

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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
Dec 31, 2017
2. SEC Identification Number
A200115151
3. BIR Tax Identification No.
219-045-668
4. Exact name of issuer as specified in its charter
Ferronoux Holdings, Inc.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
16/F Citibank Tower, 8741 Paseo de Roxas, Makati City
Postal Code
1227
8. Issuer's telephone number, including area code
(632)8330769
9. Former name or former address, and former fiscal year, if changed since last report
AG Finance, Incorporated
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

11. 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
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 (or for such shorter period that 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

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

259,511, 611.72

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☐ Yes ☒ No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders
N/A

(b) Any information statement filed pursuant to SRC Rule 20
N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1
N/A

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

Ferronoux Holdings, Inc.

FERRO

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2017
Currency	Php

Balance Sheet

	Year Ending Dec 31, 2017	Previous Year Ending Dec 31, 2016
Current Assets	2,351,028	2,603,939
Total Assets	318,850,620	336,791,521
Current Liabilities	509,990	2,431,005
Total Liabilities	509,990	2,895,359
Retained Earnings/(Deficit)	-17,760,620	-2,205,088
Stockholders' Equity	318,340,630	333,896,162
Stockholders' Equity - Parent	-	-
Book Value Per Share	1.33	1.28

Income Statement

	Year Ending Dec 31, 2017	Previous Year Ending Dec 31, 2016
Gross Revenue	6,419,953	6,778,721
Gross Expense	1,728,763	-1,654,282
Non-Operating Income	-	-
Non-Operating Expense	20,641,768	-
Income/(Loss) Before Tax	-15,950,578	5,124,439
Income Tax Expense	-395,046	464,354
Net Income/(Loss) After Tax	-15,555,532	4,660,085
Net Income/(Loss) Attributable to Parent Equity Holder	-15,555,532	4,660,085
Earnings/(Loss) Per Share (Basic)	-0.06	0.02
Earnings/(Loss) Per Share (Diluted)	-0.06	0.02

Financial Ratios

	Formula	Fiscal Year Ended Dec 31, 2017	Previous Fiscal Year Dec 31, 2016
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	4.24	1.07
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	4.61	0.13
Solvency Ratio	Total Assets / Total Liabilities	-31.28	2.11
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.01	0.01
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0	0.01
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	-	-
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1	1.01
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	1	1
Net Profit Margin	Net Profit / Sales	-2.42	0.69
Return on Assets	Net Income / Total Assets	-0.04	0.01
Return on Equity	Net Income / Total Stockholders' Equity	-0.04	0.01
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	-85.17	174.5

Other Relevant Information

NONE

Filed on behalf by:

Name	Manuel Gonzalez
Designation	Corporate Secretary

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
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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 7

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

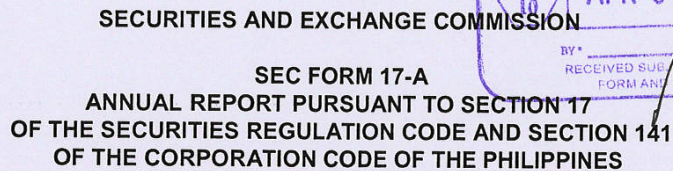
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SEC FORM 17-A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

- | | |
|--|--|
| 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 |

- If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange **Common Shares**

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

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

Overview

Ferronoux Holdings Inc. (formerly AG Finance, Incorporated) ("FERRO" "AGF" or the "Company") was 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 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 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. Subsequently, the Company ceased its lending activities.

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

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

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 Citibank Tower, 8741 Paseo de Roxas Makati City.

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. The Company ceased its lending activities in 2015 after RYM acquired 70% of the Company.

On February 6, 2018, the SEC approved the amendment of the Corporation's Articles of Incorporation to change its corporate name to Ferronoux Holdings Inc. and to change its purpose to a holding company.

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.

Notably, on February 6, 2018, the SEC approved the amendment of the Corporation's Articles of Incorporation to change its corporate name to Ferronoux Holdings Inc. and to change its purpose to a holding company.

