,790,000)**
	-0.63	**1,890,000**
2022	+1.38	(₱4,140,000)
	-0.73	2,190,000

Capital Management
The primary objective of the Parent Company's capital management is to ensure its ability to continue as a going concern.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may obtain additional advances from stockholders, return capital to shareholders or issue new shares.
No changes were made in the objectives, policies or processes during the year ended December 31, 2023 and 2022. The Parent Company has no to externally imposed capital requirement

As at July 1, 2022, the BOD agreed to maintain the Parent Company's operations at status quo; i.e., continue with the asset disposal programs and lease out the Parent Company's warehouse in Sta. Rosa, Laguna and to look for a potential partner for a joint venture agreement.

The following table summarizes the total capital considered by the Parent Company:

	2023	2022
Capital stock	**₱366,858,160**	₱1,031,230,905
Additional paid-in capital	**335,372,611**	143,589,745
Remeasurement loss on retirement plan assets	**(6,049,797)**	(1,537,790)
Deficit	**(9,902,609)**	(1,877,181,645)
	₱686,278,365	(₱703,898,785)

20. Fair Value Measurement

The following methods and assumptions were used to estimate the amount of fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and Cash Equivalents, Other Receivables and Accounts and Other Payables
The carrying values of these financial instruments approximate their fair values due to the short-term nature of these accounts.

Refundable Deposits
The carrying values of other noncurrent assets approximate their fair values based on the market value of similar lease agreements.

Loan Payable to a Stockholder
The carrying values of the loans payable to a stockholder approximate its fair value as the loan is already due and demandable and the effect of discounting the instrument is not material.

Long Term Time Deposit
The carrying amount of this deposit represents its fair value because the interest rate it carries approximates the interest rate for comparable instrument in the market.

21. Operating Segment Information

The primary segment reporting format is determined to be business segments as the Parent Company's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Parent Company derives revenue from its leasing activities. Management monitors the operating results of its business units.

The following tables present certain information regarding the Parent Company's operating business segments:

	2023			
	Leasing	**Manufacturing**	**Reconciliation**	**Parent Company Financial Statement**
Revenue	**₱49,199,912**	**574,150,940**	**(₱575,225,680)**	**₱48,125,172**
Costs and operating expenses	**(43,125,565)**	**18,616,848**	**(19,369,511)**	**(43,878,228)**
Other income (charges) - net	**1,644,760**	**46,015,343**	**(46,002,194)**	**1,657,909**
Income (loss) before income tax	**7,719,107**	**638,783,131**	**(640,597,385)**	**5,904,853**
Provision for (benefit from) income tax	**1,222,378**	**–**	**(44,855)**	**1,177,523**
Net income (loss)	**6,496,729**	**638,783,131**	**(640,552,530)**	**4,727,330**
Other comprehensive loss - net of tax	**(4,512,008)**	**–**	**–**	**(4,512,008)**
Total comprehensive loss	**₱1,984,721**	**₱638,783,131**	**(₱640,552,530)**	**₱215,322**
OTHER INFORMATION				
Segment assets	**₱1,041,735,751**	**₱910,231,833**	**(₱931,969,954)**	**₱1,019,997,630**
Segment liabilities	**(₱241,038,657)**	**(₱1,010,369,667)**	**₱917,689,059**	**(₱333,719,265)**
Investment in subsidiaries and associates	**₱35,049,249**	**₱–**	**₱–**	**₱35,049,249**

	2022			
	Leasing	Manufacturing	Reconciliation	Parent Company Financial Statement
Revenue	₱55,002,672	₱–	(₱990,400)	₱54,012,272
Costs and operating expenses	(28,829,122)	(58,999,797)	58,207,475	(29,621,444)
Other income (charges) - net	(32,914,022)	(20,118,260)	20,120,533	32,911,749
Loss before income tax	(6,740,472)	(79,118,057)	77,337,608	(8,520,921)
Provision for (benefit from) income tax	6,156,141	–	(47,123)	6,109,018
Net (income) loss	(12,896,613)	(79,118,057)	77,384,731	(14,629,939)
Other comprehensive loss - net of tax	(237,700)	–	–	(237,700)
Total comprehensive income (loss)	(₱13,134,313)	(79,118,057)	₱77,384,731	(₱14,867,639)
OTHER INFORMATION				
Segment assets	₱1,042,396,051	₱927,785,352	(₱949,057,426)	₱1,021,123,977
Segment liabilities	₱1,817,395,692	₱1,120,240,627	(₱1,212,613,557)	₱1,725,022,762
Investment in subsidiaries and associates	₱33,967,148	₱–	₱–	₱33,967,148

22. Supplementary Disclosure to Statement of Cash Flows

The following tables summarize the changes in liabilities arising from financing activities for the period ended December 31, 2023 and 2022, respectively:

	2023			
	January 1	Cash Flow	Others*	December 1
Due to a related party	**6,000,000**	**(5,000,000)**	**–**	**1,000,000**

	2022			
	January 1	Cash Flow	Others*	December 1
Due to a related party	–	4,800,000	1,200,000	6,000,000

**Others pertains to interest expense paid.*

23. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

The Parent Company reported and/or paid the following types of taxes in 2023:

a. VAT

The Parent Company is a VAT-registered company with output VAT declaration of ₱6.1 million in 2023. The amount of Input VAT claimed broken down into:

Beginning balance	₱1,034,496
Current year's domestic purchases or payments	2,944,315
Application	(2,326,931)
Ending balance	₱1,651,880

b. Taxes and licenses

Real property taxes	₱4,832,401
Penalties and surcharges	2,818,983
License and permit fees	697,664
Others	72,499
	₱8,421,547

c. Withholding taxes

Expanded	₱494,657
Compensation	95,632
	₱590,289

d. Others

The Parent Company has no locally produced or imported excisable item, landed cost of imports, custom duties, tariff fees and documentary stamp tax paid or accrued as at December 31, 2023.

There were no deficiency tax assessments, tax cases under preliminary investigation, litigation and or prosecution in courts or bodies outside the BIR.

Annex "A"

Reconciliation of Retained Earnings for Dividend Declaration

For the reporting period ended December 31, 2023

Filsyn Corporation

Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City

Deficit, beginning of reporting period		**(₱1,877,181,646)**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Equity restructuring	1,862,551,707	1,862,551,707
Deficit, as adjusted		**(14,629,939)**
Add: Net income during the period		4,727,330
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		(1,155,000)
Adjusted Net Income/Loss		3,572,330
Deficit as at December 31, 2023, as adjusted		**(₱11,057,609)**

COVER SHEET

MA-045

	3	5	8	4	1

SEC Registration Number

FILSYN CORPORATION AND SUBSIDIARIES

(Companyt's Full Name)

UNIT 8 5B PEARLBANK CENTRE
146 VALERO ST. MAKATI CITY

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

Mr. Apolinario L. Posio
Contact Person

(02) 8652-5167
Company Telephone Number

SEC FORM 17-A
DECEMBER 31, 2023

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 Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = please Use Black Ink for scanning purposes

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(a) Business Development

Filsyn Corporation ("the Company")was organized in 1968 as Filipinas Synthetic Fiber Corporation to promote and support the polyester fiber and yarn requirements of the country's textile industry. It was registered with the Board of Investments in 1969 with a preferred and pioneer status. It went full- scale commercial operation in November 1971.

The Company changed its name to Filsyn Corporation in 1987 to reflect its wider range of activities. To date, it has investments in Island King Aquaventure Corporation, an aquaculture company, and SRTC Development Corporation, as real estate company.

In August 1989, the Company concluded an Investment Agreement with Far Eastern Textile Ltd. ("FETL"), a leading polyester manufacturer in Taiwan. The Agreement was not only limited to equity investment but also covered technical assistance, cooperation and marketing support.

The Company undertook various modernization programs and product development over the years. However, development related to domestic textile industry was not encouraging. Since the implementation of the import liberalization program of the government in 1995, the textile industry experienced excess capacity coupled with high production costs and financing costs. The Company suffered great financial turmoil aggravated by a labor strike in October 1996. Even after the settlement of the strike in September 1997, production has not resumed. The Company's operations since then, were limited to the disposal of old inventories, machineries and equipment, as well as sale of scrap materials and parts, plus acting as sales agent for FETL and other entities in the support of textiles in the Philippines. At present the Company's sources of funds still consist mainly on proceeds from sale of old machinery, equipment and parts and warehouse rental lease income.

On December 14, 1998, the Company entered into an agreement with its various bank creditors and a supplier/shareholder to restructure its overdue and outstanding unsecured obligations amounting to P988 Million that included interests accrued up to April 30, 1998. Under the agreement, the company agreed to give a second mortgage over some of the properties covered by the first Mortgaged Trust Indenture ("MTI") to secure the payment of the said restructured obligations in exchange for the cessation of accrued interest after April 30, 1998. Negotiations are on-going with the MTI creditors in efforts to either finally settle the Company's debt or to have the MTI extended for a renewed term. The first alternative will see the Company paying off the loans with an amount significantly lower than the total outstanding obligation, but acceptable to all parties concerned as the final payments. Should negotiations in this direction fail, management intends to pursue its request for extension of the MTI to stave off foreclosure of the mortgage. The Company's MTI agreement remains in effect in the absence of formal termination notice from the creditors which was supposed to be expired in December 2003.

On December 10, 2009, the Board of Directors ("BOD") of the Company approved to offer the Company's property in Sta. Rosa, Laguna as dacion in payment of the entire obligation to CTBC Bank Phils. Corp. ("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 Group to fully settle its outstanding loan obligation to P1.2 billion through the Sta. Rosa property as dacion in payment. Chinatrust agreed that the Company shall not be liable for any deficiency between the amount of the outstanding loan obligation and the value of the Sta. Rosa property. The parties have not yet formally executed the "Dacion En Pago" arrangement.

In 2002, the Securities and Exchange Commission ("SEC") has issued an 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 Company's full payment of the penalties for the reportorial violations.

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 toP1.2 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.

In September 2017, the BOD and stockholders of the Company approved a business plan, which consists of the following phases:

- Financial restructuring subject to Philippine SEC approval;
- Development of the Sta. Rosa property; and
- A new business activity of recycling Polyethylene Terephthalate (PET) to be registered with the Philippine Economic Zone Authority

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 BOD 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 RegistrationStatement, namely: Mr. Jaime M. Sto. Domingo, President,Mr. David Wang, Executive Vice President & Chief FinanceOfficer, 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 SEC

3. Approved the Amendment of Seventh Article of the AOI of the Company to reflect the following:

   i. Reduction of par value from PhP5.00 per share toPhP2.50 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 ofnew 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 Corporation 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.

On July 23, 2019, the Company filed its application for amendment of AOI with the SEC. On September 25, 2019, The SEC provided their initial comments on the application for amendment of AOI.

On November 11, 2021, the BOD approved the further amendments in the Seventh Article of the AOI which revoked and superseded September 21, 2018 resolutions approving the amendments to the Seventh Article of the AOI. The BOD approved the following:

1. Decrease in Authorized Capital Stock and Reclassification or Conversion of 33,426,498 Class B Shares into 33,426,498 Preferred Shares

   This includes the following approvals of the BOD:
   a. Reduction in the par value of all common shares from P5.00 per share to P0.50 per share,
   b. Decrease in the authorized capital stock from P1,200,000,000 to P120,000,000, and
   c. Classification of capital contributed in excess of the reduced par value as additional paid in capital
   d. Reclassification of the 33,426,498 Class B common shares held by Malaysia Garment Manufacturers (Pte) Ltd. (Malaysia Garments), a company incorporated in Singapore and a related party, into 33,426,498 Preferred Shares with the following features:
      i. Preemptive Right – The Preferred Shareholders shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios
      ii. Dividends – The Preferred Shareholders shall bear preferential dividends at the rate of 5% per annum of total debt converted in the amount of P1,389,961,828.
      iii. Exercise of Voting Right – The Preferred Shareholders shall not have a right to vote, except on matters specified in Section 6 of the Revised Corporation Code of the Philippines and those relative to the development of the Sta. Rosa Property; and
      iv. Convertibility – The Preferred Shareholders shall, at their option, have the right to convert their preferred shares to common shares using 16.78:1 conversion ratio at P0.50 per share.

2. Increase in Capital Stock

   The BOD approved the increase of the Company's authorized capital stock from P120,000,000 to P647,306,477 which consists of:
   a. 440,229,812 Class "A" common shares with par value of P0.50 per share, or an aggregate par value of P220,114,906;
   b. 293,486,507 Class "B" common shares with a par value of P0.50 per share, or an aggregate par value of P146,743,253.50; and
   c. 33,426,498 Preferred Shares, with a par value of P8.39 per share (increased from P0.50), or an aggregate par value of P280,448,318, with Malaysian Garments subscribing to the increase in the par value of the 33,426,498 Preferred Shares amounting to P263,735,069 by way of converting debt owed to it by the Corporation as of December 31, 2020 amounting to P1,389,961,828 to equity, with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital

The BOD also approved the subscription by Malaysia Garments Manufacturer Pte. Ltd. ("Malaysian Garments") to the increase in the par value of the 33,426,498 Preferred Shares, and the conversion of debt owed to it by the Company as of December 31, 2020 amounting to P1,389,961,828 to equity as payment for the aforesaid 33,426,498 Preferred Shares with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital.

3. Use of Additional Paid in Capital to Wipe Out Deficit

   The BOD approved the use of the Additional Paid-In Capital resulting from: (a) the existing Additional Paid in Capital; (b) the decrease of capital through the reduction of par value; and (c) the conversion of the existing liability to Malaysian Garments to wipe out all the accumulated deficit of the Company.

On November 11, 2021, management filed the final restructuring project to SEC. Prior to submission of the project, management has already agreed the conversion of debt with its creditors and legal counsel. Management is securing all the necessary documents such as Deed of assignment to creditor and Director's certificate to support the final restructuring by SEC.

On May 30, 2022, a deed of assignment on the loan was entered between Malaysia Garment and the Company in which the former unconditionally and irrevocably assigns, cedes, transfers and conveys unto the Company all of its title, right and interests to receive the payment for the debt as payment for the subscription price, thereby converting the debt into equity.

In addition, the related parties, Malaysia Garments and Trans-Pacific Oriental Holding Company, Inc. (Trans-Pacific), have undertaken to support the Company financially by not demanding payment of loans due to the former. Accordingly, the financial statements have been prepared on a going concern basis.

On March 29, 2023, management completed all the aforementioned documents required by the SEC.

On April 4, 2023, the Company was notified by the SEC that it is ready to issue its assessment on the planned restructuring project upon issuance of the SEC-Markets and Securities Regulation Department (MSRD) clearance. Thereafter, a Payment Request Form will then be issued to the Company, which will signify acceptance of the SEC on the application to proceed with filing.

On June 26, 2023, the SEC approved simultaneously the Company's amendments to the Articles of Incorporation, decrease/ increase in authorized capital stock and equity restructuring. With the SEC approval, the Parent Company can now focus on the operations and expansion of its subsidiary, FYN Green PET Corporation (FYGP), and the development of its 30 - hectare property located in Sta. Rosa City, Laguna.

Notice of Involuntary Delisting

On February 3, 2023, the Company received a Notice of Involuntary Delisting from the Philippine Stock Exchange (PSE).

On April 3, 2023, representatives of the Company participated in a hearing conducted by the Exchange relating to the involuntary delisting proceedings involving the Company. The Company then requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.

The grounds for the initiation of involuntary delisting proceedings involving Company are due to the (a) revocation of its registration of securities and permit to sell securities; and (b) negative stockholders' equity.

In the said hearing, the Company raised the following arguments:

a. There was no obstinate refusal on the part of the Company to comply with the directives of the Exchange and the Securities and Exchange Commission ("SEC").
b. The Company, in utmost good faith, exerted serious efforts to comply with the SEC directives. All the corporate actions of Company on the matter were timely and promptly disclosed to the Exchange.
c. The SEC-Markets and Securities Regulation Department ("MSRD") will only act on the Company's amended registration statement after the approval of the Company's financial restructuring plan being reviewed by the SEC- Financial Analysis and Audit Division ("FAAD").
d. The Company will file its amended registration statement after it secures the SEC's approval of its financial restructuring plan. Thereafter, the Company will request SEC-MSRD to issue the corresponding Order Lifting the Order of Revocation dated August 26, 2002 against the Company.
e. The conversion of the Company's obligation to one of the Corporation's major creditors, Malaysia Garment Manufacturers Pte. Ltd, amounting to One Billion Three Hundred Eighty-Nine Million Nine Hundred Sixty-One Thousand Eight Hundred Twenty-Eight Pesos (P1,389,961,828.00) into equity has effectively wiped-out the deficit amounting to Six Hundred Eighty-Nine Million Thirty-One Thousand One Hundred Forty-Six Pesos (P89,031,146.00). The debt-to-equity conversion is part of the financial restructuring plan being carried out by the Company. The deficit would have been wiped-out had the SEC-FAAD approved the Company's financial restructuring plan.
f. The involuntary delisting will be prejudicial to the Company's stockholders who have been expecting that the trading suspension will be lifted soon and the financial restructuring plan approved in light of the actions being actively undertaken by the Company.
g. In 2019, parallel to its efforts to solve its capital deficiency, the Company incorporated FYN Green PET Corporation ("FYGP"), a 100% wholly owned subsidiary, to provide cash flow and steady stream of revenues. FYGP will commence its commercial operations in May 2023.

The Company therefore requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.

On May 2, 2023, the Corporation received the PSE's *Letter-Decision* dated April 28, 2023 granting the Corporation's request to:

(1) Suspend the involuntary delisting proceedings against the Corporation; and

(2) Allow the Corporation until December 29, 2023 to complete the requirements of the SEC to amend its registration statement and its application for its financial restructuring plan, thereby obtaining (a) an effective registration of securities and permit to sell securities with the SEC and (b) attaining a positive stockholders' equity.

The Corporation requested for an extension from the PSE for its December 29, 2023 deadline to complete the SEC requirements relating to the Corporation's application for the approval of its Amended Registration Statement.

The PSE, in its Letter dated January 31, 2024, granted the Corporation's request for a six (6)-month non-extendible extension or until June 26, 2024 to complete the requirements of the SEC and obtain an effective registration of securities and permit to sell securities with the SEC; and (ii) to maintain the suspension of the involuntary delisting proceedings against the Corporation until the issuance of SEC's decision on the Corporation's application for the approval of its Amended Registration Statement or until June 26, 2024 whichever is earlier.

There was no other major business activity of the Company for the year ended December 31, 2023.

(b) Business of Issuer

Filsyn's operations evolved from purely polyester manufacturing into being involved in various activities that include trading of polyester products.

Products

The Company under normal operations sells the following products:

Product Type	End Use
Polyester Draw Textured Yarn (DTY)	Knitting
Air-Mingled Yarn (AMY)	Weaving Knitting
Staple Fiber (SF)	Cotton/Rayon Blending
Pre-Oriented Yarn (POY)	Texturizing

Polyester Fiber and yarn are sold to domestic end-users as well as to the export market. PET Bottles and Pre-form are sold in the domestic market.

