Appendix 5

ANNUAL REPORT FOR THE YEAR ENDING DECEMBER 31, 2021

COVER SHEET

A200115151

S.E.C. Registration Number

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

(Company's Full Name)

6TH FLOOR, HANSTON BUILDING, ORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY

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

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

12	31	SEC FORM 17-A	Last Friday of June
Month	*Day*	FORM TYPE	*Month* *Day* Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

26		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

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

1. For the fiscal year ended **December 31, 2021**

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 ₱190,082,026.20 representing 86,400,921 shares equivalent to 32.99% of the outstanding common shares computed on the basis of ₱2.20 per share, the closing price as of 11 May 2022.

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PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Overview

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

The Company initially had an authorized capital stock of ₱10.0 million divided into 10.0 million common shares with a par value of ₱1.00 per share. Due to the continuous growth and expansion of the Company, a series of capital infusions were made by its shareholders, as follows:

- On August 24, 2006 the Company increased its authorized capital stock to ₱30.0 million divided into 30.0 million common shares, of which 20.0 million common shares were subscribed and paid-up.
- Subsequently, on June 16, 2009, the Company increased its authorized capital stock to ₱75.0 million divided into 75.0 million common shares which were fully subscribed and paid-up.
- On June 29, 2012, the Company's board of directors (BOD) and stockholders approved the application for increase in its authorized capital stock to ₱550.0 million divided into 550.0 million shares with a par value of ₱1 per share.

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2021, 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 ₱332,639,732.94 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 ₱132,714,385.00. 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 ₱332,639,732.94 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 ₱132,714,385.00. 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, 2021, 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 2021 Annual Meeting of the Stockholders held last October 21, 2021:

1. Approval of the Minutes of the Previous Stockholders' Meeting held on October 20, 2020
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 Company's website on September 24, 2021. 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 21, 2021, and were previously reported by the Company in its duly submitted SEC Form 17-C dated October 21, 2021.

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 2019 to 2021 were as follows:

Year	Quarter	High (Php)	Low (Php)
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
2021	First	6.10	2.95
	Second	3.49	2.82
	Third	3.62	2.83
	Fourth	3.59	3.18

As of May 11, 2022, the closing price of the Company's common shares was ₱2.20 per share. As of December 31, 2021, 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, 2021 is 26. The top stockholders of the Company as of December 31, 2021 were as follows:

Stockholders	Number of shares
PCD Nominee Corp. (Filipino)[1]	261,580,518
PCD Nominee Corp. (Non-Filipino)	182,611
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 175,422,074 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, Jr.	1,000
Ramon N. Santos	1,000
Jesus San Luis Valencia	1,000
Isidro C. Alcantara, Jr.	100
Manuel M. Lazaro	100
Ge Lin	100
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 2021 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 ceased its lending activity in 2015 and is currently evaluating and considering potential joint ventures, mergers or acquisitions of entities engaged in the telecommunications infrastructure under terms and conditions that is beneficial to the Company. The Company's Board of Directors has also authorized any one of its directors to enter into exploratory discussions with potential partners or target companies and to sign, execute and deliver non-disclosure agreements, letter of interest, non-binding term sheets and any other necessary documents.

Basis of Financial Statements presentation 2021 and 2020

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 2021	2020	Increase (Decrease) Amount	%
	(In PhP millions)			
Income	**₱3.39**	₱4.60	(₱1.21)	-26%
Expenses	**2.40**	1.80	0.60	33%
Other Income - net	**–**	(3.17)	(3.17)	-100%

Income decreased by ₱1.21 million or 26% as compared last year due to lower computed accretion upon maturity and assignment of notes receivable during the current year.

Expenses increased by ₱0.60 million or 33%. Changes in the expense accounts for the year ended December 31, 2021 versus the same period last year are as follows:

- Increase in professional fees by ₱0.77 million is mainly due to higher retainer fees this year as compared last year.
- Decrease in outside services by ₱0.11 million mainly attributable to fewer services outsourced during the year as compared last year.
- Decrease in miscellaneous expenses by ₱0.05 million due to lower admin expenses this year.

Other income - net decreased by 100% or ₱3.17 million. For the year ended December 31, 2021, the Company did not recognize day 1 gain on due from a related party. Further, there were no provision for expected credit loss and loss on assignment of note receivable in the current year.

Financial Position

	Audited 2021	2020	Increase (Decrease) Amount	%
	(in PhP Millions)			
Assets	**₱147.30**	₱143.01	₱4.29	3%
Liabilities	**10.38**	7.62	2.76	36%
Stockholders' Equity	**136.93**	135.39	1.54	1%

Assets

The total assets of the Company increased by ₱4.29 million or 3% from ₱143.01 million as of December 31, 2020 to ₱147.30 million as of December 31, 2021. The increase was mainly due to the interest receivable.

Liabilities

As of December 31, 2021, the total liabilities of the Company increased by ₱2.76 million or 36% from ₱7.62 million as of December 31, 2020. The increase was mainly due to the advances made by IHI which are subject to reimbursement.

Stockholders' Equity

As of year-end 2021, the stockholders' equity increased by ₱1.54 million from ₱135.39 million as of December 31, 2020 to ₱136.93 million as of December 31, 2021. The increase was mainly attributable to the net income in 2021.

Explanations for the material changes in the Company's accounts between 2020 and 2019 are as follows:

Results of Operations

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

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.

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.

	2021	2020
Net income	₱1,532,427	₱4,281,806
Current assets	2,602,301	2,525,823
Total assets	147,302,186	143,011,031
Current liabilities	8,483,215	5,973,482
Total liabilities	10,376,575	7,617,847
Stockholders' equity	136,925,611	135,393,184
No. of common shares outstanding	261,824,002	261,824,002

	2021	2020
Current ratio [1]	0.31	0.42
Book value per share [2]	0.52	0.52
Debt ratio [3]	0.08	0.06
Profit per share [4]	0.01	0.02
Return on assets [5]	0.01	0.03

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 SEC 17-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 2021. 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 ₱325,000 and ₱370,000 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 2021 and 2020, respectively. Non-audit services rendered by the external auditors, FY Rojas & Associates, CPAs for 2020 amounted to ₱80,000 (nil in 2021). Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2021 and 2020. 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 21, 2021, 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 21, 2021, they were elected with the following positions:

Name	Age	Citizenship	Position
DIRECTORS			
Michael C. Cosiquien		Filipino	Chairman/ President
Jesus G. Chua, Jr.		Filipino	Vice-Chairman/Director
Irving C. Cosiquien		Filipino	Director
Yerik C. Cosiquien		Filipino	Director
Michelle Joan G. Tan		Filipino	Director
Erwin Terrell Y. Sy		Filipino	Director/ Treasurer/ CFO
Mathew-John G. Almogino		Filipino	Lead Director
Alfred S. Jacinto		Filipino	Independent Director
OFFICERS			
Allesandra Fay V. Albarico		Filipino	Chief Information Officer
Lavinia C. Empleo-Buctolan		Filipino	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, October 20, 2020 and October 21, 2021. 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, October 20, 2020 and October 21, 2021. 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, October 20, 2020 and October 21, 2021. 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, October 20, 2020 and October 21, 2021. 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, October 20, 2020 and October 21, 2021. 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, October 20, 2020 and October 21, 2021. 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 and October 21, 2021. 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, October 20, 2020 and October 21, 2021. 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. 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.

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 on October 20, 2020 and October 21, 2021. 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, Bluprint and Lifestyle Asia.

Atty. Manuel Z. Gonzalez was elected Corporate Secretary in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020 and October 21, 2021. 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, October 28, 2019, October 20, 2020 and October 21, 2021. 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.

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. 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, 2020 and 2021.

	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	-	-	-	-
	2022 estimated	-	-	-	-

All Other Officers and Directors, as a group unnamed	2017	-	-	110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021	-	-	390,000	390,000
	2022 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. The reasonable per diems paid to the directors amounted to ₱390,000 and ₱60,000 in 2021 and 2020, respectively.

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

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

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

Warrants and Options Outstanding

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

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

Title of Class	Name and Address of Record Owner & Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares	Percent
Common	**PCD NOMINEE CORPORATION** - Tower 1 – Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	**ISOC HOLDINGS, INC. ("ISOC")**[3] 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City	**Filipino**	**175,422,074 (Direct)**	**66.99%**
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%**

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.*

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

Security Ownership of Directors and Officers

CURRENT DIRECTORS

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

Title of Class	Name Beneficial Owner	Amount and nature of ownership (Indicate record (“r”) and/or beneficial (“b”)	Citizenship	Percent
		(indirect)		
-	Gwyneth S. Ong Assistant Corporate Secretary	0 - “R” (direct) 0 - “B” (indirect)	Filipino	0.00% 0.00%
TOTAL		**1,007 ”R” (direct)** **175,422,075 “B” (indirect)**		**0.00%** **66.99%**

*through ISOC Holdings, Inc.