Sources and availability of raw materials and the names of principal suppliers

This is not applicable to the Company.

Transaction with and/or dependence on related parties

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 2017 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) Approval of the Amendment of Articles of Incorporation to change the name of the Corporation from AG Finance Inc. to Ferronoux Holdings Inc.
- 6) Ratification of the 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) Appointment of External Auditor
- 10) Other Matters
- 11) 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 2015 to 2017 are as follows:

Year	Quarter	High (Php)	Low (Php)
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
	Fourth	3.32	2.50
2017	First	4.19	3.01
	Second	5.01	3.00
	Third	5.90	3.60
	Fourth	5.11	3.10

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

As of March 31, 2018, the closing price of the Company's common shares was ₱3.47 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, 2017 is 17. The top stockholders of the Company as of December 31, 2017 were as follows:

Stockholders	Number of shares
PCD Nominee Corp. (Filipino)	261,734,225
PCD Nominee Corp. (Non-Filipino)	30,011
Joselyn C. Tiu	18,747
Marjorie Villanueva	18,747
Leila E. Jorge	10,001
Felisa D. King	8,747
Remegio C. Dayandayan, Jr.	1,000
Ramon N. Santos	1,000
Jesus San Luis Valencia	1,000
Isidro C. Alcantara, Jr.	100
Manuel M. Lazaro	100
Ge Lin	100
Arsenio K. Sebial, Jr.	100
Anthony M. Te	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.

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

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 in 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.

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 2017 and 2016

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)	
	2017	2016	Amount	%
Income	6.42	6.78	0.36	(5.29)
Expenses	1.73	1.65	0.08	4.85
Other Charges	20.64	—	20.64	—

Income decreased by ₱0.36 million or 5.29% as compared last year is mainly due to lesser computed accretion on note receivable.

Expenses decreased by ₱0.08 million or 4.85%. Changes in the expense accounts for the year ended December 31, 2017 versus the same period last year are as follows:

- Decrease in Professional fees by ₱0.44 million or equivalent to 47% is due last year payment and recognized of 2015 professional fees.
- Increase in Taxes and licenses by ₱0.49 million is due to payment of taxes this year compared to none last year.
- Decrease in Directors fees by ₱0.03 million or equivalent to 16% is due to decrease in attendance of Directors in Board Meetings this year.
- Increase in SEC fees by ₱0.08 million is due to the payment of annual fees this year compared to none last year.
- Decrease in Communication by ₱0.01 million is due to payment of development of website last year.

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

Financial Position

	Audited		Increase(Decrease)	
	2017	2016	Amount	%
	<i>(in PhP Millions)</i>			
Assets	₱318.85	₱336.79	(17.94)	(5.33)
Liabilities	0.51	2.89	(2.39)	(82.39)
Stockholders' Equity	318.34	333.90	(15.55)	(4.66)

Assets

The total assets of the Company decreased by ₱17.94 million or 5.33% from ₱336.79 million as of December 31, 2016 to ₱318.85 million as of December 31, 2017. The decrease was mainly due to the following:

- **Note receivable** decreased by ₱17.69 million or 5.29% due to impairment loss on notes receivable

Liabilities

As of December 31, 2017, the total liabilities of the Company decreased by ₱2.39 million or equivalent to 82.39% from ₱2.90 million as of December 31, 2016 as compared to ₱0.51 million as of December 31, 2017. The decrease was due to the following:

- **Current Liabilities** decreased by ₱1.92 million or 79.02%, mainly due to reversal of liability by an affiliate.

- **Non current Liabilities** decreased by ₱0.46 million due to reversal of deferred tax liability arising from accretion of note receivable.

Stockholders' Equity

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

Explanations for the material changes in the Company's accounts between 2016 and 2015 are as follows:

Results of operations

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

Assets

The total assets of the Company increased by ₱7.04 million or 2.13% 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 433.33% mainly due to advances received from affiliates.
- **Note receivable** increased by ₱6.78 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.

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.