Filsyn's raw material inputs are mainly imported.

On 4 December 1996, the Corporation was forced to cease its manufacturing operations in view of a crippling labor strike. Even after the settlement of the strike in September 1997, production has not resumed.

At present, the Corporation's sources of funds still consist mainly of rental income.

Item 2. Properties

Filsyn manufacturing plant then is located on a 30-hectare in site inSta. Rosa, Laguna. The nearby areas are being developed into prime industrial estates. Foremost among them is the Ayala-Mitsubishi project, the Laguna Techno-park.

Among the companies that haslocated their operations in the area are Coca-Cola Far East, Toyota, Mitsushita, Fujitsu, and United Laboratories. Residential subdivisions are also being developed in the area such as Ayala's Sta. Rosa and SanJose Villages, Sta. Rosa Estate and Laguna Bel-Air.

The Company also owns a 16.3-hectare land in Gen. Mariano Alvarez(GMA), Carmona, Cavite. The area is likewise part of the proposed Cavite-Laguna-Batangas-Rizal-Quezon (CALABARZON) area, which will be developed for industrial and industrial support user. Residential subdivisions as well as golf courses such as Southwoods is adjacent to the property.

Another subsidiary, Island King Aquaventures Corporations/owns a 150-hectare real estate property in Pontevedra, Capiz.

Item 3. Legal Proceedings

As of December 31, 2023, there are no material pending legalproceedings before any court or agency to which the Corporation or any of its subsidiaries is a party, except for tax credit certificates'cases now pending with the Sandiganbayan and the Ombudsman.

Item 4. Submission of Matters to a Vote of Security Holders

NOT APPLICABLE

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matter

(a) Market Price of and Dividends on Registrant's Common Equity andRelated Stockholder Matters.

(1) Market Information

FILSYN is registered with the Philippine Stock Exchange (PSE). The Exchange temporarily suspended the Company's trading of its shares in the market since there are no actual trading of its shares in the market for a long period of time.

Common shares outstanding which is listed with the PSE as of December 31, 2023 is172,819,683.

(2) Holders

The Company's total shareholders as of December 31, 2023 is 515.

The top 20 shareholders and their number of shares held are as follows:

TOP 20 SHAREHOLDERS

		No. of Shares	% of Total
1.	Trans-Pacific Oriental Holdings, Inc.	63,578,181	30.83
2.	Far Eastern Investment Holding Ltd.	45,065,670	21.85
3.	Malaysia Garment Manufacturers (Pte.) Ltd	33,426,498	16.21
4.	Development Bank of the Phils.	10,256,409	4.97
5.	PCD Nominee Corporation	9,100,829	4.41
6.	National Dev't. Company	6,814,453	3.30
7.	Equitable Banking Corporation	6,564,103	3.18
8.	Security Bank & Trust Co.	4,648,924	2.25
9.	Lepanto Consolidated Mining Co.	4,081,651	1.98
10.	PLLIM Investments, Inc.	2,894,000	1.40
11.	Pan Malayan Mgt. & Investment Corp.	2,393,658	1.16
12.	Phil. Carpet Mfg. Corp.	2,063,581	1.00
13.	Toyo Menka Kaisha Ltd.	1,844,568	0.89
14.	Abundance Providers and Entrepreneurs Corp.	1,600,807	0.78
15.	Tomen Corporation	1,161,737	0.56
16.	Equitable Leasing Corp.	772,305	0.37
17.	Equitable Dev't. Corp.	772,305	0.37
18.	Laguna Estates Dev't. Corporation	626,190	0.30
19.	Rexlon Industrial Corporation	589,492	0.28
20.	C.J. Yulo & Sons, Inc.	574,950	0.28

**The figures are based on the information from the Stock and Transfer Agent as of December 31, 2023*

(3) Dividends

There was no dividend declaration during the last two (2) years.

Item 6. Management's Discussion and Analysis or Plan of Operation

This is contained in the attached Management Report.

Item 7. Financial Statements

The financial statements and schedules required are filed as part of this Form 17-A (Refer to the accompanying Index to Financial Statement and Supplementary Schedule).

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There are no changes in and disagreements with accountant on accounting and financial disclosure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9.	**Directors and Executive Officers of the** **BOARD OF DIRECTORS** NAME	**Registrant** POSITION	NATIONALITY
	FLORENTINO HERRERA III DAVID WANG SAMUEL V. TORRES EVELYN LIM-FORBES RENATO V. DIAZ* MARIALEN C. CORPUZ	Director Director Director Director Director Director	Filipino Chinese Filipino Filipino Filipino Filipino
	BING CHANG ALAN TSAI AMY HUANG MA. BELINA B. MARIANO CONSOLACION A. SANCHEZ	Director Director Director Director Director	Filipino ChineseChinese Filipino Filipino

**Mr. Renato V. Diaz passed away on 7 February 2024.*

CORPORATE OFFICERS

NAME	POSITION
FLORENTINO M. HERRERA III	President and Chairman
APOLINARIO L. POSIO	Senior Vice President / Chief Financial Officer
MARINELA C. SANTOS	Treasurer
GIOVANNI C. LAYA	Accounting Manager& Auditor & Compliance Officer
ALAIN CHARLES J. VELOSO	Corporate Secretary *
MA. BELINA B. MARIANO	Asst. Corporate Secretary

Atty. Florentino M. Herrera III is the Chairman and President of Filsyn Corporation. He is the Founding Partner of Herrera Teehankee & Cabrera Law Offices (established in 1986). He has been engaged in the general practice of law for the past forty-six (46) years specializing in corporate law practice as counsel for various companies. He graduated from the University of the Philippines where he obtained his degrees in Bachelor of Arts in Political Science and Bachelor of Laws (Cum Laude and Salutatorian). Among others, he is the Chairman of FYN Green PET Corporation and Chairman/President of Arpeggio International Resources Corporation.

Ms. Consolacion A. Sanchez is a Certified Public Accountant by profession. She graduated from the University of the East in November 1969 with the degree of Bachelor of Science in Business Administration Major in Accounting. She is at present a Director/Treasurer of Far Eastern International Garments, Inc. and Cemtex Apparel, Inc.

Ms. Marialen C. Corpuz is the current President and a Director of FYN Green PET Corporation and a former Vice President for Finance of Filsyn Corporation (1992 – 1997). She graduated from the University of the Philippines with the degree of Bachelor of Science in Business Administration, Major in Financial Management. She received her Master's Degree in Business Administration from the University of the Philippines in 1979.

Mr. Chien-Cheng Wang aka David Wang is the Chief Financial Officer of Far Eastern New Century Corporation. Mr. Wang received a Master's Degree in Business Administration from Mississippi State University. He is a director of Filsyn Corporation, Trans Pacific Oriental Holding Company, Inc. and FYN Green PET Corporation.

Mr. Renato V. Diaz was an Independent Director of Filsyn Corporation. He was the Chairman and President of RVD Management Services & Holding Co., Inc. He was formerly the Executive Vice-President for Finance and Administration of Filsyn Corporation and Executive Vice-President of Island King Aquaventures Corporation up to May 1992. He was also the former Vice-President for Finance of The Manila Peninsula Hotel, Inc., Board member of Civil Aeronautics Board. He is likewise the former Undersecretary and Presidential Assistant for North Luzon and former Congressman, 1st District, Nueva Ecija. He passed away on 7 February 2024.

Atty. Samuel V. Torres is presently an Independent Director of Filsyn Corporation. He is presently the General Counsel of Pan Malayan Management & Investment Corporation of the Yuchengco Group of Companies. He also serves as the Corporate Secretary of various companies, i.e., House of Investments, Inc., iPeople, iNC., PetroEnergy Resources Corporation, Seafront Resources Corporation, Malayan Insurance Company, Inc., RCBC Bankard Services Corporation, RCBC Capital Corporation, RCBC Forex Brokers Corporation, RCBC Securities, Inc. and Sun Life Grepa Financial, Inc. He graduated from the University of the Philippines School of Economics with a degree in Bachelor of Science in Business Economics and took up Bachelor of Laws in the Ateneo de Manila University School of Law.

Mrs. Evelyn Lim-Forbes is currently the Executive Vice President & General Manager of Capital Storage Facilities Corporation; Vice- President of PLLIM Insurance Agency and Investments, Inc. and Director of Lipave Management Corporation. She attended - Asian Institute of Management (1974-1976); Georgetown University (1972-1974); New York University (Summer 1970); Bennet College Millbrook, New York (1968-1970); Assumption Convent, SLV (1956-1968).

Atty. Ma. Belina B. Mariano is presently a Director and the Assistant Corporate Secretary of Filsyn Corporation. She is also the Chairperson/President of Trans-Pacific Oriental Holding Company, Inc. since September 2017. She is a graduate of the Ateneo Law School and holds a Bachelor of Science degree Major in Mathematics and Physics from De La Salle University.

Mr. Min-Hsiung Tsai aka Alan Tsai is the Executive Vice President of Far Eastern New Century Corporation. Mr. Tsai received a Master's Degree in Operation Management and Laws Program for Executives from National Cheng Chi University in Taiwan.

Ms. Pei Tien Huang aka Amy Huang is presently a Senior Manager of Far Eastern Group's Legal Department. Ms. Huang received her double degree in Law and Business from Queensland University of Technology and was admitted as a member of Queensland Law Society in 2000. Before joining Far Eastern Group, Ms. Huang worked as a practicing lawyer in Australia.

Mr. Bing-Chiou Chang aka Bing Chang is the Chief Operating Officer of Far Eastern New Century Corporation. Mr. Chang received a Master's Degree in Industry Engineering from Yuan Ze University in Taiwan. He is a director of FYN Green PET Corporation.

Mr. Apolinario L. Posio is the Senior Vice President and Chief Finance Officer of Filsyn Corporation. He was formerly the Vice President-Finance & Accounting & Compliance Officer of Filsyn Corporation. He is a Certified Public Accountant by profession. He graduated from the University of Santo Tomas with a degree of Bachelor of Science in Commerce Major in Accounting. He is the Treasurer of FYN Green PET Corporation and Island King Aquaventures Corporation and a Director and Vice Chairman of TOTAL DEV Multi-Purpose Cooperative.

Atty. Alain Charles J. Veloso is currently the Corporate Secretary of Filsyn Corporation. He is a partner in Quisumbing Torres' Corporate & Commercial/M&A Practice Group and heads the firm's Capital Markets and Financial Institutions groups. He graduated from the University of the Philippines Tacloban College with a degree in BS Accountancy in 2001 (cum laude and batch salutatorian), from the University of the Philippines College of Law with a Bachelor of Laws degree in 2006 (cum laude and batch valedictorian), and EU Competition Law at the London School of Economics and Political Science in 2017. He is also a Certified Public Accountant.

Ms. Marinela C. Santos is currently the Treasurer and Head of Administration of Filsyn Corporation. She graduated from the College of the Holy Spirit in March 1972 with the degree of Bachelor of Science in Commerce, Major in Accounting.

Mr. Giovanni C. Laya is currently the Accounting Manager and Auditor and Compliance Officer of Filsyn Corporation. He is a Certified Public Accountant by profession. He graduated from the Lipa City Colleges in March 2011 with the degree of Bachelor of Science in Accountancy.

There are no family relationships among the directors and executive officers of the Corporation.

The business experiences stated therein for each of the directors and officers were forthe last five (5) years or so.

Item 10. Executive Compensation

(1) Executives

Gross compensation to Executives is as follows:

(In Million Pesos)
2021 0.9
2022 0.9
2023 0.9

(2) Director's per diem is Php 2,000.00 or a maximum of Php 24,000.00 per annum per director. There is no provision regarding per diem of directors per Board and Committee meeting. Directors' bonus may be declared during years when the Corporation reflects an income.

As of 31 December 2022, there were no bonuses and any other compensation received by the Directors and Executive Officers other than their regular compensation.

Item 11. Security Ownership of Certain Beneficial Owners and Management

1. Security Ownership of Certain Record and Beneficial Ownership as of December 31,2023*

Title of Class	Name & Address Record/Beneficial	Amount & Nature of Record/Beneficial Ownership	Percent of Class	No. of Shares
Common	Trans-Pacific Oriental Holding Co., Inc.	P317,890,905	30.83%	63,578,181
Common	Far Eastern Investment Holding, Limited	P225,328,350	21.85%	45,065,670
Common	Malaysia Garment Manufacturers (Pte) Ltd.	P102,564,100	16.21%	33,426,498

**Based on the list of stockholders as of December 31, 2023 as provided by the stock and transfer agent.*

The registrant has no parent company which holds at least 51% of the total outstanding capital.

Trans-Pacific Oriental Holding Co., Inc., Far Eastern Investment Holding, Limited and Malaysia Garment Manufacturers (Pte) Ltd.are the record and beneficial owners of their respective shares of stock.

The person who have the right to vote is David Wang for Far Eastern Investment Holding Limited and Malaysia Garment Manufacturers (Pte) Ltd.. and Atty. Ma. Belina B. Mariano for Trans- Pacific Oriental Holding Co., Inc.

2. Security Ownership of Management as of December 31, 2023

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Percent of Class	No. of Shares
Common	Evelyn Lim-Forbes	P 566,165	0.05%	113,233
Common	Renato V. Diaz	P 9,376	-	9,376
Common	Marialen C. Corpuz	P 636	-	1,040

The directors and executive officers as a group hold 0.05% of the total outstanding capital.

Item 12. Certain Relationships and Related Transactions

When FILSYN was still in normal manufacturing operations, the Company hasan agreement with two foreign suppliers who are Company stockholders for thesupply of the company's raw material requirements at prices to be determined at each calendar quarter by mutual agreement.

PART IV - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying Index to Exhibits

The following exhibit is filed as a separate section of this report:

- Subsidiaries of the registrant
- The other exhibits, as indicated in the Index to Exhibits are either notApplicable to the Company or require no answer.

(b) Reports on SEC Form 17-C

Reports on Form 17-C (Current Report) have been filed during the last quarter of2021

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 lastthree (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 feesand 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 extisting 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 beregistered 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 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 toreflect 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 thedevelopment project of said land must be approved by Preferred shareholders;
   - Exercise of Voting Right – The Preferred Shareholders shall not have a right tovote, 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.

In preparation for FYGP's registration with the PEZA, on February 21, 2020, a

Memorandum of Understanding and a Contract to Sell between J.Y.. and Sons Realty Co., Inc. and FYGP were executed regarding sale of a parcel of land with building and improvements, located at First Cavite Industrial Estate (FCIE), Dasmariñas City, Cavite. Which is a PEZA registered location. Finally, on November 25,2020, the sale was finalized and the property was physically turned over on February 1, 2021.

Furthermore, at the Board Meeting of PEZA, held on May 21, 2020, the Board approved the application for registration of FYGP as an Export Ecozone Enterprise.

On November 11, 2021, management filed the final restructuring project to SEC. Prior to submission of the project, management has already agreed the conversion of debt with its creditors and legal counsel. Management is securing all the necessary documents such as Deed of assignment to creditor and Director's certificate to support the final restructuring by SEC.

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a. There was no obstinate refusal on the part of the Company to comply with the directives of the Exchange and the Securities and Exchange Commission (“SEC”).
b. The Company, in utmost good faith, exerted serious efforts to comply with the SEC directives. All the corporate actions of Company on the matter were timely and promptly disclosed to the Exchange.
c. The SEC-Markets and Securities Regulation Department (“MSRD”) will only act on the Company’s amended registration statement after the approval of the Company’s financial restructuring plan being reviewed by the SEC- Financial Analysis and Audit Division (“FAAD”).
d. The Company will file its amended registration statement after it secures the SEC’s approval of its financial restructuring plan. Thereafter, the Company will request SEC-MSRD to issue the corresponding Order Lifting the Order of Revocation dated August 26, 2002 against the Company.
e. The conversion of the Company’s obligation to one of the Corporation’s major creditors, Malaysia Garment Manufacturers Pte. Ltd, amounting to One Billion Three Hundred Eighty-Nine Million Nine Hundred Sixty-One Thousand Eight Hundred Twenty-Eight Pesos (P1,389,961,828.00) into equity has effectively wiped-out the deficit amounting to Six Hundred Eighty-Nine Million Thirty-One Thousand One Hundred Forty-Six Pesos (P89,031,146.00). The debt-to-equity conversion is part of the financial restructuring plan being carried out by the Company. The deficit would have been wiped-out had the SEC-FAAD approved the Company’s financial restructuring plan.
f. The involuntary delisting will be prejudicial to the Company’s stockholders who have been expecting that the trading suspension will be lifted soon and the financial restructuring plan approved in light of the actions being actively undertaken by the Company.
g. In 2019, parallel to its efforts to solve its capital deficiency, the Company incorporated FYN Green PET Corporation (“FYGP”), a 100% wholly owned subsidiary, to provide cash flow and steady stream of revenues. FYGP will commence its commercial operations in May 2023.

The Company therefore requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.

On May 2, 2023, the Corporation received the PSE’s *Letter-Decision* dated April 28, 2023 granting the Corporation’s request to:

(3) Suspend the involuntary delisting proceedings against the Corporation; and

(4) Allow the Corporation until December 29, 2023 to complete the requirements of the SEC to amend its registration statement and its application for its financial restructuring plan, thereby obtaining (a) an effective registration of securities and permit to sell securities with the SEC and (b) attaining a positive stockholders’ equity.

The Corporation requested for an extension from the PSE for its December 29, 2023 deadline to complete the SEC requirements relating to the Corporation’s application for the approval of its Amended Registration Statement.

The PSE, in its Letter dated January 31, 2024, granted the Corporation’s request for a six (6)-month non-extendible extension or until June 26, 2024 to complete the requirements of the SEC and obtain an effective registration of securities and permit to sell securities with the SEC; and (ii) to maintain the suspension of the involuntary delisting proceedings against the

Corporation until the issuance of SEC's decision on the Corporation's application for the approval of its Amended Registration Statement or until June 26, 2024 whichever is earlier.

A. FINANCIAL DATA

		Dec. 2023	Dec. 2022
		(In Million Pesos)	
• Balance Sheet			
Total Assets	P	1,909	2,006
Total Current Liabilities (incl. MTI loans)		978.7	2,500
Deficit		69.6	1,973
P & L			
Revenues		623.3	55.0
Operating Exp.		62.9	75.9
Net Loss		41.1	90.5

B. FINANCIAL ANALYSIS

- Assets - The variance of assets as of the end of December 31, 2023 compared to year 2022 represents depreciation of property and equipment for the year 2023.
- Total current liabilities - The net decrease is mainly due to the conversion of the debt to equity of the parent company.
- Cash Flow - The sources of funds consist of warehouse rental lease income of the parent company and its subsidiary in Roxas, Capiz and revenue from sales of the subsidiary in Dasmariñas, Cavite. These were utilized to finance the regular operating and administrative expenses of the Group.

