

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- ☒ Preliminary Information Statement
☐ Definitive Information Statement

2. Name of Registrant as specified in its charter

Ferronoux Holdings, Inc.

3. Province, country or other jurisdiction of incorporation or organization

Metro Manila, Philippines

4. SEC Identification Number

A200115151

5. BIR Tax Identification Code

219-045-668

6. Address of principal office

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

Postal Code

1600

7. Registrant's telephone number, including area code

+(63)917-807-88-15 or (02)8888-4762

8. Date, time and place of the meeting of security holders

October 20, 2021 at 1:00 p.m. The meeting will be conducted virtually and participation will be via remote communication (through Zoom facility).

9. Approximate date on which the Information Statement is first to be sent or given to security holders

Sep 28, 2021

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
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Common

261,824,002

13. Are any or all of registrant's securities listed on a Stock Exchange?

☒ Yes
 ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

The Philippine Stock Exchange

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.

Ferronoux Holdings, Inc.

FERRO

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting *References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules*

Date of Stockholders' Meeting	Oct 20, 2021
Type (Annual or Special)	Annual
Time	1:00 p.m.
Venue	The meeting will be conducted virtually and participation will be via remote communication (through Zoom facility). Stockholders should pre-register at this link: http://ferronouxholdings.com/asm2021
Record Date	Sep 30, 2021

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information

Please find attached the updated Definitive Information Statement of Ferronoux Holdings, Inc. in connection with the annual stockholders' meeting scheduled on October 20, 2021.

Stockholders should pre-register at this link: <http://ferronouxholdings.com/asm2021>

Filed on behalf by:

Name	Manuel Gonzalez
Designation	Corporate Secretary

Ferronoux Holdings, Inc.

Notice of Annual Stockholders' Meeting

To All Stockholders:

Notice is hereby given that the Annual Stockholders Meeting of **FERRONOUX HOLDINGS, INC.** (the "**Corporation**") will be held virtually via remote communication (through Zoom facility) on Tuesday, **October 20, 2021, at 1:00** in the afternoon.

The agenda for the said meeting shall be as follows:

1. Call to Order
2. Secretary's Proof of Due Notice of the Meeting and Determination of Quorum
3. Approval of the Minutes of the Stockholders' Meeting held on October 20, 2020
4. Management's Report
5. Ratification of Acts of the Board of Directors and Management during the Previous Year
6. Election of Directors (including Independent Directors)
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

Only stockholders of record as of the close of business on **September 30, 2021**, are entitled to notice and to vote at the meeting.

A brief explanation of the agenda item which requires stockholders' approval is provided in the Information Statement. The Information Statement, Management Report, the Annual Report (SEC Form 17A) and Quarterly Report will be uploaded to the Corporation's website <https://www.ferronouxholdings.com/asm2021> and PSE EDGE.

In light of current conditions and in support of the efforts to contain the outbreak of COVID-19, stockholders may attend the meeting and vote via remote communication only. Stockholders may attend the meeting and vote via remote communication in accordance with the procedure set forth in **Appendix 1** of the Information Statement.

Stockholders shall pre-register at this link: in <https://www.ferronouxholdings.com/asm2021>, beginning **September 14, 2021 until 5:00 p.m. of October 8, 2021**. Stockholders who will join by proxy shall download, fill out and sign the proxy found in the foregoing link and in accordance with the procedures set forth in **Appendix 1** of the Information Statement. The Company does not solicit your proxy.

Deadline for registration and submission of voting forms and proxies is at **5:00 p.m. on October 8, 2021**. Validation of proxies shall be made on **October 11, 2021** at the principal office of the Corporation at the 6th Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

Stockholders cannot record the meeting. However, a request for the recording of the ASM may be made to asm2021@ferronouxholdings.com. Stockholders may also send related inquiries to asm2021@ferronouxholdings.com.

Pasig City, September 14, 2021


MANUEL Z. GONZALEZ
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

Proof of notice and determination of quorum

The Corporation has established a designated website in order to facilitate the registration of and voting in absentia by stockholders at the annual meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A stockholder or member who participates through remote communication and votes by proxy shall be deemed present for purposes of quorum.

The Corporate Secretary will certify the date the notice of the meeting was published as required by the Securities and Exchange Commission Notice on Alternative Mode of Distributing and providing copies of the Notice, Information Statement, Management Report, SEC Form 17A for the period ending December 31, 2020 (the "Annual Report") and the SEC Form 17Q for the periods ending March 31, 2021 and June 30, 2021 (the "Quarterly Reports").

The Corporate Secretary will further certify the existence of a quorum. For purposes of quorum, only the following Stockholders shall be counted as present:

- A. Stockholders who have registered on the website on or before the cut-off date; and
- B. Stockholders who have sent their proxies via the website on or before the deadline.

A majority of the outstanding capital stock shall constitute a quorum for the transaction of business.

The complete guidelines for voting in absentia is found on the Attached **Appendix 1**.

Approval of minutes of previous meeting

The minutes of the meeting held on October 20, 2020 are posted at the Corporation's website, <https://www.ferronouxholdings.com/asm2021>.

Annual report

A report to the stockholders on the performance of the Corporation in 2020 and the outlook for 2021 will be delivered. The financial statements as of December 31, 2020 (FS) will be incorporated in the Information Statement.

Copies of the Management Report and SEC Form 17-A will be uploaded to the Corporation's Website at <http://ferronouxholdings.com> and PSE EDGE under Ferronoux Holdings, Inc. Company Disclosures.

Election of directors (including the independent directors)

Voting shall be on the basis of cumulative voting such that each stockholder entitled to vote may cast the votes to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of Directors to be elected. The nine nominees receiving the highest number of votes will be declared elected as directors of the company.

Please refer to the attached **Appendix 1** for the complete guidelines on voting. Please refer to the **Appendices 3 and 4** for the Independent Director Nominees' Certifications.

Appointment of external auditor

The profile of the external auditor will be provided in the Information Statement for examination by the stockholders.

A resolution for the election of the external auditor will be presented to the stockholders for adoption by the affirmative vote of stockholders representing a majority of the voting stock present at the meeting.

Consideration of such other business as may properly come before the meeting

The Chairman will answer questions on matters concerning the Agenda, the Information Statement and the Management Report sent via the voting website.

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

PROXY

Number of Shares Represented

I, the undersigned shareholder of **FERRONOUX HOLDINGS, INC.** (the "Corporation") do hereby constitute and appoint _____ or in his absence, the Chairman of the meeting, as my true and lawful attorney and proxy, with power of substitution and revocation, for me and in my name and stead, to attend the October 20, 2021 stockholders meeting of the Corporation, or any adjournment or postponement thereof, to vote at said meeting the above indicated number of shares registered in the books of the Corporation in my name on all actionable matters specifically set forth in the agenda, as well as any or all matters that may be taken up at said meeting, and to do and perform for me and in my name such acts as may be necessary or appropriate in the premises, as though I were personally present, for the purpose of acting on the following matters:

1. Approval of the Minutes of the Stockholders' Meeting held on October 20, 2020

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
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2. Approval of the Management Report and Audited Financial Statements of the Corporation as of December 31, 2020

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
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3. Ratification of all Acts of the Board of Directors, Board Committees and Management during their respective terms of office

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
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4. Election of Directors

<input type="checkbox"/> Vote for all nominees listed below

1. Michael C. Cosiquien
2. Jesus G. Chua, Jr.
3. Yerik C. Cosiquien
4. Irving C. Cosiquien
5. Michelle Joan G. Tan
6. Erwin Terrell Y. Sy

7. Atty. Mathew John G. Almogino
(Independent Director)
8. Atty. Alfred S. Jacinto
(Independent Director)

<input type="checkbox"/>	Withhold authority for all nominees listed above
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<input type="checkbox"/>	Withhold authority to vote for nominees listed below
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5. Appointment of External Auditor

<input type="checkbox"/>	Reyes Tacandong & Co.
<input type="checkbox"/>	Withhold authority for nominee listed above

Any and all proxies signed by me before this date are hereby expressly revoked and canceled.

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **OCTOBER 8, 2021 (5:00 P.M.)** via asm2021@ferronouxholdings.com / <https://www.ferronouxholdings.com/asm2021>.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED 'FOR' THE ELECTION OF ALL THE

NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

VALIDATION OF PROXIES SHALL BE MADE ON OCTOBER 11, 2021 AT THE PRINCIPAL OFFICE OF THE CORPORATION AT THE 6TH FLOOR HANSTON BUILDING, F. ORTIGAS, JR. ROAD, ORTIGAS CENTER, PASIG CITY. ANY QUESTIONS AND ISSUES RELATING TO THE VALIDITY AND SUFFICIENCY, BOTH AS TO FORM AND SUBSTANCE OF PROXIES SHALL ONLY BE RAISED THEREON AND RESOLVED BY THE CORPORATE SECRETARY.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

IN WITNESS WHEREOF, I have hereunto set my hand this _____.

Printed Name of Stockholder

Signature of Stockholder/Authorized Signatory

Date

COVER SHEET

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S.E.C. Registration Number

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,		I	n	c	.)																								

(Company's Full Name)

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

Manuel Z. Gonzalez

Contact Person

-

Company Telephone Number

0	3
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Month

3	1
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Day

Preliminary Information Statement

FORM TYPE

Last Friday of June

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Month

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Day

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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Document I.D.

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STAMPS

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**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

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

- | | |
|---|--|
| 1. Check the appropriate box: | <input checked="" type="checkbox"/> Preliminary information Statement
<input type="checkbox"/> Definitive information Statement |
| 2. Name of Registrant as specified in its charter: | FERRONOUX HOLDINGS, INC. (formerly AG Finance Incorporated) |
| 3. Country of incorporation: | REPUBLIC OF THE PHILIPPINES |
| 4. SEC identification Number: | A200115151 |
| 5. BIR Tax identification Code: | 219-045-668-000 |
| 6. Address of principal office | 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City 1605 |
| 7. Registrants Telephone Number: | +(63) 9178078815 or (02) 8888 4762 |
| 8. Date, time and place of stockholders' meeting: | Date: October 20, 2021
Time: 1:00 p.m.
Via remote communication (through Zoom facility) Stockholders should pre-register at this link:
https://www.ferronouxholdings.com/asm2021
September 14, 2021 to October 8, 2021 |
| 9. Approximate date on which Information Statement is first to be sent or given to security holders: | September 28, 2021 |
| 10. Securities registered pursuant to Section 8 and 12 of the Code or Section 4 and 8 of the RSA Title of each class: | Common Shares Only |
| Number of Shares of Common Stock Outstanding as of June 30, 2021: | 261,824,002 shares |
| Issued and Subscribed: | 261,824,002 shares |
| 11. Are any of the registrant's securities listed in the Philippine Stock Exchange? | Yes
All common shares are listed in the Philippine Stock Exchange |

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

A. GENERAL INFORMATION

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

- a. Date: October 20, 2021
 Time: 1:00 p.m.
 Place: Given the current circumstances, the meeting will be conducted virtually via remote communication (through Zoom facility) and the presiding officer shall call and preside the stockholders' meeting in Pasig City
- (b) Online web addresses/URLs
- (i) For participation by remote communication:
 <https://www.ferronouxholdings.com/asm2021>
- (ii) For voting in absentia:
 <https://www.ferronouxholdings.com/asm2021>
- b. complete mailing address
 of principal office: **6th Floor, Hanston Building, F. Ortigas, Jr.
Road, Ortigas Center, Pasig City 1605**
- c. approximate date on which the Information
 Statement is first to be sent or given to
 security holders: **September 28, 2021**

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

Item 2. Dissenters' Right of Appraisal

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

Pursuant to Section 80 Title X, Appraisal Right of the Revised Corporation Code of the Philippines, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case of any amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, (c) in case of merger or consolidation, and (d) in case of investment of corporate funds for any purpose other than the primary purpose of the Company.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand to the Company within thirty (30) days from the date on which the vote was taken for the payment of the fair market value of his shares. Failure to make the demand within said 30-day period shall be deemed a waiver of the appraisal right.

Appraisal right is not available in this case as there are no matters or proposed actions as specified in agenda of the attached Notice of Annual Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar right as provided in Title X of the Revised Corporation Code of the Philippines.

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

No director, nominee for election as director, associate of the nominee, or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Voting Securities

As of 31 August 2021, 261,824,002 common shares are outstanding, and are entitled to be represented and vote at the Annual Stockholders' Meeting. Each share is entitled to one vote.

(b) Record Date

Only stockholders of record as of **30 September 2021** shall be entitled to notice and vote at the meeting.

(c) Action with Respect to the election of Directors

The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 23 of the Revised Corporation Code. Each stockholder may vote such number of shares for as many persons as there are directors to be elected. To be clear, if there are nine (9) directors to be elected, each voting share is entitled to nine (9) votes.

Section 23 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Manner of Voting

The By-Laws of the Company provides that every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him which has voting power upon the matter in question. The Company's By-Laws require the submission of the proxy form to the Corporate Secretary no later than 5:00 PM on October 8, 2021 via email to asm2021@ferronouxholdings.com. The validation of proxies shall be made on October 11,

2021 at the principal office of the Corporation at the 6th Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

See **Appendix 1** on complete guidelines on voting.

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

(1) Owners of more than 5% of voting securities as of June 30, 2021

As of June 30, 2021, the following were owners of more than 5% of the Company's outstanding shares:

Title of Class	Name, address of record owner and relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent
Common	PCD NOMINEE CORPORATION¹ - Tower 1 - Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	ISOC HOLDINGS, INC. ("ISOC")² 6 th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City	Filipino	176,226,274 (Direct)	67.32%
Common	PCD NOMINEE CORPORATION - Tower 1 - Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	F. YAP SECURITIES, INC.³ 17 th Floor Lepanto Bldg., Paseo de Roxas, Makati 1226, Philippines	Filipino	25,333,400	9.68%

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.

¹ PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc ("PCD") is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. Please see PDTC Report as of 30 June 2021 attached hereto as **Appendix 2-A**.

² ISOC Holdings, Inc. is the indirect beneficiary of 176,226,274 common shares in the Corporation that is lodged with the PCD Nominee Corporation through HDI Securities, Inc.

³ F. Yap Securities, Inc. is a corporation engaged in stock brokerage and is a participant of the PCD Nominee Corporation. The beneficial owners of the shares held by F. Yap Securities, Inc. are not known to the Company.

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

(2) Security Ownership of Management

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as of June 30, 2021:

Title of Class	Name of Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b"))	Citizenship	Percent of Class
Common	Michael C. Cosiquien Chairman/President	1 - "R" (direct) 175,422,074 - "B" (indirect)*	Filipino	66.99%
Common	Jesus G. Chua, Jr. Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Irving C. Cosiquien Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Yerik C. Cosiquien Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Michelle Joan G. Tan Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Erwin Terrell Y. Sy Director/Treasurer/CFO	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Alfred S. Jacinto Independent Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Mathew-John G. Almogino Independent Director	1,000 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
	Allesandra Fay V. Albarico** Corporate Information Officer and System Administrator for PSE	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
	Manuel Z. Gonzalez Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
	Gwyneth S. Ong Assistant Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
	Meryll Anne C. Yan Investor Relations Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
	Lavinia Buctolan** Compliance Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
	TOTAL	1,007 "R" (direct) 175,422,074 "B" (indirect)		0.00% 66.99%

* through ISOC Holdings, Inc.

** Atty. Allesandra Fay V. Albarico tendered her resignation in her position as Compliance Officer, effective September 10, 2021. In view of the foregoing resignation, Ms. Lavinia Buctolan was appointed the new Compliance Officer to serve on the remaining term of her predecessor.

(3) Voting Trust Holders of 5% or More

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

(4) Changes in Control

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

Below is the breakdown of Company shares held by foreign and local stockholders as of 31 August 2021:

	<u>Number</u>	<u>Percentage</u>
Foreign Shares	312,711	0.12%
Local Shares	261,511,291	99.88%
<u>Total Shares (Common)</u>	261,824,002	100.00%

Item 5. Directors & Executive Officers

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

The complete guidelines on the manner of voting shall be as set forth in **Appendix 1**.

All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence at the meeting. (Section 7, By-Laws). Thus, the Company's By-Laws require the submission of the proxy form to the Corporate Secretary no later than 5:00 p.m. on October 8, 2021 via asm2021@ferronouxholdings.com / <https://www.ferronouxholdings.com/asm2021> in accordance with the procedures set forth in **Appendix 1**. The validation of proxies shall be made on October 11, 2021 at the principal office of the Corporation at the 6th Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

(1) Board of Directors and Executive Officers

On July 29, 2019, the SEC approved the Company's application for the amendment of its Articles of Incorporation thereby approving the increase in the number of its Board seats from seven (7) to nine (9) members. Pursuant to the foregoing approval of the amendment of the Articles of Incorporation, the Board of Directors of the Company now consists of nine (9) members, who shall hold office for a term of one year, or upon the election of its successors. The Board is responsible for the Company's overall mission, vision and strategy, management of the Company, and the preservation of the Company's assets and properties. For a person to be eligible to be elected as a director of the Company, it is necessary that he or she is a registered owner of at least one (1) voting share of the Company.

The Company's incumbent directors elected during the annual stockholders' meeting and officers appointed during the organizational meeting of the Board of Directors both held on October 20, 2020 are as follows:

Name	Office	Age	Citizenship	Term of office	No. of years served
Michael C. Cosiquien	Chairman/ President	48	Filipino	Since Jan. 10, 2018	Less than four years
Jesus G. Chua, Jr.	Vice-Chairman/ Director	46	Filipino	Since Jan. 10, 2018	Less than four years
Yerik C. Cosiquien	Director	42	Filipino	Since Jan. 10, 2018	Less than four years
Irving C. Cosiquien	Director	49	Filipino	Since Jan. 10, 2018	Less than four years
Michelle Joan G. Tan	Director	40	Filipino	Since Jan. 10, 2018	Less than four years
Mathew-John G. Almogino	Independent Director*	52	Filipino	Since Dec. 11, 2017	Less than four years
Alfred S. Jacinto	Independent Director*	53	Filipino	Since Jan. 10, 2018	Less than four years
Erwin Terrell Y. Sy	Director/Treasurer/ Chief Financial Officer	34	Filipino	Since August 7, 2019	Less than four years
Allesandra Fay V. Albarico	Chief Information Officer**	37	Filipino	Since Jan. 10, 2018	Less than four years
Meryll Anne C. Yan	Investor Relations Officer	37	Filipino	Since March 7, 2020	Less than two year
Manuel Z. Gonzalez	Corporate Secretary	56	Filipino	Since Jan. 10, 2018	Less than four years
Gwyneth S. Ong	Assistant Corporate Secretary	44	Filipino	Since Jan. 10, 2018	Less than four years
Lavinia C. Empleo-Buctolan	Compliance Officer**	50	Filipino	Since Sept. 8, 2021	Less than one year

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

** Atty. Allesandra Fay V. Albarico tendered her resignation in her position as Compliance Officer, effective September 10, 2021. In view of the foregoing resignation, Ms. Lavinia Buctolan was appointed the new Compliance Officer to serve on the remaining term of her predecessor.

DIRECTORS AND EXECUTIVE OFFICERS

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

INCUMBENT DIRECTORS

Mr. Michael C. Cosiquien was elected Chairman of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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 on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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 in Singapore and has held senior roles at ABN

AMRO/RBS and HSBC in Hongkong and 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 on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. He is the president and chief executive officer of ISOC Cold Chain Logistics, Inc. (doing business as Orca Cold Chain Solutions), a subsidiary of ISOC Holdings, Inc. where he is also currently a director and corporate secretary. He also serves as director and corporate secretary for other subsidiaries of ISOC Holdings, Inc. Previously, he served as director and corporate Secretary of Megawide Construction Corporation. He is also the general manager of Cosmo Fortune Corp. and of Maunlad Fortune Corporation. Mr. Cosiquien is a psychology and economics graduate from the University of British Columbia.

