Appendix 1

2020 ANNUAL STOCKHOLDERS MEETING REQUIREMENTS AND PROCEDURE FOR VOTING *IN ABSENTIA* AND PARTICIPATION VIA REMOTE COMMUNICATION

FERRONOUX HOLDINGS, INC.
ANNUAL STOCKHOLDERS MEETING (ASM) 2020
REQUIREMENTS AND PROCEDURE FOR VOTING *IN ABSENTIA* AND PARTICIPATION VIA REMOTE COMMUNICATION

Cognizant of the COVID-19 pandemic and the need to avoid mass gatherings to contribute to the efforts of the Philippine government in curbing the further spread of the virus, Ferronoux Holdings, Inc. ("Ferronoux") has established a designated website in order to facilitate the registration of and voting *in absentia* and the participation by remote communication by the stockholders at the ASM to be held virtually on Tuesday, October 20, 2020, at 1:00 p.m., as allowed under Sections 23 and 57 of the Revised Corporation Code.

Only stockholders of record as of the close of business on **September 18, 2020** (the record date) are entitled to notice and to vote at the meeting. Stockholders as of the record date (the "Stockholder/s) may register, vote *in absentia,* and participate via remote communication in accordance with the following procedures.

Participation guidelines

A. General registration

Registration, authentication, and validation of participants and their shares shall be open beginning September 7, 2020 until October 10, 2020, 5 p.m. Participants may pre-register for the meeting by filling in the form found in this link: [http://www.ferronouxholdings.com/asm2020]. In case of problems with registration, or for any other comments, please email asm2020@ferronouxholdings.com.

Participants must have a valid email address, valid contact number, and a scanned copy or photo of a valid government ID (with photo or signature) to pre-register. Ferronoux reserves the right to require further documentation to ensure the identity and right to vote of the stockholder.

In particular, Stockholders shall be asked to provide the information and upload the documents listed below (the file size should be no larger than 5MB):

A. For individual Stockholders:
   1. Email address
   2. First and Last Name
   3. Birthdate
   4. Address
   5. Mobile Number
   6. Phone Number
   7. Current photograph of the Stockholder, with the face fully visible
   8. Stock Certificate Number and number of shares held by the stockholder
   9. Valid government-issued ID
   10. For Stockholders with joint accounts: A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account

B. For corporate/organizational Stockholders:
   1. Email address
   2. First and Last Name of stockholder
   3. Address
   4. Mobile Number
   5. Phone Number
   6. Stock certificate number and number of shares held by the stockholder
   7. Current photograph of the individual authorized to cast the vote for the account (the "Authorized Voter")
   8. Valid government-issued ID of the Authorized Voter
   9. A scanned copy of the Secretary's Certificate or other valid authorization in favor of the Authorized Voter

For stockholders under PCD participant/broker's account, a scanned copy of the broker certification on the stockholder's number of shareholdings shall be required in addition to the above.

Validation and authentication shall be conducted by Ferronoux and the stock and transfer agent against latest and updated documents on record. Once authenticated and validated, participants shall receive a confirmatory email from Ferronoux, with details on how to join the meeting.

B. Registration of proxy

FERRONOUX IS NOT ASKING FOR A PROXY AND STOCKHOLDERS ARE REQUESTED NOT TO SEND A PROXY.

However, stockholders may attend by proxy by accomplishing the proxy form (accessible at http://www.ferronouxholdings.com/asm2020) which must be submitted to the corporation's principal address at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas, Pasig City, on or before October 10, 2020. Soft copies of the proxies must be emailed in advance to asm2020@ferronouxholdings.com on or before October 5, 2020. Hard copies must follow and be mailed to Ferronoux's address at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas, Pasig City, and received by the office no later than October 10, 2020.

A. Beneficial owners whose shares are lodged with the Philippine Depository and Trust Corp. (PDTC) or registered under the name of a broker, bank or other fiduciary allowed by law, must likewise submit, along with the proxy form:
   - 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 (soft copies and hard copies, sent in the same manner as the proxy form)

B. Corporate shareholders shall likewise be required to submit, along with the proxy form:
   - A notarized Secretary's Certificate attesting to the authority of its representative to attend and vote at the stockholder's meeting (soft copies and hard copies, sent in the same manner as the proxy form)

Proxies shall fulfill these requirements in addition to the requirements for general registration above.

C. *Nomination*

Nomination of directors shall close on September 11, 2020. Aside from sending their nominations to the Corporate Secretary, stockholders may also send in their Board nominations to asm2020@ferrnouxholdings.com.

D. Voting

1. In absentia or through remote communication

Stockholders who will participate in the virtual meeting, and those in absentia, shall complete an online voting form found in this link or shall send a scanned copy of the downloadable voting form (accessible through this link: http://www.ferronouxholdings.com/asm2020) to asm2020@ferronouxholdings.com.

Deadline for submission of voting forms shall be on October 10, 2020, 5.p.m.

2. Via proxy

Stockholders who shall vote via proxy shall send duly accomplished proxy forms as indicated above ("B. Registration of Proxy").

Deadline for submission of proxies shall be as set forth above ("B. Registration of Proxy").

E. Validation of Proxies

Validation of proxies shall be made on October 12, 2020, 1 p.m., at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas, Pasig City, by Ferronoux and the stock and transfer agent, against latest and updated documents on record.

F. Tabulation of Votes

The Office of the Corporate Secretary shall tabulate all votes cast in absentia together with the votes cast by proxy, and an independent third party will validate the results.

G. Meeting proper

Registration, authentication, and validation of participants and their shares shall be open until October 10, 2020, 5 p.m. Stockholders who did not register or whose identities are not authenticated and validated cannot attend, participate, or vote in the ASM.

The agenda of the meeting is accessible via the Notice of Annual Meeting in the website (see link: http://www.ferronouxholdings.com/asm2020), and shall be duly published in accordance with regulatory requirements.

The tabulated votes validly casted by stockholders in accordance with the foregoing procedures will be presented during the ASM. The total number of votes shall be reflected in the minutes.

Stockholders may attend the meeting on October 20, 2020 at 1:00 p.m. via the livestreaming link sent to the email address indicated by the Stockholder on the registration form. The livestream shall be broadcast to registered participants via Zoom, which may be accessed on the Zoom application.

For purposes of quorum, only the following Stockholders shall be counted as present:

A. Stockholders who have registered on the website for voting in absentia by October 10, 2020;
B. Stockholders who have sent their proxies via e-email to asm2020@ferronouxholdings.com on or before October 5, 2020 with corresponding hard copy furnished to Ferronoux no later than October 10, 2020.

Stockholders may access other pertinent documents via the website (http://www.ferronouxholdings.com/asm2020). Stockholders are regularly advised to visit the webpage for updates.

- Notice to PSE and SEC of 2020 Annual Meeting
- Annual Report for 2019 (SEC 17-A Form)
- Quarterly Reports for 2020 (17-Q)
- Proxy form
- Voting form
- Definitive Information Statement (shall be uploaded once available)
- Publication notices ((shall be uploaded once available)

Stockholders cannot record the meeting. However, a request for the recording of the ASM may be made to asm2020@ferronouxholdings.com. Stockholders who register and vote on the website for voting *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by Ferronoux and by any other relevant third party for the purpose of electronic voting *in absentia* for the ASM and for all other purposes for which the Stockholder can cast his/her/its vote as a stockholder of the Ferronoux.

For any other questions, kindly email asm2020@ferronouxholdings.com. Questions about the agenda may be sent to asm2020@ferronouxholdings.com on or before 12:30 p.m of October 19, 2020. Questions or comments received on or before the foregoing date may be responded to during the ASM. Any questions not answered during the meeting shall be answered via email.

Appendix 2-A

PDTC REPORT AS OF JUNE 30, 2020

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - FERRO0000000

Business Date: June 30, 2020

BPNAME	HOLDINGS
HDI SECURITIES, INC.	176,005,374
F. YAP SECURITIES, INC.	25,315,200
BDO NOMURA SECURITIES INC	12,994,690
R. COYIUTO SECURITIES, INC.	11,839,288
COL Financial Group, Inc.	9,563,491
BDO SECURITIES CORPORATION	6,608,100
ABACUS SECURITIES CORPORATION	3,533,679
PHILSTOCKS FINANCIAL INC	2,580,115
LUCKY SECURITIES, INC.	2,138,433
G.D. TAN & COMPANY, INC.	1,279,900
WEALTH SECURITIES, INC.	888,010
UPCC SECURITIES CORP.	840,000
BPI SECURITIES CORPORATION	796,499
TOWER SECURITIES, INC.	789,000
SOLAR SECURITIES, INC.	759,100
COHERCO SECURITIES, INC.	696,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	582,900
FIRST METRO SECURITIES BROKERAGE CORP.	545,408
ANSALDO, GODINEZ & CO., INC.	429,000
BELSON SECURITIES, INC.	310,000
VC SECURITIES CORPORATION	284,000
R. S. LIM & CO., INC.	240,000
A. T. DE CASTRO SECURITIES CORP.	210,000
YAO & ZIALCITA, INC.	200,000
AB CAPITAL SECURITIES, INC.	191,850
ALPHA SECURITIES CORP.	191,000
TRITON SECURITIES CORP.	140,000
GUILD SECURITIES, INC.	119,800
MAYBANK ATR KIM ENG SECURITIES, INC.	115,000
ASIASEC EQUITIES, INC.	114,000
CTS GLOBAL EQUITY GROUP, INC.	100,000
S.J. ROXAS & CO., INC.	100,000
NEW WORLD SECURITIES CO., INC.	93,000
PAPA SECURITIES CORPORATION	90,000
YU & COMPANY, INC.	89,000
AURORA SECURITIES, INC.	83,000
QUALITY INVESTMENTS & SECURITIES CORPORATION	82,000
RTG & COMPANY, INC.	82,000
IMPERIAL,DE GUZMAN,ABALOS & CO.,INC.	69,000
WESTLINK GLOBAL EQUITIES, INC.	66,000
SunSecurities, Inc.	60,000
VENTURE SECURITIES, INC.	52,800
DA MARKET SECURITIES, INC.	50,000
R. NUBLA SECURITIES, INC.	40,000
FIDELITY SECURITIES, INC.	38,000
AP SECURITIES INCORPORATED	36,600
INVESTORS SECURITIES, INC,	31,000
SB EQUITIES,INC.	30,000
R & L INVESTMENTS, INC.	30,000
EAGLE EQUITIES, INC.	26,000
SUMMIT SECURITIES, INC.	25,000
APEX PHILIPPINES EQUITIES CORPORATION	23,000
STANDARD SECURITIES CORPORATION	22,000
MOUNT PEAK SECURITIES, INC.	20,600
UNICAPITAL SECURITIES INC.	20,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	17,000

BPNAME	HOLDINGS
RCBC SECURITIES, INC.	15,000
A & A SECURITIES, INC.	14,000
IGC SECURITIES INC.	14,000
GLOBALINKS SECURITIES & STOCKS, INC.	10,000
SALISBURY BKT SECURITIES CORPORATION	10,000
CAMPOS, LANUZA & COMPANY, INC.	8,000
UCPB SECURITIES, INC.	6,000
STRATEGIC EQUITIES CORP.	5,900
REGINA CAPITAL DEVELOPMENT CORPORATION	2,000
AAA SOUTHEAST EQUITIES, INCORPORATED	1,000
TIMSON SECURITIES, INC.	800
FIRST ORIENT SECURITIES, INC.	492
ARMSTRONG SECURITIES, INC.	100

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.