Voting Trust Holders of 5% Or More

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

Changes in Control

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

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of ₱332,639,732.94 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 ₱132,714,385.00. 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 ₱1,167,349.00 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 2021

Date of Disclosure	Subject
August 24, 2021	Notice of Annual Stockholder’s Meeting (Date, Time, Venue, and Agenda)
September 14, 2021	Resignation of Allesandra Fay V. Alabarico as Compliance Officer Election of Lavinia C. Empleo-Buctolan as Compliance Officer
September 24, 2021	Definitive Information Statement
October 21, 2021	Results of the Annual Stockholders’ Meeting held on October 21, 2021
October 21, 2021	Disclosure on the Results of the Organizational Meeting of the Board of Directors held on October 21, 2021

(c) Reports on SEC Form 17-Q until 31 December 2021

Date	Subject
May 17, 2021	Annual Report for 2020
May 18, 2021	First Quarter Results
August 12, 2021	Second Quarter Results
November 15, 2021	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 13 2022, 2022.

By:

MICHAEL C. COSIQUIEN
Chairman and President

SUBSCRIBED AND SWORN to before me this ______ day of MAY 13 2022 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		

Notary Public

GINO PAULO U. UY
Appointment No. 170 (2019-2020)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 SC En Banc B.M. No. 3795)
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131813; 01.05.22; Pasig City
IBP Receipt No. 171997; 01.04.22; RSM
MCLE Compliance No. VI-0011985; 04.14.22

Doc. No. 266;
Page No. 53;
Book No. VI;
Series of 2022.

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 13 2022, 2022.

By:

ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

SUBSCRIBED AND SWORN to before me this ______ day of MAY 13 2022 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 929-594-948		

Doc. No. 259;
Page No. 53;
Book No. VI;
Series of 2022.

Notary Public
Appointment No. 170 (2019-2020)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 SC En Banc B.M. No. 3795)
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131813; 01.05.22; Pasig City
IBP Receipt No. 171897; 01.04.22; RSM
MCLE Compliance No. VI-0011585; 04.14.22

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 13 2022, 2022.

By:

MANUEL Z. GONZALEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ______ day of MAY 13 2022 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 144-201-040		

Notary Public
GINO PAULO C. UY
Appointment No. 170 (2019-2020)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 SC En Banc B.M. No. 3795)
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131813; 01.05.22, Pasig City
IBP Receipt No. 171897; 01.04.22; RSM
MCLE Compliance No. VI-0011985; 04.14.22

Doc. No. 261;
Page No. 54;
Book No. V;
Series of 2022.

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 13 2022, 2022.

By:

LAVINIA E. BUCTOLAN
Compliance Officer

SUBSCRIBED AND SWORN to before me this ______ day of MAY 13 2022 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Lavinia E. Buctolan	DL NO. N01-09-026024;	VALID UNTIL	08/04/2023

Notary Public
GINO PAULO S. UY
Appointment No. 170 (2019-2020)
(Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 SC En Banc B.M. No. 3795)
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131813, 01.05.22; Pasig City
IBP Receipt No. 171897, 01.04.22; RSM
MCLE Compliance No. VI-0011985, 04.14.22

Doc. No. 298;
Page No. 59;
Book No. VI;
Series of 2022.

ANNEX A

ISOC HOLDINGS, INC.

Florence Ambray <fambray@isocholdings.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, May 16, 2022 at 2:34 PM
To: FAMBRAY@isocholdings.com
Cc: FAMBRAY@isocholdings.com

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

Valid files

- EAFS219045668ITRTY122021.pdf
- EAFS219045668AFSTY122021.pdf
- EAFS219045668OTHTY122021.pdf
- EAFS219045668RPTTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-AG7LDK7L04Q3WV4QQMSP2MXPM07E8AH795**
Submission Date/Time: **May 16, 2022 02:34 PM**
Company TIN: **219-045-668**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

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 2021**, 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 2021, 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

ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

Signed this______day of MAY 13 2022

SUBSCRIBED AND SWORN to before me this MAY 13 2022 at Pasig City, affiant exhibiting to me their evidence of identity, as follows:

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE OF ISSUE	PLACE OF ISSUE
MICHAEL C. COSIQUIEN	TIN 150-443-099		
ERWIN TERRELL Y. SY	TIN 929-596-948		

MIGUEL R. SEVILLA
Appointment No. 193 (2019-2020)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 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. 8131808; 01.05.22; Pasig City
IBP Receipt No. 171898; 01.0.22; RSM
MCLE Compliance No. VI-0026054; 4.14.22

Doc No. 418;
Page No. 85;
Book No. III;
Series of 2022.

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	2	0	0	1	1	5	1	5	1

C O M P A N Y N A M E

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

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

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

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

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

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Erwin Terrell Y. Sy	**tsy@isocholdings.com**	**–**	**–**

CONTACT PERSON'S ADDRESS

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

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies*

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2021, 2020 and 2019, 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, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019 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. This condition indicates 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 this condition is discussed in Note 1 to the financial statements. 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.

<u>Assessment of Expected Credit Loss on Due from a Related Party and Interest Receivable</u>
As at December 31, 2021, the Company's due from a related party and interest receivable represents 98% of total assets. The impairment assessment on the due from a related party and interest receivable 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, 6, and 11 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, 2021, 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, 2021 are expected to be made available to us after the date of this auditors' report.

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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. 8851706
Issued January 3, 2022, Makati City

April 12, 2022
Makati City, Metro Manila

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

STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2021	2020
ASSETS			
Current Assets			
Cash in bank	4	**₱140,738**	₱198,400
Creditable withholding taxes		**2,117,245**	2,151,839
Other current assets		**344,318**	175,584
Total Current Assets		**2,602,301**	2,525,823
Noncurrent Assets			
Due from a related party	6	**136,978,781**	138,195,601
Interest receivable	6	**7,721,104**	2,289,607
Total Noncurrent Assets		**144,699,885**	140,485,208
		₱147,302,186	₱143,011,031
LIABILITIES AND EQUITY			
Current Liability			
Accrued expenses and other current liabilities	5	**₱8,483,215**	₱5,973,482
Noncurrent Liabilities			
Deferred tax liability	10	**1,066,099**	1,644,365
Deferred output VAT	6	**827,261**	–
Total Noncurrent Liabilities		**1,893,360**	1,644,365
Total Liabilities		**10,376,575**	7,617,847
Equity			
Capital stock		**261,824,002**	261,824,002
Additional paid-in capital		**74,277,248**	74,277,248
Deficit		**(199,175,639)**	(200,708,066)
Total Equity		**136,925,611**	135,393,184
		₱147,302,186	₱143,011,031

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2021**	2020	2019
INTEREST INCOME	7	**₱3,387,416**	₱4,595,918	₱6,687,704
EXPENSES	8	**(2,398,661)**	(1,798,860)	(2,264,019)
OTHER INCOME (CHARGES) – Net				
Day 1 gain on due from a related party	6	–	6,075,276	–
Provision for expected credit loss (ECL)	6	–	(1,733,022)	(3,996,019)
Loss on assignment of note receivable	6	–	(1,167,349)	–
Reversal of liability	5	–	–	79,892
		–	3,174,905	(3,916,127)
INCOME BEFORE INCOME TAX		**988,755**	5,971,963	507,558
PROVISION FOR (BENEFIT FROM) INCOME TAX	10			
Current		**34,594**	45,792	1,598
Deferred		**(578,266)**	1,644,365	–
		(543,672)	1,690,157	1,598
NET INCOME		**1,532,427**	4,281,806	505,960
OTHER COMPREHENSIVE INCOME		**–**	–	–
TOTAL COMPREHENSIVE INCOME		**₱1,532,427**	₱4,281,806	₱505,960
EARNINGS PER SHARE – BASIC AND DILUTED	9	**₱0.006**	₱0.016	₱0.002

See accompanying Notes to Financial Statements.

FERRONOUX HOLDINGS, INC.

(A Subsidiary of ISOC Holdings, Inc.)

STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2021	2020	2019
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	**(200,708,066)**	(204,989,872)	(205,495,832)
Net income	**1,532,427**	4,281,806	505,960
Balance at end of year	**(199,175,639)**	(200,708,066)	(204,989,872)
	₱136,925,611	₱135,393,184	₱131,111,378

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱988,755**	₱5,971,963	₱507,558
Adjustment for:				
Interest income	7	**(3,387,416)**	(4,595,918)	(6,687,704)
Day 1 gain on due from a related party	6	**–**	(6,075,276)	–
Provision for ECL	6	**–**	1,733,022	3,996,019
Loss on assignment of note receivable	6	**–**	1,167,349	–
Reversal of liability	5	**–**	–	(79,892)
Operating loss before working capital changes		**(2,398,661)**	(1,798,860)	(2,264,019)
Increase in other current assets		**(168,734)**	(145,464)	(27,120)
Increase in accrued expenses and other current liabilities		**2,509,733**	1,190,856	3,168,913
NET INCREASE (DECREASE) IN CASH IN BANK		**(57,662)**	(753,468)	877,774
CASH IN BANK AT BEGINNING OF YEAR		**198,400**	951,868	74,094
CASH IN BANK AT END OF YEAR		**₱140,738**	₱198,400	₱951,868
NONCASH FINANCIAL INFORMATION				
Assignment of note receivable	6	**₱–**	₱132,714,385	₱–

See accompanying Notes to Financial Statements.

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. AG Finance Incorporated'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, 2021 and 2020, 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 November 27, 2017, ISOC Holdings Inc. (ISOC or the Parent Company) acquired 175,422,081 common shares held by RYM Business Management Corp. (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.

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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were approved and authorized for issue by the Board of Directors (BOD) on April 12, 2022.

Status of Operations

The Company ceased its lending activity in 2015 and is currently evaluating and considering potential joint ventures, mergers or acquisitions of entities engaged in the telecommunications infrastructure under terms and conditions that is beneficial to the Company. The Company's Board of Directors has also authorized any one of its directors to enter into exploratory discussions with potential partners or target companies and to sign, execute and deliver non-disclosure agreements, letter of interest, non-binding term sheets and any other necessary documents.

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). The accounting policies adopted are consistent with those of the previous years.

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*.

Amended PFRS Issued But Not Yet Effective
Relevant amended PFRS which are not yet effective 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 component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Amendment to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include 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 amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied 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.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. 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 and interest 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 or 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 amounts withheld from income subject to expanded withholding taxes. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

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 (RCIT) 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 potential dilutive ordinary shares of stock.

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

The Company does not have potential dilutive ordinary 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.

Aside from being a holding company, 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 12-month period with the same related party, amounting to 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 ceased its lending activities in 2015 and has no other business activities since then. As discussed in Note 1, the Company is currently evaluating and considering potential joint ventures, mergers or acquisitions of entities engaged in the telecommunications infrastructure under terms and conditions that is beneficial to the Company. The Company's Board of Directors has also authorized any one of its directors to enter into exploratory discussions with potential partners or target companies and to sign, execute and deliver non-disclosure agreements, letter of interest, non-binding term sheets and any other necessary documents. 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 due from a related party, 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.

No provision for ECL was recognized in 2021. Provision for ECL amounted to ₱1.7 million and ₱4.0 million in 2020 and 2019, respectively. The carrying amounts of the financial assets of the Company are as follows:

	Note	**2021**	2020
Cash in banks	4	**₱140,738**	₱198,400
Due from a related party	6	**136,978,781**	138,195,601
Interest receivable	6	**7,721,104**	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 December 31, 2021 and 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 ₱0.4 million and ₱1.1 million as at December 31, 2021 and 2020, respectively (see Note 10).

4. Cash in Bank

Cash in bank amounted to ₱140,738 and ₱198,400 as at December 31, 2021 and 2020, respectively, and earns interest at prevailing bank deposit rates. No interest income earned in 2021, 2020 and 2019.

5. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	**2021**	2020
Due to a related party	6	**₱7,314,007**	₱5,253,085
Accrued expenses		**1,169,208**	720,397
		₱8,483,215	₱5,973,482

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 were reversed in 2019 as management has assessed that creditors will have no further claims against the Company.

6. 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, 2021 and 2020:

		Transactions during the Year		Outstanding Balance	
	Nature of Transactions	**2021**	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	**–**	6,075,276	**4,264,396**	5,481,216
				₱136,978,781	₱138,195,601
Interest Receivable					
Parent Company	Interest income	**₱4,604,236**	₱2,289,607	**₱7,721,104**	₱2,289,607
Due to a Related Party					
Parent Company	Advances for working capital requirements	**₱2,060,922**	₱1,024,835	**₱7,314,007**	₱5,253,085

Assignment of Note Receivable

On June 29, 2020, the Company's BOD agreed to the assignment of a note receivable from Sun Prime Finance Inc. (SFI) amounting to ₱133.9 million to a stockholder of Parent Company in exchange for the stockholder's receivable of ₱132.7 million from the Parent Company, with the conformity of SFI. As a result of the transaction, the Company reclassified the note receivable to "Due from a related party" and recognized a loss amounting to ₱1.2 million.

The note receivable from SFI of ₱133.9 million is net of allowance of ₱198.8 million (provision for ECL of ₱1.7 million and ₱3.9 million was recognized in 2020 and 2019, respectively) as at the date of the assignment. SFI previously issued the note when it assumed the loans receivable arising from the Company's past lending activities. SFI waived the 5% interest resulting to a modification of the note. Remaining unamortized "Day 1" difference of ₱2.9 million in 2020 related to the note was classified as interest income. Accretion of "Day 1" difference amounted to ₱6.7 million in 2019) (see Note 7).

At the date of assignment, 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 on due from a related party of ₱6.1 million.

The outstanding balance of due from a related party as at December 31, 2021 and 2020 is unsecured and payable in full in 2025, and bears interest at 3.44% per annum payable upon maturity.

The movements of due from a related party in 2021 and 2020 are as follows:

	2021	2020
Original amount at the date of assignment	**₱132,714,385**	₱132,714,385
"Day 1" gain		
Balance at beginning of year	**5,481,216**	6,075,276
Accretion	**(1,216,820)**	(594,060)
Balance at end of year	**4,264,396**	5,481,216
Carrying amount	**₱136,978,781**	₱138,195,601

Interest earned on due from a related party net of accretion amounted to ₱3.4 million and ₱1.7 million in 2021 and 2020, respectively (see Note 7). Interest receivable amounted to ₱7.7 million and ₱2.3 million as at December 31, 2021 and 2020, respectively. Deferred output VAT amounted to ₱0.8 million as at December 31, 2021.

As at December 31, 2021 and 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.

Terms and Conditions of Due to a Related Party

The outstanding balance of due to a related party as at December 31, 2021 and 2020 is unsecured, noninterest-bearing, due and demandable, and normally settled in cash.

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 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. The reasonable per diems paid to directors amounted to ₱390,000 and ₱60,000 in 2021 and 2020, respectively. There is no key management personnel compensation in 2019. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

7. Interest Income

This account consists of:

	Note	**2021**	2020	2019
Due from a related party - net of accretion	6	**₱3,387,416**	₱1,695,547	₱–
Accretion of "Day 1" difference on note receivable	6	**–**	2,900,371	6,687,704
		₱3,387,416	₱4,595,918	₱6,687,704

8. Expenses

This account consists of:

	2021	2020	2019
Professional fees	**₱1,942,869**	₱1,174,217	₱1,192,779
PSE and SEC fees	**253,000**	261,000	280,000
Taxes and licenses	**83,406**	84,940	275,257
Outside services	**26,036**	135,275	107,453
Representation	**–**	–	243,714
Others	**93,350**	143,428	164,816
	₱2,398,661	₱1,798,860	₱2,264,019

9. Earnings Per Share (EPS)

Basic and diluted EPS is computed as follows:

	2021	2020	2019
Net income	**₱1,532,427**	₱4,281,806	₱505,960
Weighted average number of common shares	**261,824,002**	261,824,002	261,824,002
	₱0.006	₱0.016	₱0.002

The Company does not have potential dilutive shares of stock.

10. Income Taxes

The Company's provision for current income tax pertains to MCIT in 2021, 2020 and 2019.

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 RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets and total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates retrospectively became 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 income tax rate used for the year ended December 31, 2021 are 25% and 1% for RCIT and MCIT, respectively.

In 2021, provision for current income tax decreased by ₱11,448 and provision for deferred income tax increased by ₱0.3 million as a result of the adjustment for the effect of changes in the tax rates in 2020.

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

	2021	2020	2019
Income tax expense at statutory tax rate	**₱247,188**	₱1,791,589	₱152,267
Effect of change in income tax rate	**(285,509)**	–	–
Change in unrecognized deferred tax assets	**(513,501)**	(178,840)	(751,693)
Add (deduct) tax effects of:			
Nondeductible expenses	**750**	8,100	73,117
Expired NOLCO and MCIT	**7,400**	69,308	527,907
	(₱543,672)	₱1,690,157	₱1,598

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:

	2021	2020
NOLCO	**₱304,064**	₱1,027,448
MCIT	**93,432**	54,790
	₱397,496	₱1,082,238

As at December 31, 2021 and 2020, the Company’s deferred tax liability amounting to ₱1.1 million and ₱1.6 million, respectively, pertains to “Day 1” difference on due from a related party.

