

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

1. Check the appropriate box:

- ☐ Preliminary Information Statement
☒ Definitive Information Statement

2. Name of Registrant as specified in its charter

AG FINANCE, INCORPORATED

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

REPUBLIC OF THE PHILIPPINES

4. SEC Identification Number

A200115151

5. BIR Tax Identification Code

219-045-668-000

6. Address of principal office

Unit 4-3 Citibank Center, 8741 Paseo de Roxas, Makati City

Postal Code

1226

7. Registrant's telephone number, including area code

(02)833-0769

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

Not Applicable

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

Nov 10, 2017

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

N/A

Address and Telephone No.

N/A

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	261,824,002

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

☒ Yes ☐ No

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

Philippine Stock Exchange

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

AG Finance, Incorporated AGF

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

Date of Stockholders' Meeting	Dec 11, 2017
Type (Annual or Special)	Annual
Time	12:00nn
Venue	Manila Golf and Country Club
Record Date	Nov 3, 2017

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information

Please see attached Definitive Information Statement.

Filed on behalf by:

Name	Joanna Manzano
Designation	Compliance Officer

COVER SHEET

A 2 0 0 1 1 5 1 5 1

SEC Registration
Number

A G F I N A N C E I N C O R P O R A T E D

(Company's Full Name)

U N I T 4 - 3 C I T I B A N K C E N T E R 8 7 4 1

P A S E O D E R O X A S M A K A T I C I T Y

(Business Address: No., Street City / Town / Province)

Diane Madelyn C. Ching

Contact Person

833-0769

Company Telephone Number

1 2

Month
Fiscal Year
Meeting

3 1

Day

FORM TYPE

0 5

Month
Annual

Day

**Definitive Information
Statement 2017**

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes



OFFICIAL RECEIPT
 Republic of the Philippines
 DEPARTMENT OF FINANCE
 SECURITIES & EXCHANGE COMMISSION
 SEC Building, EDSA, Greenhills
 City of Mandaluyong, 1554



1594784

Accountable Form No. 51
 Revised 2006

ORIGINAL

DATE

November 6, 2017

No. **1594784**

AYOR AG FINANCE INCORPORATED
 MAKATI CITY

11062017-325213

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
RF (A0823)	131	HRD	75.00
MISCELLANEOUS INCOME	678	HRD	7,500.00

TOTAL PHP 7,575.00**MOUNT IN WORDS**

SEVEN THOUSAND FIVE HUNDRED SEVENTY
 FIVE PESOS AND 0/100

Received ☒ Cash
☐ Treasury Warrant
☐ Check
☐ Money Order

Received the
 Amount Stated Above

Treasury Warrant, Check,
 or Money Order Number

Mary Jane Dominguez
 COLLECTING OFFICER

Date of Treasury Warrant,
 Check, Money Order

O.R. No.

Php 7,575.00

Nov 6, 2017 11:55AM
 SEC No: null
 PHP 7,575.00*****

NOTE: Write the number and date of this receipt on the back of treasury
 warrant, check or money order received.

REPUBLIC OF THE PHILIPPINES)
TAGUIG CITY) S.S.

SECRETARY'S CERTIFICATE

I, **DIANE MADELYN C. CHING**, of legal age, Filipino, with office address at 4th Floor Citibank Center Bldg., 8741 Paseo de Roxas, Makati City, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the duly elected and qualified Corporate Secretary of **AG FINANCE INC.** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines with principal office at 16th Floor Citibank Center Bldg., Paseo de Roxas, Makati City.

2. I hereby certify that none of the Corporation's Regular Directors, Independent Directors and Officers are appointed or employed in any government agency.

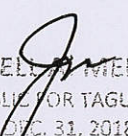
IN WITNESS WHEREOF, this Certificate was signed and issued this NOV 02 2017 2017 at Makati City, Philippines.

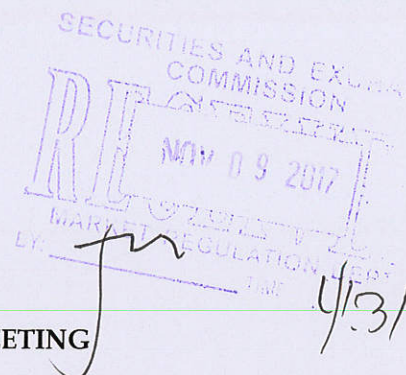

DIANE MADELYN C. CHING
Corporate Secretary

NOV 02 2017

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2017 at Makati City, affiant exhibited to me her Driver's License No. N04-99-451455 valid until 06 December 2017

Doc. No. 4;
Page No. 10;
Book No. 81;
Series of 2017.


ATTY. JOWELL MENDOZA
NOTARY PUBLIC FOR TAGUIG CITY
UNTIL DEC. 31, 2018
APPT. NO. 20 (2016-2018)
PTR No. 2512930, 01/4/2017, PASIG CITY
IBP No. 1058109, 1/6/2017
ROLL NO. 59661
MCLE COMPLIANCE NO. V-0923127-7/23/16
32ND ST. CAR PLAZA BONIFACIO
GLOBAL, TAGUIG CITY



NOTICE ANNUAL STOCKHOLDERS' MEETING

To All Stockholders:

Please be advised that the annual meeting of the stockholders of AG FINANCE INC. will be held on **December 11, 2017 (Monday) at 12:00 nn** at the Big Function Room, Manila Golf and Country Club, Harvard Road, Forbes Park, Makati City.

The Agenda for the meeting shall be as follows:

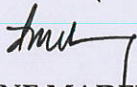
1. Call to Order
2. Proof of Notice and Certification of Quorum
3. Approval of the Minutes of the Previous Stockholders' Meeting
4. Approval of the Management Report and Audited Financial Statements
5. Approval of the Amendment of Articles of Incorporation of the Corporation to change the name of the Corporation from AG Finance Inc. to Ferronoux Holdings Inc.
6. Ratification of Previous Resolution to Amend the Articles of Incorporation to change the primary purpose from leasing and finance to that of a holding company.
7. Ratification of Management's Acts
8. Election of Directors
9. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor
10. Other Matters
11. Adjournment

For purposes of the meeting, stockholders of record as of 03 November 2017 are entitled to receive notice and to vote at the said meeting. Registration for the meeting begins at 1:00 p.m. For convenience in registering your attendance, please have available some form of identification, such as, a driver's license, voter's ID, TIN card, SSS card or passport.

If you will not be able to attend the meeting but would like to be represented thereat, you must submit a duly signed and accomplished proxy form to the Office of the Corporate Secretary at 4th Floor Citi Center Bldg., 8741 Paseo de Roxas, Makati City on or before 6:00 p.m. of 01 December 2017. Beneficial owners whose shares are lodged with PDTC or registered under the name of a broker, bank or other fiduciary allowed by law, must likewise present a notarized certification from the owner of record (i.e. the broker, bank, or other fiduciary) that he is the beneficial owner, indicating thereon the number of shares. Corporate shareholders shall likewise be required to present a notarized Secretary's Certificate attesting to the authority of its representative to attend and vote at the stockholder's meeting.

Validation of proxies shall be made on 06 December 2017 at the Office of the Corporate Secretary at 4th Floor Citi Center Bldg., 8741 Paseo de Roxas, Makati City.

Makati City, 09 November 2017



DIANE MADELYN C. CHING
Corporate Secretary

Attachments to this Notice:

1. The Rationale and Explanation for each Agenda item requiring shareholders' approval
2. The Definitive Information Statement, Management Report and 2016 Audited Financial Statements

AGENDA
Details and Rationale

1. Call to Order

The Chairman of the Board of Directors, Mr. Isidro C. Alcantara, Jr., will call the meeting to order.

2. Proof of notice and certification of quorum

The Corporate Secretary, Atty. Diane Madelyn C. Ching, will certify that copies of this Notice have been sent to all stockholders of record as of November 3, 2017 and whether the attendees represented at the meeting hold a sufficient number of shares for quorum to exist for the valid transaction of business.

3. Approval of minutes of previous stockholders' meeting

Copies of the draft minutes will be distributed before the meeting and are available for examination at the Company website www.agfinance.ph. The stockholders will be requested to approve the draft minutes.

The following is the proposed resolution:

"RESOLVED, that the minutes of the Annual Stockholders' Meeting of AG Finance Inc. held on 16 December 2016 be, as it is hereby, approved."

4. Management report and audited financial statements

The Chairman, Mr. Isidro C. Alcantara, Jr., will present the Management Report, the Company's operational highlights and financial results and the audited financial statements for the year ended December 31, 2016. The audited financial statements were prepared by the Company's external auditor, Reyes Tacandong & Co., approved by the Company's Audit Committee and the Board of Directors. In compliance with regulatory requirements, the audited financial statements have also been submitted to the Securities and Exchange Commission and Bureau of Internal Revenue.

5. Approval of the Amendment of Articles of Incorporation of the Corporation to change the name of the Corporation from AG Finance Inc. to Ferronoux Holdings Inc.

On 07 April 2017, the Board of Directors approved the amendment of the Corporation's Articles of Incorporation to change its name from AG Finance Inc. to Ferronoux Holdings Inc. subject to approval of the shareholders.

6. Ratification of Previous Resolution to Amend the Articles of Incorporation to change the primary purpose from leasing and finance to that of a holding company.

On 06 March 2015, the Board of Directors resolved to change the primary purpose of the Corporation from leasing and finance to that of the holding company. Thereupon, Article II of the Articles of Incorporation will be changed as follows:

To acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own, and use for investment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, deal in and with and otherwise operate, enjoy and dispose of, any and all properties of every kind and description and whatever situated, as and to the extent permitted by law, including, but not limited to, bonds, debentures, promissory notes, shares of capital stock, or other securities and obligations, created, negotiated or issued by any corporation, association, or other entity, foreign or domestic and while the owner, holder, or possessor, thereof, to exercise all the rights, powers, and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all dividends, interest and income, derived therefrom, and the right to vote on any proprietary or other interest, on any shares of the capital stock and upon any bonds, debentures, or other securities, having voting power, so owned or held, without however engaging in the business of an investment company under the Investment Company Act or a financing company or a broker or dealer in securities of stock.

The Shareholders approved the amendment of the primary purpose last 17 April 2015. Hence, the present action is for ratification of the previous resolution on the amendment of the primary purpose.

7. Ratification of Management's Acts

The acts, contracts, resolutions and deeds of the Board of Directors and management of the Company were significant towards achieving the Company's performance and results, and the stockholders will be requested to ratify the same. The following is the proposed resolution:

"RESOLVED, that all acts, contracts, resolutions and actions, authorized and entered into by the Board of Directors and Management of the Company from the date of the last annual stockholders' meeting up to the present be, as they are hereby, approved, ratified and confirmed."

8. Election of Directors

It is proposed to re-elect the same members of the Board of Directors. The biographical profiles of the Directors-Nominees are provided in the Information Statement that has been sent together with copies of this Notice to all stockholders of record. The Director-Nominees are the following:

For Regular Director:

1. Isidro C. Alcantara, Jr.
2. Arsenio K. Sebial, Jr
3. Anthony M. Te
4. Hermogene H. Real

5. Remegio C. Dayandayan Jr.

Nominees for Independent Director

1. Ge Lin
2. Atty. Mathew John G. Almogino

11. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor

Upon the favorable recommendation of the Company's Audit and Governance Committee, the Company's external auditor, Reyes Tacandong & Co., is proposed to be reappointed for the current year 2017-2018. The audit partner-in-charge is currently Ms. Belinda B. Fernando.

"RESOLVED, that auditing firm Reyes Tacandong & Co. be, as it is hereby, reappointed as the Company's external auditor for the current year 2017-2018."

12. Other Matters

Stockholders may propose to discuss other issues and matters.

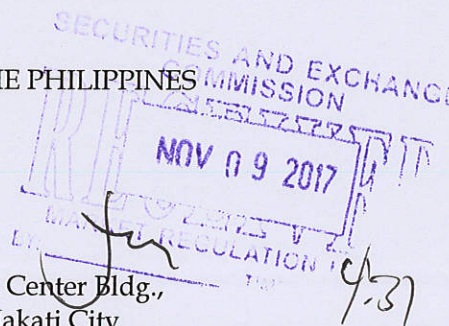
13. Adjournment

After all matters in the agenda have been taken up, the Chairman shall entertain a motion to adjourn the meeting.

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

Information Statement of
AG Finance Incorporated (the "Company," or "AG Finance")
Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box: ☐ Preliminary information Statement
☒ **Definitive information Statement**
2. Name of Registrant as specified in its charter: AG FINANCE, INCORPORATED
3. Country of incorporation: REPUBLIC OF THE PHILIPPINES
4. SEC identification Number: A200115151
5. BIR Tax identification Code: 219-045-668-000
6. Address of principal office: 16th Floor Citibank Center Bldg.,
Paseo de Roxas, Makati City
7. Registrants Telephone Number: (02) 833-0769
8. Date, time and place of stockholders' meeting: Date: December 11, 2017
Time: 12:00 nn
Place: Big Function Room Manila Golf & Country Club, Harvard Road, Forbes Park, Makati City
9. Approximate date on which Information Statement is first to be sent or given to security holders: November 10, 2017
10. Securities registered pursuant to Section 8 and 12 of the Code or Section 4 and 8 of the RSA Title of each class: Common Shares Only
- Number of Shares of Common Stock Outstanding as of Sept. 19, 2017: 261,824,002 shares
- Issued and Subscribed: 261,824,002 shares
11. Are any registrants securities listed in the Philippine Stock Exchange? Yes
All common shares are listed in the Philippine Stock Exchange



A. GENERAL INFORMATION

a. Date: December 11, 2017
Time: 12:00 nn
Place: Big Function Room Manila Golf & Country Club, Harvard Road, Forbes Park,
Makati City

b. complete mailing address
of principal office: **16th Floor Citibank Tower, Paseo de Roxas,
Makati City**

c. approximate date on which the Information
Statement is first to be sent or given to
security holders: **10 November 2017**

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

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

Pursuant to Section 81 Title X, Appraisal Right of the Corporation Code of the Philippines, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case of any amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, and (c) in case of merger or consolidation.

Section 82 of the Corporation Code also provides that, this appraisal right may be exercised by any stockholder who shall have voted against the proposed action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed action is implemented or affected, the corporation shall pay to such stockholder, upon surrender of the certificate or certificates of stock representing his shares, the value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the

two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. No payment shall be made to the dissenting stockholder unless the bank has unrestricted retained earnings in its book to cover such payment. Upon payment by the Corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Corporation.

From the time of demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the said shares by the corporation, all rights accruing to such shares, including voting and dividend right, shall be suspended, except the right of such stockholder to receive payment of the fair value thereof: Provided, that if the dissenting stockholder is not paid the value of his shares within 30 days after the award, his voting right and dividend rights shall immediately be restored (Section 83 of the Corporation Code).

Within ten (10) days after demanding payment of his shares, a dissenting stockholder shall submit the certificate(s) of stock representing his shares to the Corporation for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of the Corporation, terminate his appraisal right. (Section 86, Corporation Code). No demand for payment as aforesaid may be withdrawn by the dissenting stockholder unless the Corporation consents thereto (Section 84, Corporation Code).

The appraisal right shall be exercised in accordance with Title X of the Corporation Code.

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

There is no substantial interest, direct or indirect, by security holders or otherwise, of each of the following persons in any matter to be acted upon, other than the election to office:

1. Each person who has been a director or officer of the registrant at any time since the beginning of the last fiscal year;
2. Each nominee for election as a director of the registrant;
3. Each associate of any of the foregoing persons.

There is no director of the registrant who has informed the company in writing that he intends to oppose any action to be taken by the registrant at the meeting and indicated the action which he intends to oppose.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

Voting Securities

As of 30 October 2017, 261,824,002 Common shares are outstanding, and are entitled to be represented and vote at the Annual Stockholders' Meeting. Each share is entitled to one vote.

Record Date

Only stockholders of record as of **03 November 2017** shall be entitled to notice and vote at the meeting.

Action with Respect to the election of Directors

The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 24 of the Corporation Code. Section 24 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Manner of Voting

The By-Laws of the Company provides that every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him which has voting power upon the matter in question. The votes for the election of directors, and, except upon demand by any stockholder, the votes upon any question before the meeting, except with respect to the procedural questions determined by the chairman of the meeting, shall be by viva voce or show of hands.

Security Ownership of Certain Record and Beneficial Owners and Management

(1) Owners of more than 5% of voting securities as of 30 September 2015

Title of Class	Name , address of record owner and relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent
Common	-PCD Nominee Corporation ¹ -Tower 1 – Ayala Triangle	RYM BUSINESS MANAGEMENT CORP.	Filipino	183,276,801 (Direct)	70%

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.

	Makati Avenue cor. Paseo de Roxas Makati City -Registered owner in the books of stock transfer agent				
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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.

Atty. Remegio Dayandayan Jr. as President of RYM shall represent and vote the shares held by RYM in the Annual Stockholders' Meeting.

(2) Security Ownership of Management

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as of 30 September 2017:

Title of Class	Name of Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b"))	Citizenship	Percent of Class
Common	Isidro C. Alcantara, Jr. Chairman	100- "r" (direct) -1,033,487- "b" (indirect)	Filipino	0.00%
Common	Anthony M. Te Vice Chairman	100 - "r" (direct) -2,680,486- "b" (indirect)	Filipino	0.00%
Common	Arsenio K. Sebial, Jr. President	100 - "r" (direct) -0- "b" (indirect)	Filipino	0.00% 0.00%
Common	Remegio C. Dayandayan, Jr.	1000 - "r" (direct) -0- "b" (indirect)	Filipino	0.00% 0.00%
Common	Hermogene H. Real Asst. Corporate Secretary	-100- "r" (direct) -0- "b" (indirect)	Filipino	0.00% 0.00%
Common	Manuel M. Lazaro* Independent Director	100 - "r" (direct) -0- "b" (indirect)	Filipino	0.00% 0.00%
Common	Ge Lin (a.k.a Gery Lam) Independent Director	100 - "r" (direct) -0- "b" (indirect)	Chinese	0.00% 0.00%
Common	Diane Madelyn C. Ching	-0- "r" (direct) -0- "b" (indirect)	Filipino	0.00%

	Corporate Secretary Compliance Officer and Corporate Information Officer and System Administrator for PSE			
Common	Rolando S. Santos Treasurer	-0- -0-	"r" (direct) "b" (indirect)	Filipino 0.00%
Common	Reuben F. Alcantara VP Marketing	-0- -0-	"r" (direct) "b" (indirect)	Filipino 0.00%
Common	Leddie D. Gutierrez VP Internal Audit	-0- -0-	"r" (direct) "b" (indirect)	Filipino 0.00%
	TOTAL	1,600 "r" 3,713,973 "b"		0.00% 0.00%

*resigned on 02 November 2017

(3) Voting Trust Holders of 5% or More

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

(4) Changes in Control

On June 25, 2015, the registrant disclosed to the Philippine Stock Exchange "PSE" and Securities and Exchange Commission "SEC" that Mr. Tony O. King, and his family sold to RYM Business Management Corporation 183,276,801 common shares or 70% of AG Finance through a block sale on 25 June 2015 for PhP 280.00 Million or approximately PhP 1.5278 per share.

Below is the breakdown of AG Finance Inc. shares held by foreign and local stockholders as of 31 August 2017:

	<u>Number</u>	<u>Percentage</u>
Foreign Shares	30,111	0.0115%
Local Shares	261,793,891	99.9885%
Total Shares (Common)	261,824,002	100.00%

Item 5. Directors & Executive Officers

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

Except in cases where voting by ballot is applicable, voting and counting shall be viva voce. If by ballot, the counting shall be supervised by the external auditors and transfer agent of the Company.

At all meeting of the stockholders, a stockholder may vote in person or by proxy. Unless otherwise provided, the proxy shall be valid only for the meeting at which it has been presented to the Secretary. All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence at the meeting. (Section 7, By-Laws).

