Management Report

MANAGEMENT REPORT

Business Overview and General Information

Steniel Manufacturing Corporation ("STN" or the "Company") was incorporated and registered with the Securities and Exchange Commission (SEC) on September 13, 1963. The Company and its subsidiaries (the "Group)" are engaged in the manufacturing, processing, and selling of all kinds of paper products, paper board and corrugated carton containers, and all other allied products and processes. The Company is listed in the Philippine Stock Exchange Inc. (PSE).

On September 11, 2013, the SEC approved the Amended Articles of Incorporation of the Company, extending the corporate life for another 50 years from September 13, 2013. With the passage of the Revised Corporation Code of the Philippines ("RCC"), the Company now has perpetual existence

Following a decision made by the Company's Board of Directors (BOD) in 1996 to reorganize the Group, the Company ceased manufacturing operations in June 1997 due to continuing business losses. As a result, reorganization of the Group was carried out and completed with the Company's principal activity now limited to holding of investments.

A. Shareholdings

Prior to 2006, Steniel (Netherlands) Holdings B.V. ("SNHBV"), a company incorporated in Amsterdam, The Netherlands, owned 82.2716% of the shares of the Company. SNHBV was then 100%-owned by Steniel (Belgium) Holdings NV ("Steniel Belgium"). In 2006, Steniel Belgium sold its shares in SNHBV to certain directors and officers of the company. With the sale of shares, SNHBV became the ultimate parent company.

Consequent to the restructuring of the loan in 2010, the Company issued a total of 123,817,953 shares to Roxburgh Investment Limited (Roxburgh) through the conversion of debt to equity. The conversion resulted to the reduction of the Company's outstanding debt and recognition of additional paid in capital. As a result, Roxburgh became the owner of 12.3818% of the Company, while the ownership of SNHBV and the public was reduced to 72.0849% and 15.5333%, respectively.

On January 18, 2012, the shareholders of SNHBV entered into a Share Purchase Agreement with Right Total Investments Limited (Right Total, a limited liability company incorporated in British Virgin Islands as an investment company), to purchase up to 100% of the issued and outstanding shares of SNHBV. With the sale of shares of SNHBV, Right Total became the owner of the 72.0849% shares of SNHBV consequently making Right Total as the ultimate parent company.

On January 25, 2012, the Company received a tender offer report from SNHBV offering to purchase the 279,151,088 shares of minority investing public or 27.92% of the total issued shares at a price of P0.0012 per share or an aggregate price of P334.9 million. On February 25, 2012, a total of 2,115,692 common shares were tendered in the Tender Offer and accepted by SNHBV, constituting 0.0021% of the total outstanding capital stock of the Company. On March 8, 2012, payment for the Tendered Shares was delivered to the relevant broker participants on behalf of interested parties and there was a transfer to SNHBV of only 0.76% of the minority shares. Such accepted tender offer did not significantly change the percentage ownership of the minority investing public.

On June 26, 2019, the Company approved the reacquisition of Steniel Mindanao Packaging Corporation ("SMPC"), as described below, through a share swap transaction involving the transfer of 100% of the outstanding capital stock of SMPC in favor of the Company in exchange for STN shares. The Company also approved the conversion of the loans extended by Greenkraft Corporation ("Greenkraft") and Roxburgh into equity. These approvals were made in view of the need to address the negative equity of the Company.

As part of the preparations for these share issuances, the Board approved the increase of the Company's authorized capital stock from Php1 Billion to Php2 Billion. The same was approved and ratified by the stockholders during the annual stockholders' meeting held on July 17, 2019 and reconfirmed on November 19, 2020.

On October 7, 2020, Greenkraft Corporation (Greenkraft), Golden Bales Corporation (Goldenbales), Corbox Corporation (Corbox), Rex Chua and Clement Chua, as purchasers (collectively, the Buyer Group) entered into a Share Purchase Agreement with SNHBV as seller to acquire 649,908,308 common shares of the Company, for a consideration of P64.99 million or P0.10 per share, broken down as follows:

Buyer	Number of Shares	Percentage of Ownership
Greenkraft Corporation	216,679,430	21.67%
Corbox Corporation	194,972,492	19.50%
Goldenbales Corporation	194,972,492	19.50%
Clement Chua	21,641,947	2.16%
Rex Chua	21,641,947	2.16%
	649,908,308	64.99%

In compliance with the Securities and Regulations Code and its Implementing Rules and Regulations, the Buyer Group made a tender offer involving the remaining outstanding shares of the Company, excluding the 70,940,604 common shares of SNHBV not included in the Share Purchase Agreement. The tender offer commenced on October 12, 2020 and ended on November 10, 2020 ("Tender Offer Period"). A total of 11,780,533 common shares of STN were tendered during the Tender Offer Period, which comprise approximately 1.18% of the total issued and outstanding shares of STN.

Following the completion of the tender offer, SNHBV and the Buyer Group executed the deed of sale on November 23, 2020 involving the 649,908,308 shares of the Company. The relevant taxes were paid and the corresponding CAR was secured. The transfer reduced the shareholding of SNHBV to 5% of the Company's outstanding capital stock.

On December 29, 2020, the SEC approved STN's application for increase of authorized capital stock from Php 1 Billion to Php 2 Billion resulting to the issuance of 418,821,081 common shares in favor of the Buyer Group, Greenkraft and Roxburgh. The increase was (i) partly subscribed by the share swap transaction wherein STN reacquired SMPC in exchange for unissued shares of the STN; and (ii) partly subscribed through conversion of liability into equity.

On October 6, 2023, SNHBV and Greenkraft sold a total of 130,940,604 shares in compliance with the backdoor listing rule which required the Company to comply with the minimum public ownership requirement of at least 20% of the outstanding capital stock. With the aforesaid sale, SNHBV ceased to be a shareholder of the Company.

The relevant taxes were paid and the corresponding CARs were secured. The Company's public float increased from 13.09% to 22.27%.

The Company's registered address and principal office is located at Gateway Business Park, Brgy. Javalera, General Trias, Cavite, Philippines.

