CR03930-2020

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
   Mar 31, 2020
2. SEC Identification Number
   A200115151
3. BIR Tax Identification No.
   219-045-668-000
4. Exact name of issuer as specified in its charter
   Ferronoux Holdings, Inc.
5. Province, country or other jurisdiction of incorporation or organization
   Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of 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
   +(63)917-807-88-15 or (02)8888-4762
9. Former name or former address, and former fiscal year, if changed since last report
   AG Finance, Incorporated; 16/F Citibank Tower, 8741 Paseo de Roxas, Makati City; Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City
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
Common	261,824,002

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (selected) Yes / No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange
12. Indicate by check mark whether the registrant:

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

- [x] Yes
- [ ] No

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

- [x] Yes
- [ ] No

Ferronoux Holdings, Inc.
FERRO

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

For the period ended	Mar 31, 2020
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2020	Dec 31, 2019
Current Assets	136,790,959	135,894,004
Total Assets	136,790,959	135,894,004
Current Liabilities	4,528,066	4,782,626
Total Liabilities	4,528,066	4,782,626
Retained Earnings/(Deficit)	(203,838,357)	(204,989,872)
Stockholders' Equity	132,262,893	131,111,378
Stockholders' Equity - Parent	132,262,893	131,111,378
Book Value per Share	0.51	0.5

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,681,107	1,671,927	1,681,107	1,671,927
Gross Expense	529,592	729,595	529,592	729,595
Non-Operating Income	-	-	-	-
Non-Operating Expense	-	-	-	-
Income/(Loss) Before Tax	1,151,515	942,332	1,151,515	942,332
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	1,151,515	942,332	1,151,515	942,332
Net Income Attributable to Parent Equity Holder	771,400	631,269	771,400	631,269
Earnings/(Loss) Per Share (Basic)	0	0	0	0
Earnings/(Loss) Per Share (Diluted)	0	0	0	0

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

Other Relevant Information
Please see attached Quarterly Report for the quarter ending March 31, 2020 (SEC Form 17Q) of Ferronoux Holdings, Inc.

Filed on behalf by:

Name	Manuel Gonzalez
Designation	Corporate Secretary

COVER SHEET

A200115151

S.E.C. Registration Number

FERRONOUX HOLDINGS, INC. (A Subsidiary of ISOC Holdings, Inc.)

(Company's Full Name)

6TH FLOOR, HANSTON BUILDING, F ORTIGAS JR. ROAD, ORTIGAS CENT ER, PASIG CITY

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

Erwin Terrell Y. Sy	-
Contact Person	Company Telephone Number

03	31	SEC FORM 17-Q	Last Friday of June
Month	*Day*	FORM TYPE	*Month* *Day* Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

25

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 three-month period ending **31 March 2020**

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 **1605**

8. Issuer's telephone number, including area code **n/a**

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, P1.00 par value	**261,824,002 shares**

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

Yes [x] 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 [x] No [ ]

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

Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The interim financial statements of FERRONOUX HOLDINGS, INC. as at March 31, 2020, with comparative audited figures as at December 31, 2019 and for the three-month periods ending March 31, 2020 and 2019, 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 three-month periods ending March 31, 2020 and 2019.

	For the three-month periods ending March 31		Amount Increase (decrease)	Percentage Increase (decrease)
	2020 (₱'000)	2019 (₱'000)	(₱'000)	(%)
Interest income	**₱1,681**	₱1,672	₱9	1%
Operating expenses	**(530)**	(730)	(200)	(27%)
Income before tax	**₱1,151**	942	(191)	(20%)
Tax expense	**–**	–	–	–
Net income for the period	**₱1,151**	₱942	(₱191)	(20%)

Summary of Balance Sheet as at March 31, 2020 and December 31, 2019 are as follows:

	Mar. 31, 2020 (Unaudited)	December 31, 2019 (Audited)	Mar 31, 2020 vs. Dec. 31, 2019	
			Amount Increase (decrease)	Percentage Increase (decrease)
	(₱'000)	(₱'000)	(₱'000)	(%)
Current assets	**₱136,791**	₱135,894	₱897	1%
Noncurrent assets	**–**	–	–	–
Total Assets	**₱136,791**	₱135,894	₱897	1%
Current liabilities	**₱4,528**	₱4,783	(₱255)	43%
Noncurrent liabilities	**–**	–	–	–
Total Liabilities	**4,528**	4,783	(255)	43%
Stockholders' Equity	**132,263**	131,111	1,152	0%
Total Liabilities and Stockholders' Equity	**₱136,791**	₱135,894	₱897	1%