Mr. Irving C. Cosiquien was elected as a Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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 Engineering from De La Salle University.

Mr. Michelle Joan G. Tan was elected as a Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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 with a degree in 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 on December 11, 2017 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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 on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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, and re-elected on October 20, 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.

KEY OFFICERS

INCUMBENT OFFICERS

Atty. Allesandra Fay V. Albarico was elected compliance officer/ chief information officer on January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019 and October 20, 2020. She is currently the assistant corporate secretary and head of 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 in legal management (*university scholar*). She passed the 2010 Philippine Bar examinations and was admitted to the Bar the following year. She likewise holds a Master of Laws degree and diploma in Leadership and Management Development. She is currently pursuing a master's degree in business economics in University of Asia and the Pacific (UA&P) while concurrently serving as professor of law in Tomas Claudio Colleges-College of Law (a pioneering law school in Rizal province), Jose Rizal University-College of Law, University of Perpetual Help-College of Law, Bulacan State University-College of Law, and University of Santo Tomas Graduate School of Law (UST GSLaw). She passed the certification examination for compliance officers in 2019 and is also an arbitrator trained by the Philippine Dispute Resolution Center, Inc. (PDRCI). She satisfactorily passed the 53rd Prejudicature program of the Philippine Judicial Academy and recently conferred with the degree of Doctor of Civil Law. Atty. Albarico is the former Vice President-Elect for Doctor of Civil Law of UST GSLaw, a member of the PDRCI committee on Intra-Corporate Dispute, and is the incumbent President of the Association of Certified Compliance Officers.

Ms. Meryll Anne C. Yan was elected investor relations officer/data protection officer on 4 March 2020, effective March 7, 2020, and was re-elected October 20, 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, she was head of marketing for SM Ladies Fashion and was also the chief creative artist 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, Blueprint and Lifestyle Asia. She is a Magna Cum Laude graduate of the LIA-COM program of De La Salle University-Manila, majoring in AB Communication Arts and BSC Applied Corporate Management.

Atty. Manuel Z. Gonzalez was elected Corporate Secretary on January 10, 2018 and re-elected on December 14, 2018, October 28, 2019 and October 20, 2020. He is a Senior Partner in the

Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. He has been involved in corporate practice and has extensive experience in securities, banking and finance law. She serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Securities Philippines since 2006. 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 on January 10, 2018 and re-elected on December 14, 2018, October 28, 2019 and October 20, 2020. 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. Lavinia C. Empleo-Buctolan was elected as Compliance officer on September 7, 2021, effective September 8, 2021. Prior to her current role as Group Controller for ISOC Holdings and its subsidiaries, she was former Controller for Global Business Power Corporation which is a leading independent power provider in the Visayas as well as former Controller for D.M Consunji, Inc. which is one of the Philippines best construction companies. Ms. Lavinia brings to ISOC over 20 years of extensive experience in the fields of finance, audit, and information technology. She is a graduate of BBA – Accounting from Silliman University and a Certified Public Accountant.

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

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

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

Regular Directors:

1. Michael C. Cosiquien
2. Jesus G. Chua, Jr.
3. Yerik C. Cosiquien
4. Irving C. Cosiquien
5. Michelle Joan G. Tan
6. Erwin Terrell Y. Sy

Independent Directors:

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

All of the nominees are incumbent directors of the Corporation. Atty. Almogino and Atty. Jacinto were nominated by Mr. Michael C. Cosiquien. Atty. Almogino and Atty. Jacinto are neither related to Mr. Cosiquien, nor to each other.

Term of Office of a Director

The directors will hold office upon election until the next annual election and until his/her successor is duly elected, unless he/she resigns, dies or is removed from office.

(3) Independent Directors

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

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

Atty. Almogino possessed all the qualifications and none of the disqualifications as independent director since his election on December 11, 2017. Atty. Jacinto possessed all the qualifications and none of the disqualifications as independent director since his election on January 10, 2018. They are not employees of the Company and do not have relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibility of a director.

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

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

The certifications of qualification for the independent director of Atty. Almogino and Atty. Jacinto are attached herewith as Appendices 3 and 4, respectively.

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

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

(4) Significant Employees

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

(5) Family Relationships

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

(6) Involvement in Certain Legal Proceedings

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

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

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

(7) Certain Relationships and Related Transactions

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

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. On June 29, 2020, the Company and Michael C. Cosiquien, with the conformity of ISOC Holdings, Inc. and Sunprime Finance, Inc. entered into a Deed of Assignment covering the note. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material

Related Party Transaction Policy and the relevant issuances of the SEC. As a result of such assignment, the Company reclassified the note receivable to “Due to a related party” account and recognized a loss amounting to P1,167,349.00 on assignment.

Apart from the foregoing, there was no transaction 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.

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

Atty. Allesandra Fay V. Albarico, the former Compliance Officer and the incumbent Corporate Information Officer and System Administrator, tendered her resignation in her positions as Compliance Officer, effective September 10, 2021. Atty. Albarico cited health and personal reasons for her resignation as the Compliance Officer of the Corporation.

In view of the foregoing resignation, Ms. Lavinia Buctolan was appointed as the new Compliance Officer to serve the remaining term of her predecessor.

Other than Atty. Albarico, the Company has not been informed of any intention by the incumbent directors and/or key officers of the to resign or to refuse their re-election as members of the Board of Directors or as officers of the Company for the relevant period.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(1) Compensation Table

The table below summarizes the aggregate compensation of the Company’s CEO and the four most highly compensated employees, as well as the aggregate compensation paid to all directors and officers as a group for the years 2017, 2018, 2019 and 2020.

CEO and Top 4 Executive Officers, as a group named above	2017	-	-	55,000	55,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	-	-
	2021 estimated	-	-	-	-
All Other Officers and Directors, as a group unnamed	2017			110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021 estimated	-	-	360,000	360,000

(2) 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

On November 4, 2020, the Board of Directors approved the payment of reasonable per diems to the Board of Directors of the Corporation for their services for the year 2020. The reasonable per diems paid to the directors amounted to Php 60,000 in 2020.

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

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

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

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

(1) External Auditor

- a) Independent Public Accountants, Reyes Tacandong & Co. was nominated as the Corporation's external auditors for the ensuing year which shall be subject to shareholders' approval during the Annual Meeting. The Recommended partner – in charge is Ms. Belinda Fernando.
- b) The 2020-2021 audit of the Company by Accountants, Reyes Tacandong & Co. (RTC) is in compliance with Revised SRC Rule 68, Part I, Paragraph 3 (B) (ix) which provides that the external auditor should be rotated every seven (7) years or earlier or the handling partner shall be changed. At present, Reyes Tacandong & Co.'s account partner handling the Corporation is Ms. Belinda Fernando since 2015. She is due for rotation in 2022. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual.
- c) Representatives of Reyes Tacandong & Co. will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed. There was no event where Reyes Tacandong & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. Except as stated in the report of independent auditors, the Corporation has no disagreements with its auditors.

(2) Audit Fees

The following table sets out the aggregate fees billed for 2020 and 2019 for professional services rendered by Reyes Tacandong & Co. The external auditor of the Company billed the amounts of Php 370,000 in 2020 and 2019 in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2020 and 2019.

Reyes Tacandong & Co. does not provide other services that are not reasonably related to the performance of the audit or review of the Company's financial statements. Non-audit services rendered by the external auditors, FY Rojas & Associates, CPAs for 2020 amounted to Php 80,000. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2020 and 2019. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

	2020	2019
Audit and Audit-Related fees	385,691	458,324

Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC and BIR.

The following table sets out the aggregate fees billed for 2020:

Name of Auditor	Regular Fees
Reyes Tacandong & Co.	385,691

Audit and audited-related fees refer to the professional services rendered by Reyes Tacandong & Co. for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditors' services.

(3) Audit Committee and Policies

There shall be an Audit Committee composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The chairman of the Audit Committee should not be the chairman of the Board or of any other committees. The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit. The Audit Committee has the following duties and responsibilities, among others:

- a.) Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b.) Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- c.) Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive

(CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;

- d.) Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
- e.) Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
- f.) Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- g.) Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence (as defined under the Code of Ethics for Professional Accountants). The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;
- h.) Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
- i.) Reviews the disposition of the recommendations in the External Auditor's management letter;
- j.) Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- k.) Coordinates, monitors and facilitates compliance with laws, rules and regulations; and
- l.) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

(4) Audit Committee

The following are members of the Audit Committee:

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

ITEM 8. COMPENSATION PLANS

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

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

ITEM 11. FINANCIAL AND OTHER INFORMATION

The audited financial statements as of December 31, 2020, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as **Appendix 5**.

The interim financial statements as of June 30, 2021 and other data related to the Company's financial information are likewise attached hereto as **Appendix 6**.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

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

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

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

ITEM 14. RESTATEMENT OF ACCOUNTS

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

D. OTHER MATTERS

ITEM 15. ACTION WITH RESPECT TO REPORTS

There is no action to be taken with respect to any report of the Company or its directors, officers or committees, except for the approval of the minutes of the previous annual meeting

of the Company held on October 20, 2020 (“**2020 ASM**”) and for the ratification of all acts of the Board of Directors during their term of office.

1. Minutes of the Previous Annual Meeting

All items of the agenda for the 2020 ASM were approved. The voting results are as follows:

Agenda	Voting Results		
	For	Against	Abstain
Call to Order	100.00%	0.00%	0.00%
Secretary’s Proof of Due Notice of the Meeting and Determination of Quorum	100.00%	0.00%	0.00%
Approval of the Minutes of the Stockholders’ Meeting held on October 15, 2019	100.00%	0.00%	0.00%
Management’s Report	100.00%	0.00%	0.00%
Election of Board of Directors			0.00%
Michael C. Cosiquien	100.00%	0.00%	0.00%
Jesus G. Chua, Jr.	100.00%	0.00%	0.00%
Yerik C. Cosiquien	100.00%	0.00%	0.00%
Irving C. Cosiquien	100.00%	0.00%	0.00%
Michelle Joan G. Tan	100.00%	0.00%	0.00%
Mathew-John G. Almogino	100.00%	0.00%	0.00%
Alfred S. Jacinto	100.00%	0.00%	0.00%
Erwin Terrell Y. Sy	100.00%	0.00%	0.00%
Appointment of External Auditor	100.00%	0.00%	0.00%
Adjournment	100.00%	0.00%	0.00%

The following directors and officers were present during the 2020 ASM:

Mr. Michael C. Cosiquien	-	Chairman
Mr. Jesus G. Chua, Jr.	-	Vice Chairman/Director
Mr. Yerik C. Cosiquien	-	Director
Ms. Michelle Joan G. Tan	-	Director
Mr. Mr. Erwin Terrell Y. Sy	-	Director
Mr. Alfred Jacinto	-	Independent Director
Mr. Mathew-John Gonong Almogino	-	Independent Director
Ms. Allesandra Fay V. Albarico	-	Compliance Officer and Chief Information Officer
Mr. Manuel Z. Gonzalez	-	Corporate Secretary

The stockholders who attended the 2020 ASM in person and by proxy represent 175,431,182 common shares, constituting 67.00% of the total outstanding capital stock of the Company as of record date.

2. Acts of the Board of Directors

At the annual meeting, stockholders will be asked to approve and ratify the acts of the Board of Directors during their term of office duly disclosed to the SEC and Philippine Stock Exchange. Since the last stockholders’ meeting on October 20, 2020, the Board of Directors has authorized several transactions which are pursuant to the Corporation’s ordinary course of business.

For reference, we have attached as **Appendix 7** a schedule of the dates of the Board of Directors' meetings and the resolutions made during the meeting.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

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

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

ITEM 17. OTHER PROPOSED ACTIONS

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

ITEM 18. VOTING PROCEDURES

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

In case of election of directors, each stockholder is entitled to cumulate their votes as discussed in Part B, Item 4(c) of this Information Statement.

There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done *viva voce*, by show of hands, or by balloting. During the last stockholders' meeting held on October 20, 2020, votes were cast by *viva voce* and counted in the manner prescribed herein.

For this year's annual stockholders' meeting, the Company has established a designated website in order to facilitate the registration of and voting in absentia by stockholders at the annual meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A stockholder or member who participates through remote communication and votes by proxy shall be deemed present for purposes of quorum.

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

UPON THE WRITTEN REQUEST OF THE STOCKHOLDER(S), THE CORPORATION UNDERTAKES TO FURNISH SAID STOCKHOLDER(S) WITH A COPY OF SEC FORM 17-A, FREE OF CHARGE, EXCEPT FOR THE EXHIBIT ATTACHED THERETO, WHICH SHALL BE CHARGED AT A COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED TO ATTY. ALLESANDRA FAY V. ALBARICO AT 6TH FLOOR, HANSTON BUILDING, F. ORTIGAS, JR. ROAD, ORTIGAS CENTER, PASIG CITY.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on September 14, 2021.

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

By:


MANUEL Z. GONZALEZ
Corporate Secretary

Ferronoux Holdings, Inc.

**MANAGEMENT REPORT
Pursuant to SRC Rule 20**

**For the Annual Stockholders' Meeting
On October 20, 2021**

I. Financial Statements

The Audited Financial Statements of Ferronoux Holdings, Inc. (the Company) for the years ended December 31, 2020 and 2019 are attached to this report.

II. Information on Independent Accountants and other Related Matters

The Company's financial statements for the years ended December 31, 2020 and 2019 have been audited by Reyes Tacandong & Co. ("RTC"), independent auditors, as stated in their reports appearing herein.

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

There were no disagreements with Reyes Tacandong & Co on any matter of accounting and financial disclosure.

The following table sets out the aggregate fees incurred for the years ended December 31, 2020 and 2019 for professional services rendered by Reyes Tacandong & Co. The external auditor of the Company billed the amounts of Php 370,000 in 2020 and 2019 in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2020 and 2019.

Reyes Tacandong & Co. does not provide other services that are not reasonably related to the performance of the audit or review of the Company's financial statements. Non-audit services rendered by the external auditors, FY Rojas & Associates, CPAs for 2020 amounted to Php 80,000. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2020 and 2019. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

	2020	2019
Audit and Audit-Related Services	₱385,691	₱458,324

Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC and BIR.

The following table sets out the aggregate fees billed for 2020:

Name of Auditor	Regular Fees
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Reyes Tacandong & Co.	385,691
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Audit and audited-related fees refer to the professional services rendered by Reyes Tacandong & Co. for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditors' services.

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

The following discussion and analysis is based on the audited financial statements as at December 31, 2020 and 2019, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and accompanying Notes to the Financial Statements and should be read in conjunction with the audited consolidated financial statements.

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 board of directors approved the assignment of the note receivable from Sunprime Finance Incorporated ("SFI") with carrying amount of ₱132.7 million as at December 31, 2019 in exchange for certain receivables of Michael C. Cosiquien, a stockholder of ISOC Holdings, Inc. ("ISOC"), arising from his advances in favor of the Parent Company in the aggregate amount of P132,714,385.00. 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. The corresponding disclosures on this transaction have been made to the PSE on June 26, 2020 and June 30, 2020. Additionally, in compliance with SEC Memorandum Circular No. 10, Series of 2019, an advisement report on the material related party transaction was filed with the SEC on July 1, 2020.

Summary Financial Information

The financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019 are hereto attached.

The following table sets forth the summary financial information for the years ended December 31, 2020, 2019 and 2018:

Summary of Income Statement:

	Years Ended December 31		
	2020	2019	2018
INCOME	4,595,918	6,687,704	6,552,075
EXPENSES	(1,798,860)	(2,264,019)	(1,620,929)
OTHER CHARGES - NET	3,174,905	(3,916,127)	(3,097,883)
INCOME (LOSS) BEFORE TAX	5,971,963	507,558	1,833,263
PROVISION FOR (BENEFIT FROM)			
INCOME TAX	1,690,157	1,598	7,400
NET INCOME (LOSS)	4,281,806	505,960	1,825,863
OTHER COMPREHENSIVE INCOME			
(LOSS)	-	-	-
TOTAL COMPREHENSIVE INCOME			
(LOSS)	4,281,806	505,960	1,825,863
BASIC AND DILUTED EARNINGS			
(LOSS) PER SHARE	0.016	0.002	0.007

Summary of Balance Sheet:

	December 31	
	2020	2019
ASSETS		
Current Assets	2,525,823	135,894,004
Noncurrent Assets	140,485,208	-
	143,011,031	135,894,004
LIABILITIES AND EQUITY		
Current Liabilities	5,973,482	4,782,626
Noncurrent Liability	1,644,365	-
	7,617,847	4,782,626
Equity	135,393,184	131,111,378
	143,011,031	135,894,004

Summary of Net Cash Flows:

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES	(753,468)	877,774	(67,305)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(753,468)	877,774	(67,305)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	951,868	74,094	141,399
CASH AND CASH EQUIVALENTS AT END OF YEAR	198,400	951,868	74,094

2020 vs. 2019

Results of operations:

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
	<i>(In PhP millions)</i>			
Income	₱4.60	₱6.69	(₱2.09)	(31%)
Expenses	1.80	2.26	(0.46)	(20%)
Other (Income) Charges - net	(3.17)	3.92	(7.09)	(181%)

Income decreased by ₱2.09 million or 31% as compared last year due to lower computed accretion upon maturity and assignment notes receivable in June 2020.

Expenses decreased by ₱0.47 million or 20%. Changes in the expense accounts for the year ended December 31, 2020 versus the same period last year are as follows:

- Decrease in taxes and licenses by ₱0.19 million is mainly due to lower amount paid on business taxes during the year this year versus last year. The business taxes in 2020 has lower basis than in 2019.
- Decrease in representation by ₱0.24 million. No representation expenses recorded during the year.
- Increase in training and seminar by ₱0.10 million for the corporate governance seminar incurred during the year. No expense recorded last year.
- Decrease in other expenses by ₱0.12 million incurred this year.

Other (income) charges - net increased by 181% or ₱7.09 million mainly attributed to recognition of day 1 gain on due from a related party.

Financial Position

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
	(in PhP Millions)			
Assets	₱143.01	₱135.89	₱7.12	(5%)
Liabilities	7.62	4.78	2.84	(59%)
Stockholders' Equity	135.39	131.11	4.28	(3%)

Assets

The total assets of the Company increased by ₱7.12 million or 5% from ₱135.89 million as at December 31, 2019 to ₱143.01 million as at December 31, 2020. The increase was mainly due to the interest receivable and day 1 gain on due from a related party.

Liabilities

As at December 31, 2020, the total liabilities of the Company increased by ₱2.84 million or 59% from ₱4.78 million as of December 31, 2019. The increase was due to the recognition of deferred tax liabilities on the day 1 gain and advances made by IHI which are subject to reimbursement.

Stockholders' Equity

As of year-end 2020, the stockholders' equity increased by ₱4.28 million from ₱131.11 million as at December 31, 2019 to ₱135.39 million as at December 31, 2020. The increase was mainly attributable to the net income in 2020.

Explanations for the material changes in the Company's accounts between 2019 and 2018 are as follows:

Results of operations:

(In PhP millions)

	Audited		Increase (Decrease)	
	2019	2018	Amount	Percentage
Income	₱6.69	₱6.55	₱0.14	2%
Expenses	2.26	1.62	0.64	40%
Other Charges	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 to 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 to 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:

(In Php millions)

	Audited		Increase (Decrease)	
	2019	2018	Amount	Percentage
Assets	₱135.89	₱132.30	₱3.59	3%
Liabilities	4.78	1.69	3.09	182%
Shareholders' 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.

Shareholders' 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 to 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.

Shareholders' 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.

Key Performance Indicators

Return on Assets	1%	0.4%	3%
Return on Equity	1%	0.4%	3%

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

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

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

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2019 and 2018, 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 various stockholders.

