COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

6 T H F L O O R , H A N S T O N B U I L D I N G , F O R T I G A S J R . R O A D , O R T I G A S C E N T E R , P A S I G C I T Y

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

Erwin Terrell Y. Sy

Contact Person

-

Company Telephone Number

0 6 | 3 0

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 **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 [ ]

Table of Contents

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 2022 (₱'000)	2021 (₱'000)	Amount Increase (decrease) (₱'000)	Amount Increase (decrease) **(%)**
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) (₱'000)	31-Dec-21 (Audited) (₱'000)	June 30, 2022 vs. Dec. 31, 2021 Amount Increase (decrease) (₱'000)	Percentage Increase (decrease) (%)
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	2021
		(Unaudited)	(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.

<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.

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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