Summary of Statements of Cash Flows for the three-month periods ending March 31, 2020 and 2020 are as follows:

	For the three months ending March 31		Amount Increase (decrease)	Percentage Increase (decrease)
	2020 (₱'000)	**2019 (₱'000)**	(₱'000)	(%)
Cash used in operating activities	**(₱845)**	₱–	(₱845)	100%
Cash at the beginning of period	**952**	74	878	1,186%
Cash at the end of period	**₱107**	₱74	₱33	45%

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 three-month periods ending March 31, 2020 and 2019.

2.a - Results of Operations

Interest Income
Interest income was ₱1.68 million for the three-month period ending March 31, 2020 compared to ₱1.67 million for the same period in 2019. The increase is due to higher accretion on note receivable.

Operating expenses
Expenses decreased by ₱0.20 million or 27% as at March 31, 2020. Changes in the expense accounts for the three-month ending March 31, 2020 versus the same period last year are as follows:

- Decrease in PSE fees by ₱0.02 million or equivalent to 7%.

- Decrease in taxes and licenses by ₱0.14 million is due to lower taxes paid during the year.

- Decrease in representation expense by 100% or ₱0.09 million. No representation expense incurred in the current year compared to last year for the same period.

- Increase in professional fees by ₱0.06 million or equivalent to 86%.

2.b - Statements of Financial Position

The significant changes in the Statements of Financial Position during the three-month period ending March 31, 2020 compared to December 31, 2019 are as follows:

- Total assets were ₱136.8 million as at March 31, 2020 compared to ₱135.9 million as at December 31, 2019, an increase of ₱897.0 million or 1%. The increase is mainly due to the accretion of interest on note receivables.

- Total liabilities decreased by ₱0.3 million or 5% from ₱4.8 million as at December 31, 2019 to ₱4.5 million in the current period mainly due to lower accruals this year.

- Total equity increased by ₱1.2 million or 1% mainly due to the recognition of interest income for the three-month period ending March 31, 2020.

2.c - Statements of Cash Flows

The net cash used in operating activities amounted to nil for the three-month period ending March 31, 2020 compared to net cash used in the same period in 2019 amounting to ₱0.8 million.

The cash as at March 31, 2020 and December 31, 2019 amounted to ₱0.1 million and ₱1.0 million, respectively.

2.d - Horizontal and Vertical Analysis

	March 31, 2020 (Unaudited)	December 31, 2019 (Audited)	Increase (Decrease) Amount	Percentage
ASSETS				
Current Assets				
Cash	**₱107,006**	₱951,868	(₱844,862)	(89%)
Note receivable	**134,395,492**	132,714,385	1,681,107	1%
Other current assets	**2,288,461**	2,227,751	60,710	3%
Total Current Assets	**₱136,790,959**	₱135,894,004	₱ 896,955	1%

LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	**₱4,528,066**	₱4,782,626	(₱254,560)	(5%)
Equity				
Capital stock	**261,824,002**	261,824,002	–	–
Additional paid-in capital	**74,277,248**	74,277,248	–	–
Deficit	**(203,838,357)**	(204,989,872)	1,151,515	(1%)
Total Equity	**132,262,893**	131,111,378	1,151,515	1%
	₱136,790,959	₱135,894,004	₱896,955	1%

FINANCIAL INDICATORS

	March 31, 2020	December 31, 2019
Net Income	**1,151,515**	942,333
Quick Assets	**134,502,498**	951,868
Current Assets	**136,790,959**	135,894,004
Total Assets	**136,790,959**	135,894,004
Current Liabilities	**4,528,066**	4,782,626
Total Liabilities	**4,528,066**	4,782,626
Stockholders' Equity	**132,262,893**	131,111,378
Number of Common Shares Outstanding	**261,842,002**	261,842,002