Appendix 2-B

BDO REPORT ON THE LIST OF ALL STOCKHOLDERS AS OF AUGUST 31, 2020

COMPANY NAME : FERRONOUX HOLDINGS, INC.

LIST OF ALL STOCKHOLDERS
As Of August 31, 2020

STOCKHOLDER'S NAME	OUTSTANDING & ISSUED SHARES	OUTSTANDING & ISSUED SHARES (PARTIALLY PAID)	TOTAL HOLDINGS	PERCENTAGE TO TOTAL
PCD NOMINEE CORP. (FILIPINO)	261,735,418	0	261,735,418	99.966
PCD NOMINEE CORP. (NON-FIL)	27,711	0	27,711	0.011
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
ERWIN TERRELL Y. SY	1	0	1	0.000
MICHELLE JOAN G. TAN	1	0	1	0.000
GRAND TOTAL (26)	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.

Appendix 3

Certification of Independent Director (Atty. Mathew John G. Almogino)

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 the law 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.

2. I am affiliated with the following companies and 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 Administrative and Legal Services	September 2012 to Present

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 insurances.

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 and 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 SEP 03 2020, at PASIG CITY.

MATHEW-JOHN GONONG ALMOGINO
Affiant

Subscribed and sworn to before me this ____ day of SEP 03 2020 at PASIG CITY, affiant personally appeared before me and exhibited to me his / her TIN: 109-255-999 issued at _____ on _____.

Doc No. 014;
Page No. 5;
Book No. IV;
Series of 2020.

GINO PAULO O. UY
Appointment No. 170 (2019-2020)
Notary Public
Pasig City, Pateros and San Juan
Until December 31, 2020
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 6445319; 01.02.20; Pasig City
IBP Receipt No. 089190; 01.02.20; RSM
MCLE Compliance No. VI-0011985; 4.14.22

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

CERTIFICATION

I, **Mathew-John Gonong Almogino,** Filipino, of legal age, with office address at 6th floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City, after having been duly sworn in accordance with law, hereby certify that:

1. I am the duly appointed and incumbent Lead Director of **FERRONOUX HOLDINGS, INC. (formerly, AG FINANCE, INC.)** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office address Metro Manila, Philippines.

2. I hereby certify that I am not appointed or employed in any government agency.

IN WITNESS WHEREOF, I have hereunto set my hand this day of SEP 03 2020 at Pasig City, Metro Manila Philippines.

SEP 03 2020

Mathew-John Gonong Almogino

SUBSCRIBED AND SWORN to before me this day of SEP 03 2020, affiant exhibited to me his Tax Identification No. 109-255-999-000.

Doc No.: 015;
Page No.: 4;
Book No.: IV;
Series of 2020.

GINO PAULO O. UY
Appointment No. 170 (2019-2020)
Notary Public
Pasig City, Pateros and San Juan
Until December 31, 2020
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 6445319; 01.02.20; Pasig City
IBP Receipt No. 089190; 01.02.20; RSM
MCLE Compliance No. VI-0011985; 4.14.22

Appendix 4

Certification of Independent Director
(Atty. Alfred S. Jacinto)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALFRED S. JACINTO**, Filipino, of legal age and a resident of 118 Tordesillas St., Salcedo Village, Makati City, after having been duly sworn to in accordance with the 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 INTELIGENTES	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
COMPANERO CENTER FOR LEGAL AID, INC.	Director & President	2011 to present
CYC PRODUCTION, INC.	Director & President	2011 to present
FIRST DIADEM CONSULTANCY, INC.	Director & President	2011 to present
SAINT MERCED PRODUCTIONS, INC.	Director & Corporate Secretary	2017 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 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 and 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 AUG 12 2020, at MAKATI CITY.

ALFRED S. JACINTO
Affiant

Subscribed and sworn to before me this _____ day of AUG 12 2020 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Passport no. P4840290A issued at DFA Manila on 26 October 2017.

Doc No. 259;
Page No. 53;
Book No. 3;
Series of 2020.

JERRAEMIE NIKKA C. PATULOT
Notary Public for Makati City
Appt. No. M-229 until December 2020
Roll No.59628
PTR No. 8116963; 03 Jan 2020; Makati City
IBP No. 101267; 06 Jan 2020; Batangas City
MCLE Compliance No. VI-0019718; 01 March 2019
12th Floor, NDC Building 116 Tordesillas St., Salcedo Village Makati City

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

CERTIFICATION

I, **ALFRED S. JACINTO,** Filipino, of legal age, with office address at 118 Tordesillas St., Salcedo Village, Makati City, after having been duly sworn in accordance with law, hereby certify that:

1. I am the duly appointed and incumbent Independent Director of **FERRONOUX HOLDINGS, INC. (formerly, AG FINANCE, INC.)** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office address Metro Manila, Philippines.

2. I hereby certify that I am not appointed or employed in any government agency.

IN WITNESS WHEREOF, I have hereunto set my hand this day of AUG 1 2 2020 at MAKATI CITY, Metro Manila Philippines.

ALFRED S. JACINTO

SUBSCRIBED AND SWORN to before me this day of AUG 1 2 2020, affiant exhibited to me his Tax Identification No. 165-833-350-000.

Doc No.: 260;
Page No.: 53;
Book No.: 3;
Series of 2020.

IERRAEMIE NIKKA C. PATULOT
Notary Public for Makati City
Appt. No. M-229 until December 2020
Roll No.59623
PTR No. 8116963; 03 Jan 2020; Makati City
IBP No. 101267; 06 Jan 2020; Batangas City
MCLE Compliance No. VI-0019718; 01 March 2019
12th Floor, NDC Building, 116 Tordesillas St., Salcedo Village Makati City

Appendix 5

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2019

From: **MSRD COVID19** msrd_covid19@sec.gov.ph
Subject: Re: Ferronoux Holdings, Inc._SEC Form 17-A_30June2020
Date: 2 July 2020 at 4:26 PM
To: David I. Del Castillo david.delcastillo@mvgslaw.com
Cc: ictdsubmission@sec.gov.ph, Manuel Z. Gonzalez manuel.gonzalez@mvgslaw.com, Gwyneth S. Ong gwyneth.ong@mvgslaw.com, Terrell Sy tsy@isocholdings.com, Fay Albarico falbarico@isocholdings.com, Yumi Gregory ygregory@isocholdings.com, ISOC Legal legal@isocholdings.com, Ma. Anna Margarita Bueno mbueno@isocholdings.com, CATHERINE E. GALIZA cegaliza@sec.gov.ph, Gianne Joy Lagman gjflagman@sec.gov.ph

Dear Sir/Madam,

Acknowledging receipt of your email with attachments.

Thank you.

Regards,

MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION

On Tue, Jun 30, 2020 at 2:55 PM David I. Del Castillo <david.delcastillo@mvgslaw.com> wrote:

> Gentlemen:
>
> We submit herewith the SEC Form 17-A Report (the "17-A Report") of Ferronoux Holdings, Inc. (the "Corporation"), disclosed today, June 30, 2020, to the Philippine Stock Exchange (PSE), and the Certification required under SEC Notice dated June 24, 2020 for email submissions to the Corporate Governance and Finance Department. The 17-A Report includes three parts, as follows:
>
> 1. Part 1 - Annual Report, Signature Page & Certification
>
> 2. Part 2 - Annex A: Audited Financial Statements with the Statement of Management Responsibility
>
> The attached 17-A Report is a true and correct copy of the disclosure made to the PSE and the Corporation shall submit hard copies of the same once the state of public emergency is lifted.
>
> In compliance with SEC Memorandum Circular No. 10, Series of 2020, the person making the submission is Atty. Manuel Z. Gonzalez, Corporate Secretary, with office address at 33rd Floor, The Orient Square Bldg., F. Ortigas, Jr. Road, Ortigas Center, Pasig City, and mobile number +639188434888.
>
> We trust the foregoing is in order.
>
> Thank you and kind regards.
>
> David I. Del Castillo
> **MARTINEZ VERGARA GONZALEZ & SERRANO**
> 33rd Floor The Orient Square
> F. Ortigas Jr. Road, Ortigas Center
> 1600 Pasig City, Metro Manila
> Philippines
>
> T: +63 2 8 687.1195 I F: +63 2 8 687.1197
>
> david.delcastillo@mvgslaw.com I www.mvgslaw.com

IMPORTANT NOTICE: This communication and any attachment are meant only for the intended recipient, and may be confidential and privileged under the law. If you receive this communication in error, you are notified that the use, reproduction, retention, distribution or disclosure of this communication and/or any attachment is strictly prohibited. Kindly notify the sender via e-mail, telephone or facsimile and immediately delete this communication and all copies and attachments from your system, and destroy any hard copy. Any e-mail communication to "@mvgslaw.com" is communication to Martinez Vergara Gonzalez & Serrano.

From: **ICTD Submission** ictdsubmission+canned.response@sec.gov.ph
Subject: Re: Ferronoux Holdings, Inc._SEC Form 17-A_30June2020
Date: 30 June 2020 at 3:56 PM
To: david.delcastillo@mvgslaw.com

IS

Dear Customer,

SUCCESSFULLY ACCEPTED
(subject to verification and review of the quality of the attached document)

Thank you.

SEC ICTD.

