

COVER SHEET

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(Company's Full Name)

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

GWYNETH S. ONG

Contact Person

687 11 95

Company Telephone Number

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Month

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Day

Fiscal Year

SEC FORM 20-IS
Preliminary Information
Statement

FORM TYPE

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Annual Meeting

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles
Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes.

NOTICE OF ANNUAL STOCKHOLDERS'

Ferronoux Holdings, Inc.

Notice of Annual Stockholders' Meeting

To All Stockholders:

Notice is hereby given that the Annual Stockholders Meeting of **FERRONOUX HOLDINGS, INC.** will be held on Friday, **December 3, 2018** at **1:00** in the afternoon in **Kalayaan 3, Club Filipino, Club Filipino Avenue corner Eisenhower Street, Greenhills, San Juan City, Metro Manila.**

The agenda for the said meeting shall be as follows:

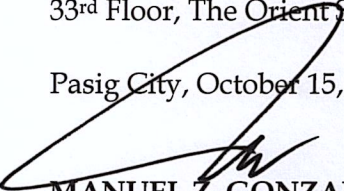
1. Call to Order
2. Determination of Quorum
3. Approval of the Minutes of the Stockholders' Meeting held on December 11, 2017
4. Management's Report
5. Approval of the Management Report and Audited Financial Statements
6. Ratification of Management's Acts
7. Election of Directors
8. Appointment of External Auditors
9. Approval of the Amendment of Articles of Incorporation of the Corporation
10. Approval of the Amendment of the By-Laws of the Corporation
11. Other Matters
12. Adjournment

Only stockholders of record as of the close of business on **October 22, 2018** are entitled to notice and to vote at the meeting. Please bring this notice and any form of identification such as driver's license, TIN card, passport, etc. to facilitate registration.

You may attend in person or through your authorized representative with the execution of a proxy. Kindly submit your signed proxy to the Company's business office at the 6th Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City for proxy validation. Deadline for submission of proxies is at **5:00 PM** on **November 23, 2018**. Beneficial owners whose shares are lodged with the PDTC or registered under the name of a broker, bank or other fiduciary allowed by law, must likewise present a notarized certification from the owner of record (i.e. the broker, bank or other fiduciary) that he is beneficial owner, indicating thereon the number of shares. Corporate shareholders shall likewise be required to present a notarized Secretary's Certificate attesting to the authority of its representative to attend and vote at the stockholder's meeting.

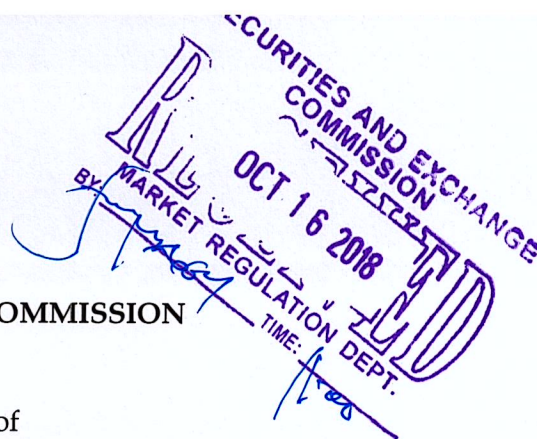
Validation of proxies shall be made on November 26, 2018 at the office of the Corporate Secretary at the 33rd Floor, The Orient Square Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

Pasig City, October 15, 2018


MANUEL Z. GONZALEZ
Corporate Secretary

PRELIMINARY INFORMATION STATEMENT

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS



Information Statement of
Ferronoux Holdings, Inc. (formerly, AG Finance Incorporated)
(hereafter referred to as the "Company," or "FERRO")
Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box: ☒ Preliminary information Statement
☐ Definitive information Statement
2. Name of Registrant as specified in its charter: FERRONOUX HOLDINGS, INC. (formerly AG Finance Incorporated)
3. Country of incorporation: REPUBLIC OF THE PHILIPPINES
4. SEC identification Number: A200115151
5. BIR Tax identification Code: 219-045-668-000
6. Address of principal office: 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City
7. Registrants Telephone Number: 09178078815
8. Date, time and place of stockholders' meeting: Date: December 3, 2018
Time: 1:00 pm
Place: Kalayaan 3, Club Filipino, Club Filipino Avenue corner Eisenhower Street, Greenhills, San Juan City, Metro Manila
9. Approximate date on which Information Statement is first to be sent or given to security holders: November 9, 2018
10. Securities registered pursuant to Section 8 and 12 of the Code or Section 4 and 8 of the RSA Title of each class: Common Shares Only

Number of Shares of Common Stock Outstanding as of Sept. 19, 2017: 261,824,002 shares

Issued and Subscribed: 261,824,002 shares

11. Are any registrants securities listed in the Philippine Stock Exchange? Yes
All common shares are listed in the Philippine Stock Exchange

**FERRONOUX HOLDINGS, INC.
(formerly, AG FINANCE INCORPORATED)
INFORMATION SHEET**

A. GENERAL INFORMATION

Item 1. Date, Time & Place of Meeting of Security Holders

- a. Date: December 3, 2018
Time: 1:00 pm
Place: Kalayaan 3, Club Filipino, Club Filipino Avenue corner Eisenhower Street, Greenhills, San Juan City, Metro Manila
- b. complete mailing address
of principal office: **6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City**
- c. approximate date on which the Information Statement is first to be sent or given to security holders: **November 9, 2018**

**WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY**

Item 2. Dissenters' Right of Appraisal

There are no matters to be acted upon at the meeting involving instances set forth in the Corporation Code of the Philippines for which a stockholder may exercise the right of appraisal.

Pursuant to Section 81 Title X, Appraisal Right of the Corporation Code of the Philippines, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case of any amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, and (c) in case of merger or consolidation.

Section 82 of the Corporation Code also provides that, this appraisal right may be exercised by any stockholder who shall have voted against the proposed action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. No payment shall be made to the dissenting stockholder unless the bank has unrestricted retained earnings in its book to cover such payment. Upon payment by the Corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Corporation.

From the time of demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the said shares by the corporation, all rights accruing to such shares, including voting and dividend right, shall be suspended, except the right of such stockholder to receive payment of the fair value thereof: Provided, that if the dissenting stockholder is not paid the value of his shares within 30 days after the award, his voting right and dividend rights shall immediately be restored (Section 83 of the Corporation Code).

Within ten (10) days after demanding payment of his shares, a dissenting stockholder shall submit the certificate(s) of stock representing his shares to the Corporation for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of the Corporation, terminate his appraisal right. (Section 86, Corporation Code). No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Corporation consents thereto (Section 84, Corporation Code).

The appraisal right shall be exercised in accordance with Title X of the Corporation Code.

Item 3. Interest of Certain Persons in or Opposition to Matters to be acted upon

There is no substantial interest, direct or indirect, by security holders or otherwise, of each of the following persons in any matter to be acted upon, other than the election to office:

1. Each person who has been a director or officer of the registrant at any time since the beginning of the last fiscal year:

2. Each nominee for election as a director of the registrant;
3. Each associate of any of the foregoing persons.

There is no director of the registrant who has informed the company in writing that he intends to oppose any action to be taken by the registrant at the meeting and indicated the action which he intends to oppose.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Voting Securities

As of 30 September 2018, 261,824,002 Common shares are outstanding, and are entitled to be represented and vote at the Annual Stockholders' Meeting. Each share is entitled to one vote.

(b) Record Date

Only stockholders of record as of **22 October 2018** shall be entitled to notice and vote at the meeting.

(c) Action with Respect to the election of Directors

The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Corporation Code. Section 24 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Manner of Voting

The By-Laws of the Company provides that every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him which has voting power upon the matter in question. The votes for the election of directors, and, except upon demand by any stockholder, the votes upon any question before the meeting, except with respect to the procedural questions determined by the chairman of the meeting, shall be by viva voce or show of hands.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Owners of more than 5% of voting securities as of 30 September 2018

Title of Class	Name, address of record owner and relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent
Common	PCD NOMINEE CORPORATION¹ - Tower 1 - Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	ISOC HOLDINGS, INC. ("ISOC") 6 th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City	Filipino	175,422,075 (Direct)	66.99%
Common	PCD NOMINEE CORPORATION - Tower 1 - Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	F. YAP SECURITIES, INC. 17 th Floor Lepanto Bldg., Paseo de Roxas, Makati 1226, Philippines	Filipino	25,171,200	9.61%

Other than the persons identified above, there are no beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

Mr. Michael C. Cosiquien as Chairman of ISOC shall represent and vote the shares held by ISOC in the Annual Stockholders' Meeting.

(2) Security Ownership of Management

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as of 30 September 2018:

¹ PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc ("PCD") is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. Please see PDTC Report as of September 30, 2018 attached hereto.

Title of Class	Name of Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b"))	Citizenship	Percent of Class
Common	Michael C. Cosiquien Chairman/President	1 - "R" (direct) 175,422,075 - "B" (indirect)*	Filipino	66.99%
Common	Jesus G. Chua, Jr. Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Irving C. Cosiquien Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Yerik C. Cosiquien Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Michelle Joan G. Tan Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Alfred S. Jacinto Independent Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Matthew-John G. Almogino Independent Director	1,000 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Allesandra Fay V. Albarico Compliance Officer and Corporate Information Officer and System Administrator for PSE	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Erwin Terrell Y. Sy Treasurer/CFO	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Manuel Z. Gonzalez Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Gwyneth S. Ong Assistant Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
	TOTAL	1,006 "R" (direct) 175,422,075 "B" (indirect)		0.00% 66.99%

*through ISOC Holdings, Inc.

(3) Voting Trust Holders of 5% or More

There is no voting trust or similar arrangement executed among holders of five percent (5%) or more of the issued and outstanding shares of common stock of the Company.

(4) Changes in Control

On November 27, 2017, ISOC Holdings Inc. entered into an agreement with RYM Business Management Corporation (“RYM”) for the purchase of RYM’s 175,422,081 common shares in the Company equivalent to 67% interest at PhP 2.1662 per share or a total amount of approximately PhP 380.0M. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the Philippine Stock Exchange on January 4, 2018.

Below is the breakdown of AG Finance Inc. shares held by foreign and local stockholders as of 30 September 2018:

	<u>Number</u>	<u>Percentage</u>
<u>Foreign Shares</u>	<u>58,111</u>	<u>0.0222%</u>
<u>Local Shares</u>	<u>261,765,891</u>	<u>99.9778%</u>
<u>Total Shares (Common)</u>	<u>261,824,002</u>	<u>100.00%</u>

Item 5. Directors & Executive Officers

Except in cases where a higher vote is required under the Corporation Code, the approval of any corporate action shall require the majority vote of all the stockholders present in the meeting, if constituting a quorum.

Except in cases where voting by ballot is applicable, voting and counting shall be viva voce. If by ballot, the counting shall be supervised by the external auditors and transfer agent of the Company.

At all meeting of the stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided, the proxy shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence at the meeting. (Section 7, By-Laws).

(1) Board of Directors and Executive Officers

The Board of Directors of the Company consists of seven (7) members and shall hold office for a term of one year, or upon the election of its successors. The Board is responsible for the Company’s overall mission, vision and strategy, management of the Company, and the preservation of the Company’s assets and properties. For a person to be eligible to be elected as a director of the Company, it is necessary that he or she is a registered owner of at least one (1) voting share of the Company.

The members of the Company's Board until January 10, 2018 are as follows:

Name	Office	Age	Citizenship	Term of Office	No. of years served
Isidro C. Alcantara, Jr.*	Chairman/President			Since June 25, 2015 until January 10, 2018	More than a year
Anthony M. Te*	Vice Chairman			Since June 25, 2015 until January 10, 2018	More than a year
Ge Lin (a.k.a Gery Lam)*	Independent Director**			Since June 25, 2015 until January 10, 2018	More than a year
Remegio C. Dayandayan*	Director			Since December 17, 2016 until January 10, 2018	Less than a year
Hermogene H. Real*	Director			Since December 23, 2016 until January 10, 2018	Less than a year
Diane Madelyn C. Ching*	Corporate Secretary Compliance Officer and Corporate Information Officer and System Administrator for PSE			Since June 25, 2015 until January 10, 2018	More than a year
Rolando S. Santos*	Director/Treasurer			Since June 25, 2015 until January 10, 2018	More than a year
Reuben F. Alcantara*	VP Marketing			Since December 17, 2015 until January 10, 2018	Less than a year
Leddie D. Gutierrez*	VP Internal Audit			Since June 25, 2015 until January 10, 2018	Less than a year

				January 10, 2018	year
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* in view of ISOC Holdings, Inc.'s purchase of RYM's 175,422,081 common shares equivalent to 67% interest in the Company, the following directors and/or officers resigned during the Special Meeting of the Board of Directors held on January 10, 2018.

** independent director – the Company has complied with the Guidelines set forth by SRC Rule 38, as amended, regarding the Nomination and Election of Independent Director. The Company's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule.

Following the foregoing resignations of the previous directors and officers of the Company, the vacancies were filled in, while maintaining a duly constituted quorum at all times, by the vote of at least a majority of the remaining directors. The following directors were elected on January 10, 2018.

The Company's incumbent Directors and officers, elected on January 10, 2018 are as follows:

Name	Office	Age	Citizenship	Date Elected	No. of years served
Michael C. Cosiquien	Chairman/ President			Jan. 10, 2018	Less than one year
Jesus G. Chua, Jr.	Vice-Chairman/ Director			Jan. 10, 2018	Less than one year
Yerik C. Cosiquien	Director			Jan. 10, 2018	Less than one year
Irving C. Cosiquien	Director			Jan. 10, 2018	Less than one year
Michelle Joan G. Tan	Director			Jan. 10, 2018	Less than one year
Matthew-John G. Almogino*	Independent Director**			Dec. 11, 2017	Less than one year
Alfred S. Jacinto	Independent Director			Jan. 10, 2018	Less than one year
Erwin Terrell Y. Sy	Treasurer/Chief Financial Officer			Jan. 10, 2018	Less than one year
Allesandra Fay V. Albarico	Compliance Officer/ Chief Information Officer			Jan. 10, 2018	Less than one year
Manuel Z. Gonzalez	Corporate Secretary			Jan. 10, 2018	Less than one year

Gwyneth S. Ong	Assistant Corporate Secretary		Jan. 10, 2018	Less than one year
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* Atty. Almogino was elected as an Independent Director during the Annual Stockholders' Meeting held last December 11, 2017

** independent director – the Company has complied with the Guidelines set forth by SRC Rule 38, as amended, regarding the Nomination and Election of Independent Director. The Company's By-Laws incorporate the procedures for the nomination and election of independent director/s in accordance with the requirements of the said Rule.

DIRECTORS AND EXECUTIVE OFFICERS

The following are the business experiences and positions held by the Directors and Executive Officers for the past five (5) years:

INCUMBENT DIRECTORS

Mr. Michael C. Cosiquien was elected Chairman of the Board in January 10, 2018. He is currently the Chairman of ISOC Holdings, Inc. and its subsidiaries. He served as the Chairman, Chief Executive Officer and director of Megawide Construction Corp. He has provided superior leadership in all aspects of the business as Chief Executive Officer of Megawide. Mr. Cosiquien holds a degree in Civil Engineering from the De La Salle University, and is a licensed Civil Engineer with over 20 years of professional engineering experience.

Mr. Jesus G. Chua, Jr. was elected as Vice-Chairman of the Board in January 10, 2018. He is currently the President of ISOC Holdings, Inc. and its subsidiaries. He served as the Chief Strategy officer for Megawide Construction Corp. He has served as Head of Southeast Asia Investment Banking at MUFG Financial Group, Singapore and has held senior roles at ABN AMRO/RBS in Hongkong, HSBC in New York. Mr. Chua graduated with an MBA from Harvard University and has studied at Stanford University and De La Salle University prior to that.

Mr. Yerik C. Cosiquien was elected as a Director of the Board in January 10, 2018. He is currently a Director and corporate secretary of ISOC Holdings Inc. and its subsidiaries. He served as Director and Corporate Secretary of Megawide Construction Corp. He is also the General Manager of Cosmo Fortune Corp. and Senior Vice President of United Pacific Rise Corp. He is a Psychology and Economics graduate from the University of British Columbia.

Mr. Irving C. Cosiquien was elected as a Director of the Board in January 10, 2018. He is currently a director of ISOC Holdings, Inc. and its subsidiaries. He served as director and treasurer of Megawide Construction Corp. He is the Corporate Secretary at United Pacific Rise Corp. and has served as the General Manager of Megapolitan Marketing, Incorporated. He obtained his Bachelor of Science degree in Industrial Psychology from the De La Salle University.

Mr. Michelle Joan G. Tan was elected as a Director of the Board in January 10, 2018. She is currently a sub-contractor of Megawide Construction Corporation, one of the prestigious construction companies in our land today, for almost six years. She has assisted in deploying skilled and non-skilled workers, screening qualified and efficient employees and handles labor cases as well. In addition, she had been a former Banker of United Coconut Planters Bank as Assistant Branch Manager for almost five years.

Atty. Mathew John G. Almogino was elected as an Independent Director in December 11, 2017. Atty. Almogino is a lawyer specializing in corporate law and commercial litigation, and has previously served as a member of the board of directors of several corporations engaged in various industries such as transportation, construction, and real estate. He is currently the General Counsel of Nippon Express Philippines Corporation, a multinational corporation with headquarters in Tokyo, Japan and which conducts business operations in 698 locations in 44 countries, specializing in global logistics, including international freight forwarding using multimodal transport, storage, and inventory management. Atty. Almogino was also a former Senior Associate with Ocampo and Manalo Law Firm, a firm ranked by AsiaLaw, the Legal 500 and WorldLaw as one of the leaders in various practice areas such as corporate law, telecommunications and media, transportation, litigation and dispute resolution, and labor and employment. He obtained his Bachelor of Arts from De La Salle University with a Major in Political Science and Minor in History, and his Bachelor of Laws from the San Sebastian College-Recoletos Institute of Law, where he also lectured on various subjects on Corporate Law after passing the Bar Examinations.

Atty. Alfred S. Jacinto was elected as a Director of the Board in January 10, 2018. Atty. Jacinto was admitted to the bar in 1994. He graduated with a degree in Bachelor of Science major in Mathematics and Bachelor of Laws in the University of the Philippines with a College and National Science and Technology Authority Scholarship. Atty. Jacinto started as an associate at the Pecabar Law Offices in 1993. He was a partner of the Ata Jacinto & Montales Law Offices before joining the Cayetano Sebastian (CASELAW) Law Offices in 2001. He is currently the Managing Director of CASELAW. His practice areas include litigation, energy, information technology, real estate, immigration, corporate and tax. Atty. Jacinto also served as consultant to the Joint Congressional Power Commission, Joint Congressional Oversight Committee on the Clean Water Act and the Office of Senator Pilar Cayetano.

KEY OFFICERS

INCUMBENT OFFICERS

Mr. Erwin Terrell Y. Sy was elected Treasurer and Chief Financial Officer in January 10, 2018. Mr. Sy brings to ISOC over eight (8) years of Investment Banking experience covering multiple jurisdictions, raising both equity, quasi-entity and senior debt for multinational companies. Prior to joining ISOC, he was a Principal at Fortman Cline Capital Markets, where he led deal teams in several marquee Philippine M&A deals totaling over US\$3.0 Billion in the energy, infrastructure and logistics sectors. He is an

honors graduate of the BS Management-Honors program of the Ateneo de Manila University.

Atty. Allesandra Fay V. Albarico was elected Compliance Officer/ Chief Information Officer in January 10, 2018. She was an Executive Assistant and Court Attorney at the Court of Appeals, *Pre-test Lawyer* for the 2011 Bar Examinations (Supreme Court-Office of the Chairman), Associate at Dato Inciong & Associates, Legal Manager at Citicore Power Inc., and Legal Counsel at Megawide Construction Corporation. Atty. Albarico holds a degree in Bachelor of Arts major in Legal Management (*university scholar*). She passed the 2010 Philippine bar examinations and was admitted to the Bar the following year. She likewise holds a postgraduate law degree (LL.M.) and diploma in Leadership and Management Development Program. She is currently pursuing a doctorate degree in Civil Law.

Atty. Manuel Z. Gonzalez was elected Corporate Secretary in January 10, 2018. He is a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. He has been involved in corporate practice and has extensive experience in securities, banking and finance law. She serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Securities Philippines since 2006 and ADP Philippines, Inc. since 2010. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Atty. Gwyneth S. Ong was elected Assistant Corporate Secretary in January 10, 2018. Atty. Ong is a Partner at Martinez Vergara Gonzalez and Serrano Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

(2) Nomination Committee and Nominees for Election as Members of the Board of Directors

The Nomination Committee is composed of Atty. Alfred S. Jacinto, Mr. Yerik C. Cosiquien and Mr. Irving Cosiquien.

The Company's Nomination Committee pre-screened and accepted the nominations for the following directors in accordance with the criteria provided in the SRC, the Company's Manual of Corporate Governance and the Company's By-Laws:

Regular Directors:

1. Michael C. Cosiquien
2. Jesus G. Chua, Jr.
3. Yerik C. Cosiquien

4. Irving C. Cosiquien
5. Michelle Joan G. Tan
6. Erwin Terrell Y. Sy

Independent Directors:

1. Atty. Mathew John G. Almogino
2. Atty. Alfred S. Jacinto

Atty. Almogino and Atty. Jacinto were nominated by Mr. Michael C. Cosiquien. Atty. Almogino and Atty. Jacinto are neither related to Mr. Cosiquien, nor to each other.

Term of Office of a Director

Except for Mr. Erwin Terrell Y. Sy, who is currently an officer of the Company, whose election will only become effective after the SEC approves the amendment increasing the number of board seats from seven (7) to nine (9), the directors will hold office upon election until the next annual election and until his/her successor is duly elected, unless he/she resigns, dies or is removed from office.

Mr. Erwin Terrell Y. Sy is a new nominee for director.

Mr. Erwin Terrell Y. Sy was elected Treasurer and Chief Financial Officer of the Company in January 10, 2018. Mr. Sy has over eight (8) years of investment banking experience covering multiple jurisdictions, raising both equity, quasi-entity and senior debt for multinational companies. Prior to joining ISOC, he was a Principal at Fortman Cline Capital Markets, where he led deal teams in several marquee Philippine mergers and acquisition deals totaling over US\$3.0 Billion in the energy, infrastructure and logistics sectors. He is an honors graduate of the BS Management-Honors program of the Ateneo de Manila University.

(3) Independent Directors

The following are the nominees for independent directors of the Company:

1. Atty. Matthew-John G. Almogino
2. Atty. Alfred S. Jacinto

Atty. Almogino possessed all the qualifications and none of the disqualifications as independent director since his election in December 11, 2018. Atty. Jacinto possessed all the qualifications and none of the disqualification as independent director since his election in January 10, 2018. They are not employees of the Company and do not have relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibility of a director.

Atty. Almogino and Atty. Jacinto were nominated by Mr. Michael C. Cosiquien. The nominator is not related to the persons he has nominated for independent director.

The term of office of all directors, including independent directors shall be one (1) year until their successors are duly elected and qualified.

The Certifications of Qualification for the Independent Director of Atty. Almogino and Atty. Jacinto are attached herewith.

In accordance with SEC Memorandum Circular No.4 Series of 2017, both Independent Directors (ID) have not exceeded the maximum cumulative term of nine (9) years. Furthermore, the Company understands that after a term of (9) years, the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as a non-independent director. At the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and Reckoning of the cumulative nine-year term is from 2012.

The Company has amended its By-laws incorporating the provisions of SRC Rule 38, as amended, on March 13, 2013 which has been duly approved by the Securities and Exchange Commission on 21 May 2013.

(4) Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the success of the Company.

(5) Family Relationships

Mr. Michael C. Cosiquien, the present Chairman and President of the Company is the brother of Mr. Yerik C. Cosiquien and Mr. Irving C. Cosiquien, who are Directors of the Company. Ms. Michelle Joan G. Tan is the sister-in-law of Mr. Michael C. Cosiquien. Other than the ones disclosed, there are no other family relationships known to the registrant.

(6) Involvement in Certain Legal Proceedings

To the knowledge of the Company, there has been no occurrence of any of the following events during the past five (5) years up to latest date that are material to an evaluation of the ability and integrity of any director, any person nominated to become director, executive officer or control person of the Company:

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;

2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

There are no legal proceedings to which the Company or its subsidiary or any of their properties is involved in or subject to any legal proceedings which would have material effect adverse effect on the business or financial position of the Company or its subsidiary.

(7) Certain Relationships and Related Transactions

The Company, in the normal course of business enters into transaction with related parties consisting primarily of non-interest bearing advances for working capital requirements. The Company does not have any material transactions in 2018.

No transaction was entered by the Company with parties who are not considered related parties but with whom the Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions.

(8) Resignation or Refusal to Stand for Re-election by Members of the Board of Directors

In view of ISOC Holdings Inc.'s purchase of RYM's 175,422,081 common shares equivalent to 67% interest in the Company, the following directors and/or officers resigned during the Special Meeting of the Board of Directors held on January 10, 2018: Mr. Isidro C. Alcantara, Jr., Mr. Anthony M. Te, Mr. Ge Lin (a.k.a Gery Lam), Atty. Remegio C. Dayandayan, Atty. Hermogene H. Real.

Following the foregoing resignations of the previous directors and officers of the Company, the vacancies were filled in, while maintaining a duly constituted quorum at all times, by the vote of at least a majority of the remaining directors. The new directors were elected on January 10, 2018.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(1) Compensation Table

The table below summarizes the aggregate compensation of the Company's CEO and the four most highly compensated employees, as well as the aggregate compensation paid to all directors and officers as a group for the years 2015, 2016 and 2017.

Name and Principal Position	Year	Salary	Bonuses	Other Benefits	Total
CEO and Top 4 Executive Officers, As a group named above	2015	1,515,757	3,820,843	-	5,336,600
	2016	-	-	199,673	199,673
	2017	-	-	55,000	55,000
All Other Officers and Directors, as a group unnamed	2015	1,515,757	3,820,843	-	5,336,600
	2016	-	-	140,850	140,850
	2017	-	-	110,000	110,000

The estimated compensation of the directors and officers for 2018 is nil. For the ensuing year, the estimated compensation of the directors and officers is nil. The Company has minimal operations and engages consultants as necessary.

(2) Compensation of Directors

Standard Arrangement

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangement pursuant to which directors of the company are compensated directly or indirectly, for any services provided as a director.

Other Arrangement

There are no other arrangements pursuant to which directors of the company are compensated directly or indirectly, for any services provided as a director.

(3) Employment Contracts and Termination of Employment and Change-in Control Arrangements

There are no other special contracts of employment between the Company and the named directors and executive officers, as well as special compensatory plans or arrangements

There are no arrangements for compensation to be received by the officers from the Company in the event of a change in control of the Company.

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

- a) Independent Public Accountants, Reyes Tacandong & Co. was nominated as the Corporation's external auditors for the ensuing year which shall be subject to shareholders' approval during the Annual Meeting. The Recommended partner -in charge is Ms. Belinda Fernando.
- b) The 2016 – 2017 audit of the Company by Accountants, Reyes Tacandong & Co. (RTC) is in compliance with SRC Rule 68, Paragraph 3 (b) (iv) which provides that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed. At present, RTC's account partner handling the Corporation is Ms. Belinda Fernando since 2015. She is due for rotation in 2020. A two year cooling off period shall be observed in the re-engagement of the same signing partner or individual.
- c) Representatives of RTC will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed. There was no event where RTC and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. Except as stated in the report of independent auditors, the Corporation has no disagreements with its auditors.