Current Ratio (1)	**30.21**	28.41
Debt to Equity Ratio (2)	**0.03**	0.04
Asset to Equity Ratio (3)	**1.03**	1.04
Return on Assets (4)	**0.008**	0.004
Return on Equity (5)	**0.009**	0.004
Book Value per Share (6)	**₱0.51**	₱0.50

(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	Current Ratio (1)	30.21
	Quick Ratio (2)	29.70
Solvency	Debt to Equity Ratio (3)	0.03
	Debt Ratio (4)	0.03
Profitability	Asset to Equity Ratio (5)	1.03
	Return on Assets (6)	1%
	Return on Equity (7)	1%
	Book Value per Share (8)	₱0.51

(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.**

By:

____
ERWIN TERRELL Y. SY
Treasurer/Chief Financial Officer

____
LAVINIA E. BUCTOLAN
Chief Accountant

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF FINANCIAL POSITION

	Note	**March 31, 2020 (Unaudited)**	December 31, 2019 (Audited)
ASSETS			
Cash	4	**₱107,006**	₱951,868
Note receivable	5	**134,395,492**	132,714,385
Other current assets		**2,288,461**	2,227,751
Total Assets		**₱136,790,959**	₱135,894,004
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	**₱4,528,066**	₱4,782,626
Equity			
Capital stock		**261,824,002**	261,824,002
Additional paid-in capital		**74,277,248**	74,277,248
Deficit		**(203,838,357)**	(204,989,872)
Total Equity		**132,262,893**	131,111,378
		₱136,790,959	₱135,894,004

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	**March 31, 2020 (Unaudited)**	December 31, 2019 (Audited)
INCOME			
Interest income	8	**₱1,681,107**	₱6,687,704
EXPENSES	9	**(529,592)**	(2,264,019)
OTHER INCOME (CHARGES) - net			
Provision for expected credit loss		–	(3,996,019)
Reversal of liability		–	79,892
		–	(3,916,127)
INCOME BEFORE INCOME TAX		**1,151,515**	507,558
PROVISION FOR INCOME TAX		–	1,598
NET INCOME		**₱1,151,515**	₱505,960
BASIC EARNINGS PER SHARE	10	**₱0.004**	₱0.002

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

	Notes	March 31 2020 (Unaudited)	2019 (Unaudited)
INCOME			
Interest income	8	**₱1,681,107**	₱1,671,927
EXPENSES	9	**(529,592)**	(729,595)
INCOME BEFORE INCOME TAX		**1,151,515**	942,332
PROVISION FOR INCOME TAX		**–**	–
NET INCOME		**₱1,151,515**	₱1,636,744
BASIC EARNINGS PER SHARE	10	**₱0.004**	**₱0.004**

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

	March 31	
	2020 (Unaudited)	2019 (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	**(204,989,872)**	(205,495,832)
Net income	**1,151,515**	942,332
Balance at end of the period	**(203,838,357)**	(204,553,500)
	₱132,262,893	₱131,547,750

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.

STATEMENT OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019

		March 31	
		2020 (Unaudited)	2019 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		**₱1,151,515**	₱942,332
Adjustments for:			
Interest income	8	**(1,681,107)**	(1,671,927)
Operating loss before changes in working capital		**(529,592)**	(729,595)
Increase in other current assets		**(60,710)**	–
Increase (decrease) in accrued expenses and other current liabilities		**(254,560)**	729,595
Net cash used in operating activities		**(844,862)**	–
CASH AT BEGINNING OF PERIOD		**951,868**	74,094
CASH AT END OF PERIOD		**₱107,006**	₱74,094

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information**

Ferronoux Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 as AG Finance Incorporated. The Company's primary purpose is 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 shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2020 and 2019, all of the 261,824,002 shares of the Company are listed in the PSE.

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

On November 27, 2017, ISOC Holdings Inc. (ISOC or the Parent Company) 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.

In 2018, the SEC approved the following amendments in the Company's articles of incorporation:

- Change in corporate name from "AG Finance Incorporated" to "Ferronoux Holdings, Inc." and the primary purpose to a holding company. The Company likewise changed its stock symbol from "AGF" to "FERRO"; and

- Change in principal office 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.