	2017	2016
Net Income	₱14,041,687	₱4,660,085
Current assets	2,161,469	2,603,939
Total assets	350,234,416	336,791,521
Current liabilities	509,990	2,431,005
Total liabilities	2,296,567	2,895,359
Stockholders' Equity	347,937,849	333,896,162
No. of common shares outstanding	261,824,002	261,824,002

	2017	2016
Current ratio ¹	4.24	1.07
Book value per share ²	1.33	1.28
Debt ratio ³	0.01	0.01
Profit per share ⁴	0.05	0.02
Return on assets ⁵	0.04	0.01

Note:

1. Current assets / current liabilities
2. Stockholder's Equity / Total outstanding number of shares
3. Total Liabilities / Stockholder's Equity
4. Net Income (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 members of the Company's Board until January 10, 2018 are as follows:

Name	Age	Citizenship	Position
<u>DIRECTORS</u>			
Isidro C. Alcantara, Jr.	63	Filipino	Director / Chairman of the Board
Anthony M. Te	47	Filipino	Director / Vice Chairman
Arsenio K. Sebial, Jr.	61	Filipino	President and Director
Mathew-John G. Almogino	48	Filipino	Independent Director
Ge Lin	39	Chinese	Independent Director
Remegio C. Dayandayan Jr.	37	Filipino	Director
Hermogene H. Real	62	Filipino	Director / Asst. Corp. Secretary
<u>OFFICERS</u>			
Rolando S. Santos	67	Filipino	Treasurer
Diane Madelyn Ching	35	Filipino	Corporate Secretary
Reuben F. Alcantara	34	Filipino	VP Marketing
Leddie D. Gutierrez	55	Filipino	VP Internal Audit

In view of ISOC Holdings Inc.'s purchase of RYM's 175,422,081 common shares in the Company equivalent to 67%, new directors were elected on January 10, 2018. Thus, the following are the present directors of the Company.

Name	Age	Citizenship	Position
<u>DIRECTORS</u>			
Michael C. Cosiquien		Filipino	Chairman/ President
Jesus G. Chua, Jr.		Filipino	Director
Irving C. Cosiquien		Filipino	Director
Yerik C. Cosiquien		Filipino	Director
Michelle Joan G. Tan		Filipino	Director
Mathew-John G. Almogino		Filipino	Independent Director
Alfred S. Jacinto		Filipino	Independent Director
<u>OFFICERS</u>			
Erwin Terrell Y. Sy		Filipino	Treasurer/ CFO

Allesandra Fay V. Albarico		Filipino	Compliance Officer/CIO
Manuel Z. Gonzalez		Filipino	Corporate Secretary
Gwyneth S. Ong		Filipino	Asst. Corp. Sec.

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

CURRENT DIRECTORS:

Michael Cosiquien

- Michael is currently the Chairman of ISOC Holdings Inc.
- He is currently a Director of Megawide Construction Corp.
- He served as the Chairman and the Chief Executive Officer of Megawide Construction Corp.
- He has provided superior leadership in all aspects of the business as Chief Executive Officer of Megawide.
- Mr. Cosiquien holds a degree in Civil Engineering from the De La Salle University, and is a licensed Civil Engineer with over 20 years of professional engineering experience.

Jesus Chua

- He is currently the President of ISOC Holdings Inc.
- He served as the Chief Strategy officer for Megawide Construction Corp.
- He has served as Head of Southeast Asia Investment Banking at MUFG Financial Group, Singapore and has held senior roles at ABN AMRO/RBS in Hongkong, HSBC in New York.
- Mr. Chua graduated with an MBA from Harvard University and has studied at Stanford University and De La Salle University prior to that.

Yerik Cosiquien

- He is currently a Director of ISOC Holdings Inc.
- He served as Director and Corporate Secretary of Megawide Construction Corp.
- He is also the General Manager of Cosmo Fortune Corp. and Senior Vice President of United Pacific Rise Corp.
- He is a Psychology and Economics graduate from the University of British Columbia.