The following are members of the Audit Committee:

Atty. Matthew-John G. Almogino (Chairman)
Mr. Jesus G. Chua (independent director)
Ms. Michelle Joan G. Tan

ITEM 8. COMPENSATION PLANS

No action is proposed to be taken during the stockholders' meeting with regard to any bonus, profit sharing, pension/retirement plan, granting of any extension of options, warrants or rights to purchase any securities.

C. ISSUANCE AND EXCHANGE OF SECURITIES

ITEM 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

There are no matters or actions to be taken up in the meeting with respect to authorization or Issuance of securities.

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance of authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

ITEM 11. FINANCIAL AND OTHER INFORMATION

The audited financial statements as of December 31, 2017, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto.

The interim financial statements as of June 30, 2018 and other data related to the Company's financial information are likewise attached hereto.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

There are no matters or actions to be taken up in the meeting with respect to merger, consolidation, acquisition by, sale or liquidation of the Company.

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

No action is to be taken with respect to acquisition or disposition of property.

ITEM 14. RESTATEMENT OF ACCOUNTS

The Company is not taking any action, which involves the restatement of any of its assets, capital, or surplus account.

D. OTHER MATTERS

ITEM 15. ACTION WITH RESPECT TO REPORTS

The following matters shall be submitted to the vote of stockholders of the Company during the stockholders' meeting.

1. Approval of the Minutes of the Previous Stockholders' Meeting
2. Approval of the Management Report and Audited Financial Statements
3. Approval of the Amendment of Articles of Incorporation of the Corporation
4. Approval of the Amendment of the By-Laws of the Corporation
5. Ratification of Management's Acts

6. Election of Directors.
7. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor
8. Other Matters
9. Adjournment

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

All corporate actions to be taken up at the annual stockholders' meeting will be submitted to the stockholders of the Registrant for their approval in accordance with the requirements of the Corporation Code.

Matters not required to be submitted are the Call to Order and Certification of Notice and Quorum.

ITEM 17. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

Stockholders have the right to approve or disapprove any proposed amendments to the Articles of Incorporation and By-Laws of the Company.

The Company is presenting to the Stockholders the approval of the amendment of the Company's Articles of Incorporation to change the principal office from Metro Manila, Philippines to 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City and to increase the number of directors to nine (9), which shall affect the following provisions:

1. Article THIRD – Changing the principal office of the Corporation from Metro Manila, Philippines to 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City; and
2. Article SIXTH – Increasing the number of directors to nine (9) members

The Company is also presenting to the Stockholders the approval of the amendment of the Company's By-Laws, which shall amend the following provisions:

1. Article III, Section 1-a – Increasing the number of directors to nine (9) members;
2. Article III, Section 1-b – Modifying the qualifications for eligibility and designating a lead independent director
3. Article III, Section 10 – Creating the Corporate Governance Committee which shall include the functions of the Nomination Committee
4. Article III, Section 11 – Creating the Audit Committee
5. Article III, Section 12 – Creating the Board Risk Oversight Committee
6. Article III, Section 13 – Creating the Related Party Transaction Committee
7. Article III, Section 14 – Renumbering the section on creation of other committees
8. Article IV, Section 1 – Additional restriction on concurrently held positions

9. Article IV, Section 5 - Modifying the qualifications and duties and responsibilities of the Corporate Secretary.
10. Article IV, Section 7, 8 & 9 - Creating the positions of the Compliance Officer, Chief Audit Executive and Chief Risk Officer
11. Article IV, Section 10, 11 & 12 - Renumbering sections on Term of Office, Vacancies and Compensation

A copy of the proposed Amended Articles of Incorporation and By-Laws are attached hereto.

ITEM 18. OTHER PROPOSED ACTIONS

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposes to be taken at the annual meeting.

ITEM 19. VOTING PROCEDURES

Under the Corporation Code, the affirmative vote of stockholders representing at least two thirds (2/3) of the outstanding capital stock of the Corporation shall be necessary for the approval of the proposed amendment to the Articles of incorporation of the Corporation.

Except in cases where a higher vote is required under the Corporation Code, the approval of any corporate action shall require the majority vote of all the stockholders present in the meeting, it constituting a quorum.

Except in cases where voting by ballot is applicable, voting and counting shall be viva voce. if by ballot, the counting shall be supervised by the external auditors and transfer agent of the Company.

All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or their personal attendance at the meeting. (Section 7 of the By-Laws).

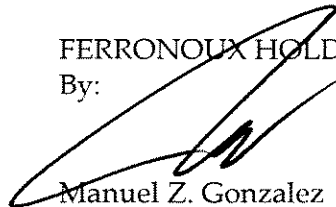
UPON THE WRITTEN REQUEST OF THE STOCKHOLDER(S), THE CORPORATION UNDERTAKES TO FURNISH SAID STOCKHOLDER(S) WITH A COPY OF SEC FORM 17-A, FREE OF CHARGE, EXCEPT FOR THE EXHIBIT ATTACHED THERETO, WHICH SHALL BE CHARGED AT A COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED TO Atty. Allesandra Fay V. Albarico at 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on OCT 15 2018, 2018.

FERRONOUX HOLDINGS, INC. (formerly, AG FINANCE, INCORPORATED)

By:



Manuel Z. Gonzalez
Corporate Secretary

Ferronoux Holdings, Inc.

**MANAGEMENT REPORT
Pursuant to SRC Rule 20**

**For the Annual Stockholders' Meeting
On December 3, 2018**

I. Financial Statements

The Audited Financial Statements of Ferronoux Holdings, Inc. (the Company) for the years ended December 31, 2017 and 2016 are attached to this report.

II. Information on Independent Accountants and other Related Matters

The Company's financial statements for the years ended December 31, 2017 and 2016 have been audited by Reyes Tacandong & Co. ("RTC"), independent auditors, as stated in their reports appearing herein.

Ms. Belinda B. Fernando is the Company's current audit partner. We have not had any disagreements on accounting and financial disclosures with our current external auditors for the periods or any subsequent interim period.

There were no disagreements with RTC on any matter of accounting and financial disclosure.

The following table sets out the aggregate fees incurred for the years ended December 31, 2017 and 2016 for professional services rendered by RTC:

	2017	2016
Audit and Audit-Related Services	₱373,956	₱677,600

III. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is based on the audited financial statements as at December 31, 2017 and 2016, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and accompanying Notes to the Financial Statements and should be read in conjunction with the audited consolidated financial statements.

Summary Financial Information

The financial statements as at December 31, 2017 and 2016 and for the years ended December 31, 2017 and 2016 are hereto attached.

The following table sets forth the summary financial information for the years ended December 31, 2017 and 2016:

Summary of Income Statement:

	Years Ended December 31		
	2017	2016	2015
INCOME	₱6,419,953	₱6,778,721	₱35,220,811
EXPENSES	(1,728,763)	(1,654,282)	(20,155,497)
OTHER INCOME (CHARGES) NET	(20,641,768)	-	(23,641,540)
INCOME (LOSS) BEFORE TAX	(15,950,578)	5,124,439	(8,576,226)
PROVISION FOR INCOME TAX	395,046	464,354	1,242,568
NET INCOME (LOSS)	(15,555,532)	4,660,085	(9,818,794)
OTHER COMPREHENSIVE INCOME (LOSS)	-	-	166,847
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱15,555,532)	₱4,660,085	(₱9,651,947)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	(₱0.06)	₱0.02	(₱0.04)

Summary of Balance Sheet:

	December 31	
	2017	2016
ASSETS		
Current Assets	₱2,351,028	₱2,603,939
Noncurrent Assets	316,499,592	334,187,582
	₱318,850,620	₱336,791,521
LIABILITIES AND EQUITY		
Current Liabilities	₱509,990	₱2,431,005
Noncurrent Liability	-	464,354
	509,990	2,895,359
Equity	318,340,630	333,896,162
	₱318,850,620	₱336,791,521

Summary of Net Cash Flows:

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES	(P181,103)	P263,077	(P172,078,957)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	865,177
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	(123,057,281)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(181,103)	263,077	(294,417,969)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	324,502	61,425	294,479,394
CASH AND CASH EQUIVALENTS AT END OF YEAR	P143,399	P324,502	P61,425

2017 vs. 2016

Results of operations:

(In Php millions)

	Audited		Increase (Decrease)	
	2017	2016	Amount	Percentage
Income	P6.42	P6.78	(P0.36)	(5%)
Expenses	1.73	1.65	0.08	5%
Other Charges	20.64	-	20.64	-

Income decreased by P0.36 million or 5% as compared last year is mainly due to lesser computed accretion on notes receivable.

Expenses increased by P0.08 million or 5%. Changes in the expense accounts for the year ended December 31, 2017 versus the same period last year are as follows:

- Decrease in professional fees by P0.44 million or equivalent to 47% is due last year payment and recognized of 2015 professional fees.
- Increase in taxes and licenses by P0.49 million is due to payment of taxes this year compared to none last year.
- Decrease in director's fees by P0.03 million or equivalent to 16% is due to decrease of attendance of directors in board meetings this year.
- Increase in SEC fees by P0.08 is due to the payment of annual fees this year compared to none last year.

- Decrease in communication by ₱0.01 million is due to payment of development of website last year.

Other charges increased by ₱20.64 million is mainly due to impairment loss on notes receivable.

Financial Position:

(In Php millions)

	Audited		Increase(Decrease)	
	2017	2016	Amount	Percentage
Assets	₱318.85	₱336.79	(₱17.94)	(5%)
Liabilities	0.51	2.89	(2.39)	(82%)
Shareholders' Equity	318.34	333.90	(15.55)	(5%)

Assets

The total assets of the Company decreased by ₱17.94 million or 5% from ₱336.79 million as of December 31, 2016 to ₱318.85 million as of December 31, 2017. The decrease was mainly attributable to the increase of notes receivable by ₱17.69 million or 5% due to impairment loss on notes receivable.

Liabilities

As at December 31, 2017, the total liabilities of the Company decreased by ₱2.39 million or equivalent to 82% from ₱2.89 million as at December 31, 2016 as compared to ₱0.51 million as at December 31, 2017. The decrease was due to the following:

- Current liabilities decreased by ₱1.92 million or 79%, mainly due to reversal of liability by an affiliate.
- Noncurrent liabilities decreased by ₱0.46 million due to derecognition of deferred tax liability arising from accretion of notes receivable.

Shareholders' Equity

As of year-end 2017, the shareholders' equity decreased by ₱15.55 million from ₱330.90 million as of December 31, 2016 to ₱318.34 million as of December 31, 2017. The decrease was attributable to the net loss of ₱15.55 million in 2017.

Explanations for the material changes in the Company's accounts between 2016 and 2015 are as follows:

Results of operations

Income decreased by ₱28.44 million or 81% as compared last year. In June 2015, the Company ceased its lending activities which resulted to lower interest income.

Expenses decreased by ₱18.51 million or 92% due to cessation of lending activities. Significant changes in the expense accounts for the year ended December 31, 2016 versus the same period last year are as follows:

- Decrease in salaries and employee benefits by ₱6.44 million or equivalent to 100% due to termination of all employees on June 2015.
- Decrease in taxes and licenses by ₱4.93 million or equivalent to 100% as a result of ceasing the lending activities. The decrease pertains mainly to the tax in relation to lending transaction such as Documentary stamp tax and gross receipt tax.
- Decrease in rent by ₱1.48 million or equivalent to 100% due to the cessation of lending activities.

Other charges decreased by ₱23.64 million due to last year's loss on sale of loans receivable of ₱11.64 million and finance cost of ₱11.87 million.

Financial Position

Assets

The total assets of the Company increased by ₱7.04 million or 2% from ₱329.75 million as of December 31, 2015 to ₱336.79 million as of December 31, 2016. The increase was mainly due to the net effect of the following:

- Cash increased by ₱0.26 million or 433% mainly due to advances received from affiliates.
- Note receivable increased by ₱6.78 million or 2% due to the accretion of interest income

Liabilities

As of December 31, 2016, the total liabilities of the Company increased by ₱2.38 million or equivalent to 466% from ₱0.51 million as of December 31, 2015 as compared to ₱2.90 million as of December 31, 2016. The increase was due to the following:

- Current liabilities increased by ₱1.90 million or 373%, mainly due to increase in payable from affiliate by ₱1.25 million.
- Noncurrent liabilities increased by ₱0.46 million due to deferred tax liability arising from accretion of note receivable.

Shareholders' Equity

As of year-end 2016, the shareholders' equity increased by ₱4.66 million from ₱329.24 million as of December 31, 2015 to ₱333.90 million as of December 31, 2016. The increase was attributable to the net income of ₱4.66 million in 2016.

Explanations for the material changes in the Company's accounts between 2015 and 2014 are as follows:

Results of operations

Interest income decreased by ₱46.99 million or 57% as compared last year. In June 2015, the Company ceased its lending activities which resulted to lower interest income.

Expenses decreased by ₱12.69 million or 39% due to cessation of lending activities. Significant changes in the expense accounts for the year ended December 31, 2015 versus the same period last year are as follows:

- Decrease in salaries and employee benefits by ₱4.76 million or equivalent to 42% due to termination of employees on June 2015.
- Decrease in Taxes and licenses by ₱2.19 million or equivalent to 31% as a result of ceasing the lending activities. The decrease pertains mainly to the tax in relation to lending transaction such as documentary stamp tax and gross receipt tax.
- Decrease in depreciation expense by ₱1.86 million or 92% mainly due to disposal of property and equipment.
- Increase in rent by ₱1.20 million or 424% because the Company is renting its office space at PSE Centre, Pasig City.

Other charges increased by ₱23.23 million is attributable to loss on sale of loans receivable of ₱11.64 million and finance cost of ₱11.87 million.

Financial Position

Assets

The total assets of the Company decreased by ₱146.16 million or 31% from ₱475.91 million as at December 31, 2014 to ₱329.75 million as at December 31, 2015. The decrease was mainly due to the net effect of the following:

- Cash and cash equivalents decreased by ₱294.42 million or 100% mainly due to payment of dividends to its stockholders and payment of payables.
- On May 5, 2015, all of the Company's outstanding receivables with carrying amount of ₱332.60 were exchange for a five year note receivable with fair value of ₱327.41 million.
- Other current assets increased by ₱2.06 million or 900% is attributable to creditable tax on current income tax.
- Property and equipment decreased by ₱0.47 million or 100% due to disposal of property and equipment at its carrying amount.

Liabilities

As at December 31, 2015, the total liabilities of the Company decreased by ₱13.46 million or equivalent to 96% from ₱13.97 million as of December 31, 2014 as compared to ₱0.51 million as of December 31, 2015. The decrease was due to the following:

- Current liabilities decreased by ₱10.26 million or 95%, mainly due to payment of 2014 income tax payable of ₱6.25 million and payment of accrued expenses and other current liabilities of ₱4.01.
- Noncurrent liabilities decreased by ₱3.19 million due to payment of retirement benefit liability to terminated employees.

Shareholders' Equity

As of year-end 2015, shareholders' equity decreased by ₱132.71 million from ₱461.95 million as at December 31, 2014 to ₱329.24 million as at December 31, 2015. The decrease was attributable to the payment of cash dividend of ₱123.06 million and net operating loss of ₱9.65 million.

Key Performance Indicators

	2015	2016	2017
Return on Asset	(2%)	1%	(5%)
Return on Equity	(3%)	3%	(5%)

1/ Return on assets (ROA) was computed based on the ratio of net income/(net loss) to average assets.

2/ Return on equity (ROE) was computed based on the ratio of net income/(net loss) to average equity.

IV. Brief Description of the General Nature and Scope of the Business

The Company was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001.

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2017 and 2016, 261,824,002 shares of the Company are listed in the PSE.

On June 25, 2015, RYM Business Management Corp. (RYM or the Parent Company) acquired 183,276,801 shares representing 70% interest in the Company from various stockholders.

On June 25, 2015, RYM Business Management Corp. (RYM) acquired 183,276,801 shares representing 70% interest in the Company from various stockholders.

On November 27, 2017, ISOC Holdings, Inc. (ISOC) entered into an agreement with RYM for the purchase of 175,422,081 common shares held by RYM equivalent to 67% interest in the Company. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the PSE on January 4, 2018.

Status of Operations

The Company's lending activities were winded down in 2015. Further, the Company has not conducted any other business activities since then. The Company's new shareholders have committed to provide financial support in order for the Company to continue as going concern. Also, the new shareholder is considering to implement changes in the Company's business structure and operations which may include infusing assets that will generate revenue.

V. DESCRIPTION OF PROPERTY

The Company has no property as September 30, 2017.

VI. Business Transactions with Related Parties

The Company as at December 31, 2017 and 2016 advances from its wholly-owned subsidiary and affiliate are as follows:

Related Party Under Common Control

	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2017	2016	2017	2016
Due to a related party					
Bright Kindle Resources & Investments, Inc.	Advances for working capital	₱1,549,900	₱1,799,801	₱128,957	₱2,044,457

VII. Employees

As at December 31, 2017, the Company has no regular employees.

VIII. Plan of Operation

The Company, under its new name and purpose, plans to make investments, whether in existing companies or new ventures, with high potential value to build its portfolio.

IX. Status of Operations

The Company has no significant operational activity.

X. Dividends

The Company has not paid dividend for the years 2017 and 2016.

Management's Discussion and Analysis of Financial Condition and Results as at September 30, 2018 and for the nine months period ended September 30, 2018 with comparative audited figures as of December 31, 2017

The unaudited financial statement of Ferronoux Holdings, Inc. as at September 30, 2018 and for nine months period ended September 30, 2018 with comparative audited figure as of December 31, 2017 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Balance Sheet as of September 30, 2018 and December 31, 2017:

	September 30, 2018 Unaudited	Dec. 31, 2017 Audited	September 30, 2018 vs. Dec. 31, 2017	
			Amount Increase	Percentage Increase

	(P'000)	(P'000)	(decrease) (P'000)	(decrease) (%)
Current assets	P2,314	P2,351	(P37)	(2%)
Noncurrent assets	321,414	316,500	4,914	2%
Total Assets	P323,728	P318,851	P4,877	2%

Current liabilities	₱494	₱510	(₱16)	(3%)
Noncurrent liabilities	–	–	–	–
Total Liabilities	494	510	(16)	(3%)
Stockholders' Equity	323,234	318,341	4,893	2%
Total Liabilities and Shareholders' Equity	₱323,728	₱318,851	₱4,877	2%

Summary of Income Statements for the nine months and three months period ended September 30, 2018 and 2017.

	For nine months ending September 30		For three months ending September 30	
	2018	2017	2018	2017
	(₱'000)	(₱'000)	(₱'000)	(₱'000)
Interest Income	₱4,914	₱5,156	₱1,638	₱5,156
Other Income	370	–	–	–
Other Operating Expense	(391)	(1,133)	(60)	(68)
Income Before Tax	4,893	4,023	1,578	5,088
Tax Expense	–	–	–	–
Net income for the period	₱4,893	₱4,023	₱1,578	₱5,088

Summary of Statement of Cash Flows for the nine months period ending September 30, 2018 and 2017.

	For nine months ending September 30		For three months ending September 30	
	2018	2017	2018	2017
	(₱'000)	(₱'000)	(₱'000)	(₱'000)
Cash (used) provided in operating activities	(₱67)	₱31	₱–	(₱68)
Cash in banks at beginning of period	141	325	74	424
Cash in banks at end of period	₱74	₱356	₱74	₱356

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

On March 6, 2015, the Board of Directors (BOD) approved the change of the Company's principal purpose to a holding company, including investment in mining and smelting operations as secondary purpose.

On June 26, 2015, the company disclosed that on June 25, 2015 Mr. Tony O. King and his family, that they have sold to RYM Business Management Corporation 183,276,801 common shares or 70% of AG Finance through a block sale for ₱280.00 million or approximately ₱ 1.53 per share.

On April 20, 2015, the shareholders approved the change in the Company's primary purpose from leasing and finance to that of a holding company, and adding as a secondary purpose, mining and smelting operations, and the amendment of the Company's Articles of Incorporation to reflect the changes in the primary and secondary purposes. On December 18, 2015, the stockholders approved the amendment of the Articles of Incorporation to change its corporate name from AG Finance Incorporated to Ferronoux Metals Refinery Inc., change of principal address from Unit 2205-A, East Tower Philippine Stock Exchange Center Exchange Road, Ortigas Center, Pasig City to 16th Floor Citibank Tower, Paseo de Roxas, Makati City and to increase the number of directors from 7 to 9 and Amendment of the Corporation's By Laws to increase the number of directors from 7 to 9, change the date of the Annual Meeting from last Friday of June to last Wednesday of May as stated in Article II Section 1, change of stock symbol from AGF to FMR, election of the directors and appointment of Reyes Tacandong & Co. as the Corporation's external auditor. On April 7, 2017, the Board approved the change of Corporate name to Ferronoux Holdings, Inc. subject to approval of the shareholders. On December 11, 2017, the stockholders approved the change in the primary purpose of the Company from leasing and finance to that of a holding company, and the change of the corporate name to Ferronoux Holdings, Inc. On February 6, 2018, the Securities and Exchange Commission approved the amendment of the Company's Articles of Incorporation and By-Laws to reflect its new corporate name and the change in the primary purpose.

On June 30, 2015, the Company ceased its lending activities.

Results of Operation

The following discussion and analysis is based on the unaudited interim financial statements for nine months period ending September 30, 2018 and 2017.

Nine Months Ended September 30, 2018 Compared with the Nine Months Ended September 30, 2017 (Increase/Decrease of 5% or More)

Interest Income

Interest income were ₱4.91 million for the nine months ended September 30, 2018 compared to ₱5.12 million for the same period in 2017. The decrease in interest income is due to lower interest accretion on notes receivable for the current year compared to the same period last year.

Other Operating Expenses

Other operating expenses were ₱0.39 million for the nine months ended September 30, 2018 compared to ₱1.13 million for the same period in 2017, a decrease of ₱0.74 million or 65%. The decrease in operating expenses is due to lower taxes and licenses and professional fees incurred this year versus last year.

Three Months Ended September 30, 2018 Compared with the Three Months Ended September 30, 2017 (Increase/Decrease of 5% or More)

Interest Income

Interest income were ₱1.64 million for the three months ended September 30, 2018 compared to ₱5.16 million for the same period in 2017. The huge decrease is due to lower computed accretion on notes receivable.

Other Operating Expenses

Other operating expenses were ₱0.06 million for the three months ended September 30, 2018 compared to ₱0.07 million for the same period in 2017, a decrease of ₱0.01 million or 14%.

Statements of Financial Position

The significant changes in the Statement of Financial Position accounts during the nine months ended September 30, 2018 compared to December 31, 2017 are as follows:

- Total assets were ₱323.73 million as of September 30, 2018 compared to ₱318.85 million for the same period in 2017, an increase of ₱4.88 million or 2%. The increase is mainly due to interest accretion on notes receivable.
- Total liabilities decreased by ₱0.02 million or 3% from ₱0.51 million to ₱0.49 million mainly due to decrease of accrued expense in the current year.
- Total equity increased by ₱4.89 million or 2% mainly due to recognition of interest income for the nine-month period ending September 30, 2018.

Statements of Cash Flows

The net cash provided in operating activities amounted to ₱0.07 million for the nine months ended September 30, 2018 compared to net cash generated last year amounted ₱0.03 million. The net cash provided in the same period in 2017 of ₱0.03 million was due to the increase in accrued expenses.

As a result, the cash as at September 30, 2018 and 2017 amounted to ₱0.07 million and ₱0.36 million, respectively.

Horizontal and Vertical Analysis:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	Increase (Decrease) Amount Percentage	
ASSETS				
Current Assets				
Cash in banks	₱74,094	₱141,399	(₱67,305)	(48%)
Other current assets	2,240,349	2,209,629	30,720	1%
Total Current Assets	2,314,443	2,351,028	(36,585)	(2%)
Noncurrent Assets				
Note receivable	321,413,641	316,499,592	4,914,049	2%
	₱323,728,084	₱318,850,620	₱4,877,464	2%

LIABILITIES AND EQUITY

Current Liabilities

Accrued expenses and other
current liabilities

₱494,412	₱509,990	(₱15,578)	(3%)
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Equity

Capital stock

261,824,002	261,824,002	–	–
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Additional paid-in capital

74,277,248	74,277,248	–	–
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Deficit

(12,867,578)	(17,760,620)	4,893,042	(28%)
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Total Equity

323,233,672	318,340,630	4,893,042	2%
-------------	-------------	-----------	----

₱323,728,084	₱318,850,620	₱4,877,464	2%
--------------	--------------	------------	----

FINANCIAL INDICATORS

	September 30, 2018	September 30, 2017
Net income (loss)	4,893,042	4,023,065
Quick assets	74,094	356,111
Current assets	2,314,443	2,635,048
Total assets	323,728,084	341,978,138
Current liabilities	494,412	3,594,557
Total liabilities	494,412	4,058,911
Shareholders' equity	323,233,672	337,919,227
Number of common shares outstanding	261,842,002	261,842,002

Current Ratio1/	4.68	0.73
Debt to Equity Ratio2/	0.002	0.012
Asset to Equity Ratio3/	1.00	1.01
Return on Assets4/	2%	1%
Return on Equity5/	2%	1%
Book value per share	₱1.23	₱1.29

1/ Current assets divided by current liabilities

2/ Total liabilities divided by equity

3/ Total assets divided by equity

4/ Net income divided by average assets

5/ Net income divided by average equity

6/ Total common stockholder's equity divided
by Number of common shares

OTHER INFORMATION

- a. There are no known trends, demands, commitments, events or uncertainties that have a material impact on the Company's liquidity.

- b. There are no events that will trigger direct or contingent financial obligation that is material to the Company.
- c. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities, or other persons were created during the interim period.
- d. There are no material commitments for capital expenditures during the interim period.
- e. There are no known trends, events or uncertainties that have or are reasonably expected to have a material impact on net sales/ revenues/ income from continuing operations.
- f. There is no significant income or expense that did not arise from the Company's continuing operations.
- g. There is no seasonal aspect that had a material effect on the financial condition or results of operation.

PART II - OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

- a. Current Ratio
Total Current Assets/ Total Current Liabilities =4.68
- b. Quick Ratio
Quick asset / Total Current Liabilities = 0.15

Solvency Ratio

- a. Debt Ratio
Total liabilities / Total assets = 0.002
- b. Debt to Equity Ratio
Total liabilities / Shareholder's Equity = 0.002

Profitability Ratio

- a. Return on Equity Ratio

- Net loss / Average shareholder's equity = 2%
- b. Return on Assets
Net loss / Average Total assets = 2%
- c. Asset to Equity Ratio:
Total Assets / Ave. Stockholders' Equity = 1.00
- d. Asset Turnover
Revenue/Total Assets = 2%

Market Information

The closing market price of the Company's common stock in the Philippine Stock Exchange on 12 October 2018 is Php4.00.

The high and low prices for each quarter of 2018 and 2017 are provided below.