From: **ICTD Submission** ictdsubmission+canned.response@sec.gov.ph
Subject: Re: Ferronoux Holdings, Inc._SEC Form 17-A_30June2020
Date: 30 June 2020 at 10:18 PM
To: david.delcastillo@mvgslaw.com

IS

Dear Customer,

SUCCESSFULLY ACCEPTED
(subject to verification and review of the quality of the attached document)

Thank you.

SEC ICTD.

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**	**.**						
(	A		S	u	b	s	i	d	i	a	r	y		o	f		I	S	O	C		H	o	l	d	i	n	g	s
,		I	n	c	.	)																							

(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
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E	R	,		P	A	S	I	G		C	I	T	Y																

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

Erwin Terrell Y. Sy	8888-4762
Contact Person	Company Telephone Number

1	2	3	1	SEC FORM 17-A			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

Total Amount of Borrowings

			2	5													
Total No. of Stockholders					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-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, 2019**

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.**

5. **Metro Manila, Philippines** 6. [ ] (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization
Industry Classification Code:

7. Address of 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 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 Stock : P1.00 par value	**261,824,002 shares**

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

Yes [**X**] 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 [**X**] No [ ]

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

Yes [**X**] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates is ₱222,914,376.18 representing 86,400,921 shares equivalent to 32.99% of the outstanding common shares computed on the basis of ₱2.58 per share, the closing price as of 25 June 2020.

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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 incorporated in the Philippines on December 14, 2001. The Company was initially registered with the Securities and Exchange Commission (SEC) to operate as a financing company governed by the Repubic Act (R.A.) No. 8556, or the Financing Company Act of 1998.

The Company initially had 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 the continuous growth and expansion of the Company, a series of capital infusions were made by its shareholders, as follows:

- 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, the Company 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 board of directors (BOD) and stockholders approved the 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.

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2019, 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 (RYM) their 183,276,801 common shares or 70% of the Company 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. (ISOC) 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 ₱2.1662 per share or a total amount of approximately ₱380.0 million. 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 PSE on January 4, 2018.

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

On June 8, 2018, the Board of Directors approved the change in the Company's principal address 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. On October 5, 2018, the Board of Directors also approved the amendments to the Articles of Incorporation and By-Laws of the Company in order to comply with the Code of Corporate Governance for Publicly-Listed Companies (SEC

Memorandum Circular No. 19, series of 2016). The foregoing resolutions of the Board of Directors were approved by the shareholders of the Company during the annual meeting of the stockholders held last December 3, 2018. On July 29, 2019, the SEC approved the foregoing amendments of the Articles of Incorporation and the By-Laws of the Company.

Principal Business Activities

The Company used to provide 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 Company's Articles of Incorporation to change its corporate name to Ferronoux Holdings, Inc. and to change its primary purpose to that of a holding company. The Company's current main shareholder is in diverse businesses such as real estate development, energy, infrastructure and logistics and is considering its options with respect to structure for such investments that would be optimal for its plans, either directly as an operating or indirectly as a holding company. As of the date of this report, no definite plan has been finalized.

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 previously provided short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines and 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 the Company's principal purpose to that of a holding company and it added a secondary purpose which is to engage in the business of mining and smelting in preparation of the Company's plan to diversify and expand its business.

Subsequently, on February 8, 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.

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

The Company has advances from ISOC Holdings, Inc. for working capital purposes.

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

As at December 31, 2019, the Company has no regular employees.

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

Except for matters taken up during the annual meeting of the stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

The Company submitted the following matters to a vote of the security holders during the 2019 Annual Meeting of the Stockholders held last October 15, 2019:

1. Approval of the Minutes of the Previous Stockholders' Meeting
2. Approval of the Management Report and Audited Financial Statements
3. Ratification of Management's Acts
4. Election of Directors
5. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor
6. Other Matters
7. 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 were listed on August 13, 2013 in the PSE. The high and low prices of the Company's share for each quarter from 2017 to 2019 were as follows:

Year	Quarter	High (Php)	Low (Php)
2017	First	4.19	3.01
	Second	5.01	3.00
	Third	5.90	3.60
	Fourth	5.11	3.10
2018	First	4.48	3.00
	Second	4.02	3.20
	Third	4.75	3.38
	Fourth	5.40	3.60
2019	First	5.15	4.14
	Second	5.30	4.15
	Third	6.20	4.06
	Fourth	5.30	3.81

As of June 25, 2020, the closing price of the Company's common shares was ₱2.58 per share. As at December 31, 2019, 86,400,921 common shares are held by the public, representing 32.99% of the Company's outstanding shares.

Holders

The number of shareholders as of December 31, 2019 is 26. The top stockholders of the Company as of December 31, 2019 were as follows:

Stockholders	Number of shares
PCD Nominee Corp. (Filipino)[1]	261,736,418
PCD Nominee Corp. (Non-Filipino)	26,711
Joselyn C. Tiu	18,747
Marjorie Villanueva	18,747
Leila E. Jorge	10,001
Felisa D. King	8,747

[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. ISOC Holdings, Inc. owns 175,422,075 shares equivalent to 67% of the Company lodged under PCD Nominee Corp. (Filipino) through HDI Securities, Inc.*

Stockholders	Number of shares
Mathew John G. Almogino	1,000
Remegio C. Dayandayan	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
Hermogene H. Real	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
Jesus G. Chua, Jr.	1
Irving C. Cosiquien	1
Michael C. Cosiquien[2]	1
Yerik C. Cosiquien	1
Alfred S. Jacinto	1
Erwin Terrell Y. Sy	1
Michelle Joan G. Tan	1
TOTAL	**261,824,002**

On June 26, 2015, the registrant disclosed to the PSE and 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 ₱2.1662 per share or a total amount of approximately ₱380.0 million. 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.

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 were 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 on 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.

[2] *Michael C. Cosiquien is the controlling shareholder of ISOC Holdings, Inc., owning 99.99% of the outstanding capital stock thereof.*

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 2019 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 bank 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 2019 and 2018

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

	Audited		**Increase (Decrease)**	
	2019	**2018**	**Amount**	**%**
	(In PhP millions)			
Income	**₱6.69**	₱6.55	₱0.14	2%
Expenses	**2.26**	1.62	0.64	40%
Other Charges - net	**3.92**	3.10	0.82	26%

Income increased by ₱0.14 million or 2% as compared last year due to higher computed accretion on notes receivable. Notes receivable increased this year versus last year.

Expenses increased by ₱0.64 million or 40%. Changes in the expense accounts for the year ended December 31, 2019 versus the same period last year are as follows:

- Increase in professional fees by ₱0.57 million is mainly due to higher retainer fees this year as compared last year.
- Increase in taxes and licenses by ₱0.27 million is mainly due to higher taxes paid this year versus last year.
- Decrease in outside services by ₱0.17 million is mainly attributable to fewer services outsourced during the year as compared last year.
- Decrease in representation by ₱0.17 million is mainly attributable to decrease in meeting expenses.
- Increase in miscellaneous expenses by ₱0.15 million due to higher admin expenses this year.

Other charges - net increased by 26% or ₱0.82 million mainly attributed to higher provision for expected credit loss this year versus last year.

Financial Position

	Audited		Increase (Decrease)	
	2019	**2018**	**Amount**	**%**
	(in PhP Millions)			
Assets	**₱135.89**	₱132.30	₱3.59	3%
Liabilities	**4.78**	1.69	3.09	182%
Stockholders' Equity	**131.11**	130.61	0.50	0%

Assets

The total assets of the Company increased by ₱3.59 million or 3% from ₱132.30 million as at December 31, 2018 to ₱135.89 million as at December 31, 2019. The increase was mainly due to the accretion of interest on note receivable.

Liabilities

As at December 31, 2019, the total liabilities of the Company increased by ₱3.09 million or 182% from ₱1.69 million as of December 31, 2018. The increase was due to the advances by ISOC Holdings, Inc. which are subject to repayment.

Stockholders' Equity

As of year-end 2019, the stockholders' equity increased by ₱0.50 million from ₱130.61 million as at December 31, 2018 to ₱131.11 million as at December 31, 2019. The increase was mainly attributable to the net income in 2019.

Explanations for the material changes in the Company's accounts between 2018 and 2017 are as follows:

Results of operations

Income increased by ₱0.13 million or 2% as compared last year due to higher computed accretion on notes receivable. Notes receivable increased this year versus last year.

Expenses decreased by ₱0.11 million or 6%. Changes in the expense accounts for the year ended December 31, 2018 versus the same period last year are as follows:

- Increase in professional fees by ₱0.13 million is mainly due to higher retainer fees this year as compared last year.
- Increase in representation by ₱0.40 million is mainly attributable to increase in meeting expenses.
- Decrease in taxes and licenses by ₱0.49 million is mainly due to lower taxes and licenses incurred this year versus last year.
- Decrease in director's fees by ₱0.20 million since no directors' fees incurred this year.

Other charges - net decreased by 85% or ₱17.54 million since there is no loss on modification of terms of notes receivable recognized this year.

Financial Position

Assets

The total assets of the Company decreased by ₱186.55 million or 59% from ₱318.85 million as at December 31, 2017 to ₱132.30 million as at December 31, 2018. The decrease was mainly due to the adoption of PFRS 9 which resulted in the recognition of allowance for expected credit loss (ECL) on notes receivable.

Liabilities

As at December 31, 2018, the total liabilities of the Company increased by ₱1.18 million or 231% from ₱0.51 million as at December 31, 2017. The increase was due to the advances by ISOC Holdings, Inc. in 2018 which are subject to repayment.

Stockholders' Equity

As of year-end 2018, the stockholders' equity decreased by ₱187.73 million from ₱318.34 million as at December 31, 2017 to ₱130.61 million as at December 31, 2018. The decrease was mainly attributable to the recognition of allowance for ECL.

Explanations for the material changes in the Company's accounts between 2017 and 2016 are as follows:

Results of operations

Income decreased by ₱0.36 million or 5.29% in 2017 as compared to 2016 mainly due to lower computed accretion on notes receivable.

Expenses decreased by ₱0.08 million or 4.85% in 2017. 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%.
- Increase in taxes and licenses by ₱0.49 million is due to payment of taxes in 2017 compared to none last year.

- Decrease in directors' fees by ₱0.03 million or equivalent to 16% is due to lesser attendees in 2017.
- Increase in SEC fees by ₱0.08 million is due to payment of annual fees in 2017 compared to none in 2016.
- Decrease in communication by ₱0.01 million is due to payment of development of website in 2016.