Irving Cosiquien

- He is currently a Director of ISOC Holdings Inc.
- He served as Director and is currently the Treasurer of Megawide Construction Corp.
- He is the Corporate Secretary at United Pacific Rise Corp. and has served as the General Manager of Megapolitan Marketing, Incorporated.
- He obtained his Bachelor of Science degree in Industrial Psychology from the De La Salle University.

Michelle Tan

- Michelle Tan is currently a sub-contractor of Megawide Construction Corporation, one of the prestigious construction companies in our land today, for almost 6years now.

- She has assisted in deploying skilled and non-skilled workers, screening qualified and efficient employees and handles labor cases as well.
- In addition, she had been a former Banker of United Coconut Planters Bank as Assistant Branch Manager for almost 5 years.

Mathew John G. Almogino- Independent Director

- Mathew John G. Almogino is a lawyer specializing in corporate law and commercial litigation, and has previously served as a member of the board of directors of several corporations engaged in various industries such as transportation, construction, and real estate.
- Atty. Almogino is currently the General Counsel of Nippon Express Philippines Corporation, a Multinational Corporation with headquarters in Tokyo, Japan and which conducts business operations in 698 locations in 44 countries, specializing in Global Logistics, including International Freight Forwarding using multimodal transport, Storage, and Inventory Management.
- Atty. Almogino was also a former Senior Associate with Ocampo and Manalo Law Firm, a firm ranked by AsiaLaw, the Legal 500 and WorldLaw as one of the leaders in various practice areas such as corporate law, telecommunications and media, transportation, litigation and dispute resolution, and labor and employment.
- Atty. Almogino obtained his Bachelor of Arts from De La Salle University with a Major in Political Science and Minor in History, and his Bachelor of Laws from the San Sebastian College-Recoletos Institute of Law, where he also lectured on various subjects on Corporate Law after passing the Bar Examinations.

Alfred S. Jacinto- Independent Director

- Alfred S. Jacinto was admitted to the bar in 1994. He graduated with a degree in Bachelor of Science major in Mathematics and Bachelor of Laws in the University of the Philippines with a College and National Science and Technology Authority Scholarship.
- Atty. Jacinto started as an associate at the Pecabar Law Offices in 1993. He was a partner of the Ata Jacinto & Montales Law Offices before joining the Cayetano Sebastian (CASELAW) Law Offices in 2001. He is currently the Managing Director of CASELAW. His practice areas include litigation, energy, information technology, real estate, immigration, corporate and tax.
- Atty. Jacinto also served as consultant to the Joint Congressional Power Commission, Joint Congressional Oversight Committee on the Clean Water Act and the Office of Senator Pilar Cayetano.

PREVIOUS DIRECTORS:

Mr. Isidro C. Alcantara Jr. was elected Chairman and Director last June 25, 2015 and elected as President last December 2017. 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 (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 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 for 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 up to 11 December 2017. 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.

Mr. Manuel Lazaro was elected Independent Directors in June 2015 up to 02 November 2017. 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. He 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 Tuvera 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).

CURRENT OFFICERS:

Terrell Y. Sy

- Teri brings to ISOC over 8 years of Investment Banking experience.
- Prior to joining ISOC, Teri was a Principal at Fortman Cline Capital Markets, where he led deal teams in several marquee Philippine M&A deals totaling over US\$3.0 bn in the energy, infrastructure and logistics sectors.
- Teri is an honors graduate of the BS Management-Honors program of the Ateneo de Manila University.

Allesandra Fay V. Albarico

- Atty. Allesandra Fay V. Albarico was an Executive Assistant and Court Attorney at the Court of Appeals, *Pre-test Lawyer* for the 2011 Bar Examinations (Supreme Court-Office of the Chairman), Associate at Dato Inciong & Associates, Legal Manager at Citicore Power Inc., and Legal Counsel at Megawide Construction Corporation.
- Atty. Albarico holds a degree in Bachelor of Arts major in Legal Management (*university scholar*).
- Atty. Albarico passed the 2010 Philippine bar examinations and was admitted to the Bar the following year. Atty. Albarico likewise holds a postgraduate law degree (LL.M.) and diploma in Leadership and Management Development Program.
- Atty. Albarico teaches Negotiable Instruments Law, Law on Sales, Agency, and Credit Transactions, Obligations and Contracts, Partnerships and Private Corporations, and Court Procedures. Atty. Albarico has earned the distinction of being an *Outstanding Professor* of the Our Lady of Fatima University.