Quarter	Stock	High	Low
1Q 2017	FERRO	4.19	3.01
2Q 2017	FERRO	5.01	3.00
3Q 2017	FERRO	5.90	3.60
4Q 2017	FERRO	5.11	3.10
1Q 2018	FERRO	4.48	3.00
2Q 2018	FERRO	4.02	3.20
3Q 2018	FERRO	4.75	3.38

The stockholders of the Company as of 30 September 2018 is provided below:

LIST OF ALL STOCKHOLDERS
As Of September 30, 2018

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY
PCD NOMINEE CORP. (FILIPINO)	261,705,119	0	261,705,119	99.955	FILIPINO
PCD NOMINEE CORP. (NON-FIL)	58,011	0	58,011	0.022	NON-FILIPINO
JOSELYN C. TIU	18,747	0	18,747	0.007	
MARJORIE VILLANUEVA	18,747	0	18,747	0.007	
LEILA E. JORGE	10,001	0	10,001	0.004	
FELISA D. KING	8,747	0	8,747	0.003	
MATHEW JOHN G. ALMOGINO	1,000	0	1,000	0.000	
REMEGIO C. DAYANDAYAN	1,000	0	1,000	0.000	
RAMON N. SANTOS	1,000	0	1,000	0.000	
JESUS SAN LUIS VALENCIA	1,000	0	1,000	0.000	
ISIDRO C. ALCANTARA JR	100	0	100	0.000	
MANUEL M. LAZARO	100	0	100	0.000	
GE LIN	100	0	100	0.000	
HERMOGENE H. REAL	100	0	100	0.000	
ARSENIO K. SEBIAL JR	100	0	100	0.000	
ANTHONY M. TE	100	0	100	0.000	
OWEN NATHANIEL S AU ITF: LI MARCUS AU	20	0	20	0.000	
PETER KHO	2	0	2	0.000	
DALESON UY	2	0	2	0.000	
JESUS G. CHUA, JR.	1	0	1	0.000	
IRVING C. COSIQUIEN	1	0	1	0.000	
MICHAEL C. COSIQUIEN	1	0	1	0.000	
YERIK C. COSIQUIEN	1	0	1	0.000	
ALFRED S. JACINTO	1	0	1	0.000	
MICHELLE JOAN G. TAN	1	0	1	0.000	
GRAND TOTAL (25)	261,824,002	0	261,824,002	100.000	

THIS IS A COMPUTER GENERATED REPORT AND IF ISSUED WITHOUT ALTERATION, DOES NOT REQUIRE ANY SIGNATURE.

BDO REPORT
AS OF SEPTEMBER 30 2018

LIST OF ALL STOCKHOLDERS
As Of September 30, 2018

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES (FULLY PAID)	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY
PCD NOMINEE CORP. (FILIPINO)	261,705,119	0	261,705,119	99.955	FILIPINO
PCD NOMINEE CORP. (NON-FIL)	58,011	0	58,011	0.022	NON-FILIPINO
JOSELYN C. TIU	18,747	0	18,747	0.007	<div></div>
MARJORIE VILLANUEVA	18,747	0	18,747	0.007	
LEILA E. JORGE	10,001	0	10,001	0.004	
FELISA D. KING	8,747	0	8,747	0.003	
MATHEW JOHN G. ALMOGINO	1,000	0	1,000	0.000	
REMEGIO C. DAYANDAYAN	1,000	0	1,000	0.000	
RAMON N. SANTOS	1,000	0	1,000	0.000	
JESUS SAN LUIS VALENCIA	1,000	0	1,000	0.000	
ISIDRO C. ALCANTARA JR	100	0	100	0.000	
MANUEL M. LAZARO	100	0	100	0.000	
GE LIN	100	0	100	0.000	
HERMOGENE H. REAL	100	0	100	0.000	
ARSENIO K. SEBIAL JR	100	0	100	0.000	
ANTHONY M. TE	100	0	100	0.000	
OWEN NATHANIEL S AU ITF: LI MARCUS AU	20	0	20	0.000	
PETER KHO	2	0	2	0.000	
DALESON UY	2	0	2	0.000	
JESUS G. CHUA, JR.	1	0	1	0.000	
IRVING C. COSIQUIEN	1	0	1	0.000	
MICHAEL C. COSIQUIEN	1	0	1	0.000	
YERIK C. COSIQUIEN	1	0	1	0.000	
ALFRED S. JACINTO	1	0	1	0.000	
MICHELLE JOAN G. TAN	1	0	1	0.000	
GRAND TOTAL (25)	261,824,002	0	261,824,002	100.000	

PDTC REPORT AS OF
SEPTEMBER 30, 2018

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - FERRO00000000

FERRONOUX HOLDINGS INC

Business Date: September 28, 2018

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	90,000
A & A SECURITIES, INC.	32,000
ABACUS SECURITIES CORPORATION	1,557,607
PHILSTOCKS FINANCIAL INC	100,357
A. T. DE CASTRO SECURITIES CORP.	490,000
ALPHA SECURITIES CORP.	155,000
BA SECURITIES, INC.	100,000
AP SECURITIES INCORPORATED	137,600
ANSALDO, GODINEZ & CO., INC.	290,000
AB CAPITAL SECURITIES, INC.	55,850
SB EQUITIES, INC.	80,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	17,000
ASIASEC EQUITIES, INC.	114,000
BELSON SECURITIES, INC.	99,000
B. H. CHUA SECURITIES CORPORATION	5,000
BPI SECURITIES CORPORATION	775,467
BDO NOMURA SECURITIES INC	12,627,000
CITISECURITIES, INC.	50,000
TRITON SECURITIES CORP.	120,000
IGC SECURITIES INC.	144,000
E. CHUA CHIACO SECURITIES, INC.	17,000
EQUITIWORLD SECURITIES, INC.	16,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	80,000
FIRST ORIENT SECURITIES, INC.	2,092
F. YAP SECURITIES, INC.	25,171,200
AURORA SECURITIES, INC.	95,000
HDI SECURITIES, INC.	176,473,075
INVESTORS SECURITIES, INC.	16,200
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	5,000
J.M. BARCELON & CO., INC.	10,000
LUCKY SECURITIES, INC.	10,432,593
COL Financial Group, Inc.	8,442,408
DA MARKET SECURITIES, INC.	1,307,700
MERCANTILE SECURITIES CORP.	29,000
MOUNT PEAK SECURITIES, INC.	500
NEW WORLD SECURITIES CO., INC.	110,000
RCBC SECURITIES, INC.	13,000
MAYBANK ATR KIM ENG SECURITIES, INC.	293,000
SALISBURY BKT SECURITIES CORPORATION	10,000
QUALITY INVESTMENTS & SECURITIES CORPORATION	13,000
R & L INVESTMENTS, INC.	10,000
R. COYIUTO SECURITIES, INC.	11,733,263
REGINA CAPITAL DEVELOPMENT CORPORATION	12,000
R. S. LIM & CO., INC.	5,000
S.J. ROXAS & CO., INC.	10,000
SUMMIT SECURITIES, INC.	152,000
TOWER SECURITIES, INC.	1,712,000
APEX PHILIPPINES EQUITIES CORPORATION	28,000
UCPB SECURITIES, INC.	6,000
VENTURE SECURITIES, INC.	90,800
FIRST METRO SECURITIES BROKERAGE CORP.	432,108

BPNAME	HOLDINGS
WEALTH SECURITIES, INC.	888,010
WESTLINK GLOBAL EQUITIES, INC.	61,000
BERNAD SECURITIES, INC.	105,000
YU & COMPANY, INC.	136,000
BDO SECURITIES CORPORATION	4,611,100
EAGLE EQUITIES, INC.	61,000
SOLAR SECURITIES, INC.	992,100
G.D. TAN & COMPANY, INC.	570,000
UNICAPITAL SECURITIES INC.	154,000
SunSecurities, Inc.	20,000
COHERCO SECURITIES, INC.	387,000
ARMSTRONG SECURITIES, INC.	100
KING'S POWER SECURITIES, INC.	10,000
TOTAL	261,763,130

If no written notice of any error or correction is received by PDTC within five (5) calendar days from receipt hereof, you shall be deemed to have accepted the accuracy and completeness of the details indicated in this report.

CERTIFICATIONS
OF
INDEPENDENT DIRECTORS

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MATHEW-JOHN GONONG ALMOGINO**, Filipino, of legal age and with business and postal address at Nippon Express Philippines Corporation, Lot 85 A & B Avocado Road, Food Terminal Inc. Complex, East Service Road, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Ferronoux Holdings, Inc. (formerly, "AG Finance, Incorporated")(the "Company") and have been its independent director since December 11, 2017(where applicable).
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Realship Corporation	Director/Corporate Secretary	May 2015 to present
Nippon Express Philippines Corporation	Manager for Administration and Legal Services	September 2012 to present
Ocampo and Manalo Law Firm	Senior Associate	October 2006 to August 2012

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. Other than as disclosed in Item 2 above, I am not related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of **OCT 15 2018**, at **PASIG CITY**.


MATHEW-JOHN GONONG ALMOGINO
Affiant

Subscribed and sworn to before me this _____ day of **OCT 15 2018** at
PASIG CITY, affiant personally appeared before me and exhibited to me his/her
[REDACTED] issued at _____ on
_____.

Doc. No. 115;
Page No. 24;
Book No. 1;
Series of 2018.

allesandra albarico
ALLESANDRA FAY V. ALBARICO
Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 161 (2018-2019)
Commission Expires on December 31, 2019
6th Floor Hanston Building F. Ortigas Jr. Avenue
Ortigas Centre, 1605 Pasig City
PTR No. 4013041 / 01.31.2018 / Pasig City
IBP No. 09924 / 03.25.2011 / Cavite
Roll of Attorneys No. 59439
MCLE Compliance No. VI-0009651 / 08.13.2015

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Mathew-John Gonong Almogino**, Filipino, of legal age and with business and postal address 4th Floor, Citibank Centre Building, Paseo De Roxas, Salcedo Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for Independent Director of AG Finance, Inc. for its board meeting on 11 December 2017.
2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Realship Corporation	Director/Corporate Secretary	May 2015 to Present
Nippon Express Philippines Corporation	Manager for Administration and Legal Services	September 2012 to Present
Ocampo and Manalo Law Firm	Senior Associate	October 2006 to August 2012

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AG Finance, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. Other than as disclosed in Item 2 above, I am not in any way related to any director/officer/substantial shareholder of AG Finance, Inc. and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its

Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of AG Finance, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

NOV 17 2017

MAKATI CITY

Done this _____ day of _____, at _____.



MATHEW-JOHN GONONG ALMOGINO
Affiant

NOV 17 2017

SUBSCRIBED AND SWORN to before me this ___ day of _____ at
affiant personally appeared before me and exhibited to me his

MAI

Doc. No. 263
Page No. 59
Book No. 196
Series of 2017

ATTY. VIRGILIO R. BATALLA

NOTARY PUBLIC FOR MAKATI CITY

APPT. NO. M-88

UNTIL DEC. 31, 2018

ROLL OF ATTY. NO. 48348

MCLE COMPLIANCE NO. IV-0016333-4/10/13

I.B.P. C.R. No. 705762, LIFETIME MEMBER, JAN. 29, 2007

PTR No. 590-90-82 JAN. 3, 2017

EXECUTIVE BLDG. CENTER

MAKATI AVE. COR., JUPITER ST. MAKATI CITY

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALFRED S. JACINTO**, Filipino, of legal age and a resident of [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of Ferronoux Holdings, Inc. (formerly, "AG Finance, Incorporated") (the "Company") and have been its independent director since January 10, 2018.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
CHAMP CARGOSYSTEM PHILIPPINES, INC.	Director & Corporate Secretary	2009 to present
SENSEI CONSULTANCY SERVICES, INC.	Director & President	2013 to present
JR BOBADILLA RESOURCES, INC.	Director	2010 to present
FEMMES INTELLIGENTES	Director	2013 to present
ILUSTRADO GROOMING SERVICES	Director	2016 to present
SANTEC PLANT CONTROLS INC.	Corporate Secretary	2011 to present
FORTISIMO INC.	Corporate Secretary	2016 to present
TEAM PIA, INC.	Corporate Secretary	2015 to present
MAXICollector VENTURES INC.	Corporate Secretary	2005 to present
MAXIGROUP INC.	Corporate Secretary	2016 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AG Finance, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to the following director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

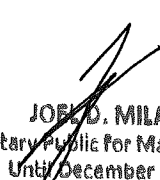
7. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of OCT 09 2018, at MAKATI CITY.


ALFRED S. JACINTO
Affiant

Subscribed and sworn to before me this _____ day of OCT 09 2018 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport
[REDACTED]

Doc. No. 48;
Page No. II;
Book No. III;
Series of 2018.


JOEL D. MILAN
Notary Public for Makati City
Until December 2019
Appointment No. M-122
12th Floor NDC Building,
116 Tordesillas St., Salcedo Village, Makati City
PTR No. 6616386; 04 Jan. 2016; Makati City
IEP No. 014962; (Lifetime); Las Pinas City
Roll No. 68053
MCLE Exempted MCLE Governing Board Order
No. 1 Series 2008



101152018002048

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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Company Name AG FINANCE INCORPORATED
Industry Classification LENDING INVESTOR ACTIVITIES
Company Type Stock Corporation

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Department CFD
Remarks

COVER SHEET

A 2 0 0 1 1 5 1 5 1

S.E.C. Registration Number

A G F I N A N C E I N C O R P O R A T E D

(Company's Full Name)

U N I T 2 2 0 5 A E A S T T O W E R ,

P H I L I P P I N E S T O C K E X C H A N G E

C E N T R E , E X C H A N G E R O A D ,

O R T I G A S C E N T E R P A S I G C I T Y

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

GWYNETH S. ONG

Contact Person

687-1195

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

SEC FORM 17-C
(Certification of
Independent Director)

FORM TYPE

Any day in June

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles
Number Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

LCU

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. January 10, 2018
Date of Report (Date of earliest event reported)

2. SEC Identification Number A20115151 3. BIR Tax Identification No. 219-045-668-000

4. AG FINANCE, INCORPORATED
Exact name of issuer as specified in its charter

5. Philippines 6. (SEC Use Only)
Province, country or other jurisdiction of incorporation Industry Classification Code:

7. Unit 2205A East PSE Centre, Exchange Road,
Ortigas Center, Pasig City 1605
Address of principal office Postal Code

8. (632) 8330769
Issuer's telephone number, including area code

9. N.A.
Former name or former address, if changed since last report

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
<u>Common</u>	<u>261,824,002</u>

11. Indicate the item numbers reported herein: Item 9 Other Events

Item 9. Other Events –

Please see the attached Certification of Independent Director executed by Atty. Alfred S. Jacinto.

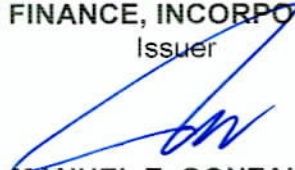
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 15, 2018
.....

AG FINANCE, INCORPORATED

Issuer



MANUEL Z. GONZALEZ

Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALFRED S. JACINTO**, Filipino, of legal age and a resident of [REDACTED]
[REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of AG Finance, Incorporated and have been its independent director since January 10, 2018.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):



Company/Organization	Position/Relationship	Period of Service
CHAMP CARGOSYSTEM PHILLIPPINES, INC.	DIRECTOR & CORPORATE SECRETARY	2009 to present
SENSEI CONSULTANCY SERVICES, INC.	DIRECTOR & PRESIDENT	2013 to present
JR BOBADILLA RESOURCES, INC.	DIRECTOR	2010 to present
FEMMES INTELLIGENTES	DIRECTOR	2013 to present
ILUSTRADO GROOMING SERVICES	DIRECTOR	2016 to present
SANTEC PLANT CONTROLS INC.	CORPORATE SECRETARY	2011 to present
FORTISIMO INC.	CORPORATE SECRETARY	2016 to present
TEAM PIA, INC.	CORPORATE SECRETARY	2015 to present
MAXICollector VENTURES INC.	CORPORATE SECRETARY	2005 to present
MAXIGROUP INC	CORPORATE SECRETARY	2016 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AG Finance, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.


4. I am not related to the following director/officer/substantial shareholder of AG FINANCE, INC.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of AG Finance, Incorporated of any changes in the abovementioned information within five days from its occurrence.

Done, this 15th day of January 2018 at Makati City.


ALFRED S. JACINTO
Affiant

Subscribed and sworn to before me this 15th day of January 2018 at Makati City, affiant personally appeared before me and exhibited to me his 


Doc. No. 289
Page No. 59
Book No. 1
Series of 2018.


EMIL ANGELO C. MARTINEZ
Notary Public for Makati City
Until December 2018
Appointment No. M-423
12th Floor RDC Building,
116 Tordesillas St., Salcedo Village Makati City
PTR No. 8615365; 04 Jan. 2018, Makati City
BFP No. 020940; 04 Jan 2018; Capiz
Roll No. 56234
MCLE Exempted MCLE Governing Board Order
No. 1 Series 2008

AUDITED FINANCIAL STATEMENT
ENDING DECEMBER 31 2017

COVER SHEET

A 2 0 0 1 1 5 1 5 1

S.E.C. Registration Number

A	G	F	I	N	A	N	C	E	I	N	C	O	R	P	O	R	A	T	E	D	(A	S	u	b
s	i	d	i	a	r	y	o	f	R	Y	M	B	u	s	i	n	e	s	s	M	a	n	a	g	e
m	e	n	t	C	o	r	p	.)																

(Company's Full Name)

1 6 t h F l o o r C i t i b a n k T o w e r ,

8 7 4 1 P a s e o d e R o x a s ,

M a k a t i C i t y

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

Rolando S. Santos

Contact Person

(632) 831-44-79

Company Telephone Number
Last Wednesday of May

1 2

Month

3 1

Day

SEC FORM 17-A

FORM TYPE

Month

Day

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles
Number/Section

1 7

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A
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 December 31, 2017
2. SEC Identification Number A200115151 3. BIR Tax Identification No. 219-045-668
4. Exact name of issuer as specified in its charter FERRONOUX HOLDINGS INC. (formerly AG Finance Incorporated)
5. Metro Manila, Philippines
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. U16/F Citibank Tower, 8741 Paseo de Roxas, Makati City 1227
Address of principal office Postal Code
8. (02) 833-0769 Fax 856-7976
Issuer's telephone number, including area code
9. AG Finance Incorporated.
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares : P1.00 par value	261,824,002 shares
11. Are any or all of these 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 **Common Shares**
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:
Yes ☒ No ☐
(b) has been subject to such filing requirements for the past ninety (90) days.
Yes ☒ No ☐
13. The aggregate market value of the voting stock held by non-affiliates is ₱242,703,126.09 representing 78,544,701 shares equivalent to 30.0% of the outstanding common shares computed on the basis of ₱3.09 per share, the closing price as of 31 March 2016.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Overview

Ferronoux Holdings Inc. (formerly AG Finance, Incorporated) ("FERRO" "AGF" or the "Company") was organized in the Philippines on December 14, 2001. The Company is initially registered with the Securities and Exchange Commission (SEC) to operate as a financing company and is governed by the Republic Act (R.A.) No. 8556, The Financing Company Act of 1998.

The Company initially has an authorized capital stock of ₱10.0 million divided into 10.0 million common shares with a par value of ₱1.00 per share. Due to continuous growth and expansion of the Company, a series of capital infusion were made by the shareholders in 2006 and 2009. On August 24, 2006 the Company increased its authorized capital stock to ₱30.0 million divided into 30.0 million common shares, of which 20.0 million common shares were subscribed and paid-up. Subsequently, on June 16, 2009, AG Finance increased its authorized capital stock to ₱75.0 million divided into 75.0 million common shares which were fully subscribed and paid-up.

On June 29, 2012, the Company's BOD and stockholders approved the: (i) application for increase in its authorized capital stock to ₱550.0 million divided into 550.0 million shares with a par value of ₱1 per share and (ii) declaration of stock dividends amounting to ₱65.6 million or 65.6 million shares at ₱1 par value.

The Company's share of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013, the total number of shares listed in the PSE is 261,824,002 shares.

On June 26, 2015, the company disclosed that, on June 25, 2015, Mr. Tony O. King and his family, sold to RYM Business Management Corporation their 183,276,801 common shares or 70% of AG Finance through a block sale for ₱280.00 million or approximately ₱ 1.53 per share. Subsequently, the Company ceased its lending activities.

On November 27, 2017, ISOC Holdings Inc. entered into an agreement with RYM for the purchase of RYM's 175,422,081 common shares in the Company equivalent to 67% interest at PhP 2.1662 per share or a total amount of approximately PhP 380.0M. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the Philippine Stock Exchange on January 4, 2018.

On February 6, 2018, the SEC approved the amendment of the Corporation's Articles of Incorporation to change its corporate name to Ferronoux Holdings Inc. and to change its purpose to a holding company. As a result, the Company likewise changed its stock symbol to "FERRO"

The Company's registered office is Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center Pasig City. On June 26, 2015 and December 17, 2015, the Board of Directors and shareholders approved the change of Principal address to 16th Floor Citibank Tower, 8741 Paseo de Roxas Makati City.

Principal Business Activities

The Company initially provides worry-free short-term, unsecured credit facilities to permanent rank and file employees of reputable medium-sized companies in the Philippines. The Company ceased its lending activities in 2015 after RYM acquired 70% of the Company.

On February 6, 2018, the SEC approved the amendment of the Corporation's Articles of Incorporation to change its corporate name to Ferronoux Holdings Inc. and to change its purpose to a holding company.

Reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business

On June 1, 2015, all of the Company's remaining property and equipment were sold at its carrying amount.

Products and Services Offered

The Company was previously providing short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines and provide loans to OFWs for deployment overseas needing immediate funds to support their initial expenses in the country of deployment.

On June 30, 2015, the Company ceased its lending activities since the stockholders approved the amendment of Corporation's principal purpose to that of holding company and it added a secondary purpose which is to engage in the business of mining and smelting in preparation of the corporation's plan to diversify and expand its business.

Notably, on February 6, 2018, the SEC approved the amendment of the Corporation's Articles of Incorporation to change its corporate name to Ferronoux Holdings Inc. and to change its purpose to a holding company.

Sources and availability of raw materials and the names of principal suppliers

This is not applicable to the Company.

Transaction with and/or dependence on related parties

This is not applicable to the Company.

Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held

This is not applicable to the Company.

Government approval of principal products or services

This is not applicable to the Company.

Effect of existing or probable governmental regulations on the business

The Company was previously governed by Republic Act No. 8556, The Financing Company act of 1998. It has complied with the requirements of existing laws to engage in the business.

The Corporation's business is not affected by existing or probable government regulations.

Amount spent on research and development activities

The Company does not have research and development activities.

Cost and effects of compliance with environmental laws

This is not applicable to the Company.

Employees

Starting July 2015, aside from the key management officers, all of the Corporation's personnel performing the Company's daily operations are being outsourced.

Item 2. Properties

On June 1, 2015, all of the Company's remaining property and equipment were sold at its carrying amount.

Item 3. Legal Proceedings

The Company is not involved in any legal proceedings.

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

The Company submitted the following matters to a vote of the security holders during the 2017 Annual Meeting:

AGENDA:

- 1) Call to Order
- 2) Certification of Quorum
- 3) Approval of Minutes of the previous meeting
- 4) Approval of Management Report and Audited Financial Statements
- 5) Approval of the Amendment of Articles of Incorporation to change the name of the Corporation from AG Finance Inc. to Ferronoux Holdings Inc.
- 6) Ratification of the previous resolution to amend the Articles of Incorporation to change the primary purpose from leasing and finance to that of a holding company
- 7) Ratification of Management's Acts
- 8) Election of Directors
- 9) Appointment of External Auditor
- 10) Other Matters
- 11) Adjournment

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

The common shares of the Company was listed last August 13, 2013 in the Philippine Stock Exchange. The high and low prices of the Company's share for each quarter from 2015 to 2017 are as follows:

Year	Quarter	High (Php)	Low (Php)
2015	First	7.88	3.70
	Second	8.90	6.40
	Third	7.65	2.20
	Fourth	3.32	2.50
2016	First	3.60	1.96
	Second	4.60	2.79
	Third	3.99	3.24
	Fourth	3.86	3.15
	Fourth	3.32	2.50
2017	First	4.19	3.01
	Second	5.01	3.00
	Third	5.90	3.60
	Fourth	5.11	3.10

AGF was only listed on the Exchange on 13 August 2013.

As of March 31, 2018, the closing price of the Company's common shares was ₱3.47 per share. As of March 31, 2017, 74,358,628 common shares are held by the public, representing 28.40% of the Company's outstanding shares.

Holders

The number of shareholders as of December 31, 2017 is 17. The top stockholders of the Company as of December 31, 2017 were as follows:

Stockholders	Number of shares
PCD Nominee Corp. (Filipino)	261,734,225
PCD Nominee Corp. (Non-Filipino)	30,011
Joselyn C. Tiu	18,747
Marjorie Villanueva	18,747
Leila E. Jorge	10,001
Felisa D. King	8,747
Remegio C. Dayandayan, Jr.	1,000
Ramon N. Santos	1,000
Jesus San Luis Valencia	1,000
Isidro C. Alcantara, Jr.	100
Manuel M. Lazaro	100
Ge Lin	100
Arsenio K. Sebial, Jr.	100
Anthony M. Te	100
Owen Nathaniel S AU ITF: Li Marcus Au	20
Peter Kho	2
Daleson Uy	2
Total	261,824,002

On June 26, 2015, the registrant disclosed to the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC) that on June 25, 2015, Mr. Tony O. King and his family sold to RYM Business Management Corporation 183,276,801 common shares or 70% of AG Finance through block sale for ₱280.00 million or approximately ₱1.53 per share.

Subsequently, on November 27, 2017, ISOC Holdings Inc. entered into an agreement with RYM for the purchase of RYM's 175,422,081 common shares in the Company equivalent to 67% interest at PhP 2.1662 per share or a total amount of approximately PhP 380.0M. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the Philippine Stock Exchange on January 4, 2018.

Dividends

On March 25, 2015, the Board approved a cash dividend declaration of ₱0.47 per share or a total of approximately ₱123.06 million. The cash dividends was paid on April 24, 2015.

Financial risk management objectives and policies

The Company is exposed to a variety of financial risks in relation to its financial instruments. The Company's risk management actively focuses in securing the Company's short-to-medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

1. Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk which result from both its operating and investing activities.

a. Foreign currency risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency.

b. Interest rate risk

There were no transactions in 2016 that are subject to interest rate risk. All financial assets and liabilities are non-interest bearing or has fixed interest rate.

c. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, or may lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage this risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff training and assessment processes, including the maintenance of internal audit.

2. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks and note receivable.

The Company continuously monitors defaults of borrowers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for the cash in bank. Cash in bank is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

The Company is not exposed to any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. The Company manages credit risk by setting limits for individual borrowings, and group of borrowers and industry segments. The Company maintains a general policy of avoiding excessive exposure in any particular sector of the Philippine economy. The Company actively seeks to increase its exposure in industry sectors which it believes to possess attractive growth opportunities.

Conversely, it actively seeks to reduce its exposure in industry sectors where growth potential is minimal. Although the Company's loan portfolio is composed of transactions with OFWs, the results of operations and financial condition of the Company may be adversely affected by any downturn in this sector as well as in the Philippine economy in general.

3. Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

Basis of Financial Statements presentation 2017 and 2016

Basis of preparation

The financial statements of the Company have been prepared using the historical cost basis and are presented in Philippine Peso, the Company's functional currency.

Statement of compliance

The financial statements of the Company have been prepared in compliance with the Philippine Reporting standards (PFRS).