B. Subsidiaries

The consolidated financial statements include the financial statements of the Company and the following subsidiaries incorporated in the Philippines:

	Percent of Ownership	
	2023	2022
Steniel Cavite Packaging Corporation (SCPC)*	**100**	100
Steniel Mindanao Packaging Corporation (SMPC)**	**100**	100

** Treasure Packaging Corporation (TPC) was merged with SCPC as approved by the SEC on May 30, 2018.*

*** SMPC was reacquired on December 29, 2020.*

1. *Steniel Cavite Packaging Corporation (SCPC)*

SCPC was incorporated and registered with the SEC on November 9, 1993 primarily to engage in the manufacturing, processing and selling of all kinds of paper products and processes.

On June 30, 2006, SCPC's BOD decided to discontinue its packaging operations in view of the continued business losses incurred since its incorporation, in addition to difficult economic and business conditions. SCPC used to purchase, process and resell various paper products and lease its machinery and equipment to generate income, until 2015 when the former was discontinued. On January 10, 2017, the SEC approved the equity restructuring of SCPC which has wiped out the deficit as at December 31, 2016.

TPC was incorporated and registered with the SEC on May 23, 1994 primarily to engage in the manufacturing, processing, purchasing, and selling on wholesale basis, paper, paper rolls, paper boards, cartons, containers, packaging material and other pulp and paper products. The registered office address and principal office of TPC is located at Hernan Cortes Street, Mandaue City, Cebu, Philippines.

On June 15, 2016 and July 8, 2016, SCPC's BOD and shareholders, respectively, approved the change in its address and principal office at Gateway Business Park, Brgy. Javalera, General Trias, Cavite.

In 2016, the merger between SCPC and TPC (the former as the surviving entity) was approved by the BOD and shareholders of the respective entities. The application for merger was filed with the SEC on April 10, 2017 and was approved on May 30, 2018.

SCPC's principal office is located at Gateway Business Park, Brgy. Javalera, General Trias, Cavite, Philippines.

2. *Steniel Mindanao Packaging Corporation (SMPC)*

SMPC was incorporated on June 30, 1995 primarily to engage in the business of manufacturing, importing, buying, selling or otherwise dealings in, at wholesale and retail, all kinds of paper, paper rolls, paper boards, cartons, containers, packaging materials and other pulp and paper products.

As at December 31, 2012, SMPC was a wholly-owned subsidiary of the Company. In December 2013, the Company sold its 9,249,995 common shares in SMPC to various entities and individuals.

In 2019, the BOD and stockholders of the Company approved the reacquisition of shares of SMPC through a share swap transaction wherein all shareholders of SMPC will exchange all their shares in SMPC for shares of the Company. In preparation for these share issuances, the Company's BOD approved the increase of the Company's authorized capital stock from Php1 Billion to Php2 Billion. The same was approved and ratified by the stockholders during the annual stockholders' meeting held on July 17, 2019 and reconfirmed on November 19, 2020.

On December 29, 2020, the Company issued 269,250,000 shares to the shareholders of SMPC effecting the share swap following the SEC approval of the Company's increase in authorized capital stock on the same day. The transfer of the SMPC shares in favor of the Company was subsequently recorded after the relevant CARs were issued by the Philippine Bureau of Internal Revenue ("BIR").

SMPC's principal place of business is located at Km. 25 National Highway, Bunawan District, Davao City.

As at May 30, 2024, the subsidiaries of the Company are SCPC and SMPC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Status of Operations

The Group has temporarily ceased its principal operations and has incurred recurring losses in prior years resulting to a deficit of Php 934 million, Php 942 million, and Php 1,069 million as at March 31, 2024, December 31, 2023, and 2022, respectively.

To improve this condition, the management has taken the following measures:

On July 17, 2019, the BOD and stockholders of the Company approved the acquisition of shares of SMPC through a share swap transaction and the conversion of loans from Greenkraft Corporation and Roxburgh Investments Limited into common shares in the Company. To accommodate the transactions discussed above, the BOD and stockholders approved the amendment of the Articles of Incorporation to increase the authorized capital stock from Php 1 billion, divided into one billion common shares to Php 2 billion, divided into two billion common shares with par value of Php 1 per share.

On December 29, 2020, upon the SEC's approval of the Company's application for increase in authorized capital stock, the Company issued shares to the lenders effecting the debt to equity conversion thereby reducing the outstanding balance of the borrowings by Php 149.56 million. Further, the Company also issued shares to the shareholders of SMPC effecting the share swap transaction resulting to a provisional gain of Php 158.27 million from the acquisition of a subsidiary. The realization of these transactions resolved the capital deficiency position of the Group as at 2021 and 2020.

Results of Operations

Consolidated revenue for the 1st quarter of 2024 was recorded at Php 798.954 million consisting of Php 770.488 million products sales and service income of Php 28.466 million.

Consolidated revenues for the year ended December 31, 2023 totaled Php 3,407 million while revenue recorded in the previous year ended December 31, 2022, amounted to Php 2,205 million. Revenues on both years mainly consist of the manufacturing and selling of cartons and packaging materials to domestic and international markets.

Cost of sales on product sales and services recorded amounted to Php 661.144 million for the period ended March 31, 2024, and Php 2,983 million and Php 1,824 million, for the years ended December 31, 2023, and 2022, respectively.

Operating expenses for the period ended March 31, 2024 amounted to Php 58.448 million. While operating expenses for the year ended December 31, 2023 posted Php 341.846 million compared to the previous year of Php 268.133 million. The increase of Php 101.297 million consist of costs incurred to support the manufacturing activities.

Below is the illustrative disclosure of the changes in financial condition and/or results of operations comprising the Company's two comparative periods.