Manuel Z. Gonzalez

- He is a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006.
- Atty. Gonzalez has been involved in corporate practice and has extensive experience in securities, banking and finance law.
- Atty. Gonzalez serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Securities Philippines since 2006 and ADP Philippines, Inc. since 2010.

- Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Gwyneth S. Ong

- Atty. Ong is a Partner at Martinez Vergara Gonzalez and Serrano Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions.
- She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

PREVIOUS OFFICERS:

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

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.

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

Michael C. Cosiquien, the present Chairman and President of the Company is the brother of Yerik C. Cosiquien and Irving C. Cosiquien, who are Directors of the Company.

Isidro C. Alcantara, Jr., the previous Chairman and President is the father of Reuben F. Alcantara, VP for Marketing

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 2017 is follows:

Name	Position
Isidro C. Alcantara, Jr.	Chairman of the Board
Anthony M. Te	Vice Chairman
Arsenio K. Sebial, Jr.	President and Director up to 11 Dec 2017
Manuel Lazaro	Independent Director up to 02 Nov 2017
Mathew-John Almogino	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, 2015, 2016, 2017 and 2018 Est.

	Year	Salary	Bonuses	Other Benefits	Total
President and Top 5 Executive Officers as group named above	2015	1,515,757	3,820,843	-	5,336,600
	2016			199,673	199,673
	2017			55,000	55,000
	2018 estimated	-	-	105,000	105,000-
All Other Officers and Directors, as a group unnamed	2015	1,515,757	3,820,843	-	5,336,600
	2016			140,849.68	140,849.68
	2017			110,000	110,000
	2018 estimated	-	-	225,000	225,000

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%

*as of 31 December 2017

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

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

Security Ownership of Directors and Officers

CURRENT DIRECTORS

Title of Class	Name Beneficial Owner	Citizenship	Amount of Shares & Nature of beneficial ownership	Percentage
Common	Michael C. Cosiquien	Filipino	(Direct) 1	0.00%
Common	Jesus G. Chua, Jr.	Filipino	(Direct) 1	0.00%
Common	Irving C. Cosiquien	Filipino	(Direct) 1	0.00%
Common	Yerik C. Cosiquien	Filipino	(Direct) 1	0.00%
Common	Michelle Joan G. Tan	Filipino	(Direct) 1	0.00%
Common	Mathew-John G. Almogino	Filipino	(Direct) 1,000	0.00%
Common	Alfred S. Jacinto	Filipino	(Direct) 1	
TOTAL			(Direct) 1006	0.00%

PREVIOUS DIRECTORS (as of December 31, 2017)

Title of Class	Name Beneficial Owner	Citizen ship	Amount of Shares & Nature of beneficial ownership	Perce n tage
Common	Isidro C. Alcantara Jr.	Filipino	(Direct) 100	0.00%
Common	Anthony M. Te	Filipino	(Direct) 100	0.00%
Common	Hermogene H. Real	Filipino	(Direct) 100	0.00%
Common	Mathew-John Almogino	Filipino	(Direct) 1,000	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%
TOTAL			(Direct) 2,400	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.