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

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.

On June 29, 2020, the Company and a stockholder of the Parent Company (Stockholder), with the conformity of ISOC Holdings Inc. (ISOC or the Parent Company) and SFI, entered into a Deed of Assignment assigning the note to the Stockholder. Accordingly, the note receivable was reclassified to "Due from a related party" account.

Status of Operations

The Company ceased its lending activities in 2015 and is today focused on acquiring 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 implementing changes in the Company's business structure and operations to take advantage of opportunities arising from these discussions.

V. DESCRIPTION OF PROPERTY

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

VI. BUSINESS TRANSACTIONS WITH RELATED PARTIES

The Company's advances from its Parent Company as at December 31, 2020 and 2019 are as follows:

	Nature of transactions	Transactions during the Period/Year		Outstanding Balance	
		2020	2019	2020	2019
Due from a Related Party					
Parent Company	Assignment of note receivable	132,714,385	–	132,714,385	–
	Day 1 difference	6,075,276	–	5,481,216	–
		138,789,661	–	138,195,601	–
Interest Receivable					
Parent Company	Interest income	2,289,607	–	2,289,607	–
Due to a Related Party					
Parent Company	Advances for working capital requirements	1,024,835	3,088,602	5,253,085	4,228,250

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

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

VII. EMPLOYEES

As at December 31, 2020, the Company has no regular employees. The financial and administrative functions of the Company are currently being handled by the employees of the Parent Company.

VIII. PLAN OF OPERATION

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

IX. STATUS OF OPERATIONS

The Company has no significant operational activity.

X. DIVIDENDS

The Company has not paid dividends for the years 2020 and 2019.

Management's Discussion and Analysis of Financial Condition and Results as at June 30, 2021 and for the six months period ended June 30, 2021 with comparative audited figures as at December 31, 2020

The unaudited financial statement of Ferronoux Holdings, Inc. as at June 30, 2021 and for six months period ended June 30, 2021 with comparative audited figures as at December 31, 2020 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Balance Sheet as at June 30, 2021 and December 31, 2020:

			June 30, 2021 vs. Dec. 31, 2020	
	June 30, 2021 (Unaudited) (P'000)	Dec. 31, 2020 (Audited) (P'000)	Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) (%)
Current assets	P3,197	P2,526	P671	27%
Noncurrent assets	142,183	140,485	1,698	1%
Total Assets	P145,380	P143,011	P2,369	2%
Current liabilities	P7,419	P5,974	P1,445	24%
Noncurrent liabilities	1,644	1,644	–	–
Total Liabilities	9,063	7,618	1,445	19%
Stockholders' Equity	136,317	135,393	924	0.7%
Total Liabilities and Equity	P145,380	P143,011	P2,369	2%

Summary of Income Statements for the six-month period ending June 30, 2021 and 2020:

	For the six-month period ending June 30		Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) (%)
	2021 (P'000)	2020 (P'000)		
Interest income	P1,697	P2,900	(P1,203)	(41%)
Other income	–	–	–	–
Total income	1,697	2,900	(1,203)	(41%)
Operating expenses	(733)	(600)	(173)	29%
Other expense	–	(2,900)	2,900	(100%)
Income before tax	924	(600)	1,524	(254%)
Tax expense	–	–	–	–
Net income (loss) for the period	P924	(P600)	P1,524	(254%)

Summary of Statements of Cash Flows for the six-month period ending June 30, 2021 and 2020.

	For the six-month period ending June 30		Amount	Percentage
	2021	2020	Increase	Increase
	(P'000)	(P'000)	(Decrease)	(Decrease)
			(P'000)	(%)
Cash used in operating activities	P522	P145	P377	260%
Cash at the beginning of period	198	952	(754)	(79%)
Cash at the end of period	P720	P1,097	(P377)	(34%)

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

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

On June 26, 2015, the company disclosed that on June 25, 2015 Mr. Tony O. King and his family have sold to RYM Business Management Corporation 183,276,801 common shares or 70% of AG Finance through a block sale for P280.00 million or approximately P1.53 per share.

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

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

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

Results of Operation

The following discussion and analysis is based on the unaudited interim financial statements for six months and three months period ending June 30, 2021 and 2020.

Six Months Ended June 30, 2021 Compared with the Six Months Ended June 30, 2020 (Increase/Decrease of 5% or More)

Interest Income

Interest income was ₱1.70 million for the six-month period ending June 30, 2021 compared to ₱2.90 million for the same period in 2020. The decrease is due to maturity of the note receivable therefore, no accretion recorded in 2021. The interest earned in 2021 and 2020 pertains to the due from a related party.

Operating expenses

Expenses increased by ₱0.17 million or 29% as at June 30, 2021. Changes in the expense accounts for the six-month ending June 30, 2021 versus the same period last year are as follows:

- Decrease in taxes and licenses by 75% or ₱0.06 million is due to lower tax basis during the year.
- Increase in professional fees by ₱0.35 million or equivalent to 270%.
- Decrease in outside services by ₱0.09 million or equivalent to 100%.
- Decrease in other expenses by 53% or ₱0.02 million.

Three Months Ended June 30, 2021 Compared with the Three Months Ended June 30, 2020 (Increase/Decrease of 5% or More)

Interest Income

Interest income were ₱0.84 million for the three months ended June 30, 2021 compared to ₱1.22 million for the same period in 2020. The decrease is due to maturity of the note receivable therefore, no accretion recorded in 2021. The interest earned in 2021 and 2020 pertains to the due from a related party.

Other Operating Expenses

Expenses were ₱0.4 million for the three months ended June 30, 2021 compared to ₱0.07 million for the same period in 2020, an increase of ₱0.33 million or 470%.

Statements of Financial Position

The significant changes in the Statements of Financial Position during the six-month period ending June 30, 2021 compared to December 31, 2020 are as follows:

- Total assets were ₱145.4 million as at June 30, 2021 compared to ₱143.0 million as at December 31, 2020, an increase of ₱2.4 million or 2%. The increase is mainly due to the accretion of interest on due from a related party.
- Total liabilities increased by ₱1.4 million or 19% from ₱7.6 million as at December 31, 2020 to ₱9.1 million in the current period mainly due to additional advances from a related party.

- Total equity increased by ₱0.9 million or 0.7% mainly due to the recognition of interest income for the six-month period ending June 30, 2021.

Statements of Cash Flows

The net cash generated from operating activities amounted to ₱0.5 million for the six-month period ending June 30, 2021 compared to net cash generated from the same period in 2020 amounting to ₱0.1 million.

The cash as at June 30, 2021 and December 31, 2020 amounted to ₱0.7 million and ₱0.2 million, respectively.

Horizontal and Vertical Analysis:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)	Increase (Decrease) Amount Percentage	
ASSETS				
Current Assets				
Cash	₱719,851	₱198,400	₱521,451	263%
Other current assets	2,476,800	2,327,423	149,377	6%
Total Current Assets	3,196,651	2,525,823	670,828	27%
Noncurrent Assets				
Due from a related party	137,590,931	138,195,601	(604,670)	(0.4%)
Interest receivable	4,591,724	2,289,607	2,302,117	101%
Total Noncurrent Assets	142,182,655	140,485,208	1,697,447	1%
	₱145,379,306	₱143,011,031	₱2,368,275	2%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱7,417,514	₱5,973,482	₱1,444,032	24%
Noncurrent Liabilities				
Deferred tax liabilities	1,644,365	1,644,365	–	–
Total Liabilities	9,061,879	7,617,847	1,444,032	19%
Equity				
Capital stock	261,824,002	261,824,002	–	–
Additional paid-in capital	74,277,248	74,277,248	–	–
Deficit	(199,783,823)	(200,708,066)	924,243	(0.5%)
Total Equity	136,317,427	135,393,184	924,243	0.7%
	₱145,379,306	₱143,011,031	₱2,368,275	2%

FINANCIAL INDICATORS

	June 30, 2021	June 30, 2020	December 31, 2020
Net Income (Net loss)	₱924,243	(₱599,592)	₱4,281,806
Quick Assets	719,851	1,097,006	198,400
Current Assets	3,196,651	3,409,428	2,525,823
Total Assets	145,379,306	136,123,813	143,011,031
Current Liabilities	7,417,514	5,612,027	5,973,482
Total Liabilities	9,061,879	5,612,027	7,617,847
Stockholders' Equity	136,317,427	130,511,786	135,393,184
Number of Common Shares Outstanding	261,842,002	261,842,002	261,842,002

Current Ratio (1)	0.43	0.61	0.42
Debt to Equity Ratio (2)	0.07	0.04	0.06
Asset to Equity Ratio (3)	1.07	1.04	1.06
Return on Assets (4)	0.64%	0%	3.07%
Return on Equity (5)	0.68%	0%	3.21%
Book Value per Share (6)	₱0.52	₱0.50	₱0.52

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

OTHER INFORMATION

- a. There are no known trends, demands, commitments, events or uncertainties that have a material impact on the Company's liquidity.
- b. There are no events that will trigger direct or contingent financial obligation that is material to the Company.
- c. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities, or other persons created during the interim period.
- d. There are no material commitments for capital expenditures during the interim period.

- e. There are no known trends, events or uncertainties that have or are reasonably expected to have a material impact on net sales/ revenues/ income from continuing operations.
- f. There is no significant income or expense that did not arise from the Company's continuing operations.
- g. There is no seasonal aspect that has a material effect on the financial condition or results of operation.

PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

- a. Current Ratio
 $\text{Total Current Assets} / \text{Total Current Liabilities} = 0.43$
- b. Quick Ratio
 $\text{Quick Assets} / \text{Total Current Liabilities} = 0.08$

Solvency Ratio

- a. Debt Ratio
 $\text{Total Liabilities} / \text{Total Assets} = 0.06$
- b. Debt to Equity Ratio
 $\text{Total Liabilities} / \text{Shareholder's Equity} = 0.07$

Profitability Ratio

- a. Return on Equity
 $\text{Net Income} / \text{Average Shareholder's Equity} = 0.68\%$
- b. Return on Assets
 $\text{Net Income} / \text{Average Total Assets} = 0.64\%$
- c. Asset to Equity Ratio:
 $\text{Total Assets} / \text{Ave. Stockholders' Equity} = 1.07$
- d. Asset Turnover
 $\text{Revenue} / \text{Total Assets} = 0\%$

Market Information

The closing market price of the Company's common stock in the Philippine Stock Exchange on September 9, 2021 is Php3.31.

The high and low prices for each quarter of 2020 and 2019 are provided below.

Quarter	Stock	High	Low
1Q 2020	FERRO	4.50	2.50
2Q 2020	FERRO	3.20	2.30
3Q 2020	FERRO	3.39	2.30
4Q 2020	FERRO	6.25	3.10
1Q 2021	FERRO	6.10	2.95
2Q 2021	FERRO	3.49	2.82

The stockholders of the Company as at 31 August 2021 is provided in the report of the stock and transfer agent attached hereto as **Appendix 2-B**.

CORPORATE GOVERNANCE

1. Evaluation System

In line with the Company's Revised Manual of Corporate Governance, the Board has a policy of self-assessment which it endeavors to implement, covering an annual self-assessment of the Board's performance as a whole, as well as self-assessments by individual members and committees. There is a minimum set criteria and process to determine the performance of the Board, individual directors, and committees. The Board also has in place a performance management framework that ensures Management's performance is at par with standards set by the Board, as well as an internal control system to monitor and manage potential conflicts of interest within Management, among others.

2. Measures on leading Practices of Good Corporate Governance

The Board of Directors shall review the Revised Manual of Corporate Governance from time to time and recommend the amendment thereof with the goal of achieving better transparency and accountability. The Compliance Officer continues to evaluate the compliance of the Corporation, its directors, officers, and employees with its existing Manual, which may be amended from time to time.

3. Deviations from the Revised Manual on Corporate Governance

The Company has not recorded any deviation from its Revised Manual on Corporate Governance.

4. Improvement of the Corporate Governance

As of date, the Company has limited business and operations. The Company is in the process of reviewing its options with respect to structure for investments that would be optimal for its plans, either directly as an operating company or indirectly as a holding company. As of the date of this report, no definite plan has been finalized. Considering the foregoing, efforts to fully comply with leading practices on corporate governance and plans to improve policies therein are still evolving.

**2021 ANNUAL STOCKHOLDERS MEETING
REQUIREMENTS AND PROCEDURE FOR
VOTING *IN ABSENTIA* AND
PARTICIPATION VIA REMOTE
COMMUNICATION**

FERRONOUX HOLDINGS, INC.
ANNUAL STOCKHOLDERS MEETING (ASM) 2021
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, 2021, 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 30, 2021** (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 14, 2021 until October 8, 2021, 5 p.m. Participants may pre-register for the meeting by filling in the form found in this link: [<https://www.ferronouxholdings.com/asm2021>]. In case of problems with registration, or for any other comments, please email asm2021@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 <https://www.ferronouxholdings.com/asm2021>) 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 8, 2021. Soft copies of the proxies must be emailed in advance to asm2021@ferronouxholdings.com on or before October 4, 2021. 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 8, 2021.

- 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 22, 2021. Aside from sending their nominations to the Corporate Secretary, stockholders may also send in their Board nominations to asm2021@ferronouxholdings.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: <https://www.ferronouxholdings.com/asm2021>).

Deadline for submission of voting forms shall be on October 8, 2021, 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 11, 2021, 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 8, 2021, 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: <https://www.ferronouxholdings.com/asm2021>), 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, 2021 at 1:00 p.m. via the live streaming 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 8, 2021;
- B. Stockholders who have sent their proxies via e-mail to asm2021@ferronouxholdings.com on or before October 4, 2021 with corresponding hard copy furnished to Ferronoux no later than October 8, 2021.

Stockholders may access other pertinent documents via the website (<https://www.ferronouxholdings.com/asm2021>). Stockholders are regularly advised to visit the webpage for updates.

- Notice to PSE and SEC of 2020 Annual Meeting
- Annual Report for 2021 (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 asm2021@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 asm2021@ferronouxholdings.com. Questions about the agenda may be sent to asm2021@ferronouxholdings.com on or before 12:30 p.m of October 19, 2021. 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, 2021

OUTSTANDING BALANCES FOR A SPECIFIC COMPANY

Company Code - FERRO0000000

Business Date: June 30, 2021

BPNAME	HOLDINGS
UPCC SECURITIES CORP.	103,000
A & A SECURITIES, INC.	26,000
ABACUS SECURITIES CORPORATION	2,422,279
PHILSTOCKS FINANCIAL INC	3,268,035
A. T. DE CASTRO SECURITIES CORP.	210,000
ALPHA SECURITIES CORP.	191,000
AP SECURITIES INCORPORATED	256,000
ANSALDO, GODINEZ & CO., INC.	171,000
AB CAPITAL SECURITIES, INC.	290,850
SB EQUITIES, INC.	112,000
ASIA PACIFIC CAPITAL EQUITIES & SECURITIES CORP.	17,000
ASIASEC EQUITIES, INC.	114,000
BELSON SECURITIES, INC.	348,000
BPI SECURITIES CORPORATION	661,501
CAMPOS, LANUZA & COMPANY, INC.	8,000
CTS GLOBAL EQUITY GROUP, INC.	100,000
TRITON SECURITIES CORP.	30,000
E. CHUA CHIACO SECURITIES, INC.	80,000
EVERGREEN STOCK BROKERAGE & SEC., INC.	582,900
FIRST ORIENT SECURITIES, INC.	492
F. YAP SECURITIES, INC.	25,333,400
GLOBALINKS SECURITIES & STOCKS, INC.	20,000
GUILD SECURITIES, INC.	211,000
HDI SECURITIES, INC.	176,226,274
INVESTORS SECURITIES, INC.	6,000
IMPERIAL, DE GUZMAN, ABALOS & CO., INC.	51,000
LUCKY SECURITIES, INC.	2,158,433
COL Financial Group, Inc.	10,447,644
DA MARKET SECURITIES, INC.	50,000
MOUNT PEAK SECURITIES, INC.	20,600
NEW WORLD SECURITIES CO., INC.	143,000
RCBC SECURITIES, INC.	12,000
MAYBANK ATR KIM ENG SECURITIES, INC.	665,500
SALISBURY BKT SECURITIES CORPORATION	10,000
QUALITY INVESTMENTS & SECURITIES CORPORATION	73,000
R & L INVESTMENTS, INC.	30,000
R. COYIUTO SECURITIES, INC.	8,965,713
REGINA CAPITAL DEVELOPMENT CORPORATION	9,000
AAA SOUTHEAST EQUITIES, INCORPORATED	169,700
R. S. LIM & CO., INC.	235,000
RTG & COMPANY, INC.	80,000
SECURITIES SPECIALISTS, INC.	27,000
FIDELITY SECURITIES, INC.	14,000
SUMMIT SECURITIES, INC.	25,000
STANDARD SECURITIES CORPORATION	5,000
THE FIRST RESOURCES MANAGEMENT & SECURITIES CORP.	3,000
TOWER SECURITIES, INC.	322,000
UCPB SECURITIES, INC.	36,000
VENTURE SECURITIES, INC.	22,000
FIRST METRO SECURITIES BROKERAGE CORP.	1,229,608

BPNAME	HOLDINGS
WEALTH SECURITIES, INC.	903,010
WESTLINK GLOBAL EQUITIES, INC.	324,000
YAO & ZIALCITA, INC.	200,000
YU & COMPANY, INC.	10,000
BDO SECURITIES CORPORATION	21,732,590
EAGLE EQUITIES, INC.	25,000
SOLAR SECURITIES, INC.	559,100
G.D. TAN & COMPANY, INC.	1,375,000
UNICAPITAL SECURITIES INC.	17,500
SunSecurities, Inc.	20,000
COHERCO SECURITIES, INC.	630,000
TIMSON SECURITIES, INC.	187,000
VC SECURITIES CORPORATION	187,000
Total	261,763,129

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, 2021



Trust Banking Group
Fiduciary Services Division

3F Trust Banking Group
PNB Financial Center Pres. D. Macapagal Boulevard
Pasay City, Philippines

Trunk Lines: (632) 8891-6040 to 70 local 2307
Direct Line: (632) 8573-4575
Fax: (632) 8526-3379

September 01, 2021

FERRONOUX HOLDINGS, INC.

c/o ISOC HOLDINGS, INC.
6/F Hanston Bldg., F. Ortigas Jr. Road,
Ortigas Center, Pasig City

Attention : **MR. MICHAEL C. COSIQUIEN**
President

Subject : **REPORT ON THE LIST OF TOP 100 STOCKHOLDERS**

Gentlemen:


As Transfer Agent for Ferronoux Holdings, Inc. we submit herewith the report on the list of top 100 stockholders as of August 31, 2021, as follows:

Count	Name	No. of Shares	Percentage	Nationality
1	PCD NOMINEE CORP. (FILIPINO)	261,450,518	99.8573530321	FILIPINO
2	PCD NOMINEE CORP. (NON-FIL)	312,611	0.1193973805	NON-FILIPINO
3	JOSELYN C. TIU	18,747	0.0071601533	FILIPINO
4	MARJORIE VILLANUEVA	18,747	0.0071601533	FILIPINO
5	LEILA E. JORGE	10,001	0.0038197415	FILIPINO
6	FELISA D. KING	8,747	0.0033407938	FILIPINO
7	MATHEW JOHN G. ALMOGINO	1,000	0.0003819360	FILIPINO
8	REMEGIO C. DAYANDAYAN	1,000	0.0003819360	FILIPINO
9	RAMON N. SANTOS	1,000	0.0003819360	FILIPINO
10	JESUS SAN LUIS VALENCIA	1,000	0.0003819360	FILIPINO
11	ISIDRO C. ALCANTARA JR	100	0.0000381936	FILIPINO
12	MANUEL M. LAZARO	100	0.0000381936	FILIPINO
13	GE LIN	100	0.0000381936	CHINESE
14	HERMOGENE H. REAL	100	0.0000381936	FILIPINO
15	ARSENIO K. SEBIAL JR	100	0.0000381936	FILIPINO
16	ANTHONY M. TE	100	0.0000381936	FILIPINO
17	OWEN NATHANIEL S AUITF: LI MARCUS AU	20	0.0000076387	FILIPINO
18	PETER KHO	2	0.0000007639	FILIPINO

19	DALESON UY	2	0.0000007639	FILIPINO
20	JESUS G. CHUA, JR.	1	0.0000003819	FILIPINO
21	IRVING C. COSIQUIEN	1	0.0000003819	FILIPINO
22	MICHAEL C. COSIQUIEN	1	0.0000003819	FILIPINO
23	YERIK C. COSIQUIEN	1	0.0000003819	FILIPINO
24	ALFRED S. JACINTO	1	0.0000003819	FILIPINO
25	ERWIN TERRELL Y. SY	1	0.0000003819	FILIPINO
26	MICHELLE JOAN G. TAN	1	0.0000003819	FILIPINO
Total		261,824,002	100.0000000000	

Very truly yours,
Philippine National Bank
Acting Through Its Trust Banking Group
As Transfer Agent
 By:


MARIA VICTORIA C. MENDOZA
 Assistant Vice President


EMYLYN P. AUDEMARD
 Manager

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
Ocampo and Manalo Law Firm	Senior Associate	October 2006 to August 2012

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

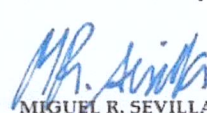
Done, this September 7 2021 day of _____, at PASIG CITY


MATHEW-JOHN GONONG ALMOGINO

Affiant

Subscribed and sworn to before me this September 7, 2021 day of _____ at PASIG CITY, affiant personally appeared before me and exhibited to me his / her Driver's Lic. No. N03-86-024942 issued at _____ on _____
Valid until: 2024 / 07 / 02

Doc No. 100
Page No. 21 ;
Book No. III ;
Series of 2021.