Changes in Financial Condition and/or Results of Operations

March 31, 2024 vs. December 31, 2023 *(in thousands)*

	31-Mar-2024	31-Dec-2023	Change	% of Change
Statements of Financial Position				
ASSETS				
Current Assets				
Cash	81,015	113,041	(32,026)	(28.33%)
Receivables – net	931,842	852,708	79,134	9.28%
Inventories – net	1,755,267	2,040,582	(285,315)	(13.98%)
Prepaid expenses and other current assets	406,300	267,941	138,359	51.64%
Asset held-for-sale	-	47,896	(47,896)	(100.00%)
Total Current Assets	3,174,424	3,322,168	(147,744)	(4.45%)
Noncurrent Assets				
Property and equipment - net	756,787	775,385	(18,598)	(2.40%)
Right-of-use asset – net	19,308	19,308	-	0.00%
Investments in equity instruments	137,757	135,229	2,528	1.87%
Deferred tax assets	4,580	4,580	-	0.00%
Other noncurrent assets	1,737	1,737	-	0.00%
Total Noncurrent Assets	920,169	936,239	(16,070)	(1.72%)
TOTAL ASSETS	**4,094,593**	**4,258,407**	**(163,814)**	**(3.85%)**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables and other current liabilities	2,101,390	1,869,811	231,579	12.39%
Amounts owed to related parties	47,883	47,883	-	0.00%
Current portion of lease liabilities	9,403	9,403	-	0.00%
Current portion of borrowings	531,884	942,134	(410,250)	(43.54%)
Income tax payable	9,192	3,210	5,982	186.36%
Total Current Liabilities	2,699,752	2,872,441	(172,689)	(6.01%)
Noncurrent Liabilities				
Long term debt	468,231	468,231	-	0.00%
Retirement benefits liability	14,563	13,940	623	4.47%
Lease liabilities - net of current portion	12,812	12,812	-	0.00%
Total Noncurrent Liabilities	495,606	494,983	623	0.13%
Total Liabilities	3,195,358	3,367,424	(172,066)	(5.11%)
Equity				
Capital stock	1,418,812	1,418,812	-	0.00%
Additional paid-in capital	408,423	408,423	-	0.00%
Reserve for retirement benefits liability	204	204	-	0.00%
Unrealized gain on available-for-sale financial assets	6,003	6,003	-	0.00%
Retained Earnings (Deficit)	(934,207)	(942,459)	8,252	(0.88%)

Total Equity	899,235	890,983	8,252	0.93%
TOTAL LIABILITIES AND EQUITY	**4,094,593**	**4,258,407**	**(163,814)**	**(3.85%)**
Statements of Comprehensive Income				
REVENUES				
Product sales	770,488	1,522,691	(752,203)	(49.40%)
Service income	28,466	1,884,176	(1,855,710)	(98.49%)
TOTAL REVENUES	**798,954**	**3,406,867**	**(2,607,913)**	**(76.55%)**
COST OF SALES AND SERVICES	661,144	2,983,980	(2,322,836)	(77.84%)
GROSS PROFIT	**137,810**	**422,887**	**(285,077)**	**(67.41%)**
OPERATING EXPENSES	58,448	341,846	(283,398)	(82.90%)
INCOME FROM OPERATIONS	**79,362**	**81,041**	**(1,679)**	**(2.07%)**
FINANCE CHARGE	(20,725)	81,578	(102,303)	(125.41%)
OTHER INCOME (EXPENSES) – Net	8,641	174,743	(166,102)	(95.06%)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	**67,278**	**174,206**	**(106,928)**	**(61.38%)**
INCOME TAX EXPENSE	11,130	56,424	(45,294)	(80.27%)
NET INCOME (LOSS)	**56,148**	**117,782**	**(61,634)**	**(52.33%)**

March 31, 2024 vs. March 31, 2023 *(in thousands)*

Financial Statements ("FS") line items	31-Mar-2024	31-Mar-2023	Change	% of Change
Statements of Comprehensive Income				
REVENUES				
Product sales	770,488	676,526	93,962	13.89%
Service income	28,466	62,151	(33,685)	(54.20%)
TOTAL REVENUES	**798,954**	**738,677**	**60,277**	**8.16%**
COST OF SALES AND SERVICES	661,144	633,758	27,386	4.32%
GROSS PROFIT	**137,810**	**104,919**	**87,663**	**(83.55%)**
OPERATING EXPENSES	58,448	74,712	(16,264)	(21.77%)
INCOME FROM OPERATIONS	**79,362**	**30,207**	**49,155**	**162.73%**
FINANCE CHARGE	(20,725)	(15,241)	(5,484)	35.98%
OTHER INCOME (EXPENSES) – Net	8,641	(6,444)	15,085	(234.09%)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	**67,278**	**8,522**	**58,756**	**689.46%**
INCOME TAX EXPENSE	11,130	-	11,130	0.00%
NET INCOME (LOSS)	**56,148**	**8,522**	**47,626**	**558.86%**

December 31, 2023 and December 31, 2022 *(in thousands)*

Financial Statements ("FS") line items	2023	2022	Change	% of Change
Statements of Financial Position				
ASSETS				
Current Assets				
Cash	113,041	49,609	63,432	127.86%
Receivables – net	852,708	861,271	(8,563)	(0.99%)
Inventories – net	2,040,582	1,888,460	152,122	8.06%
Prepaid expenses and other current assets	267,941	197,394	70,547	35.74%
Asset held-for-sale	47,896	120,600	(72,704)	(60.29%)
Total Current Assets	3,322,168	3,117,334	204,834	6.57%
Noncurrent Assets				
Property and equipment - net	775,385	873,317	(97,932)	(11.21%)
Right-of-use asset – net	19,308	24,870	(5,562)	(22.36%)
Investments in equity instruments	135,229	99,089	36,140	36.47%
Deferred tax assets	4,580	-	4,580	100.00%
Other noncurrent assets	1,737	3,619	(1,882)	(52.00%)
Total Noncurrent Assets	936,239	1,000,895	(64,656)	(6.46%)