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

Financial Position

Assets

The total assets of the Company decreased by ₱17.94 million or 5.33% from ₱336.79 million as at December 31, 2016 to ₱318.85 million as at December 31, 2017. The decrease was mainly 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 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 79.02%, mainly due to reversal of liability by an affiliate.
- **Noncurrent Liabilities** decreased by ₱0.46 million due to reversal of deferred tax liability arising from accretion of notes receivable.

Stockholders' Equity

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

Key performance indicators are listed below:

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

	2019	2018
Net Income	₱505,960	₱1,825,863
Current assets	135,894,004	2,276,323
Total assets	135,894,004	132,299,023
Current liabilities	4,782,626	1,693,605
Total liabilities	4,782,626	1,693,605
Stockholders' equity	131,111,378	130,605,418
No. of common shares outstanding	261,824,002	261,824,002

	2019	2018
Current ratio [1]	28.41	1.34
Book value per share [2]	0.50	0.50
Debt ratio [3]	0.04	0.01
Profit per share [4]	0.002	0.01
Return on assets [5]	0.004	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 / 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

On October 5, 2018, the Board of Directors approved the resolution to amend the Articles of Incorporation of the Company to increase the number of directors from seven (7) to nine (9) in order to comply with the Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, series of 2016). During the annual stockholders meeting of the Company held on December 3, 2018, the foregoing resolution for the amendment of the articles of incorporation was duly approved by the stockholders of the Company. The foregoing amendment of the Company's Articles of Incorporation for the increase in the number of its Board seats from 7 to 9 members was subsequently approved by the SEC on July 29, 2019.

In the annual stockholders' meeting held on December 3, 2018, the following directors were elected, to hold office until their successors have been duly elected and qualified.Thereafter, during the organizational meeting of the Board of Directors held on 14 December 2018, the following were elected as officers for the ensuing year:

Name	Age	Citizenship	Position
DIRECTORS			
Michael C. Cosiquien		Filipino	Chairman/ President
Jesus G. Chua, Jr.		Filipino	Vice-Chairman/Director
Irving C. Cosiquien		Filipino	Director
Yerik C. Cosiquien		Filipino	Director
Michelle Joan G. Tan		Filipino	Director
Mathew-John G. Almogino		Filipino	Independent Director
Alfred S. Jacinto		Filipino	Independent Director
OFFICERS			
Erwin Terrell Y. Sy*		Filipino	Investor Relations Officer
Vicente L. Araña		Filipino	Treasurer/Chief Financial Officer
Allesandra Fay V. Albarico		Filipino	Compliance Officer/CIO
Manuel Z. Gonzalez		Filipino	Corporate Secretary
Gwyneth S. Ong		Filipino	Assistant Corporate Secretary.

** Mr. Erwin Terrell Y. Sy was elected as director of the Company. However, such election was to become effective upon the Security and Exchange Commission's (SEC) approval of the amendment of the Company's Articles of Incorporation on the increase in the number of board seats. On July 29, 2019, the SEC approved the Company's amendment of the Articles of Incorporation for the increase in the number of its Board seats from 7 to 9 members. Consequently, Mr. Erwin Terrell Y. Sy has taken his seat as Director effective August 7, 2019.*

At the Company's annual shareholders meeting on October 15, 2019, the following directors were elected, to hold office until their successors have been duly elected and qualified. Thereafter, during the organizational meeting of the Board of Directors held last October 28, 2019, they were elected with the following positions:

Name	Age	Citizenship	Position
DIRECTORS			
Michael C. Cosiquien		Filipino	Chairman/ President
Jesus G. Chua, Jr.		Filipino	Vice-Chairman/Director
Irving C. Cosiquien		Filipino	Director
Yerik C. Cosiquien		Filipino	Director
Michelle Joan G. Tan		Filipino	Director
Erwin Terrell Y. Sy		Filipino	Director/Investor Relations Officer
Mathew-John G. Almogino		Filipino	Independent Director
Alfred S. Jacinto		Filipino	Independent Director
OFFICERS			
Vicente L. Araña		Filipino	Treasurer/ CFO
Allesandra Fay V. Albarico		Filipino	Compliance Officer/CIO
Manuel Z. Gonzalez		Filipino	Corporate Secretary
Gwyneth S. Ong		Filipino	Asst. Corp. Sec.

Subsequently, Mr. Vicente L. Araña and Mr. Erwin Terrell Y. Sy tendered their respective resignations in their positions as Treasurer/Chief Financial Officer and Investor Relations Officer and Data Privacy Officer respectively, effective March 7, 2020.

In view of the foregoing resignations, Mr. Erwin Terrell Y. Sy was appointed the new Treasurer/Chief Financial Officer, while Meryll Anne C. Yan were was appointed as the new Investor Relations Officer and Data Privacy Officer, respectively, to serve on the remaining term of their predecessors. The following are the present directors and officers of the Company:

Name	Age	Citizenship	Position
DIRECTORS			
Michael C. Cosiquien		Filipino	Chairman/ President
Jesus G. Chua, Jr.		Filipino	Vice-Chairman/Director
Irving C. Cosiquien		Filipino	Director
Yerik C. Cosiquien		Filipino	Director
Michelle Joan G. Tan		Filipino	Director
Erwin Terrell Y. Sy		Filipino	Director and Treasurer/ CFO
Mathew-John G. Almogino		Filipino	Independent Director
Alfred S. Jacinto		Filipino	Independent Director
OFFICERS			
Allesandra Fay V. Albarico		Filipino	Compliance Officer/CIO
Manuel Z. Gonzalez		Filipino	Corporate Secretary
Gwyneth S. Ong		Filipino	Assistant Corporate Secretary.
Meryll Anne C. Yan		Filipino	Investor Relations Officer/Data Privacy Officer

Described below are relevant business experience and qualifications of each of the Company's directors and officers covering the past five years.

CURRENT DIRECTORS:

Mr. Michael C. Cosiquien was elected Chairman of the Board in January 10, 2018 and was re-elected on December 3, 2018 and October 15, 2019. 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 and was re-elected on December 3, 2018 and October 15, 2019. 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 also studied at Stanford University and De La Salle University in the years prior.

Mr. Yerik C. Cosiquien was elected as a Director of the Board in January 10, 2018 and was re-elected on December 3, 2018 and October 15, 2019. 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 and was re-elected on December 3, 2018 and October 15, 2019. 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.

Ms. Michelle Joan G. Tan was elected as a Director of the Board in January 10, 2018 and was re-elected on December 3, 2018 and October 15, 2019.. She is a sub-contractor of Megawide Construction Corporation, one of the most prestigious construction companies in the Philippines, for almost eight years now. She has assisted in screening and deploying qualified, efficient, and effective workers to companies. She also handles labor cases. In addition, she was a former banker of United Coconut Planters Bank as Assistant Branch Manager for almost five years. She graduated Bachelor of Science Major in Business and Marketing Management at College of the Holy Spirit.

Atty. Mathew John G. Almogino was elected as an Independent Director of the Board in December 11, 2017 and was re-elected on December 3, 2018 and October 15, 2019. 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 Philippine Bar Examinations.

Atty. Alfred S. Jacinto was elected as an Independent Director of the Board in January 10, 2018 and was re-elected on December 3, 2018 and October 15, 2019. 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 Partner 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, and Joint Congressional Oversight Committee on the Clean Water Act.

Mr. Erwin Terrell Y. Sy was elected as the Investor Relations Officer on December 14, 2018 and was re-elected on October 28, 2019. He was elected as Treasurer/Chief Financial Officer on March 4, 2020, effective on March 7, 2020. Mr. Sy brings to ISOC over nine (9) 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.

OFFICERS:

Atty. Allesandra Fay V. Albarico was elected Compliance Officer/ Chief Information Officer in January 10, 2018 and was re-elected on December 14, 2018 and October 28, 2019. She is currently the Assistant Corporate Secretary and Head of the Legal Department of ISOC Holdings, Inc. and its subsidiaries. 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 of 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 Master of Laws degree and diploma in Leadership and Management Development Program. She is currently pursuing a doctorate degree in Civil Law and was elected as Vice-President (DCL) of the Graduate School of Law Student Council while concurrently serving as Professor of Law on Obligations and Contracts in a state university. Last 2019, she passed the certification examination for compliance officers.

Atty. Manuel Z. Gonzalez was elected Corporate Secretary in January 10, 2018 and was re-elected on December 14, 2018 and October 28, 2019. 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. He serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Philippines,Inc. 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 and was re-elected on December 14, 2018 and October 28, 2019. 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.

Ms. Meryll Anne C. Yan was elected Investor Relations Officer/Data Protection Officer on 4 March 2020, effective March 7, 2020. Ms. Yan is a multi-awarded marketer who started out her career in Unilever Philippines. Prior to her current role as Head of Marketing for ISOC Holdings, Inc. and ORCA Cold Chain Solutions, Inc. she was Head of Marketing for SM Ladies Fashion and was also the Chief Creative Artist Officer of a local creatives agency. Most of her working tenure was spent in fashion and publishing, where she rose in ranks to become Group Publisher and Editorial Director of the One Mega Group, the company that carries titles like MEGA, Meg, Bluprint and Lifestyle Asia.

FORMER OFFICERS

Mr. Vicente L. Araña was re-elected Treasurer and Chief Financial Officer in October 28, 2019, serving as such until March 4, 2020. He previously served as Group Chief Financial Officer of ISOC Holdings, Inc. and its subsidiaries from 2018 until March 2020. Prior to joining ISOC, he was CFO of Solar Philippines and a renewable energy company in Ayala's Energy and Infrastructure Group. He has also held CFO posts with TKC Steel Corporation and Coal Asia, Inc. He graduated from the University of the Philippines with a degree in Business Administration and Accountancy and has an MBA from the Asian Institute of Management.

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

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.

Involvement in Certain Legal Proceedings of Directors and Senior Management

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 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:

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.

ITEM 10. EXECUTIVE COMPENSATION

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 2017, 2018 and 2019.