The financial statements have been prepared in conformity with generally accepted accounting principles. Management maintains system of accounting and reporting which provides for the necessary internal controls. There were no significant deficiencies and weaknesses on internal control and fraud committed by employees. There were no changes in estimates without proper disclosure which have the impact of improving results of operations and non-application or misapplication of accounting principles and standards, misstatements and omissions. There were no advances from Directors, officers, employees and principal stockholders and related parties of the company or its related parties for the year ended December 31, 2023.

Independent external auditors, Sycip, Gorres, Velayo & Co. were appointed by the Stockholders.

<signature follows>

SIGNATURES

Pursuant to the requirement of Section 17 of the SRC 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 City on

APR 3 0 2024.

APOLINARIO L. POSIO
Executive Vice President / Chief Financial Officer

MAKATI CITY

SUBSCRIBED AND SWORN to before me this APR 3 0 2024 affiant exhibiting to me his Government Issued ID, as follows:

Name	**Passport ID #**	**Date Issued**	**Expiry Date**
Apolinario L. Posio	P3043199C	Jan. 25, 2023	Jan. 24, 2033

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2024
IBP No. 05729-Lifetime Member
MCLE Compliance No. VII-0022734
Appointment No. M-39 (2023-2024)
PTR No. 9563522 Jan. 3, 2023
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy Pio Del Pilar, Makati City

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Book No. XXI
Series of 2024.

FILSYN
Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Filsyn Corporation and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

FLORENTINO M. HERRERA III
Chairman and President

APOLINARIO L. POSIO
Executive Vice President and Chief Financial Officer

Signed this ________ day of ________

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

MAKATI CITY

SUBSCRIBED AND SWORN to before me this APR 3 0 2024 day of 2024, affiants exhibiting to me their competent evidence of identity to be the same persons, as follows:

Name	Passport ID No..
Florentino M. Herrera III	P2337037B
Apolinario L. Posio	P3043199C

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2024
IBP No. 05729-Lifetime Member
MCLE Compliance No. VII-0022734
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Doc No. 86;
Page No. 19;
Book No. XX;
Series of 2024.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	3	5	8	4	1		

COMPANY NAME

FILSYN CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRM	N/A

COMPANY INFORMATION

Group's Email Address	Group's Telephone Number	Mobile Number
info@filsyncorp.com	N/A	09673155296

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
515	September 15	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Apolinario L. Posio	info@filsyncorp.com	N/A	09673155296

CONTACT PERSON's ADDRESS

Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies*

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
FILSYN Corporation
Unit 8, 5B The Pearlbank Centre
146 Valero St., Salcedo Village, Makati City

Opinion

We have audited the consolidated financial statements of FILSYN Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and consolidated statements of comprehensive income, consolidated statements of changes in equity (capital deficiency) and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2023, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Accounting for Equity Restructuring

The Parent Company entered into an equity restructuring as approved by the Philippine Securities and Exchange Commission (SEC) on June 26, 2023. The equity restructuring resulted to the decrease in capital stock by ₱664.4 million, increase in additional paid-in capital by ₱191.8 million, decrease in the restructured loans and its related accrued interest by ₱1,390.0 million and decrease in deficit by ₱1,862.6 million . We considered this as a key audit matter because of the materiality of the amounts involved.

The disclosures in relation to the equity restructuring are included in Notes 13 and 14 to the consolidated financial statements.

Audit Response

We obtained the certificates of approval of decrease and subsequent increase of capital stock and the related certificates of filing of the Amended Articles of Incorporation and the Certificate of Equity Restructuring supporting the SEC's approval of the transaction. From the certificates obtained, we checked the accounting entries made by the Parent Company to record the transactions. We also reviewed the completeness of the Group's disclosure on equity restructuring.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023, which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Editha V. Estacio.

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
Tax Identification No. 178-486-845
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026
PTR No. 10079934, January 5, 2024, Makati City

May 6, 2024

FILSYN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱38,264,426**	₱89,351,228
Trade receivables (Note 5)	**21,812,374**	1,945,219
Inventories (Note 6)	**42,496,249**	109,428,877
Prepayments and other current assets - net (Note 7)	**16,148,308**	21,290,618
Total Current Assets	**118,721,357**	222,015,942
Noncurrent Assets		
Investment properties - at deemed cost (Note 11)	**918,167,147**	918,167,147
Property and equipment - net (Note 10)	**824,444,463**	828,011,349
Retirement plan assets - net (Note 22)	**21,352,885**	26,517,803
Noncurrent financial asset (Note 4)	**20,000,000**	–
Advances to contractors (Note 10)	**4,334,762**	11,332,084
Investments in associates (Note 8)	**1**	1
Other noncurrent assets (Note 9)	**2,069,617**	–
Total Noncurrent Assets	**1,790,368,875**	1,784,028,384
TOTAL ASSETS	**₱1,909,090,232**	₱2,006,044,326
LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)		
Current Liabilities		
Accounts and other payables (Note 12)	**₱116,462,430**	₱756,890,274
Loans payable (Note 13)	**694,893,500**	638,394,750
Current portion of long-term debt (Notes 13 and 21)	**166,110,000**	1,097,397,682
Due to a related party (Note 21)	**1,000,000**	6,000,000
Dividends payable (Note 14)	**156,087**	156,087
Income tax payable	**44,855**	1,072,887
Total Current Liabilities	**978,666,872**	2,499,911,680
Noncurrent Liabilities		
Deferred tax liabilities (Note 20)	**118,068,230**	118,639,959
Deposit for future stock subscription (Note 21)	**249,165,000**	250,897,500
Total Noncurrent Liabilities	**367,233,230**	369,537,459
Total Liabilities	**1,345,900,102**	2,869,449,139
Equity (Capital Deficiency) Attributable to Equity Holders of the Parent		
Capital stock (Note 14)	**366,858,160**	1,031,230,905
Additional paid-in capital	**335,372,611**	143,589,745
Remeasurement loss on retirement plan assets - net (Note 22)	**(6,049,797)**	(1,537,789)
Cumulative translation adjustments (Note 14)	**(47,268,998)**	(47,358,067)
Deficit	**(69,619,197)**	(1,973,190,658)
	579,292,779	(847,265,864)
Non-controlling Interests (Note 23)	**(16,102,649)**	(16,138,949)
Total Equity (Capital Deficiency)	**563,190,130**	(863,404,813)
TOTAL LIABILITIES AND EQUITY (CAPITAL DEFICIENCY)	**₱1,909,090,232**	₱2,006,044,326

See accompanying Notes to Consolidated Financial Statements.

FILSYN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUES			
Sales	**₱574,067,827**	₱–	₱–
Rental (Note 11)	**49,199,912**	55,002,672	52,224,845
	623,267,739	55,002,672	52,224,845
COSTS AND OPERATING EXPENSES			
Cost of Sales (Note 17)	**(474,037,600)**	–	–
Operating Expenses (Note 17)	**(62,855,467)**	(75,935,743)	(46,049,764)
OPERATING INCOME (LOSS)	**86,374,672**	(20,933,071)	6,175,081
OTHER INCOME (EXPENSES) - net			
Interest expense and bank charges (Notes 13 and 18)	**(47,570,468)**	(49,235,010)	(27,183,385)
Interest income (Note 4)	**1,225,226**	57,026	61,342
Other income (expense) - net (Note 19)	**2,249,003**	(14,226,318)	(8,700,843)
	(44,096,239)	(63,404,302)	(35,822,886)
INCOME (LOSS) BEFORE INCOME TAX	**42,278,433**	(84,337,373)	(29,647,805)
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 20)	**(1,222,379)**	(6,156,141)	18,064,497
NET INCOME (LOSS)	**41,056,054**	(90,493,514)	(11,583,308)
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Movements in cumulative translation adjustment (Note 14)	**89,069**	(17,276,936)	(31,431,890)
Remeasurement gain (loss) on retirement plan assets (Note 22)	**(6,016,011)**	(316,933)	223,518
Income tax effect	**1,504,003**	79,233	(55,880)
Other comprehensive income (loss), net of tax	**(4,422,939)**	(17,514,636)	(31,264,252)
TOTAL COMPREHENSIVE INCOME (LOSS), NET OF TAX	**₱36,633,115**	(₱108,008,150)	(₱42,847,560)
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent	**₱41,019,754**	(₱90,493,239)	(₱11,868,290)
Non-controlling interests (Note 23)	**36,300**	(275)	284,982
	₱41,056,054	(₱90,493,514)	(₱11,583,308)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent	**₱36,596,815**	(₱108,007,875)	(₱43,132,542)
Non-controlling interest (Note 23)	**36,300**	(275)	284,982
	₱36,633,115	(₱108,008,150)	(₱42,847,560)
INCOME (LOSS) PER SHARE (Note 15)			
Basic net income (loss) attributable to equity holders of the Parent Company	**₱0.0363**	(₱0.5236)	(₱0.0687)
Diluted net income (loss) attributable to equity holders of the Parent Company	**₱0.0085**	(₱0.5236)	(₱0.0687)

See accompanying Notes to Consolidated Financial Statements.

FILSYN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 and 2021

	Equity attributable to equity holders of the parent							
	Capital Stock (Note 14)	Additional Paid-in Capital (APIC)	Remeasurement Gain (Loss) on Retirement Plan Assets (Note 22)	Cumulative Translation Adjustment (Note 14)	Deficit (Note 14)	Total	Non-controlling Interest (Note 23)	Total Capital Deficiency
Balances at January 1, 2021	₱1,031,230,905	₱143,589,745	(₱1,467,727)	₱1,350,759	(₱1,870,829,129)	(₱696,125,447)	(₱16,423,656)	(₱712,549,103)
Net income (loss)	–	–	–	–	(11,868,290)	(11,868,290)	284,982	(11,583,308)
Cumulative translation adjustment	–	–	–	(31,431,890)	–	(31,431,890)	–	(31,431,890)
Remeasurement gain on retirement plan assets, net of tax (Note 22)	–	–	167,638	–	–	167,638	–	167,638
Total comprehensive loss	–	–	167,638	(31,431,890)	(11,868,290)	(43,132,542)	284,982	(42,847,560)
Balances at December 31, 2021	₱1,031,230,905	₱143,589,745	(₱1,300,089)	(₱30,081,131)	(₱1,882,697,419)	(₱739,257,989)	(₱16,138,674)	(₱755,396,663)
Net loss	–	–	–	–	(90,493,239)	(90,493,239)	(275)	(90,493,514)
Cumulative translation adjustment	–	–	–	(17,276,936)	–	(17,276,936)	–	(17,276,936)
Remeasurement loss on retirement plan assets, net of tax (Note 22)	–	–	(237,700)	–	–	(237,700)	–	(237,700)
Total comprehensive loss	–	–	(237,700)	(17,276,936)	(90,493,239)	(108,007,875)	(275)	(108,008,150)
Balances as at December 31, 2022	₱1,031,230,905	₱143,589,745	(₱1,537,789)	(₱47,358,067)	(₱1,973,190,658)	(₱847,265,864)	(₱16,138,949)	(₱863,404,813)
Net income	–	–	–	–	41,019,754	41,019,754	36,300	41,056,054
Cumulative translation adjustment	–	–	–	89,069	–	89,069	–	89,069
Remeasurement loss on retirement plan assets, net of tax (Note 22)	–	–	(4,512,008)	–	–	(4,512,008)	–	(4,512,008)
Total comprehensive income (loss)	–	–	(4,512,008)	89,069	41,019,754	36,596,815	36,300	36,633,115
Equity Restructuring (Note 14)								
Reduction in par value of common stock	(928,107,815)	928,107,815	–	–	–	–	–	–
Debt-to-equity conversion	263,735,070	1,126,226,758	–	–	–	1,389,961,828	–	1,389,961,828
Application of APIC to deficit	–	(1,862,551,707)	–	–	1,862,551,707	–	–	–
Net effect of Equity Restructuring	(664,372,745)	191,782,866	–	–	1,862,551,707	1,389,961,828	–	1,389,961,828
Balances at December 31, 2023	**₱366,858,160**	**₱335,372,611**	**(₱6,049,797)**	**(₱47,268,998)**	**(₱69,619,197)**	**₱579,292,779**	**(₱16,102,649)**	**₱563,190,130**

See accompanying Notes to Consolidated Financial Statements.

FILSYN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (Loss) before income tax	**₱42,278,432**	(₱84,337,373)	(₱29,647,805)
Adjustments for:			
Interest expense (Note 13)	**43,002,522**	38,823,208	27,183,385
Depreciation expense (Note 17)	**31,789,963**	14,300,422	13,641,594
Interest income (Notes 4 and 18)	**(1,225,226)**	(57,026)	(61,342)
Unrealized foreign exchange (gains) losses - net	**(1,155,000)**	(3,008,936)	9,041,711
Retirement expense (income) (Note 22)	**(851,093)**	86,567	86,567
Movement in retirement plan assets (Note 22)	**–**	316,933	223,518
Changes in working capital:			
Decrease (increase) in:			
Trade receivables	**(19,867,155)**	1,232,809	(1,236,421)
Inventories	**66,932,628**	(109,428,877)	–
Prepayments and other current assets	**5,657,030**	(14,296,862)	(9,303,997)
Increase (decrease) in accounts and other payables	**(185,471,722)**	231,229,925	(11,306,362)
Net cash generated from (used in) operations	**(18,909,621)**	74,860,790	(1,379,152)
Interest paid	**(37,673,632)**	(15,348,243)	(12,261,181)
Income taxes paid	**(2,295,265)**	(4,973,319)	(3,306,838)
Interest received	**746,804**	57,026	61,342
Net cash flows from (used in) operating activities	**(58,131,714)**	54,596,254	(16,885,829)
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in property, plant and equipment (Note 10)	**(33,792,044)**	(298,909,867)	(3,518,565)
Increase in noncurrent assets	**(20,000,000)**	–	–
Decrease (increase) in advances to contractors (Note 10)	**6,997,322**	(11,332,084)	–
Increase in noncurrent financial assets	**(2,069,617)**	–	–
Net Cash flows used in investing activities	**(48,864,339)**	(310,241,951)	(3,518,565)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans payable (Note 13)	**60,907,000**	33,453,000	12,749,750
Increase (decrease) in due to a related party	**(5,000,000)**	6,000,000	–
Proceeds from deposit for future stock subscription (Note 21)	–	250,897,500	–
Net cash flows from financing activities	**55,907,000**	290,350,500	12,749,750
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(51,089,053)**	34,704,803	(7,654,644)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	**2,251**	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**89,351,228**	54,646,425	62,301,069
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱38,264,426**	₱89,351,228	₱54,646,425

See accompanying Notes to Consolidated Financial Statements.

FILSYN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Corporate Information
Filsyn Corporation (the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 22, 1968 and is domiciled in the Republic of the Philippines. The Parent Company's shares are publicly listed but trading of which have been suspended.

The Parent Company's primary purpose is to carry on the business of making, manufacturing, preparing, dyeing, processing, treating, finishing, and converting all kinds of fibers, filaments, and materials, whether polyester, nylon, acrylic, rayon, cotton, wool, silk, hemp, flex and jute, and to make, manufacture, produce, raise, prepare, process, purchase, or otherwise acquire, and to hold, own, use, sell at wholesale, import, export, dispose of or otherwise trade or deal in with, such fibers, filaments and materials, any and all kinds of yarns, threads, textiles, fabrics, cloth, and other goods and components spun, woven, knit or made in whole or in part of such fibers, filaments, or materials, or any of them, and all other articles, products, chemicals and substances related thereto or of a like or similar nature or which may enter into manufacture of any of the foregoing or which may be used in connection therewith.

The registered office address of the Parent Company is Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City.

The following are the subsidiaries of the Parent Company which were all incorporated in the Philippines as at December 31, 2023, 2022 and 2021:

Subsidiaries	Nature of Business	Percentage of Ownership
FYN Green PET Corporation (FYGP)	Manufacturing	100%
Island King Aquaventures Corporation (IKAC)	Leasing	77%
SRTC Development Corporation (SRTC)	Under liquidation	57%

FYGP was registered with the Philippine SEC on June 6, 2019 primarily for recycling of waste Polyethylene Terephthalate (PET) bottles into resin to be used as feedstock for manufacture of Filament and Food Grade Chip. The registered office address of the Company is First Cavite Industrial Estate, Lot 2, Block 1, Phase 3, Langkaan II Dasmarinas City, Cavite.

IKAC was registered with the Philippine SEC on September 15, 1986 primarily to engage in the business of aquaculture and related activities. The registered office address of the Company is Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City.

SRTC was registered with the Philippine SEC on April 30, 1992 primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease and hold for investment or otherwise, real estate of all kinds, and to improve, manage or otherwise dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances. The registered office address of the Company is Unit 8, 5B Floor, Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City.

The Parent Company and subsidiaries are collectively referred to as “the Group”.

Status of Operations
In 2002, the SEC issued Order of Revocation of the Parent Company's Registration of Securities and Permit to Sell Securities to the public.

Following the cessation of its operation in 2005, the operations of the Company is now primarily focused on leasing of its investment properties.

On October 24, 2016, the PSE issued a letter to the Parent 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 ₱1.2 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 Parent Company responded to the PSE that discussions are ongoing on the first three items above with the appropriate parties. Management believes that the development of the land in Sta. Rosa Laguna will increase its value and bring the Parent Company's equity from negative to positive.

In September 2017, the BOD and stockholders of the Parent Company approved a business plan, which consists of the following phases:

- Financial restructuring subject to Philippine SEC approval;
- Development of the Sta. Rosa property; and
- A new business activity of recycling Polyethylene Terephthalate (PET) to be registered with the Philippine Economic Zone Authority

In relation to the financial restructuring, in September 2018, the BOD approved the following:

A. Amendment of the Seventh Article of the Parent Company's AOI to reflect the following:

   1. Reduction of par value from ₱5.00 per share to ₱2.50 per share

   2. Creation of Preferred Shares

   3. Reclassification of 33,426,498 Common Shares (Class B) to Preferred Shares

B. Conversion of debt to equity (see Note 13)

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

   On September 20, 2018, the BOD formally authorized the filing of the Amended Registration Statement with the SEC which was filed on October 30, 2018.

   On July 23, 2019, the Parent Company filed its application for amendment of AOI with the SEC. On September 25, 2019, The SEC provided their initial comments on the application for amendment of AOI.