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited financial statements, including the related notes, contained in this report. This report contains forward-looking statements that involve risks and uncertainties. The Company cautions investors that its business and financial performance is subject to substantive risks and uncertainties. The Company's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set out in "Risk Factors." In evaluating the Company's business, investors should carefully consider all of the information contained in "Risk Factors."

Results of operations

In million

	Audited		Increase(Decrease)	
	2017	2016	Amount	%
Income	6.42	6.78	0.36	(5.29)
Expenses	1.73	1.65	0.08	4.85
Other Charges	20.64	—	20.64	—

Income decreased by ₱0.36 million or 5.29% as compared last year is mainly due to lesser computed accretion on note receivable.

Expenses decreased by ₱0.08 million or 4.85%. Changes in the expense accounts for the year ended December 31, 2017 versus the same period last year are as follows:

- Decrease in Professional fees by ₱0.44 million or equivalent to 47% is due last year payment and recognized of 2015 professional fees.
- Increase in Taxes and licenses by ₱0.49 million is due to payment of taxes this year compared to none last year.
- Decrease in Directors fees by ₱0.03 million or equivalent to 16% is due to decrease in attendance of Directors in Board Meetings this year.
- Increase in SEC fees by ₱0.08 million is due to the payment of annual fees this year compared to none last year.
- Decrease in Communication by ₱0.01 million is due to payment of development of website last year.

Other charges increased by ₱20.64 million is mainly due to impairment loss on notes receivable.

Financial Position

	Audited		Increase(Decrease)	
	2017	2016	Amount	%
	(in PhP Millions)			
Assets	₱318.85	₱336.79	(17.94)	(5.33)
Liabilities	0.51	2.89	(2.39)	(82.39)
Stockholders' Equity	318.34	333.90	(15.55)	(4.66)

Assets

The total assets of the Company decreased by ₱17.94 million or 5.33% from ₱336.79 million as of December 31, 2016 to ₱318.85 million as of December 31, 2017. The decrease was mainly due to the following:

- **Note receivable** decreased by ₱17.69 million or 5.29% due to impairment loss on notes receivable

Liabilities

As of December 31, 2017, the total liabilities of the Company decreased by ₱2.39 million or equivalent to 82.39% from ₱2.90 million as of December 31, 2016 as compared to ₱0.51 million as of December 31, 2017. The decrease was due to the following:

- **Current Liabilities** decreased by ₱1.92 million or 79.02%, mainly due to reversal of liability by an affiliate.

- **Non current Liabilities** decreased by ₱0.46 million due to reversal of deferred tax liability arising from accretion of note receivable.

Stockholders' Equity

As of year-end 2017, the stockholders' equity decreased by ₱15.55 million from ₱333.90 million as of December 31, 2016 to ₱318.34 million as of December 31, 2017. The decrease was attributable to the net loss of ₱15.55 million in 2017.

Explanations for the material changes in the Company's accounts between 2016 and 2015 are as follows:

Results of operations

Income decreased by ₱28.44 million or 80.75% as compared last year. In June 2015, the Company ceased its lending activities which resulted to lower interest income.

Expenses decreased by ₱18.51 million or 91.82% due to cessation of lending activities. Significant changes in the expense accounts for the year ended December 31, 2016 versus the same period last year are as follows:

- Decrease in Salaries and employee benefits by ₱6.44 million or equivalent to 100.00% due to termination of all employees on June 2015.
- Decrease in Taxes and licenses by ₱4.93 million or equivalent to 100.00% as a result of ceasing the lending activities. The decrease pertains mainly to the tax in relation to lending transaction such as Documentary stamp tax and gross receipt tax.
- Decrease in Rent by ₱1.48 million or equivalent to 100.00% due to the cessation of lending activities.

Other charges decreased by ₱23.64 due to last year's loss on sale of loans receivable of ₱11.64 million and finance cost of ₱11.87 million.

Financial Position

Assets

The total assets of the Company increased by ₱7.04 million or 2.13% from ₱329.75 million as of December 31, 2015 to ₱336.79 million as of December 31, 2016. The increase was mainly due to the net effect of the following:

- **Cash** increased by ₱0.26 million or 433.33% mainly due to advances received from affiliates.
- **Note receivable** increased by ₱6.78 million or 2.00% due to the accretion of interest income

Liabilities

As of December 31, 2016, the total liabilities of the Company increased by ₱2.38 million or equivalent to 466.36% from ₱0.51 million as of December 31, 2015 as compared to ₱2.90 million as of December 31, 2016. The increase was due to the following:

- **Current Liabilities** increased by ₱1.90 million or 373.01%, mainly due to increase in payable from affiliate by ₱1.25 million.

- **Non current Liabilities** increased by ₱0.46 million due to deferred tax liability arising from accretion of note receivable.

Stockholders' Equity

As of year-end 2016, the stockholders' equity increased by ₱4.66 million from ₱329.24 million as of December 31, 2015 to ₱333.90 million as of December 31, 2016. The increase was attributable to the net income of ₱4.66 million in 2016.

Explanations for the material changes in the Company's accounts between 2015 and 2014 are as follows:

Results of operations

Interest income decreased by ₱46.99 million or 57.16% as compared last year. In June 2015, the Company ceased its lending activities which resulted to lower interest income.

Expenses decreased by ₱12.69 million or 38.64% due to cessation of lending activities. Significant changes in the expense accounts for the year ended December 31, 2015 versus the same period last year are as follows:

- Decrease in Salaries and employee benefits by ₱4.76 million or equivalent to 42.47% due to termination of employees on June 2015.
- Decrease in Taxes and licenses by ₱2.19 million or equivalent to 30.72% as a result of ceasing the lending activities. The decrease pertains mainly to the tax in relation to lending transaction such as Documentary stamp tax and gross receipt tax.
- Decreased in Depreciation expense by ₱1.86 million or 91.66% mainly due to disposal of property and equipment.
- Increase in Rent by ₱1.20 million or 424.19% because the Company is renting its office space at PSE Centre, Pasig City.

Other charges increased by ₱23.23 is attributable to loss on sale of loans receivable of ₱11.64 million and finance cost of ₱11.87 million.

Financial Position

Assets

The total assets of the Company decreased by ₱146.16 million or 30.71% from ₱475.91 million as of December 31, 2014 to ₱329.75 million as of December 31, 2015. The decrease was mainly due to the net effect of the following:

- **Cash and cash equivalents** decreased by ₱294.42 million or 99.98% mainly due to payment of dividends to its stockholders and payment of payables.
- On May 5, 2015, all of the Company's outstanding receivables with carrying amount of ₱332.60 were exchange for a five year note receivable with fair value of ₱327.41 million.
- **Other current assets** increased by ₱2.06 million or 900.32% is attributable to creditable tax on current income tax.
- **Property and equipment** decreased by ₱0.47 million or 100.00% due to disposal of property and equipment at its carrying amount.

Liabilities

As of December 31, 2015, the total liabilities of the Company decreased by ₱13.46 million or equivalent to 96.35% from ₱13.97 million as of December 31, 2014 as compared to ₱0.51 million as of December 31, 2015. The decrease was due to the following:

- **Current Liabilities** decreased by ₱10.26 million or 95.23%, mainly due to payment of 2014 income tax payable of ₱6.25 million and payment of accrued expenses and other current liabilities of ₱4.01.
- **Non current Liabilities** decreased by ₱3.19 million due to payment of retirement benefit liability to terminated employees.

Stockholders' Equity

As of year-end 2015, the stockholders' equity decreased by ₱132.71 million from ₱461.95 million as of December 31, 2014 to ₱329.24 million as of December 31, 2015. The decrease was attributable to the payment of cash dividend of ₱123.06 million and net operating loss of ₱9.65 million.

Key performance indicators are listed below:

The key performance indicators presented below were selected to help the management of AG Finance in evaluating the Company's profitability, growth, efficiency, and financial stability, measures that will assist in the generation of future plans.

	2017	2016
Net Income	₱14,041,687	₱4,660,085
Current assets	2,161,469	2,603,939
Total assets	350,234,416	336,791,521
Current liabilities	509,990	2,431,005
Total liabilities	2,296,567	2,895,359
Stockholders' Equity	347,937,849	333,896,162
No. of common shares outstanding	261,824,002	261,824,002

	2017	2016
Current ratio ¹	4.24	1.07
Book value per share ²	1.33	1.28
Debt ratio ³	0.01	0.01
Profit per share ⁴	0.05	0.02
Return on assets ⁵	0.04	0.01

Note:

1. Current assets / current liabilities
2. Stockholder's Equity / Total outstanding number of shares
3. Total Liabilities / Stockholder's Equity
4. Net Income (Loss) / Total outstanding number of shares
5. Net income / average total assets

Item 7. Financial Statements

The audited financial statements of the Company are filed as part of this SEC17-A as "Annex A".

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

There were no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Board of Directors of the Company consists of seven (7) members and shall hold office for a term of one year, or upon the election of its successors. The Board is responsible for the Company's overall mission, vision and strategy, management of the Company, and the preservation of the Company's assets and properties. For a person to be eligible to be elected as a director of the Company, it is necessary that he or she is a registered owner of at least one voting share of the Company.

The members of the Company's Board until January 10, 2018 are as follows:

Name	Age	Citizenship	Position
<u>DIRECTORS</u>			
Isidro C. Alcantara, Jr.			Director / Chairman of the Board
Anthony M. Te			Director / Vice Chairman
Arsenio K. Sebial, Jr.			President and Director
Mathew-John G. Almogino			Independent Director
Ge Lin			Independent Director
Remegio C. Dayandayan Jr.			Director
Hermogene H. Real			Director / Asst. Corp. Secretary
<u>OFFICERS</u>			
Rolando S. Santos			Treasurer
Diane Madelyn Ching			Corporate Secretary
Reuben F. Alcantara			VP Marketing
Leddie D. Gutierrez			VP Internal Audit

In view of ISOC Holdings Inc.'s purchase of RYM's 175,422,081 common shares in the Company equivalent to 67%, new directors were elected on January 10, 2018. Thus, the following are the present directors of the Company.

Name	Age	Citizenship	Position
<u>DIRECTORS</u>			
Michael C. Cosiquien			Chairman/ President
Jesus G. Chua, Jr.			Director
Irving C. Cosiquien			Director
Yerik C. Cosiquien			Director
Michelle Joan G. Tan			Director
Mathew-John G. Almogino			Independent Director
Alfred S. Jacinto			Independent Director
<u>OFFICERS</u>			
Erwin Terrell Y. Sy			Treasurer/ CFO

Allesandra Fay V. Albarico Manuel Z. Gonzalez Gwyneth S. Ong			Compliance Officer/CIO Corporate Secretary Asst. Corp. Sec.
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Described below are relevant business experience and qualifications of each of the Company's directors and officers covering the past five years.

CURRENT DIRECTORS:

Michael Cosiquien

- Michael is currently the Chairman of ISOC Holdings Inc.
- He is currently a Director of Megawide Construction Corp.
- He served as the Chairman and the Chief Executive Officer of Megawide Construction Corp.
- He has provided superior leadership in all aspects of the business as Chief Executive Officer of Megawide.
- Mr. Cosiquien holds a degree in Civil Engineering from the De La Salle University, and is a licensed Civil Engineer with over 20 years of professional engineering experience.

Jesus Chua

- He is currently the President of ISOC Holdings Inc.
- He served as the Chief Strategy officer for Megawide Construction Corp.
- He has served as Head of Southeast Asia Investment Banking at MUFG Financial Group, Singapore and has held senior roles at ABN AMRO/RBS in Hongkong, HSBC in New York.
- Mr. Chua graduated with an MBA from Harvard University and has studied at Stanford University and De La Salle University prior to that.

Yerik Cosiquien

- He is currently a Director of ISOC Holdings Inc.
- He served as Director and Corporate Secretary of Megawide Construction Corp.
- He is also the General Manager of Cosmo Fortune Corp. and Senior Vice President of United Pacific Rise Corp.
- He is a Psychology and Economics graduate from the University of British Columbia.

Irving Cosiquien

- He is currently a Director of ISOC Holdings Inc.
- He served as Director and is currently the Treasurer of Megawide Construction Corp.
- He is the Corporate Secretary at United Pacific Rise Corp. and has served as the General Manager of Megapolitan Marketing, Incorporated.
- He obtained his Bachelor of Science degree in Industrial Psychology from the De La Salle University.

Michelle Tan

- Michelle Tan is currently a sub-contractor of Megawide Construction Corporation, one of the prestigious construction companies in our land today, for almost 6years now.

- She has assisted in deploying skilled and non-skilled workers, screening qualified and efficient employees and handles labor cases as well.
- In addition, she had been a former Banker of United Coconut Planters Bank as Assistant Branch Manager for almost 5 years.

Mathew John G. Almogino- Independent Director

- Mathew John G. Almogino is a lawyer specializing in corporate law and commercial litigation, and has previously served as a member of the board of directors of several corporations engaged in various industries such as transportation, construction, and real estate.
- Atty. Almogino is currently the General Counsel of Nippon Express Philippines Corporation, a Multinational Corporation with headquarters in Tokyo, Japan and which conducts business operations in 698 locations in 44 countries, specializing in Global Logistics, including International Freight Forwarding using multimodal transport, Storage, and Inventory Management.
- Atty. Almogino was also a former Senior Associate with Ocampo and Manalo Law Firm, a firm ranked by AsiaLaw, the Legal 500 and WorldLaw as one of the leaders in various practice areas such as corporate law, telecommunications and media, transportation, litigation and dispute resolution, and labor and employment.
- Atty. Almogino obtained his Bachelor of Arts from De La Salle University with a Major in Political Science and Minor in History, and his Bachelor of Laws from the San Sebastian College-Recoletos Institute of Law, where he also lectured on various subjects on Corporate Law after passing the Bar Examinations.

Alfred S. Jacinto- Independent Director

- Alfred S. Jacinto was admitted to the bar in 1994. He graduated with a degree in Bachelor of Science major in Mathematics and Bachelor of Laws in the University of the Philippines with a College and National Science and Technology Authority Scholarship.
- Atty. Jacinto started as an associate at the Pecabar Law Offices in 1993. He was a partner of the Ata Jacinto & Montales Law Offices before joining the Cayetano Sebastian (CASELAW) Law Offices in 2001. He is currently the Managing Director of CASELAW. His practice areas include litigation, energy, information technology, real estate, immigration, corporate and tax.
- Atty. Jacinto also served as consultant to the Joint Congressional Power Commission, Joint Congressional Oversight Committee on the Clean Water Act and the Office of Senator Pilar Cayetano.

PREVIOUS DIRECTORS:

Mr. Isidro C. Alcantara Jr. was elected Chairman and Director last June 25, 2015 and elected as President last December 2017. He currently sits as President of Marcventures Holding, Inc. (MHI) and presently Vice Chairman and Director of MMDC, MHI wholly owned subsidiary. He also serves as Director and President of Bright Kindle Resources, Inc. Mr. Alcantara is the President of Financial Risk Resolutions Advisory, Inc. He has been a Director of Benguet Corp. since November 2008. He served as Senior Vice President and Head of Corporate & Institutional Banking at HSBC. He was elected President and Chief Executive officer of Philippine Bank of Communications (PBCom) in Manila Philippines from 2000 to 2004. In addition, he served as Executive Vice President of the Corporate Banking Group of Equitable PCI Bank (EPCIB) from

1981 to 2000. He served as Director of Bankers Association of the Philippines from 2000 to 2003. He also served at Bancom Finance Corporation, PCI Bank, and Insular Bank of Asia and America (a Bank of America affiliate) from 1975 to 1981. Mr. Alcantara Jr. is a Certified Public Accountant. He obtained his BSc in Accounting and BS in Economics degrees from De La Salle University, graduating *magna cum laude*. He also attended the Special Studies in International Banking at the Wharton School, University of Pennsylvania.

Mr. Anthony M. Te. was elected as Vice Chairman and Director in June 25, 2015. He is currently Chairman of the Board of Asian Appraisal Company Inc., Amalgamated Project Management Services, Inc., Asian Asset Insurance Brokerage Corp. and Profesional Funding Services Inc. He serves as Chairman and Chief Finance officer of Mactel Corp., as Director and Treasurer for Manila Standard Today Management Inc. and Director for Marcventures Mining and Development Corporation. Mr. Te is a licensed soliciting official for Non Life insurance with Philippine Insurance Commission. He previously sat as Director in the following companies: Balabac Resources & Holdings Co., Inc. Commonwealth Savings and Loan Bank, EBECOM Holdings, Inc. Equitable PCI Bank, MRC Allied Industries Inc., Oriental Petroleum & Mineral Corp., PAL Holdings Inc., PGA Cars Inc., and Phoenix Energy Corp. He obtained his Bachelor of Arts in Business Management from De La Salle University.

Engr. Arsenio K. Sebial, Jr. was elected as President and Director in June 25, 2015 up to 11 December 2017. He is the President and CEO of Marcventures Mining and Development Corporation (MMDC). He graduated from Mapua Institute of Technology with a degree in Mining Engineering and was previous president of the Philippine Mining Engineer's Society. He holds 40 years of mining experience, the longest was with Benguet Corporation where he rose to Division Manager for Mining and Engineering and worked in the highly successful Benguet-Dizon Copper Mines.

Mr. Manuel Lazaro was elected Independent Directors in June 2015 up to 02 November 2017. He currently sits as Director for Philippine Airlines Inc., (PAL), The Manila Hotel Corporation and Manila Golf & Country Club. He is also the Chairman & CEO of Philippine Constitution Association (PHILCONSA) and served as its President and Governor for four terms from the year 1991 to 2011. He sat as Director for PHILIA Development Center Inc., and is a member of the Board of Advisor of Ateneo Law School and Chairman of Aquila legis Alumni Foundation, Inc.

Mr. Ge Lin (a.k.a. Gery Lam) was elected Independent Director in June 2015. He serves as Director of Zhejiang Long Kai and LianYuGang and as Director and General Manager for HYSS Holdings. Mr. Lam sat as Executive Director Philippine ZhaoHeng Mining Co., Ltd. From the year 2005 to 2007.

Atty. Remegio C. Dayandayan, Jr. was elected as Director in December 2015. He was elected as Director of Bright Kindle Resources and Investment Inc. in March 2014. He currently sits as Director and President of RYM Business Management Corporation and the Philippine Manila Standard Publishing Inc. He was previously an associate of Dum lao Moraleda Antonano and Tuvera Law Offices from February 2008 to March 2009. He was also a Subjective Discovery Reviewer of Escaler and Company Inc.-LPO from May 2008 to March 2009. Atty. Dayandayan obtained his degrees in Bachelor of Arts major in Political Science from the University of San Carlos in 2001 and Bachelor of Laws from San Beda College- Mendiola in 2007. He was admitted to the Philippine Bar in 2008.

Atty. Hermogene H. Real was elected as Director in December 2016 and as Assistant Corporate Secretary in June 15, 2015. She serves as Director of Philippine Collectivemedia Corporation (2008 to present), as Corporate Secretary of Benguet Corporation (2000 to present) and Universal Re Condominium Corporation (1997 to 2009, 2010 to present), as Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present), Benguet Corp Nickel Mines, Inc. (2009 to present). She is a lawyer in D.S. Tantuico and Associates (1998 to present). She previously held the following positions: Chairman of the Board and President of Philippine Collectivemedia Corporation (2008 to 2010); Corporate Secretary of Trans Middle East Phils. Equities, Inc. (1996 to 2006); and Assistant Corporate Secretary of Equitable PCI Bank, Inc. (2005-2006).

CURRENT OFFICERS:

Terrell Y. Sy

- Teri brings to ISOC over 8 years of Investment Banking experience.
- Prior to joining ISOC, Teri was a Principal at Fortman Cline Capital Markets, where he led deal teams in several marquee Philippine M&A deals totaling over US\$3.0 bn in the energy, infrastructure and logistics sectors.
- Teri is an honors graduate of the BS Management-Honors program of the Ateneo de Manila University.

Allesandra Fay V. Albarico

- Atty. Allesandra Fay V. Albarico was an Executive Assistant and Court Attorney at the Court of Appeals, *Pre-test Lawyer* for the 2011 Bar Examinations (Supreme Court-Office of the Chairman), Associate at Dato Inciong & Associates, Legal Manager at Citicore Power Inc., and Legal Counsel at Megawide Construction Corporation.
- Atty. Albarico holds a degree in Bachelor of Arts major in Legal Management (*university scholar*).
- Atty. Albarico passed the 2010 Philippine bar examinations and was admitted to the Bar the following year. Atty. Albarico likewise holds a postgraduate law degree (LL.M.) and diploma in Leadership and Management Development Program.
- Atty. Albarico teaches Negotiable Instruments Law, Law on Sales, Agency, and Credit Transactions, Obligations and Contracts, Partnerships and Private Corporations, and Court Procedures. Atty. Albarico has earned the distinction of being an *Outstanding Professor* of the Our Lady of Fatima University.

Manuel Z. Gonzalez

- He is a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006.
- Atty. Gonzalez has been involved in corporate practice and has extensive experience in securities, banking and finance law.
- Atty. Gonzalez serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Securities Philippines since 2006 and ADP Philippines, Inc. since 2010.

- Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Gwyneth S. Ong

- Atty. Ong is a Partner at Martinez Vergara Gonzalez and Serrano Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions.
- She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

PREVIOUS OFFICERS:

Rolando S. Santos was elected Treasurer in June 25, 2015. He also serves as Treasurer and concurrently holds the position of Senior Vice President for Finance and Administration of Marcventures Holdings, Inc. He also serves as Treasurer for MMDC, Bright Kindle Resources and Investments, Inc., and Bright Green Resources Corp. He was previously the Branch head/Cluster head of Branches for Banco De Oro from 2001 to 2013, Bank of Commerce from 1984 to 2001, Producers Bank of the Philippines from 1981 to 1984, and Far East Bank from 1972 to 1981. He obtained his degree in BS

Diane Madelyn C. Ching was elected Corporate Secretary in June 2015. She serves as General Counsel and Assistant Corporate Secretary of Marcventures Holdings Inc. and its subsidiary, Marcventures Mining and Development Corp. She sits as director of Prime Media Holdings Inc. where she was previously appointed as Corporate Secretary in 2013. She provides legal consultancy services to PLDT Global (Philippines) Corp. Atty. Ching was an associate of Ocampo & Manalo Law Firm from March 2010 to June 2013. She obtained her degrees in Bachelor of Secondary Education major in Economics and Bachelor of Arts major in Psychology from De La Salle University-Manila graduating Honorable Mention. She passed the Licensure Examination for Teachers in 2004. She worked as a Research Analyst of the Mergers and Acquisitions, Asia Pacific Region Division of Thomson (Philippines) Inc. (now Thomson Reuters). She obtained her Bachelor of Laws from San Beda College-Mendiola in 2009 and was admitted to the Philippine bar in 2010.

Reuben F. Alcantara is the Vice President for Marketing, he is also VP Marketing, Business Development, and Strategic Planning of Marcventures Holdings Inc. since September 2013. He is also the Company's Investor Relations Officer. He joined the company in December 2015. He previously served as Relationship and Credit Officer for Security Bank and has had stints in Corporate Banking in Bank of Commerce and Maybank Philippines.

Leddie D. Gutierrez was appointed as VP Internal Audit in June 2015. He is a Certified Public Accountant and has held key positions in internal audit, corporate services and compliance and control in 1995. Mr. Gutierrez is currently the Vice President for Audit and Risk Management of Marcventures Mining and Development Corp. (MMDC). He served as Division Head (Assistant Vice President) of Strategic Support Division under Institutional Banking Sector of Metropolitan Bank and Trust Company, where, since joining in November 2011 as Compliance and Control Officer (Senior Manager), he oversaw IBS's compliance to policies, procedures and regulations set by the bank, BSP and regulatory agencies and led systems and process improvements for

the group. From April 2005 to October 2011, Mr. Gutierrez served as Head of Internal Audit of PLDT Global Corporation (PGC), a subsidiary and international marketing firm of PLDT Co. In this role, he carried out operational, information technology, financial, network and compliance audits of PGC. Mr. Gutierrez is a graduate of University of the East.

Identify Significant Employees

No single person is expected to make significant contribution to the business since the Company considers the collective efforts of all its employees as instrumental to the success of the Company.

Family Relationships

Michael C. Cosiquien, the present Chairman and President of the Company is the brother of Yerik C. Cosiquien and Irving C. Cosiquien, who are Directors of the Company.

Isidro C. Alcantara, Jr., the previous Chairman and President is the father of Reuben F. Alcantara, VP for Marketing

Involvement in Certain Legal Proceedings of Directors and Senior Management

To the knowledge of the Company, there has been no occurrence of any events during the past 5 years up to present which are material to an evaluation of the ability and integrity of any director, any person nominated to become director, executive officer or control person of the Company.

Item 10. Executive Compensation

The following are the Company's CEO and four most highly compensated employees for the year ended 2017 is follows:

Name	Position
Isidro C. Alcantara, Jr.	Chairman of the Board
Anthony M. Te	Vice Chairman
Arsenio K. Sebial, Jr.	President and Director up to 11 Dec 2017
Manuel Lazaro	Independent Director up to 02 Nov 2017
Mathew-John Almogino	Independent Director
Ge Lin	Independent Director
Remegio C. Dayandayan Jr.	Director
Rolando S. Santos	Treasurer
Diane Madelyn Ching	Corporate Secretary
Hermogene H. Real	Asst. Corp. Secretary
Reuben F. Alcantara	VP Marketing
Leddie D. Gutierrez	VP Internal Audit

The table below summarizes the aggregate compensation of the Company's CEO and the four most highly compensated employees, as well as the aggregate compensation paid to all directors and officers as a group for the years, 2015, 2016, 2017 and 2018 Est.

	Year	Salary	Bonuses	Other Benefits	Total
President and Top 5 Executive Officers as group named above	2015	1,515,757	3,820,843	-	5,336,600
	2016			199,673	199,673
	2017			55,000	55,000
	2018 estimated	-	-	105,000	105,000-

All Other Officers and Directors, as a group unnamed	2015	1,515,757	3,820,843	-	5,336,600
	2016			140,849.68	140,849.68
	2017			110,000	110,000
	2018 estimated	-	-	225,000	225,000

Compensation of Directors

Standard Arrangement

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangement pursuant to which directors of the company are compensated directly or indirectly, for any services provided as a director.

Other Arrangement

There are no other arrangements pursuant to which directors of the company are compensated directly or indirectly, for any services provided as a director.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no special contracts of employment between the Company and the named directors and executive officers, as well as compensatory plans or arrangements.

There are no arrangements for compensation to be received by the officers from the Company in the event of a change in control of the Company.

Warrants and Options Outstanding

There are no outstanding warrants or options held by the Company's directors, named senior management and all officers and directors as a group.

Item 11. Security Ownership of Certain Beneficial Owners and Management

The following persons own at least five percent (5%) of the Company's outstanding common shares:

Title of Class	Name and Address of Record Owner & Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares	Percentage
Common		RYM Business Management Corp	Filipino	183,276,801	70.0%
TOTAL				183,276,801*	70.00%

*as of 31 December 2017

On November 27, 2017, ISOC Holdings Inc. entered into an agreement with RYM for the purchase of RYM's 175,422,081 common shares in the Company equivalent to 67% interest at PhP 2.1662 per share or a total amount of approximately PhP 380.0M. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the Philippine Stock Exchange on January 4, 2018.