MIGUEL R. SEVILLA
Appointment No. 193 (2019-2020)
Notary Public for Pasig City, San Juan and Pateros
Until December 31, 2020
(Extended until December 31, 2021 SC En Banc E.M. No. 3795)
Attorney's Roll No. 70991
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 7233333; 01.05.21; Pasig City
IBP Receipt No. 137312; 01.05.21; RSM
MCLE Compliance VI-0026054; 4.14.22

Appendix 4

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

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

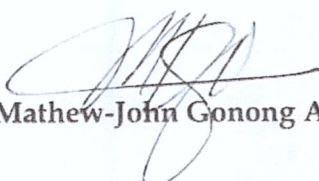
CERTIFICATION

I, **Mathew-John Gonong Almogino**, Filipino, of legal age, with office address Nippon Express Philippines Corporation, Lot 85 A & B Avocado Road, Food Terminal Inc. Complex, East Service Road, Taguig 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.

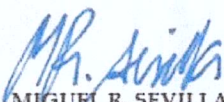
2. I hereby certify that I am not appointed or employed in any government agency.

IN WITNESS WHEREOF, I have hereunto set my hand this day of September 7, 2021 at Pasig City, Metro Manila Philippines.


Mathew-John Gonong Almogino

SUBSCRIBED AND SWORN to before me this day of September 7, 2021, affiant exhibited to me his Tax Identification No. 109-255-999-000.

Doc No.: 99 ;
Page No.: 21 ;
Book No.: III ;
Series of 2021.


MIGUEL R. SEVILLA
Appointment No. 193 (2019-2020)
Notary Public for Pasig City, San Juan and Pateros
Until December 31, 2020
(Extended until December 31, 2021 SC En Banc B.M. No. 3795)
Attorney's Roll No. 70991
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 7233535; 01.05.21; Pasig City
IBP Receipt No. 137812; 01.05.21; RSM
MCLE Compliance VI-0026054; 4.14.22

Appendix 5

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2020

Subject: Fwd: MSRD_Ferronoux Holdings, Inc._SEC Form 17-A_17May2021
Date: Wednesday, May 19, 2021 at 10:39:48 AM Philippine Standard Time
From: MSRD COVID19
To: David I. Del Castillo
CC: Gianne Joy Lagman
Attachments: FERRONOUX HOLDINGS, INC._SEC FORM 17A - Annual Report (31 December 2020)_17May2021.pdf

Dear Sir/Madam,

Acknowledging receipt of your email below with its attachments.

Thank you.

Regards,

MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION

----- Forwarded message -----

From: **David I. Del Castillo** <david.delcastillo@mvgslaw.com>
Date: Mon, May 17, 2021 at 12:57 PM
Subject: MSRD_Ferronoux Holdings, Inc._SEC Form 17-A_17May2021
To: ICTD Submission <ictdsubmission@sec.gov.ph>, MSRD COVID19 <msrd_covid19@sec.gov.ph>
Cc: Manuel Gonzalez <manuel.gonzalez@mvgslaw.com>, Gwyneth S. Ong <gwyneth.ong@mvgslaw.com>, ISOC Legal <legal@isocholdings.com>, April Morato <amorato@isocholdings.com>, Fay Albarico <falbarico@isocholdings.com>, Pinky Destajo <pinky.destajo@mvgslaw.com>

Gentlemen:

We submit herewith the SEC Form 17-A Report (the “17-A Report”) of Ferronoux Holdings, Inc. (the “Corporation”), to be disclosed today, May 17, 2021, to the Philippine Stock Exchange (PSE). The 17-A Report includes the following parts:

- Annual Report for year ending December 31, 2020
- Sustainability Report
- Audited Financial Statements for period ending December 31, 2020 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

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HYPERLINK: "www.mvgslaw.com"

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(Company's Full Name)

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

Erwin Terrell Y. Sy

Contact Person

8888-4762

Company Telephone Number

1	2
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Month

3	1
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Day

SEC FORM 17-A

FORM TYPE

Last Friday of June

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Month

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Day

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

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Amended Articles
Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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Erwin Terrell Y. Sy

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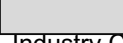
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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2020**
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**
Province, Country or other jurisdiction of
incorporation or organization
6.  (SEC Use Only)
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 **₱3.01** per share, the closing price as of 12 May 2021.

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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 Republic 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, 2020, 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.

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

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.

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

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, 2020, 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 2020 Annual Meeting of the Stockholders held last October 20, 2020:

1. Approval of the Minutes of the Previous Stockholders' Meeting held on October 15, 2019
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

The explanation of each of the foregoing items have been provided in the Definitive Information Statement, along with the guidelines for participation through remote communication and voting in absentia, filed by the Company with the SEC, disclosed via PSE EDGE and posted on the Corporation's website on September 23, 2020. No proxies were solicited pursuant to the Securities Regulations Code (the "SRC") Rule 20. The foregoing matters were approved during the Annual Stockholders' Meeting held last October 20, 2020, and were previously reported by the Company in its duly submitted SEC Form 17-C dated October 20, 2020.

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 2018 to 2020 were as follows:

Year	Quarter	High (Php)	Low (Php)
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
2020	First	4.50	2.50
	Second	3.20	2.30
	Third	3.39	2.30
	Fourth	6.25	3.10

As of May 12, 2021, the closing price of the Company's common shares was ₱3.01 per share. As at December 31, 2020, 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, 2020 is 26. The top stockholders of the Company as of December 31, 2020 were as follows:

Stockholders	Number of shares
PCD Nominee Corp. (Filipino) ¹	261,615,018
PCD Nominee Corp. (Non-Filipino)	148,111
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 2020 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

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.

Basis of Financial Statements presentation 2020 and 2019

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)	
	2020	2019	Amount	%
	<i>(In PhP millions)</i>			
Income	₱4.60	₱6.69	(₱2.09)	(31%)
Expenses	1.80	2.26	(0.46)	(20%)
Other (Income) Charges - net	(3.17)	3.92	(7.09)	(181%)

Income decreased by ₱2.09 million or 31% as compared last year due to lower computed accretion upon maturity and assignment notes receivable in June 2020.

Expenses decreased by ₱0.47 million or 20%. Changes in the expense accounts for the year ended December 31, 2020 versus the same period last year are as follows:

- Decrease in taxes and licenses by ₱0.19 million is mainly due to lower amount paid on business taxes during the year this year versus last year. The business taxes in 2020 has lower basis than in 2019.
- Decrease in representation by ₱0.24 million. No representation expenses recorded during the year.
- Increase in training and seminar by ₱0.10 million for the corporate governance seminar incurred during the year. No expense recorded last year.
- Decrease in other expenses by ₱0.12 million incurred this year.

Other (income) charges - net increased by 181% or ₱7.09 million mainly attributed to recognition of day 1 gain on due from a related party.

Financial Position

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
	<i>(in PhP Millions)</i>			
Assets	₱143.01	₱135.89	₱7.12	(5%)
Liabilities	7.62	4.78	2.84	(59%)
Stockholders' Equity	135.39	131.11	4.28	(3%)

Assets

The total assets of the Company increased by ₱7.12 million or 5% from ₱135.89 million as at December 31, 2019 to ₱143.01 million as at December 31, 2020. The increase was mainly due to the interest receivable and day 1 gain on due from a related party.

Liabilities

As at December 31, 2020, the total liabilities of the Company increased by ₱2.84 million or 59% from ₱4.78 million as of December 31, 2019. The increase was due to the recognition of deferred tax liabilities on the day 1 gain and advances made by IHI which are subject to reimbursement.

Stockholders' Equity

As of year-end 2020, the stockholders' equity increased by ₱4.28 million from ₱131.11 million as at December 31, 2019 to ₱135.39 million as at December 31, 2020. The increase was mainly attributable to the net income in 2020.

Explanations for the material changes in the Company's accounts between 2019 and 2018 are as follows:

Results of operations

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

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.

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.

	2020	2019
Net Income (loss)	₱4,281,806	₱505,960
Current assets	2,525,823	135,894,004
Total assets	143,011,031	135,894,004
Current liabilities	5,973,482	4,782,626
Total liabilities	7,617,847	4,782,626
Stockholders' equity	135,393,184	131,111,378
No. of common shares outstanding	261,824,002	261,824,002

	2020	2019
Current ratio ¹	0.42	28.41
Book value per share ²	0.52	0.50
Debt ratio ³	0.06	0.04
Profit per share ⁴	0.02	0.002
Return on assets ⁵	0.031	0.004

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. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

The present auditor of the Company, Reyes Tacandong & Co. was also the auditor of the Company for the year 2020. There were no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to their satisfaction, would have caused the auditor to make reference thereto in its respective reports on the Company's financial statements for aforementioned years.

The external auditor of the Company billed the amounts of Php 370,000 in 2020 and 2019 in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2020 and 2019. Non-audit services rendered by the external auditors, FY Rojas & Associates, CPAs for 2020 amounted to Php 80,000. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2020 and 2019. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, and accreditation with the SEC. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

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.

At the Company's annual shareholders meeting on October 20, 2020, 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 20, 2020 they were elected with the following positions:

Name	Age	Citizenship	Position
<u>DIRECTORS</u>			
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/ Treasurer/ CFO
Mathew-John G. Almogino		Filipino	Lead Director
Alfred S. Jacinto		Filipino	Independent Director
<u>OFFICERS</u>			
Allesandra Fay V. Albarico		Filipino	Compliance Officer
Anna Margarita S. Bueno		Filipino	Assistant Compliance Officer
Meryll Anne C. Yan		Filipino	Investor Relations Officer
Manuel Z. Gonzalez		Filipino	Corporate Secretary
Gwyneth S. Ong		Filipino	Assistant Corporate Secretary

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, October 15, 2019 and October 20, 2020. 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, October 15, 2019 and October 20, 2020. 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, October 15, 2019 and October 20, 2020. He is the president and chief executive officer of ISOC Cold Chain Logistics, Inc. (doing business as Orca Cold Chain Solutions), a subsidiary of ISOC Holdings, Inc. where he is also currently a director and corporate secretary. He also serves as director and corporate secretary for other subsidiaries of ISOC Holdings, Inc. Previously, he served as director and corporate Secretary of Megawide Construction Corporation. He is also the general manager of Cosmo Fortune Corp. and of Maunlad Fortune Corporation. Mr. Cosiquien 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, October 15, 2019 and October 20, 2020. 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 Engineering 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, October 15, 2019 and October 20, 2020. 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 with a degree in 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, October 15, 2019 and October 20, 2020. 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, October 15, 2019 and October 20, 2020. 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, and re-elected on October 20, 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, October 28, 2019 and October 20, 2020. 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 also a professorial lecturer of law in various law schools and a certified compliance officer. Atty. Albarico is an arbitrator trained by the Philippine Dispute Resolution Center, Inc. (PDRCI) and is currently a participant of the University of Asia and the Pacific's (UA&P) Strategic Business Economics Program. She recently completed her Doctorate Degree in Civil Law from the University of Santo Tomas.

Ms. Meryll Anne C. Yan was elected investor relations officer/data protection officer on 4 March 2020, effective March 7, 2020, and was re-elected October 20, 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, she was head of marketing for SM Ladies Fashion and was also the chief creative artist 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, Blueprint and Lifestyle Asia.

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, Blueprint 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.

Atty. Anna Margarita S. Bueno was elected assistant compliance officer on October 20, 2020, serving as such until January 8, 2021. She graduated cum laude with a degree in

communications and a minor in Hispanic studies from Ateneo de Manila University in 2010, then obtained her Juris Doctor degree from the Ateneo School of Law in 2014. She passed the Bar examinations the following year. Thereafter, she worked for Bello Valdez Caluya Fernandez Law (formerly Jimenez Gonzales/ JG Law), focusing on employment law and litigation. She was an associate lawyer for the Legal Department of ISOC Holdings, Inc. and its various subsidiaries. Previously, she was an editor and continues to write for CNN Philippines (among other publications) and is also a consultant for the Foundation for Media Alternatives, where she writes policy papers on cybercrime and freedom of expression and the press. She also consults for Government Watch (G-Watch), Inc., a non-profit organization advocating for transparency and accountability in governance.

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, 2019 and 2020.

	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	-	-	-	-
	2021 estimated	-	-	-	-
All Other Officers and Directors, as a group unnamed	2017			110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021 estimated	-	-	360,000	360,000

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

On November 4, 2020, the Board of Directors approved the payment of reasonable per diems to the Board of Directors of the Corporation for their services for the year 2020. The reasonable per diems paid to the directors amounted to Php 60,000 in 2020.

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 6 th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City	Filipino	175,422,074 (Direct)	66.99%
Common	PCD NOMINEE CORPORATION - Tower 1 – Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City Registered owner in the books of stock transfer agent	F. YAP SECURITIES, INC.⁴ 17th Floor Lepanto Bldg., Paseo de Roxas, Makati 1226, Philippines	Filipino	25,331,200	10.00%

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.

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.

⁴ F. Yap Securities, Inc. is a corporation engaged in stock brokerage and is one of the market participants of the shares lodged with the PCD Nominee Corporation. The beneficial owners of the shares held by F. Yap Securities, Inc. do not own more than 5% of the voting securities in the Company. Thus, there is no single natural person holding more than 5% of the voting securities held by F. Yap Securities, Inc. in 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%
Common	Irving C. Cosiquien Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00%
Common	Yerik C. Cosiquien Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00%
Common	Michelle Joan G. Tan Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00%
Common	Erwin Terrell Y. Sy Director and Treasurer/CFO	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00%
Common	Alfred S. Jacinto Independent Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00%
Common	Mathew-John G. Almogino Independent Director	1,000 – "R" (direct) 0 – "B" (indirect)	Filipino	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%
-	Meryll Anne C. YanInvestor Relations Officer/Data Protection Officer	0 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00%
-	Manuel Z. Gonzalez Corporate Secretary	0 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00%
-	Gwyneth S. Ong Assistant Corporate Secretary	0 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00%

Title of Class	Name Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b"))	Citizenship	Percent
TOTAL		1,007 "R" (direct)		0.00%
		175,422,075 "B" (indirect)		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 and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are on arm's length basis in a manner similar to transactions with non-related parties.

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. On June 29, 2020, the Company and Michael C. Cosiquien, with the conformity of ISOC Holdings, Inc. and Sunprime Finance, Inc. entered into a Deed of Assignment covering the note. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC. As a result of such assignment, the Company reclassified the note receivable to "Due to a related party" account and recognized a loss amounting to P1,167,349.00 on assignment.

Apart from the foregoing, there was no transaction 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”.

The Company’s Sustainability Report is attached pursuant to SEC Memorandum Circular No. 4, series of 2019.

(b) Reports on SEC Form 17-C until 31 December 2020

Date of Disclosure	Subject
March 4, 2020	Resignation of Mr. Vicente L. Araña and Mr. Erwin Terrell Y. Sy as Treasurer/Chief Financial Officer, and Investor Relations Officer and Data Privacy Officer, respectively. Election of Erwin Terrell Y. Sy as Treasurer/Chief Financial Officer and Meryll Anne C. Yan - Investor Relations Officer and Data Privacy Officer
March 16, 2020	Impact of CoVid 19 on the operations of the Company
April 8, 2020	Postponement and Notice of the Annual Stockholder’s Meeting
June 26, 2020	Material transaction not made in the ordinary course of business (assignment of receivables)
August 6, 2020	Notice of Annual Stockholder’s Meeting (Date, Time, Venue, and Agenda)
September 9, 2020	Definitive Information Statement
October 20, 2020	Results of the Annual Stockholders’ Meeting held on October 20, 2019
October 20, 2020	Disclosure on the Results of the Organizational Meeting of the Board of Directors held on October 20, 2020
November 20, 2020	Termination of Stock Transfer Agency Agreement with BDO Unibank, Inc.
December 11, 2020	Appointment of Philippine National Bank as Stock Transfer Agent

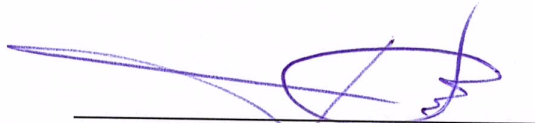
(c) Reports on SEC Form 17-Q until 31 December 2020

Date	Subject
July 1, 2020	Annual Report for 2019
July 1, 2020	First Quarter Results
August 12, 2020	Second Quarter Results
November 16, 2020	Third Quarter Results

SIGNATURES

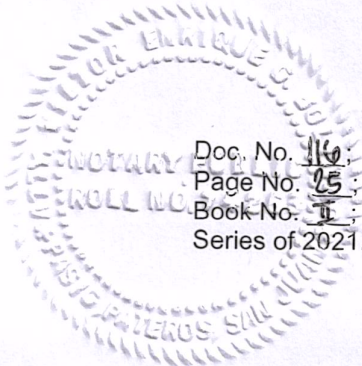
Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 14 2021, 2021.

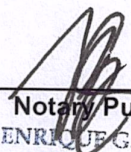
By:


MICHAEL C. COSIQUIEN
Chairman and President

SUBSCRIBED AND SWORN to before me this _____ day of MAY 14 2021 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 150-443-099-000		

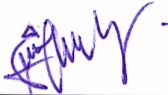



Notary Public
VICTOR ENRIQUE G. BOLINAO
Appointment No. 196 (2020-2021)
Notary Public
Until December 31, 2021
Attorney's Roll No. 74263
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 7233542; 01.05.21; Pasig City
IBP Receipt No. 137825; 01.05.21; RSM
Admitted to the Bar July 8, 2020

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 MAY 14 2021, 2021.