TOTAL ASSETS	**4,258,407**	**4,118,229**	**140,178**	**3.40%**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables and other current liabilities	1,869,811	2,037,233	(167,422)	(8.22%)
Amounts owed to related parties	47,883	59,620	(11,737)	(19.69%)
Current portion of lease liabilities	9,403	6,677	2,726	40.83%
Current portion of borrowings	942,134	723,388	218,746	30.24%
Income tax payable	3,210	-	3,210	100.00%
Total Current Liabilities	2,872,441	2,826,918	45,523	1.61%
Noncurrent Liabilities				
Long term debt	468,231	504,970	(36,739)	(7.28%)
Retirement benefits liability	13,940	9,904	4,036	40.75%
Lease liabilities - net of current portion	12,812	20,876	(8,064)	(38.63%)
Deferred tax liability- net	-	1,316	(1,316)	(100.00%)
Total Noncurrent Liabilities	494,983	537,066	(42,083)	(7.84%)
Total Liabilities	3,367,424	3,363,984	3,440	0.10%
Equity				
Capital stock	1,418,812	1,418,812	-	0.00%
Additional paid-in capital	408,423	408,423	-	0.00%
Reserve for retirement benefits liability	204	204	-	0.00%
Unrealized gain on available-for-sale financial assets	6,003	(3,346)	9,349	(279.41%)
Retained Earnings (Deficit)	(942,459)	(1,069,848)	127,389	(11.91%)
Total Equity	890,983	754,245	136,738	18.13%
TOTAL LIABILITIES AND EQUITY	**4,258,407**	**4,118,229**	**140,178**	**3.40%**
Statements of Comprehensive Income				
REVENUES				
Product sales	1,522,691	1,716,844	(194,153)	(11.31%)
Service income	1,884,176	483,186	1,400,990	289.95%
Rent income	-	5,383	(5,383)	(100.00%)
TOTAL REVENUES	**3,406,867**	**2,205,413**	**1,201,454**	**54.48%**
COST OF SALES AND SERVICES	2,956,396	1,823,634	1,132,762	62.12%
GROSS PROFIT	**450,471**	**381,779**	**68,692**	**17.99%**
OPERATING EXPENSES	369,430	268,133	101,297	37.78%
INCOME FROM OPERATIONS	**81,041**	**113,646**	**(32,605)**	**(28.69%)**
FINANCE CHARGE	81,578	45,933	35,645	77.60%
OTHER INCOME (EXPENSES) – Net	174,743	(36,723)	211,466	(575.84%)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	**174,206**	**30,990**	**143,216**	**462.14%**
INCOME TAX EXPENSE	56,424	2,635	53,789	2041.33%
NET INCOME (LOSS)	**117,782**	**28,355**	**89,427**	**315.38%**

December 31, 2022 and December 31, 2021 *(in thousands)*

Financial Statements ("FS") line items	2022	2021	Change	% of Change
Statements of Financial Position				
ASSETS				
Current Assets				
Cash	49,609	65,853	(16,244)	(24.67%)
Receivables – net	861,271	424,786	436,485	102.75%
Inventories – net	1,888,460	642,676	1,245,784	193.84%
Prepaid expenses and other current assets	197,394	132,946	64,448	48.48%
Asset held-for-sale	120,600	120,600	-	0.00%
Total Current Assets	3,117,334	1,386,861	1,730,473	124.78%
Noncurrent Assets				

Property and equipment - net	873,317	546,092	327,225	59.92%
Right-of-use asset – net	24,870	32,640	(7,770)	(23.81%)
Investments in equity instruments	99,089	105,712	(6,623)	(6.27%)
Other noncurrent assets	3,619	9,325	(5,706)	(61.19%)
Total Noncurrent Assets	1,000,895	693,769	307,126	44.27%
TOTAL ASSETS	**4,118,229**	**2,080,630**	**2,037,599**	**97.93%**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade payables and other current liabilities	2,037,233	571,785	1,465,448	256.29%
Amounts owed to related parties	59,620	67,622	(8,002)	(11.83%)
Current portion of lease liabilities	6,677	6,755	(78)	(1.15%)
Current portion of borrowings	723,388	521,747	201,641	38.65%
Total Current Liabilities	2,826,918	1,167,909	1,659,009	142.05%
Noncurrent Liabilities				
Long term debt	504,970	130,401	374,569	287.24%
Retirement benefits liability	9,904	7,385	2,519	34.11%
Lease liabilities - net of current portion	20,876	27,585	(6,709)	(24.32%)
Deferred tax liability- net	1,316	16,076	(14,760)	(91.81%)
Total Noncurrent Liabilities	537,066	181,447	355,619	195.99%
Total Liabilities	3,363,984	1,349,356	2,014,628	149.30%
Equity				
Capital stock	1,418,812	1,418,812	-	0.00%
Additional paid-in capital	408,423	408,423	-	0.00%
Reserve for retirement benefits liability	204	1,211	(1,007)	(83.15%)
Unrealized gain on available-for-sale financial assets	-3,346	10,646	(13,992)	(131.43%)
Retained Earnings (Deficit)	(1,069,848)	(1,107,813)	37,965	(3.43%)
Total Equity	754,245	731,279	22,966	3.14%
TOTAL LIABILITIES AND EQUITY	**4,118,229**	**2,080,635**	**2,037,594**	**97.93%**
Statements of Comprehensive Income				
REVENUES				
Product sales	1,716,844	1,231,289	485,555	39.43%
Service income	483,186	45,216	437,970	968.62%
Rent income	5,383	-	5,383	100.00%
TOTAL REVENUES	**2,205,413**	**1,276,505**	**928,908**	**72.77%**
COST OF SALES AND SERVICES	1,823,634	1,139,845	683,789	59.99%
GROSS PROFIT	**381,779**	**136,660**	**245,119**	**179.36%**
OPERATING EXPENSES	268,133	115,079	153,054	133.00%
INCOME FROM OPERATIONS	**113,646**	**21,581**	**92,065**	**426.60%**
FINANCE CHARGE	45,933	(14,814)	60,747	(410.06%)
OTHER INCOME (EXPENSES) – Net	(36,723)	12,183	(48,906)	(401.43%)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX	**30,990**	**18,950**	**12,040**	**63.54%**
INCOME TAX EXPENSE	2,635	984	1,651	167.78%
NET INCOME (LOSS)	**28,355**	**17,966**	**10,389**	**57.83%**

Operating Plans

The Company's key strategies are focused on maximizing production to increase market share while maintaining profitability and continuously make use of available financial assets to augment revenues including the leasing activities.

Financial Conditions

Consolidated total assets as at March 31, 2024 amounted to Php 4,095 million while current assets as at the same reporting date totaled Php 3,174 million. Consequently, consolidated total liabilities as at March 31, 2024 amounted to Php 3,195 million while current liabilities as at the same reporting date totaled Php 2,700 million. Principal obligations are being settled as they fall due in accordance with the amortization schedule. Working capital ratio for the current quarter is 1.18.