Other than the persons identified above, there are no beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

Security Ownership of Directors and Officers

CURRENT DIRECTORS

Title of Class	Name Beneficial Owner	Citizenship	Amount of Shares & Nature of beneficial ownership	Percentage
Common	Michael C. Cosiquien	Filipino	(Direct) 1	0.00%
Common	Jesus G. Chua, Jr.	Filipino	(Direct) 1	0.00%
Common	Irving C. Cosiquien	Filipino	(Direct) 1	0.00%
Common	Yerik C. Cosiquien	Filipino	(Direct) 1	0.00%
Common	Michelle Joan G. Tan	Filipino	(Direct) 1	0.00%
Common	Mathew-John G. Almogino	Filipino	(Direct) 1,000	0.00%
Common	Alfred S. Jacinto	Filipino	(Direct) 1	
TOTAL			(Direct) 1006	0.00%

PREVIOUS DIRECTORS (as of December 31, 2017)

Title of Class	Name Beneficial Owner	Citizen ship	Amount of Shares & Nature of beneficial ownership	Percentage
Common	Isidro C. Alcantara Jr.	Filipino	(Direct) 100	0.00%
Common	Anthony M. Te	Filipino	(Direct) 100	0.00%
Common	Hermogene H. Real	Filipino	(Direct) 100	0.00%
Common	Mathew-John Almogino	Filipino	(Direct) 1,000	0.00%
Common	Ge Lin (a.k.a. Gery Lam)	Filipino	(Direct) 100	0.00%
Common	Remegio Dayandayan Jr.	Filipino	(Direct) 1,000	0.00%
TOTAL			(Direct) 2,400	0.00%

Voting Trust Holders of 5% Or More

The Company has no voting trust agreement or any other similar arrangement which may result in a change in control of the Company.

Changes in Control

On June 26, 2015, the registrant disclosed to the Philippine Stock Exchange "PSE" and Securities and Exchange Commission "SEC" that on June 25, 2015 Mr. Tony O. King, and his family, controlling shareholders of AGF have sold to RYM Business Management Corporation, 183,273,801 common shares or 70% of AG Finance through a block sale on 25 June for Php280.00 Million or approximately Php1.5278 per share.

On November 27, 2017, ISOC Holdings Inc. entered into an agreement with RYM for the purchase of RYM's 175,422,081 common shares in the Company equivalent to 67% interest at PhP 2.1662 per share or a total amount of approximately PhP 380.0M. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the Philippine Stock Exchange on January 4, 2018.

Item 12. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on arm's length basis in a manner similar to transactions with non-related parties.

During the last three years, there were no transactions or series of similar transactions with or involving the Company or any of its subsidiaries in which a director, executive officer, nominee for election as a director or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family, had or is to have a direct or indirect material interest

PART IV – CORPORATE GOVERNANCE

Item 13. This portion has been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

The audited financial statements of the Company are filed as part of this SEC17-A as "Annex A".

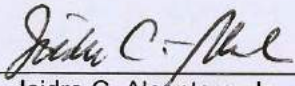
(b) Reports on SEC Form 17-C until 31 December 2017

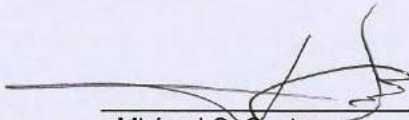
Date of Disclosure	Subject
April 10, 2017	Results of Board Meeting last April 07, 2017 Postponement of 2017 Annual Stockholders' Meeting
May 31, 2017	Change in Corporate Name
October 19, 2017	Amended Postponement of 2017 Annual Meeting
November 02, 2017	Resignation of Justice Manuel M. Lazaro
November 28, 2017	Notice of Sale of Shares
December 01, 2017	Change in Control Issuer
December 12, 2017	Results of 2017 Annual Stockholders' Meeting Results of Organizational Meeting Resignation of Mr. Arsenio K. Sebial, Jr.
December 15, 2017	AGF Letter to PSE regarding Penalty


SIGNATURES

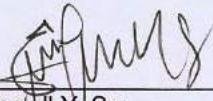
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MAKATI CITY, on _____, 20__.

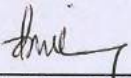
By:

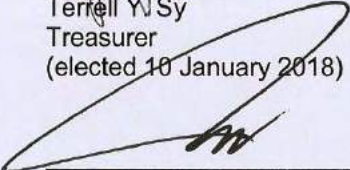

 Isidro C. Alcantara, Jr.
 Chairman and President
 (until 10 January 2018)


 Michael C. Cosiquen
 Chairman and President
 (elected 10 January 2018)


 Rolando S. Santos
 Treasurer
 (until 10 January 2018)

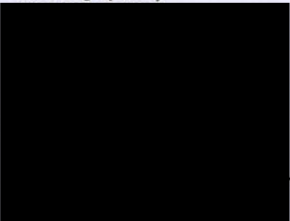

 Terrell Y. Sy
 Treasurer
 (elected 10 January 2018)


 Diane Madelyn C. Ching
 Corporate Secretary
 (until 10 January 2018)


 Manuel Z. Gonzalez
 Corporate Secretary
 (elected 10 January 2018)

APR 27 2018

MAKATI CITY
SUBSCRIBED AND SWORN to before me this _____ day of _____
 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity (TIN)	DATE OF ISSUE	PLACE OF ISSUE
Isidro C. Alcantara, Jr.			
Rolando S. Santos			
Diane Madelyn C. Ching			
Michael C. Cosiquen			
Terrell Y. Sy			
Manuel Z. Gonzalez			

Doc. No. 225;
 Page No. 40;
 Book No. 11;
 Series of 2018.

Notary Public
ATTY. GERVACIO MONTIZON
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31/2018
TR NO. 598541 / 01-03-2017/MAKAT
RP NO. 655155 LIFETIME MEMBER
OPT. NO. M-104/2017/ROLL NO. 40091
MCLE COMPLIANCE NO. V-0006934
JNIT 102 PENINSULA COURT BLDG
3735 MAKATI AVE., MAKATI CITY

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A 2 0 0 1 1 5 1 5 1

COMPANY NAME

A G F I N A N C E I N C O R P O R A T E D (A S u b s i d i a r y o
f R Y M B u s i n e s s M a n a g e m e n t C o r p .)

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

U n i t 2 2 0 5 A E a s t T o w e r , P h i l i p p i n e S t o c k
E x c h a n g e C e n t e r , E x c h a n g e R o a d , O r t i g a
s C e n t e r , P a s i g C i t y

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

info@agfinance.ph

Company's Telephone Number/s

833-0769

Mobile Number

-

No. of Stockholders

17

Annual Meeting (Month / Day)

Any day in June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Mr. Rolando S. Santos

Email Address

rolly.santos@marcventures.com.ph

Telephone Number/s

826-8609/856-7976

Mobile Number

09989850229

CONTACT PERSON'S ADDRESS

16th Floor, Citibank Tower, 8741, Paseo de Roxas, 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 shall not excuse the corporation from liability for its deficiencies



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

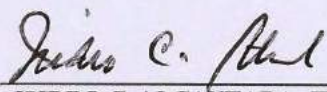
The Management of **AG Finance Incorporated** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2017 and 2016** in accordance with the prescribed financial reporting framework indicated therein, 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 in overseeing the Company's financial reporting process.

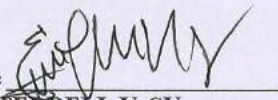
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended **December 31, 2017 and 2016**, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature 
ISIDRO C. ALCANTARA, JR.
Chairman & President
(until 10 January 2018)

Signature 
MICHAEL C. COSIQUIEN
Chairman & President
(elected 10 January 2018)

Signature 
ROLANDO S. SANTOS
Treasurer
(until 10 January 2018)


Signature 
TERRELL Y. SY
Treasurer
(elected 10 January 2018)

Signed this APR 3 2018 day of _____



MAKATI CITY

SUBSCRIBED AND SWORN to before me this APR 20 day of 2018 affiant(s)
exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity (TIN)	DATE OF ISSUE	PLACE OF ISSUE
Isidro C. Alcantara, Jr. Rolando S. Santos Michael C. Cosiquien Terrell Y. Sy			

Doc. No. 47;
Page No. 1;
Book No. 1;
Series of 2018.

~~ATTY. JERRY R. ORTIZ, JR.~~
NOTARY PUBLIC FOR MAKATI
UNTIL DECEMBER 31/2018
PTR NO. 5909514 / 01-03-2017/MAKATI
IBP NO 655155 LIFETIME MEMBER
APPT. NO. M-104/2017/ROLL NO. 40091
MCLE COMPLIANCE NO. V-0006934
UNIT 102 PENINSULA COURT BLDG.
3735 MAKATI AVE., MAKATI CITY

NICK JULE B. TORRES

Certified Public Accountant

CPA License No. 0141184
BOA Accreditation No. 8238

Unit 305 Pacific Century Tower,
Quezon Avenue, South Triangle
Quezon City 1800 Philippines
Phone : +632 426 5245
Mobile : +63 97 851 0790
E-mail : nick.torres@ctpcoph.com

AG FINANCE INCORPORATED

(A Subsidiary of RYM Business Management Corp.)

PRACTITIONER'S COMPILATION REPORT

DECEMBER 31, 2017 and 2016

NICK JULE B. TORRES

Certified Public Accountant

CPA License No. 0141184
BOA Accreditation No. 8238

Unit 305 Pacific Century Tower,
Quezon Avenue, South Triangle
Quezon City 1800 Philippines
Phone : +632 426 5245
Mobile : +63 97 851 090
E-mail : nick.torres@ctpcoph.com

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT
ON AN ENGAGEMENT TO COMPILE FINANCIAL STATEMENTS**

The Board of Directors and Stockholders
AG Finance Incorporated
Unit 2205A East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Report on the Financial Statements

I have compiled the accompanying financial statements of AG Finance Incorporated (the Company), a subsidiary of RYM Business Management Corp., which comprise the statement of financial position of as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

Based on the information provided by the management, I have applied my expertise in accounting and financial reporting to assist the Company in the preparation and presentation of these financial statements in accordance with Philippine Financial Reporting Standards (PFRS). I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information provided by the management for compilation. I have not conducted an audit nor a review of the accompanying financial statements. Accordingly, I do not express an audit opinion and provide any assurance, or a review conclusion on whether the financial statements are in accordance with the PFRS.

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

Management is responsible for the preparation and fair presentation of the financial statements, as well as the accuracy and completeness of the information, in accordance with PFRS, 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.

NBT20180008

"Your end-to-end Business Partner"

NICK JULE B. TORRES

Certified Public Accountant

CPA License No. 0141184
BOA Accreditation No. 8238

Unit 305 Pacific Century Tower,
Quezon Avenue, South Triangle
Quezon City 1800 Philippines
Phone : +632 426 5245
Mobile : +63 917 852 0190
E-mail : nick.torres@ctpcoph.com

Practitioner's Responsibility

My responsibility is to perform this compilation engagement in accordance with Philippine Standards on Related Services 4410 (Revised) – *Compilation Engagements*, issued by Auditing Standards and Practices Council of the Philippines.

The objective of this compilation engagement is to assist the management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Practitioner's Independence

I am independent and had no direct financial interest with respect to the Company, in all material aspects of this compilation engagement, during the year ended December 31, 2017.



NICK JULE B. TORRES

Practitioner

CPA Certificate No. 0141184

Issued on July 12, 2015; valid until July 12, 2018

BOA Accreditation No. 8238

Issued on February 8, 2018; Valid until July 12, 2021

Tax Identification No. 273-144-666-0000

PTR No. 4457893

April 10, 2018

NBT20180008

"Your end-to-end Business Partner"



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
AG Finance Incorporated
Unit 2205A East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Opinion

We have audited the accompanying financial statements of AG Finance Incorporated (the Company), a subsidiary of RYM Business Management Corp., which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2017, 2016 and 2015, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended December 31, 2017, 2016 and 2015 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 the audit of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has winded down its lending activities in 2015 and has not yet conducted any other business activities since then. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management's plan to address the condition is discussed in Note 1. Our opinion is not modified in respect of this matter.





Key Audit Matters

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

Assessment of Realizability of Note Receivable

As at December 31, 2017 and 2016, the Company's note receivable represents 99% of total assets and the assessment of its realizability requires the use of judgment by management. Hence, the matter is of significance to our audit.

Our audit procedures included the review of management's assessment of the realizability of the Company's note receivable and whether there is objective evidence that the note receivable is impaired.

Further disclosures are included in Note 3, *Significant Judgment, Accounting Estimates and Assumptions*, Note 5, *Note Receivable* and Note 14, *Financial Risk Management Objectives and Policies*.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report distributed to stockholders for the year ended December 31, 2017, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report distributed to stockholders for the year ended December 31, 2017 are expected to be made available to us after the date of this auditors' report.

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

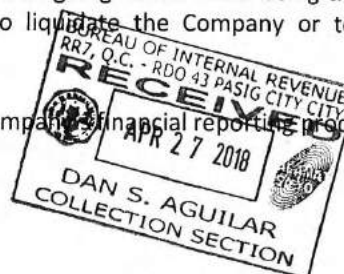
In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, 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.

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





Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 audits 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 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 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 auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Belinda B. Fernando.

REYES TACANDONG & Co.

Belinda B. Fernando

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 1022-AR-2 Group A

Valid until March 15, 2020

BIR Accreditation No. 08-005144-004-2017

Valid until January 13, 2020

PTR No. 6607958

Issued January 3, 2018, Makati City

April 20, 2018

Makati City, Metro Manila



AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2017	2016
ASSETS			
Current Assets			
Cash in banks	4	P141,399	P324,502
Other current assets		2,209,629	2,279,437
Total Current Assets		2,351,028	2,603,939
Noncurrent Asset			
Note receivable	5	316,499,592	334,187,582
		P318,850,620	P336,791,521
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	P509,990	P2,431,005
Noncurrent Liability			
Deferred tax liability	13	—	464,354
Total Liabilities		509,990	2,895,359
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(17,760,620)	(2,205,088)
Total Equity		318,340,630	333,896,162
		P318,850,620	P336,791,521

See accompanying Notes to Financial Statements.



AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31				
	Note	2017	2016	2015
INCOME				
Interest income	10	₱6,419,953	₱6,778,721	₱34,085,787
Processing fees		—	—	606,000
Penalties		—	—	529,024
		6,419,953	6,778,721	35,220,811
EXPENSES				
	11	(1,728,763)	(1,654,282)	(20,155,497)
OTHER CHARGES - net				
Loss on modification of terms	5	(24,107,168)	—	—
Reversal of liability	8	3,465,400	—	—
Day 1 loss	5	—	—	(11,870,527)
Loss on exchange of loans receivable	5	—	—	(11,639,111)
Others - net		—	—	(131,902)
		(20,641,768)	—	(23,641,540)
INCOME (LOSS) BEFORE INCOME TAX		(15,950,578)	5,124,439	(8,576,226)
PROVISION FOR (BENEFIT FROM) INCOME TAX	13			
Current		69,308	—	373,967
Deferred		(464,354)	464,354	868,601
		(395,046)	464,354	1,242,568
NET INCOME (LOSS)		(15,555,532)	4,660,085	(9,818,794)
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss</i>				
Remeasurement gain on retirement liability - net of deferred income tax	7	—	—	166,847
TOTAL COMPREHENSIVE INCOME (LOSS)		(₱15,555,532)	₱4,660,085	(₱9,651,947)
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED				
	12	(₱0.06)	₱0.02	(₱0.04)

See accompanying Notes to Financial Statements.



AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2017	2016	2015
CAPITAL STOCK - ₱1 par value				
Authorized - 550,000,000 shares				
Issued and outstanding -				
261,824,002 shares		₱261,824,002	₱261,824,002	₱261,824,002
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning and end of year		74,277,248	74,277,248	74,277,248
RETAINED EARNINGS (DEFICIT)				
Balance at beginning of year		(2,205,088)	(6,865,173)	126,010,902
Net income (loss)		(15,555,532)	4,660,085	(9,818,794)
Cash dividends	9	—	—	(123,057,281)
Balance at end of year		(17,760,620)	(2,205,088)	(6,865,173)
REMEASUREMENT LOSS ON RETIREMENT LIABILITY				
	7			
Balance at beginning of year		—	—	(166,847)
Effect of curtailment		—	—	166,847
Balance at end of year		—	—	—
		₱318,340,630	₱333,896,162	₱329,236,077

See accompanying Notes to Financial Statements.

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		(P15,950,578)	P5,124,439	(P8,576,226)
Adjustments for:				
Interest income	10	(6,419,953)	(6,778,721)	(34,085,787)
Day-1 loss	5	—	—	11,870,527
Loss on exchange of loans receivable	5	—	—	11,639,111
Depreciation	11	—	—	169,335
Unrealized foreign currency losses		—	—	146,908
Operating loss before working capital changes		(22,370,531)	(1,654,282)	(18,836,132)
Decrease (increase) in:				
Note receivable		24,107,168	—	(332,639,733)
Loans receivable		—	—	167,596,490
Other current assets		69,808	(500)	(2,058,102)
Increase (decrease) in:		—		
Accrued expenses and other current liabilities		(1,921,015)	1,917,060	(4,011,411)
Retirement liability		—	—	(2,948,625)
Net cash generated from (used for) operations		(114,570)	262,278	(192,897,513)
Interest received		775	799	27,445,333
Income taxes paid		(69,308)	—	(6,626,777)
Net cash provided by (used in) operating activities		(183,103)	263,077	(172,078,957)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in other noncurrent assets		—	—	564,345
Proceeds from sale of property and equipment		—	—	300,832
Cash provided by investing activities		—	—	865,177
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash dividends paid	9	—	—	(123,057,281)
EFFECTS OF FOREIGN CURRENCY TRANSLATION				
		—	—	(146,908)
NET INCREASE (DECREASE) IN CASH IN BANKS		(183,103)	263,077	(294,417,969)
CASH IN BANKS AT BEGINNING OF YEAR		324,502	61,425	294,479,394
CASH IN BANKS AT END OF YEAR		P141,399	P324,502	P61,425

See accompanying Notes to Financial Statements.

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

AG Finance Incorporated (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 primarily to operate as a financing company and provide short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines.

The Company's registered office is Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City.

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2017 and 2016, all of the 261,824,002 shares of the Company are listed in the PSE.

On June 25, 2015, RYM Business Management Corp. (RYM or Parent Company) acquired 183,276,801 shares representing 70% interest in the Company from Tony King and family.

On November 27, 2017, ISOC Holdings Inc. (ISOC) entered into an agreement with RYM for the purchase of 175,422,081 common shares held by RYM equivalent to 67% interest in the Company. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the PSE on January 4, 2017.

On February 6, 2018, the SEC approved the amendment of the Company's Articles of Incorporation to change its corporate name to Ferronoux Holdings Inc. and to change its purpose to a holding company. The Company likewise changed its stock symbol to "FERRO".

The financial statements of the Company as at December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 were approved and authorized for issue by the Board of Directors (BOD) on April 20, 2018.

Status of Operations

The Company's lending activities were winded down in 2015. Further, the Company has not conducted any other business activities since then. The Company's new shareholders have committed to provide financial support in order for the Company to continue as a going concern. Also, the new shareholder is considering to implement changes in the Company's business structure and operations which may include infusing assets that will generate revenue.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee.

Measurement Bases

The financial statements are presented in Philippine Peso, which is the Company's functional currency. All values are in absolute amount, unless otherwise stated.

The financial statements of the Company have been prepared on a historical basis. Historical cost is generally based on the fair value of the consideration given in exchange of an asset.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

The Company uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in Note 14.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from financing activities.
- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax where an asset is measured at fair value and the fair value is below the asset's tax base (e.g. deferred tax asset related to unrealized losses on debt instruments measured at fair value), as well as certain other aspects of accounting for deferred tax assets.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements of the Company. Additional disclosures have been included in the notes to financial statements, as applicable.

New and Amended PFRS in Issue But Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2017 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2018 -

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting, recognition and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken. The amount of change in fair value of a financial liability designated as at fair value through profit or loss (FVPL) that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should be no longer wait for there to be objective evidence of impairment.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Effective for annual periods beginning on or after January 1, 2019 -

- PFRS 16, *Leases* – This standard replaces PAS 17, *Leases*, and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees’ statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company except for PFRS 9. Additional disclosures will be included in the notes financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the statements of financial position when the Company becomes a party to the contractual provision of a financial instrument. Financial instruments are initially recognized at fair value. In the case of regular way purchase or sale of financial asset, recognition and derecognition, as applicable, is done using trade date accounting.

Initial Recognition. Financial assets and liabilities are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the profit or loss. In cases where there is no observable data on inception, the Company deemed the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) available-for-sale (AFS) financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market.

As at December 31, 2017 and 2016, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS investments or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

This category includes cash in banks and note receivable.

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowings.

Other financial liabilities are initially recognized at fair value less any direct transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as when there is amortization process.

This category includes accrued expenses and other current liabilities (excluding statutory payables).

Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the statements of financial position.

Impairment of Financial Assets

Loans and Receivables. The Company assesses at each reporting date whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Time value is generally not considered when the effect of discounting is not material. The carrying value of the asset shall be reduced directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized by the Company when:

- the right to receive cash flows from the asset has expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risk and rewards of the assets, but has transferred control over the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying value of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of the new liability, and the difference in the respective carrying value is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying value is adjusted by the costs or fees paid or received in the restructuring.

Other Current Assets

Other current assets primarily include creditable withholding taxes (CWT).

CWT. CWT is the amount withheld from income subject to expanded withholding taxes. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and where the carrying value of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying value that would have been determined had no impairment loss been recognized for the asset in prior years.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital (APIC). Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

Deficit. Deficit represents the cumulative balance of the Company's result of operations net of any dividends declared.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Interest Income. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Processing Fees. Processing fees are recognized at the time the loan contract was agreed with the borrowers to the extent of the cost incurred for processing of the loans extended.

Penalties. Penalties are recognized based on a certain percentage of monthly amortizations that were collected beyond due date.

Other income. Income from other sources is recognized when earned during the period.

Expenses Recognition

Expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

- c. there is a change in the determination of whether fulfilment is dependent on a specified asset;
or
- d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Operating Lease - Company as a Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating lease. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Employee Benefits

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has an unfunded, noncontributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and interest expense in profit or loss. Interest expense is calculated by applying the discount rate to the retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability is the aggregate of the present value of the defined benefit obligation. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

In 2015, the Company terminated all its employees due to the cessation of its lending business.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of any unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying value 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 recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as other comprehensive income.

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

Earnings (Loss) Per Share (EPS)

Basic EPS is computed by dividing net income attributable to the stockholders by the weighted average number of shares of stock outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split.

Diluted EPS is calculated by adjusting the weighted average number of shares of stock outstanding to assume conversion of dilutive potential ordinary shares of stock.

Where the EPS share effect of potential dilutive capital stock would be anti-dilutive, basic and diluted EPS are stated at the same amount.

The Company does not have dilutive potential shares of stock.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components.

The Company's operating segment consists only of lending activities which was winded down in 2015. As discussed in Note 1, the Company's application with the SEC for the change of its principal purpose to a holding company was approved on February 6, 2018.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless whether a price is charged.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of financial statements in accordance with PFRS requires management to exercise judgment, make estimates and assumptions that affect the amounts reported in the financial statements. The judgment and estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. The estimates and underlying assumptions are reviewed on an on-going basis. Actual results could differ from such estimates.

Judgment

In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimates, which have the most significant effect on the amounts recognized in the financial statements.

Accounting for Operating Lease - Company as a Lessee. The Company, as a lessee, has an operating lease agreement for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease.

Rent expense amounted to ₱1.5 million in 2015 (see Note 11). The lease was terminated in 2015.

Estimates and Assumptions

The key estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year, are described below.

Assessing Note Receivable for Impairment. The Company maintains allowance for receivable impairment at a level considered adequate to provide for potential uncollectible receivable. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the debtor, the debtor's payment behaviour and known market factors. The Company identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

As discussed in Note 5, the Company waived the interest on note receivable resulting in a loss on modification of terms amounting to ₱24.1 million in 2017. No impairment loss was recognized in 2016 and 2015. The carrying value of note receivable amounted to ₱316.5 million and ₱334.2 million as at December 31, 2017 and 2016, respectively (see Note 5).

Assessing Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying value 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.

As at December 31, 2017 and 2016, deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT because the management has assessed that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

The Company's unrecognized deferred tax assets amounted to ₱19.5 million and ₱15.1 million as at December 31, 2017 and 2016, respectively (see Note 13).

4. Cash in Banks

Cash in banks amounting to ₱0.1 million and ₱0.3 million as at December 31, 2017 and 2016, respectively, earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱775, ₱799 and ₱0.3 million in 2017, 2016 and 2015, respectively (see Note 10).

5. Note Receivable

On May 5, 2015, the Company's loans receivables from its lending activities with carrying value of ₱344.2 million, net of allowance for impairment loss of ₱40.9 million, were exchanged for a five-year note receivable with a nominal amount of ₱332.6 million, resulting to a loss of ₱11.6 million. The note receivable bears interest rate at 5% per annum on unpaid principal amount beginning June 6, 2017.

In 2017, the Company agreed to waive the interest on the note. The waiver resulted to a loss on modification of terms amounting to ₱24.1 million.

Movements in this account are shown below:

	2017	2016
Original amount	₱332,639,733	₱332,639,733
Net accretion of (unamortized) "Day-1" difference	(16,140,141)	1,547,849
	₱316,499,592	₱334,187,582

Accretion of interest income amounted to ₱6.4 million, ₱6.8 million and ₱0.6 million in 2017, 2016 and 2015, respectively (see Note 10).

Interest income earned related to the old loans receivable amounted to ₱27.2 million in 2015 (see Note 10).

6. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	2017	2016
Accrued expenses		₱370,000	₱369,600
Due to a related party	8	128,957	2,044,457
Statutory payables		11,033	16,948
		₱509,990	₱2,431,005

Accrued expenses include unpaid professional fees and other expenses that are expected to be settled within the next reporting year.

7. Retirement Benefits

On June 25, 2015, the Company terminated all its employees due to the cessation of operations and change in management. Accordingly, the Company derecognized its retirement liability of ₱2.9 million by recognizing retirement benefit income in profit or loss as part of "Salaries and employee benefits" account (see Note 11).

The movement in 2015 of cumulative remeasurement gain recognized in other comprehensive income follows:

	2015		
	Cumulative Remeasurement Losses	Deferred Income Tax (see Note 13)	Cumulative Remeasurement Gains (Losses), Net of Tax
Balance at beginning of year	(P238,353)	(P71,506)	(P166,847)
Gain on curtailment	238,353	71,506	166,847
Balance at end of year	P—	P—	P—

8. Related Party Transactions

Outstanding balance and transaction with related parties are as follows:

	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2017	2016	2017	2016
Due to a related party					
	Advances for working capital purposes				
Under common control		₱1,549,900	₱1,799,801	₱128,957	₱2,044,457

In 2017, the Company recognized a reversal of liability to a related party amounting to P3.5 million.

Key Management Personnel

Compensation of key management personnel consists of short-term benefits amounting to P2.7 million in 2015. The Company has no key management compensation in 2017 and 2016.

9. Cash Dividends

On March 25, 2015, the Company declared cash dividends of P123.1 million or P0.47 a share to stockholders on record of April 15, 2015. The dividends were paid on April 24, 2015.