On November 11, 2021, the BOD approved the further amendments in the Seventh Article of the AOI which revoked and superseded September 21, 2018 resolutions approving the amendments to the Seventh Article of the AOI. The BOD approved the following:

1. Decrease in Authorized Capital Stock and Reclassification or Conversion of 33,426,498 Class B Shares into 33,4266,498 Preferred Shares

   This include the following approvals of the BOD:

   a. Reduction in the par value of all common shares from ₱5.00 per share to ₱0.50 per share,
   b. Decrease in the authorized capital stock from ₱1,200,000,000 to ₱120,000,000, and
   c. Classification of capital contributed in excess of the reduced par value as additional paid in capital
   d. Reclassification of the 33,426,498 Class B common shares held by Malaysia Garment Manufacturers (Pte) Ltd. (Malaysia Garments), a company incorporated in Singapore and a related party, into 33,426,498 Preferred Shares with the following features:

      i. Preemptive Right - The Preferred Shareholders shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios
      ii. Dividends - The Preferred Shareholders shall bear preferential dividends at the rate of 5% per annum of total debt converted in the amount of ₱1,389,961,828.
      iii. Exercise of Voting Right - The Preferred Shareholders shall not have a right to vote, except on matters specified in Section 6 of the Revised Corporation Code of the Philippines and those relative to the development of the Sta. Rosa Property; and
      iv. Convertibility - The Preferred Shareholders shall, at their option, have the right to convert their preferred shares to common shares using 16.78:1 conversion ratio at ₱0.50 per share.

2. Increase in Capital Stock

   The BOD approved the increase of the Parent Company's authorized capital stock from ₱120,000,000 to ₱647,306,477 which consists of:

   a. 440,229,812 Class "A" common shares with par value of ₱0.50 per share, or an aggregate par value of ₱220,114,906;
   b. 293,486,507 Class "B" common shares with a par value of ₱0.50 per share, or an aggregate par value of ₱146,743,253.50; and
   c. 33,426,498 Preferred Shares, with a par value of ₱8.39 per share (increased from ₱0.50), or an aggregate par value of ₱280,448,318, with Malaysia Garments subscribing to the increase in the par value of the 33,426,498 Preferred Shares amounting to ₱263,735,069 by way of converting debt owed to it by the Corporation as of December 31, 2020 amounting to ₱1,389,961,828 to equity, with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital

      The BOD also approved the subscription by Malaysia Garments to the increase in the par value of the 33,426,498 Preferred Shares, and the conversion of debt owed to it by the Parent Company as of December 31, 2020 amounting to ₱1,389,961,828 to equity as payment for the aforesaid 33,426,498 Preferred Shares with the excess of the debt over the par value of preferred shares recorded as Additional Paid In Capital.

3. Use of Additional Paid in Capital to Wipe Out Deficit

   The BOD approved the use of the Additional Paid In Capital resulting from: (a) the existing Additional Paid in Capital; (b) the decrease of capital through the reduction of par value; and (c) the conversion of the existing liability to Malaysia Garments to wipe out all the accumulated deficit of the Parent Company.

On November 11, 2021, management filed the final restructuring project to SEC. Prior to submission of the project, management has already agreed the conversion of debt with its creditors and legal counsel.

On May 30, 2022, a Deed of Assignment on the loan was entered between Malaysia Garment and the Parent Company in which the former unconditionally and irrevocably assigns, cedes, transfers and conveys unto the Parent Company all of its title, right and interests to receive the payment for the debt as payment for the subscription price, thereby converting the debt into equity.

In addition, the related parties, Malaysia Garments and Trans-Pacific Oriental Holding Company, Inc. (Trans-Pacific), have undertaken to support the Parent Company financially by not demanding payment of loans due to the former. Accordingly, the financial statements have been prepared on a going concern basis.

On March 29, 2023, management completed all the aforementioned documents required by the SEC.

On April 4, 2023, the Parent Company was notified by the SEC that it is ready to issue its assessment on the planned restructuring project upon issuance of the SEC-Markets and Securities Regulation Department (MSRD) clearance. Thereafter, a Payment Request Form was issued to the Parent Company, which signified the acceptance of the SEC on the application to proceed with filing.

On June 26, 2023, the SEC approved simultaneously the Parent Company's amendments to the Articles of Incorporation, decrease/ increase in authorized capital stock and equity restructuring (see Note 14). With the SEC approval, the Parent Company can now focus on the operations and expansion of its subsidiary, FYN Green PET Corporation (FYGP), and the development of its 30 - hectare property located in Sta. Rosa City, Laguna.

Notice of Involuntary Delisting

On February 3, 2023, the Parent Company received a Notice of Involuntary Delisting from the Philippine Stock Exchange (PSE).

On April 3, 2023, representatives of the Parent Company participated in a hearing conducted by the Exchange relating to the involuntary delisting proceedings involving the Parent Company. The Parent Company then requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until the end of 2023.

The grounds for the initiation of involuntary delisting proceedings involving Parent Company are due to the (a) revocation of its registration of securities and permit to sell securities; and (b) negative stockholders' equity.

In the said hearing, the Parent Company raised the following arguments:

a. There was no obstinate refusal on the part of the Parent Company to comply with the directives of the Exchange and the Securities and Exchange Commission (SEC).
b. The Parent Company, in utmost good faith, exerted serious efforts to comply with the SEC directives. All the corporate actions of Parent Company on the matter were timely and promptly disclosed to the Exchange.
c. The SEC-Markets and Securities Regulation Department (MSRD) will only act on the Parent Company's amended registration statement after the approval of the Parent Company's financial restructuring plan being reviewed by the SEC- Financial Analysis and Audit Division (FAAD).
d. The Parent Company will file its amended registration statement after it secures the SEC's approval of its financial restructuring plan. Thereafter, the Parent Company will request SEC-MSRD to issue the corresponding Order Lifting the Order of Revocation dated August 26, 2002 against the Parent Company.
e. The conversion of the Parent Company's obligation to one of the Corporation's major creditors, Malaysia Garment Manufacturers Pte. Ltd, amounting to ₱1,390.0 million into equity has effectively wiped-out the deficit amounting to ₱689.0 million. The debt-to-equity conversion is part of the financial restructuring plan being carried out by the Parent Company. The deficit would have been wiped-out had the SEC-FAAD approved the Parent Company's financial restructuring plan.
f. The involuntary delisting will be prejudicial to the Parent Company's stockholders who have been expecting that the trading suspension will be lifted soon and the financial restructuring plan approved in light of the actions being actively undertaken by the Parent Company.
g. In 2019, parallel to its efforts to solve its capital deficiency, the Parent Company incorporated FYN Green PET Corporation ("FYGP"), a 100% wholly owned subsidiary, to provide cash flow and steady stream of revenues. FYGP will commence its commercial operations in May 2023.

The Parent Company therefore requested the Exchange that the involuntary delisting proceedings be suspended; and it be allowed to complete the requirements for its amended registration statement and application for the financial restructuring plan with the Securities and Exchange Commission until June 26, 2024.

The PSE, in its Letter dated 31 January 2024, granted the Parent Company's request for a six (6)-month non-extendible extension or until 26 June 2024 to complete the requirements of the SEC and obtain an effective registration of securities and permit to sell securities with the SEC; and (ii) to maintain the suspension of the involuntary delisting proceedings against the Parent Company until the issuance of SEC's decision on the Parent Company's application for the approval of its Amended Registration Statement or until 26 June 2024 whichever is earlier.

Subsidiaries

FYN Green PET Corporation (FYGP) was organized under Philippine Laws and was registered with the SEC on June 6, 2019. FYGP is primarily involved in the production of high-quality filament grade recycled PET chips (R-Chips) and the importation of raw materials, machinery, equipment, tools, goods, wares, articles, or merchandise directly used in its registered operations at First Cavite Industrial Estate - Special Economic Zone. FYGP started commercial operations on May 5, 2023.

IKAC ceased its normal operations as a producer of prawns and bangus and started renting out its investment property in 2012. The AOI of IKAC states that IKAC may purchase or lease, or otherwise, lands and interest in lands and building; own, hold, improve, develop and manage any real estate so acquired and erect or cause to be erected buildings or other structures with their appurtenances on any lands owned, held or occupied by the corporation; rebuild, enlarge, alter or improve any buildings or other structures now or hereafter erected on any lands so owned, held or occupied; mortgage, sell, lease, or otherwise dispose in any stores, shops, suites, rooms or part of any buildings, or other structures, at any time owned or held by the corporation as one of its secondary purposes.

SRTC has never started commercial operations. In April 2000, SRTC sold its primary asset, a 40 ha. Property in Sta. Rosa, Laguna, to Greenfield Development Corporation. SRTC used the proceeds of the said sale to settle its bank loans, pay substantially all its other liabilities and distribute advance liquidating dividends. On September 25, 2014, the stockholders approved the amendment of SRTC's AOI to shorten its life until December 31, 2014. Final liquidation will take place after approval of SRTC's liquidation application with the Philippine SEC. As at May 6, 2024, SRTC is in the process of accomplishing requirements needed for the cancellation of its registration with Bureau of Internal Revenue and Philippine SEC.

Authorization for Issuance of the Consolidated Financial Statements
The financial statements of the Group as at and for the years ended December 31, 2023 and 2022 were authorized for issuance by the Group's BOD on May 6, 2024.

2. Basis of Preparation and Consolidation and Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The consolidated financial statements have been prepared on a historical cost basis and are presented in Philippine peso, the Group's functional and presentation currency. All values are rounded to the nearest peso except when otherwise indicated.

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In 2023, the Group adopted the Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies.*

The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group applied the materiality guidance in its 2023 accounting policy disclosures.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at December 31 of each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has all of the following:

- Power over the investee (i.e., existing rights that give the ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity while resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The Group applied the materiality guidance in its 2023 accounting policy disclosures.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial Assets

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement
Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at December 31, 2023 and 2022, the Group's financial assets at amortized cost pertains to cash and cash equivalents, trade receivables, refundable deposits under 'prepayments and other current assets', advances to subsidiaries and long term time deposits under 'Noncurrent financial assets'. The Group has no financial assets at fair value through OCI and financial assets at fair value through profit or loss as at December 31, 2023 and 2022.

Impairment
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and refundable deposits, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. The Group recognizes an allowance based on 12-month ECLs. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b. Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities are in the nature of payables. As at December 31, 2023 and 2022, the Group has no financial instruments classified as financial assets and liabilities at FVPL or as derivatives designated as hedging instruments in an effective hedge.

Subsequent Measurement
After initial recognition, payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This accounting policy applies to the Group's accounts and other payables, restructured loans and loans payable to a stockholder.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the moving average method and standard cost method. This includes all costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

Investment in Associates

The Group's investment in associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the impairment in profit or loss.

Investment Properties

Investment properties consist of land which are measured at deemed cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated impairment in value.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

A transfer is made to investment properties when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

The Group's investment property consists of land held to earn rentals and for capital appreciation.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value.

The initial cost of an item of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to expense in the period the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of land and building beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Construction in progress is stated at cost, net of accumulated impairment losses, if any. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and are available for use.

Depreciation, which commence when the assets are available for their intended use, are computed using the straight-line method over the following estimated useful lives of the assets:

	Number of Years
Building	20
Machinery and plant equipment (long life)	15
Furniture and fixtures	7
Office equipment	5
Transportation equipment	5
Machinery and plant equipment (short life)	3 - 5

Depreciation begins when the item of property, plant and equipment becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with *PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The assets' estimated residual values, if any, estimated useful lives and depreciation and amortization methods are reviewed periodically at each end of the reporting period to ensure that these are consistent with the expected pattern of economic benefits from the items of property, plant and equipment. A change in the useful lives or expected pattern of consumption of the future economic benefits embodied in property, plant and equipment is accounted for as a change in accounting estimates and thus, shall be recognized prospectively in accordance with PAS 8, *Accounting Policies, Changes in Estimates and Errors.*

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognized.

When assets are retired or otherwise disposed of, their cost, accumulated depreciation and amortization and any allowance for impairment loss are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further depreciation is charged to current operations.

Deposit for Future Subscriptions
An entity shall classify a contract to deliver its own equity instruments under equity as a separate account (e.g., Deposit for Stock Subscription) from "Outstanding Capital Stock" if and only if, all of the following requirements are present as of the end of the reporting period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been presented for filing or has been filed with the Commission

The Group classifies Deposit for future stock subscription as liability if the above requirements have not been met.

Capital Stock
The Group has issued common issued common and preferred shares that are classified as equity.

The preference shares carry a dividend yield of 5% per annum from the converted debt, payable annually. The dividend rights are cumulative. The preference shares rank ahead of the ordinary shares in the event of a liquidation.

Cumulative Translation Adjustment
Cumulative translation adjustment represents exchange differences in the remeasurement of accounts of FYGP in the consolidated financial statements having a different functional currency from the Parent Company.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group has concluded that it is the principal in all of its revenue arrangements. Revenue is measured at fair value of the consideration received or receivable, taking into account contractually deferred terms of payment and excluding taxes or duty.

Sale of Goods
Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration and consideration payable to the customer. The normal credit term is 30 days upon delivery. There is no further disaggregation on the Group's revenue from sale of goods

Rental Income
Revenue from rental of leased property is recognized in the Group's consolidated statement of comprehensive income on a straight-line basis over the term of the lease agreement as the Group substantially retains all the risks and benefits of the ownership of the asset.

Interest Income
Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable. Revenue is recognized as the interest accrues taking into account the effective yield of the asset.

Other Income
Other income arising from Common Area Maintenance (CAM) are presented net of cost as 'other income' as it is not the main source of the Parent Company's revenue and is not material to the financial statements.

Costs and Expenses
Costs and expenses are decreases in economic benefits during the reporting date in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are generally recognized in the consolidated statement of comprehensive income in the period these are incurred.

Income Taxes
Current Income Tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in consolidated statement of comprehensive income.

Deferred Tax
Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Retirement Plan Assets
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting date reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net amount of service costs and net interest on the net defined benefit liability or asset is recognized as 'Interest expense' or 'Interest income' in the parent company statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

The Group has a defined benefit retirement plan which requires contributions to be made to trustee-administered funds. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. All actuarial gains and losses are recognized in the OCI under remeasurement loss on retirement plan assets.

Foreign currencies

The Group's consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional and presentation currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and Balances. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing on the period of the transaction. Monetary assets and liabilities denominated in foreign currency are re-translated at the functional currency spot rate of exchange prevailing at the financial reporting date.

All differences are recognized in the consolidated statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Group Companies. The Philippine peso is the currency of the primary economic environment in which the parent Company and all other subsidiaries operate, except for FYGP.

The financial statements of the consolidated subsidiary with functional currency other than the Philippine peso are translated to Philippine peso as follows:

- Assets and liabilities using the closing rate of exchange prevailing at the financial reporting date;
- Components of equity using historical exchange rates; and
- Income and expenses using the weighted average exchange rate for the year.

The exchange differences arising on the translation are recognized as other comprehensive income (loss) under "Cumulative translation adjustments" account. Upon disposal of any of these subsidiaries and associates, the deferred cumulative amount recognized in "Cumulative translation adjustments" relating to that particular subsidiary or associate will be recognized in the consolidated statement of income.

Operating Segment Information
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group's operating business are organized and managed separately according to the nature of the product sold, with each segment representing a strategic business unit that offers a different product. The major operating segments of the Group are as follows:

- Leasing - following the cessation of its operation, the Parent Company and IKAC is now primarily focused on leasing of the investment properties
- Manufacturing - FYGP is primarily involved in the production of high-quality filament grade recycled PET chips (R-Chips) and the importation of raw materials, machinery, equipment, tools, goods, wares, articles, or merchandise directly used in its registered operations

Basic/Diluted Loss Per Share
Earnings (loss) per share is computed by dividing the net income (loss) for the year, attributable to the equity holders of the Parent Company, by the weighted average number of common shares issued and outstanding during the year. The weighted average number of common shares issued and outstanding during the period and for all years presented are adjusted for events, other than the conversion of potential common shares, that have changed the number of common shares outstanding, without a corresponding change in resources.

Diluted earnings (loss) per share is calculated by dividing the profit (loss) attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in compliance with PFRSs requires the management to make judgments, estimates and assumptions that affect amounts reported of assets, liabilities and disclosures of contingent assets and liabilities at the date of financial information and the reported amounts of income and expenses during the year. The judgments, estimates and assumptions used in the financial statements are based upon management evaluation of relevant facts and circumstances as of the date of the Group's financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as these become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and Assumptions
The key estimates and assumptions concerning future and key sources of estimation uncertainty as at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Determination of Retirement Obligation
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Retirement plan assets - net as December 31, 2023 and 2022 amounted to ₱21.4 million and ₱26.5 million, respectively (see Note 22).

Assessment of Realizability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred taxes at each end of the reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies.

Information on the Group's deferred assets is in Note 20.

Determination of functional currency.
The entities within the Group determine their functional currency based on the economic substance of underlying transactions relevant to each entity with the Group. In 2022, because of the changes in business circumstances, FYGP changed its functional currency from PHP to USD effective January 1, 2022. The functional currency of the rest of the entities within the Group remain to be in PHP.

4. Financial Assets

Cash and Cash Equivalents

	2023	2022
Cash on hand	**₱120,582**	₱113,425
Cash in banks	**35,901,651**	87,074,470
Short-term investments	**2,242,193**	2,163,333
	₱38,264,426	₱89,351,228

Cash in banks earns interest at current bank deposit rates. Short-term investments are made for varying periods up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Interest income earned from cash in banks and short-term investments amounted to ₱746,804, ₱57,026 and ₱61,342 in 2023, 2022 and 2021, respectively.

Noncurrent financial asset
The Parent Company has a long-term time deposit with CTBC Bank (Philippines) Corporation amounting to ₱20.0 million as at December 31, 2023 with a maturity of 2 years, and an interest rate of 5.1%. Interest income from the long-term time deposit amounted to ₱478,422 in 2023.

5. Trade and Other Receivables

	2023	2022
Trade receivable (Note 21)	**₱17,683,235**	₱–
Rent receivable	**4,129,139**	1,945,219
	₱21,812,374	₱1,945,219

Receivable from customer pertains to receivable from sales to FE New Century Industry (Singapore) PTE LTD. (FNIS), a related party with common stockholder. These are non-interest bearing and are normally collected within 30 to 60 days (see Note 21).

6. **Inventories -** at cost

	2023	2022
Raw materials	**₱21,128,497**	₱109,371,345
Finished goods	**13,756,492**	–
Spare parts and other inventories	**7,611,260**	57,532
	₱42,496,249	₱109,428,877

Inventories, which are carried at cost, consist of raw materials and other inventories. Total cost of inventories charged to cost of sales amounted to ₱385.1 million in 2023 (see Note 17).

7. **Prepayments and Other Current Assets**

	2023	2022
Prepaid expense	**₱9,299,872**	₱6,109,480
Advances to officers and employees	**3,340,148**	3,038,536
Input VAT	**2,861,038**	1,784,144
Refundable deposits	**282,436**	295,068
Advances to suppliers	**–**	10,292,940
Others	**649,498**	20,936
	16,432,992	21,541,104
Less: Allowance for impairment losses	**284,684**	250,486
	₱16,148,308	₱21,290,618

Prepaid expense mainly refers to prepaid rent made by the Group in relation to its short-term leases with terms ranging from six months to one year and prepayments made for its utilities.