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

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. This portion has been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

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

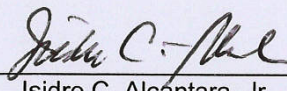
(b) Reports on SEC Form 17-C until 31 December 2017


Date of Disclosure	Subject
April 10, 2017	Results of Board Meeting last April 07, 2017 Postponement of 2017 Annual Stockholders' Meeting
May 31, 2017	Change in Corporate Name
October 19, 2017	Amended Postponement of 2017 Annual Meeting
November 02, 2017	Resignation of Justice Manuel M. Lazaro
November 28, 2017	Notice of Sale of Shares
December 01, 2017	Change in Control Issuer
December 12, 2017	Results of 2017 Annual Stockholders' Meeting Results of Organizational Meeting Resignation of Mr. Arsenio K. Sebial, Jr.
December 15, 2017	AGF Letter to PSE regarding Penalty

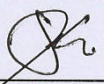
SIGNATURES

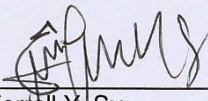
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MAKATI CITY on _____, 20__.

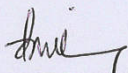
By:

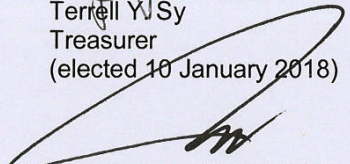

 Isidro C. Alcantara, Jr.
 Chairman and President
 (until 10 January 2018)


 Michael C. Cosiquen
 Chairman and President
 (elected 10 January 2018)


 Rolando S. Santos
 Treasurer
 (until 10 January 2018)



 Terrell Y. Sy
 Treasurer
 (elected 10 January 2018)


 Diane Madelyn C. Ching
 Corporate Secretary
 (until 10 January 2018)

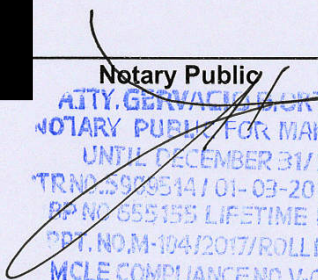

 Manuel Z. Gonzalez
 Corporate Secretary
 (elected 10 January 2018)

MAKATI CITY **APR 27 2018**

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.			
Rolando S. Santos			
Diane Madelyn C. Ching			
Michael C. Cosiquen			
Terrell Y. Sy			
Manuel Z. Gonzalez			

Doc. No. 226;
 Page No. 42;
 Book No. 11;
 Series of 2018.


Notary Public
ATTY. GERVACE BORTIZON
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31/2018
TR NO. 3905514 / 01-03-2017/MAKAT
RP NO. 655155 LIFETIME MEMBER
PRT. NO. M-104/2017/ROLL NO. 40091
MCLE COMPLIANCE NO. V-0005934
JNIT 102 PENINSULA COURT BLDG
3735 MAKATI AVE., MAKATI CITY

COVER SHEET
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

17

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

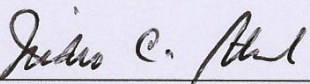
The Management of **AG Finance Incorporated** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2017 and 2016** in accordance with the prescribed financial reporting framework indicated therein, 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.

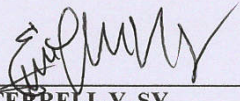
The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended **December 31, 2017 and 2016**, 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 & President
(until 10 January 2018)

Signature 
MICHAEL C. COSIQUIEN
Chairman & President
(elected 10 January 2018)

Signature 
ROLANDO S. SANTOS
Treasurer
(until 10 January 2018)

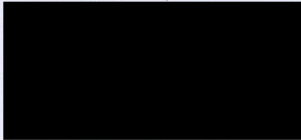
Signature 
TERRELL Y. SY
Treasurer
(elected 10 January 2018)

Signed this APR 3 2018 day of _____



MAKATI CITY

SUBSCRIBED AND SWORN to before me this APR 20 day of 2018 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. Rolando S. Santos Michael C. Cosiquien Terrell Y. Sy			

Doc. No. 47;
Page No. 1;
Book No. 1;
Series of 2018.

~~ATTORNEY PUBLIC~~
NOTARY PUBLIC FOR MAKATI
UNTIL DECEMBER 31/2018
PTR NO. S909514 / 01-03-2017/MAKATI
IBP NO 655155 LIFETIME MEMBER
APPT. NO. M-104/2017/ROLL NO. 40091
MCLE COMPLIANCE NO. V-0006934
UNIT 102 PENINSULA COURT BLDG.
735 MAKATI AVE., MAKATI CITY

NICK JULE B. TORRES

Certified Public Accountant

CPA License No. 0141184
BOA Accreditation No. 8238

Unit 305 Pacific Century Tower,
Quezon Avenue, South Triangle
Quezon City 1800 Philippines

Phone : +632 426 5245
Mobile : +63 97 851 0790
E-mail : nick.torres@ctpcoph.com

AG FINANCE INCORPORATED

(A Subsidiary of RYM Business Management Corp.)