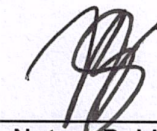
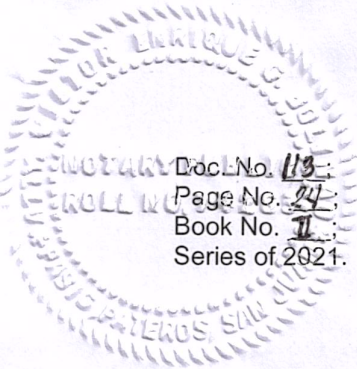
By:



ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

SUBSCRIBED AND SWORN to before me this _____ day of MAY 14 2021 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Erwin Terrell Y. Sy	TIN 929-596-948-000		



Notary Public
VICTOR ENRIQUE G. BOLINAO
Appointment No. 196 (2020-2021)
Notary Public
Until December 31, 2021
Attorney's Roll No. 74263
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 7233542; 01.05.21; Pasig City
IBP Receipt No. 137825; 01.05.21; RSM
Admitted to the Bar July 8, 2020

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 May 14, 2021, 2021.

By:



MANUEL Z. GONZALEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of May 14, 2021
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		

Notary Public

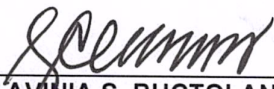
Doc. No. 118;
Page No. 25;
Book No. II;
Series of 2021.


VICTOR E. BOLINAO
Appointment No. 196 (2020-2021)
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Until December 31, 2021
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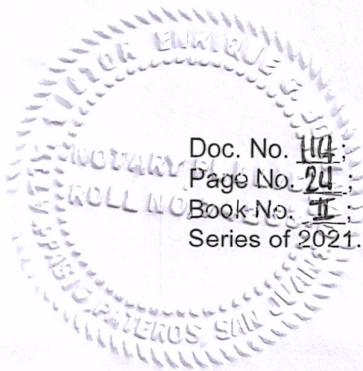
By:




LAVINIA S. BUCTOLAN
Principal Accounting Officer

SUBSCRIBED AND SWORN to before me this _____ day of MAY 14 2021
affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Lavinia S. Buctolan	PRC NO. 00910571	VALID UNTIL 08/04/2023	





VICTOR M. POLINAO
Notary Public
Appointment No. 196 (2020-2021)
Notary Public
Until December 31, 2021
Attorney's Roll No. 74263
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 7233542; 01-05-21; Pasig City
IBP Receipt No. 137825; 01-05-21; RSM
Admitted to the Bar July 8, 2020

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, 2020, 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.

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company’s long-term investment plan and was approved in accordance with the procedures and requirements of the Company’s Material Related Party Transaction Policy and the relevant issuances of the SEC.

This is the Company’s second year to report on its sustainability efforts, as a supplement to the Company’s 2020 Financial Report. The report covers the period of January 1 to December 31, 2020 and highlights issues defined as material for the Company’s stakeholders.

2020 Sustainability Report Ferronoux Holdings, Inc.

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

As good corporate stewards, sustainability is inherent in the the Company's core values as well as good governance and ethical business practices, and responsibility towards the economy, the environment, and society.

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, 2020
Highest Ranking Person responsible for this report	Meryll Anne C. Yan

This report provides information about the Company's Environmental, Social and Governance ("ESG") impact for the year ending December 2020. 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.

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 2020 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/ Treasurer/Chief Financial Officer
Alfred S. Jacinto	Independent Director
Mathew John G. Almogino	Independent Director
Officers	Designation
Manuel Z. Gonzalez	Corporate Secretary
Allesandra Fay V. Albarico	Compliance Officer/Chief Information Officer
Gwyneth S. Ong	Assistant Corporate Secretary
Meryll Anne C. Yan	Investor Relations Officer/Data Protection Officer

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 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's 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	1,798,860	PhP
b. Employee wages and benefits	Not Applicable	PhP
c. Payments to suppliers, other operating costs	1,877,788	PhP
d. Dividends given to stockholders and interest payments to loan providers	Not Applicable	PhP
e. Taxes given to government	84,940	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 minimal compensation of key management personnel in 2020.

	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	-	-	-	-
	2021 estimated	-	-	-	-
All Other Officers and Directors, as a group unnamed	2017			110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021 estimated	-	-	360,000	360,000

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.

Resource Management

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. Moreover, since the COVID-19 pandemic, the Company has implemented a rotating WFH (Work From Home) Setup that ensures employee safety as well as optimizing resource use.

Water Consumption

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 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.

Employee Data

The Company's administrative functions are handled by the employees of the Parent Company at minimal to 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
No. of work-related injuries	Zero	#
No. of work-related fatalities	Zero	#
No. of work-related ill-health	Zero	#

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 minimal to 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, ethical business practices, among others.

Business Continuity and Disaster Management

The recent pandemic and the business environment have 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 pro-active 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.

**ISOC**
HOLDINGS, INC.

Meredith Salentes <msalentes@isocholdings.com>

Fwd: Your BIR AFS eSubmission uploads were received

Florence Ambray <fambray@isocholdings.com>
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From: <eafs@bir.gov.ph>
Date: Fri, May 14, 2021 at 4:16 PM
Subject: Your BIR AFS eSubmission uploads were received
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CC: <FAMBRAY@isocholdings.com>

Hi FERRONOUX HOLDINGS, INC. (FORMERLY, AG FINANCE, INC.),

Valid files

- EAFS219045668AFSTY122020.pdf
- EAFS219045668ITRTY122020.pdf
- EAFS219045668RPTTY122020.pdf
- EAFS219045668OTHTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-8KAKA9KB0P4XMVRZPQVZSZ3ZX07B78K77C**
Submission Date/Time: **May 14, 2021 04:02 PM**
Company TIN: **219-045-668**

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Meredith Salentes <msalentes@isocholdings.com>

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ISOC
HOLDINGS, INC.

Meredith Salentes <msalentes@isocholdings.com>

Tax Return Receipt Confirmation

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph>
To: msalentes@isocholdings.com

Fri, Apr 16, 2021 at 2:07 AM

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Ferronoux Holdings, Inc.

“STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN”

The Management of **Ferronoux Holdings, Inc.** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2020**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting year. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting year, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited separate financial statements for the year ended **December 31, 2020** and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of separate financial statements pursuant to Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company’s books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting year, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting year, except those contested in good faith.



MICHAEL C. COSIQUIEN
Chairman/President



ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

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, 2020** and **2019**, 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 for the period December 31, 2020 and 2019, respectively, 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 ____ day of **MAY 14 2021**

Ferronoux Holdings, Inc.

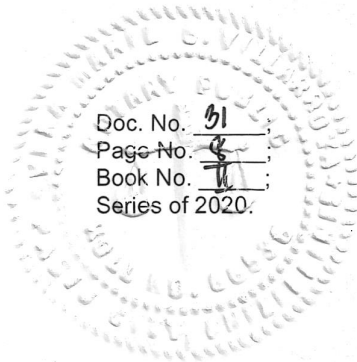
SUBSCRIBED AND SWORN to before me this _____ day of MAY 14 2021, affiant exhibiting to me their Competent Evidence of Identity (CEI), as follows:

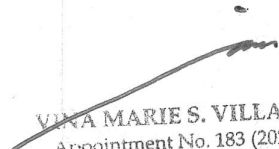
NAMES

Michael C. Cosiquien
Erwin Terrell Y. Sy

CEI

EC7875461
N02-04-519606




VINA MARIE S. VILLARROYA
Appointment No. 183 (2020-2021)
Notary Public for Pasig City
Until December 31, 2021
Attorney's Roll No. 68536
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR No. 7233530; 01.05.21; Pasig City
IBP No. 137820; 01.05.21; RSM
MCLE Compliance No. VI-0012267; 4.14.22



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

Report on the Financial Statements

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, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2020, 2019 and 2018, 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, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020, 2019 and 2018 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.



Key Audit Matters

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

Assessment of Expected Credit Loss on Due from a Related Party

As at December 31, 2020, the Company's due from a related party represents 97% of total assets. The impairment assessment on the due from a related party involves the exercise of significant judgment by management.

We evaluated the appropriateness of key management decisions and judgments and reviewed and assessed the adequacy of the related disclosures in Notes 3, 5, 7 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, 2020, 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, 2020 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.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 14 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Belinda B. Fernando.

REYES TACANDONG & Co.

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

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2019

Valid until October 16, 2022

PTR No. 8534275

Issued January 5, 2021, Makati City

April 12, 2021

Makati City, Metro Manila

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

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2020	2019
ASSETS			
Current Assets			
Cash in bank	4	₱198,400	₱951,868
Creditable withholding taxes		2,151,839	2,197,631
Other current assets		175,584	30,120
Note receivable	5	–	132,714,385
Total Current Assets		2,525,823	135,894,004
Noncurrent Assets			
Due from a related party	7	138,195,601	–
Interest receivable	7	2,289,607	–
Total Noncurrent Assets		140,485,208	–
		₱143,011,031	₱135,894,004
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	₱5,973,482	₱4,782,626
Noncurrent Liability			
Deferred tax liability		1,644,365	–
Total Liabilities		7,617,847	4,782,626
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(200,708,066)	(204,989,872)
Total Equity		135,393,184	131,111,378
		₱143,011,031	₱135,894,004

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2020	2019	2018
INTEREST INCOME	8	₱4,595,918	₱6,687,704	₱6,552,075
EXPENSES	9	(1,798,860)	(2,264,019)	(1,620,929)
OTHER INCOME (CHARGES) – net				
Day 1 gain	7	6,075,276	–	–
Provision for expected credit loss (ECL)	5	(1,733,022)	(3,996,019)	(3,467,883)
Loss on assignment of note receivable	5	(1,167,349)	–	–
Reversal of liability	6	–	79,892	370,000
		3,174,905	(3,916,127)	(3,097,883)
INCOME BEFORE INCOME TAX		5,971,963	507,558	1,833,263
PROVISION FOR INCOME TAX	11			
Current		45,792	1,598	7,400
Deferred		1,644,365	–	–
		1,690,157	1,598	7,400
NET INCOME		4,281,806	505,960	1,825,863
OTHER COMPREHENSIVE INCOME		–	–	–
TOTAL COMPREHENSIVE INCOME		₱4,281,806	₱505,960	₱1,825,863
EARNINGS PER SHARE – BASIC AND DILUTED	10	₱0.016	₱0.002	₱0.007

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2020	2019	2018
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	(204,989,872)	(205,495,832)	(207,321,695)
Net income	4,281,806	505,960	1,825,863
Balance at end of year	(200,708,066)	(204,989,872)	(205,495,832)
	₱135,393,184	₱131,111,378	₱130,605,418

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱5,971,963	₱507,558	₱1,833,263
Adjustment for:				
Day 1 gain	7	(6,075,276)		
Interest income	8	(4,595,918)	(6,687,704)	(6,552,075)
Loss on assignment of note receivable	5	1,167,349	–	–
Operating loss before working capital changes		(3,531,882)	(6,180,146)	(4,718,812)
Decrease (increase) in:				
Note receivable		1,733,022	3,996,019	3,467,883
Other current assets		(99,672)	(25,522)	7,400
Increase in accrued expenses and other current liabilities		1,190,856	3,089,021	1,183,615
Net cash generated from (used for) operations		(707,676)	879,372	(59,914)
Income taxes paid		(45,792)	(1,598)	(7,400)
Interest received		–	–	9
NET INCREASE (DECREASE) IN CASH IN BANK		(753,468)	877,774	(67,305)
CASH IN BANK AT BEGINNING OF YEAR		951,868	74,094	141,399
CASH IN BANK AT END OF YEAR		₱198,400	₱951,868	₱74,094
NONCASH FINANCIAL INFORMATION				
Assignment of note receivable	5	₱132,714,385	₱–	₱–

See accompanying Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Ferronoux Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 as AG Finance Incorporated. The Company's primary purpose was to operate as a financing company and provide short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines. The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2020 and 2019, all of the 261,824,002 shares of the Company are listed in the PSE. On February 6, 2018, the SEC approved the amendment of the Company's articles of incorporation to change its corporate name from "AG Finance Incorporated" to "Ferronoux Holdings, Inc." and to change its purpose to a holding company. The Company likewise changed its stock symbol from "AGF" to "FERRO".

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 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.

On June 29, 2020, the Company and a stockholder of the Parent Company (Stockholder), with the conformity of ISOC Holdings Inc. (ISOC or the Parent Company) and SFI, entered into a Deed of Assignment assigning the note to the Stockholder. Accordingly, the note receivable was reclassified to "Due from a related party" account (see Note 5).

The Company's principal office address is at 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

The financial statements of the Company as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issue by the Board of Directors (BOD) on April 12, 2021.

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.

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 Amended PFRS

The accounting policies adopted are consistent with those of the previous reporting year, except for the adoption of the following amended PFRS which the Company adopted effective for annual periods beginning January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
- 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.

The adoption of the foregoing amended PFRS did not have any material effect on the financial statements of the Company. Necessary disclosures were included in the financial statements.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS which are not yet effective for the year ended December 31, 2020 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2023-

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing 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, due from a related party, interest receivable 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 profit or loss.

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.

Creditable Withholding Taxes (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.

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 Per Share (EPS)

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

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

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

The Company does not have dilutive potential shares of stock.

Segment Reporting

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

As discussed in Note 1, the Company's application with the SEC for the change of its principal purpose to a holding company was approved in 2018. 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. Accordingly, 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 the 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.

After taking into consideration the related party's ability to pay depending on the sufficiency of liquid assets, financial support from stockholders, and available forward-looking information, the risk of default of the related party is assessed to be minimal.

Provision for ECL amounted to ₱1.7 million, ₱4.0 million and ₱3.5 million in 2020, 2019 and 2018, respectively. Allowance for ECL amounted to nil and ₱197.0 million as at December 31, 2020 and 2019, respectively (see Note 5). The carrying amounts of the financial assets of the Company are as follows:

	Note	2020	2019
Cash in banks	4	₱198,400	₱951,868
Due from a related party	7	138,195,601	—
Interest receivable	7	2,289,607	—
Note receivable	5	—	132,714,385

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, 2020 and 2019, deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT because the management has assessed that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

The Company's unrecognized deferred tax assets amounted to ₱1.1 million and ₱60.9 million as at December 31, 2020 and 2019, respectively (see Note 11).

4. Cash in Bank

Cash in bank amounted to ₱198,400 and ₱951,868 as at December 31, 2020 and 2019, respectively, and earns interest at prevailing bank deposit rates. Interest income earned amounted to nil in 2020 and 2019 and ₱9 in 2018 (see Note 8).

5. Note Receivable

As discussed in Note 1, in 2015 the Company's loans receivables arising from the Company's previous lending activities were assumed by SFI which issued a five-year note with a nominal amount of ₱332.6 million in exchange for the loans.

The note receivable bears interest at 5% per annum on unpaid principal amount beginning June 6, 2017 but the Company agreed to waive the interest on the note in 2017. The waiver resulted to a loss of ₱24.1 million in 2017 arising from the modification of the terms of the note.

On June 26, 2020, the Company's BOD approved the assignment of the note receivable from SFI with a carrying amount of ₱133.9 million to a stockholder of the Parent Company in exchange for the stockholder's receivable from ISOC of ₱132.7 million. On June 29, 2020, the Company and the Stockholder, with the conformity of ISOC and SFI, entered into a Deed of Assignment covering the

note. Accordingly, the Company reclassified the note receivable to “Due from a related party” account and recognize a loss amounting to ₱1.2 million on assignment.

Movements in this account are shown below:

	Note	2020	2019
Original amount		₱332,639,733	₱332,639,733
Unamortized “Day 1” difference		–	(2,900,371)
		332,639,733	329,739,362
Allowance for ECL		(198,757,999)	(197,024,977)
		133,881,734	132,714,385
Assignment of note receivable	7	(133,881,734)	–
Carrying amount		₱–	₱132,714,385

The adoption of PFRS 9 resulted to an allowance for ECL on note receivable of ₱189.6 million in 2018.

Movements in unamortized “Day 1” difference are shown below:

	Note	2020	2019
Balance at beginning of year		₱2,900,371	₱9,588,075
Accretion of “Day 1” difference	8	(2,900,371)	(6,687,704)
Balance at end of year		₱–	₱2,900,371

Movements in allowance for ECL in 2020 and 2019 are shown below:

	2020	2019
Balance at beginning of year	₱197,024,977	₱193,028,958
Provision for ECL	1,733,022	3,996,019
	198,757,999	197,024,977
Reversal resulting from the assignment	(198,757,999)	–
Balance at end of year	₱–	₱197,024,977

6. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	2020	2019
Due to a related party	7	₱5,253,085	₱4,228,250
Accrued expenses		720,397	554,376
		₱5,973,482	₱4,782,626

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

Long-outstanding liabilities amounting to ₱0.1 million and ₱0.4 million in 2019 and 2018, 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, 2020 and 2019:

Nature of transactions	Transactions during the Year		Outstanding Balance	
	2020	2019	2020	2019
Due from a Related Party				
Parent Company				
Assignment of note receivable	₱132,714,385	₱—	₱132,714,385	₱—
Day 1 difference	6,075,276	—	5,481,216	—
			₱138,195,601	₱—
Interest Receivable				
Parent Company				
Interest income	₱2,289,607	₱—	₱2,289,607	₱—
Due to a Related Party				
Parent Company				
Advances for working capital requirements	₱1,024,835	₱3,088,602	₱5,253,085	₱4,228,250

Assignment of Note Receivable

As discussed in Note 5, the Company's BOD approved the assignment of the note receivable from SFI amounting to ₱133.9 million to a stockholder of the Parent Company in exchange for the stockholder's receivable from ISOC amounting to ₱132.7 million on June 26, 2020. On June 29, 2020, the Company and the Stockholder, with the 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.

The outstanding balance of due from a related party as at year-end is unsecured, payable in full after five years and bears interest at 3.44% per annum payable upon maturity.

At the transaction date, the fair value of the due from a related party computed as the present value of future cash flows discounted using effective interest rate of 2.44% is different from the transaction price. Accordingly, the Company recognized "Day 1" gain of ₱6.1 million.

As at December 31, 2020, the unamortized portion of "Day 1" difference amounted to ₱5.5 million. Accretion of "Day 1" difference amounted to ₱0.6 million in 2020.

Interest earned on due from a related party net of accretion amounted to ₱1.7 million in 2020. Interest receivable amounted to ₱2.3 million as at December 31, 2020.

Terms and Conditions of Transactions with Related Party

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

As at December 31, 2020, the Company has not provided any allowance for impairment losses for the amounts owed by a related party. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The Company also considered the available liquid assets of the related party and the continuing support provided by the stockholders.

New Revenue Regulations on Related Party Transactions

In July 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 19-2020, prescribing the use of the new BIR Form 1709, Information Return on Related Party Transactions, and the required documentary attachments which include but not limited to transfer pricing documentation.

Subsequently, the BIR issued RR No. 34-2020 prescribing the guidelines and procedures for the submission of BIR Form 1709, transfer pricing documentation and other supporting documentations. Under RR No. 34-2020, the following are required to file and submit the BIR Form:

- a. Large taxpayers
- b. Taxpayers enjoying tax incentives
- c. Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
- d. A related party, which has transactions with the above.

The Company is covered by the requirements provided by these revenue regulations.

Key Management Personnel

On November 4, 2020, the BOD approved the payment of reasonable per diems to the Company's BOD for their services for the year 2020. The reasonable per diems paid to directors amounted to ₱60,000 in 2020. There is no key management personnel compensation in 2019 and 2018. 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	2020	2019	2018
Accretion of "Day 1" difference on note receivable	5	₱2,900,371	₱6,687,704	₱6,552,066
Due from a related party - net of accretion	7	1,695,547	—	—
Cash in bank	4	—	—	9
		₱4,595,918	₱6,687,704	₱6,552,075

9. Expenses

This account consists of:

	2020	2019	2018
Professional fees	₱1,174,217	₱1,192,779	₱625,147
PSE and SEC fees	261,000	280,000	286,720
Outside services	135,275	107,453	280,813
Taxes and licenses	84,940	275,257	500
Representation	—	243,714	416,115
Others	143,428	164,816	11,634
	₱1,798,860	₱2,264,019	₱1,620,929

10. Earnings Per Share (EPS)

Basic and diluted EPS is computed as follows:

	2020	2019	2018
Net income	₱4,281,806	₱505,960	₱1,825,863
Weighted average number of common shares	261,824,002	261,824,002	261,824,002
	₱0.016	₱0.002	₱0.007

The Company does not have potential dilutive shares of stock.