	Year	Salary	Bonuses	Other Benefits	Total
CEO and Top 4 Executive Officers, as a group named above	2017	-	-	55,000	55,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020 estimated	-	-	-	-
All Other Officers and Directors, as a group unnamed	2017			110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020 estimated	-	-	-	-

Compensation of Directors

Standard Arrangement

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

Other Arrangement

Except for minimal representation allowance granted to directors, 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	Percent
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	**ISOC HOLDINGS, INC. ("ISOC")**[3] 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City	**Filipino**	**175,422,074 (Direct)**	**66.99%**

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	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b")	Citizenship	Percent
Common	Michael C. Cosiquien Chairman/President	1 – "R" (direct) 175,422,074 - "B" (indirect)*	Filipino	66.99%
Common	Jesus G. Chua, Jr. Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00%

[3] *ISOC Holdings, Inc. is the beneficial owner of 175,422,074 shares equivalent to 67% of the Company lodged under PCD Nominee Corp. (Filipino) through HDI Securities, Inc.*

Title of Class	Name Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b")	Citizenship	Percent
Common	Irving C. Cosiquien Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Yerik C. Cosiquien Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Michelle Joan G. Tan Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Erwin Terrell Y. Sy Director and Treasurer/CFO	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Alfred S. Jacinto Independent Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Mathew-John G. Almogino Independent Director	1,000 – "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Allesandra Fay V. Albarico Compliance Officer and Corporate Information Officer and System Administrator for PSE	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Meryll Anne C, YanInvestor Relations Officer/Data Protection Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Manuel Z. Gonzalez Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Gwyneth S. Ong Assistant Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
TOTAL		**1,007 "R" (direct) 175,422,075 "B" (indirect)**		**0.00% 66.99%**

*through ISOC Holdings, Inc.

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 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 facilities of the PSE 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 amd 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 (3) 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 SEC 17-A as "Annex A".

(b) Reports on SEC Form 17-C until 31 December 2019

Date of Disclosure	Subject
June 21, 2019	Notice of the Annual Stockholder's Meeting scheduled on October 15, 2019
June 21, 2019	Disclosure on the approval of Board Committee Charters: (a) Board Charter; (b) Corporate Governance Committee Charter; (c) Related Party Transaction Charter; (d) Audit Committee Charter; (e) Board Risk Oversight Committee Charter; and (f) Code of Business Ethics and Conduct
August 1, 2019	Disclosure on the following matters:

Date of Disclosure	Subject
	▪ Amendment of Article III of the Amended Articles of Incorporation of the Company to change the principal address of the Company from Metro Manila, Philippines to 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City. ▪ Amendment of certain provisions of the By-Laws in order to comply with the Code of Corporate Governance for Publicly Listed Companies
August 7, 2019	Change of Directors of the Corporation (Effectivity of election of Mr. Erwin Terrell Y. Sy)
August 14, 2019	Notice of Annual Stockholder's Meeting (Date, Time, Venue, and Agenda)
October 7, 2019	Disclosure on the change in the corporate contact details of the Company
October 16, 2019	Results of the Annual Stockholders' Meeting held on October 15, 2019
October 28, 2019	Disclosure on the following matters: ▪ Results of the Organizational Meeting of the Board of Directors held on October 28, 2019 ▪ Material Related Transaction Policy

(c) Reports on SEC Form 17-Q until 31 December 2019

Date	Subject
May 15, 2019	First Quarter Results
August 14, 2019	Second Quarter Results
November 12, 2019	Third Quarter Results

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on _____, 2020.

By:

MICHAEL C. COSIQUIEN
Chairman and President

ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

SUBSCRIBED AND SWORN to before me this _____ day of JUN 30 2020 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Michael C. Cosiquien	TIN 150-443-099		
Erwin Terrell Y. Sy	TIN 929-096-948		

Notary Public

Doc. No. 127;
Page No. 27;
Book No. III;
Series of 2020.

GINO PAULO C. UY
Appointment No. 170 (2019-2020)
Notary Public
Pasig City, Pateros and San Juan
Until December 31, 2020
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 6445319; 01.02.20; Pasig City
IBP Receipt No. 069190; 01.02.20; RSM
MCLE Compliance No. VI-0011985; 4.14.22

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on _____, 2020.

By:

LAVINIA E. BUCTOLAN
Principal Accounting Officer

SUBSCRIBED AND SWORN to before me this _____ day of JUN 30 2020 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Lavinia E. Buctolan	PRC No. 0090571 valid until 08/04/2023		

Doc. No. 128;
Page No. 27;
Book No. IV;
Series of 2020.

Notary Public

GINO PAULO O. UY
Appointment No. 170 (2019-2020)
Notary Public
Pasig City, Pateros and San Juan
Until December 31, 2020
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 6445319; 01.02.20; Pasig City
IBP Receipt No. 089190; 01.02.20; RSM
MCLE Compliance No. VI-0011985; 4.14.22

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on _____, 2020.

By:

MANUEL Z. GONZALEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of JUN 30 2020 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Manuel Z. Gonzalez	TIN 166-201-040		

Doc. No. 390
Page No. 79
Book No. I
Series of 2020.

ENRICO ERROL V. 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. 099191; 01.02.20; RSM
MCLE Compliance No. VI-0015029; 04.14.22

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-A (Annual Report) (the **17-A Report**) to be prepared.

3. The information contained in the **17-A 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.: 389;
Page No.: 79;
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

Ferronoux Holdings, Inc.

2019 SUSTAINABILITY REPORT

Introduction

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 was, initially, 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.

On February 6, 2018, the SEC approved the amendment to the Company's Articles of Incorporation: (i) to change its corporate name from AG Finance Incorporated to Ferronoux Holdings, Inc.; and (ii) to change its purpose to a holding company. The Company also changed its stock symbol from "AGF" to "FERRO."

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2019, the total number of shares listed in the Philippine Stock Exchange ("PSE") is 261,824,002 shares.

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

On November 17, 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 sixty-seven percent (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.

On July 29, 2019, the SEC approved the amendment to the Company's Articles of Incorporation to change its principal office from Unit 2205A, East Tower, Philippine Stock Exchange, Exchange Road, Ortigas Center, Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

This is the Company's first year to report on its sustainability efforts, as a supplement to the Company's 2019 Financial Report. The report covers the period of January 1 to December 31, 2019 and highlights issues defined as material for the Company's stakeholders.

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2019 Sustainability Report
Ferronoux Holdings, Inc.

Ferronoux Holdings, Inc. believes in practicing sustainable development in its projects and its daily operations, keeping in mind global standards and national impact.

Being good corporate stewards, the Company's core values are also reflected in its building blocks of sustainability – good governance and ethical business practices, economy and environment, and social responsibility.

Contextual Information

Company Details	
Name of Organization	Ferronoux Holdings, Inc.
Location of Headquarters	6/F Hanston Building, F. Ortigas Jr. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City
Location of Operations	6/F Hanston Building, F. Ortigas Jr. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	Ferronoux Holdings, Inc.
Reporting Period	December 31, 2019
Highest Ranking Person responsible for this report	Michael C. Cosiquien

This report provides information about the Company's Environmental, Social and Governance ("ESG") impact for the year ending December 2019. The report contains topics on good governance and ethical business practices, economy and environment and social responsibility.

Even as it ceased its lending activities, the Company plans to restructure its operations. It acknowledges that its shareholders are therefore interested in the disclosure about the Company's financial and sustainability performance, hence we deem the concept of 'Materiality' to refer to vital economic, environmental, and social impacts that are relevant to the assessment and decisions of its shareholders.

Good Governance and Ethical Business Practices

Corporate governance is the foundation of the Company's strategy. As a publicly listed company, Ferronoux complies with the rules and regulations of the SEC and PSE.

Consistent with Philippine laws, the Company's By-Laws grant primary responsibility for ensuring good corporate governance in the Company to its Board of Directors, via its Corporate Governance Committee. The Committee oversees the implementation of the corporate governance framework and periodically reviews such framework to ensure it remains appropriate considering material changes to the Company's size, complexity, and business strategy, as well as its business and regulatory environments, among others. The committee also adopts corporate governance policies and ensures these are reviewed and updated regularly, and consistently implemented in form and substance.

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The Board of Directors are bound to act in the best interests of the Company and for the common benefit of its stockholders and other stakeholders. It also has access to independent professional advice and access to management as it deems necessary to carry out its duties.

The Company's Board of Directors and Officers as of 31 December 2019 are as follows:

Directors	**Designation**
Michael C. Cosiquien	Chairman/President
Jesus G. Chua, Jr.	Vice Chairman
Irving C. Cosiquien	Director
Yerik C. Cosiquien	Director
Michelle Joan G. Tan	Director
Erwin Terrell Y. Sy	Director/Investor Relations Officer
Alfred S. Jacinto	Independent Director
Mathew John G. Almogino	Independent Director
Officers	**Designation**
Vicente L. Arana	Treasurer/Chief Financial Officer
Manuel Z. Gonzalez	Corporate Secretary
Allesandra Fay V. Albarico	Compliance Officer/Chief Information Officer
Gwyneth S. Ong	Assistant Corporate Secretary

Among the Ferronoux Board of Directors' and officers' duties and responsibilities are to ensure the following: (i) the existence and implementation of an effective investor relations program that will keep stockholders and investors informed of key developments in the Company; (ii) the respect and promotion of the rights of stockholders; and (iii) the establishment of an engagement policy that promotes communication and cooperation with host communities where the Company operates.

Ethical Business Practice

The Company is committed to doing business ethically and lawfully in order to build and sustain trust from various stakeholders. Its Code of Business and Ethics define the standards of business conduct expected from its directors and officers in terms of legal compliance, competition and fair deals, confidentiality of information, and proper use of property.

Periodic Review of Policies

All governance policies of the Company are regularly reviewed to ensure they remain appropriate and relevant. The policies are benchmarked with global best practices and compliant with local applicable laws and regulations.

Anti-Corruption Program

The Company recognizes the harmful impacts of corrupt practices, should they take place, in its business operations and relationships with both private and public institutions. While there is zero risk of corruption within the Company and its officers and shareholders, it ensures that all stakeholders adhere to the anti-corruption practices in accordance with Republic Act 9485 or the Anti-Red Tape Act of 2007 and its implementing rules and regulations.

Within the Company, officers are prohibited from engaging in direct and indirect bribery and corrupt practices, such as improper payments to government offices/officials and business partners to influence actions or decisions on pending transactions or to gain improper advantage. As part of the Company's efforts to cultivate a culture of good governance, officers have access to corporate governance policies and to regular advisories on such policies. The

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Company is also finalizing its written anti-corruption policies. To date, there are no incidents or reports of confirmed corruption involving the Company.

Supplier-Contractor Relations Policy

The Company follows best practices in supply chain management and mandates all directors and officers to maintain the Company' reputation for equal opportunity and honest treatment of suppliers in all business transactions. It embodies the Company's commitment to look for and maintain mutually beneficial relationships with similarly principled suppliers. In this case, suppliers are accredited based on established criteria, purchases are made through competitive bidding, and transactions are fully documented.