PRACTITIONER'S COMPILATION REPORT
DECEMBER 31, 2017 and 2016

NICK JULE B. TORRES

Certified Public Accountant

CPA License No. 0141184
BOA Accreditation No. 8238

Unit 305 Pacific Century Tower,
Quezon Avenue, South Triangle
Quezon City 1800 Philippines
Phone : +632 426 5245
Mobile : +63 97 851 090
E-mail : nick.torres@ctpcoph.com

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT
ON AN ENGAGEMENT TO COMPILE FINANCIAL STATEMENTS**

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

Report on the Financial Statements

I have compiled the accompanying financial statements of AG Finance Incorporated (the Company), a subsidiary of RYM Business Management Corp., which comprise the statement of financial position of as at December 31, 2017 and 2016, 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.

Based on the information provided by the management, I have applied my expertise in accounting and financial reporting to assist the Company 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.

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information provided by the management for compilation. I have not conducted an audit nor a review of the accompanying financial statements. Accordingly, I do not express an audit opinion and provide any assurance, or a review conclusion on whether the financial statements are in accordance with the PFRS.

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, as well as the accuracy and completeness of the information, 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.

NBT20180008

"Your end-to-end Business Partner"

NICK JULE B. TORRES

Certified Public Accountant

CPA License No. 0141184
BOA Accreditation No. 8238

Unit 305 Pacific Century Tower,
Quezon Avenue, South Triangle
Quezon City 1800 Philippines
Phone : +632 426 5245
Mobile : +63 917 852 0190
E-mail : nick.torres@ctpcoph.com

Practitioner's Responsibility

My responsibility is to perform this compilation engagement in accordance with Philippine Standards on Related Services 4410 (Revised) – *Compilation Engagements*, issued by Auditing Standards and Practices Council of the Philippines.

The objective of this compilation engagement is to assist the management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Practitioner's Independence

I am independent and had no direct financial interest with respect to the Company, in all material aspects of this compilation engagement, during the year ended December 31, 2017.



NICK JULE B. TORRES

Practitioner

CPA Certificate No. 0141184

Issued on July 12, 2015; valid until July 12, 2018

BOA Accreditation No. 8238

Issued on February 8, 2018; Valid until July 12, 2021

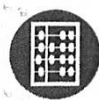
Tax Identification No. 273-144-666-0000

PTR No. 4457893

April 10, 2018

NBT20180008

"Your end-to-end Business Partner"



INDEPENDENT AUDITORS' 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, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2017, 2016 and 2015, and notes to the financial statements, including a summary of significant accounting policies.

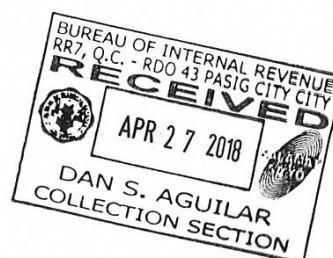
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended December 31, 2017, 2016 and 2015 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has winded down its lending activities in 2015 and has not yet conducted any other business activities since then. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management's plan to address the condition is discussed in Note 1. Our opinion is not modified in respect of this matter.





Key Audit Matters

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

Assessment of Realizability of Note Receivable

As at December 31, 2017 and 2016, the Company's note receivable represents 99% of total assets and the assessment of its realizability requires the use of 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 Company's note receivable and whether there is objective evidence that the note receivable is impaired.

Further disclosures are included in Note 3, *Significant Judgment, Accounting Estimates and Assumptions*, Note 5, *Note Receivable* and Note 14, *Financial Risk Management Objectives and Policies*.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report distributed to stockholders for the year ended December 31, 2017, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report distributed to stockholders for the year ended December 31, 2017 are expected to be made available to us after the date of this auditors' report.