(1) Board of Directors and Executive Officers

The incumbent Directors, including independent directors and executive officers of the Company are as follows:

Name	Office	Age	Citizenship	Term of Office	No. of years served
Isidro C. Alcantara, Jr.	Chairman	61	Filipino	Since June 25, 2015	More than a year
Anthony M. Te	Vice Chairman	45	Filipino	Since June 25, 2015	More than a year
Arsenio K. Sebial, Jr.	President	59	Filipino	Since June 25, 2015	More than a year
Ge Lin (a.k.a Gery Lam)	Independent Director		Chinese	Since June 25, 2015	More than a year
Manuel M. Lazaro	Independent Director	80	Filipino	Since June 25, 2015	More than a year
Remegio C. Dayandayan	Director	35	Filipino	Since December 17, 2016	Less than a year
Hermogene H. Real	Director	60	Filipino	Since December 23, 2016	Less than a year
Diane Madelyn C. Ching	Corporate Secretary Compliance Officer and Corporate Information Officer and System Administrator for PSE	34	Filipino	Since June 25, 2015	More than a year
Rolando S. Santos	Treasurer	66	Filipino	Since June 25, 2015	More than a year
Reuben F. Alcantara	VP Marketing	34	Filipino	Since December 17, 2015	Less than a year
Leddie D. Gutierrez	VP Internal Audit	53	Filipino	Since June 25, 2015	Less than a year

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

DIRECTORS AND EXECUTIVE OFFICERS

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

Directors

Mr. Isidro C. Alcantara Jr. was elected Chairman of the board in June 2015. He is currently the President and Director of Marcventures Holdings, Inc. and serves as the Vice Chairman and Director for Marcventures Mining and Development Corporation. Mr. Alcantara is the President of Financial Risk Resolutions Advisory, Inc. and Bright Kindle Resources Investments Inc. He has been a Director of Benguet Corp. since November 2008. He served as Senior Vice President and Head of Corporate & Institutional Banking at HSBC. He was elected President and Chief Executive officer of Philippine Bank of Communications (PBCom) in Manila Philippines from 2000 to 2004. In addition, he served as Executive Vice President of the Corporate Banking Group of Equitable PCI Bank (EPCIB) from 1981 to 2000. He served as Director of Bankers Association of the Philippines from 2000 to 2003. He also served at Bancom Finance Corporation, PCI Bank, and Insular Bank of Asia and America (a Bank of America affiliate) from 1975 to 1981. Mr. Alcantara Jr. is a Certified Public Accountant. He obtained his BSc in Accounting and BS in Economics degrees from De La Salle University, graduating magna cum laude. He also attended the Special Studies in International Banking at the Wharton School, University of Pennsylvania.

Mr. Anthony M. Te was elected Vice Chairman of the board in June 2015. He is currently Chairman of the Board of Asian Appraisal Company, Inc., Amalgamated Project Management Services, Inc., Asian Asset Insurance Brokerage Corp. and Professional Funding Services Inc. He serves as Chairman and Chief Finance Officer of Mactel Corp., as Director and Treasurer for Manila Standard Today Management, Inc. and as Director for Marcventures Mining and Development Corporation. Mr. Te is a licensed soliciting official for Non-Life Insurance with the Philippine Insurance Commission. He previously sat as director in the following companies: Balabac Resources & Holdings Co., Inc., Commonwealth Savings & Loans bank, EBECOM Holdings, Inc. Equitable PCI Bank, MRC Allied Industries, Inc., Oriental Petroleum & Minerals Corp., PAL Holdings, Inc., PGA Cars, Inc., and Phoenix Energy Corp. He obtained his Bachelor of Arts in Business Management from De La Salle University.

Mr. Arsenio K. Sebial Jr. was elected Director and President in June 2015. He is the President and CEO of Marcventures Mining and Development Corporation (MMDC). He graduated from Mapua Institute of Technology with a degree in Mining Engineering and was the previous president of the Philippine Mining Engineer's Society. He holds 40 years of mining experience, the longest was with Benguet Corporation where he rose to Division Manager for Mining and Engineering and worked in the highly successful Benguet -Dizon Copper Mines.

Atty. Remegio C. Dayandayan, Jr. was elected as Director in December 2015. He currently sits as Director and President of RYM Business Management Corporation and the Philippine Manila Standard Publishing, Inc. He was previously an associate of Dum lao Moraleda Antonano and Tavera Law Offices from February 2008 to March 2009. Atty. Dayandayan obtained his degrees in Bachelor of Arts major in Political Science from the University of San Carlos in 2001 and Bachelor of Laws from San Beda College-Mendiola in 2007. He was admitted to the Philippine Bar in 2008.

Atty. Hermogene H. Real was elected director in December 16, 2016 effective on December 23, 2017 as soon as she obtained a qualifying share. She serves as Director of Philippine

Collectivemedia Corporation (2008 to present), as Corporate Secretary of Benguet Corporation (2000 to present) and Universal Re Condominium Corporation (1997 to 2009, 2010 to present), as Assistant Corporate Secretary of Dona Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present), Benguetcorp Nickel Mines, Inc. (2009 to present). She is a lawyer in D.S. Tantuico and Associates (1998 to present). She previously held the following positions: Chairman of the Board and President of Philippine Collectivemedia Corporation (2008 to 2010); Corporate Secretary of Trans Middle East Phils. Equities, Inc. (1996 to 2006); and Assistant Corporate Secretary of Equitable PCI Bank, Inc. (2005-2006).

Atty. Manuel M. Lazaro was elected Independent Director in June 2015. He currently sits as Director for Philippine Airlines, Inc., (PAL), The Manila Hotel Corporation and Manila Golf & Country Club. He is also the Chairman & CEO of Philippine Constitution Association (PHILCONSA) and served as its President and Governor for Four Terms from the year 1991 to 2011. He sat as Director for PHILIA Development Center, Inc. and is a member of the Board of Advisors of Ateneo Law School and Chairman of Aquila Legis Alumni Foundation, Inc.

Mr. Ge Lin (a.k.a Gery Lam) was elected Independent Director in June 2015. He serves as Director of Zhejiang Long Kai and LianYunGang and as Director and General Manager for HYSS HOLDINGS. Mr. Lam sat as Executive Director Philippine ZhaoHeng Mining Co., Ltd. from the year 2005 to 2007.

Key Officers

Atty. Diane Madelyn C. Ching was appointed as Corporate Secretary in June 2015. She serves as Director and Assistant Corporate Secretary of Prime Media Holdings, Inc., as General Counsel and Corporate Secretary of Marcventures Mining and Development Corporation as Asst. Corporate Secretary, Compliance Officer and Corporate Information Officer of Marcventures Holdings, Inc. and as Corporate Secretary of Bright Kindle Resources & Investments, Inc. She obtained her Bachelor of Laws from San Beda College-Mendiola in 2009 and was admitted to the Philippine Bar in 2010.

Mr. Rolando S. Santos was appointed Treasurer in June 2015. He concurrently holds the position of Senior Vice President for Finance and Administration of Marcventures Holdings, Inc. He also serves as Treasurer for Marcventures Mining and Development Corporation, Bright Kindle Resources and Investments, Inc., and Bright Green Resources Corp. He was previously the Branch head/Cluster head of Branches for Banco De Oro from 2001 to 2013, Bank of Commerce from 1984 to 2001, Producers Bank of the Philippines from 1981 to 1984, and Far East Bank from 1972 and 1981. He obtained his degree in BS Business Administration from the University of the East.

Mr. Leddie D. Gutierrez was appointed as VP Internal Audit in June 2015. He is a Certified Public Accountant and has held key positions in internal audit, corporate services and compliance and control since 1995. Mr. Gutierrez is currently the Vice President for Audit and Risk Management of Marcventures Mining and Development Corp. (MMDC). He served as Division Head (Assistant Vice President) of Strategic Support Division under Institutional Banking Sector of Metropolitan Bank and Trust Company, where, since joining in November 2011 as Compliance and Control Officer (Senior Manager), he oversaw IBS's compliance to policies, procedures and regulations set by the Bank, BSP and regulatory agencies and led in systems and process improvements for the Group. From April 2005 to October 2011, Mr. Gutierrez served as Head of Internal Audit of PLDT Global Corporation (PGC), a subsidiary

and international marketing firm of PLDT Co. In this role, he carried out operational, information technology, financial, network and compliance audits of PGC. Mr. Gutierrez is a graduate of the University of the East.

Mr. Reuben F. Alcantara was appointed VP for Marketing in December 2015. He currently sits as the Vice President for Marketing, Business Development, and Strategic Planning and Investor Relations Officer of Marcventures Holdings, Inc. Mr. Alcantara also serves as the Vice President for Marketing of Bright Kindle Resources & Investments, Inc. He previously served as Relationship and Credit Officer for Security Bank and has had stints in Corporate Banking in Bank of Commerce and Maybank Philippines.

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

The Nomination Committee is composed of Mr. Anthony M. Te, Mr. Isidro C. Alcantara, Jr. And Mr. Ge Lin.

The Nominations Committee has screened the following nominees for election on **28 November 2017**. The Nominations Committee determined that the candidates possess all the qualifications and none the disqualifications as director or independent director.

Regular Directors:

Isidro C. Alcantara, Jr.
Anthony M. Te
Rolando S. Santos
Remegio C. Dayandayan
Atty. Hermogene H. Real

Independent Directors:

Atty. Mathew John G. Almogino
Mr. Ge Lin

Mr. Arsenio K. Sebial, Jr. and Atty. Manuel M. Lazaro will no longer stand for re-election. Mr. Sebial advised the Company of his intention to retire while Atty. Lazaro resigned on 02 November 2017 to concentrate on other matters.

Atty. Mathew John G. Almogino is a member of the Philippine Bar.

(2) Independent Directors

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

1. Ge Lin (a.k.a Gery Lam)
2. Atty. Matthew-John G. Almogino

Mr. Lin possessed all the qualifications and none of the disqualifications as independent director since his election in the year 2015. Atty. Almogino possessed all the qualifications and none of the disqualification as independent director. They are not employees of the Company

and do not have relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibility of a director.

Both were nominated by Mr. Isidro Alcantara, Jr. The nominator is not related to the persons he has nominated for independent director.

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

The Certification of Qualification for the Independent Director of Mr. Ge Lin is attached herewith. The Company undertakes to submit the Certification of Atty. Almogino within 10 days from his election in compliance with SEC Memorandum Circular No.5 Series of 2017.

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

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

Period in Which Directors and Executive Officers Should Serve

The directors and executive officers should serve for a period of one (1) year.

Term of Office of a Director

The seven (7) directors shall be stockholders and shall be elected annually by the stockholders owning majority of the outstanding capital stock for a term of one (1) year and shall serve until the election and qualification of their successors.

(4) Family Relationships

Mr. Isidro Alcantara, Jr. the Company's Chairman is the father of Mr. Reuben F. Alcantara, VP for Marketing. Other than the ones disclosed, there are no other family relationships known to the registrant.

(5) Involvement in Certain Legal Proceedings

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

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;

2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and

4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

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

(6) Significant Employees

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

(7) Certain Relationships and Related Transactions

The Company, in the normal course of business enters into transaction with related parties consisting primarily of non-interest bearing advances for working capital requirements. The Company does not have any material transactions in 2015.

No transaction was entered by the Company with parties who are not considered related parties but with whom the Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions.

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

Mr. Arsenio K. Sebial, Jr. will no longer stand for re-election due to his retirement.

Atty. Lazaro resigned on 02 November 2017 to concentrate on other matters.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

1) Compensation Table

The table below summarizes the aggregate compensation of the Company's CEO and the four most highly compensated employees, as well as the aggregate compensation paid to all directors and officers as a group for the years, 2014, 2015 and 2016.

Name and Principal Position	Year	Salary	Bonuses	Other Benefits	Total
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CEO and Top 4 Executive Officers, As a group named above	2014	3,461,012	268,125	184,208	3,913,345
	2015	1,515,757	3,820,843	-	5,336,600
	2016	-	-	199,673	199,673
All Other Officers and Directors, as a group unnamed	2014	5,381,529	428,741	294,555	6,104,825
	2015	1,515,757	3,820,843	-	5,336,600
	2016	-	-	140,850	140,850

The estimated compensation of the directors and officers for the ensuing year is PhP 1,000,000.00. The Company has minimal operations and engages consultants as necessary.

2) Compensation of Directors

Standard Arrangement

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangement pursuant to which directors of the company are compensated directly or indirectly, for any services provided as a director.

Other Arrangement

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

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

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

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

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

- a) Independent Public Accountants, Reyes Tacandong & Co. was nominated as the Corporation's external auditors for the ensuing year which shall be subject to shareholders' approval during the Annual Meeting. The Recommended partner - in charge is Ms. Belinda Fernando.
- b) The 2015 - 2016 audit of the Company by Accountants, Reyes Tacandong & Co. (RTC) is in compliance with SRC Rule 68, Paragraph 3 (b) (iv) which provides that the external auditor should be rotated every five (5) years or earlier or the handling partner shall be changed. At present, RTC's account partner handling the Corporation is Ms. Belinda Fernando since 2015. She is due for rotation in 2020. A

two year cooling off period shall be observed in the re-engagement of the same signing partner or individual.

- c) Representatives of RTC will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed. There was no event where RTC and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. Except as stated in the report of independent auditors, the Corporation has no disagreements with its auditors.

The following are members of the Audit Committee:

Manuel M. Lazaro (Chairman)
Ge Lin (independent director)
Anthony M. Te

ITEM 8. COMPENSATION PLANS

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

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

ITEM 11. FINANCIAL AND OTHER INFORMATION

The audited financial statements as of December 31, 2016, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

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

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

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

ITEM 14. RESTATEMENT OF ACCOUNTS

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

D. OTHER MATTERS

ITEM 15. ACTION WITH RESPECT TO REPORTS

The following matters shall be submitted to the vote of stockholders of the Company during the stockholders' meeting.

1. Approval of the Minutes of the Previous Stockholders' Meeting
2. Approval of the Management Report and Audited Financial Statements
3. Approval of the Amendment of Articles of Incorporation of the Corporation to change the name of the Corporation from AG Finance Inc. to Ferronoux Holdings Inc.
4. Ratification of Previous Resolution to Amend the Articles of Incorporation to change the primary purpose from leasing and finance to that of a holding company.
5. Ratification of Management's Acts
6. Election of Directors
7. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor
8. Other Matters
9. Adjournment

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

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

Matters not required to be submitted are the Call to Order and Certification of Notice and Quorum.

ITEM 17. AMENDMENT OF CHARTER, BY-LAWS OR OTHER DOCUMENTS

On 07 April 2017, the Board of Directors approved the amendment of the Corporation's Articles of Incorporation to change its name from AG Finance Inc. to Ferronoux Holdings Inc. subject to approval of the shareholders.

On 06 March 2015, the Board of Directors resolved to change the primary purpose of the Corporation from leasing and finance to that of the holding company. Thereupon, Article II of the Articles of Incorporation will be changed as follows:

To acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own, and use for investment or otherwise, and to sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, deal in and with and otherwise operate, enjoy and dispose of, any and all properties of every kind and description and whatever situated, as and to the extent permitted by law,

including, but not limited to, bonds, debentures, promissory notes, shares of capital stock, or other securities and obligations, created, negotiated or issued by any corporation, association, or other entity, foreign or domestic and while the owner, holder, or possessor, thereof, to exercise all the rights, powers, and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all dividends, interest and income, derived therefrom, and the right to vote on any proprietary or other interest, on any shares of the capital stock and upon any bonds, debentures, or other securities, having voting power, so owned or held, without however engaging in the business of an investment company under the Investment Company Act or a financing company or a broker or dealer in securities of stock.

The Shareholders approved the amendment of the primary purpose last 17 April 2015. Hence, the present action is merely for ratification of the previous resolution on the amendment of the primary purpose for implementation.

ITEM 8. OTHER PROPOSED ACTIONS

Ratification of Management's Acts
Election of Directors
Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor

ITEM 9. VOTING PROCEDURES

Under the Corporation Code, the affirmative vote of stockholders representing at least two thirds (2/3) of the outstanding capital stock of the Corporation shall be necessary for the approval of the proposed amendment to the Articles of incorporation of the Corporation.

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

Except in cases where voting by ballot is applicable, voting and counting shall be viva voce. if by ballot, the counting shall be supervised by the external auditors and transfer agent of the Company.

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

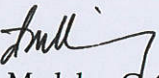
UPON THE WRITTEN REQUEST OF THE STOCKHOLDER(S), THE CORPORATION UNDERTAKES TO FURNISH SAID STOCKHOLDER(S) WITH A COPY OF SEC FORM 17-A, FREE OF CHARGE, EXCEPT FOR THE EXHIBIT ATTACHED THERETO, WHICH SHALL BE CHARGED AT A COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED TO Atty. Diane Madelyn C. Ching at 4th Floor Citibank Center, Paseo de Roxas, Makati City

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on _____, 2017.

AG FINANCE, INCORPORATED

By:


Diane Madelyn C. Ching
Corporate Secretary

AG Finance Incorporated

**MANAGEMENT REPORT
Pursuant to SRC Rule 20**

**For the Annual Stockholders' Meeting
On November 28, 2017**

I. Financial Statements

The Audited Financial Statements of AG Finance Incorporated (AGF) for the years ended as of December 31, 2016 and 2015 are attached to this report.

II. Information on Independent Accountants and other Related Matters

The Company's financial statements for the years ended December 31 2016 and 2015 have been audited by Reyes Tacandong & Co. ("RTC"), independent auditors, as stated in their reports appearing herein.

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

There were no disagreements with RTC on any matter of accounting and financial disclosure.

The following table sets out the aggregate fees incurred for the years ended December 31, 2016 and 2015 for professional services rendered by RTC:

	2016	2015
Audit and Audit-Related Services	₱677,600	₱633,291

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

The following discussion and analysis is based on the audited financial statements as at December 31, 2016 and 2015, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and accompanying Notes to the Financial Statements and should be read in conjunction with the audited consolidated financial statements.

Summary Financial Information

The Financial Statements as at December 31, 2016 and 2015 and for the years ended December 31, 2016 and 2015 are hereto attached.

The following table sets forth the summary financial information for the years ended December 31, 2016 and 2015:

Summary of Income Statement

	Years Ended December 31		
	2016	2015	2014
INCOME	₱6,778,721	₱35,220,811	₱82,215,436
EXPENSES	(1,654,282)	(20,155,497)	(32,849,830)
OTHER INCOME (CHARGES) NET	-	(23,641,540)	(405,496)
INCOME (LOSS) BEFORE TAX	5,124,439	(8,576,226)	48,960,110
PROVISION FOR INCOME TAX	464,354	1,242,568	26,496,625
NET INCOME (LOSS)	4,660,085	(9,818,794)	22,463,485
OTHER COMPREHENSIVE INCOME (LOSS)	-	166,847	(318,810)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱4,660,085	(₱9,651,947)	₱22,144,675
BASIC AND DILUTED LOSS PER SHARE	₱0.02	(₱0.04)	₱0.09

Summary of Balance Sheet

	December 31	
	2016	2015
ASSETS		
Current Assets	₱2,603,939	₱2,340,362
Noncurrent Assets	334,187,582	327,409,660
	₱336,791,521	₱329,750,022
LIABILITIES AND EQUITY		
Current Liabilities	₱2,431,005	₱513,945
Noncurrent Liability	464,354	-
	2,895,359	513,945
Equity	333,896,162	329,236,077
	₱336,791,521	₱329,750,022

Summary of net cash flows

	Years Ended December 31		
	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES	₱263,077	(₱172,078,957)	₱15,325,813
CASH FLOWS FROM INVESTING ACTIVITIES	-	865,177	27,761,716
CASH FLOWS FROM FINANCING ACTIVITIES	-	(123,057,281)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	263,077	(294,417,969)	43,140,816
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	61,425	294,479,394	251,338,578
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱324,502	₱61,425	₱294,479,394
NONCASH FINANCING ACTIVITY			

Unpaid portion of acquisition cost of AFS financial assets	P-	P-	P-
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2016 vs. 2015

Results of operations

In million

	Audited 2016	Audited 2015	Increase(Decrease) Amount	%
Income	6.78	35.22	(28.44)	(80.75)
Expenses	1.65	20.16	(18.51)	(91.82)
Other Income (Charges)	-	(23.64)	(23.64)	(100)

Income decreased by P28.44 million or 80.75% as compared last year. In June 2015, the Company ceased its lending activities which resulted to lower interest income.

Expenses decreased by P18.51 million or 91.82% due to cessation of lending activities. Significant changes in the expense accounts for the year ended December 31, 2016 versus the same period last year are as follows:

- Decrease in Salaries and employee benefits by P6.44 million or equivalent to 100.00% due to termination of all employees on June 2015.
- Decrease in Taxes and licenses by P4.93 million or equivalent to 100.00% as a result of ceasing the lending activities. The decrease pertains mainly to the tax in relation to lending transaction such as Documentary stamp tax and gross receipt tax.
- Decrease in Rent by P1.48 million or equivalent to 100.00% due to the cessation of lending activities.

Other charges decreased by P23.64 due to last year's loss on sale of loans receivable of P11.64 million and finance cost of P11.87 million.

Financial Position

	Audited 2016	Audited 2015	Increase(Decrease) Amount	%
	(in PhP Millions)			
Assets	P336.79	P329.75	7.04	2.13
Liabilities	2.89	0.51	2.38	466.67
Stockholders' Equity	333.90	329.24	4.66	1.42

Assets

The total assets of the Company increased by P7.04 million or 2.13% from P329.75 million as of December 31, 2015 to P336.79 million as of December 31, 2016. The increase was mainly due to the net effect of the following:

- **Cash** increased by P0.26 million or 433.33% mainly due to advances received from affiliates.
- **Note receivable** increased by P6.78 million or 2.00% due to the accretion of interest income

Liabilities

As of December 31, 2016, the total liabilities of the Company increased by ₱2.38 million or equivalent to 466.36% from ₱0.51 million as of December 31, 2015 as compared to ₱2.90 million as of December 31, 2016. The increase was due to the following:

- **Current Liabilities** increased by ₱1.90 million or 373.01%, mainly due to increase in payable from affiliate by ₱1.25 million.
- **Non current Liabilities** increased by ₱0.46 million due to deferred tax liability arising from accretion of note receivable.