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

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2020	₱649,602	₱–	₱–	₱649,602	2025
2019	1,940,413	–	(1,373,761)	566,652	2022
2018	834,814	–	(834,814)	–	2021
	₱3,424,829	₱–	(₱2,208,575)	₱1,216,254	

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
2021	₱–	₱46,042	₱–	₱46,042	2024
2020	45,792	–	–	45,792	2023
2019	1,598	–	–	1,598	2022
2018	7,400	–	(7,400)	–	2021
	₱54,790	₱46,042	(₱7,400)	₱93,432	

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 bank, due from a related party, interest 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 when a counterparty defaults on its obligation. The Company's exposure to credit risk arises primarily from cash in bank, due from a related party and interest 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 is as follows:

	December 31, 2021				
	Neither Past due nor Impaired		**Past Due but not**		
	High Grade	**Standard Grade**	**Impaired**	**Impaired**	**Total**
Cash in bank	**₱140,738**	**₱–**	**₱–**	**₱–**	**₱140,738**
Due from a related party	**–**	**136,978,781**	**–**	**–**	**136,978,781**
Interest receivable	**–**	**7,721,104**	**–**	**–**	**7,721,104**
	₱140,738	**₱144,699,885**	**₱–**	**₱–**	**₱144,840,623**

	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 Company manages the credit quality of its financial assets 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.

Credit Quality of Financial Assets
The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Company's financial assets are as follows:

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
Financial Assets at Amortized Cost				
Cash in bank	**₱140,738**	**₱–**	**₱–**	**₱140,738**
Due from a related party	**136,978,781**	**–**	**–**	**136,978,781**
Interest receivable	**7,721,104**	**–**	**–**	**7,721,104**
Gross Carrying Amount	**₱144,840,623**	**₱–**	**₱–**	**₱144,840,623**

	2020			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Financial Assets at Amortized Cost				
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
Gross Carrying Amount	₱140,683,608	₱–	₱–	₱140,683,608

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, 2021 and 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:

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	**₱140,738**	**₱140,738**	₱198,400	₱198,400
Due from a related party*	**136,978,781**	**141,916,983**	138,195,601	142,254,823
	₱137,119,519	**₱142,057,721**	₱138,394,001	₱142,453,223

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
Accrued expenses and other current liabilities	**₱8,483,215**	**₱8,483,215**	₱5,973,482	₱5,973,482

**Including future interest*

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. The fair value of the Company's due from a related party in 2021 and 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.

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 processes in 2021, 2020 and 2019. The Company is not subject to externally-imposed capital requirements.

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

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

We have audited the accompanying financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2021 and 2020 and for the years ended December 31, 2020, 2019 and 2018 on which we have rendered our report dated April 12, 2022.

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

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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. 8851706
Issued January 3, 2022, Makati City

April 12, 2022
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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

INDEPENDENT AUDITORS REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited in accordance with Philippine Standards on Auditing the financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, and have issued our report thereon dated April 12, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2021 and 2020 and for the years then ended December 31, 2021, 2020 and 2019 and no material exceptions were noted.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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. 8851706
Issued January 3, 2022, Makati City

April 12, 2022
Makati City, Metro Manila

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

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Below is a schedule showing financial soundness indicators in 2021 and 2020.

Ratio	Formula	2021	2020
Current Ratio			
	Total current assets	**₱2,602,301**	₱2,525,823
	Divided by: Total current liabilities	**8,483,215**	5,973,482
	Current Ratio	**0.31:1**	0.42:1
Acid Test Ratio			
	Total current assets	**₱2,602,301**	₱2,525,823
	Less: Inventories	**–**	–
	Other current assets	**2,461,563**	2,327,423
	Quick assets	**140,738**	198,400
	Divide by: Total current liabilities	**8,483,215**	5,973,482
	Acid Test Ratio	**0.02:1**	0.03:1
Solvency Ratio			
	Net income after depreciation and amortization	**₱1,532,427**	₱4,281,806
	Add: Depreciation and amortization	**–**	–
	Net income before depreciation and amortization	**1,532,427**	4,281,805
	Divided by: Total liabilities	**10,376,575**	7,617,847
	Solvency Ratio	**0.15:1**	0.56:1
Debt-to-Equity Ratio			
	Total liabilities	**₱10,376,575**	₱7,617,847
	Divided by: Total equity	**136,925,611**	135,393,184
	Debt-to-Equity Ratio	**0.08:1**	0.06:1
Asset-to-Equity Ratio			
	Total assets	**₱147,302,186**	₱143,011,031
	Divided by: Total equity	**136,925,611**	135,393,184
	Asset-to-Equity Ratio	**1.08:1**	1.06:1
Return on Equity			
	Net income	**₱1,532,427**	₱4,281,806
	Divided by: Total equity	**136,925,611**	135,393,184
	Return on Equity	**0.01:1**	0.03:1
Return on Assets			
	Net income	**₱1,532,427**	₱4,281,806
	Divided by: Average total assets	**145,156,609**	139,452,518
	Return on Assets	**0.01:1**	0.03:1
Net Profit Margin			
	Net income	**₱1,532,427**	₱4,281,806
	Divided by: Revenue	**3,387,416**	4,595,918
	Net Profit Margin	**0.45:1**	0.93:1

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

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8741 Paseo de Roxas
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Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing the financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 and have issued our report thereon dated April 12, 2022. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Company's management.

These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2021
- Schedules required by Annex 68-J as at December 31, 2021
- Conglomerate Map as at December 31, 2021

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

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 81207-SEC Group A
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Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-004-2019
Valid until October 16, 2022
PTR No. 8851706
Issued January 3, 2022, Makati City

April 12, 2022
Makati City, Metro Manila

FERRONOUX HOLDINGS, INC.

(A Subsidiary of ISOC Holdings, Inc.)

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

DECEMBER 31, 2021

	Amount
Unappropriated deficit, as shown in the financial statements at beginning of year	(₱200,708,066)
Unamortized "Day 1" difference, beginning of year	(5,481,216)
Total deficit available for dividend declaration at beginning of year	(206,189,282)
Net income during the year closed to retained earnings	1,532,427
Accretion of "Day 1" difference during the year	1,216,820
Total deficit available for dividend declaration at end of year	(₱203,440,035)

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

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2021

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Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
Union Bank of the Philippines	₱140,738	₱140,738	N/A	₱–

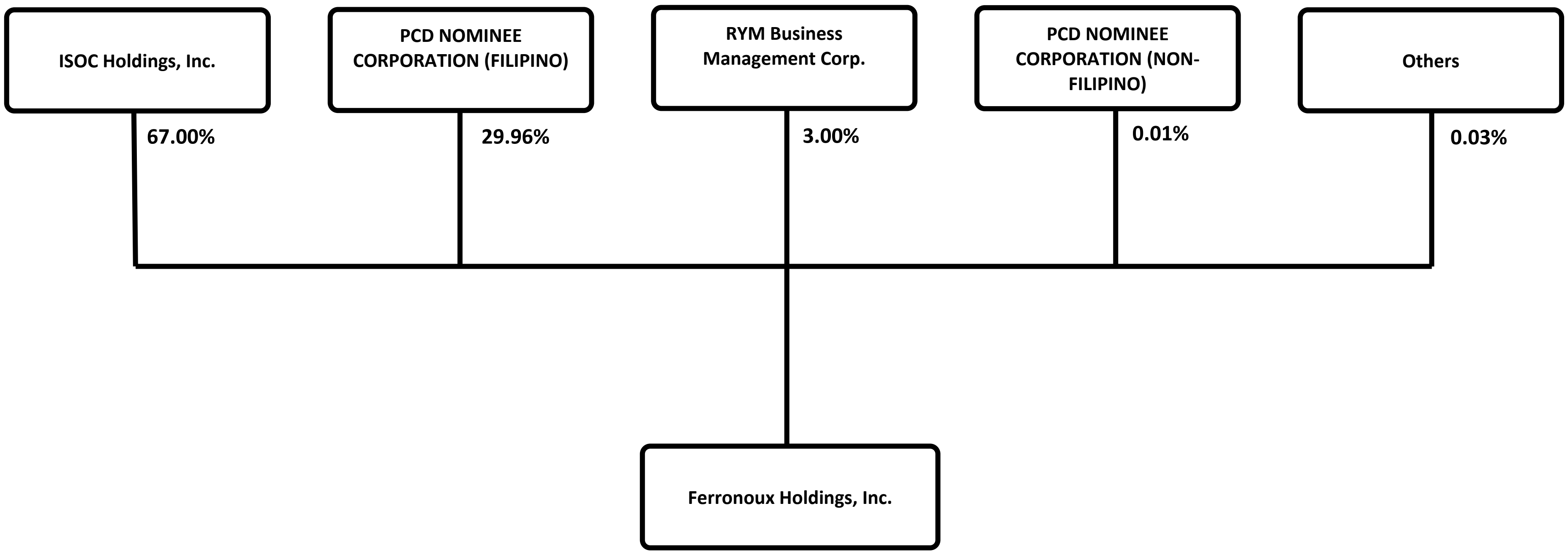
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