Future expansions are considered, contemplating on business related to the company's core activities within the year. Significant capital spending is anticipated to support the project.

Key Performance Indicators ("KPIs")

The Company's and its majority- owned subsidiaries' top five (5) KPIs for both full fiscal years and interim periods are:

1. Production volume increase by 2% in 2024 compared last year 2023.
2. Yield improvement as a result of waste reduction by 2-3%.
3. Sales volume increased by 12% in 2024 compared to sales volume in 2023.
4. Improved collection effort from 60days in 2023 to 45days in 2024.
5. Payment acceleration for long-term debt.

Financial Risk Management

The Company's financial assets and liabilities, comprising mainly of cash in banks, receivables, other non-current receivables, trade payables and borrowings and amounts due from/to related parties are exposed to a variety of financial risks, which include currency risk, credit risk, liquidity/funding risk and cash flow interest rate risk. The Company's management ensures that it has sound policies and strategies made to minimize potential adverse effects of those risks on its financial performance. Risk management is carried out through the policies approved by Board of Directors of the Company.

The foreign exchange risk of the Company arising from cash, trade receivables and payables is not significant. The net exposure is kept to an acceptable level by buying foreign currencies at spot rates when necessary to address short-term needs.

The Company is not significantly exposed to price risk on equity securities and proprietary club shares classified in the consolidated balance sheet as other assets. Furthermore, there are no foreign securities owned and held by the Company.

The fluctuation of future cash flows risk relates to the fluctuations of a financial instrument as a result of changes in the market interest rates with possible additional penalty charges. Since the declaration of default by the Company's lending banks in 2005, the interest rates applied are fixed.

As the borrowings are carried at amortized cost with fixed interest rate, the Company is not exposed to either cash flow or fair value interest rate risk. The Company has no significant interest-bearing assets, which are dependent on market interest rate that would affect the Group's income and operating cash flows.

Credit risk is managed on a Group basis. Credit risk arises from deposits with banks, receivables and deposits with third parties. Cash transactions are limited to high-credit-quality financial institutions and are maintained with universal and commercial banks.

Liquidity risk relate to the failure of the Company or another party to discharge its obligations/commitments arising from receivables, payables and borrowings. Cash balances are considered low. The tight cash position limits its obligation to take advantage of increasing demands.

Establishing new sources of trade credit and working capital facility will change this problem. The Company's financial liabilities, which include borrowings, trade payables and other current liabilities are due within 12 months.

The Company's objectives when managing capital are to safeguard the its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Key Variable and Other Qualitative and Quantitative Factors.

A. Significant Elements of Income or Loss (from continuing operation)

The following are the significant elements of income or loss from continuing operation:

- Consolidated revenue for the 1st quarter of 2024 was recorded at Php 798.954 million consisting of Php 770.488 million products sales and service income of Php 28.466 million.

- Consolidated revenues for the year ended December 31, 2023 totaled Php 3,407 million while revenue recorded in the previous year ended December 31, 2022, amounted to Php 2,205 million. Revenues on both years mainly consist of the manufacturing and selling of cartons and packaging materials to domestic and international markets.

- Cost of sales on product sales and services recorded amounted to Php 661.144 million for the period ended March 31, 2024, and Php 2,956 million and Php 1,824 million, for the years ended December 31, 2023, and 2022, respectively.

- Operating expenses for the period ended March 31, 2024 amounted to Php 58.448 million. While operating expenses for the year ended December 31, 2023 posted Php 369.430 million compared to the previous year of Php 268.133 million. The increase of Php 101.297 million consist of costs incurred to support the manufacturing activities.

B. Material Changes in the Financial Statements (5% or more)

a) For the period ended March 31, 2024

Balance sheet accounts *(peso amount in thousands)*

Financial Statements ("FS") line items	31-Mar-2024	31-Dec-2023	Change	% of Change
Cash	81,015	113,041	(32,026)	(28.33%)
Inventories – net	1,755,267	2,040,582	(285,315)	(13.98%)
Prepaid expenses and other current assets	406,300	267,941	138,359	51.64%
Asset held-for-sale	-	47,896	(47,896)	(100.00%)

Trade payables and other current liabilities	2,101,390	1,869,811	231,579	12.39%
Current portion of borrowings	531,884	942,134	(410,250)	(43.54%)
Income tax payable	9,192	3,210	5,982	186.36%

Causes of the material changes mentioned above are as follows:

- *Cash* – mainly due to payment of loans during the period.

- *Inventories* – mainly due to more issued inventories than purchased during the period.

- *Prepaid expenses and other current assets* – due to the increase in the prepaid importation charges by Php 84.339 million caused by the additional imported purchase of paper rolls.

- *Asset held-for-sale* – due to the full realization of remaining losses as a result of completion of dacion en pago.

- *Trade payables and other current liabilities* – due to increase in advances received from customers.

- *Current portion of borrowings* – decrease was due to the net payment of loans during the year.

- *Income tax payable* – increase was due to less tax credits applied to taxable income as of March 31, 2024, compared to last year.

Income statement accounts *(peso amount in thousands)*

Financial Statements (“FS”) line items	31-Mar-2024	31-Mar-2023	Change	% of Change
TOTAL REVENUES	798,954	738,677	60,277	8.16%
OPERATING EXPENSES	58,448	74,712	(16,264)	(21.77%)
FINANCE CHARGE	(20,725)	(15,241)	(5,484)	35.98%
OTHER INCOME (EXPENSES) – Net	8,641	(6,444)	15,085	(234.09%)
INCOME TAX EXPENSE	11,130	-	11,130	100.00%
NET INCOME	56,148	8,522	47,626	558.86%

Causes of the material changes mentioned above are as follows:

- *Revenues* – increase was due to the LTSA and improved operations of the Group.

- *Operating expenses* – decrease was due to the reversals of impairment losses of receivables and previously recognized inventory write-down amounting to Php 19.407 million and Php 15.409 million, respectively.