Compliance with Statutory Standards

Ferronoux ensures that it complies with all laws and regulations, including the requirement of local government units (LGUs) in the areas where it operates. The Company adheres to regulations issued by the SEC, Department of Trade and Industry (DTI), Department of Labor and Employment (DOLE), Bureau of Internal Revenue (BIR) and other relevant government authorities.

Ferronoux's Legal Department provides essential support in ensuring the Company's compliance with laws and regulations. It manages the efficient and proactive provisioning of legal service in government, regulatory, administrative, court and arbitral proceedings. It also assists in preparing, reviewing and negotiating contracts and provides legal advice on matters regarding the enforcement of obligations, exercise of rights, and resolution of disputes.

Economic Performance

Disclosure	Amount	Units
Direct economic value generated (revenue)	Nil	PhP
Direct economic value distributed:		
a. Operating costs	2,264,019	PhP
b. Employee wages and benefits	Not Applicable	PhP
c. Payments to suppliers, other operating costs	1,709,643	Php
d. Dividends given to stockholders and interest payments to loan providers	Not Applicable	PhP
e. Taxes given to government	275,257	PhP

Since the Company has ceased its lending activities in 2015, the Company's new shareholders have committed to provide financial support for the Company to continue as a going concern.

The Company's main shareholder is in diverse businesses such as real estate development, energy, infrastructure and logistics. The Company is considering its options with respect to investment structures that would be optimal for its plans, whether as an operating or holding company. There is also no compensation of key management personnel in 2019. The financial and administrative functions of the company are handled by the employees of the Parent Company at no cost to the company.

Environment

The Company is aware that business affects the environment, and thus it exerts reasonable efforts to manage and minimize its carbon footprint. Ferronoux only utilizes what it needs while caring for its community and environment and providing a safer and secured workplace for its stakeholders including its colleagues. Sustainable operations result in efficiencies that affect its people and planet, which also allow the Company to reach more people and improve quality of lives.

PAI

Resource Management

Disclosure	Quantity	Units
Energy consumption (electricity)	19,797	kWh

Ferronoux recognizes that proper resource management in the Company's day-to-day activities makes a difference in collective efforts to conserve energy and mitigate climate change. Proper resource management benefits not only the Company, but moreso its community. As a going concern, the Company ensures it does not use more resources than is necessary.

The Company promotes efficient use of space and utilities by sharing resources with its Parent Company. Since Ferronoux occupies space within the Parent Company's office, the Company benefits from the latter's energy conservation measures that include the switching off of lights in areas where there are no people and the switching off of air conditioning units after business hours.

Water Consumption

Disclosure	Quantity	Units
Water consumption	925	Cubic meters
Water recycled and reused	Not Applicable	Cubic meters

The Company similarly recognizes that water is a finite resource which must always be conserved. It is keenly aware of recurring water shortages in the region and how such shortages may affect its administrative and day-to-day operations and the overall well-being of the community.

Ferronoux is an advocate of water conservation and constantly reminds its people to do their share. The Company acts with urgency and concern to address reports of leaks within its office. It also aims to lessen its water consumption to avoid wastage by way of constant reminders in its facilities. The Company continues to work to efficiently to manage its water consumption.

Waste Management

The Company clarifies that it has yet to practice the weighing in of discarded wastes. Nonetheless, the Company remains cognizant that running the business generates waste, the disposal of which affects the health of the community.

Segregation is practiced and allows the Company to capture recyclables from non-hazardous waste. It also ensures proper and regular disposal for different types of waste. The Company does not produce hazardous waste.

Collection and disposal of solid waste is done through garbage collectors authorized by LGUs. Used oil, busted lamps, and discarded batteries are collected and temporarily stored until authorized haulers for treatment arrive and collect such wastes.

Social Responsibility

The Company pursues innovations aimed at providing solutions that would benefit stakeholders, including partners, clients, customers, and communities where it conducts business.

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Employee Data

The Company's administrative functions are handled by the employees of the Parent Company at no cost to the company.

Given that the Company's daily operations are handled by the Parent Company, the latter's corporate values also serve as guiding principles for potential employee management. The Parent Company's employee benefits include a well-crafted benefit package that shows how it values its workforce and understands what matters most to them.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	Zero	Man-hours
No. of work-related injuries	Zero	#
No. of work-related fatalities	Zero	#
No. of work-related ill-health	Zero	#
No. of safety drills	Two	#

The Company prioritizes safety and security throughout the workplace. The welfare of its officers, guests, contractors, and neighbor communities are an important consideration whenever a decision is made. Operational health and safety (OHS) standards are always upheld as it recognizes that accidents may happen any time.

Continuous training in health and safety has been the key approach, which includes critical emergency drills that provide a deeper learning experience for its Parent Company's officers and employees to rely on during actual incidents.

Labor Laws and Human Rights

The Company reiterates that its administrative functions are handled by the employees of the Parent Company at no cost to the company. There have been no reports of any legal action or employee grievances at the Parent Company level. Nonetheless, the Company has mechanisms in place for reporting or handling such issues with due process.

Supply Chain Management

The Company is currently working on creating a supplier accreditation policy. Nonetheless, suppliers are required to accomplish an accreditation form and submit government-issued and financial supporting documents. Suppliers are selected based on definite criteria, which includes good governance, ethnical business practices, among others.

Business Continuity and Disaster Management

The dynamic business environment has also prompted the Company to consider establishing process to enable organizational resilience, minimize the impact of disruptions, and facilitate immediate recovery of operations using the quickest and most effective means possible.

The Company continues to improve its Business Continuity Management System (BCMS) to enhance its capability to effectively respond to and manage various crises in protecting its assets and the interest of its officers and shareholders.

As disasters and disruptions are unpredictable, the BCMS is designed to be flexible to effectively respond to the actual complex nature of crises and disruptions as they occur. The response strategies empower the organization to adapt and respond to the nature of the

disruption, instead of having rigid policies that limit options available to the organization when responding to disruptions.

Asset Protection

The Company has installed necessary policies, processes, and systems, accompanied with training, testing, and governance for continuous process upgrades, which provide resilient and responsive security coverage for the Company's assets and operations. This ensures that it has a response protocol that is agile and capable of addressing current and emerging threats.

The asset protection processes and guidelines use an approach that features a robust system for physical security, by using an optimal mix of protective personnel and industrial security solutions, which include electronic access controls, closed circuit television (CCTV) systems, 24/7 security monitoring command centers and trained security response personnel.

Data Security

The Company complies with the Republic Act 10173 or the Data Privacy Act of 2012. Ensuring data privacy and information security is deemed important in maintaining good relations between the Company and its partners.

Data/information assets are protected and are maintained at the highest level to detect potential threats such as phishing attacks or data breaches. The Company has put in place stringent policies on social media and information security and data privacy, as well as drafted guidelines on handling information assets and the proper use of technology resources.

The Company has assigned a Data Privacy Officer who oversees the implementation and management of data privacy and information security as mandated in RA 10173. It also drafted and put in place its own Data Privacy Manual.

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ISOC HOLDINGS, INC.

Florence Ambray <fambray@isocholdings.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Tue, Jun 30, 2020 at 3:10 PM
To: FAMBRAY@isocholdings.com
Cc: FAMBRAY@isocholdings.com

Hi AGFINANCE,

Valid files

- EAFS219045668ITR2019.pdf
- EAFS219045668AFS2019.pdf

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- <None>

Transaction Code: **AFS-2019-89HDG9B70NZVYVRNMPRRYW2RV0211NM1YR**
Submission Date/Time: **Jun 30, 2020 03:10 PM**
Company TIN: **219-045-668**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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ISOC HOLDINGS, INC.

Florence Ambray <fambray@isocholdings.com>

Ferronoux Holdings, Inc. | 2019 Audited Financial Statement

Florence Ambray <fambray@isocholdings.com> Tue, Jun 30, 2020 at 3:04 PM
To: icgonzales@sec.gov.ph, ermdfs1@sec.gov.ph, ermdfs2@sec.gov.ph
Cc: Terrell Sy <tsy@isocholdings.com>, Lavinia Buctolan <lbuctolan@isocholdings.com>, Meredith Salentes <msalentes@isocholdings.com>

To whom it may concern,

Attached herewith is the audited financial statements of Ferronoux Holdings Inc. for submission to your office.

We shall await for the acknowledgement receipt. Thank you.

Regards,
Florence T. Ambray
Financial Planning and Analysis Officer
Mobile: +639958508267
6/F Hanston Building, F. Ortigas Jr. Road,
Ortigas Centre, Pasig City

FHI_FS1219_FerronouxHoldings_SEC.pdf
1091K

Ferronoux Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Ferronoux Holdings, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2019** and **2018**, 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 to do so.

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

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

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

MICHAEL C. COSIQUIEN
Chairman/President

ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

Signed this 29 day of JUN 2020 PASIG CITY

Ferronoux Holdings, Inc.

SUBSCRIBED AND SWORN to before me this 29 JUN 2020 day of _____, affiant exhibiting to me their Competent Evidence of Identity (CEI), as follows:

NAMES	CEI
Michael C. Cosiquien	EC7875461
Erwin Terrell Y. Sy	N02-04-519606

Doc. No. 84;
Page No. 18;
Book No. IV;
Series of 2020.

CHERRYLYN C. NAVARRA
Notary Public for Pasig City
Appointment No. 124 (2019-2020)
Until 31 December 2020
PTR No. 5242122; 01-04-2020; Pasig City
IBP No. 101086; 01-03-2020; Makati
Roll No. 62588
MCLE Compliance No. VI-0021[illegible]
Valid until 14 April 2022
706 Prestige Tower, F. Ortigas Jr. Road
Ortigas Center, Pasig City
Tel. No. 687-2989 up to 93
Email:lmcglaw@yahoo.com.ph

C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	2	0	0	1	1	5	1	5	1

C O M P A N Y N A M E

F	E	R	R	O	N	O	U	X		H	O	L	D	I	N	G	S	,		I	N	C	.		(	A		S	u	b	s	i	d	i	a	r	y	
o	f		I	S	O	C		H	o	l	d	i	n	g	s	,		I	n	c	.	)																		

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

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	

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C R M D	N / A

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

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.ferronouxholdings.com	**–**	**09178078815**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
26	**Last Friday of June**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Jesus G. Chua, Jr.	**jess@isocholdings.com**	**–**	**–**

CONTACT PERSON'S ADDRESS

6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig 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*

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

Citibank Tower
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Ferronoux Holdings, Inc.
6th Floor, Hanston Building
F. Ortigas, Jr. Road, Ortigas Center
Pasig City

Opinion

We have audited the accompanying financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2019, 2018 and 2017, 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, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019, 2018 and 2017 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 to the financial statements, which indicates that the Company ceased its lending activities in 2015 and does not have any other business activities since then. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern. Management's plan to address these conditions is discussed in Note 1. Our opinion is not modified in respect of this matter.