	Balance at beginning of year	Additions	Deductions		Balance at end of year		
			Collections	Write Offs	Current	Noncurrent	Total
ISOC Holdings, Inc.	₱140,485,208	₱4,214,677	₱–	₱–	₱–	₱144,699,885	₱144,699,885

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by related parties	Directors, officers and employees	Others
Common Stock	550,000,000	261,824,002	–	175,422,074	1,007	86,400,921

Conglomerate Map
As at December 31, 2021



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, 2021, the total number of shares listed in the PPE 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 ₱332,639,732.94 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 ₱132,714,385.00. 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 third year to report on its sustainability efforts, as a supplement to the Company's 2021 Financial Report. The report covers the period of January 1 to December 31, 2021 and highlights issues defined as material for the Company's stakeholders.

2021 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 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, 2021
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 31, 2021. 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 December 31, 2021 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
Gwyneth S. Ong	Assistant Corporate Secretary
Allesandra Fay V. Albarico	Chief Information Officer
Lavinia C. Empleo-Buctolan	Compliance Officer
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
The Company 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.

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

Economic Performance

Disclosure	Amount	Units
Direct economic value generated (revenue)	Nil	PhP
Direct economic value distributed:		
a. Operating costs	2,398,661	PhP
b. Employee wages and benefits	Not Applicable	PhP
c. Payments to suppliers, other operating costs	2,078,004	Php
d. Dividends given to stockholders and interest payments to loan providers	Not Applicable	PhP
e. Taxes given to government	83,406	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 2021.

	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	-	-	-	-
	2022 estimated	-	-	-	-

All Other Officers and Directors, as a group unnamed	2017			110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021	-	-	390,000	390,000
	2022 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. The Company 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
The Company 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 more so 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 the Company 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.

The Company 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, ethnical 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.

Appendix 6-A

INTERIM FINANCIAL STATEMENTS AS OF March 31, 2022

COVER SHEET

A 2 0 0 1 1 5 1 5 1

S.E.C. Registration Number

FERRONOUX HOLDINGS, INC.

(A Subsidiary of ISOC Holdings, Inc.)

(Company's Full Name)

6TH FLOOR, HANSTON BUILDING, FORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY

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

Erwin Terrell Y. Sy

Contact Person

-

Company Telephone Number

0 3 3 1

Month *Day*

SEC FORM 17-Q

FORM TYPE

Last Friday of June

Month *Day*

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2 6

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

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

1. For the three-month period ending **31 March 2022**

2. Commission identification number **A200115151**

3. BIR Tax Identification No. **219-045-668**

4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC. (formerly, AG Finance Incorporated)**

5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**

6. Industry Classification Code: ____________ (SEC Use Only)

7. Address of issuer's principal office **6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City** Postal Code **1605**

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

9. Former name, former address and former fiscal year, if changed since last report **AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

    Yes [x] No [ ]

    Philippine Stock Exchange **Common Shares**

12. Indicate by check mark whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The interim financial statements of FERRONOUX HOLDINGS, INC. as at March 31, 2022, with comparative audited figures as at December 31, 2021 and for the three-month periods ending March 31, 2022 and 2021, 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, 2022 and 2021.

	For the three-month periods ending March 31		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2022 (₱'000)	2021 (₱'000)	(₱'000)	(%)
Interest income	₱824	₱859	(₱35)	-4%
Operating expenses	(628)	(375)	253	67%
Income before tax	196	484	(288)	-60%
Tax expense	–	–	–	–
Net income for the period	₱196	₱484	(₱288)	-60%

Summary of Balance Sheet as at March 31, 2022 and December 31, 2021 are as follows:

	Mar. 31, 2022 (Unaudited)	December 31, 2021 (Audited)	Mar 31, 2022 vs. Dec. 31, 2021	
			Amount Increase (Decrease)	Percentage Increase (Decrease)
	(₱'000)	(₱'000)	(₱'000)	(%)
Current assets	₱2,576	₱2,602	(₱26)	-1%
Noncurrent assets	145,524	144,700	824	1%
Total Assets	₱148,100	₱147,302	₱798	1%
Current liabilities	₱9,086	₱8,483	₱603	7%
Noncurrent liabilities	1,893	1,893	–	–
Total Liabilities	10,979	10,376	603	6%
Stockholders' Equity	137,121	136,926	195	0%
Total Liabilities and Stockholders' Equity	₱148,100	₱147,302	₱798	1%

Summary of Statements of Cash Flows for the three-month periods ending March 31, 2022 and 2021 are as follows:

	For the three months ending March 31		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2022 (₱'000)	2021 (₱'000)	(₱'000)	(%)
Cash used in operating activities	(₱75)	(₱28)	(₱47)	168%
Cash at the beginning of period	141	198	(57)	-29%
Cash at the end of period	₱66	170	(₱104)	-61%

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, 2022 and 2021.

2.a - Results of Operations

Interest Income
Interest income was ₱0.82 million for the three-month period ending March 31, 2022 compared to ₱0.86 million for the same period in 2021. The interest earned in 2022 and 2021 pertains to the due from a related party.

Operating expenses
Expenses increased by ₱0.25 million or 67% as at March 31, 2022. Changes in the expense accounts for the three-month ending March 31, 2022 versus the same period last year is attributable to the increase in professional fees by ₱0.26 million.

2.b - Statements of Financial Position

The significant changes in the Statements of Financial Position during the three-month period ending March 31, 2022 compared to December 31, 2021 are as follows:

- Total assets were ₱148.10 million as at March 31, 2022 compared to ₱147.30 million as at December 31, 2021, an increase of ₱0.80 million or 1%. The increase is mainly due to the accretion of interest on due from a related party.

- Total liabilities increased by ₱0.60 million or 6% from ₱10.38 million as at December 31, 2021 to ₱10.98 million in the current period mainly due to additional advances from a related party.

- Total equity increased by ₱0.20 million or 0.1% mainly due to net income for the three-month period ending March 31, 2022.

2.c - Statements of Cash Flows

The net cash used in operating activities amounted to ₱0.08 for the three-month period ending March 31, 2022 compared to net cash used in the same period in 2021 amounting to ₱0.03 million.

The cash as at March 31, 2022 and December 31, 2021 amounted to ₱0.07 million and ₱0.17 million, respectively.

2.d - Horizontal and Vertical Analysis

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	Increase (Decrease) Amount	Percentage
ASSETS				
Current Assets				
Cash	₱65,707	₱140,738	(₱75,031)	-53%
Creditable withholding tax	2,117,245	2,117,245	-	0%
Other current assets	393,227	344,318	48,909	14%
Total Current Assets	2,576,179	2,602,301	(26,122)	1%
Noncurrent Assets				
Due from related parties	136,676,602	136,978,781	(302,179)	0%
Interest receivable	8,847,140	7,721,104	1,126,036	15%
Total Current Assets	145,523,742	144,699,885	823,857	1%
	₱148,099,921	₱147,302,186	₱797,735	1%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱9,085,330	₱8,483,215	₱602,115	7%
Noncurrent Liabilities				
Deferred tax liabilities	1,066,099	1,066,099	–	–
Deferred output VAT	827,261	827,261	–	–
Total Noncurrent Liabilities	1,893,360	1,893,360	–	–
Total Liabilities	10,978,690	10,376,575	602,115	6%
Equity				
Capital stock	261,824,002	261,824,002	–	–
Additional paid-in capital	74,277,248	74,277,248	–	–
Deficit	(198,980,019)	(199,175,639)	195,620	0%
Total Equity	137,121,231	136,925,611	195,620	0%
	₱148,099,921	₱147,302,186	₱797,735	1%

FINANCIAL INDICATORS

	March 31, 2022	December 31, 2021
Net Income	₱195,620	₱1,532,427
Quick Assets	65,707	140,738
Current Assets	2,576,179	2,602,301
Total Assets	148,099,921	147,302,186
Current Liabilities	9,085,330	8,483,215
Total Liabilities	10,978,690	10,376,576
Stockholders’ Equity	137,121,231	136,925,611
Number of Common Shares Outstanding	261,842,002	261,842,002