10. Interest Income

This account consists of:

	Note	2017	2016	2015
Accretion of:				
Interest income	5	P6,419,178	P—	P—
"Day-1" difference		—	6,777,922	640,454
Cash in banks	4	775	799	292,635
Loans receivable	5	—	—	27,152,698
		P6,419,953	P6,778,721	P34,085,787

11. Expenses

This account consists of:

	2017	2016	2015
Professional fees	₱493,200	₱934,959	₱1,594,492
Taxes and licenses	492,292	500	4,934,357
PSE and SEC fees	365,610	283,960	253,000
Directors fee	168,333	199,673	105,882
Outside services	158,567	163,600	75,347
Representation	15,957	41,500	272,608
Transportation and travel	1,508	–	327,409
Legal and bank charges	300	2,000	53,070
Communication and utilities	–	15,000	856,167
Salaries and employee benefits	–	–	6,443,639
Rent	–	–	1,484,250
Office supplies	–	–	875,448
Contractual services	–	–	780,014
Insurance	–	–	345,714
Dues and subscription	–	–	321,947
Marketing and collection	–	–	265,377
Depreciation	–	–	169,335
Others	32,996	13,090	997,441
	₱1,728,763	₱1,654,282	₱20,155,497

Expenses recognized as salaries and employee benefits are presented below:

	Note	2017	2016	2015
Salaries and other short-term benefits		₱–	₱–	₱9,392,264
Retirement benefit income	7	–	–	(2,948,625)
		₱–	₱–	₱6,443,639

12. Earnings (Loss) Per Share

Basic and diluted EPS is computed as follows:

	2017	2016	2015
Net income (loss)	(₱15,555,532)	₱4,660,085	(₱9,818,794)
Weighted average number of common shares	261,824,002	261,824,002	261,824,002
	(₱0.06)	₱0.02	(₱0.04)

There has been no transaction involving common shares or potential common shares that occurred subsequent to the reporting dates.

13. Income Taxes

The Company's provision for current income tax pertains to MCIT in 2017 and 2015. There is no provision for current income tax in 2016 because the Company is in a net tax loss position.

The reconciliation of provision for income tax at the statutory income tax rate to the provision for income tax shown in the statements of comprehensive income follows:

	2017	2016	2015
Income tax computed at statutory tax rate	(P4,785,173)	P1,537,332	(P2,572,868)
Add (deduct) tax effects of:			
Nondeductible expenses	23,237	12,450	—
Interest income already subjected to final tax	(233)	(240)	(87,791)
Change in unrecognized deferred tax assets	4,367,123	(1,085,188)	3,903,227
	(P395,046)	P464,354	P1,242,568

Management has assessed that there will be no future taxable income against which deferred tax assets can be utilized. Details of unrecognized deferred tax assets are as follows:

	2017	2016
NOLCO	P14,184,273	P14,728,501
Day-1 difference	4,842,043	—
MCIT	443,275	373,967
	P19,469,591	P15,102,468

As at December 31, 2016, the deferred tax liability relates to net accretion of Day-1 loss on note receivable amounting to P0.5 million.

The details of the Company's unused NOLCO which can be claimed as deduction from future taxable profit during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2016	P1,759,691	P—	P—	P1,759,691	2019
2015	47,335,312	—	(1,814,094)	45,521,218	2018
	P49,095,003	P—	(P1,814,094)	P47,280,909	

The details of the Company's MCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2017	P—	P69,308	P—	P69,308	2020
2015	373,967	—	—	373,967	2018
	P373,967	P69,308	P—	P443,275	

14. Financial Risk Management Objectives and Policies

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. The BOD has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risks

The Company's financial instruments consist of cash in banks, note receivable and accrued expenses and other current liabilities (excluding statutory payables), which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks and note receivable.

The carrying value of financial assets recognized in the financial statements represents the Company's maximum exposure to credit risk, without taking into account collateral or other credit enhancement.

The Company manages credit risk concentration by transacting with counterparties with good financial condition and with relatively low defaults.

The aging analyses of financial assets as at December 31 are as follows:

2017					
	Neither Past Due Nor Impaired		Past Due But Not	Past Due and	Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in banks	P141,399	P-	P-	P-	P141,399
Note receivable	-	316,499,592	-	-	316,499,592
	P141,399	P316,499,592	P-	P-	P316,640,991

2016					
	Neither Past Due Nor Impaired		Past Due But Not	Past Due and	Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in banks	P324,502	P-	P-	P-	P324,502
Loans receivable	-	334,187,582	-	-	334,187,582
	P324,502	P334,187,582	P-	P-	P334,512,084

The credit quality of the Company's financial assets is being managed by using internal credit ratings such as high grade and standard grade.

High grade - pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal.

Standard grade - these are financial assets where collections are probable due to the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

Cash in banks are entered into with reputable financial institutions duly approved by the BOD.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The carrying value of the accrued and other current liabilities (excluding statutory payables) as at December 31, 2017 and 2016 represents the contractual undiscounted cash flows and is payable on demand.

Fair Value Measurement

Set out below is a comparison by category of carrying values and fair values of the Company's financial instruments that are carried in the financial statements:

	2017		2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash in banks	P141,399	P141,399	P324,502	P324,502
Note receivable	316,499,592	303,107,082	334,187,582	346,153,126
	P316,640,991	P303,248,481	P334,512,084	P346,477,628
Financial Liabilities				
Accrued and other current liabilities*	P498,957	P498,957	P2,414,057	P2,414,057

*Excluding statutory payables amounting to P11,033 and P16,948 as at December 31, 2017 and 2016, respectively.

Cash in Banks and Accrued and Other Current Liabilities. The carrying values of cash in banks and accrued and other current liabilities (excluding statutory payables) approximate their fair values due to the short-term nature of the transactions.

Note Receivable. The fair value of the Company's note receivable was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. This financial instrument is classified under Level 2 (Significant observable inputs) of the fair value hierarchy groups in the financial statements.

15. Capital Management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by creating products and services commensurate with the level of risk. The 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 Company may return capital to shareholders, issue new shares or convert related party advances to an equity component item.

There has been no change made in the objectives, policies and processes in 2017, 2016 and 2015.



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
AG Finance Incorporated
Unit 2205A East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

We have audited the accompanying financial statements of AG Finance Incorporated (the Company), a subsidiary of RYM Business Management Corp., as at and for the year ended December 31, 2017 on which we have rendered our report dated April 20, 2018.

In compliance with Securities Regulation Code Rule 68, as amended, we are stating that the Company has fourteen (14) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 1022-AR-2 Group A

Valid until March 15, 2020

BIR Accreditation No. 08-005144-004-2017

Valid until January 13, 2020

PTR No. 6607958

Issued January 3, 2018, Makati City

April 20, 2018
Makati City, Metro Manila





**REPORT OF INDEPENDENT AUDITOR
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
AG Finance Incorporated
Unit 2205A East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of AG Finance Incorporated (the Company), a subsidiary of RYM Business Management Corp., as at and for the year ended December 31, 2017 and have issued our report thereon dated April 20, 2018. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2017 are the responsibility of the Company's management. These supplementary schedules include the following:

- Adoption of Effective Accounting Standards and Interpretations
- Financial Ratios
- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedules required by Part II of Securities Regulation Code (SRC) Rule 68, as amended

These schedules are presented for purposes of complying with SRC Rule 68 Part II, as amended, and are not part of the financial statements. This information have been subjected to the auditing procedures applied in the audit of the financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the financial statements taken as a whole.

REYES TACANDONG & Co.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until December 31, 2018
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PTR No. 6607958
Issued January 3, 2018, Makati City

April 20, 2018
Makati City, Metro Manila



AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

**SUPPLEMENTARY SCHEDULE OF ADOPTION OF
EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2017**

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements			
Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary			✓

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments			✓
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments			✓
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓

Philippine Accounting Standards (PAS)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative			✓
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 16	Property, Plant and Equipment			✓
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets	✓		
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14,			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
	Prepayments of a Minimum Funding Requirement			
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases – Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

FINANCIAL RATIOS

Below is a schedule showing financial soundness indicators in 2017 and 2016.

	2017	2016
Liquidity Ratio	4.61	1.07
Current assets	P2,351,028	P2,603,939
Current liabilities	509,990	2,431,005
Solvency Ratio	-31.28	2.11
Income (loss) before income tax and depreciation	(15,950,578)	5,124,939
Total liabilities (excluding deferred tax liability)	509,990	2,431,005
Debt-to-equity Ratio	0.00	0.01
Total liabilities	509,990	2,895,359
Total equity	318,340,630	333,896,162
Asset-to-equity Ratio	1.00	1.01
Total assets	318,850,620	336,791,521
Total equity	318,340,630	333,896,162
Interest rate coverage Ratio	-	-
Pretax income (loss) before interest	(15,950,578)	5,124,439
Interest expense	-	-
Profitability Ratio	-0.05	0.01
Net income (loss)	(15,555,532)	4,660,085
Total equity	318,340,630	333,896,162

AG FINANCE INCORPORATE
(A Subsidiary of RYM Business Management Corp.)

SUPPLEMENTARY SCHEDULE OF COMPANY'S
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2017

	Amount
Unappropriated retained earnings (deficit), as shown in the financial statements at beginning of year	(P2,205,088)
Add deferred tax liability at beginning of year	464,354
Unappropriated retained earnings (deficit), as adjusted to available for dividend declaration at beginning of year	(1,740,734)
Add: Net loss during the year closed to retained earnings	(15,555,532)
Movement in deferred tax liability	(464,354)
Total retained earnings (deficit) available for dividend declaration at end of year	(P17,760,620)

Reconciliation:

	Amount
Unappropriated retained earnings (deficit), as shown in the financial statements at end of year	(P17,760,620)
Add deferred tax liability at end of year	-
Total retained earnings (deficit) available for dividend declaration at end of year	(P17,760,620)

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF SRC RULE 68, AS AMENDED
DECEMBER 31, 2017

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<i>Schedule</i>	<i>Description</i>	<i>Page</i>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>N/A</u>
C	Indebtedness to Related Parties	<u>1</u>
D	Guarantees of Securities of Other Issuers	<u>N/A</u>
E	Capital Stock	<u>2</u>
F	Conglomerate Map	<u>3</u>

Schedule C. Indebtedness to Related Parties
December 31, 2017

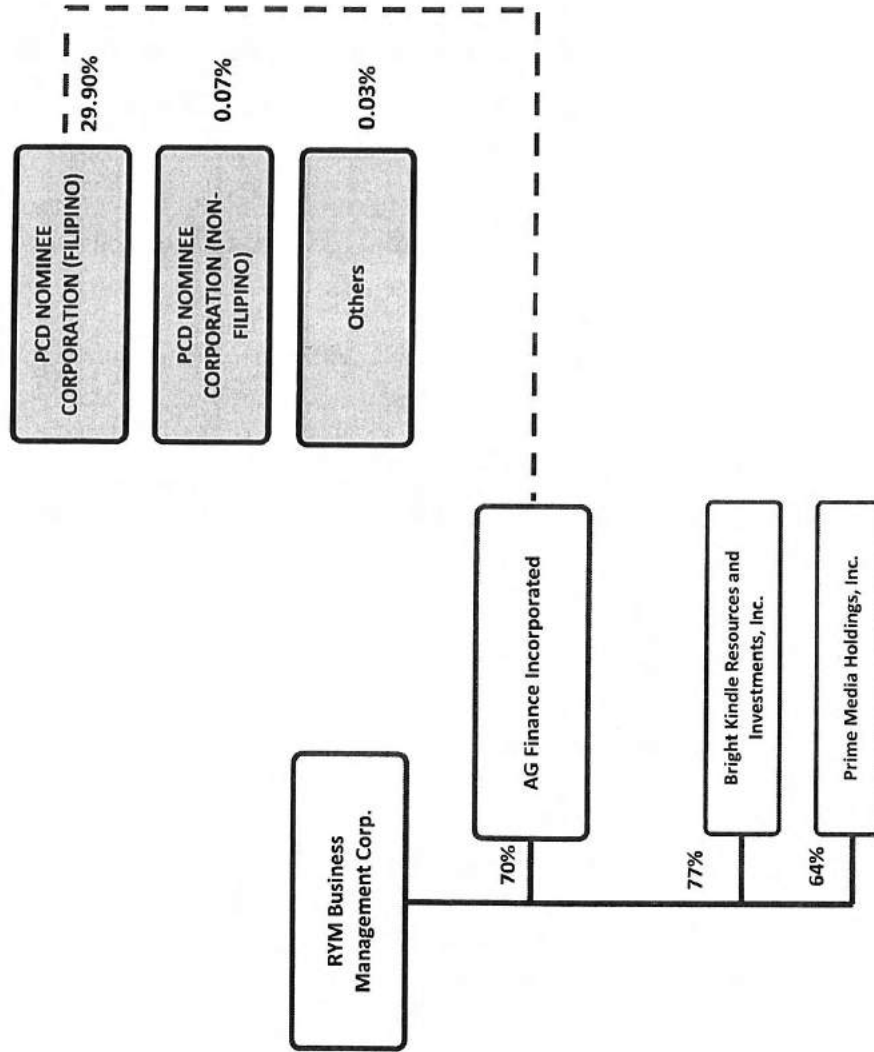
Name of related party	Beginning Balance	Ending balance
Bright Kindle Resources & Investments, Inc.	₱2,044,457	₱128,957

Schedule E. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by related parties	Directors officers and employees	Others
Common Stock	550,000,000	261,824,002	-	183,276,801	4,188,573	74,358,628

Schedule F. Conglomerate Map
As at December 31, 2017

-3-



UNAUDITED FINANCIAL STATEMENT
FOR THE QUARTER ENDING
SEPTEMBER 30 2018



110152018002633

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No. A200115151
Company Name FERRONOUX HOLDINGS, INC.
Industry Classification Financial Holding Company Activities
Company Type Stock Corporation

Document Information

Document ID 110152018002633
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered September 30, 2018
No. of Days Late 0
Department CFD
Remarks

COVER SHEET

A 2 0 0 1 1 5 1 5 1

S.E.C. Registration Number

F	E	R	R	O	N	O	U	X		H	O	L	D	I	N	G	S	,		I	N	C	.		(f	o	r	m
e	r	l	y		A	G		F	I	N	A	N	C	E		I	N	C	O	R	P	O	R	A	T	E	D)	

(Company's Full Name)

6	t	h		F	l	o	o	r	,		H	a	n	s	t	o	n		B	u	i	l	d	i	n	g	,	
F.		O	r	t	i	g	a	s	,	J	r	.		R	o	a	d	,		O	r	t	i	g	a	s		
C	e	n	t	e	r	,		P	a	s	i	g		C	i	t	y		1	6	0	0						

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

Rachellyn S. Aguilar

Contact Person

raguilar@isocholdings.com

Company Telephone Number

Last Wednesday of May

0 9

Month

3 0

Day

SEC FORM 17-Q

FORM TYPE

Month

Day

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

2 5

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the nine-month period ending 30 September 2018
2. Commission identification number A200115151
3. BIR Tax Identification No. 219-045-668
4. Exact name of issuer as specified in its charter FERRONOUX HOLDINGS, INC. (formerly AG Finance Incorporated)
5. Province, country or other jurisdiction of incorporation or organization Metro Manila
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City Postal Code 1600
8. Issuer's telephone number, including area code
9. Former name, former address and former fiscal year, if changed since last report AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common Stock, P1 par value	261,824,002

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ No ☐

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

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

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Operation..... 4

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2.c - Statements of Cash Flows..... 4

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PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The interim financial statements of FERRONOUX HOLDINGS, INC. (formerly AG Finance Incorporated) as at September 30, 2018, with comparative audited figures as at December 31, 2017 and for the nine-month period ending September 30, 2017, were prepared in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation.

Summary of Income Statements for the nine-month period ending September 30, 2018 and 2017.

	For nine months ending September 30		For three months ending September 30	
	2018	2017	2018	2017
	(P'000)	(P'000)	(P'000)	(P'000)
Interest income	P4,914	P5,156	P1,638	P5,156
Other income	370	–	–	–
Total income	5,284	5,156	1,638	5,156
Operating expenses	(391)	(1,133)	(60)	(68)
Income before tax	4,893	4,023	1,578	5,088
Tax expense	–	–	–	–
Net income for the period	P4,893	P4,023	P1,578	P5,088

Summary of Balance Sheet as at September 30, 2018 and December 31, 2017

	Sept. 30, 2018 (Unaudited)	Dec. 31, 2017 (Audited)	Sept. 30, 2018 vs. Dec. 31, 2017	
	(P'000)	(P'000)	Amount Increase (decrease)	Percentage Increase (decrease)
	(P'000)	(P'000)	(P'000)	(%)
Current assets	P2,314	P2,351	(P37)	(2%)
Noncurrent assets	321,414	316,500	4,914	2%
Total Assets	323,728	P318,851	4,877	2%
Current liabilities	P494	P510	(P16)	(3%)
Noncurrent liabilities	–	–	–	–
Total Liabilities	494	510	(16)	(3%)
Stockholders' Equity	323,234	318,341	4,893	2%
Total Liabilities and Stockholders' Equity	P323,728	P318,851	P4,877	2%

Summary of Statements of Cash Flows for the nine-month period ending September 30, 2018 and 2017.

	For nine months ending September 30		For three months ending September 30	
	2018 (P'000)	2017 (P'000)	2018 (P'000)	2017 (P'000)
Cash (used) provided in operating activities	(P67)	P31	P—	(P68)
Cash at the beginning of period	141	325	74	424
Cash at the end of period	P74	P356	P74	P356

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion and analysis is based on the financial statements for the nine-month period ending September 30, 2018 compared with the audited figures as at December 31, 2017 and for the nine-month period ending September 30, 2017.

2.a - Results of Operations

Interest Income

Interest income was P4.91 million for the nine-month period ending September 30, 2018 compared to P5.12 million for the same period in 2017. The decrease in interest income is due to lower interest accretion on notes receivable for the current year compared to the same period last year.

Operating expenses

Operating expenses were P0.39 million for the nine-month period ending September 30, 2018 compared to P1.13 million for the same period in 2017, a decrease of P0.74 million or 65%. The decrease in operating expenses is due to lower taxes and licenses and professional fees incurred this year versus last year.

2.b - Statements of Financial Position

The significant changes in the Statements of Financial Position during the nine-month period ending September 30, 2018 compared to December 31, 2017 are as follows:

- Total assets were P323.73 million as at September 30, 2018 compared to P318.85 million as at December 31, 2017, an increase of P4.88 million or 2%. The increase is due to the accretion of interest on the notes receivables.
- Total liabilities decreased by P0.02 million or 3% from P0.51 million as at December 31, 2017 to P0.49 million in the current period mainly due to decrease of accruals this year.
- Total equity increased by P4.89 million or 2% mainly due to the recognition of interest income for the nine-month period ending September 30, 2018.

2.c - Statements of Cash Flows

The net cash used in operating activities amounted to P0.07 million for the nine-month period ending September 30, 2018 compared to net cash generated in the same period in 2017 amounting to P0.03 million. The net cash provided in the same period in 2017 of P0.03 million was due to the increase in accrued expenses.

The cash as at September 30, 2018 and 2017 amounted to ₱0.07 million and ₱0.36 million, respectively.

2.d - Horizontal and Vertical Analysis

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	Increase (Decrease)	
			Amount	Percentage
ASSETS				
Current Assets				
Cash	₱74,094	₱141,399	(₱67,305)	(48%)
Other current assets	2,240,349	2,209,629	30,720	1%
Total Current Assets	2,314,443	2,351,028	(36,585)	(2%)
Noncurrent Asset				
Notes receivable	321,413,641	316,499,592	4,914,049	2%
	₱323,728,084	₱318,850,620	₱4,877,464	2%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱494,412	₱509,990	(₱15,578)	(3%)
Equity				
Capital stock	261,824,002	261,824,002	—	—
Additional paid-in capital	74,277,248	74,277,248	—	—
Deficit	(12,867,578)	(17,760,620)	4,893,042	(28%)
Total Equity	323,233,672	318,340,630	4,893,042	2%
	₱323,728,084	₱318,850,620	₱4,877,464	2%

FINANCIAL INDICATORS

	September 30, 2018	December 31, 2017
Net Income (Loss)	4,893,042	(15,555,532)
Quick Assets	74,094	141,399
Current Assets	2,314,443	2,351,028
Total Assets	323,728,084	318,850,620
Current Liabilities	494,412	509,990
Total Liabilities	494,412	509,990
Stockholders' Equity	323,233,672	318,340,630
Number of Common Shares Outstanding	261,842,002	261,842,002

Current Ratio (1)	4.68	4.61
Debt to Equity Ratio (2)	0.002	0.002
Asset to Equity Ratio (3)	1.00	1.00
Return on Assets (4)	2%	(5%)
Return on Equity (5)	2%	(5%)
Book Value per Share (6)	₱1.23	₱1.22

- (1) *Current assets divided by current liabilities*
- (2) *Total liabilities divided by equity*
- (3) *Total assets divided by equity*
- (4) *Net income divided by average assets*
- (5) *Net income divided by average equity*
- (6) *Total common stockholder's equity divided by number of common shares*

OTHER INFORMATION

- a. There are no known trends, demands, commitments, events or uncertainties that have a material impact on the Company's liquidity.
- b. There are no events that will trigger direct or contingent financial obligation that is material to the Company.
- c. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities, or other persons were created during the interim period.
- d. There are no material commitments for capital expenditures during the interim period.
- e. There are no known trends, events or uncertainties that have or are reasonably expected to have a material impact on net sales/ revenues/ income from continuing operations.
- f. There is no significant income or expense that did not arise from the Company's continuing operations.
- g. There is no seasonal aspect that had a material effect on the financial condition or results of operation.

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity	Current Ratio (1)	4.68
	Quick Ratio (2)	0.15
Solvency	Debt to Equity Ratio (3)	0.002
	Debt Ratio (4)	0.002
Profitability	Asset to Equity Ratio (5)	1.00
	Return on Assets (6)	2%
	Return on Equity (7)	2%
	Book Value per Share (8)	₱1.23

- (1) *Current assets divided by current liabilities*
- (2) *Quick assets divided by total current liabilities*
- (3) *Total liabilities divided by equity*
- (4) *Total liabilities divided by total assets*
- (5) *Total assets divided by total equity*
- (6) *Net income divided by average assets*
- (7) *Net income divided by average equity*
- (8) *Total common stockholder's equity divided by number of common shares*

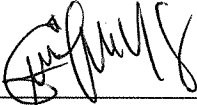
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **FERRONOUX HOLDINGS, INC.**

Date: October 15, 2018

By:



ERWIN TERRELL Y. SY
Chief Financial Officer



RACHELLYN S. AGUILAR
Chief Accountant

ANNEX A

FERRONOUX HOLDINGS, INC. (formerly AG FINANCE INCORPORATED)

STATEMENTS OF FINANCIAL POSITION

	Notes	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS			
Current Assets			
Cash	4	₱74,094	₱141,399
Other current assets		2,240,349	2,209,629
Total Current Assets		2,314,443	2,351,028
Noncurrent Asset			
Note receivable	5	321,413,641	316,499,592
		₱323,728,084	₱318,850,620
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	₱494,412	₱509,990
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(12,867,578)	(17,760,620)
Total Equity		323,233,672	318,340,630
		₱323,728,084	₱318,850,620

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.
(formerly AG FINANCE INCORPORATED)

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
INCOME			
Interest income	8	₱4,914,058	₱6,419,953
Other income		370,000	—
		5,284,058	6,419,953
EXPENSES	9	(391,016)	(1,728,763)
OTHER CHARGES - NET		—	(20,641,768)
INCOME (LOSS) BEFORE INCOME TAX		4,893,042	(15,950,578)
PROVISION FOR INCOME TAX		—	(395,046)
NET INCOME (LOSS)		₱4,893,042	(₱15,555,532)
BASIC EARNINGS (LOSS) PER SHARE	10	₱0.019	(₱0.059)

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, INC.**
(formerly AG FINANCE INCORPORATED)**STATEMENTS OF COMPREHENSIVE INCOME**

	Notes	Nine Months ended September 30		Three Months ended September 30	
		2018 (Unaudited)	2017 (Unaudited)	2018 (Unaudited)	2017 (Unaudited)
INCOME					
Interest income	8	₱4,914,058	₱5,156,177	₱1,638,016	₱5,155,675
Other income		370,000	—	—	—
		5,284,058	5,156,177	1,638,016	5,155,675
EXPENSES	9	(391,016)	(1,133,112)	(60,000)	(67,875)
INCOME BEFORE INCOME TAX		4,893,042	4,023,065	1,578,016	5,087,800
PROVISION FOR INCOME TAX		—	—	—	—
NET INCOME		₱4,893,042	₱4,023,065	₱1,578,016	₱5,087,800
BASIC EARNINGS PER SHARE	10	₱0.019	₱0.015	₱0.006	₱0.019

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, Inc.**
(formerly AG FINANCE INCORPORATED)**STATEMENTS OF CHANGES IN EQUITY**
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

	September 30	
	2018	2017
	(Unaudited)	(Unaudited)
CAPITAL STOCK - ₱1 par value		
Authorized - 550,000,000 shares		
Issued and outstanding -		
261,842,002 shares	₱261,824,002	₱261,824,002
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning and end of period	74,277,248	74,277,248
DEFICIT		
Balance at beginning of period	(17,760,620)	(2,205,088)
Net income	4,893,042	4,023,065
Balance at end of the period	(12,867,578)	1,817,977
	₱323,233,672	₱337,919,227

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, Inc.**
(formerly AG FINANCE INCORPORATED)**STATEMENT OF CASH FLOWS**

	Three-month period ended September 30	
	2018	2017
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	₱1,578,016	₱5,087,800
Adjustment for:		
Interest income	(1,638,016)	(5,155,675)
Operating loss before changes in working capital	(60,000)	(67,875)
Increase in accrued expenses and other current liabilities	60,000	–
Net cash used in operations	–	(67,875)
Interest received	–	167
Net cash used in operating activities	–	(67,708)
CASH AT BEGINNING OF PERIOD	74,094	423,819
CASH AT END OF PERIOD	₱74,094	₱356,111

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc. (formerly AG FINANCE INCORPORATED)

STATEMENT OF CASH FLOWS

		Nine-month period ended September 30	
	Notes	2018 (Unaudited)	2017 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		₱4,893,042	₱4,023,065
Adjustment for:			
Interest income	8	(4,914,058)	(5,156,177)
Operating loss before changes in working capital		(21,016)	(1,133,112)
Decrease (increase) in other current assets		(30,720)	500
Increase (decrease) in accrued expenses and other current liabilities		(15,578)	1,163,551
Net cash generated from (used in) operations		(67,314)	30,939
Interest received	4	9	670
Net cash provided by (used in) operating activities		(67,305)	31,609
CASH AT BEGINNING OF PERIOD		141,399	324,502
CASH AT END OF PERIOD		₱74,094	₱356,111

See accompanying Notes to Financial Statement

ANNEX A

FERRONOUX HOLDINGS, INC. **(formerly AG FINANCE INCORPORATED)**

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Ferronoux Holdings, Inc., formerly AG Finance Incorporated, (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 primarily to operate as a financing company and provide short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines.

The Company's business address transferred from Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City to 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at June 30, 2018 and December 31, 2017, 261,824,002 shares of the Company are listed in the Philippine Stock Exchange (PSE).

On June 25, 2015, RYM Business Management Corp. (RYM) acquired 183,276,801 shares representing 70% interest in the Company from various stockholders.

On November 27, 2017, ISOC Holdings, Inc. (ISOC) entered into an agreement with RYM for the purchase of 175,422,081 common shares held by RYM equivalent to 67% interest in the Company. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the PSE on January 4, 2018.