11. Income Taxes

The Company's provision for current income tax pertains to MCIT in 2020, 2019 and 2018.

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") was approved and signed into law by the country's President. Under the CREATE, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax (MCIT) was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

However, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively.

The table below summarizes the financial impact of the change in income tax rate to the Company's financial statements had the CREATE been substantively enacted as at December 31, 2020:

	Audited Balances (Based on Old Income Tax Rate)	Balances Using Revised Income Tax Rate	Differences
Deferred tax liability	₱1,644,365	₱1,507,334	₱137,031
CWT	2,151,839	2,163,287	(11,448)
Deficit	(200,708,066)	(200,559,588)	(148,478)
Provision for current income tax	45,792	34,344	11,448
Provision for deferred income tax	1,644,365	1,507,334	137,031
Net income	4,281,806	4,430,284	(148,478)

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

	2020	2019	2018
Income tax expense at statutory tax rate	₱1,791,589	₱152,267	₱549,979
Change in unrecognized deferred tax assets	(59,806,240)	(751,693)	(14,697,743)
Add (deduct) tax effects of:			
Nondeductible expenses	59,635,500	73,117	124,835
Expired NOLCO and MCIT	69,308	527,907	14,030,332
Interest income already subjected to final tax	—	—	(3)
	₱1,690,157	₱1,598	₱7,400

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:

	2020	2019
NOLCO	₱1,027,448	₱832,568
MCIT	54,790	78,306
Allowance for ECL	—	59,107,493
Unamortized “Day 1” difference	—	870,111
	₱1,082,238	₱60,888,478

As at December 31, 2020, the Company’s deferred tax liability amounting to ₱1.6 million pertains to “Day 1” difference.

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
2020	₱—	₱649,602	₱—	₱649,602	2025
2019	1,940,413	—	—	1,940,413	2022
2018	834,814	—	—	834,814	2021
	₱2,775,227	₱649,602	₱—	₱3,424,829	

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 to implement Section 4 of the Republic Act No. 11494 (Bayanihan to Recover as One Act) allowing the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Accordingly, NOLCO incurred in 2020 amounting to ₱0.6 million can be carried forward as a deduction from gross income until 2025.

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
2020	₱—	₱45,792	₱—	₱45,792	2023
2019	1,598	—	—	1,598	2022
2018	7,400	—	—	7,400	2021
2017	69,308	—	(69,308)	—	2020
	₱78,306	₱45,792	(₱69,308)	₱54,790	

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, due from a related party, interest receivable 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, 2020:

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	P198,400	P-	P-	P-	P198,400
Due from a related party	-	138,195,601	-	-	138,195,601
Interest receivable	-	2,289,607	-	-	2,289,607
	P198,400	P140,485,208	P-	P-	P140,683,608

December 31, 2019:

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	P951,868	P-	P-	P-	P951,868
Note receivable	-	132,714,385	-	197,024,977	329,739,362
	P951,868	P132,714,385	P-	P197,024,977	P330,691,230

The credit quality of the Company's financial assets is being managed 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, 2020 and 2019 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:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	₱198,400	₱198,400	₱951,868	₱951,868
Due from a related party	138,195,601	142,254,823	—	—
Note receivable	—	—	132,714,385	132,714,385
	₱138,394,001	₱142,453,223	₱133,666,253	₱133,666,253
Financial Liabilities				
Accrued expenses and other current liabilities	₱5,973,482	₱5,973,482	₱4,782,626	₱4,782,626

Cash in Bank 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 and demandable nature of the transactions.

Due from a Related Party, Interest Receivable and 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 due from a related party and interest receivable in 2020 was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. These financial instruments are 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 2020, 2019 and 2018. The Company is not subject to externally-imposed capital requirements.

14. Supplemental Information Required by the Bureau of Internal Revenue

Revenue Regulations No. 15-2010

The information for 2020 required by the above regulation is presented below.

Output Value-added Tax (VAT)

The Company has no transactions subject to output VAT for the year ended December 31, 2020.

Input VAT

Details of the Company's input VAT claimed in 2020 are as follows:

	Amount
Balance at beginning of year	₱13,320
Add current year's domestic purchase of services	147,464
Balance at end of year	₱160,784

The amount of VAT recoverable from taxation authority is presented as part of "Other current assets" account in the statement of financial position.

Taxes and Licenses

Taxes and licenses paid for the year ended December 31, 2020 pertains to business permits amounting to ₱84,940.

Withholding Taxes

The Company paid/accrued withholding taxes for the year ended December 31, 2020 amounting to ₱28,593.

Tax Assessments and Cases

The Company has no pending tax assessments and cases as at and for the year ended December 31, 2020.



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

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, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 on which we have rendered our report dated April 12, 2021.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & Co.

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

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2019

Valid until October 16, 2022

PTR No. 8534275

Issued January 5, 2021, Makati City

April 12, 2021
Makati City, Metro Manila



BIR Form No.

1709

December 2020 (ENCS)
Page 1
**INFORMATION RETURN
ON TRANSACTIONS WITH RELATED PARTY**
 (FOREIGN AND/OR DOMESTIC)

 Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X".
 Two copies must be filed with the BIR and one held by the Tax Filer.


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1 For the <input checked="" type="checkbox"/> Calendar <input type="checkbox"/> Fiscal	2 Year Ended (MM/YYYY)	1 2 2 0 2 0	3 Number of Sheet/s Attached
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Part I – Background Information

4 Taxpayer Identification Number (TIN)	2 1 9 / 0 4 5 / 6 6 8 / 0 0 0 0 0	5 RDO Code	0 4 3
6 Taxpayer's Name (Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)			
F E R R O N O U X , H O L D I N G S , I N C .			
7 Registered Address (Indicate complete address. If branch, indicate the branch address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)			
6 / F H A N S T O N B L D 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 S A N A N T O N I O P A S I G C I T Y			
8 Contact Number (Landline/Cellphone No.)	9 Email Address	7A ZIP Code	1 6 0 5
8 8 8 4 7 6 2	m s a l e n t e s @ i s o c h o l d i n g s . c o m		

Part II – Details of Related Parties

(Fill out the table properly. Write N/A if not applicable and use additional sheet/s, if necessary)

A. Foreign Related Parties

Name	Nature of Relationship	Country of Residence	Foreign TIN	Local TIN	With Permanent Establishment (PE) in the Philippines? (Yes/No)	TIN of PE
N/A						

B. Domestic Related Parties

Name	Nature of Relationship	TIN	Registered Address
ISOC HOLDINGS, INC.	PARENT COMPANY	009-637-215	6TH FLOOR HANSTON BLDG F. ORTIGAS JR ROAD ORTIGAS CENTER SAN ANTONIO PASIG CITY

Part III – Related Party Transactions**A. Sale of Goods and Provisions of Services**

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount (in Php)	Were you granted treaty benefit in the source country? (Yes/No)	Income Tax Withheld by the Income Payor
N/A					

B. Purchase of Goods and Services Except Those Provided by Key Management Personnel (KMP)

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount (in Php)	Did the income recipient claim treaty benefit? (Yes/No)	Was a TTRA filed therefor? (Yes/No)	Income Tax Withheld by the Income Payor (if any)	Is the income payment attributable to PE? (Yes/No)
N/A							

INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY (FOREIGN AND/OR DOMESTIC)



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TIN	Registered Name
219045668000000	F E R R O N O U X H O L D I N G S I N C .

Continuation of Part III**C. Loans Granted to or Non-Trade Receivable from (Related Parties)**

Name of Related Party	Opening Balance	Loans Granted During the Taxable Period	Terms and Conditions	Outstanding Balance as of the End of the Taxable Period	Provisions for Doubtful Debts (if any)*	Bad Debts Expense Recognized During the Period (if any)**
ISOC HOLDINGS, INC.	0	132,714,385	UNSECURED, INTEREST BEARING, PAYABLE IN FULL AFTER 5 YEARS	132,714,385	N/A	N/A

D. Loans Received from or Non-Trade Payable to (Related Parties)

Name of Related Party	Opening Balance	Loans Received During the Taxable Year	Terms and Conditions	Outstanding Balance as of the end of the Taxable Year
N/A				

E. Other Related Party Transactions Excluding Compensation Paid to KMP, Dividends and Branch Profit Remittances

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount (in Php)
ISOC HOLDINGS, INC.	REIMBURSEMENTS/PAYABLE	N/A	1,024,835

Part IV – Additional Disclosure**A. Brief business overview of the ultimate and immediate parent/s of the taxpayer**

THE PARENT COMPANY'S PRIMARY PURPOSE IS THAT OF A HOLDING COMPANY

B. Brief business overview/functional profile of the taxpayer



THE COMPANY IS PRIMARILY ENGAGED IN THE BUSINESS OF FINANCING COMPANY OPERATIONS

C. Has there been any change in your functional profile during the taxable period? If yes, provide details. ☐ Yes ☒ No

D. Has there been any change in your ownership structure during the taxable period? If yes, provide details. ☐ Yes ☒ No

E. Did you undergo business restructuring during the taxable period or for the last five (5) years? ☐ Yes ☒ No

If yes, provide details.

BIR Form No. <div style="font-size: 24pt; font-weight: bold;">1709</div> December 2020 (ENCS) Page 3	<div style="font-size: 18pt; font-weight: bold;">INFORMATION RETURN</div> <div style="font-size: 14pt; font-weight: bold;">ON TRANSACTIONS WITH RELATED PARTY</div> <div style="font-size: 10pt; font-weight: bold;">(FOREIGN AND/OR DOMESTIC)</div>	 1709 12/20ENCS P3
TIN <div style="font-family: monospace; font-size: 10pt;">2 1 9 0 4 5 6 6 8 0 0 0 0 0</div>	Registered Name <div style="font-family: monospace; font-size: 10pt;">F E R R O N O U X H O L D I N G S I N C .</div>	
Continuation of Part IV		
F. Have you prepared a Transfer Pricing Documentation (TPD) for the related party transactions as prescribed under Revenue Regulations No. 2-2013? The details of the TPD include, but are not limited to the following: Organizational Structure (b) Nature of the Business/Industry and Market Conditions; (c) Controlled Transactions; (d) Assumptions, Strategies, and Policies; (e) Cost Contribution Arrangement (CCA); (f) Comparability, Functional and Risk Analysis; (g) Selection of the Transfer Pricing Method (TPM); (h) Application of the TPM; (i) Background Documents; (j) Index to Documents. <div style="text-align: right;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div>		
G. Do you have pending application/s for relief with the BIR or with the tax authority of other country/ies? <div style="text-align: right;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div> If yes, provide details. <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>		
H. Do you have an Advance Pricing Agreement (APA) with your related parties? <div style="text-align: right;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div>		
I/We declare, under the penalties of perjury that this return has been made in good faith, and that, to the best of my/our knowledge and belief, all pieces of information provided in this return are correct, complete and true account of the related party transactions. Further, the required attachments to this return shall be made available during audit. Finally, I/we give my/our consent to the processing of my/our information as contemplated under Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, for legitimate and lawful purposes. (If authorized representative, please attach an authorization letter.)		Stamp of receiving Office and Date of Receipt (RO's Signature)
<div style="text-align: center;">  Lavinia E Buctolan, AVP Finance TIN 162-410-973 </div>		
Signature over Printed Name of Taxpayer/Authorized Representative/Tax Agent (indicate Title and TIN)		
Tax Agent Accreditation Number/Atty.'s Roll Number (if applicable)		
Date of Issue (MM/DD/YYYY)	Date of Expiry (MM/DD/YYYY)	

Appendix 6-A

INTERIM FINANCIAL STATEMENTS AS OF March 31, 2021

Subject: Fwd: MSRD_Ferronoux Holdings, Inc._SEC Form 17-Q (First Quarter)_17May2021
Date: Wednesday, May 19, 2021 at 10:39:12 AM Philippine Standard Time
From: MSRD COVID19
To: David I. Del Castillo
CC: Gianne Joy Lagman
Attachments: FERRONOUX HOLDINGS, INC._SEC 17-1Q (2021)_17May2021.pdf

Dear Sir/Madam,

Acknowledging receipt of your email below with its attachments.

Thank you.

Regards,

MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION

----- Forwarded message -----

From: **David I. Del Castillo** <david.delcastillo@mvgslaw.com>
Date: Mon, May 17, 2021 at 12:58 PM
Subject: MSRD_Ferronoux Holdings, Inc._SEC Form 17-Q (First Quarter)_17May2021
To: ICTD Submission <ictdsubmission@sec.gov.ph>, MSRD COVID19 <msrd_covid19@sec.gov.ph>
Cc: Manuel Gonzalez <manuel.gonzalez@mvgslaw.com>, Gwyneth S. Ong <gwyneth.ong@mvgslaw.com>, ISOC Legal <legal@isocholdings.com>, April Morato <amorato@isocholdings.com>, Fay Albarico <falbarico@isocholdings.com>, Pinky Destajo <pinky.destajo@mvgslaw.com>

Gentlemen:

We submit herewith the SEC Form 17-Q Report of Ferronoux Holdings, Inc. (the "Corporation") for the 1st Quarter of 2021 (the "17-Q Report"), to be disclosed today, May 17, 2021, with the Philippine Stock Exchange (PSE).

The attached **17-Q** 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

Telephone: (632) 687.1195
Facsimile: (632) 687.1197
E-mail: david.delcastillo@mvglaw.com

HYPERLINK: "www.mvglaw.com"

IMPORTANT: This message and any attachment are confidential and may be privileged or otherwise protected from disclosure. If you are not the intended recipient, you must not copy this communication or any attachment, or disclose its contents to any other person. If you receive this communication in error, kindly notify us and immediately delete this message and all copies and attachments from your system, and destroy any hard copy of it.

The e-mail communication to "@mvglaw.com" is communication to the Firm and not private or confidential to any named individual addressee. Security and reliability of internet e-mail cannot be guaranteed and the message may be received other than in the form sent. Advice should be verified from a mailed or faxed copy of the e-mail transmission. Retransmission of this message in a form other than that received from us is not permitted. Anti-virus programs are in operation and regularly updated but no responsibility can be accepted for viruses. You should scan any attachments for viruses before opening.

COVER SHEET

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S.E.C. Registration Number

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,		I	n	c	.)																								

(Company's Full Name)

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

Erwin Terrell Y. Sy

Contact Person

-

Company Telephone Number

0	3
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Month

3	1
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Day

SEC FORM 17-Q

FORM TYPE

Last Friday of June

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Month

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Day

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

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Amended Articles Number/Section

			2	5
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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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

1. For the three-month period ending **31 March 2021**
2. Commission identification number **A200115151**
3. BIR Tax Identification No. **219-045-668**
4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC. (formerly, AG Finance Incorporated)**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office **6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City**
Postal Code **1605**
8. Issuer's telephone number, including area code **n/a**
9. Former name, former address and former fiscal year, if changed since last report **AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common Stock, P1.00 par value	261,824,002 shares

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

Yes ☒ No ☐

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The interim financial statements of FERRONOUX HOLDINGS, INC. as at March 31, 2021, with comparative audited figures as at December 31, 2020 and for the three-month periods ending March 31, 2021 and 2020, were prepared in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation.

Summary of Income Statements for the three-month periods ending March 31, 2021 and 2020.

	For the three-month periods ending March 31		Amount	Percentage
	2021	2020	Increase	Increase
	(P'000)	(P'000)	(decrease)	(decrease)
			(P'000)	(%)
Interest income	₱859	₱1,681	(₱822)	(49%)
Operating expenses	(375)	(530)	155	(29%)
Income before tax	484	1,151	(667)	(58%)
Tax expense	–	–	–	–
Net income for the period	₱484	₱1,151	(₱667)	(58%)

Summary of Balance Sheet as at March 31, 2021 and December 31, 2020 are as follows:

	Mar. 31, 2021 (Unaudited)	December 31, 2020 (Audited)	Mar 31, 2021 vs. Dec. 31, 2020	
	(P'000)	(P'000)	Amount	Percentage
			Increase	Increase
			(decrease)	(decrease)
			(P'000)	(%)
Current assets	₱ 2,532	₱2,526	₱6	0.2%
Noncurrent assets	141,344	140,485	859	1%
Total Assets	₱143,876	₱143,011	₱865	1.2%
Current liabilities	₱6,354	₱5,974	₱380	6%
Noncurrent liabilities	1,644	1,644	–	–
Total Liabilities	7,998	7,618	380	6%
Stockholders' Equity	135,878	135,393	485	0.4%
Total Liabilities and Stockholders' Equity	₱143,876	₱143,011	₱865	1.2%

Summary of Statements of Cash Flows for the three-month periods ending March 31, 2021 and 2020 are as follows:

	For the three months ending March 31		Amount	Percentage
	2021	2020	Increase	Increase
	(P'000)	(P'000)	(decrease)	(decrease)
			(P'000)	(%)
Cash used in operating activities	(₱28)	(₱845)	₱817	(97%)
Cash at the beginning of period	198	952	(754)	(79%)
Cash at the end of period	₱170	107	₱63	59%

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

The following discussion and analysis is based on the financial statements for the three-month periods ending March 31, 2021 and 2020.

2.a - Results of Operations

Interest Income

Interest income was ₱0.86 million for the three-month period ending March 31, 2021 compared to ₱1.68 million for the same period in 2020. The decrease is due to maturity of the note receivable therefore, no accretion recorded in 2020. The interest earned in 2020 pertains to the due from a related party.

Operating expenses

Expenses decreased by ₱0.16 million or 29% as at March 31, 2021. Changes in the expense accounts for the three-month ending March 31, 2021 versus the same period last year are as follows:

- Decrease in taxes and licenses by ₱0.06 million is due to lower tax basis during the year.
- Decrease in professional fees by ₱0.04 million or equivalent to 29%.
- Decrease in other expenses by 90% or ₱0.03 million.

2.b - Statements of Financial Position

The significant changes in the Statements of Financial Position during the three-month period ending March 31, 2021 compared to December 31, 2020 are as follows:

- Total assets were ₱143.9 million as at March 31, 2021 compared to ₱143.0 million as at December 31, 2020, an increase of ₱0.86 million or 1%. The increase is mainly due to the accretion of interest on due from a related party.
- Total liabilities increased by ₱0.38 million or 5% from ₱7.6 million as at December 31, 2020 to ₱8.0 million in the current period mainly due to additional advances from a related party.
- Total equity increased by ₱0.5 million or 0.4% mainly due to the recognition of interest income for the three-month period ending March 31, 2021.

2.c - Statements of Cash Flows

The net cash used in operating activities amounted to ₱0.03 for the three-month period ending March 31, 2021 compared to net cash used in the same period in 2020 amounting to ₱0.8 million.

The cash as at March 31, 2021 and December 31, 2020 amounted to ₱0.2 million, respectively.