Stockholders' Equity

As of year-end 2016, the stockholders' equity increased by ₱4.66 million from ₱329.24 million as of December 31, 2015 to ₱333.90 million as of December 31, 2016. The increase was attributable to the net income of ₱4.66 million in 2016.

Explanations for the material changes in the Company's accounts between 2015 and 2014 are as follows:

Results of operations

Interest income decreased by ₱46.99 million or 57.16% as compared last year. In June 2015, the Company ceased its lending activities which resulted to lower interest income.

Expenses decreased by ₱12.69 million or 38.64% due to cessation of lending activities. Significant changes in the expense accounts for the year ended December 31, 2015 versus the same period last year are as follows:

- Decrease in Salaries and employee benefits by ₱4.76 million or equivalent to 42.47% due to termination of employees on June 2015.
- Decrease in Taxes and licenses by ₱2.19 million or equivalent to 30.72% as a result of ceasing the lending activities. The decrease pertains mainly to the tax in relation to lending transaction such as Documentary stamp tax and gross receipt tax.
- Decreased in Depreciation expense by ₱1.86 million or 91.66% mainly due to disposal of property and equipment.
- Increase in Rent by ₱1.20 million or 424.19% because the Company is renting its office space at PSE Centre, Pasig City.

Other charges increased by ₱23.23 is attributable to loss on sale of loans receivable of ₱11.64 million and finance cost of ₱11.87 million.

Financial Position

Assets

The total assets of the Company decreased by ₱146.16 million or 30.71% from ₱475.91 million as of December 31, 2014 to ₱329.75 million as of December 31, 2015. The decrease was mainly due to the net effect of the following:

- **Cash and cash equivalents** decreased by ₱294.42 million or 99.98% mainly due to payment of dividends to its stockholders and payment of payables.
- On May 5, 2015, all of the Company's outstanding receivables with carrying amount of ₱332.60 were exchange for a five year note receivable with fair value of ₱327.41 million.
- **Other current assets** increased by ₱2.06 million or 900.32% is attributable to creditable tax on current income tax.
- **Property and equipment** decreased by ₱0.47 million or 100.00% due to disposal of property and equipment at its carrying amount.

Liabilities

As of December 31, 2015, the total liabilities of the Company decreased by ₱13.46 million or equivalent to 96.35% from ₱13.97 million as of December 31, 2014 as compared to ₱0.51 million as of December 31, 2015. The decrease was due to the following:

- **Current Liabilities** decreased by ₱10.26 million or 95.23%, mainly due to payment of 2014 income tax payable of ₱6.25 million and payment of accrued expenses and other current liabilities of ₱4.01.
- **Non current Liabilities** decreased by ₱3.19 million due to payment of retirement benefit liability to terminated employees.

Stockholders' Equity

As of year-end 2015, the stockholders' equity decreased by ₱132.71 million from ₱461.95 million as of December 31, 2014 to ₱329.24 million as of December 31, 2015. The decrease was attributable to the payment of cash dividend of ₱123.06 million and net operating loss of ₱9.65 million.

Material changes to the Statement of Financial Position as of December 31, 2014 compared to December 31, 2013 (increase/decrease of 5% or more)

Cash

Cash increased by 17.16% to ₱294.48 million as of December 31, 2014 from ₱251.34 million as of December 31, 2013. The increase was mainly due to sale of assets and increase in collection.

Property and equipment

Property and equipment decreased by 96.84% to ₱0.47 million as of December 31, 2014 from ₱14.89 million as of December 31, 2013. The decrease was primarily due to the Company's disposal of transportation equipment, condominium and condominium improvement, amounting to ₱12.9 million net of depreciation for the year amounting to ₱1.62 million.

Other assets

Deferred tax asset Deferred tax asset increased by 69.29% to ₱13.22 million as of December 31, 2014 from ₱7.81 million as of December 31, 2013. The increase was mainly due to tax impact of impairment loss recorded during the year.

Advances to employees and clients

Advances to employees and clients decreased by 73.21% to ₱0.18 million as of December 31, 2014 from ₱0.67 million as of December 31, 2013. The decrease was due to liquidation of employees advances at the end of the year.

Miscellaneous

Miscellaneous asset increased by 17.91% to ₱0.60 million as of December 31, 2014 from ₱0.51 million as of December 31, 2013. The increase was due to purchase of software.

Accrued expenses and other payables

Accrued expenses and other payables include unpaid utilities, professional fees, retirement benefit obligations, withholding taxes and interest and other expenses.

Accrued expenses and other payables increased by 7.58% to ₱7.71 million as of December 31, 2014 from ₱7.17 million as of December 31, 2013. The increase was due to additional accrual of post-employment benefit obligation.

Income tax payable

Income tax payable increased by 52.65% to ₱6.25 million as of December 31, 2014 from ₱4.10 million as of December 31, 2013. The increase was primarily due to gain from sale of assets in the amount of ₱15.5 million.

Capital stock

Deposit for future stock subscription

On June 29, 2012, the Company's BOD and stockholders approved the application for increase in the Company's authorized capital stock from ₱75 million divided into 75 million shares of stock to ₱550 million divided into 550 million shares both with a par value of ₱1.00 per share. On the same day, the Company's BOD approved the declaration of stock dividends amounting to ₱65.60 million to be issued out of the increase in authorized capital stock. Out of the increase, ₱118.75 million worth of shares were subscribed and partly paid in the form of cash and partly issued as stock dividends. On December 11, 2012 and December 14, 2012, the stockholders subscribed to additional shares by paying cash amounting to ₱53.15 million. As of December 31, 2013, the amount of the subscription paid by the stockholders are presented as part of Capital Stock account in the 2013 statement of financial position.

Stock dividend distributable

On June 29, 2012, the Company's BOD approved the declaration of stock dividends amounting to ₱65,600,002 or 65,600,002 shares at ₱1 par value. On February 13, 2013, the SEC approved the Company's application for the increase in its authorized capital stock. Portion of the increase was subscribed in the form of cash and stock dividends. As of December 31, 2013, the amount of the subscription paid in the form of stock dividends by the stockholders are presented as part of Capital Stock account in the 2013 statement of financial position.

Retained earnings

Retained earnings increased by 33.56% to ₱138.30 million as of December 31, 2014 from ₱103.55 million as of December 31, 2013. The increase arose from the net income after tax of the company for the calendar year, amounting to ₱34.7 million.

Key Performance Indicators

	<u>2014</u>	<u>2015</u>	<u>2016</u>
--	-------------	-------------	-------------

Return on Asset (%)	0	(0.02%)	0.01%
Return on Equity (%)	0	(0.03%)	(0.03%)

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

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

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

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

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2016 and 2015, 261,824,002 shares of the Company are listed in the PSE.

On June 25, 2015, RYM Business Management Corp. (RYM or the Parent Company) acquired 183,276,801 shares representing 70% interest in the Company from various stockholders.

Status of Operations

The Company's operating segment consists only of lending activities which was winded down in 2015. The Company will be applying with the SEC for the change of its principal purpose to a holding company.

V. DESCRIPTION OF PROPERTY

The Company has no property as September 30, 2017.

VI. Business Transactions with Related Parties

The Company as of December 31, 2016 and 2015 advances from its wholly-owned subsidiary and affiliate are as follows:

Related Party Under Common Control

	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2016	2015	2016	2015
Due to a related party					
Bright Kindle Resources & Investments, Inc.	Advances for working capital	₱1,799,801	₱244,656	₱2,044,457	₱244,656

VII. Employees

As of December 31, 2016, the Company has no regular employees.

VIII. Plan of Operation

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

IX. Status of Operations

The Company has no significant operational activity.

X. Dividends

The Company has not paid dividend for the years 2016 and 2015.

Management's Discussion and Analysis of Financial Condition and Results of as of September 30, 2017 and for nine months period ended September 30, 2017 with comparative audited figure as of December 31, 2016

The unaudited Financial Statement of AG Finance Incorporated as of September 30, 2017 and for nine months period ended September 30, 2017 with comparative audited figure as of December 31, 2016 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Balance Sheet as of September 30, 2017 and December 31, 2016

	September 30, 2017 Unaudited	Dec. 31, 2016 Audited	September 30, 2017 vs. Dec. 31, 2016	
	(P'000)	(P'000)	Amount Increase (decrease) (P'000)	Percentage Increase (decrease)
Current assets	P2,635	P2,604	P31	1.19%
Noncurrent assets	339,343	334,188	5,156	1.54%
Total Assets	P341,978	P336,792	P5,187	1.54%
Current liabilities	P3,595	P2,432	P1,164	47.86%
Noncurrent liabilities	464	464	-	-
Total Liabilities	4,059	2,896	1,164	40.20%
Stockholders' Equity	337,919	333,896	4,023	1.20%
Total Liabilities and Stockholders' Equity	P341,978	P336,792	P5,187	1.54%

Summary of Income Statements for the nine months and three months period ended September 30, 2017 and 2016.

	For Nine months ending September 30		For three months ending September 30	
	2017 (P'000)	2016 (P'000)	2017 (P'000)	2016 (P'000)
Interest Income	P5,156	P1	P5,156	P-
Other Operation Expense	(1,133)	(923)	(68)	(39)
Loss Before Tax	4,023	(922)	(5,088)	(39)
Tax Expense	-	-	-	-

Net income (loss) for the period	₱4,023	(₱922)	(₱5,088)	(₱39)
----------------------------------	---------------	--------	-----------------	-------

Summary of Statement of Cash Flows for the nine months period ending September 30, 2017 and September 30, 2016.

	For nine months ending		For three months ending	
	2017 (₱'000)	2016 (₱'000)	2017 (₱'000)	2016 (₱'000)
Cash (used) provided in operating activities	₱31	₱109	(₱68)	₱14
Cash in banks December 31, 2016	325	61	424	156
Cash in banks September 30, 2017	₱356	₱170	₱356	₱170

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

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

On June 26, 2015, the company disclosed that on June 25, 2015 Mr. Tony O. King and his family, that they have sold to RYM Business Management Corporation 183,276,801 common shares or 70% of AG Finance through a block sale for ₱280.00 million or approximately ₱ 1.53 per share.

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

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

Results of Operation

The following discussion and analysis is based on the unaudited interim financial statements for nine months period ending September 30, 2017 and 2016.

Nine Months Ended September 30, 2017 Compared with the Nine Months Ended September 30, 2016 (Increase/Decrease of 5% or More)

Interest Income

Interest income were ₱5.16 million for the nine months ended September 30, 2017 compared to ₱0.7 thousand for the same period in 2016. The huge increase is due to the interest accrued from note receivable.

Other Operating expenses

Other Operating expenses were ₱1.13 million for the nine months ended September 30, 2017 compared to ₱0.92 million for the same period in 2016, an increase ₱0.21 million or 23%. The increase mainly due to the payment of taxes and licenses for the period.

Three Months Ended September 30, 2017 Compared with the Three Months Ended September 30, 2016 (Increase/Decrease of 5% or More)

Interest Income

Interest income were ₱5.16 million for the three months ended September 30, 2017 compared to ₱0.06 thousand for the same period in 2016. The huge increase is due to the interest accrued from note receivable.

Other Operating expenses

Other Operating expenses were ₱0.068 million for the three months ended September 30, 2017 compared to ₱0.039 million for the same period in 2016, an increase of ₱0.029 million or 43% is due to payment of directors fee.

Statements of Financial Position

The significant changes in the Statement of Financial Position accounts during the nine months ended September 30, 2017 compared to December 31, 2016 are as follows:

Total assets were ₱341.98 million as of September 30, 2017 compared to ₱336.8 million for the same period in 2016, an increase of ₱5.18 million or 0.02%. The increase is mainly due to increase of note receivable from the computed interest

Total Liabilities increased by ₱1.16 million or 40.19% from ₱2.4 million to ₱4.05 million mainly due to advances from Bright Kindle Resources and Investments, Inc.

Total Equity increased by ₱4.02 million or 1.20% is mainly due to net income for the interim period.

Statements of Cash Flows

The net cash provided in operating activities amounted to P31.6 thousand for the nine months ended September 30, 2017 compared to net cash provided last year amounted P107.8 thousand. The increase in cash from operating activities is the net result of the following:

- Net income generated during the third quarter this year.
- Advances from related parties

As a result, the cash as at September 30, 2017 and September 30, 2016 amounted to P0.36 million and P0.16 million, respectively.

Horizontal and Vertical Analysis

	Unaudited September 30, 2017	Audited 2016	Increase (Decrease) Amount Percentage	
ASSETS				
Current Assets				
Cash in banks	₱356,111	₱324,502	₱31,609	9.74%
Other current assets	2,278,937	2,279,437	(500)	(0.02%)
Total Current Assets	2,635,048	2,603,939	31,109	1.19%
Noncurrent Assets				
Note receivable	339,343,090	334,187,582	5,155,508	1.54%
	₱341,978,138	₱336,791,521	₱5,186,617	1.54%

LIABILITIES AND EQUITY

Current Liabilities

Accrued expenses and other current liabilities	₱3,594,557	₱2,431,006	₱1,163,551	47.86%
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Non-current Liabilities

Deferred tax liabilities	464,354	464,354	–	–
Total Liabilities	4,058,911	2,895,360	1,163,551	40.19%

Equity

Capital stock	261,824,002	261,824,002	–	–
Additional paid-in capital	74,277,248	74,277,248	–	–
Deficit	1,817,977	(2,205,089)	4,023,065	(182.44%)
Total Equity	337,919,227	333,896,161	4,023,065	1.20%
	₱341,978,138	₱336,791,521	₱5,186,616	1.54%

FINANCIAL INDICATORS

	As of September 30, 2017	As of September 30, 2016
Net income (loss)	4,023,065	(922,584)
Quick assets	356,111	169,910
Current assets	2,635,048	2,448,847
Total assets	341,978,138	329,858,507
Current liabilities	3,594,557	1,545,013
Total liabilities	4,058,911	1,545,013
Stockholders' equity	337,919,227	328,313,493
Number of common shares outstanding	261,842,002	261,842,002

Current Ratio1/	0.73:1.00	1.59:1.00
Debt to Equity Ratio2/	0.012:1.00	.005:1.00
Asset to Equity Ratio3/	1.01:1.00	1:1.00
Return on Assets4/	0.012	(0.003)
Return on Equity5/	0.012	(0.003)
Book Value per share	1.29 per share	1.25 per share

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 Ratio

- a. Current Ratio
Total Current Assets/ Total Current Liabilities 0.73:1.00
- b. Quick Ratio
Quick asset / Total Current Liabilities = 0.10:1.00

Solvency Ratio

- a. Debt Ratio
Total liabilities / Total assets = 0.012:1.00
- b. Debt to Equity Ratio
Total liabilities / Shareholder's Equity = 0.012:1.00

Profitability Ratio

- a. Return on Equity Ratio

- Net loss / Average shareholder's equity = 0.012
- b. Return on Assets
Net loss / Average Total assets = 0.012
- c. Asset to Equity Ratio:
Total Assets / Ave. Stockholders' Equity = 1.01:1.00
- d. Asset Turnover
Revenue/Total Assets = 0.00

Market Information

The closing market price of the Company's common stock in the Philippine Stock Exchange on 30 October 2017 is PhP 4.79

The high and low prices for each quarter of 2016 and 2017 is provided below.

Quarter	Stock	High	Low
1Q 2016	AGF	3.60	1.96
2Q 2016	AGF	4.60	2.79
3Q 2016	AGF	3.99	3.24
4Q 2016	AGF	3.86	3.15
1Q 2017	AGF	4.19	3.01
2Q 2017	AGF	5.01	3.00
3Q 2017	AGF	5.90	3.60

The top 20 stockholders of the Company as of 30 October 2017 is provided below:

LIST OF TOP 20 STOCKHOLDERS As of October 30, 2017

STOCKHOLDER'S NAME	TOTAL HOLDINGS (SUBSCRIBED)	PERCENTAGE TO TOTAL	NATIONALITY
PCD NOMINEE CORP. (FILIPINO)	261,756.23	99.974	FILIPINO
JOSELYN C. TIU	18,747	0.007	FILIPINO
MARJORIE VILLANUEVA	18,747	0.007	FILIPINO
LEILA E. JORGE	10,001	0.004	FILIPINO
FELISA D. KING	8,747	0.003	FILIPINO
PCD NOMINEE CORP. (NON-FIL)	8,011	0.003	FILIPINO
REMEGIO C. DAYANDAYAN	1,000	0.000	FILIPINO
RAMON N. SANTOS	1,000	0.000	FILIPINO
JESUS SAN LUIS VALENCIA	1,000	0.000	FILIPINO
ISIDRO C. ALCANTARA JR	100	0.000	FILIPINO
MANUEL M. LAZARO	100	0.000	FILIPINO
GE LIN	100	0.000	CHINESE
ARSENIO K. SEBIAL JR	100	0.000	FILIPINO

ANTHONY M. TE	100	0.000	FILIPINO
OWEN NATHANIEL S AU ITF: LI MARCUS			
AU	20	0.000	FILIPINO
PETER KHO	2	0.000	FILIPINO
DALESON UY	2	0.000	FILIPINO

GRAND TOTAL	<u>261,824,002</u>	<u>100.000</u>	
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CERTIFICATION OF INDEPENDENT DIRECTOR

I, GE LIN (a.k.a. Gery Lam), Chinese, of legal age and a resident of 5J, Mactan Tower, Bay Gardens, Metrobank Ave, Pasay City 1300, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of AG Finance, Inc. and have been its independent director since 26 June 2015.
2. I am affiliated with the following companies or organizations (including Government Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
DC Steel Limited	Director/CEO	2017 to present
LianYunGang HuaLe Alloy Co., Ltd.	President of International Div	2011 to present
Dingchuang Groups Limited	Director/CEO	2010 to present
HYSS Holdings Limited	Director / General Manager	2009 to 2015
Zhejiang LongKai Industry Co., Ltd.	Vice General Manager	2008 to 2015
E.Z. Mining Enterprises Inc.	Executive Director	2005 to present
ZhaoHeng Holdings Limited	Manager/Corporate Secretary	1999 to 2005

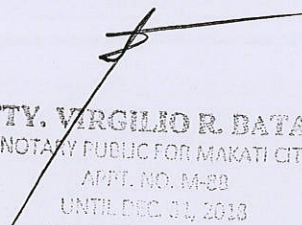
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AG Finance, Inc., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. Other than as disclosed in Item 2 above, I am not in any way related to any director/officer/substantial shareholder of AG Finance, Inc. and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of AG Finance, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

Done this _____ day of NOV 08 2017 at MAKATI CITY.


GE LIN (a.k.a. GERY LAM)
Affiant

~~SUBSCRIBED~~ AND SWORN to before me this NOV 08 2017 day of _____
at _____ affiant personally appeared before me and exhibited to me
his/her _____ issued at _____ on
_____.

Doc. No. 496
Page No. 151
Book No. 184
Series of 2017


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPL. NO. M-28
UNTIL DEC. 31, 2018
ROLL OF ATTY. NO. 40348
MCLE COMPLIANCE NO. MA-00160083-4/10/13
I.B.P.O.R No. 700702, LIFETIME MEMBER JAN 29, 2007
PTR (VS. 500-00-02) JAN. 3, 2017
EXECUTIVE BLDG. CENTER
MAKATI AVE. COR., JUPITER ST. MAKATI CITY



112202016000394

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Representative

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Company Information

SEC Registration No. A200115151
Company Name AG FINANCE INCORPORATED
Industry Classification LENDING INVESTOR ACTIVITIES
Company Type Stock Corporation

Document Information

Document ID	112202016000394
Document Type	LETTER/MISC
Document Code	LTR
Period Covered	December 12, 2016
No. of Days Late	0
Department	CED/CFD/CRMD/MRD/NTD
Remarks	cert. of independent dir.

COVER SHEET

A 2 0 0 1 1 5 1 5 1

SEC Registration Number

A G F I N A N C E I N C O R P O R A T E D

(Company's Full Name)

U N I T 2 2 0 5 - A , E A S T T O W E R P H I L
I P P I N E S T O C K E X C H A N G E
C E N T E R , E X C H A N G E 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 City / Town / Province)

Diane Madelyn C. Ching

Contact Person

833-0769

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

FORM TYPE

0 5

Month

Day

Annual Meeting

CERTIFICATION OF INDEPENDENT DIRECTOR

(MR. GE LIN)

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GE LIN**, Filipino, of legal age and a resident of 607B, Antel Seaview Towers, 2626 Roxas Blvd., Pasay City, after having been duly sworn to in accordance with law do hereby declare that:

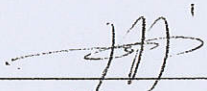
1. I am an Independent Director of **AG FINANCE, INCORPORATED ("AGF")**,
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
E.Z. Mining Enterprises Inc. (ZhaoHeng Holdings Limited)	Executive Director	2005-2007
Zhejiang Long Kai Industry Co., Ltd./LianYunGang LongKai Industry Co., Ltd.	Director	2007-2015
Dingchuang Groups Limited	Director/ General Manager	2010 up to present
LianYunGang Huale Alloy Co., Ltd.	President of International Division	2010 up to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AG Finance, Incorporated ("AGF"), as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
5. I shall inform the Corporate Secretary of AG Finance, Incorporated ("AGF") of any changes in the abovementioned information within five days from its occurrence.