- *Finance charge* – increase was due to greater amount of principal loans this period compared to 1st quarter of 2023.

c) For the year ended December 31, 2023

Balance sheet accounts *(peso amount in thousands)*

Financial Statements (“FS”) line items	2023	2022	Change	% of Change

Cash	113,041	49,609	63,432	127.86%
Inventories – net	2,040,582	1,888,460	152,122	8.06%
Prepaid expenses and other current assets	267,941	197,394	70,547	35.74%
Asset held-for-sale	47,896	120,600	(72,704)	(60.29%)
Property and equipment - net	775,385	873,317	(97,932)	(11.21%)
Right-of-use asset – net	19,308	24,870	(5,562)	(22.36%)
Investments in equity instruments	135,229	99,089	36,140	36.47%
Deferred tax assets	4,580	-	4,580	100.00%
Other noncurrent assets	1,737	3,619	(1,882)	(52.00%)
Trade payables and other current liabilities	1,869,811	2,037,233	(167,422)	(8.22%)
Amounts owed to related parties	47,883	59,620	(11,737)	(19.69%)
Current portion of lease liabilities	9,403	6,677	2,726	40.83%
Current portion of borrowings	942,134	723,388	218,746	30.24%
Income tax payable	3,210	-	3,210	100.00%
Long term debt	468,231	504,970	(36,739)	(7.28%)
Retirement benefits liability	13,940	9,904	4,036	40.75%
Lease liabilities - net of current portion	12,812	20,876	(8,064)	(38.63%)
Deferred tax liability- net	-	1,316	(1,316)	(100.00%)
Unrealized gain on available-for-sale financial assets	6,003	(3,346)	9,349	(279.41%)
Retained Earnings (Deficit)	(942,459)	(1,069,848)	127,389	(11.91%)

Causes of the material changes mentioned above are as follows

- *Cash* – increase was due increase in borrowings during the year.

- *Inventories* – increase was due to increase in purchases during the year to support the increase in sales.

- *Prepaid expenses and other current assets* – increase was due to the increase in prepaid importation charges amounting to Php 95.975 million caused by the additional imported purchase of paper rolls during the year.

- *Asset held-for-sale* – decrease was due to the completion of dacion en pago in September 2023.

- *Property and equipment* – decrease was due to the depreciation expense amounting to Php 178.358 million.

- *Right-of-use asset* – decrease was due to the depreciation expense amounting to Php 71.020 million.

- *Investments in equity instruments* – increase was due to acquisition of stocks amounting to Php 86.605 million.

- *Deferred tax assets* – decrease was due to the amortization of fair value gain on acquisition of SMPC.

- *Other noncurrent assets* – due to the refunded security deposits amounting to Php 1.882 million.

- *Trade payables and other current liabilities* – decrease was due to the net application of advances from customers and net decrease in the accrued expenses amounting to Php 269.683 million and Php 161.393 million, respectively.

- *Amounts owed to related parties* – the decrease was due to the payment of Php 11.737 million to the related party during the year.

- *Lease liabilities* – net decrease was due to payment of principal lease obligation during the year amounting to Php 5.338 million.

- *Borrowings* – the net increase was due to additional loans availed during the year amounting to Php 3,733 million.

- *Income tax payable* – the amount was due to the resulting tax due net of tax credits in 2023 compared last year with enough tax credits to cover the income tax due.

- *Retirement benefits liability* – the increase pertains to the accrual of retirement expense for the year.

- *Deferred tax liability* – decrease was due to the amortization of fair value gain on acquisition of SMPC.

- *Unrealized gain on available-for-sale financial assets* – the increase was due to the increase in the fair market value of stocks compared last year. Fair market value gain in 2023 amounted to Php 18.956 million.

- *Deficit* – decrease was mainly due to the net income result of the operations in 2023.

Income statement accounts *(peso amount in thousands)*

Financial Statements ("FS") line items	2023	2022	Change	% of Change
TOTAL REVENUES	3,406,867	2,205,413	1,201,454	54.48%
COST OF SALES AND SERVICES	2,983,980	1,823,634	1,160,346	63.63%
OPERATING EXPENSES	341,846	268,133	73,713	27.49%
FINANCE CHARGE	81,578	45,933	35,645	77.60%
OTHER INCOME (EXPENSES) – Net	174,743	(36,723)	211,466	(575.84%)
INCOME TAX EXPENSE	56,424	2,635	53,789	2041.33%
NET INCOME	117,782	28,355	89,427	315.38%

Causes of the material changes mentioned above are as follows:

- *Revenues* – the increase was due to the LTSA and improved operations of the Company.

- *Cost of sales and services* – the increase in cost was directly attributed to the increase in sales for the year.

- *Operating expenses* – increase was mainly due to increase in salaries, wages and employee benefits by Php 15.253 million, delivery expense by Php 15.313

million, insurance, taxes and licenses by Php 28.436 million, and representation and entertainment by Php 13.089 million.

- *Finance charges* – increase was mainly due to additional loans availed during the year.

- *Other income (expenses)* – net increase was mainly due to the gain on disposal of investment amounting to Php 117.295 million during the year as a result of completion of dacion en pago.

- *Income tax expense* – the increase was due to the income tax related to the gain on disposal of investment.

- *Net income* – increase was due to the gain on disposal of investment.

c) For the year ended December 31, 2022

Balance sheet accounts *(peso amount in thousands)*

Financial Statements ("FS") line items	2022	2021	Change	% of Change
Cash	49,609	65,853	(16,244)	(24.67%)
Receivables – net	861,271	424,786	436,485	102.75%
Inventories – net	1,888,460	642,676	1,245,784	193.84%
Prepaid expenses and other current assets	197,394	132,946	64,448	48.48%
Property and equipment - net	873,317	546,092	327,225	59.92%
Right-of-use asset – net	24,870	32,640	(7,770)	(23.81%)
Investments in equity instruments	99,089	105,712	(6,623)	(6.27%)
Other noncurrent assets	3,619	9,325	(5,706)	(61.19%)
Trade payables and other current liabilities	2,037,233	571,785	1,465,448	256.29%
Amounts owed to related parties	59,620	67,622	(8,002)	(11.83%)
Long term debt	504,970	130,401	374,569	287.24%
Retirement benefits liability	9,904	7,385	2,519	34.11%
Lease liabilities - net of current portion	20,876	27,585	(6,709)	(24.32%)
Deferred tax liability- net	1,316	16,076	(14,760)	(91.81%)
Reserve for retirement benefits liability	204	1,211	(1,007)	(83.15%)
Unrealized gain on available-for-sale financial assets	(3,346)	10,646	(13,992)	(131.43%)

Causes of the material changes mentioned above are as follows:

- *Cash* – decrease was due to the resulting net cash outflow used for operating activities.