2.d - Horizontal and Vertical Analysis

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	Increase (Decrease) Amount Percentage	
ASSETS				
Current Assets				
Cash	₱169,971	₱198,400	(₱28,429)	(14%)
Other current assets	2,361,929	2,327,423	34,506	1%
Total Current Assets	2,531,900	2,525,823	6,077	0.2%
Noncurrent Assets				
Due from related parties	137,890,912	138,195,601	(304,689)	(0.2%)
Interest receivable	3,453,177	2,289,607	1,163,570	51%
Total Current Assets	141,344,089	140,485,208	858,881	1%
	₱ 143,875,989	₱143,011,031	₱864,958	1%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱6,354,111	₱ 5,973,482	₱380,629	6%
Noncurrent Liabilities				
Deferred tax liabilities	1,644,365	1,644,365	—	—
Total Liabilities	7,998,476	7,617,847	380,629	6%
Equity				
Capital stock	261,824,002	261,824,002	—	—
Additional paid-in capital	74,277,248	74,277,248	—	—
Deficit	(200,223,737)	(200,708,066)	484,329	(0.2%)
Total Equity	135,877,513	135,393,184	484,329	0.4%
	₱143,875,989	₱143,011,031	₱864,957	0.6%

FINANCIAL INDICATORS

	March 31, 2021	December 31, 2020
Net Income	484,329	4,281,806
Quick Assets	169,971	198,400
Current Assets	2,531,900	2,525,823
Total Assets	143,875,989	143,011,031
Current Liabilities	6,354,111	5,973,482
Total Liabilities	7,998,476	7,617,847
Stockholders' Equity	135,877,513	135,393,184
Number of Common Shares Outstanding	261,842,002	261,842,002
Current Ratio (1)	0.40	0.42
Debt to Equity Ratio (2)	0.06	0.06

Asset to Equity Ratio (3)	1.06	1.04
Return on Assets (4)	0.34%	3.07%
Return on Equity (5)	0.36%	3.21%
Book Value per Share (6)	₱0.52	₱0.52

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

OTHER INFORMATION

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

PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity	Current Ratio (1)	0.40
	Quick Ratio (2)	0.02
Solvency	Debt to Equity Ratio (3)	0.06
	Debt Ratio (4)	0.06
Profitability	Asset to Equity Ratio (5)	1.06
	Return on Assets (6)	0.34%
	Return on Equity (7)	0.36%
	Book Value per Share (8)	₱0.52

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

SIGNATURES

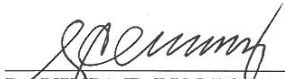
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **FERRONOUX HOLDINGS, INC.**

By:



ERWIN TERRELL Y. SY
Treasurer/Chief Financial Officer



LAVINIA E. BUCTOLAN
Chief Accountant

ANNEX A

FERRONOUX HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION

	Note	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Current Assets			
Cash	4	₱169,971	₱198,400
Other current assets		2,361,929	2,327,423
Total current assets		2,531,900	2,525,823
Noncurrent Assets			
Due from related parties	7	137,890,912	138,195,601
Interest receivable	7	3,453,177	2,289,607
Total noncurrent assets		141,344,089	140,485,208
Total Assets		₱143,875,989	₱143,011,031
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	₱6,354,111	₱5,973,482
Noncurrent Liabilities			
Deferred tax liabilities		1,644,365	1,644,365
Total Liabilities		7,998,476	7,617,847
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(200,223,737)	(200,708,066)
Total Equity		135,877,513	135,393,184
		₱143,875,989	₱143,011,031

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, INC.****STATEMENTS OF COMPREHENSIVE INCOME**

		March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
	Notes		
INCOME			
Interest income	8	₱ 858,881	₱4,595,918
EXPENSES	9	(374,552)	(1,798,860)
OTHER INCOME (CHARGES) - net			
Day 1 gain	7	—	6,075,276
Loss on assignment of notes receivable	5	—	(1,167,349)
Provision for ECL	5	—	(1,733,022)
		—	3,174,905
INCOME BEFORE INCOME TAX		484,329	5,971,963
PROVISION FOR INCOME TAX			
Current		—	45,792
Deferred		—	1,690,157
NET INCOME		₱484,329	₱4,281,806
BASIC EARNINGS PER SHARE	10	₱0.002	₱0.016

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, INC.**

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

		March 31	
	Notes	2021 (Unaudited)	2020 (Unaudited)
<hr/>			
INCOME			
Interest income	8	₱858,881	₱1,681,107
EXPENSES	9	(374,552)	(529,592)
<hr/>			
INCOME BEFORE INCOME TAX		484,329	1,151,515
PROVISION FOR INCOME TAX		—	—
<hr/>			
NET INCOME		₱484,329	₱1,151,515
<hr/>			
BASIC EARNINGS PER SHARE	10	₱0.002	₱0.004
<hr/>			

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, Inc.****STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020**

	March 31	
	2021	2020
	(Unaudited)	(Unaudited)
CAPITAL STOCK - ₱1 par value		
Authorized - 550,000,000 shares		
Issued and outstanding - 261,842,002 shares	₱261,824,002	₱261,824,002
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning and end of period	74,277,248	74,277,248
DEFICIT		
Balance at beginning of period	(200,708,066)	(204,989,872)
Net income	484,329	1,151,515
Balance at end of the period	(200,223,737)	(203,838,357)
	₱135,877,513	₱132,262,893

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.
STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

	March 31	
	2021	2020
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	₱ 484,329	₱1,151,515
Adjustments for:		
Interest income	8 (858,881)	(1,681,107)
Operating loss before changes in working capital	(374,552)	(529,592)
Increase in other current assets	(34,506)	(60,710)
Increase (decrease) in accrued expenses and other current liabilities	380,629	(254,560)
Net cash used in operating activities	(28,429)	(844,862)
CASH AT BEGINNING OF PERIOD	198,400	951,868
CASH AT END OF PERIOD	₱169,971	₱107,006

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC. NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Ferronoux Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 as AG Finance Incorporated. The Company's primary purpose was to operate as a financing company and provide short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines. The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2020 and 2019, all of the 261,824,002 shares of the Company are listed in the PSE. On February 6, 2018, the SEC approved the amendment of the Company's articles of incorporation to change its corporate name from "AG Finance Incorporated" to "Ferronoux Holdings, Inc." and to change its purpose to a holding company. The Company likewise changed its stock symbol from "AGF" to "FERRO".

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 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.

On June 29, 2020, the Company and a stockholder of the Parent Company (Stockholder), with the conformity of ISOC Holdings Inc. (ISOC or the Parent Company) and SFI, entered into a Deed of Assignment assigning the note to the Stockholder. Accordingly, the note receivable was reclassified to "Due from a related party" account (see Note 5).

The Company's principal office address is at 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

Status of Operations

The Company has ceased its lending activities in 2015 and is today focused on acquiring a majority stake in operating businesses that meet 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.

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 Amended PFRS

The accounting policies adopted are consistent with those of the previous reporting year, except for the adoption of the following amended PFRS which the Company adopted effective for annual periods beginning January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.

- 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.

The adoption of the foregoing amended PFRS did not have any material effect on the financial statements of the Company. Necessary disclosures were included in the financial statements.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS which are not yet effective for the year ended March 31, 2021 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2023-

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing 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, due from a related party, interest receivable 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 profit or loss.

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.

Creditable Withholding Taxes (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.

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 Per Share (EPS)

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

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

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

The Company does not have dilutive potential shares of stock.

Segment Reporting

An operating segment is a component of the Company that engages in business activities from

which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components.

As discussed in Note 1, the Company's application with the SEC for the change of its principal purpose to a holding company was approved in 2018. 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 Judgments, Accounting Estimates and Assumptions

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

Judgment, 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. Accordingly, 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 the 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.

After taking into consideration the related party's ability to pay depending on the sufficiency of liquid assets, financial support from stockholders, and available forward-looking information, the risk of default of the related party is assessed to be minimal.

Provision for ECL amounted to nil and ₱1.7 million March 31, 2021 and December 31, 2020, respectively. The carrying amounts of the financial assets of the Company are as follows:

	Note	March 31, 2021	December 31, 2020
Cash in banks	4	₱ 169,971	₱198,400
Due from a related party	7	137,890,912	138,195,601
Interest receivable	7	3,453,177	2,289,607

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 March 31, 2021 and December 31, 2020, 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 ₱1.1 million as at March 31, 2021 and December 31, 2020, respectively.

4. Cash

Cash in banks amounting to ₱0.2 million as at March 31, 2021 and December 31, 2020, earn interest at prevailing bank deposit rates. Interest income earned amounted to nil in March 31, 2021 and December 31, 2020.

5. Note Receivable

As discussed in Note 1, in 2015 the Company's loans receivables arising from the Company's previous lending activities were assumed by SFI which issued a five-year note with a nominal amount of ₱332.6 million in exchange for the loans.

The note receivable bears interest at 5% per annum on unpaid principal amount beginning June 6, 2017 but the Company agreed to waive the interest on the note in 2017. The waiver resulted to a loss of ₱24.1 million in 2017 arising from the modification of the terms of the note.

On June 26, 2020, the Company's BOD approved the assignment of the note receivable from SFI with a carrying amount of ₱133.9 million to a stockholder of the Parent Company in exchange for the stockholder's receivable from ISOC of ₱132.7 million. On June 29, 2020, the Company and the Stockholder, with the conformity of ISOC and SFI, entered into a Deed of Assignment covering the note. Accordingly, the Company reclassified the note receivable to "Due from a related party" account and recognize a loss amounting to ₱1.2 million on assignment.

Movements in this account are shown below:

	December 31, 2020
Original amount	₱332,639,733
Unamortized "Day 1" difference	—
	332,639,733
Allowance for ECL	(198,757,999)
	133,881,734
Assignment of note receivable	(133,881,734)
Carrying amount	₱—

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

	December 31, 2020
Balance at beginning of year	₱2,900,371
Accretion of "Day 1" difference	(2,900,371)
Balance at end of year	₱—

Movements in allowance for ECL in 2020:

	December 31, 2020
Balance at beginning of year	₱197,024,977
Provision for ECL	1,733,022
	198,757,999
Reversal resulting from the assignment	(198,757,999)
Balance at end of year	₱—

6. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	March 31, 2021	December 31, 2020
Due to a related party	7	₱5,713,757	₱5,253,085
Accrued expenses		640,354	720,397
		₱6,354,111	₱5,973,482

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

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 March 31, 2021 and December 31, 2020:

		Transactions during the Year		Outstanding Balance	
		Nature of transactions	2021	2020	March 31, 2021
Due from a Related Party					
Parent Company	Assignment of note receivable	₱—	₱132,714,385	₱132,714,385	₱132,714,385
	Day 1 difference	(304,689)	6,075,276	5,176,527	5,481,216
				₱137,890,912	₱138,195,601
Interest Receivable					
Parent Company	Interest income	₱1,163,570	₱2,289,607	₱3,453,177	₱2,289,607
Due to a Related Party					
Parent Company	Advances for working capital requirements	₱460,672	₱1,024,835	₱5,713,757	₱5,253,085

Assignment of Note Receivable

As discussed in Note 5, the Company's BOD approved the assignment of the note receivable from SFI amounting to ₱133.9 million to a stockholder of the Parent Company in exchange for the stockholder's receivable from ISOC amounting to ₱132.7 million on June 26, 2020. On June 29, 2020, the Company and the Stockholder, with the 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.

The outstanding balance of due from a related party as at year-end is unsecured, payable in full after five years and bears interest at 3.44% per annum payable upon maturity.

At the transaction date, the fair value of the due from a related party computed as the present value of future cash flows discounted using effective interest rate of 2.44% is different from the transaction price. Accordingly, the Company recognized "Day 1" gain of ₱6.1 million.

As at December 31, 2020, the unamortized portion of "Day 1" difference amounted to ₱5.5 million. Accretion of "Day 1" difference amounted to ₱0.6 million in 2020.

Interest earned on due from a related party net of accretion amounted to ₱0.9 million and ₱1.7 million in 2021 and 2020, respectively. Interest receivable amounted to ₱3.5 million and ₱2.3 million as at March 31, 2021 and December 31, 2020, respectively.

Terms and Conditions of Transactions with Related Party

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

As at March 31, 2021, the Company has not provided any allowance for impairment losses for the amounts owed by a related party. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The Company also considered the available liquid assets of the related party and the continuing support provided by the stockholders.

New Revenue Regulations on Related Party Transactions

In July 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 19-2020, prescribing the use of the new BIR Form 1709, Information Return on Related Party Transactions, and the required documentary attachments which include but not limited to transfer pricing documentation.

Subsequently, the BIR issued RR No. 34-2020 prescribing the guidelines and procedures for the submission of BIR Form 1709, transfer pricing documentation and other supporting documentations. Under RR No. 34-2020, the following are required to file and submit the BIR Form:

- a. Large taxpayers
- b. Taxpayers enjoying tax incentives
- c. Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
- d. A related party, which has transactions with the above.

The Company is covered by the requirements provided by these revenue regulations.

Key Management Personnel

On November 4, 2020, the BOD approved the payment of reasonable per diems to the Company's BOD for their services for the year 2020. The reasonable per diems paid to directors amounted to ₱90,000 and ₱60,000 in 2021 and 2020, respectively. 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	March 31, 2021	March 31, 2020
Accretion of "Day 1" difference		₱—	₱1,681,107
Due from a related party	7	858,881	—
		₱858,881	₱ 1,681,107

9. Expenses

Operating expenses for the three-month periods ending March 31, 2021 and 2020 consists of:

PSE fees	₱250,000	₱261,000
Professional fees	99,880	140,000
Taxes and licenses	20,925	84,890
Outside services	–	5,625
Representation expense	–	–
Others	3,747	38,077
	₱374,552	₱729,595

10. Earnings Per Share

Basic EPS for the three-month periods ending March 31, 2021 and 2020 were computed as follows:

	2021	2020
Net income	₱484,329	₱1,151,515
Weighted average number of common shares	261,824,002	261,824,002
	₱0.002	₱0.004

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

11. Financial Risk Management Objectives and Policies

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

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, due from a related party, interest receivable 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:

March 31, 2021

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	₱169,971	₱–	₱–	₱–	₱169,971
Due from a related party	–	137,890,912	–	–	137,890,912
Interest receivable	–	3,453,177	–	–	3,453,177
	₱169,971	₱141,344,089	₱–	₱–	₱141,514,060

December 31, 2020:

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	₱198,400	₱–	₱–	₱–	₱198,400
Due from a related party	–	138,195,601	–	–	138,195,601
Interest receivable	–	2,289,607	–	–	2,289,607
	₱198,400	₱140,485,208	₱–	₱–	₱140,683,608

The credit quality of the Company's financial assets is being managed 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 March 31, 2021 and December 31, 2020 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:

	March 31, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	₱169,971	₱169,971	₱198,400	₱198,400
Due from a related party	137,890,912	137,890,912	138,195,601	142,254,823
	₱138,060,883	₱138,060,883	₱138,394,001	₱142,453,223
Financial Liabilities				
Accrued expenses and other current liabilities	₱6,354,111	₱6,354,111	₱5,973,482	₱5,973,482

Cash in Bank 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 and demandable nature of the transactions.

Due from a Related Party, Interest Receivable. The fair value of the Company's due from a related party and interest receivable in 2021 was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. These financial instruments are classified under Level 2 (Significant observable inputs) of the fair value hierarchy groups in the financial statements.

12. Capital Management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by creating products and services commensurate with the level of risk. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or convert related party advances to an equity component item.

There has been no change made in the objectives, policies and process in March 31, 2021 and December 31, 2020. The Company is not subject to externally-imposed capital requirements.

AGING OF RECEIVABLES:

The aging analyses of financial assets are as follows:

March 31, 2021

	Neither Past due nor Impaired		Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade			
Cash in bank	₱169,971	₱–	₱–	₱–	₱169,971
Due from a related party	–	137,890,912	–	–	137,890,912
Interest receivable	–	3,453,177	–	–	3,453,177
	₱169,971	₱141,344,089	₱–	₱–	₱141,514,060

December 31, 2020:

	Neither Past due nor Impaired		Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade			
Cash in bank	₱198,400	₱–	₱–	₱–	₱198,400
Due from a related party	–	138,195,601	–	–	138,195,601
Interest receivable	–	2,289,607	–	–	2,289,607
	₱198,400	₱140,485,208	₱–	₱–	₱140,683,608

Appendix 6-B

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2021

Subject: Re: MSRD_Ferronoux Holdings, Inc._SEC Form 17-Q (Second Quarter)_12August2021
Date: Thursday, August 12, 2021 at 7:42:36 AM Philippine Standard Time
From: ICTD Submission
To: david.delcastillo@mvgslaw.com

Dear Customer,

Your report/document has been SUCCESSFULLY ACCEPTED by ICTD.

(Subject to Verification and Review of the Quality of the Attached Document)

Official copy of the submitted document/report with Bar Code Page (Confirmation Receipt) will be made available after 15 days from receipt through the SEC Express System at the SEC website at www.sec.gov.ph

NOTICE

Please be informed that pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (PDF) **Secondary Reports** such as: 17-A, 17-C, 17-L, 17-Q, ICASR, 23-A, 23-B, I-ACGR, FS-P, FS-C, Monthly Reports, Quarterly Reports, Letters, etc... through email at

ictdsubmission@sec.gov.ph

Note: All submissions through this email are no longer required to submit the hard copy thru mail or over-the-counter.

For those applications that require payment of filing fees, these still need to be filed and sent via email with the SEC RESPECTIVE OPERATING DEPARTMENT.

Further, note that other reports shall be filed thru the **ONLINE SUBMISSION TOOL (OST)** such as:

AFS, GIS, GFFS, SFFS, LCFS, LCIF, FCFS. FCIF ANO, ANHAM. All submissions through OST are no longer required to submit the hard copy thru mail or over-the-counter.

FOR MC28, please email to:

(MC28_S2020@sec.gov.ph)

For your information and guidance.

Thank you and keep safe.

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SEC FORM 17-Q

Last Friday of June

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

1. For the six-month period ending **30 June 2021**
2. Commission identification number **A200115151**
3. BIR Tax Identification No. **219-045-668**
4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC. (formerly, AG Finance Incorporated)**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office **6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City** Postal Code **1605**
8. Issuer's telephone number, including area code **n/a**
9. Former name, former address and former fiscal year, if changed since last report **AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
Common Stock, P1.00 par value	261,824,002 shares

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

Yes ☒ No ☐

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The interim financial statements of FERRONOUX HOLDINGS, INC. as at June 30, 2021, with comparative audited figures as at December 31, 2020 and for the six-month periods ending June 30, 2021 and 2020, were prepared in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation.

Summary of Income Statements for the six-month periods ending June 30, 2021 and 2020.

	For the six-month periods ending June 30		Amount	Percentage
	2021	2020	Increase	Increase
	(P'000)	(P'000)	(decrease)	(decrease)
			(P'000)	(%)
Interest income	P1,697	P2,900	(P1,203)	(41%)
Operating expenses	(773)	(600)	(173)	29%
Other expenses	–	(2,900)	2,900	(100%)
	(773)	(3,500)	2,727	(78%)
Income before tax	924	(600)	1,524	(254%)
Tax expense	–	–	–	–
Net income for the period	P924	(P600)	P1,524	(254%)

Summary of Balance Sheet as at June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)	June 30, 2021 vs. December 31, 2020	
			Amount	Percentage
	(P'000)	(P'000)	Increase	Increase
			(decrease)	(decrease)
			(P'000)	(%)
Current assets	P 3,197	P2,526	P671	27%
Noncurrent assets	142,183	140,485	1,698	1%
Total Assets	P145,380	P143,011	P2,369	2%
Current liabilities	P7,419	P5,974	P1,445	24%
Noncurrent liabilities	1,644	1,644	–	–
Total Liabilities	9,063	7,618	1,445	19%
Stockholders' Equity	136,317	135,393	924	0.7%
Total Liabilities and Stockholders' Equity	P145,380	P143,011	P2,369	2%

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Summary of Statements of Cash Flows for the six-month periods ending June 30, 2021 and 2020 are as follows:

	For the six months ending June 30		Amount Increase (decrease)	Percentage Increase (decrease)
	2021 (P'000)	2020 (P'000)	(P'000)	(%)
Cash from (used in) operating activities	P522	P145	P377	260%
Cash at the beginning of period	198	952	(754)	(79%)
Cash at the end of period	P720	1,097	(P377)	(34%)

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

The following discussion and analysis is based on the financial statements for the six-month periods ending June 30, 2021 and 2020.