Status of Operations

The Company's lending activities were winded down in 2015. Further, the Company has not conducted any other business activities since then. The Company's new shareholders have committed to provide financial support in order for the Company to continue as going concern. Also, the new shareholder is considering to implement changes in the Company's business structure and operations which may include infusing assets that will generate revenue.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of issuances by the International Financial Reporting Interpretations Committee, issued by the Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The financial statements are presented in Philippine Peso (Peso), which is the Company's functional currency. All values are in absolute amount, unless otherwise stated.

The financial statements of the Company have been prepared on a historical basis. Historical cost is generally based on the fair value of the consideration given in exchange of an asset.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

The Company uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in Note 15, Financial Risk Management Objectives and Policies.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.
- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

New and Amended PFRS in Issue but Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2017 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2018 –

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract. It will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Effective for annual periods beginning on or after January 1, 2019 –

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees’ statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the notes financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the statements of financial position when the Company becomes a party to the contractual provision of a financial instrument. Financial instruments are initially recognized at fair value. In the case of regular way purchase or sale of financial asset, recognition and derecognition, as applicable, is done using trade date accounting.

Initial Recognition. Financial assets and liabilities are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) available-for-sale (AFS) investments. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market.

“Day 1” Differences. Where the transaction in a non-active market is different from the fair value

of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the statement of comprehensive income. In cases where there is no observable data on inception, the Company deemed the transactions price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference.

As at September 30, 2018 and December 31, 2017, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS investments or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and any transaction cost which are directly attributable in the acquisition of the financial instrument. The amortization is included in profit or loss.

This category includes cash and note receivable.

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as when there is amortization process.

This category includes accrued expenses and other current liabilities (excluding statutory payables).

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized by the Company when:

- the right to receive cash flows from the asset has expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risk and rewards of the assets but has transferred control over the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the

Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying value of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of the new liability, and the difference in the respective carrying value is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the separate statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying value is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset, and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the statements of financial position.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The carrying value of the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss. If in a subsequent period, the amount of accumulated impairment losses has decreased because of an event occurring after impairment was recognized, the decline is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for

impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Time value is generally not considered when the effect of discounting is not material. The carrying value of the asset shall be reduced directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Other Current Assets

Other current assets primarily include creditable withholding taxes (CWT).

CWT. CWT are amounts withheld from income subject to expanded withholding taxes. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital (APIC). Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

Deficit. Deficit represents the accumulated net income or loss, less any dividends declared.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is recognized as follows:

Interest Income. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Processing Fees. Processing fees are recognized at the time the loan contract was agreed with the borrowers to the extent of the cost incurred for processing of the loans extended.

Penalties. Penalties are recognized based on a certain percentage of monthly amortizations that were collected beyond due date.

Other income. Income from other sources is recognized when earned.

Expense Recognition

Expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably.

Employee Benefits

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic 13th month pay, bonuses, employer's share on government contribution, and other

short-term benefits. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has an unfunded, noncontributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and interest expense in profit or loss. Interest expense is calculated by applying the discount rate to the retirement liability or asset. Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability is the aggregate of the present value of the defined benefit obligation. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of any unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying value 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 allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as other comprehensive income.

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

Earnings per Share (EPS)

Basic EPS is computed by dividing net income for the year attributable to capital stockholders by the weighted average number of capital stock outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split.

Diluted EPS is calculated by adjusting the weighted average number of capital stock outstanding to assume conversion of all dilutive potential ordinary shares.

Where the EPS share effect of potential dilutive capital stock would be anti-dilutive, basic and diluted EPS are stated at the same amount.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components.

The Company's operating segment consists only of lending activities which was winded down in 2015. As discussed in Note 1, the Company's application with the SEC for the change of its principal purpose to a holding company was approved on February 6, 2018.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless whether a price is charged.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements when material. Post year-end events that are non-adjusting are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

PFRS requires management to exercise judgments and make estimates and assumptions that affect the amounts reported in the financial statements. The judgment and estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. The estimates and underlying assumptions are reviewed on an on-going basis. Actual results could differ from such estimates.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognized in the financial statements.

Accounting for Operating Lease - Company as a Lessee. The Company, as a lessee, has an operating lease agreement for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease.

Rent expense amounted to nil in September 30, 2018 and 2017.

Estimates and Assumptions

The key estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Assessing Note Receivable for Impairment.. The Company maintains allowance for receivable impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the debtor, the debtor's payment behaviour and known market factors. The Company identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

As discussed in Note 5, the Company waived the interest on notes receivable resulting in a loss on modification of terms amounting to ₱24.1 million in 2017. The carrying amount of note receivable amounted to ₱321.4 million and ₱316.5 million at September 30, 2018 and December 31, 2017, respectively (see Note 5).

Assessing Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount 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.

Deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT as at September 30, 2018 and December 31, 2017 because the management has assessed that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

The Company's unrecognized deferred tax assets amounted to ₱18.0 million and ₱19.5 million as at September 30, 2018 and December 31, 2017, respectively.

4. Cash

Cash in bank amounting to ₱0.1 million as at September 30, 2018 and December 31, 2017, earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱9 and ₱670 in September 30, 2018 and 2017, respectively.

5. Note Receivable

On May 5, 2015, the Company's outstanding loans receivables with carrying amount of ₱344.2 million, net of allowance for impairment loss of ₱40.9 million, were exchanged for a five-year note receivable with a nominal amount of ₱332.6 million, resulting to a loss of ₱11.6 million. The note receivable bears interest rate at 5% per annum on unpaid principal amount beginning June 6, 2017.

In 2017, the Company agreed to waive the interest on the note. The waiver resulted to a loss on modification of terms amounting to ₱24.1 million.

Movements in this account are shown below:

	September 30, 2018	December 31, 2017
Nominal amount	₱316,499,592	₱332,639,733
Net accretion of (unamortized) "Day-1 "difference	4,914,049	(16,140,141)
	₱321,413,641	₱316,499,592

Accretion of interest income amounted to ₱4.9 million and ₱6.4 million as at September 30, 2018 and December 31, 2017, respectively. (see Note 8)

6. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	September 30, 2018	December 31, 2017
Due to a related party	7	₱420,455	₱—
Due to a third party		73,957	128,957
Accrued expenses		—	370,000
Statutory payables		—	11,033
		₱494,412	₱509,990

7. Related Party Transactions

Outstanding balance and transaction with related parties are as follows:

Nature of Transaction		Amount of Transaction		Outstanding Balance	
		September 30, 2018	December 2017	September 30, 2018	December 31 2017
Due to a related party					
Under common control	Advances for working capital purposes	P420,455	P—	P420,455	P—

In 2017, the Company, recognized a reversal of liability to a related party amounting to ₱3.5 million. In 2018, the Company reclassified a liability to related party amounting to ₱0.1 million from due to a related party to due to a third party as a result of the purchase by ISOC of RYM's shares in the Company.

Key Management Personnel

The Company has no key management compensation in 2018 and 2017.

8. Interest Income

This account consists of:

	Note	September 30, 2018	September 30, 2017
Accretion	5	₱4,914,049	₱5,155,507
Cash in bank	4	9	670
		₱4,914,058	₱5,156,177

9. Expenses

Operating expenses for the nine-month period ending September 30, 2018 and 2017 consists of:

	2018	2017
PSE fees	₱256,000	₱288,960
Outside services	90,000	90,697
Director's fees	40,000	60,000
Taxes and licenses	500	492,292
Professional fees	–	123,200
Representation	–	5,000
Transportation & travel	–	–
Others	4,516	72,963
	₱391,016	₱1,133,112

10. Earnings Per Share

Basic EPS for the nine-month period ending September 30, 2018 and 2017 were computed as follows:

	2018	2017
Net income	₱4,893,042	₱4,023,065
Weighted average number of common shares	261,824,002	261,824,002
	₱0.019	₱0.015

There has been no transaction involving common shares or potential common shares that occurred subsequent to the reporting dates.

11. Financial Risk Management Objectives and Policies

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risks

The Company's financial instruments consist of cash in bank, note receivable and accrued expenses and other current liabilities (excluding statutory payables), which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks and note receivable.

The carrying value of financial assets recognized in the financial statements represents the company's maximum exposure to credit risk, without taking into account collateral or other credit enhancement.

The Company manages credit risk concentration by transacting with counterparties with good financial condition and with relatively low defaults.

The aging analyses of financial assets are as follows:

September 30, 2018					
	Neither Past Due Nor Impaired	Past Due But Not Impaired		Past Due And Impaired	Total
		Less Than 30 Days	31-60 Days		
Cash in bank	₱73,956	₱—	₱—	₱—	₱73,956
Note receivable	321,413,641	—	—	—	321,413,641
	₱321,487,597	₱—	₱—	₱—	₱321,487,597

December 31, 2017					
	Neither Past Due Nor Impaired	Past Due But Not Impaired		Past Due And Impaired	Total
		Less Than 30 Days	31-60 Days		
Cash in banks	₱141,261	₱—	₱—	₱—	₱141,261
Note receivable	316,499,592	—	—	—	316,499,592
	₱316,640,853	₱—	₱—	₱—	₱316,640,853

The credit quality of the Company's financial assets is being managed by using internal credit ratings such as high grade and standard grade.

High grade – pertains to counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal.

Standard grade - these are financial assets where collections are probable due to the financial ability of the counter party to pay but have been outstanding for a certain period of time.

Cash in banks are entered into with reputable financial institutions duly approved by the BOD.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The carrying amount of the accrued and other current liabilities (excluding statutory payables) as at September 30, 2018 and December 31, 2017 represents the contractual undiscounted cash flows and is payable on demand.

Fair Value Measurement

Set out below is a comparison by category of carrying values and fair values of the Company's financial instruments that are carried in the financial statements:

	September 30, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash in bank	₱73,956	₱73,956	₱141,399	₱141,399
Note receivable	321,413,641	321,413,641	316,499,592	303,107,082
	₱321,487,597	₱321,487,597	₱316,640,991	₱303,248,481
Financial Liabilities				
Accrued and other current liabilities*	₱494,412	₱494,412	₱498,957	₱498,957

**Excluding statutory payables amounting to nil and ₱11,033 as at September 30, 2018 and December 31, 2017, respectively.*

The carrying values of cash in bank and accrued and other current liabilities (excluding statutory payables) approximate their fair values due to their short term nature of transactions.

Note Receivable. The fair value of the Company's note receivable was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. This financial instrument is classified under Level 2 (significant observable inputs) of the fair value hierarchy groups in the financial statements.

12. Capital Management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by creating products and services commensurate with the level of risk. The 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 Company may return capital to shareholders, issue new shares or convert related party advances to an equity component item.

The Company monitors its capital using the debt to equity ratio, which is the total liabilities divided by the total equity.

There has been no change made in the objectives, policies and process in September 30, 2018 and December 31, 2017.

MINUTES OF THE 2017 ANNUAL STOCKHOLDERS' MEETING

**MINUTES OF THE ANNUAL SHAREHOLDERS' MEETING
OF
AG FINANCE, INCORPORATED**

Held at the Big Function Room,
Manila Golf & Country Club
Harvard Road, Forbes Park, Makati City
On 11 December 2017 at 12:00 Noon

<u>STOCKHOLDERS PRESENT</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE</u>
Stockholders represented by proxies	183,276,806	70%
Stockholders represented in person	1,295	0.0004%
Total number of shares present in and represented by proxy	183,278,101	70.0004%
Total Shares and Outstanding	261,824,002	100%

DIRECTORS PRESENT:

Mr. Isidro C. Alcantara, Jr.
Mr. Arsenio K. Sebial, Jr.
Mr. Anthony M. Te
Atty. Remegio C. Dayandayan, Jr.
Atty. Hermogene H. Real

OTHERS PRESENT:

Atty. Diane Madelyn C. Ching

I. CALL TO ORDER

The Chairman, Mr. Isidro C. Alcantara, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Atty. Diane Madelyn C. Ching recorded the minutes of the meeting.

II. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM

The Chairman inquired with the Corporate Secretary whether proper notices of the meeting were sent to the stockholders of record of the Corporation and whether there is quorum to proceed with the meeting. The Corporate Secretary certified that the notice of the meeting has been sent out to each stockholder of record as of 3 November 2017. She further certified that out of the total issued and outstanding capital stock of the Corporation, there are present in person or by proxy, holders of 183,278,101 shares of stock entitled to vote, representing an attendance of 70.004%, which is more than two thirds (2/3) of the total issued

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and outstanding capital stock of the Corporation. Therefore, there exists quorum to transact business at hand.

III. READING AND APPROVAL OF THE MINUTES OF THE LAST SHAREHOLDERS' MEETING

The Chairman stated that the next item in the agenda is the reading and approval of the minutes of the last shareholders' meeting. The Corporate Secretary stated that the copies of the Minutes of the Meeting held on 16 December 2016 had been earlier distributed. On motion duly made and seconded, the reading of the minutes of the shareholders' meeting held on 16 December 2016 was dispensed with and the following resolution was approved:

"RESOLVED, that the minutes of the Annual Stockholders' Meeting of the Corporation held on 16 December 2016 be, as it is hereby, approved."

IV. APPROVAL OF THE MANAGEMENT REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Chairman then stated that the next item on the agenda is the Approval of the Management Report and Audited Financial Statements for the year ended 31 December 2016. Mr. Isidro C. Alcantara, Jr., as President, informed the stockholders that AGF was initially geared to venture into the business of mining, but it has deferred its plan due to regulatory uncertainty. As a result, revenue decreased by ₱28.44 million, from ₱35.22 million in 2015 to ₱6.78 million in 2016. Though there were no financing activities AGF recognized a net income of ₱4.66 million from net loss in 2015 of ₱9.82 million due to loan receivable discounting in 2015.

As to the financial position, total assets increased by ₱7.04 million mainly due to the interest income recognized, liabilities increased by ₱2.38 million due to advances from related parties to pay for AGF expenses. The stockholders' equity increased by ₱4.66 million from ₱329.24 million as of December 31, 2015 to ₱333.90 million as of December 31, 2016. The increase was attributable to the net income of ₱4.66 million in 2016.

He also informed the stockholders that on 27 November 2017, AGF was notified by RYM Business Management Corp. that the latter has entered into an agreement with ISOC Holdings Inc. for the sale of 175,422,081 common shares in AGF equivalent to 67% of the outstanding capital stock of AGF, subject to closing conditions customary to the sale transaction including the conduct of a tender offer to the minority stockholders of AGF. The Tender Offer has started last December 4, 2017 and is expected to end on January 3, 2018.

He added that ISOC Holdings Inc. is a holding company duly organized and existing under the laws of the Republic of the Philippines. Its principal shareholder and President is Mr. Michael Cosiquien. Mr. Cosiquien is the co-founder of Megawide Construction, a construction company listed with the Philippine Stock Exchange with a market capitalization of 36,355,817,449.00 per PSE data.



After the President's report, the floor was opened for any questions that the stockholders may have regarding the Management Report. A stockholder asked for clarification as to whether the sale was already completed. Mr. Alcantara responded that the sale transaction is subject to completion of the tender offer to give minority stockholders the option whether to retain their shares in AGF or not. There being no other questions raised, upon motion duly made and seconded, the shareholders noted the report and approved the Audited Financial Statement, to wit:

"RESOLVED, as it is hereby resolved, that the Management Report be noted."

"RESOLVED, FURTHER, that the Corporation's audited financial statements for the year ending 31 December 2016 be approved."

V. APPROVAL OF THE AMENDMENT OF ARTICLES OF INCORPORATION TO CHANGE THE NAME OF THE CORPORATION FROM AG FINANCE, INCORPORATED TO FERRONOUX HOLDINGS, INC.

The Chairman stated that the next item in the agenda is the approval of the amendment of Articles of Incorporation and By-Laws, to change the name of the Corporation from "AG FINANCE, INCORPORATED" to "FERRONOUX HOLDINGS, INC.," considering that the Securities and Exchange Commission (SEC) required the insertion of the word "Holdings" to allow the Company to operate as a holding company. Thereupon, upon motion duly made and seconded, the shareholders resolved as follows:

"RESOLVED, that the Corporation be authorized and empowered, as it is hereby authorized and empowered, to change its name from AG Finance Incorporated to Ferronoux Holdings, Inc. and to amend its Articles of Incorporation and By-Laws to duly reflect the same."

"RESOLVED, FURTHER, that the Corporation be authorized to change its stock symbol from "AGF" to "FERRO" to conform to the change in its corporate name from AG Finance, Inc. to Ferronoux Holdings, Inc."

VI. RATIFICATION OF PREVIOUS STOCKHOLDERS' RESOLUTION TO AMEND THE ARTICLES OF INCORPORATION TO CHANGE THE PRIMARY PURPOSE FROM LEASING AND FINANCE TO THAT OF A HOLDING COMPANY

The Chairman then stated that the next item on the agenda is the ratification of the previous stockholders' resolution to amend the Articles of Incorporation to change the primary purpose from leasing and finance, to that of a holding company. He informed the stockholders that because of the intent of ISOC Holdings, Inc. to engage in several businesses, the Company will be converted into a holding company, necessitating the change in Company's primary purpose. The shareholders already resolved to change its purpose on 17 April 2015. Hence, the



present motion is merely a reiteration for its implementation. The Corporate Secretary added that Article II of the Articles of Incorporation will be changed as follows:

"To acquire by purchase, exchange, assignment, gift or otherwise and to hold, own and use for investment or otherwise, and to sell, assign, transfer exchange, lease, let, develop, mortgage pledge, deal in, and with, and otherwise operate, enjoy and dispose of any and all properties of every kind and description and whatsoever situated, as and to the extent permitted by law, including but not limited to bonds, debentures, promissory notes, shares of capital stocks, or other securities and obligations created, negotiated or issued by any corporation, association or other entities foreign or domestic and while the owner or possessor thereof, to exercise all the rights, powers and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all dividends, interest and income derived therefrom and the right to vote on any propriety or other interest on any shares of the capital stock and upon any bonds, debentures or other securities having voting power to own or held without however engaging in the business of an investment company under the Investment Company Act or a financing company or a broker or a dealer in securities of stock."

Thereupon, the shareholders resolved as follows:

"**RESOLVED**, as it is hereby resolved that the change of the Corporation's primary purpose from leasing and finance to that of a holding company be ratified and re-affirm."

VII. RATIFICATION OF MANAGEMENT'S ACTS

The Chairman stated that the next item in the agenda is the ratification of all the actions of the Board of Directors and Management for the year 2016 up to the present. Thereupon, upon motion duly made and seconded, the shareholders approved the actions of the Board of Directors and Management for the year 2016 up to the present.

"**RESOLVED**, as it is hereby resolved, that all acts, contracts, resolutions and actions of the Board of Directors and Management of the Corporation from the date of the last annual stockholders' meeting up to the present be, as they are hereby, approved, ratified and confirmed."

VIII. ELECTION OF DIRECTORS

The Chairman then proceeded to the election of directors of the Corporation for the ensuing year and until the next election. There are seven (7) seats to be filled including two (2) seats for independent directors. The Nominations Committee has nominated the following directors:

Regular Directors:

Mr. Isidro C. Alcantara, Jr.



Mr. Anthony M. Te
Atty. Remegio C. Dayandayan, Jr.
Atty. Hermogene H. Real
Mr. Rolando Santos

Independent Directors:

Mr. Ge Lin a.k.a. Gery Lam
Atty. Mathew-John Gonong Almogino

Thereafter, it was moved, seconded and unanimously resolved to close the nominations. There being only seven (7) nominees to the position of seven (7) directors, upon motion duly made and seconded, the Corporate Secretary was directed and authorized to cast all votes of the stockholders present or represented at the meeting equally among all the seven (7) nominees. The Chairman, therefore, declared the seven (7) nominees as the duly elected members of the Board of Directors for the current term to act as such until their successors are duly elected and qualified in accordance with the By-Laws. Mr. Ge Lin and Atty. Mathew-John Gonong Almogino were duly recognized as the Corporation's current independent directors.

IX. APPOINTMENT OF EXTERNAL AUDITOR

Thereafter the Chairman proceeded to the next item in the agenda which is the appointment of the Corporation's external auditor. The Audit Committee has recommended the re-appointment of Reyes Tacandong & Co. as the Corporation's external auditor.



Upon motion duly made and seconded, the shareholders re-appointed the auditing firm of Reyes Tacandong & Co. as the Corporation's external auditor for the current year, viz:

"RESOLVED, as it is hereby resolved, that Reyes Tacandong & Co. be appointed as external auditor."

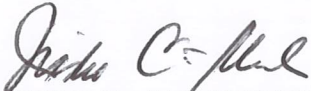
X. OTHER MATTERS AND ADJOURNMENT

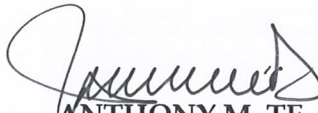
The Chairman then opened the table to discuss other matters. There being no further matters to discuss or business to conduct, upon motion duly made and seconded, the meeting was thereupon adjourned.

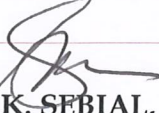
Prepared by:

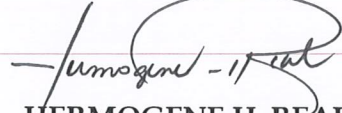

DIANE MADELYN C. CHING
Corporate Secretary
MMM|22 December 2017 

Attested by:


ISIDRO C. ALCANTARA, JR.
Chairman


ANTHONY M. TE
Vice Chairman


ARSENIO K. SEBIAL, JR.
Director


HERMOGENE H. REAL
Director

GE LIN
Independent Director


REMEGIO C. DAYANDAYAN, JR.
Director

MATHEW-JOHN GONONG ALMOGINO
Independent Director



AMENDED ARTICLES OF
INCORPORATION

AMENDED ARTICLES OF INCORPORATION

OF

FERRONOUX HOLDINGS, INC.

(Formerly AG FINANCE INCORPORATED)

(As amended by the Board of Directors on 7 April 2017 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on 11 December 2017)

KNOWN ALL MEN BY THESE PRESENTS:

THAT WE, all of whom are residents of the Republic of the Philippines, have on this date voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the Republic of the Philippines.

AND WE DO HEREBY CERTIFY:

FIRST: That the name of the said corporation shall be:

“FERRONOUX HOLDINGS, INC.”

(As amended by the Board of Directors on 7 April 2017 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on 11 December 2017)

SECOND: That the purpose for which said corporation is formed are:

PRIMARY

That the primary purpose or objects for which the Corporation is formed are:

To acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own and use

for investment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, deal in, and with, and otherwise operate, enjoy and dispose of, any and all properties of every kind and description and whatsoever situated, as to and to the extent permitted by law, including but not limited to bonds, debentures, promissory notes, shares of stock, or other securities or obligations, created, negotiated or issued by any corporation, association, or other entity, foreign or domestic and while the owner, holder or possessors thereof, to exercise all the rights, powers and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all dividends interest and income derived therefrom, and the right to vote on any proprietary or other interest, on an shares of the capital stock and u on an bonds debentures or other securities having voting power, so owned or held and provided that it shall not engage in the business of an open-end or close-end investment company as defined in the Investment Company Act (Republic Act 2629}, or act as securities broker or dealer of securities. *(As amended by the Board of Directors on 6 March 2015 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on 11 December 201 7)*

SECONDARY

1. To purchase, acquire, own, lease, sell and convey real properties such as land, buildings, factories and warehouses and machinery, equipment and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, shares of its capital stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the corporation.

2. To borrow or raise money necessary to meet the financial requirements of its business by the issuance of bonds, promissory notes and other evidences of indebtedness, and to secure the repayment thereof by mortgage, pledge, deed or trust or lien upon the properties of the corporation or to issue pursuant to law shares of its capital stock, debentures and other evidences of indebtedness acquired by the corporation or for money borrowed in the prosecution of its lawful business.

3. To invest and deal with the money and properties of the corporation in such manner as may from time to time be considered wise or expedient for the advancement of its interests and to sell, dispose of or transfer the business, properties and goodwill of the corporation or any part thereof for such consideration and under such terms as it shall see fit to accept;

4. To aid in any manner any corporation, association, or trust estate, domestic or foreign, or any firm or individual, any shares of stock in which or any bonds, debentures, notes, securities, evidences of indebtedness, contracts or obligations of which are held by or for this corporation, directly or indirectly or through other corporations or otherwise.

5. To enter into any lawful arrangements for sharing profits, union of interest, unitization or farm-out agreement, reciprocal concession or cooperation with any corporation, association, partnership, syndicate, entity, person or governmental, municipal or public authority, domestic or foreign, in the carrying of any business or transaction deemed, necessary, convenient or incidental to carrying out of any of the purposes of this corporation;

6. To acquire or obtain from any government or authority, national, provincial, municipal or otherwise, or any corporation, company or partnership or person such charter, contracts, franchise, privileges, exemption, licenses and concessions as may be conducive to any of the objects of the corporation;

7. To establish and operate one more branch offices or agencies and to carry on any or all of its operations and business without any restriction as to place or amount including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge and convey or otherwise deal in and with real and personal property anywhere within the Philippines;

8. To conduct and transact any and all lawful business, and to do or cause to be done any one or more of the acts and things herein set forth as its purposes, within or without the Philippines, and in any and all foreign countries and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the

powers herein enumerated, or which shall at any time appear conducive to or expedient for the protection or benefit of this corporation.

THIRD: That the place where the principal office of the corporation is, to be established or located is at **6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.** *(As amended by the Board of Directors on 8 June 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)*

FOURTH: The term for which said corporation is to exist is fifty (50) years from and after the date of issuance of the Certificate of Incorporation.

FIFTH: The names, nationalities and addresses of the incorporators of said corporation are as follows:

Name	Nationality	Address
Mario M. Tongson		
Sharone O. King		
Dominador R. Aytona		
Lorna P. Pangilinan		
Maria Paz I. Diokno		
Fernando P. Po		
Valentin M. Panaguinton		

SIXTH: That the number of directors of said corporation shall be **Nine (9)** and the names, nationalities and residences of the directors who, are to serve until their successors are elected and qualified, as provided by the By-Laws, are as follows: *(As amended by the Board of*

Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

Name	Nationality	Address
Mario M. Tongson		
Sharone O. King		
Dominador R. Aytona		
Lorna P. Pangilinan		
Maria Paz I. Diokno		
Fernando P. Po		
Valentin M. Panaguinton		

SEVENTH: That the authorized capital stock of the corporation is **FIVE HUNDRED FIFTY MILLION PESOS** (PhP 550,000,000.00) and said capital stock is divided into **FIVE HUNDRED FIFTY MILLION** (550,000,000.00) shares of common stock with a par value of ONE PESO (PhP 1.00) each. *(As amended on 29 June 2012).*

No stockholder of the Corporation, because of his/ its ownership of stock, has a pre-emptive right to purchase, subscribe for or take any part of any stock or of any other securities convertible into or carrying options or warrants to purchase stock of the Corporation. Any part of such stock of or other securities may, at anytime, be issued, optioned for sale, and sold or disposed of by the Corporation pursuant to resolution of the Board of Directors, to such person and upon such terms as such Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders. This restriction shall be printed on the stock certificates of the Corporation. *(As amended on 13 March 2013).*

EIGHTH: That at least 25% of the authorized capital stock has been subscribed and at least 25% of the total subscription has been paid as follows:

Name	Nationality	No. of Shares	Amount Subscribed	Amount Paid
Asian Silver Estates, Inc.		3,450,000	Php 3,450,000.00	Php 3,450,000.00
Axelerando Holdings, Inc.		1,499,998	Php 1,499,998.00	Php 1,499,998.00
Mario M. Tongson	Filipino	10,000	Php 10,000.00	Php 10,000.00
Sharone O. King	Filipino	10,000	Php 10,000.00	Php 10,000.00
Dominador R. Aytona	Filipino	10,000	Php 10,000.00	Php 10,000.00
Lorna P. Pangilinan	Filipino	10,000	Php 10,000.00	Php 10,000.00
Maria Paz I. Diokno	Filipino	10,000	Php 10,000.00	Php 10,000.00
Fernando P. Go	Filipino	1	Php 1.00	Php 1.00
Valentin M. Panaguinton	Filipino	1	Php 1.00	Php 1.00
	TOTAL	5,000,000	Php 5,000,000	Php 5,000,000

NINTH: No transfer of stock or interest which would reduce the stock ownership of Filipino citizens to less than the required percentage of the capital stock as provided by existing laws shall be allowed or permitted to be recorded in the proper books of corporation and this restriction shall be indicated in the stock certificates issued by the corporation.