Advances to officers and employees pertain to noninterest-bearing cash advances which are subject to liquidation.

Input VAT pertains to the VAT on domestic purchases of the Group.

Refundable deposits are deposits made in relation to its rent of office and parking spaces.

Advances to suppliers refers to advance payments made by the Group in its suppliers of inventories to be used in production.

Movements in allowance for impairment losses on prepayments and other current assets are as follows:

	2023	2022
Beginning balances	**₱250,486**	₱212,951
Provision for impairment loss (Note 17)	**34,198**	37,535
	₱284,684	₱250,486

8. Investment in Associates

	2023	2022
Filsyn International Corporation	**₱2,067,500**	₱2,067,500
Lefilton Trading	**200,000**	200,000
Lakeview Industrial Corporation	**1**	1
	2,267,501	2,267,501
Less: Allowance for impairment losses	**2,267,500**	2,267,500
	₱1	₱1

Investments in associates are investees that are dormant and non-operating. As at December 31, 2023 and 2022, the Group's investments in associates have been impaired.

9. Other Noncurrent Assets

	2023	2022
CWTs	**₱60,423,477**	₱58,353,860
Less: Allowance for impairment losses	**58,353,860**	58,353,860
	₱2,069,617	₱–

CWT pertains to unapplied certificates which can be used to pay for future income tax payments.

10. Property and equipment - net

2023								
	Land	**Building**	**Machinery and Plant Equipment**	**Furniture and Fixtures**	**Office Equipment**	**Transportation Equipment**	**Construction In-progress**	**Total**
Cost:								
Balances at beginning of year	**₱232,327,149**	**₱257,539,329**	**₱205,677,632**	**₱5,487,601**	**₱779,272**	**₱2,492,962**	**₱76,009,789**	**₱780,313,734**
Additions	**3,276,401**	**4,809,715**	**18,113,651**	**–**	**788,524**	**–**	**6,803,752**	**33,792,043**
Transfers	**–**	**10,354**	**81,375,338**	**–**	**–**	**–**	**(81,375,338)**	**10,354**
Balance at end of the year	**235,603,550**	**262,359,398**	**305,166,621**	**5,487,601**	**1,567,796**	**2,492,962**	**1,438,203**	**814,116,131**
Accumulated depreciation:								
Balances at beginning of year	**–**	**(25,991,734)**	**(990,544)**	**(466,369)**	**(118,419)**	**(374,950)**	**–**	**(27,942,016)**
Additions	**–**	**(15,097,036)**	**(14,639,512)**	**(280,392)**	**(491,420)**	**(1,281,601)**	**–**	**(31,789,961)**
Balance at end of the year	**–**	**(41,088,770)**	**(15,630,056)**	**(746,761)**	**(609,839)**	**(1,656,551)**	**–**	**(59,731,977)**
Cumulative translation adjustments	**34,003,603**	**37,672,633**	**(1,175,057)**	**102,460**	**(2,691)**	**(15,774)**	**(524,865)**	**70,060,309**
Net Book Values	**₱269,607,153**	**₱258,943,294**	**₱288,361,508**	**₱4,843,300**	**₱955,266**	**₱820,637**	**₱913,338**	**₱824,444,463**

2022								
	Land	Building	Machinery and Plant Equipment	Furniture and Fixtures	Office Equipment	Transportation Equipment	Construction In-progress	Total
Cost:								
Balances at beginning of year	₱222,696,164	₱255,189,138	₱1,680,000	₱1,566,878	₱271,687	₱–	₱–	₱481,403,867
Additions	9,630,985	2,350,191	203,997,632	3,920,723	507,585	2,492,962	76,009,789	298,909,867
Balance at end of the year	232,327,149	257,539,329	205,677,632	5,487,601	779,272	2,492,962	76,009,789	780,313,734
Accumulated depreciation:								
Balances at beginning of year	–	(13,550,164)	(23,333)	(47,237)	(20,860)	–	–	(13,641,594)
Additions	–	(12,441,570)	(967,211)	(419,132)	(97,559)	(374,950)	–	(14,300,422)
Balance at end of the year	–	(25,991,734)	(990,544)	(466,369)	(118,419)	(374,950)	–	(27,942,016)
Cumulative Translation Adjustments	35,855,459	39,483,986	148,335	136,726	22,313	(7,188)	–	75,639,631
Net Book Values	₱268,182,608	₱271,031,581	₱204,835,423	₱5,157,958	₱683,166	₱2,110,824	₱76,009,789	₱828,011,349

Construction in-progress refers to machinery and plant equipment that are not yet installed and available for intended use. There are no significant additional costs expected to be incurred in relation to these machinery and plant equipment.

Advances to contractors pertaining to advance payments made to machinery and plant equipment suppliers during the year amounted to ₱4.3 million and ₱11.3 million in 2023 and 2022, respectively.

11. **Investment Properties -** at deemed cost

	2023	2022
Parent Company	**₱898,657,147**	₱898,657,147
IKAC	**19,510,000**	19,510,000
	₱918,167,147	₱918,167,147

Parent Company
Investment properties of the Parent Company consist of land in Laguna and Cavite which are being leased to third parties, as follows:

a. Parcel of land located in Sta. Rosa, Laguna with a total land area of 300,018 square meters (sqm). This investment property is mortgaged in connection with the MTI discussed in Note 13.
b. Parcel of land located in Gen. Mariano Alvarez, Cavite with a total land area of 162,716 sqm.

In adopting the cost model, the Parent Company applied the revalued amount of these properties as deemed cost upon adoption of PFRS in 2005. The original acquisition cost of the said properties amounted to ₱14.9 million. As at December 31, 2023 and 2022, the balance of deficit includes the remaining balance of the deemed cost adjustment amounting to ₱883.9 million which arose when the Parent Company transitioned to PFRS in 2005.

Based on the latest valuation report from Asian Appraisal, the fair value of parcels of lands as at February 19, 2024 are as follows:

Location	Deemed Cost	Fair Value	Observable Input	Total Land Area	Estimated Fair Value per sqm
Laguna	₱750,045,000	₱3,240,194,000	Price per sqm	300,018 sqm	₱10,800
Cavite	148,612,147	602,049,000	Price per sqm	162,716 sqm	3,700
	₱898,657,147	₱3,842,243,000			

The fair value determined based on the latest appraisal report approximates its fair value as at December 31, 2023, as there has been no significant change identified in the immediate vicinity of the investment property.

The investment properties are categorized under the Level 2 of the fair value hierarchy and the valuation method used was Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. This approach requires establishing a comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

The Parent Company has assessed that the highest and best use for its land in Sta. Rosa, Laguna is for light industrial development since it would be too large for a commercial development and a residential subdivision development will not yield a maximum return. The Parent Company has assessed that the highest and best use of the idle investment property in Gen. Mariano Alvarez, Cavite is to develop the land into a self-contained residential subdivision project offering mainly and in combination of vacant residential house and lots and house and lot package complemented with some commercial and institutional usage. For strategic purposes and pending approval of the financial restructuring, the property is currently not being used in this manner.

IKAC
The Group has an investment property carried at deemed cost amounting to ₱19,510,000 as at December 31, 2023 and 2022. The investment property consists of three sites, referred as Sites I, II and III, all located in Barangays Cabugao and Gabuc, Pontevedra, Capiz, with a total land area of 137.87 hectares (ha.). The land is being leased out to various lessees to earn rentals. The cost of the land amounted to ₱9,080,000.

The valuation method used was Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. This approach requires establishing a comparable property by reducing reasonable comparative sales and listings to a common denominator and adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. Key inputs and assumptions used in adjusting the differences of the subject properties and those actual sales and listings regarded as comparable includes location, size, utility and potential use of the property.

The fair value hierarchy of investment property is classified under Level 2.

Based on the latest valuation report from Asian Appraisal as of February 16, 2024, the details of the fair value of investment properties as at are as follows:

Location	Deemed Cost	Fair Value
Fishponds in Site 1, 2 and 3 (107.6131 ha. with a fair value of ₱350,000 per hectare)	₱17,392,000	₱53,807,000
Coconut land in Site 1 (22.26 ha. with a fair value of ₱250,000 per hectare)	1,558,000	8,681,000
Mangrove in Site 1 (8 ha. with a fair value of ₱250,000 per hectare)	560,000	3,120,000
	₱19,510,000	₱65,608,000

The hierarchy in which the fair value measurement in its entirely is recognized is at Level 2. The property is utilized at its highest and best use. The method used to determine the value of such property is the Market Approach for Land.

The Group has assessed that the highest and best use for its land in Pontevedra, Capiz is for mixed use of agro-industrial and agricultural purposes such as but not limited to a combination of prawn farm, cultivation of coconut and other fruit bearing trees (for non-submerged areas) and mangroves (for submerged areas), which is the existing land use of the property.

As at December 31, 2023 and 2022, the balance of deficit includes the remaining balance of the deemed cost adjustment amounting to ₱7.3 million, net of tax, which arose when IKAC transitioned to PFRS in 2005.

Rental income and direct operating expense pertaining to the lease properties are as follows:

	2023	2022	2021
Rental income	**₱49,199,912**	₱ 55,002,672	₱52,224,845
Real property taxes	**₱4,931,377**	₱4,827,238	₱5,714,089
Repairs and maintenance	**197,069**	2,205,973	240,706
Direct operating expenses	**₱5,128,446**	₱7,033,211	₱5,954,795

12. Accounts and Other Payables

	2023	2022
Accounts payable	**₱50,498,649**	₱236,303,204
Accrued interest (Note 13)	**28,663,972**	489,193,118
Nontrade payables	**12,225,655**	13,077,252
Accrued expenses	**9,927,925**	2,502,484
Refundable customers' deposits	**9,379,043**	7,325,940
Government payables	**2,066,797**	503,442
Others	**3,700,389**	7,984,834
	₱116,462,430	₱756,890,274

Accounts payable represent obligations of the Group which are generally non-interest bearing and are settled on 30 to 90 days' terms.

Accrued interest pertains to interest payable of the Group from its outstanding loans to Malaysia Garment are payable on demand. Accrued interest on these loans amounted to ₱28.7 million and ₱489.2 million as at December 31, 2023 and 2022, respectively. On June 26, 2023, as a result of the restructuring, interest payable amounting to ₱459.8 million was converted to equity and was used to wipe out the Parent Company's capital deficiency (see Notes 13 and 18).

Nontrade payables are noninterest bearing payable to various sources and are normally settled on 30 days' term.

Refundable customers' deposits pertain to rental deposits from the lessees to the Group which will be refunded upon expiration of the lease term.

Accrued expenses pertain to liabilities incurred but billings are not yet received. These are the accruals, made for consultancy fees, legal fees and audit fees normally settled within 12 months from the end of the financial reporting period.

Government payables include obligations to the government for income tax due and various taxes.

Others include customers' rental and security deposits which are normally settled within 12 months.

There are no accounts and other payables eliminated during consolidation.

13. Loans payable and current portion of long-term debt

Loans Payable

FYGP has an unsecured loan facility with CTBC Bank as follows:

Loan	Interest rate	Maturity	2023	2022
US$12.0 million	6.58%	November 8, 2024	**₱664,440,000**	₱–
US$0.5 million	6.70%	January 17, 2024	**30,453,500**	–
US$11.5 million	5.35%	November 10, 2023	–	638,394,750
			₱694,893,500	₱638,394,750

In 2022, FYGP secured its Parent Company as its guarantor and obtained short-term loans for funding of working capital requirements. Loans that matured in November 2023 were subsequently renewed with an additional loan availment amounting to US$ 0.6 million (₱30.5 million) obtained for the same purpose.

Interest expense incurred on the loans amounted to ₱43.0 million, ₱20.1 million, and ₱8.5million in 2023, 2022, and 2021 respectively. Bank service charges incurred amounted to ₱4.6 million, ₱10.4 million, and nil in 2023, 2022, and 2021, respectively (see Note 18).

Current Portion of Long-term Debt

	2023	2022
Restructured loan payable to a related party (Note 21)	**₱–**	₱930,132,682
Loan Payable to stockholder (Note 21)	**166,110,000**	167,265,000
	₱166,110,000	₱1,097,397,682

Restructured Loan - payable to a related party

As at December 31, 2023 and 2022, the Parent Company has debts secured by MTI amounting to ₱930.1 million.

The Parent Company's debts bear fixed interest rate of 12.0% per annum and are secured by an MTI dated October 29, 1982 covering the Parent Company's investment property situated in Sta. Rosa, Laguna (see Note 11). These are payable in accordance with the terms of the second MTI as discussed in the succeeding paragraphs. In recognition of the financial condition of the Parent Company, the creditors agreed to stop the accruing of interest on the second MTI. The first MTI, however, shall continue to earn interest.

On December 14, 1998, the Parent Company entered into an Agreement with its bank creditors and a supplier (collectively known as "creditors") wherein the Parent Company agreed to execute a second MTI to secure the payment of its overdue and outstanding drafts and acceptances payable, liabilities under trust receipts and loans (reclassified to debts secured by second MTI) to avoid impending litigations and in consideration of the creditors agreeing to cease accruing interest on those debts after April 30, 1998. The second MTI covers some of the properties included in the first MTI and certain investment properties.

The Agreement provides that the creditors have the option to sell the Parent Company's land in Sta. Rosa, Laguna in a private sale (without the need of prior consent of the Parent Company but with the prior consent of the first mortgagees) within three years from the date of the Agreement at a price not less than the amount indicated in the Agreement. The Agreement further provides that during its effectivity, the first mortgagees shall continue to enjoy their right to foreclose the said properties. The proceeds of the private sale or foreclosure shall first be applied to the payment of debts secured by the first MTI and thereafter to the payment of debts secured by the second MTI. The Parent Company shall be liable for any deficiency in the event that the debts are not fully paid after the private sale or foreclosure of the properties. Should the private sale not take place within the stipulated three-year period, the creditors and the Parent Company shall appoint an independent appraiser to determine the price at which the land may be sold.

The Agreement also provides that the Parent Company assigns in favor of the creditors its shares of stock in SRTC as an additional security for the payment of the debts secured by the second MTI.

The first and second MTI provide, among other things, that the Parent Company shall:

a. at all times maintain the sound value of the collateral at a level at least equal to the aggregate of the specified collateral values for the various loan accounts;
b. not make any alterations upon, sell, assign, transfer, encumber or otherwise dispose of any collateral without the prior consent in writing of the trustee acting upon the written direction of the majority creditors; and
c. at all times keep the collateral in good condition.

The Agreements covering the debts secured by the first and second MTI contain, among others, some or all of the following restrictions: payment of cash dividends, incurrence of any major expenditures, incurrence of additional indebtedness or obligations, acquisition by the Parent Company of its own capital stock and merger or consolidation with any corporation.

The Agreement was extended for an additional period of two years until January 2004.
In August 2004, Chinatrust took over the trusteeship on the first and second MTI from Hong Kong Shanghai Bank Corporation which is one of the creditor banks. Also, in 2004, Chinatrust has assumed the participation of the other creditors of the first and second MTI and became the sole holder of the mortgage participation contracts.

On December 10, 2009, the BOD has approved to offer the Parent Company's property in Sta. Rosa, Laguna as payment in lieu 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 Parent Company to fully settle its outstanding loan obligation amounting to ₱1.3 billion through the Sta. Rosa property as dation in payment. Chinatrust agreed that the Parent Company 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 Chuang Yuan Limited, a company incorporated in Taiwan.

On August 27, 2018, Chuang Yuan Limited sold the loan to Malaysia Garments, a company incorporated in Singapore and a related party.

In September 2018, the BOD approved a financial restructuring plan that includes the conversion of restructured loans and related accrued interest to equity in the form of additional paid in capital (see Note 1).

On May 30, 2022, the parties entered a Deed of Assignment to convert the Debt owed to Malaysia Garments Manufacturing (Pte) Ltd. amounting to ₱1,390.0 million inclusive of interest of ₱459.8 million to equity as payment for the subscription of 33,426,498 preferred shares at PAR value of P8.39 with the excess carried over as APIC.

On September 21, 2022, the Parent Company's lawyers met with the SEC to discuss the latter's initial comments on the revised financial structuring plan. The revised restructuring plan was subjected to further review pending additional documents requested by the SEC. The documents were provided on November 7, 2022.

On April 4, 2023, the Parent Company was notified by the SEC that it is ready to issue its assessment on the planned restructuring project upon issuance of the SEC-Markets and Securities Regulation Department (MSRD) clearance. Thereafter, a Payment Request Form will then be issued to the Parent Company, which will signify acceptance of the SEC on the application to proceed with filing.

The restructured loan was then converted to APIC as part of the Parent Company's equity restructuring (see Note 14).

14. Capital Stock

As at December 31, 2023 and 2022, the Parent Company's capital stock is shown below:

	2023	2022	**2023**	2022
	No. of Shares		Amount	
Common stock				
Class A:				
Par value	**₱0.50**	₱5.00		
Authorized shares	**440,229,812**	144,000,000		
Issued shares	**123,747,707**	123,747,927	**₱61,873,854**	₱618,738,535
Class B:				
Par value	**₱0.50**	₱5.00		
Authorized shares	**293,486,507**	96,000,000		
Issued shares	**49,071,976**	82,498,474	**24,535,988**	412,492,370
			₱86,409,842	₱1,031,230,905
Preferred stock				
Par value	**₱8.39**	₱–		
Authorized shares	**33,426,498**	–		
Issued shares	**33,426,498**	–	**₱280,448,318**	₱–
			₱366,858,160	₱1,031,230,905

All shares of common stock have the same rights and privileges, except that Class A common stock can be issued only to Filipino citizens or entities. The total number of issued Class B shares should not exceed 2/3 of the total number of issued Class A shares. All shares of preferred stock shall have preemptive rights to subscribe to new shares in proportion to their respective shareholding ratios and bears preferential dividends of 5% per annum of the total debt converted, payable annually in cash, cumulative and convertible to common stocks. Preferred shareholders are also entitled to participate and share in the retained earnings after payment of preferential dividends.

The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares	Number of Shares Issued	Issue/ Offer Price
July 22, 1968	100,000,000	94,964,130	₱7.80
September 22, 1989	100,000,000	94,964,130	5.00
July 18, 1991	160,000,000	154,964,130	5.00
1991 - 2002	240,000,000	206,246,181	5.00

Equity Restructuring
As mentioned in Note 1, on June 26, 2023, the SEC approved simultaneously the Parent Company's amendment in articles of incorporation, increase/decrease in authorized capital stock and equity restructuring. The approval then resulted to the following:

- Decrease in authorized capital stock of the Parent Company, with par value of the common shares being reduced from ₱5.00 to ₱0.50, with a portion of the Class B common shares reclassified to preferred shares, resulting to 144,000,000 Class A common shares, 62,573,502 Class B common shares and 32,426,498 preferred shares with par value of ₱0.50. The excess amounting to ₱928,107,814 as a result of the reduction in the par value were carried over as APIC.