2.a - Results of Operations

Interest Income

Interest income was P1.70 million for the six-month period ending June 30, 2021 compared to P2.90 million for the same period in 2020. The decrease is due to maturity of the note receivable therefore, no accretion recorded in 2021. The interest earned in 2021 and 2020 pertains to the due from a related party.

Operating expenses

Expenses increased by P0.17 million or 29% as at June 30, 2021. Changes in the expense accounts for the six-month ending June 30, 2021 versus the same period last year are as follows:

- Decrease in taxes and licenses by 75% or P0.06 million is due to lower tax basis during the year.
- Increase in professional fees by P0.35 million or equivalent to 270%.
- Decrease in outside services by P0.09 million or equivalent to 100%.
- Decrease in other expenses by 53% or P0.02 million.

2.b - Statements of Financial Position

The significant changes in the Statements of Financial Position during the six-month period ending June 30, 2021 compared to December 31, 2020 are as follows:

- Total assets were P145.4 million as at June 30, 2021 compared to P143.0 million as at December 31, 2020, an increase of P2.4 million or 2%. The increase is mainly due to the accretion of interest on due from a related party.
- Total liabilities increased by P1.4 million or 19% from P7.6 million as at December 31, 2020 to P9.1 million in the current period mainly due to additional advances from a related party.

- Total equity increased by ₱0.9 million or 0.7% mainly due to the recognition of interest income for the six-month period ending June 30, 2021.

2.c - Statements of Cash Flows

The net cash generated from operating activities amounted to ₱0.5 for the six-month period ending June 30, 2021 compared to net cash generated from the same period in 2020 amounting to ₱0.1 million.

The cash as at June 30, 2021 and December 31, 2020 amounted to ₱0.7 million and ₱0.2 million, respectively.

2.d - Horizontal and Vertical Analysis

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)	Increase (Decrease) Amount Percentage	
ASSETS				
Current Assets				
Cash	₱719,851	₱198,400	₱521,451	263%
Other current assets	2,476,800	2,327,423	149,377	6%
Total Current Assets	3,196,651	2,525,823	670,828	27%
Noncurrent Assets				
Due from related parties	137,590,931	138,195,601	(604,670)	(0.4%)
Interest receivable	4,591,724	2,289,607	2,302,117	101%
Total Current Assets	142,182,655	140,485,208	1,697,447	1%
	₱ 145,379,306	₱143,011,031	₱2,368,275	2%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱7,417,514	₱ 5,973,482	₱1,444,032	24%
Noncurrent Liabilities				
Deferred tax liabilities	1,644,365	1,644,365	—	—
Total Liabilities	9,061,879	7,617,847	1,444,032	19%
Equity				
Capital stock	261,824,002	261,824,002	—	—
Additional paid-in capital	74,277,248	74,277,248	—	—
Deficit	(199,783,823)	(200,708,066)	924,243	(0.5%)
Total Equity	136,317,427	135,393,184	924,243	0.7%
	₱145,379,306	₱143,011,031	₱2,368,275	2%

FINANCIAL INDICATORS

	June 30, 2021	December 31, 2020
Net Income	924,243	4,281,806
Quick Assets	719,851	198,400
Current Assets	3,196,651	2,525,823
Total Assets	145,379,306	143,011,031
Current Liabilities	7,417,514	5,973,482
Total Liabilities	9,061,879	7,617,847
Stockholders' Equity	136,317,427	135,393,184
Number of Common Shares Outstanding	261,842,002	261,842,002
Current Ratio (1)	0.43	0.42
Debt to Equity Ratio (2)	0.07	0.06
Asset to Equity Ratio (3)	1.07	1.06
Return on Assets (4)	0.64%	3.07%
Return on Equity (5)	0.68%	3.21%
Book Value per Share (6)	₱0.52	₱0.52

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

OTHER INFORMATION

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

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PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity	Current Ratio (1)	0.43
	Quick Ratio (2)	0.08
Solvency	Debt to Equity Ratio (3)	0.07
	Debt Ratio (4)	0.06
Profitability	Asset to Equity Ratio (5)	1.07
	Return on Assets (6)	0.64%
	Return on Equity (7)	0.68%
	Book Value per Share (8)	₱0.52

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

SIGNATURES

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

Issuer: **FERRONOUX HOLDINGS, INC.**

By:



ERWIN TERRELL Y. SY
Treasurer/Chief Financial Officer



LAVINIA E. BUCTOLAN
Chief Accountant



ANNEX A

FERRONOUX HOLDINGS, INC. STATEMENTS OF FINANCIAL POSITION

	Note	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS			
Current Assets			
Cash	4	₱719,851	₱198,400
Other current assets		2,476,800	2,327,423
Total current assets		3,196,651	2,525,823
Noncurrent Assets			
Due from related parties	7	137,590,931	138,195,601
Interest receivable	7	4,591,724	2,289,607
Total noncurrent assets		142,182,655	140,485,208
Total Assets		₱145,379,306	₱143,011,031
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	₱7,417,514	₱5,973,482
Noncurrent Liabilities			
Deferred tax liabilities		1,644,365	1,644,365
Total Liabilities		9,061,879	7,617,847
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(199,783,823)	(200,708,066)
Total Equity		136,317,427	135,393,184
		₱145,379,306	₱143,011,031

See accompanying Notes to Financial Statements.

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ANNEX A**FERRONOUX HOLDINGS, INC.****STATEMENTS OF COMPREHENSIVE INCOME**

		Six Months ended June 30		Three Months ended June 30	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
	Notes				
INCOME					
Interest income	8	₱1,697,447	₱2,900,371	₱838,566	₱1,219,264
EXPENSES	9	(773,204)	(599,592)	(398,652)	(70,000)
OTHER INCOME (CHARGES) - net					
Provision for expected credit loss		—	(1,733,022)	—	(1,733,022)
Loss on assignment		—	(1,167,349)	—	(1,167,349)
		—	(2,900,371)	—	(2,900,371)
INCOME (LOSS) BEFORE INCOME TAX		924,243	(599,592)	439,914	(1,751,107)
PROVISION FOR INCOME TAX		—	—	—	—
NET INCOME (LOSS)		₱924,243	(₱599,592)	₱439,914	(₱1,751,107)
BASIC EARNINGS (LOSS) PER SHARE	10	₱0.004	(₱0.002)	₱0.002	(₱0.007)

See accompanying Notes to Financial Statements.

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ANNEX A

FERRONOUX HOLDINGS, Inc.

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	June 30	
	2021	2020
	(Unaudited)	(Unaudited)
CAPITAL STOCK - ₱1 par value		
Authorized - 550,000,000 shares		
Issued and outstanding -		
261,842,002 shares	₱261,824,002	₱261,824,002
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning and end of period	74,277,248	74,277,248
DEFICIT		
Balance at beginning of period	(200,708,066)	(204,989,872)
Net income	924,243	(599,592)
Balance at end of the period	(199,783,823)	(205,589,464)
	₱136,317,427	₱130,511,786

See accompanying Notes to Financial Statements.

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ANNEX A

FERRONOUX HOLDINGS, Inc.
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	June 30	
	2021	2020
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	₱ 924,243	(₱599,592)
Adjustments for:		
Interest income	8	(2,900,371)
Operating loss before changes in working capital	(773,204)	(3,499,963)
Decrease (increase) in:		
Notes receivable	–	135,614,756
Due from a related party	–	(132,714,385)
Other current assets	(149,377)	(84,671)
Increase in accrued expenses and other current liabilities	1,444,032	829,401
Net cash generated from operating activities	521,451	145,138
CASH AT BEGINNING OF PERIOD	198,400	951,868
CASH AT END OF PERIOD	₱719,851	₱1,097,006

See accompanying Notes to Financial Statements.

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ANNEX A

FERRONOUX HOLDINGS, INC. NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Ferronoux Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 as AG Finance Incorporated. The Company's primary purpose was to operate as a financing company and provide short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines. The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2020 and 2019, all of the 261,824,002 shares of the Company are listed in the PSE. On February 6, 2018, the SEC approved the amendment of the Company's articles of incorporation to change its corporate name from "AG Finance Incorporated" to "Ferronoux Holdings, Inc." and to change its purpose to a holding company. The Company likewise changed its stock symbol from "AGF" to "FERRO".

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 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.

On June 29, 2020, the Company and a stockholder of the Parent Company (Stockholder), with the conformity of ISOC Holdings Inc. (ISOC or the Parent Company) and SFI, entered into a Deed of Assignment assigning the note to the Stockholder. Accordingly, the note receivable was reclassified to "Due from a related party" account (see Note 5).

The Company's principal office address is at 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

Status of Operations

The Company has ceased its lending activities in 2015 and is today focused on acquiring a majority stake in operating businesses that meet 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.

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 11, *Financial Risk Management Objectives and Policies*.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous reporting year, except for the adoption of the following amended PFRS which the Company adopted effective for annual periods beginning January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.

- 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.

The adoption of the foregoing amended PFRS did not have any material effect on the financial statements of the Company. Necessary disclosures were included in the financial statements.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS which are not yet effective for the year ended June 30, 2021 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts – Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2023-

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing 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, due from a related party, interest receivable 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 profit or loss.

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.

Creditable Withholding Taxes (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.

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 Per Share (EPS)

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

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

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

The Company does not have dilutive potential shares of stock.

Segment Reporting

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

As discussed in Note 1, the Company's application with the SEC for the change of its principal purpose to a holding company was approved in 2018. 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 Judgments, Accounting Estimates and Assumptions

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

Judgment, 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. Accordingly, 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 the 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.

After taking into consideration the related party's ability to pay depending on the sufficiency of liquid assets, financial support from stockholders, and available forward-looking information, the risk of default of the related party is assessed to be minimal.

Provision for ECL amounted to nil and ₱1.7 million June 30, 2021 and December 31, 2020, respectively. The carrying amounts of the financial assets of the Company are as follows:

	Note	June 30, 2021	December 31, 2020
Cash in banks	4	₱ 719,851	₱198,400
Due from a related party	7	137,590,931	138,195,601
Interest receivable	7	4,591,724	2,289,607

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 June 30, 2021 and December 31, 2020, 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 ₱1.1 million as at June 30, 2021 and December 31, 2020, respectively.

4. Cash

Cash in banks amounting to ₱0.7 million and ₱0.2 million as at June 30, 2021 and December 31, 2020, respectively, earn interest at prevailing bank deposit rates. Interest income earned amounted to nil in June 30, 2021 and December 31, 2020.

5. Note Receivable

As discussed in Note 1, in 2015 the Company's loans receivables arising from the Company's previous lending activities were assumed by SFI which issued a five-year note with a nominal amount of ₱332.6 million in exchange for the loans.

The note receivable bears interest at 5% per annum on unpaid principal amount beginning June 6, 2017 but the Company agreed to waive the interest on the note in 2017. The waiver resulted to a loss of ₱24.1 million in 2017 arising from the modification of the terms of the note.

On June 26, 2020, the Company's BOD approved the assignment of the note receivable from SFI with a carrying amount of ₱133.9 million to a stockholder of the Parent Company in exchange for the stockholder's receivable from ISOC of ₱132.7 million. On June 29, 2020, the Company and the Stockholder, with the conformity of ISOC and SFI, entered into a Deed of Assignment covering the note. Accordingly, the Company reclassified the note receivable to "Due from a related party" account and recognize a loss amounting to ₱1.2 million on assignment.

Movements in this account are shown below:

	December 31, 2020
Original amount	₱332,639,733
Unamortized "Day 1" difference	—
	332,639,733
Allowance for ECL	(198,757,999)
	133,881,734
Assignment of note receivable	(133,881,734)
Carrying amount	₱—

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

	December 31, 2020
Balance at beginning of year	₱2,900,371
Accretion of "Day 1" difference	(2,900,371)
Balance at end of year	₱—

Movements in allowance for ECL in 2020:

	December 31, 2020
Balance at beginning of year	₱197,024,977
Provision for ECL	1,733,022
	198,757,999
Reversal resulting from the assignment	(198,757,999)
Balance at end of year	₱—

6. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	June 30, 2021	December 31, 2020
Due to a related party	7	₱6,713,757	₱5,253,085
Accrued expenses		703,757	720,397
		₱7,417,514	₱5,973,482

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

7. Related Party Transactions

The following table summarizes the transactions with related parties and the outstanding balance arising from these transactions as at June 30, 2021 and December 31, 2020:

Nature of transactions		Transactions during the		Outstanding Balance	
		Period/Year		June 30, 2021	December 31, 2020
		2021	2020		
Due from a Related Party					
Parent Company	Assignment of note receivable	₱—	₱132,714,385	₱132,714,385	₱132,714,385
	Day 1 difference	(604,671)	6,075,276	4,876,546	5,481,216
		(₱604,671)	₱138,789,661	₱137,590,931	₱138,195,601
Interest Receivable					
Parent Company	Interest income	₱2,302,117	₱2,289,607	₱4,591,724	₱2,289,607
Due to a Related Party					
Parent Company	Advances for working capital requirements	₱1,460,672	₱1,024,835	₱6,713,757	₱5,253,085

Assignment of Note Receivable

As discussed in Note 5, the Company's BOD approved the assignment of the note receivable from SFI amounting to ₱133.9 million to a stockholder of the Parent Company in exchange for the stockholder's receivable from ISOC amounting to ₱132.7 million on June 26, 2020. On June 29, 2020, the Company and the Stockholder, with the 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.

The outstanding balance of due from a related party as at year-end is unsecured, payable in full after five years and bears interest at 3.44% per annum payable upon maturity.

At the transaction date, the fair value of the due from a related party computed as the present value of future cash flows discounted using effective interest rate of 2.44% is different from the transaction price. Accordingly, the Company recognized "Day 1" gain of ₱6.1 million.

The unamortized portion of "Day 1" difference amounted to ₱4.9 million and ₱5.5 million as at June 30, 2021 and December 31, 2020, respectively. Accretion of "Day 1" difference amounted to ₱0.60 million and ₱0.59 million in 2021 and 2020, respectively.

Interest earned on due from a related party net of accretion amounted to ₱1.7 million and ₱2.9 million in 2021 and 2020, respectively. Interest receivable amounted to ₱4.6 million and ₱2.3 million as at June 30, 2021 and December 31, 2020, respectively.

Terms and Conditions of Transactions with Related Party

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

As at June 30, 2021, the Company has not provided any allowance for impairment losses for the amounts owed by a related party. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The Company also considered the available liquid assets of the related party and the continuing support provided by the stockholders.

New Revenue Regulations on Related Party Transactions

In July 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 19-2020, prescribing the use of the new BIR Form 1709, Information Return on Related Party Transactions, and the required documentary attachments which include but not limited to transfer pricing documentation.

Subsequently, the BIR issued RR No. 34-2020 prescribing the guidelines and procedures for the submission of BIR Form 1709, transfer pricing documentation and other supporting documentations. Under RR No. 34-2020, the following are required to file and submit the BIR Form:

- a. Large taxpayers
- b. Taxpayers enjoying tax incentives
- c. Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
- d. A related party, which has transactions with the above.

The Company is covered by the requirements provided by these revenue regulations.

Key Management Personnel

On November 4, 2020, the BOD approved the payment of reasonable per diems to the Company's BOD for their services for the year 2020. The reasonable per diems paid to directors amounted to ₱180,000 and ₱60,000 in 2021 and 2020, respectively. 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	June 30, 2021	June 30, 2020
Accretion of "Day 1" difference		₱—	₱2,900,371
Due from a related party	7	1,697,447	—
		₱1,697,447	₱2,900,371

9. Expenses

Operating expenses for the six-month periods ending June 30, 2021 and 2020 consists of:

Professional fees	₱481,366	₱130,000
PSE fees	253,000	261,000
Taxes and licenses	20,925	84,890
Outside services	—	85,625
Representation expense	—	—
Others	17,913	38,077
	₱773,204	₱599,592

10. Earnings Per Share

Basic EPS for the six-month periods ending June 30, 2021 and 2020 were computed as follows:

	2021	2020
Net income	₱924,243	(₱599,592)
Weighted average number of common shares	261,824,002	261,824,002
	₱0.004	(₱0.002)

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

11. Financial Risk Management Objectives and Policies

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

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, due from a related party, interest receivable 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:

June 30, 2021

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	₱719,851	₱-	₱-	₱-	₱719,851
Due from a related party	-	137,590,931	-	-	137,590,931
Interest receivable	-	4,591,724	-	-	4,591,724
	₱719,851	₱142,182,655	₱-	₱-	₱142,902,506

December 31, 2020:

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	₱198,400	₱-	₱-	₱-	₱198,400
Due from a related party	-	138,195,601	-	-	138,195,601
Interest receivable	-	2,289,607	-	-	2,289,607
	₱198,400	₱140,485,208	₱-	₱-	₱140,683,608

The credit quality of the Company's financial assets is being managed 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 June 30, 2021 and December 31, 2020 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:

	June 30, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	₱719,851	₱719,851	₱198,400	₱198,400
Due from a related party	137,590,931	137,590,931	138,195,601	142,254,823
	₱138,310,782	₱138,310,782	₱138,394,001	₱142,453,223
Financial Liabilities				
Accrued expenses and other current liabilities	₱7,417,514	₱7,417,514	₱5,973,482	₱5,973,482

Cash in Bank 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 and demandable nature of the transactions.

Due from a Related Party, Interest Receivable. The fair value of the Company's due from a related party and interest receivable in 2021 was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. These financial instruments are classified under Level 2 (Significant observable inputs) of the fair value hierarchy groups in the financial statements.

12. Capital Management

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by creating products and services commensurate with the level of risk. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or convert related party advances to an equity component item.

There has been no change made in the objectives, policies and process in June 30, 2021 and December 31, 2020. The Company is not subject to externally-imposed capital requirements.

AGING OF RECEIVABLES:

The aging analyses of financial assets are as follows:

June 30, 2021

	Neither Past due nor Impaired		Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade			
Cash in bank	₱719,851	₱–	₱–	₱–	₱719,851
Due from a related party	–	137,590,931	–	–	137,590,931
Interest receivable	–	4,591,724	–	–	4,591,724
	₱719,851	₱142,182,655	₱–	₱–	₱142,902,506

December 31, 2020:

	Neither Past due nor Impaired		Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade			
Cash in bank	₱198,400	₱–	₱–	₱–	₱198,400
Due from a related party	–	138,195,601	–	–	138,195,601
Interest receivable	–	2,289,607	–	–	2,289,607
	₱198,400	₱140,485,208	₱–	₱–	₱140,683,608



Appendix 7

LIST OF BOARD MEETINGS

FERRONOUX HOLDINGS, INC.

**SUMMARY OF THE MEETINGS
OF THE BOARD OF DIRECTORS**

Date of Meeting		Subject Matter
1	October 20, 2020	Organizational meeting of the Board of Directors and appointment of the key officers of the Corporation for the ensuing year
2	November 4, 2020	Approval of the payment of the reasonable per diems to the Board of Directors
3	December 22, 2020	Appointment of the Person-in-Control pursuant to the requirements of the SEC Memorandum Circular No. 28
4	January 8, 2021	Resignation of the Assistant Compliance Officer
4	April 12, 2021	Approval of the Audited Financial Statements for the year ending December 31, 2020
5	April 30, 2021	Approval of changes in the details submitted pursuant to SEC Memorandum Circular No. 28 and the appointment of the authorized filers for the SEC Online System Tool
6	August 23, 2021	Approval of the schedule of the 2021 Annual Stockholders' Meeting of the Corporation and other approvals and revocation of authorities
7	September 10, 2021	Resignation of the incumbent Compliance Officer and the appointment of the new Compliance Officer