Status of Operations
The Company has ceased its lending activities in 2015 and is today focused on acquiring a majority stake in operating businesses that meet our investment criteria. We are in talks with potential targets, as well as discussing with financing institutions to compliment the Company's new shareholder's capital. Management is considering implementing changes in the Company's business structure and operations to take advantage of these opportunities.

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 (IFRIC).

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 or fair value of consideration received in exchange for incurring a liability.

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 12, *Financial Risk Management Objectives and Policies*.

Adoption of New and Amended PFRS
The accounting policies adopted are consistent with those of the previous reporting 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, 2019:

- Philippine Interpretation IFRIC 23, *Uncertainty Over Income Tax Treatments* – The interpretation provides guidance on how to reflect the effects of uncertainty in accounting for income taxes under PAS 12, *Income Taxes,* in particular (i) matters to be considered in accounting for uncertain tax treatments separately, (ii) assumptions for taxation authorities' examinations, (iii) determinants of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and (iv) effect of changes in facts and circumstances.

- Amendments to PFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation* – The amendments clarify that a financial asset passes the "solely payments of principal and interest" criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Consequently, financial assets with termination provisions can now be measured at amortized cost (or, depending on the business model, at fair value through other comprehensive income).

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 financial statements, as applicable.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2019 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* - *Definition of Material* – The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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 financial statements, as applicable.

Financial Instruments

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement. Financial instruments 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 or loss (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 profit or loss. In cases where there is no observable data on inception, the Company deems the transaction 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.

Financial Assets

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI), and (c) financial assets at FVPL. The classification of a financial asset largely depends on the Company's business model and its contractual cash flow characteristics.

As at reporting date, the Company does not have financial assets measured at FVOCI and at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost 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 and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash in bank and note receivable are classified under this category.

Impairment. The Company records an allowance for ECL based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. This includes both quantitative and qualitative information and analysis, based on the financial capacity of the counterparty and historical credit loss experience and including forward-looking information.

Reclassification. The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in the statements of comprehensive income.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

Derecognition. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;

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

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

Financial Liabilities

Classification. The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost and (b) financial liabilities at FVPL.

As at reporting date, the Company does not have financial liabilities measured at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Company's accrued expenses and other current liabilities is classified under this category.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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 a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

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 amount of the original liability and fair value of the new liability is recognized in profit or loss.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Assets and Liabilities
Financial assets and financial 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 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, and the related assets and liabilities are presented gross in the statements of financial position.

<u>Other Current Assets</u>
Other current assets consists mainly of creditable withholding taxes (CWT).

CWT. CWT are 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.

<u>Impairment of Nonfinancial Assets</u>
The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the time value of money and the risks specific to the asset. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in the statements of comprehensive income.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. Any 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 amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income.

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 from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

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.

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

Expenses Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participant. Expenses are generally recognized as incurred.

Income Taxes

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting date, and any adjustment to tax payable in the previous years.

Deferred Tax. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future.

Deferred tax assets are recognized for all temporary differences and carry forward benefits of net operating loss carry over (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax that are expected to reduce taxable profit in the future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

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

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

Current tax and deferred tax are recognized in profit or loss except to the items recognized directly in equity or in OCI.

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

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 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.

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 in 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. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

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

Pursuant to SEC Memorandum Circular No. 10-2019, material related party transactions are related party transaction/s, either individually, or in aggregate over a twelve-month period with the same related party, amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statement.

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. Provisions are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

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 in the notes to financial statements 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 position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the Company to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

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

Estimates and Assumptions

The key estimates 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 ECL. The Company applies the general approach in measuring ECL. For cash in banks, the Company assessed that cash in banks are deposited in reputable counterparty banks that possess good credit ratings. For note receivable, the Company considers the financial capacity of the counterparty and historical credit loss experience adjusted for forward-looking factors, as applicable.

Provision for ECL amounted to nil and ₱4.0 million as at March 31, 2020 and December 31, 2019, respectively. Allowance for ECL amounted to ₱197.0 million as at March 31, 2020 and December 31, 2019. The carrying amounts of the financial assets of the Company are as follows:

	Note	**March 31, 2020**	December 31, 2019
Cash in banks	4	**₱107,006**	₱951,868
Note receivable	5	**134,395,492**	132,714,385

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 March 31, 2020 and December 31, 2019, 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 ₱60.9 million as at March 31, 2020 and December 31, 2019.