- Increase in authorized capital stock making the Parent Company's authorized shares to 440,229,812 Class A common share, 293,486,507 Class B common shares with par values of P0.50 and 33,426,498 preferred shares with par value from ₱0.50 to ₱8.39 The increase in par value of the preferred shares were paid by the conversion to equity of debt owed to Malaysia Garments amounting to ₱1,389,961,828. The excess from the debt-to-equity conversion amounting to ₱1,126,226,759 was then carried over as APIC.
- Parent Company's recorded deficit as of December 31, 2021 amounting to ₱1,862,551,707 was eliminated against the APIC from the reduction in par values and debt-to-equity conversion. The remaining APIC amounting to ₱335,372,611 after the application to deficit, cannot be applied against future losses without prior approval from the SEC.

As at May 6, 2024, the Parent Company's application for the issuance of stock certificates for common and preferred stocks, and amended General Information Sheet is in progress.

Cumulative Translation Adjustment
In the consolidated financial statements, the assets and liabilities of FYGP are translated using the prevailing closing rate at report date, while components of equity and profit or loss are translated using historical exchange rates and weighted average exchange rates, respectively, for the year.

CTA amounted to ₱47.3 million and ₱47.4 million as at December 31, 2023 and 2022, respectively.

Dividends Payable
In 2011, the SRTC's trustee returned an amount of ₱156,087 which pertains to unclaimed dividends declared in 2002. These will be paid upon approval of SRTC's dissolution.

15. **Income (Loss) per share**

Basic EPS

	2023	2022	2021
Net income (loss)	**₱41,019,754**	(₱90,493,239)	(₱11,868,290)
Preference dividends	**34,749,046**	–	–
	6,270,708	(₱90,493,239)	(₱11,868,290)
Weighted average number of common shares issued and outstanding during the year	**172,819,683**	172,819,683	172,819,683
Basic income (loss) per share	**₱0.0363**	(₱0.5236)	(₱0.0687)

Diluted EPS

	2023	2022	2021
Net income (loss)	**₱41,019,754**	(₱90,493,239)	(₱11,868,290)
Preference dividends	**34,749,046**	–	–
	6,270,708	(₱90,493,239)	(₱11,868,290)
Weighted average number of common shares issued and outstanding during the year	**733,716,319**	172,819,683	172,819,683
Diluted income (loss) per share	**₱0.0085**	(₱0.5236)	(₱0.0687)

The preference shareholders have a right to participate in the retained earnings after payment of preferential dividends of 5% per annum of the total debt converted to equity. These shares are also convertible to common shares using a 16.78:1 conversion ratio at ₱0.50 per share.

The number of common shares in 2022 and 2021 have been adjusted for the effect of the equity restructuring as approved by the SEC on July 26, 2023, as discussed in Note 1.

16. **Lease Agreements**

Group as Lessor

The Group has existing short-term lease agreements with various third parties (lessees) covering the Group's investment property located in Sta. Rosa, Laguna and Pontevedra, Capiz. The term of the lease are generally renewable every six months to one year or at the option of both parties under the terms and stipulations mutually agreed upon, unless sooner terminated due to breach of agreement.

Rental income earned from the lease agreements of the investment property amounted to ₱49.2 million, ₱55.0 million and ₱52.2 million in 2023, 2022 and 2021, respectively (see Note 11).

Total outstanding trade receivable from these agreements amounted to ₱4.9 million and ₱1.9 million as at December 31, 2023 and 2022, respectively (see Note 5).

Group as Lessee
The Group entered into short-term leases for its commercial space located at The Pearlbank Centre, Salcedo Village, Makati City and for its employees located in Dasmariñas, Cavite.

Total rental expense amounted to ₱2.8 million, ₱2.8 million and ₱1.4 million in 2023, 2022 and 2021, respectively (see Note 17).

17. Cost and Operating Expenses

Cost of Goods Sold

	2023
Direct materials	**₱385,068,695**
Direct labor	**10,683,819**
Manufacturing overhead:	
Depreciation	**31,477,486**
Utilities	**30,050,398**
Repairs and maintenance	**7,056,211**
Insurance	**2,434,854**
Professional fees	**1,098,970**
Customs duties	**1,001,977**
Others	**18,986,744**
Total manufacturing cost	**487,859,154**
Movements in finished goods	**(13,821,554)**
	₱474,037,600

Operating Expenses

	2023	2022	2021
Professional fees	**₱25,342,860**	₱1,337,372	₱1,717,255
Marketing and Selling Expense	**10,601,812**	–	–
Taxes and licenses	**9,405,255**	10,126,944	1,623,441
Salaries and wages	**5,140,307**	8,812,860	7,298,598
Security services	**4,747,631**	5,205,015	5,764,582
Rental (Note 16)	**2,823,400**	2,848,133	1,406,315
Employee benefits	**1,739,565**	3,416,192	4,043,149
Subscriptions, dues and donations	**624,062**	299,411	250,000
Utilities	**570,454**	11,962,679	6,193,863
Transportation and travel	**659,100**	1,809,559	401,755
Entertainment, amusement and recreation	**481,239**	285,668	207,924
Depreciation expense (Note 10)	**312,477**	14,300,422	13,641,594
Office supplies	**303,752**	607,837	249,802
Insurance expense	**206,416**	1,492,242	–
Repairs and maintenance	**198,219**	4,180,650	1,412,342
Impairment losses on prepayments and other current assets (Note 7)	**34,198**	37,535	28,320
Contractual services	**–**	3,390,523	89,742
Factory supplies	**–**	2,295,609	–
Retirement expense (income) (Note 22)	**(851,093)**	86,567	86,567
Others	**515,813**	3,440,524	1,634,515
	₱62,855,467	₱75,935,743	₱46,049,764

Other cost and operating expenses comprise of miscellaneous expenses, association fees and other minimal expenses.

18. Interest expense

	2023	2022	2021
Interest expense (Note 13)	**(₱43,002,531)**	(₱38,823,208)	(₱27,183,385)
Bank Charges	**(4,567,946)**	(10,411,801)	–
	(₱47,570,468)	(₱49,235,009)	(₱27,183,385)

19. Other income (expenses)

	2023	2022	2021
Foreign exchange gains (losses) - net	**₱1,851,040**	(₱14,268,999)	(₱8,841,463)
Common area maintenance	**378,124**	–	–
Other income	**19,839**	(41,680)	140,620
	₱2,249,003	(₱14,226,320)	(₱8,700,843)

Foreign exchange gain (loss) arise primarily from loans to a related party amounting to USD3.0 million (₱166.1 million) as at December 31, 2023 and USD3.0 million (₱167.3 million) as at December 31, 2022.

Common area maintenance pertains to revenues collected from tenants alongside rent for the upkeep of shared areas. The amount above are presented net of cost.

20. Income Taxes and PEZA Registration

Current Income tax

The provision for current income tax represents regular corporate income tax in 2023 and regular corporate income tax in 2022.

The reconciliation of income tax computed at the statutory income tax rate to provision for current income tax as shown in the Parent Company statements of comprehensive income follows:

	2023	2022	2021
Tax at statutory income tax rates at 20%-25% in 2023, 25% in 2022, and 30% in 2021	**₱10,762,501**	(₱21,084,343)	(₱15,269,924)
Add (deduct) tax effects of:			
Tax under income tax holiday	**(9,245,643)**	19,979,776	16,005,249
Movement in unrecognized deferred tax assets	**(244,995)**	2,590,722	1,253,624
Interest income subjected to final tax	**(143,907)**	(14,257)	(15,336)
Nondeductible expenses	**87,583**	4,684,243	4,906,357
Effect of change in tax rate	–	–	(24,899,362)
Others	**6,840**	–	(45,105)
	₱1,222,379	₱6,156,141	(₱18,064,497)

Deferred Income Tax
The Group has temporary differences, unused NOLCO and excess MCIT over RCIT for which no deferred tax assets were recognized since management believes that it is not probable that sufficient future taxable profit will be available against which the benefits of the deferred tax assets can be utilized.

The components of the Group's unrecognized temporary differences are as follows:

	2023	2022
Unrealized foreign exchange losses	**₱105,036,858**	₱106,191,858
Accrued interest	**28,663,972**	489,193,118
Allowance for impairment losses on:		
Prepayments and other current assets	**56,937**	50,097
Other noncurrent assets	**58,353,860**	58,353,860
Total	**₱192,111,627**	₱653,788,933

The Group has deferred tax liabilities pertaining to the following:

	2023	2022
Investment properties	**₱112,010,509**	₱112,010,509
Retirement plan assets	**5,338,221**	6,629,450
	₱118,068,230	₱118,639,959

PEZA Registration
FYGP is a PEZA registered Economic Zone Facility Enterprise and is entitled to the following:

a. Corporate ITH for four (4) years for original project effective on the committed date of start of commercial operations, or the actual date of start of commercial operations, whichever is earlier; ITH entitlement for the original project can also be extended for another three (3) years provided that specific criteria are met for each additional year and prior PEZA approval is obtained; duly approved and registered "Expansion" and "New" projects are entitled to a three-year, and four-year ITH, respectively.

b. Tax and duty free importation of merchandise which includes raw materials, capital equipment, machineries and spare parts;

c. Exemption from wharfage dues and export tax, impost and fees;

d. Value-added tax (VAT) zero rating of local purchases subject to compliance with the Bureau of Internal Revenue (BIR) and PEZA requirements; and

e. Exemption from payment of any and all local government imposts, fees, licenses or taxes except real estate tax; however, machineries installed and operated in the ecozone for manufacturing, processing or for industrial purposes shall not be subjected to payment of real estate taxes for the first three (3) years of operation of such machineries; production equipment not attached to real estate shall be exempted from real property taxes.

After the lapse of ITH, the following incentives shall apply:

a. Exemption from national and local taxes; in lieu thereof payment of (5%) final tax on gross taxable income as provided in section 24 of RA 7916 and Rule XX of the Rules and Regulations to implement RA 7916; and

b. Additional deduction for training expenses (1/2 of value) against the (5%) tax on gross income earned, but not to exceed 3% subject to guidelines to be formulated by PEZA in coordination with the Department of Labor and Employment and the Department of Finance (Section 42 of RA 7916).

On May 5, 2023, FYGP obtained approval on the date of Start of Commercial Operations (SCO) and was granted an ITH entitlement period from March 2023 to February 2027, after which the Company will be subject to 5% gross income tax on its registered activities. Activities outside the PEZA registration is subject to 25% regular corporate income tax or MCIT starting on the fourth year following the year of the commencement of its business operations. The period of reckoning which is the start of its business operations in the year when the corporation was registered with the BIR.

21. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives t hem significant influence over the enterprise, key management personnel, including directors and officers of the Group, close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Transactions with related parties comprise of the following:

	Amount/ Volume	Outstanding balance	Terms	Conditions
Under common control				
FNIS				
Receivable from customer (Note 5)				
2023	**₱571,449,020**	**₱17,683,235**		
2022	–	–	To be settled in cash, non-interest bearing and collectible on demand	Unsecured, unimpaired
Deposit for future stock subscription				
2023	**–**	**249,165,000**	Non-interest bearing, payable on demand; to be settled in cash	Unsecured and unguaranteed
2022	250,897,500	250,897,500		
Stockholder				
Trans-Pacific				
Loans payable to a stockholder (Note 13)*				
2023	**–**	**166,110,000**	Non-interest bearing, payable on demand; to be settled in cash	Unsecured and unguaranteed
2022	–	167,265,000		
Due to a related party				
2023	**–**	**1,000,000**	Non-interest bearing payable on demand; to be settled in cash	Unsecured and unguaranteed
2022	6,000,000	6,000,000		
Stockholder				
Malaysia Garment				
Restructured loans (Note 13)				
2023	**–**	**–**		Secured by first and second MTIs
2022	–	930,132,682	Subjected to financial restructuring	
Accrued interest payable (Note 13)				
2023	**–**	**28,663,972**	Portion was subjected to financial restructuring; payable in cash	Unsecured and unguaranteed
2022	18,731,973	489,193,118		

**Movement in 2023 and 2022 refers to foreign exchange translation.*

In March 2023, FYGP received deposit for future stock subscription amounting to US$4.5 million (₱250.9 million), from FE New Century Industry (Singapore) Pte. Ltd., a subsidiary of Far Eastern Investment Holding Ltd., which owns the Parent Company by 22%. FE New Century Industry (Singapore) Pte. Ltd. will also be the sole customer for the materials to be produced by FYGP. FYGP shall be applying for an increase in authorized capital stock, which shall result to a 2.2% ownership of FE New Century Industry (Singapore) Pte. over FYGP, with the remaining 97.8% to be owned by the Parent Company.

As of May 6, 2024, FYGP's application for the approval of the proposed increase in authorized capital stock has not been filed with the Securities and Exchange Commission.

The Parent Company availed of working capital US$-denominated loan in 1993 amounting to $3.0 million (₱83,097,000) from Trans-Pacific, a major stockholder, with fixed interest rate. In 2001, the loan payable was modified to cease the accrual of the interest. The loan payable amounting to ₱166.1 million as at December 31, 2023 remains to be outstanding.

Interest expense amounted to nil and ₱18.7 million as at December 31, 2023 and 2022, respectively Total intercompany advances eliminated upon consolidation amounted to ₱96.1 million and ₱94.9 million as at December 31, 2023 and 2022, respectively.

Compensation of Key Management Personnel of the Group
The Group considered all employees holding managerial positions up to president as key management personnel. Compensation of key management personnel, which consist of short-term and employee benefits, amounted to ₱0.9 million in 2023 and 2022.

22. **Retirement Plan**

The Parent Company has a funded, noncontributory defined benefit retirement plan covering substantially all of its regular employees. Benefits are dependent on the years of service and the respective employee's compensation. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. There was no planned termination, curtailment or settlement for the years ended December 31, 2023 and 2022.

Under the existing regulatory framework, RA 7641, otherwise known as the "Retirement Pay Law", requires a provision for retirement pay to qualified private sector employees in the absence of any retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law.

The Parent Company's plan is a noncontributory defined benefit plan covering all regular and permanent employees. Benefits are based on the employee's final plan salary and years of service.

The fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Committee is responsible for the investment strategy of the plan.

The following table summarizes the details in the Actuarial Valuation Report as at December 31, 2023 and 2022.

	2023								
	Net Benefit Cost in Profit or Loss					Remeasurement in Other Comprehensive Income			
	January 1, 2023	Current Service Cost	Net Interest Cost	Subtotal	Return on plan assets	Actuarial Loss (Gains) on Defined Benefit Obligation	Actuarial Changes Arising from Changes in Experience Adjustments	Subtotal	December 31, 2023
Present value of defined benefit obligation	**₱3,655,923**	**₱61,611**	**₱59,479**	**₱121,090**	**₱–**	**(₱14,060)**	**₱6,101,826**	**₱6,087,766**	**₱2,451,028**
Fair value of plan asset	**(30,173,726)**	**–**	**(972,183)**	**(972,183)**	**(71,755)**	**–**	**–**	**(71,755)**	**(23,803,913)**
Net plan assets	**(₱26,517,803)**	**₱61,611**	**(₱912,704)**	**(₱851,093)**	**(₱71,755)**	**(₱14,060)**	**₱6,101,826**	**₱6,016,011**	**(₱21,352,885)**

	2022								
	Net Benefit Cost in Profit or Loss					Remeasurement in Other Comprehensive Income			
	January 1, 2022	Current Service Cost	Net Interest Cost	Subtotal	Return on plan assets	Actuarial Loss (Gains) on Defined Benefit Obligation	Actuarial Changes Arising from Changes in Experience Adjustments	Subtotal	December 31, 2022
Present value of defined benefit Obligation	₱3,694,821	₱86,567	₱–	₱86,567	₱–	(₱125,465)	₱–	(₱125,465)	₱3,655,923
Fair value of plan asset	(30,616,124)	–	–	–	442,398	–	–	442,398	(30,173,726)
Net plan assets	(₱26,921,303)	₱86,567	₱–	₱86,567	₱442,398	(₱125,465)	₱–	₱316,933	(₱26,517,803)

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The trustee has no specific matching strategy between the plan assets and the retirement obligation. The Parent Company is not required to pre-fund the defined benefit obligation before they become due. The amount and timing of contributions to the retirement fund are at the Parent Company's discretion.

The carrying value and fair value of plan assets by each class as at the end of the reporting period are as follow:

	2023	2022
Cash	**₱1,388,964**	₱1,747,738
Government securities	**22,320,957**	28,345,576
Accrued income receivable	**130,544**	126,806
Trust fee payable	**(36,552)**	(46,394)
	₱23,803,913	₱30,173,726

The plan assets have diverse investments in equity and debt securities, and do not have any concentration risk.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined retirement benefit liability as at the end of the reporting period, assuming all other assumptions were held constant:

	Increase (decrease)	**2023**	2022
Discount rates	+1%	**₱2,429,996**	₱3,633,057
	-1%	**₱2,472,443**	₱3,679,161
Salary increase rate	+1%	**₱2,426,760**	₱3,619,726
	-1%	**₱2,429,996**	₱3,633,057

Shown below is the maturity analysis of the undiscounted benefit payments:

	2023	2022
Less than one year	**₱2,590,459**	₱3,777,013

Retirement fund

The Parent Company entered into a Trust Agreement with BPI Asset Management for the latter to serve as a trustee for the Parent Company's retirement fund. The carrying amount equals the fair value of the retirement fund amounting to ₱23.8 million and ₱30.2 million as at December 31, 2023 and 2022, respectively. There were no any other transactions between the Parent Company and the retirement fund trustee.

23. Non-Controlling Interests

Proportion of equity interest held by NCIs in 2023 and 2022:

	Principal Place of Business	
IKAC	Philippines	22.9%
SRTC	Philippines	43.0%

Equity attributable to NCI:

	2023	2022
IKAC	**(₱16,260,727)**	(₱16,297,027)
SRTC	**158,078**	158,078
Total	**₱16,102,649**	(₱16,138,949)

Net income (loss) attributable to material NCI:

	2023	2022	2021
IKAC	**₱36,300**	₱35,122	₱318,447
SRTC	–	(34,847)	(33,465)
	₱36,300	₱275	₱284,982

Summarized statements of financial position, statements of comprehensive income and cash flow information for all the years ended December 31 of IKAC, a subsidiary with material NCI, are as follows. This information is based on amounts before inter-Group eliminations.