12 DEC 2016

Done, this _____ day of _____, at **MAKATI CITY**.


Affiant

SUBSCRIBED AND SWORN TO before me this 12 DEC 2016 day of _____ at MAKATI CITY, affiant personally appeared before me and exhibited to me his _____.

Doc. No. 267
Page No. 55
Book No. 411
Series of 2016.


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. MC2
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. IV MCLE 13/4-10-2013 \
IBP O.R No. 700762-LIFETIME MEMBER JAN. 29, 2007
PTR No. 592-35-05- JAN 04, 2015 MAKATI CITY
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., JUPITER



112202016000388

**SECURITIES AND EXCHANGE COMMISSION**

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Representative

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Company Information

SEC Registration No.	A200115151
Company Name	AG FINANCE INCORPORATED
Industry Classification	LENDING INVESTOR ACTIVITIES
Company Type	Stock Corporation

Document Information

Document ID	112202016000388
Document Type	LETTER/MISC
Document Code	LTR
Period Covered	December 12, 2016
No. of Days Late	0
Department	CED/CFD/CRMD/MRD/NTD
Remarks	cert. of independent dir.

COVER SHEET

A 2 0 0 1 1 5 1 5 1

SEC Registration Number

A G F I N A N C E I N C O R P O R A T E D

(Company's Full Name)

U N I T 2 2 0 5 - A , E A S T T O W E R P H I L
I P P I N E S T O C K E X C H A N G E
C E N T E R , E X C H A N G E 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 City / Town / Province)

Diane Madelyn C. Ching

Contact Person

833-0769

Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

FORM TYPE

0 5
Month Day
Annual Meeting

**CERTIFICATION OF
INDEPENDENT DIRECTOR
(JUSTICE MANUEL LAZARO)**

Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

CERTIFICATION OF INDEPENDENT DIRECTOR

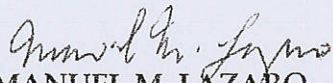
I, **MANUEL M. LAZARO**, Filipino, of legal age and a resident of 1362 Caballero St., Dasmariñas Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of AG FINANCE, INCORPORATED ("AGF"),
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Philippine Airlines, Inc. (PAL)	Director	2014 up to present
The Manila Hotel Corporation	Director	2006 up to present
Manila Golf & Country Club	Director	2007 up to present
Philippine Constitution Association (PHILCONSA)	Chairman and CEO	2011 up to present date
PHILCONSA	President and Governor	Four Terms - 1991-1992; 2004-2005; 2006-2004; 2010- 2011
Ateneo Law School	Member, Board of Advisors	


3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of AG Finance, Incorporated ("AGF"), as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
5. I shall inform the Corporate Secretary of AG Finance, Incorporated ("AGF") of any changes in the abovementioned information within five days from its occurrence.

Done, this 12 DEC 2016 day of 2016, at Makati City.


MANUEL M. LAZARO
Affiant

SUBSCRIBED AND SWORN TO before me this 12 DEC 2016 day of MAKATI CITY at , affiant personally appeared before me and exhibited to me his Passport No. EC1345547, issued on 05 June 2014 at DFA NCR East, Manila.

Doc. No. 246
Page No. 17
Book No. 411
Series of 2015 6


ATTY. VIRGILIO R. DATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. 1-02
UNTIL DEC 31, 2016
ROLL OF ATTORNEYS
MCLE COMPLIANCE NO. 1033/110-2013
IBP O.R. No. 706762-LIFETIME MEMBER JAN. 29, 2007
PTR No. 532-35-03-JAN 04, 2010 MAKATI CITY
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., JUPITER

MINUTES OF THE ANNUAL SHAREHOLDERS' MEETING
OF

AG FINANCE, INCORPORATED

Held at The Big Function Room,
Manila Golf & Country Club
Harvard Road, Forbes Park, Makati City
On 16 December 2016 at 2:00 pm

<u>STOCKHOLDERS PRESENT</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE</u>
Stockholders represented by proxies	187,464,274	71.60%
Stockholders represented in person	19,451	0.007%
Total number of shares present in present and represented by proxy	187,483,725	71.61%
Total Shares and Outstanding	261,824,002	100.0%

DIRECTORS PRESENT:

Mr. Isidro C. Alcantara, Jr.
Mr. Arsenio K. Sebial, Jr.
Mr. Anthony M. Te
Atty. Remegio C. Dayandayan, Jr.
Justice Manuel M. Lazaro (Independent Director)
Mr. Ge Lin a.k.a. Gery Lam (Independent Director)

DIRECTORS ABSENT:

Atty. Hermogene H. Real

OTHERS PRESENT:

Atty. Diane Madelyn C. Ching

I. CALL TO ORDER

The Chairman, Mr. Isidro C. Alcantara, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Atty. Diane Madelyn C. Ching recorded the minutes of the meeting.

II. PROOF OF NOTICE OF MEETING AND CERTIFICATION OF QUORUM

The Chairman inquired with the Corporate Secretary whether proper notices of the meeting were sent to the stockholders of record of the Corporation and whether there is quorum to proceed with the meeting. The Corporate Secretary certified that the notice of the meeting has been sent to each stockholder of record as of 18 November 2016. She further certified that out of the total issued and outstanding capital stock of the Corporation, there are present in person or by proxy, holders of 187,483,725 shares of stock entitled to vote, representing an attendance of 71.61%, which is more than two thirds (2/3) of the total issued and outstanding capital stock of the Corporation. Therefore, there exists quorum to transact business at hand.

III. READING AND APPROVAL OF THE MINUTES OF THE LAST SHAREHOLDERS' MEETING

The Chairman stated that the next item in the agenda is the reading and approval of the minutes of the last shareholders' meeting. The Corporate Secretary stated that copies of the Minutes of the Meeting held on 17 December 2015 had been earlier distributed. She further reported the highlights of the previous Annual Shareholders' Meeting held on 17 December 2015 as follows: (1) the approval of the minutes of the Special Shareholders' Meeting last 17 April 2015; (2) approval of the management report; (3) ratification of all acts; (4) the amendment of the Company's Articles of Incorporation to: (a) change its name from AG Finance Incorporated to Ferronoux Metals Refinery Inc.; (b) change of principal address from Unit 2205-A, East Tower Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City to 16th Floor, Citibank Tower, Paseo de Roxas, Makati City; (c) to increase the number of directors from 7 to 9; and of the By-Laws to change the date of the Annual Meeting from last Friday of June to last Wednesday of May as stated in Article II Section I; (5) change of stock symbol from AGF to FMR.

There being no comment, correction or objection to the said minutes, upon motion duly made and seconded, the minutes of the meeting held on 17 December 2015 was approved.

IV. APPROVAL OF THE MANAGEMENT REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

The Chairman then stated that the next item on the agenda is the Approval of the Management Report and Audited Financial Statements for the year ended December 31, 2015. Mr. Rhodel B. Salvador presented the financial statements as well as the financial highlights resulting from the Corporation's operation for the year ending 2015. After presentation, Mr. Alcantara presented the Company's future plans. He stated that the shareholders previously approved to change the name of the Corporation from AG Finance, Inc. to Ferronoux Metals Refinery, Inc. and to change the purpose from a financing company to a holding company. The change was in line with the management's decision to invest in mining properties or mining related activities. However, due to uncertainties in the mining industry and the decline in nickel prices, the implementation of the change of name was held off. After thorough evaluation, the management has decided to pursue its plans. In this regard, the initial plan to change name and purpose will now be implemented. The management is optimistic that the mining industry will be lucrative considering the increasing price of commodities. Upon motion duly made and seconded, the shareholders noted the management report and ratified the change of name from AG Finance, Inc. to Ferronoux Metals Refinery, Inc. Thereafter, the shareholders approved the Audited Financial Statements as discussed and circulated. Thereupon, the shareholders resolved as follows:

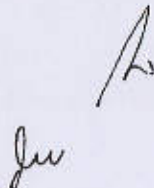
"RESOLVED, as it is hereby resolved, that the change of name from AG Finance, Inc. to Ferronoux Metals Refinery, Inc. be ratified and re-affirm.

"RESOLVED, FURTHER, that the Audited Financial Statements for the year ending 31 December 2015 be approved."

"RESOLVED, FINALLY, that the management report be noted."

V. RATIFICATION OF THE ALL ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Chairman stated that the next item in the matter is the ratification of all the actions of the Board of Directors and management for the year 2015 up to the present. In the course of operations, the Board of Directors and the officers of the corporation issued resolutions, executed contracts and sold assets of the Corporation which are now subject of ratification and confirmation of the shareholders. Thereupon, after a motion duly made and seconded, the shareholders approved the actions of the Board of Directors and management for the year 2015 up to the present.



"RESOLVED, as it is hereby resolved, that all actions of the directors and officers of the Corporation so taken in all of the above matters be, and in all respects are approved, ratified, and confirmed as of the respective dates when such actions were taken."

VI. ELECTION OF DIRECTORS

The Chairman then proceeded to the election of directors of the corporation for the ensuing year and until the next election. There are seven (7) seats to be filled including two (2) seats for independent directors. The Nominations Committee has nominated the following directors:

Regular Directors:

Mr. Isidro C. Alcantara, Jr.
Mr. Anthony M. Te
Mr. Arsenio K. Sebial, Jr.
Atty. Remegio C. Dayandayan, Jr.
Atty. Hermogene H. Real

Independent Directors:

Mr. Ge Lin a.k.a. Gery Lam
Justice Manuel M. Lazaro

Thereafter, it was moved, seconded, and unanimously resolved to close the nominations. There being only seven (7) nominees to the position of seven (7) directors, upon motion duly made and seconded, the Corporate Secretary was directed and authorized to cast all votes of the stockholders present or represented at the meeting equally among all the seven (7) nominees. The Chairman, therefore, declared the seven (7) nominees as the duly elected members of the Board of Directors for the current term to act as such until their successors are duly elected and qualified in accordance with the By-Laws. Mr. Ge Lin and Justice Manuel Lazaro were duly recognized as the Corporation's current independent directors.

VII. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman then stated the next item in the agenda which is the appointment of the Corporation's external auditor. The Audit Committee has recommended the re-appointment of Reyes Tacandong & Co. as the Corporation's external auditor.

A.
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Upon motion duly made and seconded, the shareholders re-appointed the auditing firm of Reyes Tacandong & Co. as the Corporation's external auditor for the current year, viz:

"RESOLVED, as it is hereby resolved, that Reyes Tacandong & Co. be appointed as external auditor."

VIII. OTHER MATTERS AND ADJOURNMENT

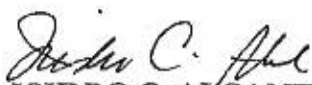
The Chairman then opened the table to discuss other matters. There being no further matters to discuss or business to conduct, upon motion duly made and seconded, the meeting was thereupon adjourned.

Prepared by:

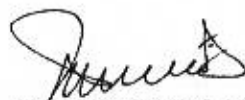


DIANE MADELYN C. CHING
Corporate Secretary

Attested by:



ISIDRO C. ALCANTARA, JR.
Chairman




ANTHONY M. TE
Vice Chairman



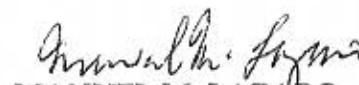
ARSENIO K. SEBIAL, JR.
President



REMEGIO C. DAYANDAYAN, JR.
Director



GE LIN
Independent Director



MANUEL M. LAZARO
Independent Director

COVER SHEET

A 2 0 0 1 1 5 1 5 1

S.E.C. Registration Number

A	G	F	I	N	A	N	C	E	I	N	C	O	R	P	O	R	A	T	E	D	(A	S	u	b
s	i	d	i	a	r	y	o	f	R	Y	M	B	u	s	i	n	e	s	s	M	a	n	a	g	e
m	e	n	t	C	o	r	p	.)																

(Company's Full Name)

1 6 t h F l o o r C i t i b a n k T o w e r ,

8 7 4 1 P a s e o d e R o x a s ,

M a k a t i C i t y

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

Rolando S. Santos

Contact Person

(632) 831-44-79

Company Telephone Number

Last Wednesday of May

1 2

Month

3 1

Day

SEC FORM 17-A

FORM TYPE

Month

Day

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles
Number/Section

1 2

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.



SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-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, 2016
2. SEC Identification Number A200115151 3. BIR Tax Identification No. 219-045-668
4. Exact name of issuer as specified in its charter AG Finance Incorporated
5. Metro Manila, Philippines
Province, Country or other jurisdiction of
Incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 16/F Citibank Tower, 8741 Paseo de Roxas, Makati City 1227
Address of principal office Postal Code
8. (02) 833-0769 Fax 856-7976
Issuer's telephone number, including area code
9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.
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 Shares : P1.00 par value	261,824,002 shares
11. Are any or all of these securities listed on a Stock Exchange.
Yes ☒ 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 ☒ No ☐
(b) has been subject to such filing requirements for the past ninety (90) days.
Yes ☒ No ☐
13. The aggregate market value of the voting stock held by non-affiliates is 78,544,701 shares representing 30.0% of the outstanding common shares is ₱242,703,126.09 computed on the basis of the closing price as of 31 March 2016 of ₱3.09 per share.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Overview

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

The Company is one of the major players in the microfinance and consumer loans industry serving the financial needs of Filipinos here and abroad.

Over the years, AG Finance has built its reputation in the market delivering its unique personalized services with superior flexibility, productivity and efficiency. The Company aims to be one of the premier financing institutions meeting the diverse needs of its OFW Loan and Salary Loan markets by offering the best terms of credit, efficient service, and products that are suited to its clients' needs.

The Company initially has 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 continuous growth and expansion of the Company, a series of capital infusion were made by the shareholders in 2006 and 2009. 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, AG Finance 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 BOD and stockholders approved the: (i) 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 and (ii) declaration of stock dividends amounting to ₱65.6 million or 65.6 million shares at ₱1 par value.

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

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

On June 26, 2015, the company disclosed that, on June 25, 2015, Mr. Tony O. King and his family, sold to RYM Business Management Corporation their 183,276,801 common shares or 70% of AG Finance through a block sale for ₱280.00 million or approximately ₱1.53 per share.

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

The Company's registered office is Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center Pasig City. On June 26, 2015 and December 17, 2015, the Board of Directors and shareholders approved the change of Principal address to 16th Floor Cititower Condominium, 8741 Paseo de Roxas Makati City subject to approval of the SEC.

Principal Business Activities

The Company initially provides worry-free short-term, unsecured credit facilities to permanent rank and file employees of reputable medium-sized companies in the Philippines.

During the special meeting of the stockholders of the Company held April 17, 2015, stockholders approved the amendment of Corporation's principal purpose to that of holding company and it added a secondary purpose which is to engage in the business of mining and smelting in preparation of the corporation's plan to diversify and expand its business.

Reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business

On June 1, 2015, all of the Company's remaining property and equipment were sold at its carrying amount.

Products and Services Offered

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

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

This is not applicable to the Company.

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

Starting July 2015, aside from the key management officers, all of the Corporation's personnel performing the Company's daily operations are being outsourced.

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

The Company submitted the following matters to a vote of the security holders during the 2016 Annual Meeting:

AGENDA:

- 1) Call to Order
- 2) Certification of Quorum
- 3) Approval of Minutes of the previous meeting
- 4) Approval of Management Report and Audited Financial Statements
- 5) Ratification of Management's Acts
- 6) Election of Directors
- 7) Appointment of External Auditor
- 8) Other Matters
- 9) Adjournment

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

The common shares of the Company was listed last August 13, 2013 in the Philippine Stock Exchange. The high and low prices of the Company's share for each quarter from 2014 to 2016 were as follows:

Year	Quarter	High (Php)	Low (Php)
2014	First	3.60	2.65
	Second	3.40	2.50
	Third	5.29	2.79
	Fourth	4.50	4.00
2015	First	7.88	3.70
	Second	8.90	6.40
	Third	7.65	2.20
	Fourth	3.32	2.50
2016	First	3.60	1.96
	Second	4.60	2.79
	Third	3.99	3.24
	Fourth	3.86	3.15

AGF was only listed on the Exchange on 13 August 2013.

As of March 31, 2017, the closing price of the Company's common shares was ₱3.33 per share. As of March 31, 2017, 74,358,628 common shares are held by the public, representing 28.40% of the Company's outstanding shares.

Holders

The number of shareholders as of December 31, 2016 is 12. The top stockholders of the Company as of December 31, 2016 were as follows:

Stockholders	Number of shares
PCD Nominee Corp. (Filipino)	261,559,136
PCD Nominee Corp. (Non-Filipino)	206,500
Joselyn C. Tiu	18,747
Marjorie Villanueva	18,747
Leila E. Jorge	10,001
Felisa D. King	8,747
Remegio C. Dayandan	1,000
Ramon N. Santos	1,000
Arsenio K. Sebial Jr.	100
Owen Nathaniel S AU ITF: Li Marcus Au	20
Peter Kho	2
Daleson Uy	2
Total	261,824,002

On June 26, 2015, the registrant disclosed to the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (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.

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 was 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.

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. Exposures to currency exchange rates arise from the Company's loans to OFWs, which are primarily denominated in United States (U.S.) dollars. The Company also holds U.S. dollar-denominated cash.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

b. Interest rate risk

There were no transactions in 2016 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 banks and note receivable.

The Company continuously monitors defaults of borrowers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

None of the Company's financial assets are secured by collateral or other credit enhancements, except for the cash in bank. Cash in bank is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P500,000 for every depositor per banking institution.

The Company is not exposed to any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. The Company manages credit risk by setting limits for individual borrowings, and group of borrowers and industry segments. The Company maintains a general policy of avoiding excessive exposure in any particular sector of the Philippine economy. The Company actively seeks to increase its exposure in industry sectors which it believes to possess attractive growth opportunities.

Conversely, it actively seeks to reduce its exposure in industry sectors where growth potential is minimal. Although the Company's loan portfolio is composed of transactions with OFWs, the results of operations and financial condition of the Company may be adversely affected by any downturn in this sector as well as in the Philippine economy in general.

3. Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Item 6. Management's Discussion and Analysis or Plan of Operation

Basis of Financial Statements presentation 2016 and 2015

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

In million

	Audited		Increase(Decrease)	
	2016	2015	Amount	%
Income	6.78	35.22	(28.44)	(80.75)
Expenses	1.65	20.16	(18.51)	(91.82)
Other Income (Charges)	-	(23.64)	(23.64)	(100)

Income decreased by ₱28.44 million or 80.75% as compared last year. In June 2015, the Company ceased its lending activities which resulted to lower interest income.

Expenses decreased by ₱18.51 million or 91.82% due to cessation of lending activities. Significant changes in the expense accounts for the year ended December 31, 2016 versus the same period last year are as follows:

- Decrease in Salaries and employee benefits by ₱6.44 million or equivalent to 100.00% due to termination of all employees on June 2015.
- Decrease in Taxes and licenses by ₱4.93 million or equivalent to 100.00% as a result of ceasing the lending activities. The decrease pertains mainly to the tax in relation to lending transaction such as Documentary stamp tax and gross receipt tax.
- Decrease in Rent by ₱1.48 million or equivalent to 100.00% due to the cessation of lending activities.

Other charges decreased by ₱23.64 due to last year's loss on sale of loans receivable of ₱11.64 million and finance cost of ₱11.87 million.

Financial Position

	Audited		Increase(Decrease)	
	2016	2015	Amount	%
	(in PhP Millions)			
Assets	₱336.79	₱329.75	7.04	2.13
Liabilities	2.89	0.51	2.38	466.67
Stockholders' Equity	333.90	329.24	4.66	1.42

Assets

The total assets of the Company increased by ₱7.04 million or 2.14% from ₱329.75 million as of December 31, 2015 to ₱336.79 million as of December 31, 2016. The increase was mainly due to the net effect of the following:

- **Cash** increased by ₱0.26 million or 428.29% mainly due to advances received from affiliates.
- **Note receivable** increased by ₱6.78 million or 2.07% due to the accretion of interest income

Liabilities

As of December 31, 2016, the total liabilities of the Company increased by ₱2.38 million or equivalent to 463.36% from ₱0.51 million as of December 31, 2015 as compared to ₱2.90 million as of December 31, 2016. The increase was due to the following:

- **Current Liabilities** increased by ₱1.92 million or 373.01%, mainly due to increase in payable from affiliate by ₱1.25 million.
- **Non current Liabilities** increased by ₱0.46 million due to deferred tax liability arising from accretion of note receivable.