4. Cash

Cash in banks amounting to ₱0.1 million and ₱1.0 million as at March 31, 2020 and December 31, 2019, earn interest at prevailing bank deposit rates. Interest income earned amounted to nil in March 31, 2020 and 2019.

5. Note Receivable

The Company's loans receivable from its previous lending activities were exchanged for a five-year note receivable with a nominal amount of ₱332.6 million. The note receivable bears interest rate at 5% per annum on unpaid principal amount beginning June 6, 2017 but the Company agreed to waive interest on the note. The waiver resulted to a loss of ₱24.1 million arising from the modification of the terms of the note.

Movements in this account are shown below:

	March 31, 2020	December 31, 2019
Original amount	**₱332,639,733**	₱332,639,733
Unamortized "Day 1 "difference	**(1,219,264)**	(2,900,371)
	331,420,469	329,739,362
Allowance for ECL	**(197,024,977)**	(197,024,977)
	₱134,395,492	₱132,714,385

Movements in "Day 1" difference are shown below:

	March 31, 2020	December 31, 2019
Balance at beginning of period	**₱2,900,371**	₱9,588,075
Accretion	**(1,681,107)**	(6,687,704)
Balance at end of period	**₱1,219,264**	₱2,900,371

Movements in allowance for ECL are shown below:

	March 31, 2020	December 31, 2019
Effect of adoption of PFRS 9	**₱196,425,049**	₱193,028,958
Provision for ECL	–	3,396,091
Balance at end of period	**₱196,425,049**	₱196,425,049

6. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	**March 31, 2020**	December 31, 2019
Trade payables		**₱90,804**	₱–
Due to a related party	7	**4,248,437**	4,228,250
Accrued expenses		**188,825**	554,376
		₱4,528,066	₱4,782,626

Due to a third party pertains to reimbursable expenses and is payable on demand.

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

7. Related Party Transactions

Outstanding balance and transaction with related parties are as follows:

		Amount of Transaction		Outstanding Balance	
	Nature of Transaction	**March 31, 2020**	December 31, 2019	**March 31 2020**	December 31, 2019
Due to a related party					
Under common control	Advances for working capital purposes	**₱20,187**	₱4,228,250	**₱4,248,437**	₱4,228,250

Terms and Conditions of Transactions with Related Party

The outstanding balances as at March 31, 2020 and December 31 2019 are unsecured, noninterest-bearing, due and demandable and is normally settled in cash.

Key Management Personnel

The Company has no key management compensation as at March 31, 2020 and December 31, 2020. The financial and administrative functions of the Company are being handled by the employees of the Parent Company at no cost to the Company.

8. Interest Income

This account consists of:

	Note	**March 31, 2020**	March 31, 2019
Accretion of "Day 1" difference	5	**₱1,681,107**	₱1,671,927
Cash in banks	4	**–**	–
		₱ 1,681,107	₱1,671,927

9. **Expenses**

Operating expenses for the three-month periods ending March 31, 2020 and 2019 consists of:

	2020	2019
PSE fees	**₱261,000**	₱280,000
Professional fees	**140,000**	75,403
Taxes and licenses	**84,890**	221,323
Outside services	**5,625**	60,566
Representation expense	**–**	90,000
Others	**38,077**	2,303
	₱729,595	₱729,595

10. **Earnings Per Share**

Basic EPS for the three-month periods ending March 31, 2020 and 2019 were computed as follows:

	2020	2019
Net income	**₱1,151,515**	₱942,332
Weighted average number of common shares	**261,824,002**	261,824,002
	₱0.004	₱0.004

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. 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.

<u>Financial Risks</u>
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 summary of exposure to credit risk for the Company's financial assets as at March 31, 2020 and December 31, 2019 are as follows:

March 31, 2020

		Lifetime ECL		
	3-Month ECL	**Not credit impaired**	**Credit impaired**	**Total**
Cash in bank	**₱107,006**	**₱–**	**₱–**	**₱107,006**
Note receivable	**–**	**134,395,492**	**197,024,977**	**331,420,469**
	₱107,006	**₱134,395,492**	**₱197,024,977**	**₱331,527,475**

December 31, 2019

		Lifetime ECL		
	12-Month ECL	Not credit impaired	Credit impaired	Total
Cash in bank	₱951,868	₱–	₱–	₱951,868
Note receivable	–	132,714,385	197,024,977	329,739,362
	₱951,868	₱132,714,385	₱197,024,977	₱330,691,230

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 bank is classified as high grade since it is deposited in reputable banks, which have a low probability of insolvency.