- *Receivables* – the increase was due to increase in sales in 2022.

- *Inventories* – increase was due to increase in sales. More purchases were made to maintain the required inventory level to support sales.

- *Prepaid expenses and other current assets* – increase was due to the increase in input VAT caused by the increase in purchases.

- *Property and equipment* – the increase was due to the acquisition of machines and buildings as a result of expansion in 2022.

- *Right-of-use asset* – net decrease was due to the depreciation in 2022.

- *Investments in equity instruments* – decrease was due to disposal of investments with fair market value amounting to Php 29.071 million.

- *Other noncurrent assets* – decrease was due to applied input VAT during the year from previous year amounting to Php 7.7 million.

- *Trade payables and other current liabilities* – increase was due to the increase in advances from customers during the year by Php 623.778 million, and increase in trade payables by Php 100 million as a result of increase in inventory purchases.

- *Amounts owed to related parties* – decrease was due to payments during the year.

- *Long term debt* – increase was due to availment of OLSA to acquire additional assets.

- *Retirement benefits liability* – increase pertains to the accrual of retirement expense as a result of actuarial during the year.

- *Lease liabilities* – decrease pertains to the lease payments during the year.

- *Deferred tax liability* - decrease was due to the amortization of fair value gain from acquisition of SMPC.

- *Reserve for retirement benefits liability* – decrease was the result of actuarial for the year.

- *Unrealized gain on available-for-sale financial assets* – decrease was due to the decrease in fair market value per share of stocks.

Income statement accounts *(peso amount in thousands)*

Financial Statements ("FS") line items	2022	2021	Change	% of Change
TOTAL REVENUES	2,205,413	1,276,505	928,908	72.77%
COST OF SALES AND SERVICES	1,823,634	1,139,845	683,789	59.99%
OPERATING EXPENSES	268,133	115,079	153,054	133.00%
FINANCE CHARGE	45,933	14,814	31,119	210.06%
OTHER INCOME (EXPENSES) – Net	(36,723)	12,183	(48,906)	(401.43%)
NET INCOME	28,355	17,966	10,389	57.83%

Causes of the material changes mentioned above are as follows:

- *Revenues* – increase was due to additional market share of the Group.

- *Cost of sales and services* – change in cost is directly attributable to the change in sales.

- *Operating expenses* – depreciation expense increased by Php 77.882 million, and salaries, wages and employee benefits increased by Php 44.271 million caused by the business expansion.

- *Finance charge* – increase was due to the additional availment of OLSA in 2022.

- *Other income (expenses)* – the decrease was due to the foreign exchange loss in 2022 amounting to Php 51.432 million due to conversion of dollar loan to peso.

- *Net income* – increase was mainly due to the positive result of operations of the Group for the year amounting to Php 113.646 million.

C. *Seasonal Aspects that have Material Effect on the Financial Statements*

1. *Omnibus Loan and Security Agreement (OLSA)*

On November 29, 2021, the SCPC, SMPC, and another affiliate, collectively as Borrowers, entered into an Omnibus Loan and Security Agreement (OLSA) with a local bank. The loan has seven-year term and up to an aggregate amount of Php 2 billion or its U.S. Dollar equivalent. The proceeds of the loan will be used to finance the purchase by the Borrowers of the subject assets as described in Section 1 of Part C of the OLSA. The loan drawdown will enable the Borrowers to purchase the subject properties and to operate the Dole Philippines Inc. (DPI) box plant property in Davao.

The loan has floating interest rate based on the prevailing market rate at each repricing date, with a one-time option to fix. The loan is secured by mortgaged properties as described in Part C, Section 3.02 and enumerated in Schedule II of the OLSA, and future receivables of the Borrowers, and guaranteed by the major shareholders of the Parent Company.

In December 2021, the SCPC initially availed of the loan amounting to $2,588,000 equivalent to Php 130.401 million for the purchase of land (Note 11).

On January 24, 2022, the SCPC availed the second and final drawdown of the loan amounting to $9,087,396.

As at November 29, 2022, the loan has been fully drawn by the SCPC and an affiliate. SMPC has no loan drawdown as of December 31, 2023.

In 2022, SCPC's outstanding loans payable were converted to Philippine peso.

2. *Asset Sale Agreement*

In May 2021 and August 2021, SCPC, SMPC and certain affiliates executed Asset Sale Agreement (ASA) with DPI, which was amended in December 2021. The asset sale agreement covered the purchase of parcels of land, machinery and equipment, motor vehicles, other assets and shared assets used in the Stanfilco Plants and Dolefil Box and Printing Plants. In the agreement. The SCPC will acquire Stanfilco Box Plant and Stanfilco machinery and equipment. SMPC will enter into long term supply agreement with DPI, and other affiliates will acquire other target assets listed in Schedule 2 of the ASA.

The SCPC has committed to purchase the allocated target assets with total purchase price of USD 9,383,761. As at November 29, 2022, the SCPC has completed the purchase of buildings and improvements, and machineries and equipment amounting to Php 484.038 million (inclusive of taxes).

3. *Long-term Supply Agreement*

In August 2021, the Company executed Asset Sale Agreement with Dole Philippines, Inc. (doing business under the name and style of among other, Dole Philippines and Dole Stanfilco) (DPI), which was amended in December 2021. The asset sale agreement covered parcels of land, machinery and equipment, motor vehicles, other assets and shared assets used in the Stanfilco Plants and Dolefil Box and Printing Plants. In the agreement, the assets will be acquired by SCPC and other affiliates while the Company will enter into long term supply agreement with DPI.