Stockholders' Equity

As of year-end 2016, the stockholders' equity increased by ₱4.66 million from ₱329.24 million as of December 31, 2015 to ₱333.90 million as of December 31, 2016. The increase was attributable to the net income of ₱4.66 million in 2016.

Explanations for the material changes in the Company's accounts between 2015 and 2014 are as follows:

Results of operations

Interest income decreased by ₱39.94 million or 57.16% as compared last year. In June 2015, the Company ceased its lending activities which resulted to lower interest income.

Expenses decreased by ₱12.69 million or 38.64% due to cessation of lending activities. Significant changes in the expense accounts for the year ended December 31, 2015 versus the same period last year are as follows:

- Decrease in Salaries and employee benefits by ₱4.63 million or equivalent to 41.82% due to termination of employees on June 2015.
- Decrease in Taxes and licenses by ₱2.19 million or equivalent to 30.72% as a result of ceasing the lending activities. The decrease pertains mainly to the tax in relation to lending transaction such as Documentary stamp tax and gross receipt tax.
- Decreased in Depreciation expense by ₱1.88 million or 91.75% mainly due to disposal of property and equipment.
- Increase in Rent by ₱1.20 million or 424.19% because the Company is renting its office space at PSE Centre, Pasig City.

Other charges increased by ₱23.11 is attributable to loss on sale of loans receivable of ₱11.64 million and finance cost of ₱11.87 million.

Financial Position

Assets

The total assets of the Company decreased by ₱146.16 million or 30.71% from ₱475.91 million as of December 31, 2014 to ₱329.75 million as of December 31, 2015. The decrease was mainly due to the net effect of the following:

- **Cash and cash equivalents** decreased by ₱294.42 million or 99.98% mainly due to payment of dividends to its stockholders and payment of payables.
- On May 5, 2015, all of the Company's outstanding receivables with carrying amount of ₱332.60 were exchange for a five year note receivable with fair value of ₱327.41 million.
- **Other current assets** increased by ₱2.06 million or 931.96% is attributable to creditable tax on current income tax.
- **Property and equipment** decreased by ₱0.47 million or 100.00% due to disposal of property and equipment at its carrying amount.

Liabilities

As of December 31, 2015, the total liabilities of the Company decreased by ₱13.45 million or equivalent to 96.32% from ₱13.97 million as of December 31, 2014 as compared to ₱0.51 million as of December 31, 2015. The decrease was due to the following:

- **Current Liabilities** decreased by ₱10.26 million or 95.23%, mainly due to payment of 2014 income tax payable of ₱6.25 million and payment of accrued expenses and other current liabilities of ₱4.01.

- **Non current Liabilities** decreased by ₱3.19 million due to payment of retirement benefit liability to terminated employees.

Stockholders' Equity

As of year-end 2015, the stockholders' equity decreased by ₱132.71 million from ₱461.95 million as of December 31, 2014 to ₱329.24 million as of December 31, 2015. The decrease was attributable to the payment of cash dividend of ₱123.06 million and net operating loss of ₱9.65 million.

Material changes to the Statement of Financial Position as of December 31, 2014 compared to December 31, 2013 (increase/decrease of 5% or more)

Cash

Cash increased by 17.16% to ₱294.48 million as of December 31, 2014 from ₱251.34 million as of December 31, 2013. The increase was mainly due to sale of assets and increase in collection.

Property and equipment

Property and equipment decreased by 96.84% to ₱0.47 million as of December 31, 2014 from ₱14.89 million as of December 31, 2013. The decrease was primarily due to the Company's disposal of transportation equipment, condominium and condominium improvement, amounting to ₱12.9 million net of depreciation for the year amounting to ₱1.62 million.

Other assets

Deferred tax asset Deferred tax asset increased by 69.29% to ₱13.22 million as of December 31, 2014 from ₱7.81 million as of December 31, 2013. The increase was mainly due to tax impact of impairment loss recorded during the year.

Advances to employees and clients

Advances to employees and clients decreased by 73.21% to ₱0.18 million as of December 31, 2014 from ₱0.67 million as of December 31, 2013. The decrease was due to liquidation of employees advances at the end of the year.

Miscellaneous

Miscellaneous asset increased by 17.91% to ₱0.60 million as of December 31, 2014 from ₱0.51 million as of December 31, 2013. The increase was due to purchase of software.

Accrued expenses and other payables

Accrued expenses and other payables include unpaid utilities, professional fees, retirement benefit obligations, withholding taxes and interest and other expenses.

Accrued expenses and other payables increased by 7.58% to ₱7.71 million as of December 31, 2014 from ₱7.17 million as of December 31, 2013. The increase was due to additional accrual of post-employment benefit obligation.

Income tax payable

Income tax payable increased by 52.65% to ₱6.25 million as of December 31, 2014 from ₱4.10 million as of December 31, 2013. The increase was primarily due to gain from sale of assets in the amount of ₱15.5 million.

Capital stock**Deposit for future stock subscription**

On June 29, 2012, the Company's BOD and stockholders approved the application for increase in the Company's authorized capital stock from ₱75 million divided into 75 million shares of stock to ₱550million divided into 550 million shares both with a par value of ₱1.00 per share. On the same day, the Company's BOD approved the declaration of stock dividends amounting to ₱65.60 million to be issued out of the increase in authorized capital stock. Out of the increase, ₱118.75 million worth of shares were subscribed and partly paid in the form of cash and partly issued as stock dividends. On December 11, 2012 and December 14, 2012, the stockholders subscribed to additional shares by paying cash amounting to ₱53.15 million. As of December 31, 2013, the amount of the subscription paid by the stockholders are presented as part of Capital Stock account in the 2013 statement of financial position.

Stock dividend distributable

On June 29, 2012, the Company's BOD approved the declaration of stock dividends amounting to P65,600,002 or 65,600,002 shares at P1 par value. On February 13, 2013, the SEC approved the Company's application for the increase in its authorized capital stock. Portion of the increase was subscribed in the form of cash and stock dividends. As of December 31, 2013, the amount of the subscription paid in the form of stock dividends by the stockholders are presented as part of Capital Stock account in the 2013 statement of financial position.

Retained earnings

Retained earnings increased by 33.56% to ₱138.30 million as of December 31, 2014 from ₱103.55 million as of December 31, 2013. The increase arised from the net income after tax of the company for the calendar year, amounting to ₱34.7 million.

Key performance indicators are listed below:

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

	2016	2015
Net Income	P4,660,085	(P9,818,794)
Current assets	2,603,939	2,340,362
Total assets	336,791,521	329,750,022
Current liabilities	2,431,005	513,945
Total liabilities	2,895,359	513,945
Stockholders' Equity	333,896,162	329,236,077
No. of common shares outstanding	261,824,002	261,824,002
	2016	2015
Current ratio ¹	1.07	4.55
Book value per share ²	1.28	1.25
Debt ratio ³	0.01	0.00
Profit per share ⁴	0.01	(0.04)
Return on assets ⁵	0.01	(0.02)

Note:

1. Current assets / current liabilities
2. Stockholder's Equity / Total outstanding number of shares
3. Total Liabilities / Stockholder's Equity
4. Net Income (Loss) / Total outstanding number of shares
5. Net income / average total assets

Item 7. Financial Statements

The audited financial statements of the Company are filed as part of this SEC17-A as "Annex A".

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There were no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Board of Directors of the Company consists of seven (7) members and shall hold office for a term of one year, or upon the election of its successors. The Board is responsible for the Company's overall mission, vision and strategy, management of the Company, and the preservation of the Company's assets and properties. For a person to be eligible to be elected as a director of the Company, it is necessary that he or she is a registered owner of at least one voting share of the Company.

The Company's Board elected during the most recent annual stockholders' meeting held on December 17, 2015 and are to serve until the next annual shareholders' meeting or until their successors have been duly elected and qualified.

Name	Age	Citizenship	Position
<u>DIRECTORS</u>			
Isidro C. Alcantara, Jr.	62	Filipino	Director / Chairman of the Board
Anthony M. Te	46	Filipino	Director / Vice Chairman
Arsenio K. Sebial, Jr.	60	Filipino	President and Director
Manuel Lazaro	81	Filipino	Independent Director
Ge Lin	38	Chinese	Independent Director
Remegio C. Dayandayan Jr.	36	Filipino	Director
Hermogene H. Real	61	Filipino	Director / Asst. Corp. Secretary
<u>OFFICERS</u>			
Rolando S. Santos	66	Filipino	Treasurer
Diane Madelyn Ching	34	Filipino	Corporate Secretary
Reuben F. Alcantara	33	Filipino	VP Marketing
Leddie D. Gutierrez	54	Filipino	VP Internal Audit

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

DIRECTORS:

Mr. Isidro C. Alcantara Jr. was elected Chairman and Director last June 25, 2015. He currently sits as President of Marcventures Holding, Inc. (MHI) and presently Vice Chairman and Director of MMDC, MHI wholly owned subsidiary. He also serves as Director and President of Bright Kindle Resources, Inc. Mr. Alcantara is the President of Financial Risk Resolutions Advisory, Inc. He has been a Director of Benguet Corp. since November 2008. He served as Senior Vice President and Head of Corporate & Institutional Banking at HSBC. He was elected President and Chief Executive officer of Philippine Bank of Communications (PBCor) in Manila Philippines from 2000 to 2004. In addition, he served as Executive Vice President of the Corporate Banking Group of Equitable PCI Bank (EPCIB) from 1981 to 2000. He served as Director of Bankers Association of the Philippines from 2000 to 2003. He also served at Bancom Finance Corporation, PCI Bank, and Insular Bank of Asia and America (a Bank of America affiliate) from 1975 to 1981. Mr. Alcantara Jr. is a Certified Public Accountant. He obtained his BSc in Accounting and BS in Economics degrees from De La Salle University, graduating *magna cum laude*. He also attended the Special Studies in International Banking at the Wharton School, University of Pennsylvania.

Mr. Anthony M. Te. was elected as Vice Chairman and Director in June 25, 2015. He is currently Chairman of the Board of Asian Appraisal Company Inc., Amalgamated Project Management Services, Inc., Asian Asset Insurance Brokerage Corp. and Profesional Funding Services Inc. He serves as Chairman and Chief Finance officer of Mactel Corp., as Director and Treasurer for Manila Standard Today Management Inc. and Director fro Marcventures Mining and Development Corporation. Mr. Te is a licensed soliciting official for Non Life Insurance with Philippine Insurance Commission. He previously sat as Director in the following companies: Balabac Resources & Holdings Co., Inc. Commonwealth Savings and Loan Bank, EBECOM Holdings, Inc. Equitable PCI Bank, MRC Allied Industries Inc., Oriental Petroleum & Mineral Corp., PAL Holdings Inc., PGA Cars Inc., and Phoenix Energy Corp. He obtained his Bachelor of Arts in Business Management from De La Salle University.

Engr. Arsenio K. Sebial, Jr. was elected as President and Director in June 25, 2015. He is the President and CEO of Marcventures Mining and Development Corporation (MMDC) He graduated from Mapua Institute of Technology with a degree in Mining Engineering and was previous president of the Philippine Mining Engineer's Society. He holds 40 years of mining experience, the longest was with Benguet Corporation where he rose to Division Manager for Mining and Engineering and worked in the highly successful Benguet-Dizon Copper Mines.

Justice Manuel Lazaro was elected Independent Directors in June 2015. He currently sits as Director for Philippine Airlines Inc., (PAL), The Manila Hotel Corporation and Manila Golf & Country Club. He is also the Chairman & CEO of Philippine Constitution Association (PHILCONSA) and served as its President and Governor for four terms from the year 1991 to 2011. He sat as Director for PHILIA Development Center Inc., and is a member of the Board of Advisor of Ateneo Law School and Chairman of Aquila legis Alumni Foundation, Inc.

Mr. Ge Lin(a.k.a. Gery Lam) was elected Independent Director in June 2015. He serves as Director of Zhejiang Long Kai and LianYuGang and as Director and General Manager for HYSS Holdings. Mr. Lam sat as Executive Director Philippine ZhaoHeng Mining Co., Ltd. From the year 2005 to 2007.

Atty. Remegio C. Dayandayan, Jr. was elected as Director in December 2015, Her was elected as Director of Bright Kindle Resources and Investment Inc. in March 2014. He currently sits as Director and President of RYM Business Management Corporation and the Philippine Manila Standard Publishing Inc. He was previously an associate of Dum lao Moraleda Antonano and Tavera Law Offices from February 2008 to March 2009. He was also a Subjective Discovery Reviewer of Escaler and Company Inc.-LPO from May 2008 to March 2009. Atty. Dayandayan obtained his degrees in Bachelor of Arts major in Political Science from the University of San Carlos in 2001 and Bachelor of Laws from San Beda College- Mendiola in 2007. He was admitted to the Philippine Bar in 2008.

Atty. Hermogene H. Real was elected as Director in December 2016 and as Assistant Corporate Secretary in June 15, 2015. She serves as Director of Philippine Collectivemedia Corporation (2008 to present), as Corporate Secretary of Benguet Corporation (2000 to present) and Universal Re Condominium Corporation (1997 to 2009, 2010 to present), as Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present), Benguet Corp Nickel Mines, Inc. (2009 to present). She is a lawyer in D.S. Tantuico and Associates (1998 to present). She previously held the following positions: Chairman of the Board and President of Philippine Collectivemedia Corporation (2008 to 2010); Corporate Secretary of Trans Middle East Phils. Equities, Inc. (1996 to 2006); and Assistant Corporate Secretary of Equitable PCI Bank, Inc. (2005-2006).

OFFICERS:

Mr. Rolando S. Santos was elected Treasurer in June 25, 2015. He also serves as Treasurer and concurrently holds the position of Senior Vice President for Finance and Administration of Marcventures Holdings, Inc. He also serves as Treasurer for MMDC, Bright Kindle Resources and Investments, Inc., and Bright Green Resources Corp. He was previously the Branch head/Cluster head of Branches for Banco De Oro from 2001 to 2013, Bank of Commerce from 1984 to 2001, Producers Bank of the Philippines from 1981 to 1984, and Far East Bank from 1972 and 1981. He obtained his degree in BS

Atty. Diane Madelyn C. Ching was elected Corporate Secretary in June 2015. She serves as General Counsel and Assistant Corporate Secretary of Marcventures Holdings Inc. and its subsidiary, Marcventures Mining and Development Corp. She sits as director of Prime Media Holdings Inc. where she was previously appointed as Corporate Secretary in 2013. She provides legal consultancy services to PLDT Global (Philippines) Corp. Atty. Ching was an associate of Ocampo & Manalo Law Firm from March 2010 to June 2013. She obtained her degrees in Bachelor of Secondary Education major in Economics and Bachelor of Arts major in Psychology from De La Salle University-Manila graduating Honorable Mention. She passed the Licensure Examination for Teachers in 2004. She worked as a Research Analyst of the Mergers and Acquisitions, Asia Pacific Region Division of Thomson (Philippines) Inc. (now Thomson Reuters). She obtained her Bachelor of Laws from San Beda College-Mendiola in 2009 and was admitted to the Philippine bar in 2010.

Mr. Reuben F. Alcantara is the Vice President for Marketing, he is also VP Marketing, Business Development, and Strategic Planning of Marcventures Holdings Inc. since September 2013. He is also the Company's Investor Relations Officer. He joined the company in December 2015. He previously served as Relationship and Credit Officer for Security Bank and has had stints in Corporate Banking in Bank of Commerce and Maybank Philippines.

Leddie D. Gutierrez was appointed as VP Internal Audit in June 2015. He is a Certified Public Accountant and has held key positions in internal audit, corporate services and compliance and control in 1995. Mr. Gutierrez is currently the Vice President for Audit and Risk Management of Marcventures Mining and Development Corp. (MMDC). He served as Division Head (Assistant Vice President) of Strategic Support Division under Institutional Banking Sector of Metropolitan Bank and Trust Company, where, since joining in November 2011 as Compliance and Control Officer (Senior Manager), he oversaw IBS's compliance to policies, procedures and regulations set by the bank, BSP and regulatory agencies and led systems and process improvements for the group. From April 2005 to October 2011, Mr. Gutierrez served as Head of Internal Audit of PLDT Global Corporation (PGC), a subsidiary and international marketing firm of PLDT Co. In this role, he carried out operational, information technology, financial, network and compliance audits of PGC. Mr. Gutierrez is a graduate of University of the East.

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. Isidro C. Alcantara Jr., Chairman, and Mr. Reuben F. Alcantara, Vice President for Marketing, are family.

Involvement in Certain Legal Proceedings of Directors and Senior Management

To the knowledge of the Company, there has been no occurrence of any events during the past 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.

Item 10. Executive Compensation

The following are the Company's CEO and four most highly compensated employees for the year ended 2016 is follows:

Name	Position
Isidro C. Alcantara, Jr.	Chairman of the Board
Anthony M. Te	Vice Chairman
Arsenio K. Sebial, Jr.	President and Director
Manuel Lazaro	Independent Director
Ge Lin	Independent Director
Remegio C. Dayandayan Jr.	Director
Rolando S. Santos	Treasurer
Diane Madelyn Ching	Corporate Secretary
Hermogene H. Real	Asst. Corp. Secretary
Reuben F. Alcantara	VP Marketing
Leddie D. Gutierrez	VP Internal Audit

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, 2014, 2015 and 2016.

	Year	Salary	Bonuses	Other Benefits	Total
President and Top 5 Executive Officers as group named above	2014	3,461,012	268,125	184,208	3,913,345
	2015	1,515,757	3,820,843	-	5,336,600
	2016			199,673	199,673
	2017 estimated	-	-	-	-

All Other Officers and Directors, as a group unnamed	2014	5,381,529	428,741	294,555	6,104,825
	2015	1,515,757	3,820,843	-	5,336,600
	2016			140,849.68	140,849.68
	2017	-	-		

Compensation of Directors

Standard Arrangement

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangement pursuant to which directors of the company are compensated directly or indirectly, for any services provided as a director.

Other Arrangement

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

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

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

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

Warrants and Options Outstanding

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

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

Title of Class	Name and Address of Record Owner & Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares	Percentage
Common		RYM Business Management Corp	Filipino	183,276,801	70.0%
TOTAL				183,276,801	70.00%

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

Security Ownership of Directors and Officers

Title of Class	Name Beneficial Owner	Citizen ship	Amount of Shares & Nature of beneficial ownership	Percentage
Common	Isidro C. Alcantara Jr.	Filipino	(Direct) 100	0.00%
Common	Anthony M. Te	Filipino	(Direct) 100	0.00%
Common	Arsenio K. Sebial Jr.	Filipino	(Direct) 100	0.00%
Common	Manuel M. Lazaro	Filipino	(Direct) 100	0.00%
Common	Ge Lin (a.k.a. Gery Lam)	Filipino	(Direct) 100	0.00%
Common	Remegio Dayandayan Jr.	Filipino	(Direct) 1,000	0.00%
Common	Hermogene H. Real	Filipino	(Direct) 100	0.00%
TOTAL			(Direct) 1,600	0.00%

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 June 26, 2015, the registrant disclosed to the Philippine Stock Exchange "PSE" and Securities and Exchange Commission "SEC" that on June 25, 2015 Mr. Tony O. King, and his family, controlling shareholders of AGF have sold to RYM Business Management Corporation, 183,273,801 common shares or 70% of AG Finance through a block sale on 25 June for Php280.00 Million or approximately Php1.5278 per share.

Item 12. Certain Relationships and Related Transactions

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

During the last three years, there were no transactions or series of similar transactions with or involving the Company or any of its subsidiaries in which a director, executive officer, nominee for election as a director or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family, had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

Item 13. Please refer to attached ACGR.

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 SEC17-A as "Annex A".

(b) Reports on SEC Form 17-C

Items reported under SEC Form 17-C for the year 2016:

	<i>Date of Report</i>	<i>Event Reported</i>
(1)	<i>April 14, 2016</i>	<i>Results of Board Meeting last April 06, 2016 Change in Corporate Contact Details and/or Website Postponement of annual stockholders' meeting</i>
(2)	<i>August 31, 2016</i>	<i>Resignation of Mr. Ramon N. Santos as Director</i>
(3)	<i>December 19, 2016</i>	<i>Results of Organizational meeting of BOD and Annual Stockholders' Meeting</i>


SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of _____ on APR 19 2017

MAKATI CITY

By:


Isidro C. Alcantara, Jr.
Chairman


Arsenio K. Sebial, Jr.
President


Rolando S. Santos
Treasurer

APR 19 2017

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

NAMES	Competent Evidence of Identity (TIN)	DATE OF ISSUE	PLACE OF ISSUE
Isidro C. Alcantara, Jr.	123-371-185		
Arsenio K. Sebial, Jr.	138-800-795		
Rolando S. Santos	127-551-054		

Doc. No. 421
Page No. 86
Book No. 21
Series of 2017.