Current Ratio (1)	0.28	0.31
Debt to Equity Ratio (2)	0.08	0.08
Asset to Equity Ratio (3)	1.08	1.08
Return on Assets (4)	0.1%	1%
Return on Equity (5)	0.1%	1%
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)	0.28
	Quick Ratio (2)	0.01
Solvency	Debt to Equity Ratio (3)	0.08
	Debt Ratio (4)	0.07
Profitability	Asset to Equity Ratio (5)	1.08
	Return on Assets (6)	0.1%
	Return on Equity (7)	0.1%
	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
Compliance Officer

ANNEX A

FERRONOUX HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION

	Note	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
ASSETS			
Current Assets			
Cash	4	**₱65,707**	₱140,738
Creditable withholding tax		**2,117,245**	2,117,245
Other current assets		**393,227**	344,318
Total Current Assets		**2,576,179**	2,602,301
Noncurrent Assets			
Due from related parties	6	**136,676,602**	136,978,781
Interest receivable	6	**8,847,140**	7,721,104
Total Noncurrent Assets		**145,523,742**	144,699,885
Total Assets		**₱148,099,921**	₱147,302,186
LIABILITIES AND EQUITY			
Current Liability			
Accrued expenses and other current liabilities	5	**₱9,085,330**	₱8,483,215
Noncurrent Liabilities			
Deferred tax liabilities		**1,066,099**	1,066,099
Deferred output VAT		**827,261**	827,261
Total Noncurrent Liabilities		**1,893,360**	1,893,360
Total Liabilities		**10,978,690**	10,376,575
Equity			
Capital stock		**261,824,002**	261,824,002
Additional paid-in capital		**74,277,248**	74,277,248
Deficit		**(198,980,019)**	(199,175,639)
Total Equity		**137,121,231**	136,925,611
Total Liabilities and Equity		**₱148,099,921**	₱147,302,186

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Note	**March 31, 2022 (Unaudited)**	December 31, 2021 (Audited)
INTEREST INCOME		**₱823,857**	₱3,387,416
EXPENSES	7	**(628,237)**	(2,398,661)
INCOME BEFORE INCOME TAX		**195,620**	988,755
PROVISION FOR INCOME TAX			
Current		–	34,594
Deferred		–	(578,266)
			(543,672)
NET INCOME		**₱195,620**	₱1,532,427
BASIC EARNINGS PER SHARE	8	**₱0.001**	₱0.006

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021

		March 31	
	Note	**2022 (Unaudited)**	2021 (Unaudited)
INTEREST INCOME		**₱823,857**	₱858,881
EXPENSES	7	**(628,237)**	(374,552)
INCOME BEFORE INCOME TAX		**195,620**	484,329
PROVISION FOR INCOME TAX		**–**	–
NET INCOME		**₱195,620**	₱484,329
BASIC EARNINGS PER SHARE	8	**₱0.001**	₱0.002

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021

	March 31	
	2022 (Unaudited)	2021 (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	**(199,175,640)**	(200,708,066)
Net income	**195,620**	484,329
Balance at end of the period	**(198,980,020)**	(200,223,737)
	₱137,121,230	₱135,877,513

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.

STATEMENT OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021

		March 31	
		2022 (Unaudited)	2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		**₱195,620**	₱484,329
Adjustment for:			
Interest income	8	**(823,857)**	(858,881)
Operating loss before changes in working capital		**(628,237)**	(374,552)
Increase in other current assets		**(48,909)**	(34,506)
Increase (decrease) in accrued expenses and other current liabilities		**602,115**	380,629
Net cash used in operating activities		**(75,031)**	(28,429)
CASH AT BEGINNING OF PERIOD		**140,738**	198,400
CASH AT END OF PERIOD		**₱65,707**	₱169,971

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 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.

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 ceased its lending activity in 2015 and is currently evaluating and considering potential joint ventures, mergers or acquisitions of entities engaged in the telecommunications infrastructure under terms and conditions that is beneficial to the Company. The Company's Board of Directors has also authorized any one of its directors to enter into exploratory discussions with potential partners or target companies and to sign, execute and deliver non-disclosure agreements, letter of interest, non-binding term sheets and any other necessary documents.

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*.

Amended PFRS Issued But Not Yet Effective
Relevant amended PFRS which are not yet effective 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 component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include 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 amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied 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.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy require an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. 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.

<u>Financial Instruments</u>

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 as of March 31, 2022 and December 31, 2021, respectively. The carrying amounts of the financial assets of the Company are as follows:

	Note	**March 31, 2022**	December 31, 2021
Cash in banks	4	**₱65,707**	₱140,738
Due from a related party	7	**136,676,602**	136,978,781
Interest receivable	7	**8,847,140**	7,721,104

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, 2022 and December 31, 2021, 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 ₱0.40 million as at March 31, 2022 and December 31, 2021, respectively.

4. **Cash**

Cash in banks amounting to ₱0.07 million and ₱0.14 million as at March 31, 2022 and December 31, 2021, respectively, earn interest at prevailing bank deposit rates. No interest income earned in March 31, 2022 and December 31, 2021.

5. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	**March 31, 2022**	December 31, 2021
Due to a related party	6	**₱7,616,679**	₱7,314,007
Accrued expenses		**1,468,651**	1,169,208
		₱9,085,330	₱8,483,215

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

6. 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, 2022 and December 31, 2021:

	Nature of transactions	Transactions during the Year **2022**	Transactions during the Year 2021	Outstanding Balance **March 31, 2022**	Outstanding Balance December 31, 2021
Interest Receivable					
Parent Company	Interest income	**₱1,126,036**	₱4,604,236	**₱8,847,140**	₱7,721,104
Due to a Related Party					
Parent Company	Advances for working capital requirements	**₱302,672**	₱2,060,922	**₱7,616,679**	₱7,314,007

Assignment of Note Receivable

On June 29, 2020, the Company's BOD approved the assignment of the note receivable from Sun Prime Finance Inc. (SFI) amounting to ₱133.9 million to a stockholder of the Parent Company in exchange for the stockholder's receivable from the Parent Company amounting to ₱132.7 million with the conformity of SFI. As a result of the transaction, the Company reclassified the note receivable to "Due from a related party" account and recognized a loss amounting to ₱1.2 million.

The note receivable from SFI of ₱133.9 million is net of allowance of ₱198.8 million (provision for ECL of ₱1.7 million and ₱3.9 million was recognized in 2020 and 2019, respectively) as at the date of the assignment. SFI previously issued the note when it assumed the loans receivable arising from the Company's past lending activities. SFI waived the 5% interest resulting to a modification of the note. Remaining unamortized "Day 1" difference of ₱2.9 million in 2020 related to the note was classified as interest income. Accretion of "Day 1" difference amounted to ₱6.7 million in 2019.

At the date of assignment, 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 on due from a related party of ₱6.1 million.

The outstanding balance of due from a related party as at March 31, 2022 and December 31, 2021 is unsecured and payable in full in 2025, and bears interest at 3.44% per annum payable upon maturity.

The movements of due from a related party are as follows:

	March 31, 2022	December 31, 2021
Original amount at the date of assignment	**₱132,714,385**	₱132,714,385
"Day 1" gain		
Balance at beginning of period	**4,264,396**	5,481,216
Accretion	**(302,179)**	(1,216,820)
Balance at end of period	**3,962,217**	4,264,396
Carrying amount	**₱136,676,602**	₱136,978,781

As at March 31, 2022 and 2021, interest earned on due from a related party net of accretion amounted to ₱0.82 million and ₱0.86 million, respectively. Interest receivable amounted to ₱8.85 million and ₱7.72 million as at March 31, 2022 and December 31, 2021, respectively. Deferred output VAT amounted to ₱0.8 million as at March 31, 2022 and December 31, 2021

As at March 31, 2022 and December 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.

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.

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 in March 31, 2022 and 2021. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

7. Expenses

Operating expenses for the three-month periods ending March 31, 2022 and 2021 consists of:

Professional fees	**₱355,076**	₱99,880
PSE fees	**250,000**	250,000
Taxes and licenses	**20,415**	20,925
Others	**2,746**	3,747
	₱628,237	₱374,552

8. Earnings Per Share

Basic EPS for the three-month periods ending March 31, 2022 and 2021 were computed as follows:

	2022	2021
Net income	**₱195,620**	₱484,329
Weighted average number of common shares	**261,824,002**	261,824,002
	₱0.001	₱0.002

The Company does not have potential dilutive shares of stock.