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

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.

Valuation of Note Receivable

As at December 31, 2019 and 2018, the Company's note receivable represents 98% of total assets and the impairment assessment involves the exercise of significant judgment by management.

We evaluated the appropriateness of key management decisions and judgments, including the appropriateness and mathematical accuracy of the allowance for impairment recognized. We also reviewed and assessed the adequacy of the related disclosures in Notes 3, 5 and 12 to the financial statements.

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, 2019, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report to be distributed to stockholders for the year ended December 31, 2019 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 August 15, 2021
SEC Accreditation No. 81207-SEC Group A
Valid until January 29, 2025
BIR Accreditation No. 08-005144-004-2019
Valid until October 16, 2022
PTR No. 8116474
Issued January 6, 2020, Makati City

June 29, 2020
Makati City, Metro Manila

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

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2019**	2018
ASSETS			
Current Assets			
Cash in bank	4	**₱951,868**	₱74,094
Note receivable	5	**132,714,385**	–
Other current assets		**2,227,751**	2,202,229
Total Current Assets		**135,894,004**	2,276,323
Noncurrent Asset			
Note receivable	5	**–**	130,022,700
		₱135,894,004	₱132,299,023
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	**₱4,782,626**	₱1,693,605
Equity			
Capital stock		**261,824,002**	261,824,002
Additional paid-in capital		**74,277,248**	74,277,248
Deficit		**(204,989,872)**	(205,495,832)
Total Equity		**131,111,378**	130,605,418
		₱135,894,004	₱132,299,023

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2019**	2018	2017
INTEREST INCOME	8	**₱6,687,704**	₱6,552,075	₱6,419,953
EXPENSES	9	**(2,264,019)**	(1,620,929)	(1,728,763)
OTHER INCOME (CHARGES) - net				
Provision for expected credit loss (ECL)	5	**(3,996,019)**	(3,467,883)	–
Reversal of liability	6	**79,892**	370,000	3,465,400
Loss on modification of terms of note receivable	5	**–**	–	(24,107,168)
		(3,916,127)	(3,097,883)	(20,641,768)
INCOME (LOSS) BEFORE INCOME TAX		**507,558**	1,833,263	(15,950,578)
PROVISION FOR (BENEFIT FROM) INCOME TAX	11			
Current		**1,598**	7,400	69,308
Deferred		**–**	–	(464,354)
		1,598	7,400	(395,046)
NET INCOME (LOSS)		**505,960**	1,825,863	(15,555,532)
OTHER COMPREHENSIVE INCOME		**–**	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱505,960**	₱1,825,863	(₱15,555,532)
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED	10	**₱0.002**	₱0.007	(₱0.059)

See accompanying Notes to Financial Statements.

FERRONOUX HOLDINGS, INC.

(A Subsidiary of ISOC Holdings, Inc.)

STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2019	2018	2017
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
DEFICIT			
Balance at beginning of year	**(205,495,832)**	(207,321,695)	(191,766,163)
Net income (loss)	**505,960**	1,825,863	(15,555,532)
Balance at end of year	**(204,989,872)**	(205,495,832)	(207,321,695)
	₱131,111,378	₱130,605,418	₱128,779,555

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2019**	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**₱507,558**	₱1,833,263	(₱15,950,578)
Adjustment for interest income	8	**(6,687,704)**	(6,552,075)	(6,419,953)
Operating loss before working capital changes		**(6,180,146)**	(4,718,812)	(22,370,531)
Decrease (increase) in:				
Note receivable		**3,996,019**	3,467,883	24,107,168
Other current assets		**(25,522)**	7,400	69,808
Increase (decrease) in accrued expenses and other current liabilities		**3,089,021**	1,183,615	(1,921,015)
Net cash generated from (used for) operations		**879,372**	(59,914)	(114,570)
Interest received		**–**	9	775
Income taxes paid		**(1,598)**	(7,400)	(69,308)
NET INCREASE (DECREASE) IN CASH IN BANK		**877,774**	(67,305)	(183,103)
CASH IN BANK AT BEGINNING OF YEAR		**74,094**	141,399	324,502
CASH IN BANK AT END OF YEAR		**₱951,868**	₱74,094	₱141,399

See accompanying 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, 2019 and 2018, 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. Part of the arrangements was the assumption by Sunprime Finance, Inc. (SFI) of loans receivables arising from the Company's previous lending activities (see Note 5). SFI issued a note in exchange for the loans.

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.

The financial statements of the Company as at December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 were approved and authorized for issue by the Board of Directors (BOD) on June 29, 2020.

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 the Company's investment criteria. The Company is in discussions with potential targets, as well as with financing institutions to complement the Company's new shareholder's capital. Management is considering to implement changes in the Company's business structure and operations to take advantage of opportunities arising from these discussions.

Events after the Reporting Period

Impact of COVID-19 (Coronavirus Disease 2019). The country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. While the financial impact is considered a non-adjusting subsequent event as at December 31, 2019, management believes that the effect on the Company's operations and financial performance is not significant.

Assignment of Note Receivable. On June 26, 2020, the Company's BOD approved the assignment of the note receivable from SFI with carrying amount of ₱132.7 million as at December 31, 2019 to a stockholder of the Parent Company (Stockholder) in exchange for the Stockholder's receivable from ISOC. On June 29, 2020, the Company and the Stockholder, with conformity of ISOC and SFI, entered into a Deed of Assignment covering the note. As a result of the transaction, the Company reclassified the note receivable to "Due from a related party" account.

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 did not have any material effect on the financial statements of the Company. Necessary disclosures were included in the financial statements.

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.

Other Current Assets
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.

Impairment of Nonfinancial Assets
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 (loss) 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. The Company does not have any other operating segments.

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 transactions, 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 statements.

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 Judgment, 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, 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.

Judgment

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

Assessing the Ability of the Company to Continue as a Going Concern. The Company has ceased its lending activities in 2015 and has no other business activities since then. As discussed in Note 1, management is considering to implement changes in the Company's business structure and operations and is focused on acquiring a majority stake in operating businesses that meet the Company's investment criteria. Based on this, the financial statements are prepared on a going concern basis of accounting.

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 ECL. The Company applies the general approach in measuring ECL. For cash in bank, the Company assessed that cash in bank is deposited in a reputable counterparty bank 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 ₱4.0 million and ₱3.5 million in 2019 and 2018, respectively. Allowance for ECL amounted to ₱197.0 million and ₱193.0 million as at December 31, 2019 and 2018, respectively (see Note 5). The carrying amounts of the financial assets of the Company are as follows:

	Note	**2019**	2018
Cash in banks	4	**₱951,868**	₱74,094
Note receivable	5	**132,714,385**	130,022,700

Assessing the 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.

As at December 31, 2019 and 2018, 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 and ₱61.6 million as at December 31, 2019 and 2018, respectively (see Note 11).

4. Cash in Bank

Cash in bank amounted to ₱951,868 and ₱74,094 as at December 31, 2019 and 2018, respectively, and earns interest at prevailing bank deposit rates. Interest income earned amounted to nil, ₱9 and ₱775 in 2019, 2018 and 2017, respectively (see Note 8).

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 in 2017 arising from the modification of the terms of the note.

Movements in this account are shown below:

	2019	2018
Original amount	**₱332,639,733**	₱332,639,733
Unamortized "Day 1" difference	**(2,900,371)**	(9,588,075)
	329,739,362	323,051,658
Allowance for ECL	**(197,024,977)**	(193,028,958)
	₱132,714,385	₱130,022,700

As at December 31, 2019, the note receivable is classified as current since its maturity is within twelve months after the reporting period.

Movements in unamortized "Day 1" difference are shown below:

	Note	**2019**	2018
Balance at beginning of year		**₱9,588,075**	₱16,140,141
Accretion of "Day 1" difference	8	**(6,687,704)**	(6,552,066)
Balance at end of year		**₱2,900,371**	₱9,588,075

Movements in allowance for ECL in 2019 and 2018 are shown below:

	2019	2018
Balance at beginning of year	**₱193,028,958**	₱189,561,075
Provision for ECL	**3,996,019**	3,467,883
Balance at end of year	**₱197,024,977**	₱193,028,958

6. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	**2019**	2018
Due to a:			
Related party	7	**₱4,228,250**	₱1,139,648
Third party		**–**	73,957
Accrued expenses		**554,376**	480,000
		₱4,782,626	₱1,693,605

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

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

Long-outstanding liabilities amounting to ₱0.1 million, ₱0.4 million and ₱3.5 million in 2019, 2018 and 2017, respectively, were reversed as management has assessed that creditors will have no further claims against the Company.

7. Related Party Transactions

The following table summarizes the transactions with related parties and the outstanding balance arising from these transactions as at and for the years ended December 31, 2019 and 2018:

	Nature of transactions	Transactions during the Year		Outstanding Balance	
		2019	2018	**2019**	2018
Due to a Related Party					
Parent Company	Advances for working capital requirements	**₱3,088,602**	₱1,139,648	**₱4,228,250**	₱1,139,648

Terms and Conditions of Transactions with Related Party

The outstanding balance as at year-end is unsecured, noninterest-bearing, due and demandable and is normally settled in cash.

Key Management Personnel

There is no key management personnel compensation in 2019, 2018 and 2017. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

8. Interest Income

This account consists of:

	Note	**2019**	2018	2017
Accretion of "Day 1" difference	5	**₱6,687,704**	₱6,552,066	₱6,419,178
Cash in bank	4	**–**	9	775
		₱6,687,704	₱6,552,075	₱6,419,953

9. Expenses

This account consists of:

	2019	2018	2017
Professional fees	**₱1,192,779**	₱625,147	₱493,200
PSE and SEC fees	**280,000**	286,720	365,610
Taxes and licenses	**275,257**	500	492,292
Representation	**243,714**	416,115	15,957
Outside services	**107,453**	280,813	158,567
Others	**164,816**	11,634	203,137
	₱2,264,019	₱1,620,929	₱1,728,763

10. Earnings (Loss) Per Share (EPS)

Basic and diluted EPS is computed as follows:

	2019	2018	2017
Net income (loss)	**₱505,960**	₱1,825,863	(₱15,555,532)
Weighted average number of common shares	**261,824,002**	261,824,002	261,824,002
	₱0.002	₱0.007	(₱0.059)

The Company does not have dilutive potential shares of stock

11. Income Taxes

The Company's provision for current income tax pertains to MCIT in 2019, 2018 and 2017.