ATTY. VIRGILIO R. BATAILLO
NOTARY PUBLIC
APPT. NO. 1458
UNITED STATES
MILE COMMISSION
I.B.P.O. NO. 2017
EXPIRATION DATE: JAN 28, 2022
MAKATIAVE CORP. JUVENILE COURT

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A 2 0 0 1 1 5 1 5 1

COMPANY NAME

A G F I N A N C E I N C O R P O R A T E D (A S u b s i d i a r y o
f R Y M B u s i n e s s M a n a g e m e n t C o r p .)

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

U n i t 2 2 0 5 A E a s t T o w e r , P h i l i p p i n e S t o c k
E x c h a n g e C e n t e r , E x c h a n g e R o a d , O r t i g a
s C e n t e r , P a s i g C i t y

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

info@agfinance.ph

Company's Telephone Number/s

833-0769

Mobile Number

-

No. of Stockholders

12

Annual Meeting (Month / Day)

Any day in June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Rolando S. Santos

Email Address

rolly.santos@marcventures.com.ph

Telephone Number/s

826-8609/856-7976

Mobile Number

09989850229

CONTACT PERSON'S ADDRESS

16th Floor, Citibank Tower, 8741, Paseo de Roxas, Makati 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



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

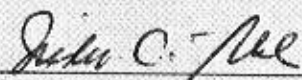
The Management of **AG Finance Incorporated** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2016 and 2015**, in accordance with the prescribed financial reporting framework indicated therein, 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 but to do so.


The Board of Directors is responsible in 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 or members.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended **December 31, 2016 and 2015**, 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.

Signature 
ISIDRO C. ALCANTARA, JR.
Chairman

Signature 
ARSENIO K. SEBIAL, JR.
President

Signature 
ROLANDO S. SANTOS
Treasurer

Signed this 7th day of April 2017



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **AG Finance Incorporated** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2016 and 2015**, 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 but to do so.

The Board of Directors is responsible in 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 or members.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended **December 31, 2016 and 2015**, 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.

Signature
ISIDRO C. ALCANTARA, JR.
Chairman

Signature
ARSENIO K. SEBIAL, JR.
President

Signature
ROLANDO S. SANTOS
Treasurer



Signed this 7th day of April 2017

SUBSCRIBED AND SWORN to before me this APR 20 2017 day of _____, 2017
at PASIG CITY affiant(s) exhibiting to me their Passport as follows:

Name	Passport Number	Date/Place Issued
Isidro C. Alcantara, Jr.	Passport#EB8303097	06/04/13
Rolando S. Santos	Senior Citizen#1003235	March 2010/Antipolo
Arsenio K. Sebial	Passport#EC3433503	02/11/2015

Doc. No. 82
Page No. 18
Book No. LXXIV
Series of 2017.

Ejw
EDWIN G. CONDATA
NOTARY PUBLIC
PASIG, PATEROS, & SAN JUAN
UNTIL DEC. 31, 2017
PTR NO. 25081950/P03-17
IBP NO. 1016895/12-29-16/UNTIL 2017
ROLL NO. 26683
TIN NO. 210-565-191-000
MCLE V-0004493
2ND FLOOR ARMAL BLDG, URBANO
VELASCO AVE. MALINAO, PASIG CITY



RIAN CEASAR P. SOLIMAN
CERTIFIED PUBLIC ACCOUNTANT

Practitioner's Compilation Report

The Stockholders and the Board of Directors

AG Finance Incorporated

(A Subsidiary of RYM Business Management Corp.)

Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

I have compiled the accompanying financial statements of AG Finance Incorporated (A Subsidiary of RYM Business Management Corp.) (or the Company) based on information you have provided. These financial statements comprise the statement of financial position of the Company as at December 31, 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with Philippine Standard on Related Services 4410 (Revised), Compilation Engagements.

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with Philippine Financial Reporting Standards (PFRS). I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with PFRS.

RIAN CEASAR P. SOLIMAN

CPA Certificate No. 0141071

BGA A.N.: 5925

Valid Until December 31, 2017

BIR Accreditation No.: 06-006384-001-2016

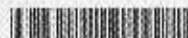
Valid Until March 7, 2019

TIN No. 309-973-133-000

PTR No. 6016643 issued January 10, 2017

City of Manila

April 07, 2017





INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
AG Finance Incorporated
Unit 2205A East Tower
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

Opinion

We have audited the accompanying financial statements of AG Finance Incorporated (the Company), a subsidiary of RYM Business Management Corp., which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, 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, 2016 and 2015, and its financial performance and its cash flows for the years then ended 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 *Auditor's 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 our audits 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.

Key Audit Matters

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

Assessment of Realizability of Note Receivable

As at December 31, 2016 and 2015, the Company's note receivable represents 99% of total assets and the assessment of its realizability requires the use of significant judgment by management. Hence, the matter is of significance to our audit.



Our audit procedures included the review of management's assessment of the realizability of the note receivable which includes determining whether there is objective evidence that note receivable is impaired.

Further disclosures are included in Note 3, Significant Accounting Judgments, Estimates and Assumption and Note 5, Receivable.

Other Matter

The financial statements of AG Finance Incorporated as at and for the year ended December 31, 2014 were audited by another auditor whose report dated February 5, 2015, expressed an unmodified opinion on those statements. The opinion of such auditor, however, does not include the prior period adjustment discussed in Note 17 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 to be distributed to stockholders for the year ended December 31, 2016, but does not include the financial statements and our auditor's 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, 2016 are expected to be made available to us after the date of this auditor's 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 audits 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.



Auditor's 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 auditor's 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, they 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 auditor's 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 auditor's 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 audit.



- 4 -

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 auditor's 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 auditor's report is Belinda B. Fernando.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until December 31, 2018

SEC Accreditation No. 1022-AR-1 Group A

Valid until March 15, 2020

BIR Accreditation No. 08-005144-4-2017

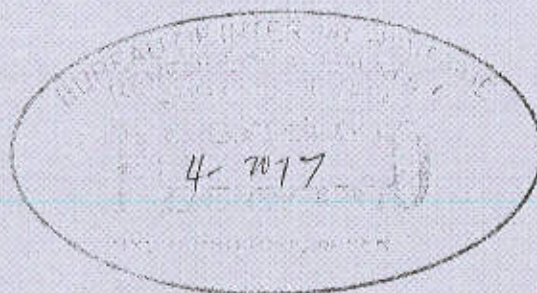
Valid until January 13, 2020

PTR No. 5908526

Issued January 3, 2017, Makati City

April 7, 2017

Makati City, Metro Manila

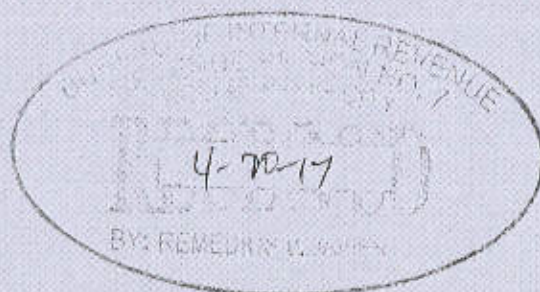


AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)
STATEMENTS OF FINANCIAL POSITION



	Note	2016	2015
ASSETS			
Current Assets			
Cash in banks	4	P324,502	P61,425
Other current assets		2,279,437	2,278,937
Total Current Assets		2,603,939	2,340,362
Noncurrent Asset			
Note receivable	5	334,187,582	327,409,660
		P336,791,521	P329,750,022
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	7	P2,431,005	P513,945
Noncurrent Liability			
Deferred tax liability	14	464,354	-
Total Liabilities		2,895,359	513,945
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(2,205,088)	(6,865,173)
Total Equity		333,896,162	329,236,077
		P336,791,521	P329,750,022

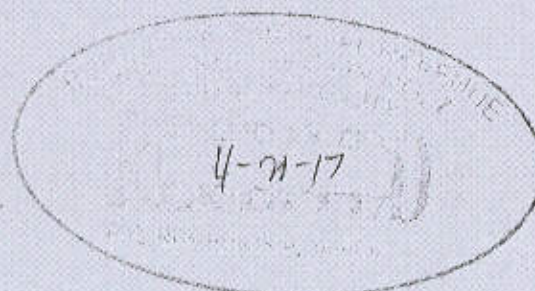
See accompanying Notes to Financial Statements.



AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(With Comparative Figures for 2014)

	Note	2016	2015	2014 (As restated - Note 17)
INCOME				
Interest income	11	P6,778,721	P34,085,787	P74,021,105
Processing fees		-	606,000	4,337,250
Penalties		-	529,024	3,857,081
		<u>6,778,721</u>	<u>35,220,811</u>	<u>82,215,436</u>
EXPENSES				
	12	<u>(1,654,282)</u>	<u>(20,155,497)</u>	<u>(32,849,830)</u>
OTHER INCOME (CHARGES)				
Loss on discounting of loans receivable	5	-	(11,639,111)	-
Day-1-difference	5	-	(11,870,527)	-
Impairment loss on loans receivable	5	-	-	(16,017,567)
Gain from sale of property and equipment	6	-	-	15,558,784
Others - net		-	(131,902)	53,287
INCOME (LOSS) BEFORE INCOME TAX		<u>5,124,439</u>	<u>(8,576,226)</u>	<u>48,960,110</u>
PROVISION FOR INCOME TAX				
	14			
Current		-	373,967	19,488,131
Deferred		<u>464,354</u>	<u>868,601</u>	<u>7,008,494</u>
		<u>464,354</u>	<u>1,242,568</u>	<u>26,496,625</u>
NET INCOME (LOSS)		<u>4,660,085</u>	<u>(9,818,794)</u>	<u>22,463,485</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Not to be reclassified to profit or loss -</i>				
Remeasurement gain (loss) on retirement liability - net of deferred income tax	8	-	166,847	(318,810)
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>P4,660,085</u>	<u>(P9,651,947)</u>	<u>P22,144,675</u>
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED				
	13	<u>P0.02</u>	<u>(P0.04)</u>	<u>P0.09</u>

See accompanying Notes to Financial Statements.



AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(With Comparative Figures for 2014)

	Note	2016	2015	2014 (As restated - Note 17)
CAPITAL STOCK - P1 par value				
Authorized - 550,000,000 shares	10			
Issued and outstanding - 261,842,002 shares		P261,824,002	P261,824,002	P261,824,002
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning and end of year		74,277,248	74,277,248	74,277,248
RETAINED EARNINGS (DEFICIT)				
Balance at beginning of year		(6,865,173)	126,010,902	103,547,417
Net income (loss)		4,660,085	(9,818,794)	22,463,485
Cash dividends	10	-	(123,057,281)	-
Balance at end of year		(2,205,088)	(6,865,173)	126,010,902
REMEASUREMENT GAIN (LOSS) ON RETIREMENT LIABILITY				
Balance at beginning of year	8	-	(166,847)	151,963
Effect of curtailment		-	166,847	-
Remeasurement loss on retirement liability		-	-	(318,810)
Balance at end of year		-	-	(166,847)
		P333,896,162	P329,236,077	P461,945,305

See accompanying Notes to Financial Statements.

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(With Comparative Figures for 2014)

	Note	2016	2015	2014 (As restated - Note 17)
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		P5,124,439	(P8,576,226)	P48,960,110
Adjustments for:				
Interest income	11	(6,778,721)	(34,085,787)	(74,021,105)
Depreciation	6	-	169,335	2,029,355
Unrealized foreign currency losses (gains)		-	146,908	(53,287)
Gain on sale of property and equipment	6	-	-	(15,558,784)
Operating loss before working capital changes		(1,654,282)	(42,345,770)	(38,643,711)
Decrease (increase) in:				
Note receivable		-	(320,769,206)	-
Loan receivable		-	179,235,601	(3,391,965)
Other current assets		(500)	(2,058,102)	(1,018,450)
Increase (decrease) in:				
Accrued expenses and other current liabilities		1,917,060	(4,011,411)	(578,421)
Retirement liability		-	(2,948,625)	666,536
Net cash generated from (used for) operations		262,278	(192,897,513)	(42,966,011)
Interest received		799	27,445,333	74,021,105
Income taxes paid		-	(6,626,777)	(15,729,281)
Net cash provided by (used in) operating activities		263,077	(172,078,957)	15,325,813
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in other noncurrent assets		-	564,345	(182,833)
Proceeds from sale of property and equipment	6	-	300,832	28,438,013
Acquisitions of property and equipment	6	-	-	(493,464)
Net cash provided by investing activities		-	865,177	27,761,716
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash dividends paid	10	-	(123,057,281)	-
EFFECTS OF FOREIGN CURRENCY TRANSLATION				
		-	(146,908)	53,287
NET INCREASE (DECREASE) IN CASH IN BANKS		263,077	(294,417,969)	43,140,816
CASH IN BANKS AT BEGINNING OF YEAR		61,425	294,479,394	251,338,578
CASH IN BANKS AT END OF YEAR		P324,502	P61,425	P294,479,394

See accompanying Notes to Financial Statements.

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

NOTES TO FINANCIAL STATEMENTS
(With Comparative Information for 2014)

1. Corporate Information

AG Finance Incorporated (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 primarily 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, 2016 and 2015, 261,824,002 shares of the Company are listed in the PSE.

On June 25, 2015, RYM Business Management Corp. (RYM or the Parent Company) acquired 183,276,801 shares representing 70% interest in the Company from various stockholders.

The Company's registered office is Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City.

The financial statements of the Company as at and for the years ended December 31, 2016 and 2015 (with comparative figures and information in 2014) were approved and authorized for issue by the Board of Directors on April 7, 2017.

Status of Operations

The Company's operating segment consists only of lending activities which was winded down in 2015. The Company is in the process of applying with the SEC for the change of its principal purpose to a holding company.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of issuances by the International Financial Reporting Interpretations Committee, issued by the Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The financial statements are presented in Philippine Peso (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.

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.

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 15, Financial Risk Management Objectives and Policies.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2016:

- Amendments to PAS 1, *Presentation of Financial Statements: Disclosure Initiative* – The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements of the Company. Additional disclosures have been included in the notes to financial statements, as applicable.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2016 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.
- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

Effective for annual periods beginning on or after January 1, 2018 –

- **PFRS 9, *Financial Instruments*** – This standard will replace PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract. It will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Effective for annual periods beginning on or after January 1, 2019 –

- **PFRS 16, *Leases*** – Significant change introduced by the new standard is that almost all leases will be brought onto lessees’ statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the notes financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the statements of financial position when the Company becomes a party to the contractual provision of a financial instrument. Financial instruments are initially recognized at fair value. In the case of regular way purchase or sale of financial asset, recognition and derecognition, as applicable, is done using trade date accounting.

Initial Recognition. Financial assets and liabilities 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 and loss (FVPL), includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) available-for-sale (AFS) investments. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market.

"Day 1" Differences. 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 the statement of comprehensive income. In cases where there is no observable data on inception, the Company deemed the transactions 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.

As at December 31, 2016 and 2015, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS investments or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables 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 any transaction cost which are directly attributable in the acquisition of the financial instrument. The amortization is included in profit or loss.

This category includes cash in banks and note receivable.

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as when there is amortization process.

This category includes accrued expenses and other current liabilities (excluding statutory payables).

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized by the Company when:

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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 the new liability, and the difference in the respective carrying value is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

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 value of the original liability and fair value of the new liability is recognized in the separate statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying value is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and 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 an 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 where the related assets and liabilities are presented gross in the statements of financial position.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The carrying value of the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss. If in a subsequent period, the amount of accumulated impairment losses has decreased because of an event occurring after impairment was recognized, the decline is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Time value is generally not considered when the effect of discounting is not material. The carrying value of the asset shall be reduced directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Other Current Assets

Other current assets primarily include creditable withholding taxes (CWT).

CWT. CWT are 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.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable purchase taxes after deducting trade discounts and rebates and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs

directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying value of the replaced component is derecognized.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation is calculated on a straight-line basis with estimated useful lives of 3-5 years for furniture, fixtures and office equipment.

The estimated useful lives and method for depreciation are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

Impairment of Property and Equipment

Nonfinancial assets consisting of property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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 time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statements of comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A 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, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

APIC. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC.

Deficit. Deficit represents the accumulated net income or loss, less any dividends declared.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is recognized as follows:

Interest Income. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Processing Fees. Processing fees are recognized at the time the loan contract was agreed with the borrowers to the extent of the cost incurred for processing of the loans extended.

Penalties. Penalties are recognized based on a certain percentage of monthly amortizations that were collected beyond due date.

Other Income. Income from other sources is recognized when earned.

Expenses Recognition

Expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably.

Finance Costs. Finance costs represent the cost of money used in operations. It is recognized as incurred using the effective interest rate method.

Employee Benefits

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has an unfunded, noncontributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and interest expense in profit or loss. Interest expense is calculated by applying the discount rate to the retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability is the aggregate of the present value of the defined benefit obligation. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of any unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying value 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 rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as other comprehensive income.

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

Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income for the year attributable to capital stockholders by the weighted average number of capital stock outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split.

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of capital stock outstanding to assume conversion of all dilutive potential ordinary shares.

Where the earnings (loss) per share effect of potential dilutive capital stock would be anti-dilutive, basic and diluted earnings (loss) per share are stated at the same amount.

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.

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

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.

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 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 financial position at the end of reporting period (adjusting events) are reflected in the financial statements when material. Post year-end events that are non-adjusting are disclosed in the notes to financial statements when material.

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.

The Company's operating segment consists only of lending activities which was winded down in 2015. As discussed in Note 1, the Company is in the process of applying with the SEC for the change of its principal purpose to a holding company.

3. Significant Judgments, Accounting Estimates and Assumptions

PFRS requires management to exercise judgments and make estimates and assumptions that affect the amounts reported in the financial statements. The judgment and estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. The estimates and underlying assumptions are reviewed on an on-going basis. Actual results could differ from such estimates.

Judgments

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

Accounting for Operating Lease - Company as a Lessee. The Company, as a lessee, has an operating lease agreement for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease.

Rent expense amounted to nil and ₱1.5 million in 2016 and 2015, respectively (₱0.3 million in 2014) (see Note 12).

Determining Operating Segments. The Company determines and presents operating segments based on the information that is internally provided to the BOD. As at December 31, 2016 and 2015, the Company has determined that it has no operating segment other than being a holding company.

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.

Estimating Allowance for Impairment of Receivables. The Company maintains allowance for receivable impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the debtor, the debtor's payment behaviour and known market factors. The Company identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

Impairment loss on loan receivable amounted to nil in 2016 and 2015 (₱16.0 million in 2014) (see Note 5).

As at December 31, 2016 and 2015, the Company has not provided any allowance for impairment losses for note receivable. This assessment is undertaken each financial year through examining the financial position of the counterparty and the market in which the counterparty operates.

The carrying amount of note receivable amounted to ₱334.2 million and ₱327.4 million at December 31, 2016 and 2015, respectively (see Note 5).

Estimating Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

There is no change in the useful lives of the Company's property and equipment in 2015. In 2015, the Company's property and equipment were sold at its carrying amount (see Note 6).

Assessing Impairment of Property and equipment. The Company assesses impairment on property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; or
- significant negative industry or economic trends.

No impairment loss was recognized in 2015 and 2014.

Estimating Retirement Liability. The determination of the Company's retirement obligation and costs is dependent on the selection by management of assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate.

Actual results that differ from the Company's assumptions are recorded as addition to or deduction from retirement liability and recognized in profit or loss or other comprehensive income. One or more of the actuarial assumptions may differ significantly and as a result, the actuarial present value of the retirement obligation estimated as at reporting date may differ significantly from the amount reported.

In 2015, the Company terminated all of its employees due to cessation of operations and change in management (see Note 8).

Assessing 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.

Deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT as at December 31, 2016 and 2015 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 P15.1 million and P16.2 million as at December 31, 2016 and 2015, respectively (see Note 14).

4. Cash in Banks

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱799 and ₱0.3 million in 2016 and 2015, respectively (₱1.9 million in 2014) (see Note 11).

5. Note Receivable

On May 5, 2015, the Company's outstanding loans receivables with carrying amount of ₱344.2 million, net of allowance for impairment loss of ₱40.9 million, were exchanged for a five-year note receivable with a nominal amount of ₱332.6 million, resulting to a loss of ₱11.6 million.

The note receivable was initially recognized with a Day-1-difference of ₱11.9 million. The Day-1-difference is being amortized over the term of the note of five years.

Movements of this account follows:

	Note	2016	2015
Nominal amount		₱332,639,733	₱332,639,733
Day-1-difference		(11,870,527)	(11,870,527)
		320,769,206	320,769,206
Accretion of interest:	11		
Balance at beginning of year		6,640,454	–
Accretion		6,777,922	6,640,454
Balance at end of year		13,418,376	6,640,454
		₱334,187,582	₱327,409,660

Interest income earned related to loans receivable amounted to ₱27.2 million in 2015, (₱72.2 million in 2014) (see Note 11). Impairment loss on loans receivable recognized amounted to ₱16.0 million in 2014.