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 as at March 31, 2020 and December 31, 2019 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:

	March 31, 2020		December 31, 2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash in banks	**₱107,006**	**₱107,006**	₱951,668	₱951,668
Note receivable	**134,395,492**	**134,395,492**	132,714,385	132,714,385
	₱134,502,498	**₱134,502,498**	₱133,666,053	₱133,666,053

	March 31, 2020		December 31, 2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Liabilities				
Accrued and other current liabilities	**₱4,528,066**	**₱4,528,066**	₱4,782,626	₱4,782,626

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

Note Receivable. In 2019, the note receivable approximates its fair value due to the short-term nature of the transaction. The fair value of the Company's note receivable in 2018 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.

There has been no change made in the objectives, policies and process in March 31, 2020 and December 31, 2019. The Company is not subject to externally-imposed capital requirements.

AGING OF RECEIVABLES:

The aging analyses of financial assets are as follows:

March 31, 2020

		Past Due But Not Impaired			
	Neither Past Due Nor Impaired	**Less than 30 days**	**31-60 days**	**Past Due and Impaired**	**Total**
Cash in bank	**₱107,006**	**₱–**	**₱–**	**₱–**	**₱107,006**
Note receivable	**134,395,492**	**–**	**–**	**197,024,977**	**331,420,469**
	₱134,502,498	**₱–**	**₱–**	**₱197,024,977**	**₱331,527,475**

December 31, 2019

		Past Due But Not Impaired			
	Neither Past Due Nor Impaired	Less than 30 days	31-60 days	Past Due and Impaired	Total
Cash in bank	₱951,868	₱–	₱–	₱–	₱951,868
Note receivable	132,714,385	–	–	197,024,977	329,739,362
	₱951,868	₱–	₱–	₱197,024,977	330,691,230

REPUBLIC OF THE PHILIPPINES)
PASIG CITY, METRO MANILA) S.S.

SECRETARY'S CERTIFICATE

I, **MANUEL Z. GONZALEZ**, Corporate Secretary, being a duly authorized representative of **FERRONOUX HOLDINGS, INC.**, with SEC registration number A200115151 (the **Corporation**) and with principal office at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City, do hereby certify and state that:

1. The Corporation will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail (**email**) with the Securities and Exchange Commission (the **Commission**) through the Corporate Governance and Finance Department (**CGFD**) issued on June 24, 2020 in light of the imposition of the Enhanced Community Quarantine, Modified Enhanced Community Quarantine, and General Enhanced Community Quarantine (**Quarantine**) in the National Capital Region due to the COVID-19 pandemic and the continuous need to comply with Stringent Social Distancing Measures over Luzon to prevent the spread of the 2019 Coronavirus Disease (COVID-19).

2. On behalf of the Corporation, the Board of Directors of the Corporation have caused this SEC Form 17-Q (Quarterly Report) (the **17-Q Report**) to be prepared.

3. The information contained in the **17-Q Report** submitted via email to the CGFD on the date hereof is true and correct to the best of my knowledge.

4. I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

5. I am executing this Certification on the date hereof to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.

IN WITNESS WHEREOF, I have hereunto set my hand this day of JUN 30 2020 at Pasig City, Metro Manila Philippines.

MANUEL Z. GONZALEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this day of JUN 30 2020, affiant exhibited to me his Tax Identification No. 166-201-040.

Doc No.: 391;
Page No.: 80;
Book No.: I;
Series of 2020.

ENRICO ERROL D. ANGELES
Appointment No. 176 (2019-2020)
Notary Public
Pasig City, Pateros and San Juan
Until December 31, 2020
Attorney's Roll No. 61281
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 6445320; 01.02.20; Pasig City
IBP Receipt No. 089191; 01.02.20; RSM
MCLE Compliance No. VI-0015029; 04.14.22