9. 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, 2022

	Neither Past due nor Impaired		Past Due but not		
	High Grade	**Standard Grade**	**Impaired**	**Impaired**	**Total**
Cash in bank	**₱65,707**	**₱–**	**₱–**	**₱–**	**₱65,707**
Due from a related party	–	**136,676,602**	–	–	**136,676,602**
Interest receivable	–	**8,847,140**	–	–	**8,847,140**
	₱65,707	**₱145,523,742**	**₱–**	**₱–**	**₱145,589,449**

December 31, 2021

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	₱140,738	₱–	₱–	₱–	₱140,738
Due from a related party	–	136,978,781	–	–	136,978,781
Interest receivable	–	7,721,104	–	–	7,721,104
	₱140,738	₱144,699,885	₱–	₱–	₱144,840,623

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, 2022 and December 31, 2021 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, 2022		December 31, 2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	**₱65,707**	**₱65,707**	₱140,728	₱140,728
Due from a related party	**136,676,602**	**136,676,602**	136,978,781	141,916,983
	₱136,742,309	**₱136,742,309**	₱137,119,509	₱142,057,711
Financial Liabilities				
Accrued expenses and other current liabilities	**₱9,085,330**	**₱9,085,330**	₱8,483,215	₱8,483,215

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 March 31, 2022 and December 31, 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.

10. **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, 2022 and December 31, 2021. The Company is not subject to externally-imposed capital requirements.

AGING OF RECEIVABLES:

The aging analyses of financial assets are as follows:

March 31, 2022

	Neither Past due nor Impaired		Past Due but not		
	High Grade	**Standard Grade**	**Impaired**	**Impaired**	**Total**
Cash in bank	**₱65,707**	**₱–**	**₱–**	**₱–**	**₱65,707**
Due from a related party	**–**	**136,676,602**	**–**	**–**	**136,676,602**
Interest receivable	**–**	**8,847,140**	**–**	**–**	**8,847,140**
	₱65,707	**₱145,523,742**	**₱–**	**₱–**	**₱145,589,449**

December 31, 2021

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	₱140,738	₱–	₱–	₱–	₱140,738
Due from a related party	–	136,978,781	–	–	136,978,781
Interest receivable	–	7,721,104	–	–	7,721,104
	₱140,738	₱144,699,885	₱–	₱–	₱144,840,623

Appendix 6-B

INTERIM FINANCIAL STATEMENTS AS OF June 30, 2022

COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

6TH FLOOR, HANSTON BUILDING, FORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY

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

Erwin Terrell Y. Sy	-
Contact Person	Company Telephone Number

0 6	3 0	SEC FORM 17-Q	Last Friday of June
Month	*Day*	FORM TYPE	*Month* *Day*
			Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

2 6		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

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

1. For the three-month period ending **30 June 2022**

2. Commission identification number **A200115151**

3. BIR Tax Identification No. **219-045-668**

4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC. (formerly, AG Finance Incorporated)**

5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office **6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City** Postal Code **1605**

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

9. Former name, former address and former fiscal year, if changed since last report **AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes [x] No [ ]

Philippine Stock Exchange **Common Shares**

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The interim financial statements of FERRONOUX HOLDINGS, INC. as at June 30, 2022, with comparative audited figures as at December 31, 2021 and for the six-month periods ending June 30, 2022 and 2021, 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 June 30, 2022 and 2021.

	For the six-month periods ending June 30		Amount Increase (decrease)	Amount Increase (decrease)
	2022 (₱'000)	2021 (₱'000)	(₱'000)	**(%)**
Interest income	1,655	1,697	(42)	-2%
Operating expenses	(829)	(773)	(56)	7%
Income before tax	826	924	(98)	-11%
Tax expense	-	-	-	0%
Net income for the period	826	924	(98)	-11%

Summary of Balance Sheet as at June 30, 2022 and December 31, 2021 are as follows:

	30-Jun-22 (Unaudited)	31-Dec-21 (Audited)	June 30, 2022 vs. Dec. 31, 2021	
			Amount Increase (decrease) (₱'000)	Percentage Increase (decrease) (%)
	(₱'000)	(₱'000)		
Current assets	2,983	2,602	381	15%
Noncurrent assets	146,355	144,700	1,655	1%
Total Assets	149,338	147,302	2,036	1%
Current liabilities	9,693	8,483	1,210	14%
Noncurrent liabilities	1,893	1,893	-	0%
Total Liabilities	11,586	10,376	1,210	12%
Stockholders' Equity	137,752	136,926	826	1%
Total Liabilities and Stockholders' Equity	149,338	147,302	2,036	1%

Summary of Statements of Cash Flows for the six-month periods ending June 30, 2022 and 2021 are as follows:

	For the six months ending June			Amount Increase (decrease)
	2022 (₱'000)	2021 (₱'000)	(₱'000)	**(%)**
Cash used in operating activities	310	522	(213)	-41%
Cash at the beginning of period	141	198	(57)	-29%
Cash at the end of period	451	720	(269)	-37%

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

The following discussion and analysis are based on the financial statements for the six-month periods ending June 30, 2022 and 2021.

2.a - Results of Operations

Interest Income
Interest income was ₱1.66 million for the six-month period ending June 30, 2022 compared to ₱1.70 million for the same period in 2021. The interest earned in 2022 and 2021 pertains to the due from a related party.

Operating expenses
Expenses increased by ₱0.06 million or 7% as at June 30, 2022. Changes in the expense accounts for the six-month ending June 30, 2021 versus the same period last year is attributable to the increase in retainers fee by ₱0.05.

2.b - Statements of Financial Position

The significant changes in the Statements of Financial Position during the six-month period ending June 30, 2022 compared to December 31, 2021 are as follows:

- Total assets were ₱149.34 million as at June 30, 2022 compared to ₱147.30 million as at December 31, 2021, an increase of ₱2.04 million or 1%. The increase is mainly due to the accretion of interest on due from a related party.

- Total liabilities increased by ₱1.2 million or 12% from ₱10.38 million as at December 31, 2021 to ₱11.59 million in the current period mainly due to additional advances from a related party.

- Total equity increased by ₱0.83 million or 1% mainly due to net income for the six-month period ending June 30, 2022.

2.c - Statements of Cash Flows

The net cash used in operating activities amounted to ₱0.31 for the six-month period ending June 30, 2022 compared to net cash used in the same period in 2021 amounting to ₱0.52 million.

The cash as at June 30, 2022 and December 31, 2021 amounted to ₱0.45 million and ₱0.14 million, respectively.

2.d - Horizontal and Vertical Analysis

	June 30, 2022	December 31, 2021	Increase (Decrease)	
	(Unaudited)	(Audited)	Amount	Percentage
ASSETS				
Current Assets				
Cash	450,515	140,738	309,777	220%
Creditable withholding tax	2,117,245	2,117,245	-	0%
Other current assets	415,395	344,318	71,077	21%
Total Current Assets	2,983,155	2,602,301	380,854	15%
Noncurrent Assets				
Due from related parties	136,369,215	136,978,781	(609,566)	0%
Interest receivable	9,985,688	7,721,104	2,264,584	29%
Total Non Current Assets	146,354,903	144,699,885	1,655,018	1%
	149,338,058	147,302,186	2,035,872	**1%**
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	9,692,871	8,483,215	1,209,656	14%
Total Current Liabilities	9,692,871	8,483,215	1,209,656	14%
Noncurrent Liabilities				
Deferred tax liabilities	1,066,099	1,066,099	-	0%
Deferred output VAT	827,261	827,261	-	0%
Total Noncurrent Liabilities	1,893,360	1,893,360	-	0%
	11,586,231	10,376,575	1,209,655	12%
Equity				
Capital stock	261,824,002	261,824,002	-	0%
Additional paid-in capital	74,277,248	74,277,248	-	0%
Deficit	(198,349,423)	(199,175,639)	826,216	0%
Total Equity	137,751,827	136,925,611	826,216	1%
	149,338,058	147,302,186	2,035,871	**1%**

FINANCIAL INDICATORS

	June 30, 2022	December 31, 2021
Net Income	826,216	1,532,427
Quick Assets	450,515	140,738
Current Assets	2,983,155	2,602,301
Total Assets	149,338,058	147,302,186
Current Liabilities	9,692,870	8,483,215
Total Liabilities	11,586,230	10,376,575
Stockholders' Equity	137,751,827	136,925,611
Number of Common Shares Outstanding	261,842,002	261,842,002

Current Ratio (1)	0.31	0.31
Debt to Equity Ratio (2)	0.08	0.08
Asset to Equity Ratio (3)	1.08	1.08
Return on Assets (4)	0.6%	1%
Return on Equity (5)	0.6%	1%
Book Value per Share (6)	0.53	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)	0.31
	Quick Ratio (2)	0.05
Solvency	Debt to Equity Ratio (3)	0.08
	Debt Ratio (4)	0.08
Profitability	Asset to Equity Ratio (5)	1.08
	Return on Assets (6)	0.6%
	Return on Equity (7)	0.6%
	Book Value per Share (8)	0.53