6. Property and Equipment

Movements in this account in 2015 follows:

	Note	Furniture, Fixtures and Office Equipment
Cost		
Balance at beginning of year		₱3,526,443
Disposals		(3,526,443)
Balance at end of year		–
Accumulated Depreciation		
Balance at beginning of year		3,056,276
Depreciation	12	169,335
Disposals		(3,225,611)
Balance at end of year		–
Carrying Amount		₱–

In 2014, the Company sold its condominium units and furniture, fixtures and office equipment with carrying amounts of ₱11.1 million and ₱1.7 million, respectively, for ₱28.4 million, resulting in a gain of ₱15.6 million.

On June 1, 2015, all of the Company's remaining property and equipment were sold at its carrying amount.

7. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	2016	2015
Due to a related party	9	₱2,044,457	₱244,656
Accrued expenses		369,600	252,733
Statutory payables		16,948	16,556
		₱2,431,005	₱513,945

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

8. Retirement Benefits

The Company has an unfunded, noncontributory defined benefit retirement plan covering substantially all of its regular employees. The retirement benefits are based on years of service and compensation during the last month of employment.

On June 25, 2015, the Company has terminated all of its employees due to the cessation of operations and change in management.

The retirement benefit cost (income) recognized in profit or loss as part of "Salaries and employee benefits" under "Expenses" account are as follows:

	2016	2015	2014
Gain on curtailment	₱-	(₱2,948,625)	₱-
Current service cost	-	-	542,636
Interest cost	-	-	123,900
	₱-	(₱2,948,625)	₱666,536

Changes in the retirement liability recognized in the statements of financial position are as follows:

	2016	2015
Balance at beginning of year	₱-	₱3,186,978
Effect of curtailment	-	(3,186,978)
Balance at end of year	₱-	₱-

Remeasurement (gain) loss recognized follow:

	2015	2014
Through profit or loss -		
Gain on curtailment	(P2,948,625)	P-
Through other comprehensive income:		
Gain on curtailment	(238,353)	-
Changes in financial assumptions	-	546,523
Experience adjustments	-	(91,080)
	(P3,186,978)	P455,443

The cumulative remeasurement gain (loss) recognized in other comprehensive income (loss) follows:

	2015		
	Cumulative Remeasurement Loss	Deferred Income Tax (see Note 14)	Cumulative Remeasurement Gain (Loss), Net of Deferred Income Tax
Balance at beginning of year	(P238,353)	(P71,506)	(P166,847)
Gain on curtailment	238,353	71,506	166,847
Balance at end of year	P-	P-	P-

	2014		
	Cumulative Remeasurement Loss	Deferred Income Tax (see Note 14)	Cumulative Remeasurement Gain (Loss), Net of Deferred Income Tax
Balance at beginning of year	P217,090	P65,127	P151,963
Net remeasurement loss	(455,443)	(136,633)	(318,810)
Balance at end of year	(P238,353)	(P71,506)	(P166,847)

9. Related Party Transactions

Outstanding balance and transaction with related parties are as follows:

Related Party Under Common Control

	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2016	2015	2016	2015
Due to a related party					
Bright Kindle Resources & Investments, Inc.	Advances for working capital	P1,799,801	P244,656	P2,044,457	P244,656

Outstanding balance which is included in "Accrued expenses and other current liabilities" account is noninterest-bearing, payable on demand and settlement occurs in cash.

Key Management Personnel

Compensation of key management personnel consists of short-term benefits amounting to nil and P2.7 million in 2016 and 2015, respectively (P3.9 million in 2014).

10. Cash Dividends

On March 25, 2015, the Company declared cash dividends of P123.1 million or P0.47 a share to stockholders on record of April 15, 2015. The dividends were paid on April 24, 2015.

11. Interest Income

This account consists of:

	Note	2016	2015	2014
Accretion	5	P6,777,922	P6,640,454	P-
Cash in banks	4	799	292,635	1,855,521
Loans receivable	5	-	27,152,698	72,165,584
		P6,778,721	P34,085,787	P74,021,105

12. Expenses

This account consists of:

	Note	2016	2015	2014
Professional fees		P934,959	P1,594,492	P1,797,586
PSE fees		283,960	253,000	258,000
Directors fee		199,673	105,882	-
Outside services		163,600	75,347	-
Representation		41,500	272,608	785,297
Communication and utilities		15,000	856,167	1,466,100
Legal and bank charges		2,000	53,070	57,350
Taxes and licenses		500	4,934,357	7,122,510
Salaries and employee benefits		-	6,443,639	11,199,875
Rent		-	1,484,250	283,149
Office supplies		-	875,448	1,606,608
Contractual services		-	780,014	1,688,812
Insurance		-	345,714	496,298
Transportation and travel		-	327,409	788,883
Dues and subscription		-	321,947	590,313
Marketing and collection		-	265,377	993,536
Depreciation	6	-	169,335	2,029,355
Others		13,090	997,441	1,686,158
		P1,654,282	P20,155,497	P32,849,830

Expenses recognized as salaries and employee benefits are presented below:

	Note	2015	2014
Salaries and other short-term benefits		₱9,392,264	₱10,533,339
Retirement benefit cost (income)	8	(2,948,625)	666,536
		₱6,443,639	₱11,199,875

13. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share is computed as follows:

	2016	2015	2014
Net income (loss)	₱4,660,085	(₱9,818,794)	₱22,463,485
Weighted average number of common shares	261,824,002	261,824,002	261,824,002
Earnings (loss) per share - basic and diluted	₱0.02	(₱0.04)	₱0.09

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

14. Income Taxes

There is no provision for income tax in 2016 because the Company is in a net tax loss position. The current provision for income tax in 2015 represents MCIT (RCIT in 2014).

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

	2016	2015	2014
Income tax computed at statutory tax rate	₱1,537,332	(₱2,572,868)	₱14,688,033
Change in unrecognized deferred tax assets	(1,085,188)	3,903,227	12,284,429
Add (deduct) tax effects on:			
Nondeductible expenses	12,450	—	80,819
Interest income already subjected to final tax	(240)	(87,791)	(556,656)
	₱464,354	₱1,242,568	₱26,496,625

Details of unrecognized deferred tax assets are as follows:

	2016	2015
NOLCO	P14,728,501	P14,200,594
MCIT	373,967	373,967
Day-1-difference on note receivable	–	1,569,022
Unrealized foreign exchange loss	–	44,073
	P15,102,468	P16,187,656

On December 31, 2016, the Company recognized the net deferred tax liability on Day-1-difference and accretion on note receivable amounted to P464,354.

The details of NOLCO which can be claimed as deduction from future taxable income within three years from the year the NOLCO was incurred is shown below.

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2016	P–	P1,759,691	P–	P1,759,691	2019
2015	47,335,312	–	–	47,335,312	2018
	P47,335,312	P1,760,191	P–	P49,095,003	

MCIT incurred in 2015 amounting to P0.4 million can be claimed as deduction against income tax liability until 2018.

Management has assessed that there will be no future taxable income against which the deferred tax assets can be utilized.

15. 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. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic and business planning. Management 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 (excluding statutory payables), which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks and note receivable.

Credit Quality. Credit risk arising from the inability of counterparty to meet the terms of the Company's financial instrument is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligation of the Company. With respect to credit risk arising from the Company's financial assets the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying values of these instruments.

The aging analyses of financial assets as at December 31 are as follows:

2016					
	Neither Past Due Nor Impaired High Grade	Standard Grade	Past Due But Not Impaired	Past Due and Impaired	Total
Cash in banks	P324,502	P-	P-	P-	P324,502
Note receivable	334,187,582	-	-	-	334,187,582
	P334,512,084	P-	P-	P-	P334,512,084

2015					
	Neither Past Due Nor Impaired High Grade	Standard Grade	Past Due But Not Impaired	Past Due and Impaired	Total
Cash in banks	P61,425	P-	P-	P-	P61,425
Loans receivable	327,409,660	-	-	-	327,409,660
	P327,471,085	P-	P-	P-	P327,471,085

Cash in banks are entered into with reputable financial institutions duly approved by the BOD.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The carrying amount of the accrued and other current liabilities (excluding statutory payables) as at December 31, 2016 and 2015 represents the contractual undiscounted cash flows and is payable on demand.

Fair Value Measurement

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

	2016		2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash in banks	P324,502	P324,502	P61,425	P61,425
Note receivable	334,187,582	346,153,126	327,409,660	333,359,398
	P334,512,084	P346,477,628	P327,471,085	P333,420,823
Financial Liabilities				
Accrued and other current liabilities*	P2,414,057	P2,414,057	P497,389	P497,389

*Excluding statutory payables amounting to P16,948 and P16,556 as at December 31, 2016 and 2015, respectively.

Cash in Banks and Accrued and Other Current Liabilities. The carrying values of cash in banks and accrued and other current liabilities approximate their fair values due to the short-term nature of the transactions. The fair value measurement of current financial assets and liabilities is classified as Level 3 (significant unobservable inputs).

Note Receivable. The fair value of the Company's note receivable was computed using the credit adjusted risk-free rate of 3.67% to 3.90% as at December 31, 2016 and 2015, respectively.

16. 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.

The Company monitors its capital using the debt to equity ratio, which is the total liabilities divided by the total equity.

There has been no change made in the objectives, policies and process in 2016 and 2015.

17. Other Matter

The Company's financial statements as at and for the year ended December 31, 2014 were restated to take up the derecognition of deferred tax asset related to the allowance for impairment loss on loans receivable amounting to P12.3 million.



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

The Stockholders and the Board of Directors
AG Finance Incorporated
Unit 2205A East Tower
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

We have audited the accompanying financial statements of AG Finance Incorporated (the Company), a subsidiary of RYM Business Management Corporation, as at and for the year ended December 31, 2016 on which we have rendered our report dated April 7, 2017.

In compliance with Securities Regulations Code Rule 68, as amended, we are stating that the Company has nine (9) 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 December 31, 2018

SEC Accreditation No. 1022-AR-1 Group A

Valid until March 15, 2020

BIR Accreditation No. 08-005144-4-2017

Valid until January 13, 2020

PTR No. 5908526

Issued January 3, 2017, Makati City

April 7, 2017
Makati City, Metro Manila



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

The Stockholders and the Board of Directors
AG Finance Incorporated
Unit 2205A East Tower
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

We have audited the accompanying financial statements of AG Finance Incorporated (the Company), a subsidiary of RYM Business Management Corporation, as at and for the year ended December 31, 2016 on which we have rendered our report dated April 7, 2017.

In compliance with Securities Regulations Code Rule 68, as amended, we are stating that the Company has nine (9) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & Co.



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Valid until January 13, 2020

PTR No. 5908526

Issued January 3, 2017, Makati City

April 7, 2017
Makati City, Metro Manila





**REPORT OF INDEPENDENT AUDITOR
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
AG Finance Incorporated
Unit 2205A East Tower
Philippine Stock Exchange Center, Exchange Road
Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of AG Finance Incorporated (the Company), a subsidiary of RYM Business Management Corp., as at and for the year ended December 31, 2016 included in this Form 17-A and have issued our report thereon dated April 7, 2017. Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2016 are the responsibility of the Company's management. These supplementary schedules include the following:

- Adoption of Effective Accounting Standards and Interpretations
- Financial Ratios
- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedules required by Part II of Securities Regulation Code (SRC) Rule 68, as amended

These schedules are presented for purposes of complying with SRC Rule 68 Part II, as amended, and are not part of the financial statements. This information have been subjected to the auditing procedures applied in the audit of the financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the 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 December 31, 2018

SEC Accreditation No. 1022-AR-1 Group A

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BIR Accreditation No. 08-005144-4-2017

Valid until January 13, 2020

PTR No. 5908526

Issued January 3, 2017, Makati City

April 7, 2017
Makati City, Metro Manila



AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

**SUPPLEMENTARY SCHEDULE OF ADOPTION OF
EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2016**

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements			
Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary			✓

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments			✓
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts			✓
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments			✓
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 12: Transition Guidance			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 12: Investment Entities			✓
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓

Philippine Accounting Standards (PAS)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative			✓
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Amendment to PAS 19: Discount Rate: Regional Market Issue	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets	✓		
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		

PHILIPPINE INTERPRETATIONS - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases – Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

AG FINANCE INCORPORATED
(A subsidiary of RYM Business Management Corp.)

FINANCIAL RATIOS
DECEMBER 31, 2016

Below is a schedule showing financial soundness indicators in 2016 and 2015.

	2016	2015
Liquidity Ratio	1.07	4.55
Current assets	P2,603,939	P2,340,362
Current liabilities	2,431,005	513,945
Solvency Ratio	1.77	(16.36)
Income (loss) before income tax and depreciation	5,124,939	(8,406,891)
Total liabilities	2,895,359	513,945
Debt-to-equity Ratio	0.01	0.00
Total liabilities	2,895,359	513,945
Total equity	333,896,162	329,236,077
Asset-to-equity Ratio	1.01	1.00
Total assets	336,791,521	329,750,022
Total equity	333,896,162	329,236,077
Interest rate coverage Ratio	—	—
Pretax income before interest	5,124,439	59,597
Interest expense	—	—
Profitability Ratio	0.01	(0.03)
Net income (loss)	4,660,085	(9,818,794)
Total equity	333,896,162	329,236,077

AG FINANCE INCORPORATE
(A Subsidiary of RYM Business Management Corp.)
SUPPLEMENTARY SCHEDULE OF COMPANY'S
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2016

	Amount
Unappropriated retained earnings as shown in the financial statements at beginning of year	(P6,865,173)
Day-1-difference	11,870,527
Cumulative balance of accretion of day-1-difference at beginning of year	(6,640,454)
Unappropriated retained earnings as adjusted to available for dividend declaration at beginning of year	(1,635,100)
Net income actually earned during the year:	
Net income during the year closed to retained earnings	4,660,085
Accretion of day-1-difference during the year	(6,777,922)
Add deferred tax liability during the year (presented through profit or loss)	464,354
	(1,653,483)
Total unappropriated retained earnings available for dividend declaration at end of year	(P3,288,583)

Reconciliation:

	Amount
Unappropriated retained earnings as shown in the financial statements at end of year	(P2,205,088)
Add deferred tax liability during the year (presented through profit or loss)	464,354
Day-1-difference	11,870,527
Cumulative balance of accretion of day-1-difference at end of year	(13,418,376)
Total retained earnings available for dividend declaration	(P3,288,583)

**excludes amount presented in other comprehensive income.*

AG FINANCE INCORPORATED
(A subsidiary of RYM Business Management Corp.)
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF SRC RULE 68, AS AMENDED
DECEMBER 31, 2016

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C	Indebtedness to Related Parties	<u>3</u>
D	Guarantees of Securities of Other Issuers	<u>4</u>
E	Capital Stock	<u>5</u>
F	Conglomerate Map	<u>6</u>

Schedule A. Financial Assets
December 31, 2016

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Valued based on market quotation at end reporting period	Income received and accrued
Cash in banks	N/A	₱324,502	₱324,502	₱-
Note receivable	N/A	334,187,582	346,153,126	-
		₱334,512,084	₱346,477,628	₱-

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2016

Name and designation of debtor	Balance of beginning of year	Additions	Amounts collected	Amounts written-off	Current	Noncurrent	Balance at the end of the year
			-Not Applicable -				

Schedule C. Indebtedness to Related Parties
December 31, 2016

Name of related party	Beginning Balance	Ending balance
<i>Under common control</i>		
Bright Kindle Resources & Investments, Inc.	P244,656	P2,044,457

Schedule D. Guarantees of Securities of Other Issuers
December 31, 2016

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
--	---	--	--	------------------------

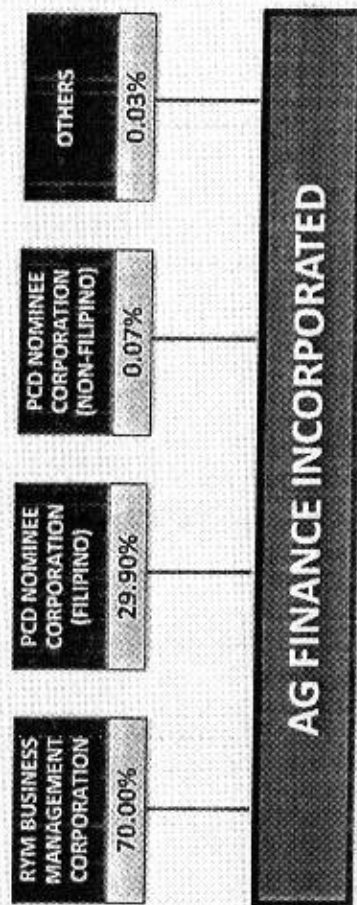
-Not Applicable -

Schedule E. 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	261,842,002	-	183,276,801	4,188,573	74,358,628

Schedule F. Conglomerate Map

-6-



COVER SHEET

A	2	0	0	1	1	5	1	5	1		
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S.E.C. Registration Number

[illegible]

(Company's Full Name)

[illegible][illegible][illegible]

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

Rolando S. Santos

Contact Person

(632) 831-44-79

Company Telephone Number
Last Wednesday of May

1	2
---	---

Month

3	1
---	---

Day

SEC FORM 17-Q

FORM TYPE

--	--

Month

--	--

Day

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

			1	7
--	--	--	---	---

Total No. of Stockholders

Total Amount of Borrowings

--	--	--	--	--	--	--

Domestic

--	--	--	--	--	--	--

Foreign

To be accomplished by SEC Personnel concerned

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LCU

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Cashier

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



1. For the quarterly period ended 30 September 2017
2. Commission identification number A200115151
3. BIR Tax Identification No. 219-045-668
4. Exact name of issuer as specified in its charter 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 16/F Citibank 8741 Paseo de Roxas Makati city Postal Code 1227
8. Issuer's telephone number, including area code (02)833-0769 Fax 856-7976
9. Former name, former address and former fiscal year, if changed since last report Not Applicable
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 par value	261,824,002

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

Yes ☒ No ☐

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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PART I – FINANCIAL INFORMATION

Item 1. – Financial Statements

The unaudited Financial Statement of AG Finance Incorporated as of September 30, 2017 and for nine month period ended September 30, 2017 with comparative audited figure as of December 31, 2016 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Balance Sheet as of September 30, 2017 and December 31, 2016

	September 30, 2017 Unaudited	Dec. 31, 2016 Audited	September 30, 2017 vs. Dec. 31, 2016	
	(P'000)	(P'000)	Amount Increase (decrease) (P'000)	Percentage Increase (decrease)
Current assets	P2,635	P2,604	P31	1.19%
Noncurrent assets	339,343	334,188	5,156	1.54%
Total Assets	P341,978	P336,792	P5,187	1.54%
Current liabilities	P3,595	P2,432	P1,164	47.86%
Noncurrent liabilities	464	464	–	–
Total Liabilities	4,059	2,896	1,164	40.20%
Stockholders' Equity	337,919	333,896	4,023	1.20%
Total Liabilities and Stockholders' Equity	P341,978	P336,792	P5,187	1.54%

Summary of Income Statements for the nine months and three months period ended September 30, 2017 and 2016.

	For Nine months ending September 30		For three months ending September 30	
	2017	2016	2017	2016
	(P'000)	(P'000)	(P'000)	(P'000)
Interest Income	P5,156	P1	P5,156	P–
Other Operation Expense	(1,133)	(923)	(68)	(39)
Loss Before Tax	4,023	(922)	(5,088)	(39)
Tax Expense	–	–	–	–
Net income (loss) for the period	P4,023	(P922)	(P5,088)	(P39)

Summary of Statement of Cash Flows for the nine months period ending September 30, 2017 and September 30, 2016.

	For nine months ending		For three months ending September 30	
	2017	2016	2017	2016
	(P'000)	(P'000)	(P'000)	(P'000)
Cash (used) provided in operating activities	₱31	₱109	(₱68)	₱14
Cash in banks December 31, 2016	325	61	424	156
Cash in banks September 30, 2017	₱356	₱170	₱356	₱170

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

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

On June 26, 2015, the company disclosed that on June 25, 2015 Mr. Tony O. King and his family, that they have sold to RYM Business Management Corporation 183,276,801 common shares or 70% of AG Finance through a block sale for ₱280.00 million or approximately ₱ 1.53 per share.

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

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

Results of Operation

The following discussion and analysis is based on the unaudited interim financial statements for nine months period ending September 30, 2017 and 2016.

Nine Months Ended September 30, 2017 Compared with the Nine Months Ended September 30, 2016 (Increase/Decrease of 5% or More)

Interest Income

Interest income were ₱5.16 million for the nine months ended September 30, 2017 compared to ₱0.7 thousand for the same period in 2016. The huge increase is due to the interest accrued from note receivable.

Other Operating expenses

Other Operating expenses were ₱1.13 million for the nine months ended September 30, 2017 compared to ₱0.92 million for the same period in 2016, an increase ₱0.21 million or 23%. The increase mainly due to the payment of taxes and licenses for the period.