TENTH: That **SHARONE O. KING** has been elected by the subscribers as Treasurer of the corporation to act as such until his/ her successor is duly elected and shall have qualified in accordance with the by-laws; and that, as such Treasurer, he / she has been authorized to receive for the corporation, and to issue in its name receipts for, all subscription paid in by the subscribers.

ELEVENTH: That the corporation manifests its willingness to change its corporate name in the event another person, firm or entity has acquired a prior right to use the said firm name or one deceptively or confusingly similar to it.

IN WITNESS WHEREOF, we have hereunto set our hands, this _____ day of
_____ at Makati City, Philippines.

SIGNED
Mario M. Tongson

SIGNED
Sharon O. King

SIGNED
Dominador R. Aytona

SIGNED
Ma. Paz I. Diokno

SIGNED
Fernando P. Go

SIGNED
Valentin M. Panaguiton

SIGNED IN THE PRESENCE OF:

SIGNED (illegible)

SIGNED (illegible)

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S.

BEFORE ME, a Notary Public, in and for the City of Makati, Philippines, this 1st day of October 2001, personally appeared:

<u>NAME</u>	<u>CTC No.</u>	<u>Date & Place Issued</u>
Mario M. Tongson		
Sharone O. King		
Dominador R. Aytona		
Lorna P. Pangilinan		
Ma. Paz I. Diokno		
Fernando P. Go		
Valentin M. Panaguiton		

all known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation and they acknowledge to me that the same is their free and voluntary act and deed and of the corporation of which he represents.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the date and at the place first above-written.

MICHAEL REX O. CELIZ
Notary Public
Until 31 December 2001
PTR No. 7725632
Issued on 2 January 2001
Issued at Makati City

Doc. No. 87;
Page No. 18;
Book No. XII;
Series of 2001.

AMENDED BY-LAWS

AMENDED BY - LAWS

OF

FERRONOUX HOLDINGS, INC.

(formerly, AG FINANCE INCORPORATED)

(As amended by the Board of Directors on 11 December 2017 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on 11 December 2017)

ARTICLE I

SUBSCRIPTION, ISSUANCE AND TRANSFER OF SHARES

Section 1. Subscription - Subscribers to the capital stock of the corporation shall pay the value of the stock in accordance with the terms and conditions prescribed by the Board of Directors. Unpaid subscription shall not earn interest unless determined by the Board of Directors.

Section 2. Certificate - The stockholders shall be entitled to one or more certificates for fully paid stock subscription in his name in the books of the corporation. The certificates shall contain the matters required by law and the Articles of Incorporation. They shall be in such form and design as may be determined by the Board of Directors and numbered consecutively. The certificate shall be signed by the President, countersigned by the Secretary or Assistant Secretary, and sealed with the corporate seal.

Section 3. Transfer of Shares - Subject to the restrictions, terms and conditions contained in the Articles of Incorporation, shares may be transferred, sold, assigned or pledged by delivery of the certificates duly indorsed by the stockholder, his attorney-in-fact, or other legally authorized person. The transfer shall be valid and binding on the corporation only upon record thereof in the books of the corporation. The Secretary shall cancel the stock certificates and issue new certificates to the transferee.

No shares of stock against which the corporation holds unpaid claim shall be transferable in the books of the corporation, unless, the transferee assumes all unpaid claims of the corporation.

All certificates surrendered for transfer shall be stamped "Cancelled" on the face thereof, together with the date of cancellation, and attached to the corresponding stub with the certificate book.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Annual/Regular Meetings - The annual/regular meeting of stockholders shall be held at the principal place of business of the Corporation on the last Friday of June of

each year, if a legal holiday, then on the day following. *(As amended on March 13, 2013 by the Board of Directors and by the shareholders.)*

Section 2. Special Meetings - The Special Meetings of stockholders, for any purposes, may at any time be called by any one of the following: (a) Board of Directors, at its own instance, or at the written request of stockholders representing a majority of the outstanding capital stock, (b) president.

Section 3. Place of Meeting - Stockholders meeting, whether regular or special, shall be held in the principal office of the corporation, or at any place designated by the Board of Directors in city or municipality where the principal office of the corporation is located.

Section 4. Notice of Meeting - Notices for regular or special meetings of stockholders may be given either:

- (a) by personal delivery, registered mail, facsimile transmission or electronic mail to each stockholder no less than fifteen (15) days prior to the date set for each meeting, which notice shall state the day, hour and place of the meeting; or
- (b) by publication in newspapers of general circulation published in Metro Manila not less than fifteen (15) days prior to the date set for the meeting, Which notice shall state the day, hour and place of the meeting;

provided that, in all cases where the address of the registered stockholder entitled to vote is outside the territorial limits of the Philippines, a written notice sent by air mail, by facsimile transmission or electronic mail not less than fifteen (15) days prior to the date of the meeting shall be sent to such stockholder.

No failure or irregularity of notice of any regular or special meeting at which the stockholders concerned are present or represented and voting without protest shall invalidate such meeting or any proceeding thereat, provided that the matters taken up were within the meters of the Corporation. *(As amended on March 13, 2013 by the Board of Directors and by the Shareholders.)*

When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Section 5. Quorum - Unless otherwise provided by the law, in all regular or special meeting of stockholders, a majority of the outstanding capital stock must be present or represented in order to constitute a quorum. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of stock shall be present.

Section 6. Conduct of Meeting - Meeting of the stockholders shall be presided over by the President, or on his absence, by a chairman to be chosen by the stockholders. The

Corporate Secretary shall act as secretary of every meeting, but if not present, the chairman of the meeting shall appoint a secretary to act as such for that particular meeting.

Section 7. Manner of Voting - At all meeting of the stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided, the proxy shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary **no later than ten (10) days prior to the date of the meeting**. Proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence at the meeting. *(As amended on March 13, 2013 by the Board of Directors and by the Shareholders.)*

Section 8. Closing of Transfer Books or Fixing of Record Date - For the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof or to receive payment of any dividend, the board of Directors may provide that the stock and transfer books be closed for at least ten (10) working days immediately preceding such meeting. In lieu of closing the stock and transfer books, the Board of Directors may fix in advance a certain date as the record date for any such determination of stockholders. *(As amended on March 13, 2013 by the Board of Directors and by the Shareholders.)*

Section 9. Nomination Period - All nominations for directors to be elected by the stockholders of the mention shall be submitted in writing to the Corporate Secretary at the principal office of the Corporation not earlier than forty (40) working days nor later than twenty (20) working days prior to the date of the regular or special meeting of stockholders for the election of Directors. Nominations which are not submitted within such nomination period shall not be valid. Only a stockholder of record entitled to notice of and to vote at the regular or special meeting of stockholders for the election of director's shall be qualified to be nominated and elected a director of the corporation. *(As amended on March 13, 2013 by the Board of Directors and by the Shareholders.)*

ARTICLE III

BOARD OF DIRECTORS

Section 1.a. Power of the Board - Unless otherwise provided by law, the corporate powers of the corporation shall be exercised, all business conducted and all property of the corporation controlled and held by the Board of **nine (9)** Directors to be elected by and from among the stockholders. Without prejudice to such powers as may be granted by law the Board of Directors shall also have the following powers: *(As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)*

a) From time to time, to make and change rules and regulations not inconsistent with these by-laws for the management of the corporation's business affairs;

b) To purchase, receive, take or otherwise acquire for and in the name of the corporation, any and all properties, rights, or privileges, including securities and bonds of the other corporation, for such consideration and upon such terms and conditions as Board may deem proper or convenient;

c) To invest the funds of the corporation in other corporation or for purposes other than those for which the corporation was organized, subject to such stockholders' approval as may be required by law;

d) To incur such indebtedness as the Board may deem necessary, to issue evidence of indebtedness including without limitation, notes, deed of trust, bonds, debenture, or securities, subject to such stockholders approval as may be required by law, and/ or pledge, mortgage, or otherwise encumber all or part of the properties of the corporation;

e) To establish pension, retirement, bonus, or other types of incentives or compensation plans for the employees, including officers and directors of the corporation;

f) To prosecute, maintain, defend, compromise or abandon any lawsuit in which the corporation or its officers are either plaintiffs or defendants in connection with the business of the corporation;

g) To delegate, from time to time any of the powers of the Board which may lawfully delegated in the course of the current business of the corporation to any standing or special committee or to any officer or agent and to appoint any person to be agent of the corporation with such powers and upon such terms as may be deemed fit;

h) To implement these by-laws and to act on any matter not covered by these by-laws provided such matter does not require the approval or consent of the stockholders under the Corporation Code;

Section I-b. Independent Director –

i. The Board of Directors shall have number of Independent Directors required by law. **An independent director may only serve for a maximum cumulative term of nine (9) years. Independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:**

a) **Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);**

b) **Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;**

c) Is not acting as a nominee or representative of a substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders;

d) Has not been employed in any executive capacity by that public company, any of its related companies or by any of its substantial shareholders within the last five (5) years;

e) Is not retained as professional adviser, auditor, consultant, agent or counsel by that public company, any of its related companies or any of its substantial shareholders, or is otherwise independent of management and free from any business or other relationship within the three (3) years immediately preceding the date of his election, either personally or through his firm;

f) Has not engaged and does not engage in any transaction with the corporation or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.

g) Is not an owner of more than two (2%) percent of the outstanding shares of the covered company, its subsidiaries, associates, affiliates or related companies;

h) Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;

i) Is not affiliated with any non-profit organization that receives significant funding from the covered company or any of its related companies or substantial shareholders; and

j) Is not employed as an executive officer of another company where any of the public company's executives serve as directors.

ii. When used in relation to a company subject to the requirements above:

a) Related company means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and

b) Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

iii. The independent director shall have the following qualifications:

a) He shall have at least one (1) share of stock of the Corporation;

b) He shall be at least a college graduate or he shall have been engaged or exposed to the business of the Corporation for at least five (5) years;

c) He shall possess integrity/probity; and

d) He shall be assiduous.

iv. The nomination of independent director shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

v. After the nomination, the Corporate Governance Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors. The list shall be made available to the Securities and Exchange Commission and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports the Corporation is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

vi. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as an Independent Director. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

vii. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing an independent director. He shall ensure that an independent director is elected during the stockholders' meeting.

viii. The specific slot for independent directors shall not be filled-up by unqualified nominees.

In case of failure of election for the independent director, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy. (As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

Section 2. **Election and Term** - The Board of Directors shall be elected during each regular meeting of stockholders and shall hold office for one (1) year and until their successors are elected and qualified.

Section 3. **Vacancies** - Any vacancy during occurring in the Board of Directors other than by removal by the stockholders or by expiration of terms may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at a regular or at any special meeting of stockholders called

for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.

The vacancy resulting from the removal of a director by the stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any special meeting of stockholders called for the purpose, further giving notice as prescribed in these by-laws.

Section 4. **Meetings** - Regular meetings of the Board of Directors shall be held once every quarter of the year on such dates and places as may be called by the Chairman of the Board, or upon the request of a majority of the Directors. *(As amended on March 13, 2013 by the Board of Directors and by the Shareholders.)*

Section 5. **Notice** - Notice of the regular or special meeting of the Board, specifying the date, time and place of the meeting, shall be communicated by the Secretary to each director personally, or by telephone, telegram, or by written message. A director may waive this requirement, either expressly or impliedly.

Section 6. **Quorum** - A majority of the number of directors as fixed herein and in the Articles of Incorporation shall constitute a quorum for the transaction of corporate business and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the Board. *(As amended on March 13, 2013 by the Board of Directors and by the Shareholders.)*

Section 7. **Conduct of the Meetings** - Meetings of the Board of Directors shall be presided over by the Chairman of the Board, or in his absence, by any other director chosen by the Board. The Secretary, shall act as secretary of every meeting, if not present, the Chairman of the meeting shall appoint a secretary of the meeting. The meeting may be held and conducted through teleconferencing or videoconferencing. *(As amended on March 13, 2013 by the Board of Directors and by the Shareholders.)*

Section 8. **Compensation** - By solution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

Section 9. **Executive Committee** - There shall be an Executive Committee composed of three (3) members to be determined and appointed by the Board of Directors, and any vacancy in said committee shall be filled by the Directors at any meeting of the Board at which a quorum shall be present. The members of the Executive Committee may be removed at any time by the Board of Directors. Their compensation shall be detaining by the Board of Directors.

The Executive Committee shall advise and aid the officers of the Corporation in all matters concerning its interest and the management of its business and, in the intervals between the meetings of the Board, shall have and may exercise all the powers of the Board of Directors in the management of the business and affairs of the Corporation, except (a) such power as are granted by statute to the Board of Directors, (b) the power to declare and pay dividends. (c) the power to fill vacancies in the Board of Directors, and (d) such other men as the m of Directors may expressly reserve at any time.

The Executive Committee may act, by majority vote of all its members. All matters acted upon by the Executive Committee shall be submitted to the Board at its meeting held next after they have been taken and such transactions of the Executive Committee shall be considered ratified by the Board unless otherwise expressly revoked. *(As amended on March 13, 2013 by the Board of Directors and by the Shareholders.)*

Section 10. Corporate Governance Committee - There shall be a Corporate Governance Committee composed of at least three (3) members, all of whom should be independent directors, including the Chairman. The Corporate Governance Committee has the following duties and functions, among others:

- a. Oversees the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation's size, complexity and business strategy, as well as its business and regulatory environments;
- b. Oversees the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
- c. Ensures that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
- d. Recommends continuing education/training programs for directors, assignment of tasks/projects to board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
- e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance;
- f. Proposes and plans relevant trainings for the members of the Board;
- g. Determines the nomination and election process for the company's directors and has the special duty of defining the general profile of board members that the company may need and ensuring appropriate knowledge, competencies and expertise that complement the existing skills of the Board; and

Establishes a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the corporation's culture and strategy as well as the business environment in which it operates. *(As amended by the*

Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

Section 11. Audit Committee - There shall be an Audit Committee composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The Chairman of the Audit Committee should not be the chairman of the Board or of any other committees. The Audit Committee has the following duties and responsibilities, among others:

- a. Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b. Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- c. Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- d. Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- e. Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- f. Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g. Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence (as defined under the Code of Ethics for Professional Accountants). The non-audit work, if allowed, should be

disclosed in the corporation's Annual Report and Annual Corporate Governance Report;

- h. Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- i. Reviews the disposition of the recommendations in the External Auditor's management letter;
- j. Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- k. Coordinates, monitors and facilitates compliance with laws, rules and regulations; and
- l. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

The Audit Committee meets with the Board at least every quarter without the presence of the President or other management team members, and periodically meets with the head of the internal audit. (As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

Section 12. Board Risk Oversight Committee - There shall be a Board Risk Oversight Committee (BROC) composed of at least three (3) members, the majority of whom should be independent directors, including the Chairman. The Chairman should not be the Chairman of the Board or of any other committee. At least one member of the committee must have relevant thorough knowledge and experience on risk and risk management. The Board Risk Oversight Committee has the following duties and responsibilities, among others:

- a. Develops a formal enterprise risk management plan which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (e) continuing assessments to improve risk strategies, processes and measures;

- b. Oversees the implementation of the enterprise risk management plan through a Management Risk Oversight Committee. The BROC conducts regular discussions on the company's prioritized and residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks;
- c. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BROC revisits defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
- d. Advises the Board on its risk appetite levels and risk tolerance limits;
- e. Reviews at least annually the company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the company;
- f. Assesses the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the corporation and its stakeholders;
- g. Provides oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risk exposures of the corporation. This function includes regularly receiving information on risk exposures and risk management activities from Management; and

Reports to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks, and recommends further action or plans, as necessary. (As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

Section 13. Related Party Transaction Committee – There shall be Related Party Transaction (RPT) Committee composed of at least three (3) non-executive directors, two of whom should be independent, including the Chairman. The following are the functions of the RPT Committee, among others:

- a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral

requirement) to such related parties than similar transactions with nonrelated parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:

1. The related party's relationship to the company and interest in the transaction;
 2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 3. The benefits to the corporation of the proposed RPT;
 4. The availability of other sources of comparable products or services; and
 5. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
- d. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and

Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.
(As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

Section 14. Other Committees - The Board of Directors may create such other Committees as it may consider necessary or advisable for the proper conduct and nomination of the affairs of the Corporation and prescribe their respective powers and function. Said committees shall be composed of Directors and of such number as the Board may determine. The members of any such committee created and appointed by the Board of Directors may be removed at any time by the Board and any vacancies in any of said committees shall be filled by the Board of Directors *(As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)*

Article IV

OFFICER

Section 1. **Election Appointment** - Immediately after their election, the Board of Directors shall formally organize by electing the President, the Vice- President, the Treasurer, and the Secretary at the said meeting.

The Board may, from time to time, appoint such other officers as it may determine to be necessary or proper. Any two (2) or more positions may be held concurrently by the same person, except that **no one shall act as President and Treasurer or Secretary, and Compliance Officer and Secretary at the same time.** *(As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)*

Section 2. **President** - The President shall be the Chief Executive Officer of the corporation and shall exercise the following functions:

- a) To preside at the meeting of the stockholders;
- b) To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors, including those executive training, development and compensation;
- c) To supervise and manage the business affairs of the corporation upon the direction of the Board of Directors;
- d) To implement the administrative and operational policies of the corporation under his supervision and control;
- e) To appoint, remove, suspend or discipline employees of the corporation, prescribe their duties , and determine their salaries;
- f) To oversee the preparation of the budgets and the statements of accounts of the corporation;
- g) To represent the corporation at all functions and proceedings;
- h) To execute on behalf of the corporation all contracts, agreements and other instruments affecting the interest of the corporation which require the approval of the Board of Directors.
- i) To make reports to the Board of Directors and stockholders;
- j) To sign certificate of stock;
- k) To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

Section 4. **The Vice-President** - He shall, if qualified, act as President in the absence of the latter. He shall have such other powers and duties as may from time to time be assigned to him by the Board of Directors or by the President.

Section 5. The Secretary - The Secretary, who shall be a resident and citizen of the Philippines, shall issue notices of all meetings, shall keep their minutes, shall have charge of the corporate seal and books, shall sign with the President the certificates of stock and such other instruments as require such signature, and shall make such report's and perform such other duties as are incident to his office or are properly required of him by the Board.

The Secretary must be a separate individual from the Compliance Officer, should not be a member of the Board of Directors, and should annually attend a training on corporate governance. The Secretary has, among others, the following duties and responsibilities:

- a. Assists the Board and the board committees in the conduct of their meetings, including preparing an annual schedule of Board and committee meetings and the annual board calendar, and assisting the chairs of the Board and its committees to set agendas for those meetings;
- b. Safe keeps and preserves the integrity of the minutes of the meetings of the Board and its committees, as well as other official records of the corporation;
- c. Keeps abreast on relevant laws, regulations, all governance issuances, relevant industry developments and operations of the corporation, and advises the Board and the Chairman on all relevant issues as they arise;
- d. Works fairly and objectively with the Board, Management and stockholders and contributes to the flow of information between the Board and management, the Board and its committees, and the Board and its stakeholders, including shareholders;
- e. Advises on the establishment of board committees and their terms of reference;
- f. Inform members of the Board, in accordance with the by-laws, of the agenda of their meetings at least five working days in advance, and ensures that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- g. Attends all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him/her from doing so;
- h. Performs required administrative functions;
- i. Oversees the drafting of the by-laws and ensures that they conform with regulatory requirements; and
- j. Performs such other duties and responsibilities as may be provided by the SEC. (As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

Section 6. **The Treasurer** - The Treasurer of the corporation shall have the following duties:

- a) To keep full and accurate accounts of receipts and disbursements in the books of corporation;
- b) To have custody of, and be responsible for, all the funds, securities and bonds of the corporation;
- c) To deposit in the name and to the credit of the corporation, in such bank as may be designated from time to time by the Board of Directors, all the moneys, funds, securities, bonds, and similar valuables effects belonging to the corporation which may come under his control;
- d) To render annual statements showing the financial condition of the corporation and such other financial reports as the Board of Directors, or the President may, from time to time require;
- e) To prepare such financial reports, statements, certifications and other documents, which may, from time to time, be required by government rules and regulations and to submit the same proper government agencies.
- f) To exercise such powers and perform such duties and functions as may be assigned to him by the President.

Section 7. Compliance Officer - The Compliance Officer should have a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation. Also, the Compliance Officer should not be a member of the Board of Directors and should annually attend training on corporate governance. He/ she has, among others, the following duties and responsibilities:

- a. **Ensures proper onboarding of new directors (i.e., orientation on the company's business, charter, articles of incorporation and by-laws, among others);**
- b. **Monitors, reviews, evaluates and ensures the compliance by the corporation, its officers and directors with the relevant laws, this Code, rules and regulations and all governance issuances of regulatory agencies;**
- c. **Reports the matter to the Board if violations are found and recommends the imposition of appropriate disciplinary action;**
- d. **Ensures the integrity and accuracy of all documentary submissions to regulators;**
- e. **Appears before the SEC when summoned in relation to compliance with this Code;**

- f. Collaborates with other departments to properly address compliance issues, which may be subject to investigation;
- g. Identifies possible areas of compliance issues and works towards the resolution of the same;
- h. Ensures the attendance of board members and key officers to relevant trainings; and
- i. Performs such other duties and responsibilities as may be provided by the SEC. *(As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)*

Section 8. Chief Audit Executive – There shall be a Chief Audit Executive appointed by the Board, who shall oversee and be responsible for the internal audit activity of the Corporation, including that portion that is outsourced to a third party service provider. The Chief Audit Executive has the following responsibilities, among others:

- a. Periodically reviews the internal audit charter and presents it to senior management and the Board Audit Committee for approval;
- b. Establishes a risk-based internal audit plan, including policies and procedures, to determine the priorities of the internal audit activity, consistent with the organization's goals;
- c. Communicates the internal audit activity's plans, resource requirements and impact of resource limitations, as well as significant interim changes, to senior management and the Audit Committee for review and approval;
- d. Spearheads the performance of the internal audit activity to ensure it adds value to the organization;
- e. Reports periodically to the Audit Committee on the internal audit activity's performance relative to its plan; and
- f. Presents findings and recommendations to the Audit Committee and gives advice to senior management and the Board on how to improve internal processes. *(As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)*

Section 9. Chief Risk Officer – There shall be a Chief Risk Officer with the following functions, among others:

- a. Supervises the entire Enterprise Risk Management (ERM) process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation;
- b. Communicates the top risks and the status of implementation of risk management strategies and action plans to the Board Risk Oversight Committee;

- c. Collaborates with the CEO in updating and making recommendations to the Board Risk Oversight Committee;
- d. Suggests ERM policies and related guidance, as may be needed; and
- e. Provides insights on the following:
 - Risk management processes are performing as intended;
 - Risk measures reported are continuously reviewed by risk owners for effectiveness; and
 - Established risk policies and procedures are being complied with. (As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

Section 10. Terms of Office - The term of office of all officers shall be one (1) year and until their successors are duly elected and qualified. (As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

Section 11. Vacancies - If any position of the officers becomes vacant by reason of death, resignation, disqualification or for any other cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term. (As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

Section 12. Compensation - The officers shall receive such remuneration as the Board of Directors may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and from receiving compensation therefore. (As amended by the Board of Directors on 5 October 2018 and by the Stockholders owning at least two-thirds (2/3) of the outstanding capital stock on •)

ARTICLE V

OFFICES

Section 1. The Principal office of the corporation shall be located at the place stated in Article III of the Articles of Incorporation. The corporation may have such other branch offices, either within or outside the Philippines as the Board of Directors may designate.

ARTICLE VI

AUDIT OF BOOKS, FISCAL YEAR AND DIVIDENDS

Section 1. **External Auditor** - At the regular stockholders' meeting, the external auditor of the corporation for the ensuing year shall be appointed. The external auditor shall examine, verify and report on the earnings and expenses of the corporation.

Section 2. **Fiscal Year** - The fiscal year of the corporation shall begin on the first day of January and end on the last day of December of each year.

Section 3. **Dividends** - Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law.

ARTICLE VII

SEAL

Section 1. **Forms and Inscriptions**- The corporate seal shall be determined by the Board of Directors.

ARTICLE VIII

AMENDMENTS

Section 1. These by-laws may be amended or repealed by the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock at any stockholders' meeting called for that purpose. However, the power to amend, modify, repeal or adopt new by-laws may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock; provided, however, that any such delegation of powers to the Board of Directors to amend, repeal or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.

IN WITNESS WHEREOF, we the undersigned stockholders have adopted the foregoing by-laws and hereunto affixed our signatures this 01 October 2001 at Makati City.

(original signed)
Mario M. Tongson

(original signed)
Sharone O. King

(original signed)
Dominador R. Aytona

(original signed)
Lorna P. Pangilinan

(original signed)
Ma. Paz I. Diokno

(original signed)
Fernando P. Go

(original signed)
Valentin M. Panaguiton

Signed in the presence of

(illegible)

(illegible)

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI)S.S.

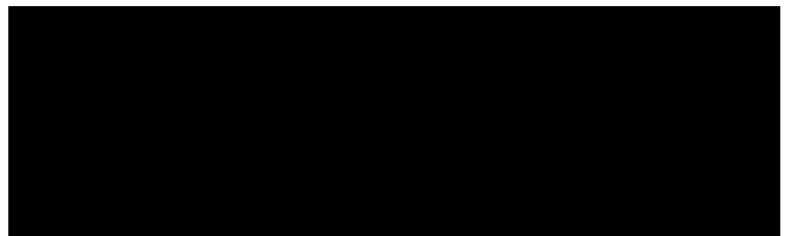
Before me, a Notary Public, in and for the City of Makati, Philippines, this 01 day
October 2001, personally appeared:

NAME

CTC No.

DATE AND PLACE ISSUED

Mario M. Tongson
Sharone O. King
Dominador R. Aytona
Lorna P. Pangilinan
Ma. Paz I. Diokno
Fernando P. Go
Valentin M. Panaguiton



All known to me and to me known to be the same persons who executed the foregoing Articles
of Incorporation and acknowledgment that the same is their free and voluntary act and deed
and of the corporation which he represents.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal on the
date and place first above written.

NOTARY PUBLIC

MICHAEL REX O. CELIX

Notary Public

Until December 31, 2001

Issued on Jan. 2, 2001

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