(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
Compliance Officer

ANNEX A

FERRONOUX HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION

	Note	**June 30, 2022 (Unaudited)**	December 31, 2021 (Audited)
ASSETS			
Current Assets			
Cash	4	**450,515**	140,738
Creditable withholding tax		**2,117,245**	2,117,245
Other Current Asset		**415,395**	344,318
Total Current Assets		**2,983,155**	2,602,301
Noncurrent Assets			
Due from related parties	6	**136,369,215**	136,978,781
Interest receivable	6	**9,985,688**	7,721,104
Total Noncurrent Assets		**146,354,903**	144,699,885
		149,338,058	147,302,186
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	5	**9,692,871**	8,483,215
Noncurrent Liability			
Deferred tax liability		**1,066,099**	1,066,099
Deferred output VAT		**827,261**	827,261
Total Liabilities		**11,586,231**	10,376,575
Equity			
Common stock		**261,824,002**	261,824,002
Additional paid-in capital		**74,277,248**	74,277,248
Deficit		**(198,349,423)**	(199,175,639)
Total Equity		**137,751,827**	136,925,611
		149,338,058	147,302,186

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Note	June 30, 2022 (Unaudited)		December 31, 2021 (Audited)
INTEREST INCOME		**₱1,655,018**		₱3,387,416
EXPENSES	7	**(828,802)**		(2,398,661)
INCOME BEFORE INCOME TAX		**826,216**		988,755
PROVISION FOR INCOME TAX				
Current		–		34,594
Deferred		–		(578,266)
				(543,672)
NET INCOME		**₱826,216**		₱1,532,427
BASIC EARNINGS PER SHARE	8	**₱0.003**	₱0.006	

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIODS ENDED JUNE 30, 2022 AND 2021

		June			
		Current Year-To-Date	Previous-Year-To-Date	**Current Year (Three-month period)**	Previous (Three-month period)
		2022	2021	**2022**	2021
	Note	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
INTEREST INCOME		**₱1,655,018**	₱1,697,448	**₱831,160**	₱838,566
EXPENSES	7	**(828,802)**	(773,204)	**(200,564)**	(398,653)
INCOME BEFORE INCOME TAX		**826,216**	924,244	**630,596**	439,913
PROVISION FOR INCOME TAX		**–**	–	**–**	–
NET INCOME		**₱826,216**	₱924,244	**₱630,656**	₱439,913
BASIC EARNINGS PER SHARE	8	**₱0.003**	**₱0.004**	**₱0.002**	**₱0.002**

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021

	June 30	
	2022 (Unaudited)	2021 (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	**(199,175,640)**	(200,708,066)
Net income	**826,216**	924,243
Balance at end of the period	**(198,349,423)**	(199,783,823)
	137,751,827	136,317,427

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.

STATEMENT OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021

		June 30	
		2022 (Unaudited)	2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		**₱826,216**	₱924,243
Adjustment for:			
Interest income	6	**(1,655,018)**	(1,697,447)
Operating loss before changes in working capital		**(828,802)**	(773,204)
Increase in other current assets		**(71,077)**	(149,377)
Increase in accrued expenses and o other current liabilities		**382,394**	1,444,302
Net cash used in operating activities		**(309,776)**	(521,451)
CASH AT BEGINNING OF PERIOD		**140,738**	198,400
CASH AT END OF PERIOD		**₱450,514**	₱719,851

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 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.

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 ceased its lending activity in 2015 and is currently evaluating and considering potential joint ventures, mergers or acquisitions of entities engaged in the telecommunications infrastructure under terms and conditions that is beneficial to the Company. The Company's Board of Directors has also authorized any one of its directors to enter into exploratory discussions with potential partners or target companies and to sign, execute and deliver non-disclosure agreements, letter of interest, non-binding term sheets and any other necessary documents.

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*.

Amended PFRS Issued But Not Yet Effective
Relevant amended PFRS which are not yet effective 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 component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Amendment to PFRS 9, *Financial Instruments* **-** *Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include 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 amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied 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.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy require an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. 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 as of June 30, 2022 and December 31, 2021, respectively. The carrying amounts of the financial assets of the Company are as follows:

	Note	**June 30, 2022**	December 31, 2021
Cash in banks	4	**450,515**	140,738
Due from a related party	6	**136,369,215**	136,978,781
Interest receivable	6	**9,985,688**	7,721,104

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, 2022 and December 31, 2021, 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.

4. Cash

Cash in banks amounting to 0.45 million and 0.14 million as at June 30, 2022 and December 31, 2021, respectively, earn interest at prevailing bank deposit rates. No interest income earned in June 30, 2022 and December 31, 2021.

5. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	**June 30, 2022**	December 31, 2021
Due to a related party	6	**8,566,679**	7,314,007
Accrued expenses		**1,126,192**	1,169,208
		9,692,871	8,483,215

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

6. 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 June 30, 2022 and December 31, 2021:

	Nature of transactions	Transactions during the Year		Outstanding Balance	
		2022	2021	**June 30 2022**	December 31, 2021
Interest Receivable					
Parent Company	Interest income	**2,264,583**	4,604,236	**9,985,688**	7,721,104
Due to a Related Party					
Parent Company	Advances for working capital requirements	**1,252,672**	2,060,922	**8,566,679**	7,314,007

The movements of due from a related party are as follows:

	June 30, 2022	December 31, 2021
Original amount at the date of assignment	**132,714,385**	132,714,385
"Day 1" gain		
Balance at beginning of period	**3,962,217**	5,481,216
Accretion	**(609,566)**	(1,216,820)
Balance at end of period	**3,654,830**	4,264,396
Carrying amount	**136,369,215**	136,978,781

As at June 30, 2022 and 2021, interest earned on due from a related party net of accretion amounted to 1.66 million and 1.70 million, respectively. Interest receivable amounted to 9.99 million and 7.72 million as at June 30, 2022 and December 31, 2021, respectively. Deferred output VAT amounted to 0.8 million as at June 30, 2022 and December 31, 2021

As at June 30, 2022 and December 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.

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.

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 180,000.00 in June 30, 2022 and 2021. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

7. Expenses

Operating expenses for the six-month periods ending June 30, 2022 and 2021 consists of:

Professional fees	**534,390**	481,366
PSE fees	**250,000**	253,000
Outside Services	**2,572**	-
Taxes and licenses	**19,915**	20,925
Others	**21,925**	17,913
	828,802	773,204

8. Earnings Per Share

Basic EPS for the six-month periods ending June 30, 2022 and 2021 were computed as follows:

	2022	2021
Net income	**826,216**	924,243
Weighted average number of common shares	**261,824,002**	261,824,002
	0.003	0.004

The Company does not have potential dilutive shares of stock.

a. 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, 2022

	Neither Past due nor Impaired		Past Due but not		
	High Grade	**Standard Grade**	**Impaired**	**Impaired**	**Total**
Cash in bank	**450,515**	**–**	**–**	**–**	**450,515**
Due from a related party	**–**	**136,369,215**	**–**	**–**	**136,369,215**
Interest receivable	**–**	**9,985,688**	**–**	**–**	**9,985,688**
	450,515	**146,354,903**	**–**	**–**	**146,805,418**

December 31, 2021

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	140,738	–	–	–	140,738
Due from a related party	–	136,978,781	–	–	136,978,781
Interest receivable	–	7,721,104	–	–	7,721,104
	140,738	144,699,885	–	–	144,840,623

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, 2022 and December 31, 2021 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, 2022		December 31, 2021	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	**450,515**	**450,515**	140,728	140,728
Due from a related party	**136,369,215**	**136,369,215**	136,978,781	141,916,983
	136,819,730	**136,819,730**	137,119,509	142,057,711
Financial Liabilities				
Accrued expenses and other current liabilities	**9,692,870**	**9,692,870**	8,483,215	8,483,215

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 June 30, 2022 and December 31, 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.

9. 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, 2022 and December 31, 2021. The Company is not subject to externally-imposed capital requirements.

AGING OF RECEIVABLES:

The aging analyses of financial assets are as follows:

June 30, 2022

	Neither Past due nor Impaired		Past Due but not		
	High Grade	**Standard Grade**	**Impaired**	**Impaired**	**Total**
Cash in bank	**450,515**	**–**	**–**	**–**	**450,515**
Due from a related party	**–**	**136,369,215**	**–**	**–**	**136,369,215**
Interest receivable	**–**	**9,985,688**	**–**	**–**	**9,985,688**
	450,515	**146,354,903**	**–**	**–**	**146,805,418**

December 31, 2021

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	140,738	–	–	–	140,738
Due from a related party	–	136,978,781	–	–	136,978,781
Interest receivable	–	7,721,104	–	–	7,721,104
	140,738	144,699,885	–	–	144,840,623