Three Months Ended September 30, 2017 Compared with the Three Months Ended September 30, 2016 (Increase/Decrease of 5% or More)

Interest Income

Interest income were ₱5.16 million for the three months ended September 30, 2017 compared to ₱0.06 thousand for the same period in 2016. The huge increase is due to the interest accrued from note receivable.

Other Operating expenses

Other Operating expenses were ₱0.068 million for the three months ended September 30, 2017 compared to ₱0.039 million for the same period in 2016, an increase of ₱0.029 million or 43% is due to payment of directors' fee.

Statements of Financial Position

The significant changes in the Statement of Financial Position accounts during the nine months ended September 30, 2017 compared to December 31, 2016 are as follows:

Total assets were ₱341.98 million as of September 30, 2017 compared to ₱336.8 million for the same period in 2016, an increase of ₱5.18 million or 0.02%. The increase is mainly due to interest recognized.

Total Liabilities increased by ₱1.16 million or 40.19% from ₱2.4 million to ₱4.05 million mainly due to advances from Bright Kindle Resources and Investments, Inc. to pay its operational expenses.

Total Equity increased by ₱4.02 million or 1.20% is mainly due to net income for the interim period.

Statements of Cash Flows

The net cash provided in operating activities amounted to ₱31.6 thousand for the nine months ended September 30, 2017 compared to net cash provided last year amounted ₱107.8 thousand. The increase in cash from operating activities is the net result of the following:

- Net income generated during the third quarter this year.
- Advances from related parties

As a result, the cash as at September 30, 2017 and September 30, 2016 amounted to ₱0.36 million and ₱0.16 million, respectively.

Horizontal and Vertical Analysis

	Unaudited September 30, 2017	Audited 2016	Increase (Decrease) Amount Percentage	
ASSETS				
Current Assets				
Cash in banks	₱356,111	₱324,502	₱31,609	9.74%
Other current assets	2,278,937	2,279,437	(500)	(0.02%)
Total Current Assets	2,635,048	2,603,939	31,109	1.19%
Noncurrent Assets				
Note receivable	339,343,090	334,187,582	5,155,508	1.54%
	₱341,978,138	₱336,791,521	₱5,186,617	1.54%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱3,594,557	₱2,431,006	₱1,163,551	47.86%
Non-current Liabilities				
Deferred tax liabilities	464,354	464,354	—	—
Total Liabilities	4,058,911	2,895,360	1,163,551	40.19%
Equity				
Capital stock	261,824,002	261,824,002	—	—
Additional paid-in capital	74,277,248	74,277,248	—	—
Retained earnings (Deficit)	1,817,977	(2,205,089)	4,023,065	(182.44%)
Total Equity	337,919,227	333,896,161	4,023,065	1.20%
	₱341,978,138	₱336,791,521	₱5,186,616	1.54%

FINANCIAL INDICATORS

	As of September 30, 2017	As of September 30, 2016
Net income (loss)	4,023,065	(922,584)
Quick assets	356,111	169,910
Current assets	2,635,048	2,448,847
Total assets	341,978,138	329,858,507
Current liabilities	3,594,557	1,545,013
Total liabilities	4,058,911	1,545,013
Stockholders' equity	337,919,227	328,313,493
Number of common shares outstanding	261,842,002	261,842,002

Current Ratio1/	0.73:1.00	1.59:1.00
Debt to Equity Ratio2/	0.012:1.00	.005:1.00
Asset to Equity Ratio3/	1.01:1.00	1:1.00
Return on Assets4/	0.012	(0.003)
Return on Equity5/	0.012	(0.003)
Book Value per share	1.29 per share	1.25 per share

- 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 Ratio

- a.
Current Ratio
Total Current Assets/ Total Current Liabilities 0.73:1.00
- b.
Quick Ratio
Quick asset / Total Current Liabilities = 0.10:1.00

Solvency Ratio

- a.
Debt Ratio
Total liabilities / Total assets = 0.012:1.00
- b.
Debt to Equity Ratio
Total liabilities / Shareholder's Equity = 0.012:1.00

Profitability Ratio

- a.
Return on Equity Ratio
Net loss / Average shareholder's equity = 0.012
- b.
Return on Assets
Net loss / Average Total assets = 0.012
- c.
Asset to Equity Ratio:
Total Assets / Ave. Stockholders' Equity = 1.01:1.00
- d.
Asset Turnover
Revenue/Total Assets = 0.00
- e.
Book Value per share
Total common stockholder's equity / No. of common shares = 1.29 per share

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: **AG FINANCE INCORPORATED**

Date: October 20, 2017

By:

Signature:



ROLANDO S. SANTOS

Title: Treasurer

Signature:



LESTER LAURENCE S. BAGUEC

Title: Accountant

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited September 30, 2017	Audited 2016
ASSETS			
Current Assets			
Cash in banks	4	₱356,111	₱324,502
Other current assets		2,278,937	2,279,437
Total Current Assets		2,635,048	2,603,939
Noncurrent Asset			
Note receivable	5	339,343,090	334,187,582
		₱341,978,138	₱336,791,521
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	₱3,594,557	₱2,431,005
Noncurrent Liability			
Deferred tax liability		464,354	464,354
Total Liabilities		4,058,911	2,895,359
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Retained earnings (Deficit)		1,817,977	(2,205,088)
Total Equity		337,919,227	333,896,162
		₱341,978,138	₱336,791,521

See accompanying Notes to Financial Statements.

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corporation)

STATEMENT OF COMPREHENSIVE INCOME

	Notes	September 30, 2017	December 31, 2016
INCOME			
Interest income	8	₱5,156,177	₱6,778,721
EXPENSES	9	(1,133,112)	(1,654,282)
INCOME (LOSS) BEFORE INCOME TAX		4,023,065	5,124,438
PROVISION FOR INCOME TAX		—	464,354
NET INCOME		₱4,023,065	₱4,660,084
BASIC/ DILUTED LOSS PER SHARE	10	₱0.015	₱0.018

See accompanying Notes to Financial Statements.

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corporation)
STATEMENT OF COMPREHENSIVE INCOME

	Note	Nine months ended September 30,		Three months ended September 30,	
		2017	2016	2017	2016
INCOME					
Interest income	8	₱5,156,177	₱701	₱5,155,675	₱-
EXPENSES	9	(1,133,112)	(923,285)	(67,875)	(38,850)
LOSS BEFORE INCOME TAX		4,023,065	(922,584)	5,087,800	(38,850)
PROVISION FOR INCOME TAX		-	-	-	-
NET INCOME (LOSS)		₱4,023,065	(₱922,584)	₱5,087,800	(₱38,850)
BASIC/ DILUTED LOSS PER SHARE	10	₱0.015	(₱0.004)	₱0.02	(₱0.0001)

See accompanying Notes to Financial Statements.

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

	Note	Unaudited September 30, 2017	Unaudited September 30, 2016
CAPITAL STOCK - ₱1 par value	10		
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 quarter		74,277,248	74,277,248
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of quarter		(2,205,088)	(6,865,173)
Net income (loss)		4,023,065	(922,584)
Balance at end of the quarter		1,817,977	(7,787,757)
		₱337,919,227	₱328,313,493

See accompanying Notes to Financial Statements.

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corporation)
STATEMENT OF CASH FLOWS

	Note	Three months period ended September 30,	
		2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before tax		₱5,087,800	(₱38,788)
Adjustments for:			
Interest income		(5,155,675)	(62)
Operating profit before working capital changes		(67,875)	(38,850)
Increase other current asset		–	2,000
Increase in accrued expenses and other current liabilities		–	50,301
Net cash provided (used) in operations		(67,875)	13,451
Interest received		167	62
Net cash provided in operating activities		67,708	13,513
CASH AT BEGINNING OF PERIOD		423,819	156,397
CASH AT END OF PERIOD		₱356,111	₱169,910

See accompanying Notes to Financial Statements.

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corporation)
STATEMENT OF CASH FLOWS

		Nine months period ended September 30	
	Note	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before tax		₱4,023,065	(₱922,584)
Adjustments for:			
Interest income		(5,156,177)	(701)
Operating profit before working capital changes		(1,133,112)	(923,285)
Decrease in other current asset		500	—
Increase accrued expenses and other current liabilities		1,163,551	1,031,069
Net cash generated from operations		30,939	107,784
Interest received		670	701
Net cash provided by operating activities		31,609	108,485
CASH AT BEGINNING OF PERIOD		324,502	61,425
CASH AT END OF PERIOD		₱356,111	₱169,910

See accompanying Notes to Financial Statements.

AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

AG Finance Incorporated (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 primarily 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, 2016 and 2015, 261,824,002 shares of the Company are listed in the PSE.

On June 25, 2015, RYM Business Management Corp. (RYM or the Parent Company) acquired 183,276,801 shares representing 70% interest in the Company from various stockholders.

The Company's registered office is Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City.

Status of Operations

The Company's operating segment consists only of lending activities which was winded down in 2015. The Company is in the process of applying with the SEC for the change of its principal purpose to a holding company.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of issuances by the International Financial Reporting Interpretations Committee, issued by the Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The financial statements are presented in Philippine Peso (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.

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.

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 15, Financial Risk Management Objectives and Policies.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2016:

- Amendments to PAS 1, *Presentation of Financial Statements: Disclosure Initiative* – The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements of the Company. Additional disclosures have been included in the notes to financial statements, as applicable.

New and Amended PFRS Not Yet Adopted

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2016 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.
- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

Effective for annual periods beginning on or after January 1, 2018 –

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.
PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract. It will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Effective for annual periods beginning on or after January 1, 2019 –

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees’ statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the notes financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the statements of financial position when the Company becomes a party to the contractual provision of a financial instrument. Financial instruments are initially recognized at fair value. In the case of regular way purchase or sale of financial asset, recognition and derecognition, as applicable, is done using trade date accounting.

Initial Recognition. Financial assets and liabilities 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 and loss (FVPL), includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) available-for-sale (AFS) investments. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market.

“Day 1” Differences. 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 the statement of comprehensive income. In cases where there is no observable data on inception, the Company

deemed the transactions 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.

As at December 31, 2016, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS investments or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables 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 any transaction cost which are directly attributable in the acquisition of the financial instrument. The amortization is included in profit or loss.

This category includes cash in banks and note receivable.

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as when there is amortization process.

This category includes accrued expenses and other current liabilities (excluding statutory payables).

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized by the Company when:

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

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the

Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying value of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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 the new liability, and the difference in the respective carrying value is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

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 value of the original liability and fair value of the new liability is recognized in the separate statements of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying value is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and 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 an 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 where the related assets and liabilities are presented gross in the statements of financial position.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The carrying value of the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss. If in a subsequent period, the amount of accumulated impairment losses has decreased because of an event occurring after impairment was recognized, the decline is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for

impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Time value is generally not considered when the effect of discounting is not material. The carrying value of the asset shall be reduced directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Other Current Assets

Other current assets primarily include creditable withholding taxes (CWT).

CWT. CWT are 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.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable purchase taxes after deducting trade discounts and rebates and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying value of the replaced component is derecognized.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation is calculated on a straight-line basis with estimated useful lives of 3-5 years for furniture, fixtures and office equipment.

The estimated useful lives and method for depreciation are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

Impairment of Property and Equipment

Nonfinancial assets consisting of property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. 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 time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statements of comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A 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, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

APIC. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC.

Deficit. Deficit represents the accumulated net income or loss, less any dividends declared.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is recognized as follows:

Interest Income. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Processing Fees. Processing fees are recognized at the time the loan contract was agreed with the borrowers to the extent of the cost incurred for processing of the loans extended.

Penalties. Penalties are recognized based on a certain percentage of monthly amortizations that were collected beyond due date.

Other income. Income from other sources is recognized when earned.

Expenses Recognition

Expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably.

Finance Costs. Finance costs represent the cost of money used in operations. It is recognized as incurred using the effective interest rate method.

Employee Benefits

Short-term Benefits. The Company provides short-term benefits to its employees in the form of basic 13th month pay, bonuses, employer's share on government contribution, and other short-term benefits. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Company has an unfunded, noncontributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and interest expense in profit or loss. Interest expense is calculated by applying the discount rate to the retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability is the aggregate of the present value of the defined benefit obligation. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of any unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying value 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 rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as other comprehensive income.

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

Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income for the year attributable to capital stockholders by the weighted average number of capital stock outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split.

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of capital stock outstanding to assume conversion of all dilutive potential ordinary shares.

Where the earnings (loss) per share effect of potential dilutive capital stock would be anti-dilutive, basic and diluted earnings (loss) per share are stated at the same amount.

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.

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

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.

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 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 financial position at the end of reporting period (adjusting events) are reflected in the financial statements when material. Post year-end events that are non-adjusting are disclosed in the notes to financial statements when material.

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.

The Company's operating segment consists only of lending activities which was winded down in 2015. As discussed in Note 1, the Company is in the process of applying with the SEC for the change of its principal purpose to a holding company.

3. Significant Judgments, Accounting Estimates and Assumptions

PFRS requires management to exercise judgments and make estimates and assumptions that affect the amounts reported in the financial statements. The judgment and estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. The estimates and underlying assumptions are reviewed on an on-going basis. Actual results could differ from such estimates.

Judgments

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

Accounting for Operating Lease - Company as a Lessee. The Company, as a lessee, has an operating lease agreement for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease.

Rent expense amounted to nil million in September 30, 2017 and 2016.

Determining Operating Segments. The Company determines and presents operating segments based on the information that is internally provided to the BOD. As at December 31, 2016 and 2015, the Company has determined that it has no operating segment other than being a holding company.

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.

Estimating Allowance for Impairment of Receivables. The Company maintains allowance for receivable impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the debtor, the debtor's payment behaviour and known market factors. The Company identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

Impairment loss on loan receivable amounted to nil in September 30, 2017 and 2016 (see Note 5).

As at September 30, 2017 and December 31, 2016, the Company has not provided any allowance for impairment losses for note receivable. This assessment is undertaken each financial year through examining the financial position of the counterparty and the market in which the

counterparty operates.

The carrying amount of note receivable amounted to ₱339.3 million and ₱334.2 at September 30, 2017 and December 31, 2016, respectively (see Note 5).

Estimating Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

Assessing Impairment of Property and equipment. The Company assesses impairment on property and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; or
- significant negative industry or economic trends.

Estimating Retirement Liability. The determination of the Company's retirement obligation and costs is dependent on the selection by management of assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate.

Actual results that differ from the Company's assumptions are recorded as addition to or deduction from retirement liability and recognized in profit or loss or other comprehensive income. One or more of the actuarial assumptions may differ significantly and as a result, the actuarial present value of the retirement obligation estimated as at reporting date may differ significantly from the amount reported.

Assessing 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.

Deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT as at September 30, 2017 and December 31, 2016 because the management has assessed that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

4. Cash in Banks

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱670 and ₱799 in September 30, 2017 and 2016, respectively (see Note 8).

5. Note Receivable

On May 5, 2015, the Company's outstanding loans receivables with carrying amount of ₱344.2 million, net of allowance for impairment loss of ₱40.9 million, were exchanged for a five-year note receivable with a nominal amount of ₱332.6 million, resulting to a loss of ₱11.6 million.

The note receivable was initially recognized with a Day-1-difference of ₱11.9 million. The Day-1-difference is being amortized over the term of the note of five years.

Movements of this account follows:

	Note	September 30, 2017	2016
Nominal amount		₱320,769,206	₱332,639,733
Day-1-difference		–	(11,870,527)
		320,769,206	320,769,206
Accretion of interest:	11		
Balance at beginning of year		13,418,376	6,640,454
Accretion		5,155,508	6,777,922
Balance at end of year		18,573,884	13,418,376
		₱339,343,090	₱334,187,582

6. Accrued Expenses and Other Current Liabilities

This account consists of:

		September 30, 2017	2016
Due to a related party	9	₱3,594,357	₱2,044,457
Accrued expenses		–	369,600
Statutory payables		200	16,948
		₱3,594,557	₱2,431,005

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

7. Related Party Transactions

Outstanding balance and transaction with related parties are as follows:

Related Party Under Common Control

	Nature of	Amount of Transaction		Outstanding Balance	
		Sept. 30	December	Sept. 30	December
	Transaction	2017	2016	2017	2016
Due to a related party					
RYM Business Management Corp.	Advances for working capital	₱—	₱—	₱1,000,000	₱1,000,000
Bright Kindle Resources & Investments, Inc.	Advances for working capital	1,549,900	799,800	2,594,357	1,044,457
Total		₱1,549,900	₱799,800	₱3,594,357	₱2,044,457

Outstanding balance which is included in “Accrued expenses and other current liabilities” account is noninterest-bearing, payable on demand and settlement occurs in cash.

Key Management Personnel

Compensation of key management personnel consists of short-term benefits amounting to nil in September 30, 2017 and 2016.

8. Interest Income

This account consists of:

	Note	September 30, 2017	September 30, 2016
Accretion	5	₱5,155,507	₱—
Cash in banks	4	670	701
		₱5,156,177	₱701

9. Expenses

This account consists of:

Nine months ended September 30, 2017 and September 30, 2016:

	2017	2016
Taxes and licenses	₱492,292	₱500
PSE fees	288,960	283,360
Professional fees	123,200	380,559
Outside services	90,697	113,800
Directors fee	60,000	82,026
Representation	5,000	41,500
Communication and utilities	—	15,000
Others	72,963	6,540
	₱1,133,112	₱923,285

Three months ended September 30, 2017 and September 30, 2016:

	2017	2016
Directors fee	₱30,000	₱—
Outside services	—	35,600
Others	37,875	3,250
	₱67,875	₱38,850

10. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share is computed as follows:

	September 30, 2017	September 30, 2016
Net income (loss)	₱4,023,065	(₱922,584)
Weighted average number of common shares	261,824,002	261,824,002
Loss per share – basic and diluted	₱0.02	(₱0.004)

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

11. Financial Risk Management Objectives and Policies

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The

Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic and business planning. Management 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 (excluding statutory payables), which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash in banks and note receivable.

Credit Quality. Credit risk arising from the inability of counterparty to meet the terms of the Company's financial instrument is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligation of the Company. With respect to credit risk arising from the Company's financial assets the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying values of these instruments.

The aging analyses of financial assets are as follows:

September 30, 2017					
	Neither Past Due Nor Impaired	Past Due But Not Impaired		Past Due And Impaired	Total
		Less Than 30 Days	31-60 Days		
Cash in banks	₱356,111	₱-	₱-	₱-	₱356,111
Note receivable	339,343,090	-	-	-	339,343,090
	₱339,699,201	₱-	₱-	₱-	₱339,699,201

2016					
	Neither Past Due Nor Impaired	Past Due But Not Impaired		Past Due And Impaired	Total
		Less Than 30 Days	31-60 Days		
Cash in banks	₱324,502	₱-	₱-	₱-	₱324,502
Note receivable	334,187,582	-	-	-	334,187,582
	₱334,512,084	₱-	₱-	₱-	₱334,512,084

*Excluding cash on hand

September 30, 2017					
	Neither Past Due Nor Impaired		Past Due and Impaired		Total
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	
Cash in banks	₱356,111	₱-	₱-	₱-	₱356,111
Note receivable	339,343,090	-	-	-	339,343,090
	₱339,699,201	₱-	₱-	₱-	₱339,699,201

2016					
	Neither Past Due Nor Impaired		Past Due But		Total
	High Grade	Standard Grade	Past Due But Not Impaired	Impaired	
Cash in banks	₱324,502	₱—	₱—	₱—	₱324,502
Note receivable	334,187,582	—	—	—	334,187,582
	₱334,512,084	₱—	₱—	₱—	₱334,512,084

Cash in banks are entered into with reputable financial institutions duly approved by the BOD.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The carrying amount of the accrued and other current liabilities (excluding statutory payables) as at December 31, 2016 and 2015 represents the contractual undiscounted cash flows and is payable on demand.

Fair Value Measurement

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

	September 30, 2017		2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash in banks	₱356,111	₱356,111	₱324,502	₱324,502
Note receivable	339,343,090	339,343,090	334,187,582	346,153,126
	₱339,699,201	₱339,699,201	₱334,512,084	₱346,477,628
Financial Liabilities				
Accrued and other current liabilities*	₱3,594,357	₱3,594,357	₱2,414,057	₱2,414,057

*Excluding statutory payables amounting to ₱200 and ₱16,948 as at September 30, 2017 and December 31, 2016, respectively.

Cash in Banks and Accrued and Other Current Liabilities. The carrying values of cash in banks and accrued and other current liabilities approximate their fair values due to the short-term nature of the transactions. The fair value measurement of current financial assets and liabilities is classified as Level 3 (significant unobservable inputs).

Note Receivable. The fair value of the Company's note receivable was computed using the credit adjusted risk-free rate of 3.67% to 3.90% as at September 30, 2017 and December 31, 2016, respectively.

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.

The Company monitors its capital using the debt to equity ratio, which is the total liabilities divided by the total equity.

There has been no change made in the objectives, policies and process in September 30, 2017 and 2016.