	2023	2022
Current assets	**₱2,228,121**	₱1,762,074
Noncurrent assets	**19,510,000**	19,510,000
Current liabilities	**(4,587,278)**	(90,290,520)
Noncurrent liabilities	**(88,093,330)**	(2,085,511)
Total capital deficiency	**(70,942,486)**	(₱71,103,957)
Attributable to equity holders of parent	**(₱54,681,759)**	(₱54,806,930)
NCI	**(₱16,260,728)**	(₱16,297,027)

	2023	**2022**	**2021**
Revenues	**₱1,074,740**	₱990,400	₱980,000
Cost of services	**(132,000)**	(261,116)	(200,477)
Operating expenses	**(752,663)**	(531,206)	(397,829)
Interest income	**13,149**	2,273	2,910
Income before income tax	**203,226**	200,351	384,604
Benefit from income tax	**(44,855)**	(47,123)	(1,005,857)
Net income	**158,371**	153,228	1,390,461
OCI	–	–	–
Total comprehensive income	**₱158,371**	₱153,228	₱1,390,461
Attributable to NCI	**₱36,300**	₱35,122	₱318,447
Net increase (decrease) in cash from operating activities	**₱542,551**	(₱381,970)	₱481,075

24. **Operating Segment Information**

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group derives revenue from its leasing and manufacturing activities. The Group operates in one geographical segment which is the Philippines.

The Parent Company's Executive Committee, the chief operating decision maker of the Group, monitors the operating results of its business units.

The following tables present certain information regarding the Group's operating business segments (amounts in thousands):

	2023				
	Leasing	**Manufacturing**	**Total**	**Eliminations**	**Consolidated**
Revenue	**₱49,200**	**₱574,068**	**₱623,268**	**₱–**	**₱623,268**
Cost of goods sold	**–**	**(474,038)**	**(474,038)**	**–**	**(474,038)**
Operating expenses	**(44,938)**	**(18,093)**	**(63,030)**	**(175)**	**(62,855)**
Financial charges - net	**313**	**(46,658)**	**(46,345)**	**–**	**(46,345)**
Other charges - net	**1,533**	**716**	**2,248**	**–**	**2,248**
Income before income tax	**6,108**	**35,995**	**42,103**	**(175)**	**42,278**
Provision for income tax	**(1,222)**	**–**	**(1,222)**	**–**	**(1,222)**
Net income	**4,886**	**35,995**	**40,881**	**(175)**	**41,056**
Other comprehensive loss - net of tax	**(4,512)**	**(89)**	**(4,423)**	**–**	**(4,423)**
Total comprehensive income	**₱374**	**₱36,084**	**₱36,458**	**(₱175)**	**₱36,633**
OTHER INFORMATION					
Segment assets	**₱1,042,343**	**₱901,796**	**₱1,944,139**	**(₱35,049)**	**₱1,909,090**
Segment liabilities	**426,640**	**1,003,173**	**1,429,813**	**(83,912)**	**1,345,900**
Capital expenditures	**–**	**26,988**	**26,988**	**–**	**26,988**

	2022				
	Leasing	Manufacturing	Total	Eliminations	Consolidated
Revenue	₱55,002	₱–	₱55,002	₱–	₱55,002
Cost of Sales	–	–	–	–	–
Costs and operating expenses	(30,533)	(45,403)	(75,936)	–	(75,936)
Financial charges - net	(18,689)	(30,489)	(49,178)	–	(11,800)
Other income - net	(14,225)	–	(14,225)	–	(14,220)
Loss before income tax	(8,445)	(75,892)	(84,337)	–	(84,337)
Provision for income tax	(6,156)	–	(6,156)	–	(6,156)
Net loss	(14,601)	(75,892)	(90,493)	–	(90,493)
Other comprehensive loss - net of tax	(238)	(17,277)	(17,515)	–	(17,515)
Total comprehensive loss	(₱14,839)	(₱93,169)	(₱108,008)	₱–	(₱108,008)
OTHER INFORMATION					
Segment assets	₱1,043,004	₱997,008	₱2,040,011	(₱33,967)	₱2,006,044
Segment liabilities	1,817,636	1,135,164	2,952,800	83,351	2,869,449
Capital expenditures	–	298,910	298,910	–	298,910

	2021				
	Leasing	Others	Total	Eliminations	Consolidated
Revenue	₱52,225	₱–	₱52,225	₱–	₱52,225
Costs and operating expenses	(21,724)	(24,326)	(46,050)	–	(46,050)
Financial charges - net	(18,691)	(8,431)	(27,122)	–	(27,122)
Other income (loss) - net	(8,791)	90	(8,701)	–	(8,701)
Income (loss) before income tax	3,019	(32,667)	(29,648)	–	(29,648)
Benefit from income tax	18,064	–	18,064	–	18,064
Net income (loss)	21,083	(32,667)	(11,583)	₱–	(11,583)
Other comprehensive income (loss) - net of tax	168	(31,432)	(31,264)	–	(31,264)
Total comprehensive income (loss)	₱21,252	(64,099)	(₱42,848)	–	(₱42,848)
OTHER INFORMATION					
Segment assets	₱1,021,461	₱521,135	₱1,542,596	(₱32,455)	₱1,510,141
Segment liabilities	1,781,744	564,905	2,346,649	(81,111)	2,265,538
Capital Expenditures	–	3,519	3,519	–	3,519

Majority of the revenue of the Group, through the Parent Company and IKAC, are from various tenants renting investment properties covered by lease agreements (see Note 11).

The geographical information of the Group are as follows:

Rental revenue from external customers:

	2023	2022	2021
Sta. Rosa, Laguna	**₱48,125,172**	₱54,012,272	₱51,244,845
Pontevedra, Capiz	**1,074,740**	990,400	980,000
	₱49,199,912	₱55,002,672	₱52,224,845

The revenue information above is based on the locations of the customers. Revenue from one customer amounted to ₱4.5 million and ₱11.8 million in 2023 and 2022, respectively, arising from the leasing segment.

The Group's sales amounting to ₱574.1 million refers to sales to FNIS, a related party, located in Singapore.

Non-current operating assets:

	2023	2022
Sta. Rosa, Laguna	**₱750,045,000**	₱750,045,000
Gen. Mariano Alvarez, Cavite	**148,612,147**	148,612,147
Pontevedra, Capiz	**19,510,000**	19,510,000
	₱918,167,147	₱918,167,147

Noncurrent assets for this purpose consist of investment properties.

25. Financial Risk Management Objectives and Policies and Capital Management

Financial Risk Management Objectives and Policies
The Group's principal financial instruments consist of cash and cash equivalents, long term time deposit, restructured loans and loans payable to a stockholder. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial instruments such as long term time deposits and accounts and other payables, excluding government payables, which arise directly from its operations.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and market risk. The BOD reviews and agrees policies for managing these risks.

Credit Risk
Credit risk arises from the possibility that the Group may incur financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk principally from its cash in banks and cash equivalents and refundable deposits. In addition, the balances of cash in banks and cash equivalents and refundable deposits are monitored on an ongoing basis so that the Group's exposure to impairment losses is not significant. There is no significant concentration of credit risk in the Group.

The Group has four types of financial assets that are subject to the expected credit loss model which is cash and cash equivalents, receivables, amounts owed by related parties and long-term time deposit.

Generally, receivables and amounts by related parties are written off if it can no longer be recovered and are not subject to enforcement activity. As of December 31, 2023 and 2022, the maximum exposure to credit risk is the carrying value of each class of financial assets.

While cash and cash equivalents are also subject to the impairment requirements of PFRS 9, the identified impairment loss were immaterial.

The table below shows the maximum exposure to credit risk for the Group's financial assets, without taking into account any collateral and other credit enhancements as at December 31, 2023 and 2022.

	2023	2022
Cash and cash equivalents:		
Cash in banks	**₱35,901,651**	₱87,074,470
Cash equivalents	**2,242,193**	2,163,333
Trade receivables	**21,812,374**	1,945,219
Refundable deposits (shown as part of Prepayments)	**282,436**	295,068
Long term time deposit	**20,000,000**	–
	₱80,236,654	₱91,478,090

These financial assets are neither past due nor impaired as at December 31, 2023 and 2022

The aging analysis of financial assets follows:

	2023				
		Days Past Due			
	Current	**60 Days**	**180 Days or more**	**ECL**	**Total**
Cash in banks	**₱35,901,651**	**₱–**	**₱–**	**₱–**	**₱35,901,651**
Cash equivalents	**2,242,193**	–	–	–	**2,242,193**
Trade and other receivables	**21,812,374**	–	–	–	**21,812,374**
Refundable deposits	**282,436**	–	–	–	**282,436**
Long term time deposits	**20,000,000**				**20,000,000**
	₱80,238,654	**₱–**	**₱–**	**₱–**	**₱80,238,654**

	2022				
		Days Past Due			
	Current	60 Days	180 Days or more	ECL	Total
Cash in banks	₱87,074,470	₱–	₱–	₱–	₱87,074,470
Cash equivalents	2,163,333	–	–	–	2,163,333
Trade and other receivables	1,945,219	–	–	–	1,945,219
Refundable deposits	295,068	–	–	–	295,068
	₱91,478,090	₱–	₱–	₱–	₱91,478,090

General approach
Set out below is the credit risk of the financial assets under General approach.

	2023				
	General Approach			**Simplified**	
	Stage 1	**Stage 2**	**Stage 3**	**Approach**	**Total**
Cash in banks	**₱35,901,651**	**₱–**	**₱–**	**₱–**	**₱35,901,654**
Cash equivalents	**2,242,193**	–	–	–	**2,242,193**
Trade and other receivables	**21,812,374**	–	–	–	**21,812,374**
Refundable deposits	**282,436**	–	–	–	**282,436**
Long term time deposits	**20,000,000**				**20,000,000**
	₱80,238,654				**₱80,238,654**

	2022				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks	₱87,074,470	₱–	₱–	₱–	₱87,074,470
Short term investments	2,163,333	–	–	–	2,163,333
Trade and other receivables	1,945,219	–	–	–	1,945,219
Refundable deposits	295,068	–	–	–	295,068
	₱91,478,090	₱–	₱–	₱–	₱91,478,090

Simplified approach
There were no significant concentrations of credit risk using simplified approach within the Group.

Liquidity Risk
Liquidity risk arises when there is a shortage of funds and the Group, as a consequence, would not meet its maturing obligations.

The Group seeks to manage its liquid funds through cash planning on a monthly basis. The Group uses historical figures and experiences and forecasts from its collection and disbursement.

The amounts disclosed in the table below are the contractual undiscounted cash flows as at December 31, 2023 and 2022 which are all due and demandable:

2023	**On Demand**	**Within one Year**	**Over one Year**	**Total**
Financial liabilities				
Accounts and other payables*	**₱114,395,633**	**₱–**	**₱–**	**₱114,395,633**
Current portion of long-term debt	**166,110,000**	**–**	**–**	**166,110,000**
Loans payable	**694,893,500**	**–**	**–**	**694,893,500**
Due to a related party	**1,000,000**	**–**	**–**	**1,000,000**
	₱976,399,133	**₱–**	**₱–**	**₱976,399,133**

**Excluding government payables*

2022	On Demand	Within one Year	Over one Year	Total
Financial liabilities				
Accounts and other payables*	₱756,386,832	₱–	₱–	₱756,386,832
Current portion of long-term debt	1,097,397,682	–	–	1,097,397,682
Loans payable	638,394,750	–	–	638,394,750
Due to a related party	6,000,000	–	–	6,000,000
	₱2,498,179,264	₱–	₱–	₱2,498,179,264

**Excluding government payables*

To address its liquidity, on June 26, 2023, the Group entered into a financial restructuring plan. The Group also expects to generate sufficient cash flows from its operations of FYGP that will be used to settle its current obligations.

Market Risk
Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes.

Foreign Currency Risk
Foreign currency risk is the risk to earnings or capital arising from changes in foreign exchange rates. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial and cash flows.

The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits for an institution engaged in the type of business in which the Group is engaged.

The Group's foreign currency-denominated financial asset and liability as at December 31, 2023 and 2022 are as follows:

	2023		2022	
	USD	**Peso Equivalent**	USD	Peso Equivalent
Financial Asset				
Cash in bank	**$47,985**	**₱2,656,929**	$461,607	₱25,736,898
Financial Liability				
Loans payable to bank	**(12,550,000)**	**(694,893,500)**	(11,450,000)	(638,394,750)
Loans payable to a stockholder	**(3,000,000)**	**(166,110,000)**	(3,000,000)	(167,265,000)
Net financial liability	**($15,502,015)**	**(₱858,346,571)**	($13,988,393)	(₱779,922,852)

As at December 31, 2023 and 2022, the exchange rates of the Philippine peso to the US$ are ₱55.37 and ₱55.76 to US$1.00 respectively.

The sensitivity to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's income before tax as at December 31, 2022 and 2021 is as follows:

	Change in foreign exchange rate	Effect in loss before income tax
2023	**+0.93%**	**₱14,416,874**
	-0.63%	**₱7,394,230**
2022	+1.38%	(₱17,792,459)
	-0.60%	(₱8,567,917)

Capital Management
The primary objective of the Group's capital management is to ensure its ability to continue as a going concern.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain additional advances from stockholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended December 31, 2023 and 2022. The Group has no to externally imposed capital requirement.

As at May 27, 2023, the BOD agreed to maintain the Group's operations at status quo; i.e., continue with the asset disposal programs and lease out the Group's warehouse in Sta. Rosa, Laguna and to look for a potential partner for a joint venture agreement.

26. Supplementary Disclosure to Statement of Cash Flows

The following tables summarize the changes in liabilities arising from financing activities for the period ended December 31, 2023 and 2022, respectively:

	2023			
	January 1	**Cash flows**	**Others***	**December 31**
Loans payable and current portion of long-term debt	**₱1,735,792,432**	**₱60,907,000**	**(₱935,695,932)**	**₱861,003,500**
Deposit for future stock subscription	**250,897,500**	**–**	**(1,732,500)**	**249,165,000**
Due to a related party	**6,000,000**	**(5,000,000)**	**–**	**1,000,000**
	₱1,992,689,932	**₱55,907,000**	**(₱937,428,432)**	**₱1,111,168,500**

	2022			
	January 1	Cash flows	Others*	December 31
Loans payable and current portion of long-term debt	₱1,636,468,832	₱33,453,000	₱65,870,600	₱1,735,792,432
Deposit for future stock subscription	–	250,897,500	–	250,897,500
Due to a related party	–	6,000,000	–	6,000,000
	₱1,636,468,832	₱290,350,500	₱65,870,600	₱1,992,689,932

**Others pertains to foreign exchange differences and restructured loans.*

27. Fair Value Measurement

The following methods and assumptions were used to estimate the amount of fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and Cash Equivalents, Other Receivables and Accounts and Other Payables
The carrying values of these financial instruments approximate their fair values due to the short-term nature of these accounts.

Refundable Deposits
The carrying values of other noncurrent assets approximate their fair values based on the market value of similar lease agreements.

Loans Payable to Bank
The carrying values of the loans payable to approximate its fair value due to its short-term nature and the interest rate approximates the market rate.

Loan Payable to a Stockholder
The carrying values of the loans payable to a stockholder approximate its fair value as the loan is already due and demandable and the effect of discounting the instrument is not material.

Long Term Time Deposit
The carrying amount of this deposit represents its fair value because the interest rate it carries approximates the interest rate for comparable instrument in the market.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
FILSYN Corporation
Unit 8, 5B The Pearlbank Centre
146 Valero St., Salcedo Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of FILSYN Corporation and Subsidiaries, as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated May 6, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
Tax Identification No. 178-486-845
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-094-2023, March 28, 2023, valid until March 27, 2026
PTR No. 10079934, January 5, 2024, Makati City

May 6, 2024

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
FILSYN Corporation
Unit 8, 5B The Pearlbank Centre
146 Valero St., Salcedo Village, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of FILSYN Corporation and Subsidiaries (the Group) as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated May 6, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023, 2022 and 2021 and for the years then ended and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Editha V. Estacio
Partner
CPA Certificate No. 91269
Tax Identification No. 178-486-845
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
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May 6, 2024

FILSYN CORPORATION AND SUBSIDIARIES

INDEX TO THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2023
(Amounts in Thousands, Except Number of Shares, Par Value per Share and Unless Otherwise Specified)

Annex "A"

Reconciliation of Retained Earnings for Dividend Declaration

For the reporting period ended December 31, 2023

Filsyn Corporation

Unit 8, 5B The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City

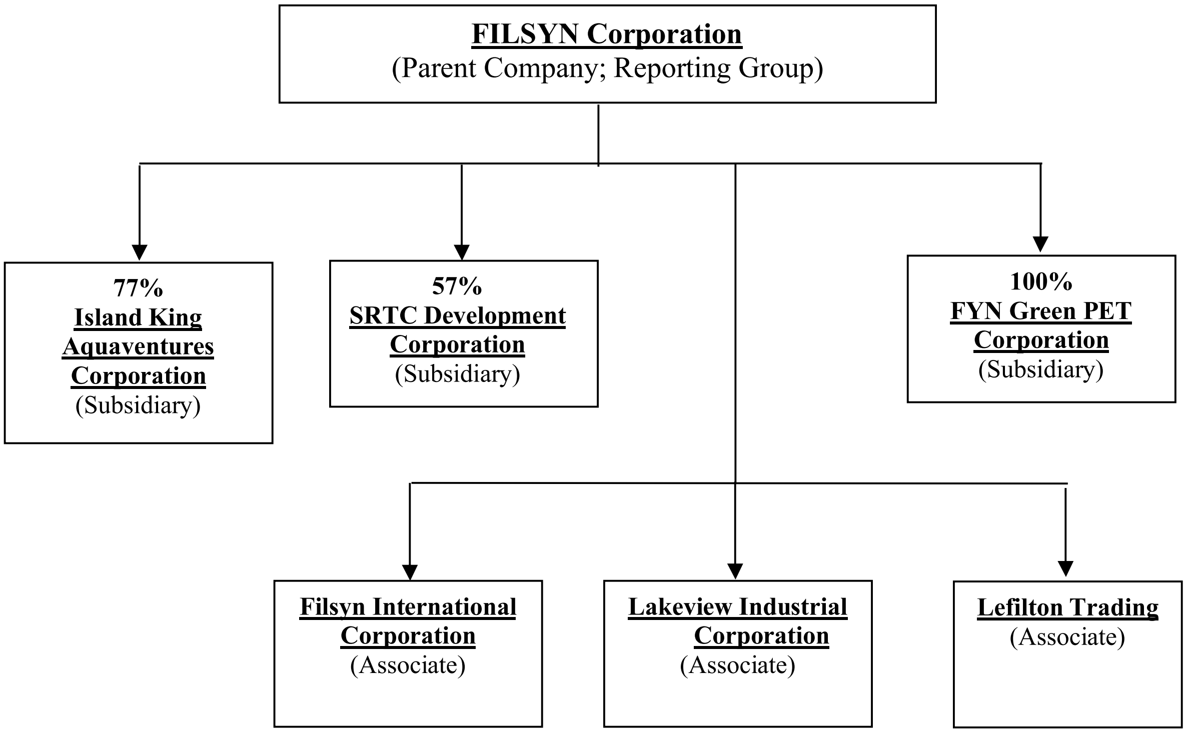
Deficit, beginning of reporting period		**(₱1,877,181,646)**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Equity restructuring	1,862,551,707	1,862,551,707
Deficit, as adjusted		**(14,629,939)**
Add: Net income during the period		4,727,330
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		(1,155,000)
Adjusted Net Income/Loss		3,572,330
Deficit as at December 31, 2023, as adjusted		**(₱11,057,609)**