In January 2022, in relation to the Asset Sale Agreement, the Company entered into a long-term supply agreement with DPI to supply boxes, packaging materials, including parts thereof such as cartons, dividers, pods, lids, joints, walls, slots, panels, labels and other printed materials, made of paper, kraft, corrugated boxes and other paper related products. The long-term supply agreement has a term of nine years and six months beginning from August 24, 2022 until February 23, 2032. The agreement can be renewed subject to discussion of the parties.

The transition Initiated on February 24, 2022, taking over operations under a tolling arrangement for six months. This period was extended to aid DPI in depleting its substantial inventory of paper rolls. Despite the extension, DPI continued to hold a considerable inventory, leading to an agreement with the Company to further extend the tolling arrangement until depletion or reaching an acceptable inventory level, albeit with liquidation fees considerations.

4. *Completion of dacion en pago in 2023*

In September 2023, the remaining dacion en pago was implemented relating to the Group's shares in SLC. The Group assigned its shares in SLC with a cost of Php 72.705 million to Greenkraft as payment to its remaining balance of borrowings to Greenkraft amounting to Php 190 million resulting to a gain on disposal. As of December 31, 2023, the Group has fully-settled its borrowings to Greenkraft.

D. Financial Risk Disclosure

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way.

The Company is not aware of any event that would trigger a direct or contingent financial obligation that is material to the Group, including default or acceleration of any obligation.

The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Company does not have any material commitments for capital expenditures.

The Company is not aware of any known trends, events or uncertainties that have had or that are reasonably expected to have materially favorable or unfavorable impact on revenues or income from continuing operations.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Board of Directors approved the appointment of Valdes Abad & Company as the external auditor of the Company for the period ended December 31, 2023 and 2024.

Mr. John Molina, a Partner at the audit firm R.G. Manabat & Co., was the external auditor of the Company for the period ended December 31, 2022. The Company plans to hire the said firm for the development of its accounting system in 2024, hence the need to change the external auditor.

There has been no event in the past three (3) years where the external auditors and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

There were no disagreements with the Company's external auditors on any accounting and financial disclosures in the 2021, 2022 and 2023 Audited Financial Statements of the Company.

Representatives of Valdes Abad & Company, CPAs are expected to be present at the Annual Stockholders Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from the stockholders, should there be any.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

Amendments to PAS 1, Classification of Liabilities as Current or Non-current – the amendments provide a more general approach to the classification of liabilities under PAS 1 based on the contractual arrangements in place at the reporting date. The amendments affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. To:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to PFRS 17, Insurance Contracts – the amendments' purpose is to address concerns and implementation challenges that were identified after PFRS 17 'Insurance Contracts' was published in 2017. The main changes are: deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023; additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk; recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination; extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives; amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held; simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts; and several small amendments regarding minor application issues.

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

Disclosure of Accounting Policies (Amendments to PAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2, Making Materiality Judgements), continues the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include:

- requiring companies to disclose their material accounting policies instead of their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material.

The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

Definition of Accounting Estimates (Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors), clarifies how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively.

The amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

PAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific PFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to PAS 12, Income Taxes), clarifies how companies account for deferred taxes on transactions such as leases and decommissioning obligations, with a focus on reducing diversity in practice.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

PAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

Market Price, Shareholder and Dividend Information

A. Market Price

The Company’s common shares are listed on the PSE, and a summary of the high and low share prices by quarter for the 3-year period ended December 31, 2006 is as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2003 - high	0.100	0.140	0.200	0.210
- low	0.100	0.110	0.120	0.130
2004 - high	0.180	0.150	0.150	0.150
- low	0.130	0.100	0.100	0.120
2005 - high	0.260	0.180	0.150	0.150
- low	0.120	0.125	0.110	0.110
2006 - high	0.780	0.600	0.260	No transaction
- low	0.110	0.200	0.250	

The PSE implemented a temporary trading suspension on the Company’s shares following a disclosure dated July 5, 2006 relative to the authorization granted by the shareholders of the Company to enter into rehabilitation proceedings. On April 30, 2024, PSE lifted the suspension and the Company started trading on said date.

The last trading price of shares of the Company at close of trading as of May 30, 2023 was Php 1.08 per share, with a high of PhP 1.25 per share and a low of Php 1.00 per share.

B. Holders

As of April 30, 2024, the top twenty (20) stockholders of the Company were the following:

	Name	Citizenship	No. of shares	%
1	Corbox Corporation	Filipino	276,026,311	19.45%
2	Golden Bales Corporation	Filipino	276,026,311	19.45%
3	Roxburgh Investments Limited	BVI	261,910,502	18.46%
4	Greenkraft Corporation	Filipino	258,226,773	18.20%

5	PCD Nominee Corporation	Filipino	73,220,342	5.16%
6	Monceau Philippine Holdings, Inc.	Filipino	70,000,000	4.93%
7	Ismael T. Cuan	Filipino	60,000,000	4.23%
8	Clement Chua	Filipino	30,638,920	2.16%
9	Rex Chua	Filipino	30,638,920	2.16%
10	Valmora Investment & Management Corporation	Filipino	10,443,860	0.74%
11	Rustico and/or Lolita Garingan	Filipino	2,097,276	0.15%
12	Delfin R. Maceda	Filipino	1,980,000	0.14%
13	PCD Nominee Corporation	Non-Filipino	1,974,703	0.14%
14	Calvin C. Chua	Filipino	1,828,500	0.13%
15	Tower Securities Inc.	Filipino	1,490,886	0.11%
16	AB Capital Securities Inc.	Filipino	1,490,886	0.11%
17	Sally C. Ong Pac	Filipino	1,450,000	0.10%
18	Leonardo T. Siguion-Reyna	Filipino	1,151,839	0.08%
19	Ella C. Santiago and/or Manuel A. Santiago	Filipino	1,100,000	0.08%
20	Christopher Chua	Filipino	1,000,000	0.07%

The Company's securities consist of outstanding common shares.

As of April 30, 2024, the Company has a public float level of 22.27%.

C. <u>Dividends</u>

The Company did not declare any dividends for the years ended December 31, 2021, 2022 and 2023. Based on its By-Laws, dividends may be declared from the surplus profit at such time or times and in such percentage as the Company's Board may deem proper. No dividend shall be declared that will impair the capital of the Company. Stock dividend shall be declared in accordance with the law.