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

	2019	2018	2017
Income tax expense (benefit) at statutory tax rate	**₱152,267**	₱549,979	(₱4,785,173)
Change in unrecognized deferred tax assets	**(751,693)**	(14,697,743)	4,367,123
Add (deduct) tax effects of:			
Expired NOLCO and MCIT	**527,907**	14,030,332	–
Nondeductible expenses	**73,117**	124,835	23,237
Interest income already subjected to final tax	**–**	(3)	(233)
	₱1,598	₱7,400	(₱395,046)

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

	2019	2018
Allowance for ECL	**₱59,107,493**	₱57,908,688
Unamortized "Day 1" difference	**870,111**	2,876,423
NOLCO	**832,568**	778,352
MCIT	**78,306**	76,708
	₱60,888,478	₱61,640,171

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	Expired	Ending Balance	Valid Until
2019	₱–	₱1,940,413	₱–	₱1,940,413	2022
2018	834,814	–	–	834,814	2021
2016	1,759,691	–	(1,759,691)	–	2019
	₱2,594,505	₱1,940,413	(₱1,759,691)	₱2,775,227	

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	Expired	Ending Balance	Valid Until
2019	₱–	₱1,598	₱–	₱1,598	2022
2018	7,400	–	–	7,400	2021
2017	69,308	–	–	69,308	2020
	₱76,708	₱1,598	₱–	₱78,306	

12. 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 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 bank and note receivable.

The carrying amount 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 summary of exposure to credit risk for the Company's financial assets are as follows:

December 31, 2019:

	Neither Past Due nor Impaired		**Past Due but**		
	High Grade	**Standard Grade**	**not Impaired**	**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**

December 31, 2018:

	Neither Past Due nor Impaired		Past Due but		
	High Grade	Standard Grade	not Impaired	Impaired	Total
Cash in bank	₱74,094	₱–	₱–	₱–	₱74,094
Note receivable	–	130,022,700	–	193,028,958	323,051,658
	₱74,094	₱130,022,700	₱–	₱193,028,958	₱323,125,752

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

Standard grade - ratings given to counterparties with average capacity to meet its obligations.

Cash in bank is classified as high grade since it is deposited in a reputable bank, which has 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 expenses and other current liabilities as at December 31, 2019 and 2018 represents the contractual undiscounted cash flows and is payable within the next reporting year.

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

	2019		2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in banks	**₱951,868**	**₱951,868**	₱74,094	₱74,094
Note receivable	**132,714,385**	**132,714,385**	130,022,700	114,332,387
	₱133,666,253	**₱133,666,253**	₱130,096,794	₱114,406,481
Financial Liabilities				
Accrued expenses and other current liabilities	**₱4,782,626**	**₱4,782,626**	₱1,693,605	₱1,693,605

Cash in Banks and Accrued Expenses and Other Current Liabilities. The carrying amounts of cash in bank and accrued expenses and other current liabilities approximate their fair values due to the 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.

13. **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 2019, 2018 and 2017. The Company is not subject to externally-imposed capital requirements.

REYES TACANDONG & CO.
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BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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

The Stockholders and the Board of Directors
Ferronoux Holdings, Inc.
6th Floor, Hanston Building
F. Ortigas, Jr. Road, Ortigas Center
Pasig City

We have audited the accompanying financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 on which we have rendered our report dated June 29, 2020.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has sixteen (16) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
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Valid until January 29, 2025
BIR Accreditation No.08-005144-004-2019
Valid until October 16, 2022
PTR No. 8116474
Issued January 6, 2020, Makati City

June 29, 2020
Makati City, Metro Manila

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INDEPENDENT AUDITORS REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Ferronoux Holdings, Inc.
6th Floor, Hanston Building
F. Ortigas, Jr. Road, Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018, and 2017, and have issued our report thereon dated June 29, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 and no material exceptions were noted.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
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FERRONOUX HOLDINGS, INC.

(A Subsidiary of ISOC Holdings, Inc.)

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Below is a schedule showing financial soundness indicators in 2019 and 2018.

Ratio	Formula	2019	2018
Current Ratio			
	Total current assets	**₱135,894,004**	₱2,276,323
	Divided by: Total current liabilities	**4,782,626**	1,693,605
	Current Ratio	**28.41:1**	1.34:1
Acid Test Ratio			
	Total current assets	**₱135,894,004**	₱2,276,323
	Less: Inventories	**–**	–
	Other current assets	**2,227,751**	2,202,229
	Quick assets	**133,666,253**	74,094
	Divide by: Total current liabilities	**4,782,626**	1,693,605
	Acid Test Ratio	**27.95:1**	0.04:1
Solvency Ratio			
	Net income after depreciation and amortization	**₱505,960**	₱1,825,863
	Add: Depreciation and amortization	**–**	–
	Net income before depreciation and amortization	**505,960**	1,825,863
	Divided by: Total liabilities	**4,782,626**	1,693,605
	Solvency Ratio	**0.11**	1.08
Debt-to-Equity Ratio			
	Total liabilities	**₱4,782,626**	₱1,693,605
	Divided by: Total equity	**131,111,378**	130,605,418
	Debt-to-Equity Ratio	**0.04**	0.01
Asset-to-Equity Ratio			
	Total assets	**₱135,894,004**	₱132,299,023
	Divided by: Total equity	**131,111,378**	130,605,418
	Asset-to-Equity Ratio	**1.04**	1.01
Return on Equity			
	Net income	**₱505,960**	₱1,825,863
	Divided by: Total equity	**131,111,378**	130,605,418
	Return on Equity	**0.004**	0.014
Return on Assets			
	Net income	**₱505,960**	₱1,825,863
	Divided by: Average total assets	**134,096,514**	225,574,822
	Return on Assets	**0.004**	0.008
Net Profit Margin			
	Net income	**₱505,960**	₱1,825,863
	Divided by: Revenue	**6,687,704**	6,552,075
	Net Profit Margin	**0.08**	0.28

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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Ferronoux Holdings, Inc.
6th Floor, Hanston Building
F. Ortigas, Jr. Road, Ortigas Center
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 and have issued our report thereon dated June 29, 2020. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Company's management.

These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2019
- Schedules required by Annex 68-J as at December 31, 2019
- Conglomerate Map as at December 31, 2019

These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic financial statements. The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

Belinda B. Fernando

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

SUPPLEMENTARY SCHEDULE OF COMPANY'S RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2019

	Amount
Unappropriated retained earnings (deficit), as shown in the financial statements at beginning of year	(₱205,495,832)
Unamortized "Day 1" difference, beginning of year	9,588,075
Total retained earnings (deficit) available for dividend declaration at beginning of year	(195,907,757)
Net income during the year closed to retained earnings	505,960
Accretion of "Day 1" difference during the year	(6,687,704)
Total retained earnings (deficit) available for dividend declaration at end of year	(₱202,089,501)

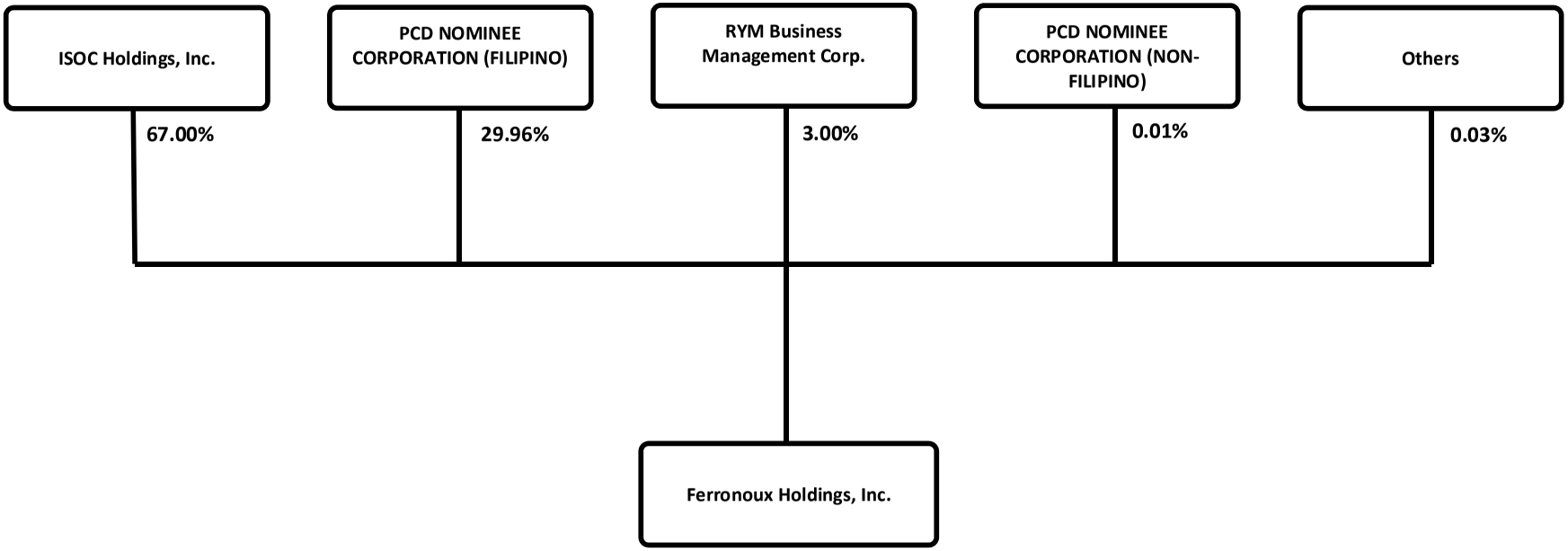
FERRONOUX HOLDINGS, INC.
(A Subsidiary of ISOC Holdings, Inc.)

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2019

Table of Contents

Schedule	*Description*	*Page*
A	Financial Assets	N/A
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Long-Term Debt	N/A
E	Indebtedness to Related Parties	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	1

Schedule G. 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	–	175,422,074	1,007	86,400,921

Conglomerate Map
As at December 31, 2019