FILSYN CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT DECEMBER 31, 2023, 2022 and 2021

Financial Ratios	Formula	2023	2022	2021
Current ratio	Current assets / Current liabilities	(0.12)	0.09	0.03
Acid test ratio	Cash and cash equivalents + Current receivables + Current financial assets / Current liabilities	(0.61)	0.04	0.03
Solvency ratio	Net loss + Depreciation and Amortization + Impairment Loss / Total Liabilities	(0.05)	(0.03)	0.00
Debt-to-equity ratio	Total liabilities (current + noncurrent) / Total Equity	2.39	(3.32)	(3.00)
Asset-to-equity ratio	Total Assets / Total Equity	(3.39)	(2.32)	(2.00)
Interest rate coverage ratio	Earnings/ Losses Before Interest and Taxes (EBIT) / Finance Costs	(1.96)	(1.17)	(0.09)
Return on equity	Net income (Net Loss) / Total Equity (average)	27.35%	(11.18%)	(1.58%)
Return on assets	Net Income (Net Loss) / Total Assets (average)	2.22%	(5.15%)	(0.76%)
Net Sales Growth	Current Period Net Sales – Prior Period Net Sales / Prior Period Net Sales	1033.16%	5.32%	43.43%
Gross Margin	Gross Profit / Net Sales	13.86%	(38.06%)	11.82%
Net Profit Margin	Net Income (Net Loss) / Net Sales	6.59%	(164.53%)	(22.18%)

FILSYN CORPORATION
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
AS AT DECEMBER 31, 2023



FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE A – FINANCIAL ASSETS
DECEMBER 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in the Statement of Financial	Value based on Market Quotation at end of reporting period	Income received and accrued
Cash and cash equivalents	N/A	₱38,264,426	₱38,264,426	₱746,830
Trade receivables	N/A	21,812,374	21,812,374	–
Long term time deposits	N/A	20,000,000	20,000,000	478,422
Refundable deposits	N/A	282,436	282,436	–
		₱80,359,236	₱80,359,236	₱1,225,252

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at end period
			NOT APPLICABLE				

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts Written off	Current	Not Current	Balance at end period
IKAC	₱85,950,696	₱57,123	₱–	₱–	₱86,007,819	₱–	₱86,007,819
FYN Green	8,849,250	1,200,000	–	–	10,049,250	–	10,049,250
SRTC	81,000	–	–	–	81,000	–	81,000
	₱94,880,946	₱1,257,123	₱–	₱–	₱96,138,069	₱–	₱96,138,069

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE D – LONG-TERM DEBT
DECEMBER 31, 2023

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-term debt" in related Statement of Financial Position	Amount shown under caption "Long-term debt" in related of Financial Position
Trans-Pacific Oriental Holding Group, Inc.	₱166,110,000	₱166,110,000	₱–
Total	₱166,110,000	₱166,110,000	₱–

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2023

Name of Related Party	Balance at beginning of period	Balance at end of period
Malaysia Garment Manufacturers (Pte) Ltd. (Malaysia Garments)	₱930,132,682	₱–
Trans-Pacific Oriental Holding Group, Inc.	167,265,000	166,110,000
Total	₱1,097,397,682	₱166,110,000

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2023

Name of issuing entity of securities guaranteed by the Group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owed by person for which statement is filed	Nature of guarantee
CTBC Bank Co. Ltd	Not Applicable	₱694,893,500	₱694,893,500	Filsyn Corporation entered into a payment guarantee agreement as the guarantor, with CTBC Bank Co. Ltd. in case of Fyn Green PET Corporation's payment default.

FILSYN CORPORATION AND SUBSIDIARIES
SCHEDULE G – CAPITAL STOCK
DECEMBER 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding Shown under related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Related Parties	Directors, Officers and Employees	Others
COMMON STOCK						
Class A	440,229,812	123,747,927	–	63,758,181	124,652	60,044,874
Class B	293,486,507	49,071,756	–	45,065,670	100,002	3,906,304
PREFERRED STOCK	33,426,498	33,426,498	–	33,426,498		
	767,142,817	206,246,181	–	142,250,349	224,654	63,951,178

SUSTAINABILITY REPORT

Following the cessation of its manufacturing operation in 1996, FILSYN CORPORATION primarily focused on leasing of its investment properties as disclosed in the financial statements as of December 31, 2023.

The Company is in the process of improving its financial status by means of undergoing financial restructuring, which is pending approval of SEC, to eliminate its long-term obligations and to develop its investment properties, which are located in Sta. Rosa, Laguna and GMA, Cavite. This will boost the capability of the Company in relation to its sustainability efforts that focused on the well-being of its employees and involvement in environmental and social advocacies. This is part of the corporate core values of the Company as it moves forward in achieving its goal.

Company Details	
Name of Organization	*FILSYN Corporation*
Location of Headquarters	*Unit 8, 5B Floor, The Pearlbank Centre, 146 Valero St, Salcedo Village, Makati City*
Location of Operations	*Makati and Sta. Rosa, Laguna*
Report Boundary: Legal entities (e.g., subsidiaries) included in this report*	*No subsidiaries included*
Business Model, including Primary Activities, Brands, Products, and Services	*Leasing of Investment Properties*
Reporting Period	*2023*
Highest Ranking Person responsible for this report	*Apolinario L. Posio – Executive Vice President / Chief Financial Officer*

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	**Amount**	**Units**
Direct economic value generated (revenue)	48,125,172	PhP
Direct economic value distributed:		
a. Operating costs	36,816,284	PhP
b. Employee wages and benefits	4,700,730	PhP
c. Payments to suppliers, other operating costs	1,519,667	Php
d. Dividends given to stockholders and interest payments to loan providers	None	PhP
e. Taxes given to government	8,421,547	PhP
f. Investments to community (e.g., donations, CSR)	None	PhP

What is the impact and where does it occur? Whatis the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Improvements of service to the location	*Clients, Community*	*The Management underscores bringing a good service to its clients thru maintaining the property in good condition.*
Increase in payment of local taxes	*Government*	*The Management ensures that the Company is complying on its obligation to the local government units.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Risk on the impact of the occurrence of economic downturn that may result from events such as the impact of Covid-19 pandemic	*employees, stockholders, community, government*	*Management ensures that safeguards are on place and adheres to the practices and pronouncement issued by the government.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Increase in demand in the leasing industry	*Employees, community and stockholders*	*Management monitors economic conditions, updates and events, which may create opportunities that will benefit not only the Company but also its employees, its stockholders and the community.*

Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	*Disclose the actual and potential impacts[16] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.*	*Disclose how the organization identifies, assesses, and manages climate-related risks.*	*Disclose the metrics and targets used to assess and manage relevant climate- related risks and opportunities wheresuch information is material.*
The Management, with the broader guidance from the board of directors, is aware of climate-related risks and ensure that it will comply with the necessary actions and identify opportunities to help in addressing the risks. These may include following the practices set by the government and other entities that positively contributes to the environment.	*Climate related risks may arise from day-to-day operation of the Company such as through consumption of energy and commercial products that may unknowingly be harmful to the environment.*	*The Company's process for identifying risk includes leveraging on multiple perspectives of the members of the Board of Directors and on news and updates of different government bodies. These will be consolidated to identify risks as well as the proper actions to mitigate those risks.*	*Ensure risks are address with consideration to the full compliance with all applicable laws, industry standards and other legal requirements.* *Metrics: Compliance Rate*

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Augmentation of local economy by creating value in the community	*Local suppliers Service Providers Community*	*The Company ultimately prefers to acquire services of local suppliers and service providers*
What are the Risk/s Identified?		**Management Approach**
Other suppliers may not comply with the requirements of the Company	*Local suppliers Service Providers*	*The Management ensures that all services acquired by the Company passed the average standard at the very least.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Establishment of good business relationship with local suppliers and services providers.	*Local suppliers Service Providers*	*Management ensures solid communication with local suppliers and service providers.*

Anti Corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	None	%
Percentage of employees that have received anti-corruption training	None	%

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

The Company ensures that communication of code of conduct to the employees.

ENVIRONMENT

Resource Management

Energy Consumption within the Organization

Disclosure	Quantity (Ave./mo.)	Units
Energy consumption (renewable sources)	*N/A*	*GJ*
Energy consumption (gasoline)	*N/A*	*GJ*
Energy consumption (LPG)	*N/A*	*GJ*
Energy consumption (diesel)	*N/A*	*GJ*
Energy consumption (electricity)	*57,500*	*kWh*

Reduction of Energy Consumption

Disclosure	Quantity (Ave./mo.)	Units
Energy reduction (gasoline)	*N/A*	*GJ*
Energy reduction (LPG)	*N/A*	*GJ*
Energy reduction (diesel)	*N/A*	*GJ*
Energy reduction (electricity)	*N/A*	*kWh*

Water Consumption within the Organization

Disclosure	Quantity (monthly)	Units
Water withdrawal	*N/A*	*Cubic meters*
Water consumption	*N/A*	*Cubic meters*
Water recycled and reused	*N/A*	*Cubic meters*

Note: The Company started to measure its water consumption in 2022.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company's energy and water consumption has no material impact to the environment. These are consumed responsibly during the day-to-day operation of the Company.	*N/A*	*N/A*
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No risk was identified as the operation of the Company does not rely to energy and water.	*N/A*	*N/A*
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*

<u>Materials Used by the Organization</u>

Disclosure	Quantity (monthly)	Units
Materials used by weight or volume		

Renewable	*N/A*	*Kg/liters*
Non-renewable	*N/A*	*Kg/liters*
Percentage of recycled input materials used to manufacture the organization's primary products and service	*N/A*	*Kg/liters*

The Company's focused is on leasing of property, which does not involve the use of either renewable or non-renewable materials.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*

Ecosystems and Biodiversity

The location of the properties of the Company are not located in, or adjacent to protected areas, or areas of high biodiversity value outside of protected areas.

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	*None*	*has*
Habitats protected or restored	*None*	*has.*
IUCN17 Red List species and national conservation list species with habitats in areas affected by operations	*None*	*none*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity (Monthly)	Units
Direct (Scope 1) GHG Emissions	*None*	*Tonnes CO_2e*

Energy indirect (Scope 2) GHG Emissions	*None*	*Tonnes CO_2e*
Emissions of ozone-depleting substances (ODS)	*None*	*Tonnes*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There is no identified impact on air emissions as the Company is not engaged in heavy industrial activities.	*N/A*	*N/A*
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No identified significant risk.	*N/A*	*N/A*
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not engaged in activities that may result to harmful air emissions	*Community*	*Company will thoroughly review business opportunities that will not have bad impact to the environment.*

Air Pollutants

Disclosure	Quantity (ave./week)	Units
NOx	*None*	*Kg*
Sox	*None*	*Kg*
Persistent organic pollutants (POPs)	*None*	*Kg*
Volatile organic compounds (VOCs)	*None*	*Kg*
Hazardous air pollutants (HAPs)	*None*	*Kg*
Particular Matter (PM)	*None*	

Solid and Hazardous Wastes

Solid Waste

The Company does not yet accurately measured the quantity of solid waste generated, or determined the breakdown of that sum into reusable, recyclable, composted, incinerated, and landfilled component parts. The Company is not engaged in any activity commonly known to produce high levels of solid waste.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Best practices on the solid wastes may bring improvement not only in the environment but also in the economy.	*Community*	*The management will ensure that good practices are being done in relation to the Company's operation.*
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Failure to implement good solid waste management may compromise effort for gaining positive impact in the environment	*Community*	*Same with Above*
What are the Opportunity/ies Identified	Which stakeholders are affected?	Management Approach
Contribute to the community in maintaining good environment thru simple and consistent good practices in managing solid wastes	*Community*	*Same with above*

Hazardous Waste

There is has neither material incidence of hazardous waste generation nor engaged in any activity commonly known to produce material levels of hazardous waste, such as health care, heavy industrial processing, chemical manufacturing. The Company ensure

Disclosure	Quantity (ave. monthly)	Units
Total weight of hazardous waste generated	*None*	*Kg*
Total weight of hazardous waste transported	*None*	*Kg*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*

Effluents

Disclosure	Quantity (ave. daily)	Units
Total volume of water discharges *(AMD from discharges of old mine pits.)*	*None*	*Cubic meters*
Percent of wastewater recycled	*None*	*N/A*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
N/A	*N/A*	*N/A*

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	*None*	*PhP*
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	*None*	*PhP*
No. of cases resolved through dispute resolution Mechanism	*None*	*PhP*

SOCIAL

As of 2022, the Company has five regular employees. It has seven contractual employees who are former regular employees and rehired by the Company to assist in monitoring and maintaining its investment property in Sta. Rosa, Laguna.

Employee Management
Employee Hiring and
Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees		
a. Number of female employees	*6*	*Pax*
b. Number of male employees	*6*	*Pax*
Attrition rate	*0%*	*%*
Ratio of lowest paid employee against minimum Wage	*N/A*	*ratio*

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	*Y*	*N/A*	*N/A*
PhilHealth	*Y*	*N/A*	*N/A*
Pag-ibig	*Y*	*N/A*	*N/A*
Parental leaves	*Y*	*N/A*	*N/A*
Vacation leaves	*Y*	*N/A*	*N/A*
Sick leaves	*Y*	*N/A*	*N/A*
Medical benefits (aside from PhilHealth)	*Y*	*N/A*	*N/A*
Housing assistance (aside from Pag-ibig)	*Y*	*N/A*	*N/A*
Retirement fund (aside from SSS)	*Y*	*N/A*	*N/A*
Further education support	*N*	*N/A*	*N/A*
Company stock options	*N*	*N/A*	*N/A*
Telecommuting	*N*	*N/A*	*N/A*
Flexible-working Hours	*N*	*N/A*	*N/A*
(Others)		*N/A*	*N/A*

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	*50*	*%*
% of male workers in the workforce	*50*	*%*
Number of employees from indigenous communities and/or vulnerable sector*	*N/A*	*#*

**Vulnerable sector includes, elderly, person with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Motivation, performance and well-being of employees	*The Management ensures that employees are aware of their benefits and informed them for any updates or changes.*
What are the Risk/s Identified?	**Management Approach**
No material risk identified due to small number of employees	*Compliance with labor standards dialogue with employees.*
What are the Opportunity/ies Identified?	**Management Approach**
Employment for community members	*Compliance with labor standards.*

Employee Training and Development

Disclosure	**Quantity**	**Units**
Total training hours provided to employees		
a. Female employees	*None*	*hours*
b. Male employees	*None*	*hours*
Average training hours provided to employees		
a. Female employees	*0*	*hours/employee*
b. Male employees	*0*	*Hours/employee*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Performance improvement of employees	*Management are aware that trainings are necessary for the growth of its employees. Thus, it is open in sending employees to trainings.*
What are the Risk/s Identified?	**Management Approach**
Risk that employees who were given training opportunities will left the Company for better opportunities	*The Management formed safeguards for the risk by establishing agreement with the employees with regard to retention upon acceptance of training.*
What are the Opportunity/ies Identified?	**Management Approach**
Additional skills for employees	*Continue training for the development of employees*

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	*None*	*%*
Number of consultations conducted with employees concerning employee-related policies	*None*	*#*

Workplace Conditions, Labor Standards and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-hours	N/A	
No. of work-related injuries	*None*	*#*
No. of work-related fatalities	*None*	*#*
No. of work-related ill-health	*None*	*#*
No. of safety drills	*None*	*#*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
This have impact on the employees' well-beging	*Ensure the implementation of safety and health policies*
What are the Risk/s Identified?	**Management Approach**
May result to accidents if not properly observed	*Observation of Safety inspection*
What are the Opportunity/ies Identified?	**Management Approach**
Training of employees for preparedness	*Strict implementation of safety & health policies*

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	*none*	*#*

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	*N*	*The Company is currently updating its policy manual and will ensure that inclusion of violations related to forced and child labor and human rights.*
Child labor	*N*	
Human Rights	*N*	

Supply Chain Management
Do you have supplier accreditation policy? If yes, please attach the policy or link to the policy: - ***None***

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	*N/A*	*N/A*
Forced labor		
Child labor		
Human Rights		
Bribery and corruption		

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	*N/A*
What are the Risk/s Identified?	**Management Approach**
N/A	*N/A*
What are the Opportunity/ies Identified?	**Management Approach**
N/A	*N/A*

Relationship with Community
Significant Impacts on Local Communities

Business Operations with Significant Impact	Location	Vulnerable Groups Impacted	Impact on Indigenous People	Community Rights of Particular Concern	Mitigation (of Negative) and Enhancement (of Positive) Impacts
Land Property	*Sta. Rosa*	*All residents of host community*	*No material impact due to location*	*Ecological and environmental concern*	*Proper Compliance with local government policies and regulations*

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third-party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	*N/A*	*N*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The Company considers customer satisfaction as imperative in its operation and have positive impact in the entire organization. This reflects the overall experience of the customer from the services provided by the Company	*The Company gives customers the best services and treat them equally in accordance with the Company's core values.*
What are the Risk/s Identified?	**Management Approach**
Company dissatisfaction	*Same as above*
What are the Opportunity/ies Identified?	**Management Approach**
Build good relationship with customers	*Same as above*

Health and Hazard

Disclosure	Quantity	Units
No. of substantiated complains on product or service health and safety*	*None*	*#*
No. of complains addressed	*None*	*#*

**Substantiated complains include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complains that were lodge to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Customers/clients' health and safety is one of the Company's top priority.	*The Company gives customers the best services and treat them equally in accordance with the Company's core values.*
What are the Risk/s Identified?	**Management Approach**
No material risk identified	*Same as above*

What are the Opportunity/ies Identified?	Management Approach
The company sees to continue improvement in areas of health and safety of customers.	*Management accepts feedback from customers with regard to the services being performed.*

Marketing and labelling

The Company has no implemented marketing practices.

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complains addressed	None	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
N/A	*N/A*
What are the Risk/s Identified?	**Management Approach**
N/A	*N/A*
What are the Opportunity/ies Identified?	**Management Approach**
N/A	*N/A*

Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	*None*	*#*
No. of complains addressed	*None*	*#*
No. of customers, users, and account holders whose information is used for secondary purposes	*None*	*#*

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks,thefts and losses of data	*none*	*#*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Documents from customers are in safe places. These documents can only be accessed by authorized personnel.	*Orientation of employees with regard to data security for proper implementation*
What are the Risk/s Identified?	**Management Approach**
Exposure of confidential information	*Same as above*
What are the Opportunity/ies Identified?	**Management Approach**
Enhancement of data protection measures *Instill discipline and responsible use of information among employees*	*Follow-up and continuous improvement*