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

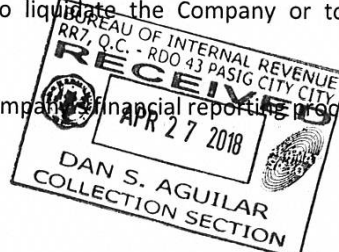
In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the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

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

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

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

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





Auditors' Responsibilities for the Audit of the Financial Statements

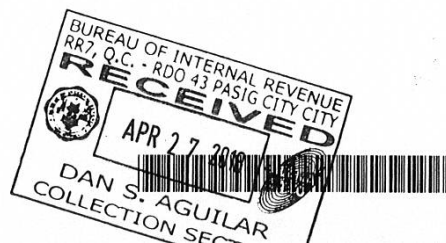
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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





REYES TACANDONG & Co.
FIRM PRINCIPLES. WISE SOLUTIONS.

- 4 -

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

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

REYES TACANDONG & Co.

Belinda B. Fernando

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

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

SEC Accreditation No. 1022-AR-2 Group A

Valid until March 15, 2020

BIR Accreditation No. 08-005144-004-2017

Valid until January 13, 2020

PTR No. 6607958

Issued January 3, 2018, Makati City

April 20, 2018

Makati City, Metro Manila



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

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2017	2016
ASSETS			
Current Assets			
Cash in banks	4	P141,399	P324,502
Other current assets		2,209,629	2,279,437
Total Current Assets		2,351,028	2,603,939
Noncurrent Asset			
Note receivable	5	316,499,592	334,187,582
		P318,850,620	P336,791,521
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	P509,990	P2,431,005
Noncurrent Liability			
Deferred tax liability	13	—	464,354
Total Liabilities		509,990	2,895,359
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(17,760,620)	(2,205,088)
Total Equity		318,340,630	333,896,162
		P318,850,620	P336,791,521

See accompanying Notes to Financial Statements.



AG FINANCE INCORPORATED
(A Subsidiary of RYM Business Management Corp.)
STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31				
	Note	2017	2016	2015
INCOME				
Interest income	10	₱6,419,953	₱6,778,721	₱34,085,787
Processing fees		—	—	606,000
Penalties		—	—	529,024
		6,419,953	6,778,721	35,220,811
EXPENSES	11	(1,728,763)	(1,654,282)	(20,155,497)
OTHER CHARGES - net				
Loss on modification of terms	5	(24,107,168)	—	—
Reversal of liability	8	3,465,400	—	—
Day 1 loss	5	—	—	(11,870,527)
Loss on exchange of loans receivable	5	—	—	(11,639,111)
Others - net		—	—	(131,902)
		(20,641,768)	—	(23,641,540)
INCOME (LOSS) BEFORE INCOME TAX		(15,950,578)	5,124,439	(8,576,226)
PROVISION FOR (BENEFIT FROM) INCOME TAX	13			
Current		69,308	—	373,967
Deferred		(464,354)	464,354	868,601
		(395,046)	464,354	1,242,568
NET INCOME (LOSS)		(15,555,532)	4,660,085	(9,818,794)
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss</i>				
Remeasurement gain on retirement liability - net of deferred income tax	7	—	—	166,847
TOTAL COMPREHENSIVE INCOME (LOSS)		(₱15,555,532)	₱4,660,085	(₱9,651,947)
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED	12	(₱0.06)	₱0.02	(₱0.04)

See accompanying Notes to Financial Statements.



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

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2017	2016	2015
CAPITAL STOCK - ₱1 par value				
Authorized - 550,000,000 shares				
Issued and outstanding -				
261,824,002 shares		₱261,824,002	₱261,824,002	₱261,824,002
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning and end of year		74,277,248	74,277,248	74,277,248
RETAINED EARNINGS (DEFICIT)				
Balance at beginning of year		(2,205,088)	(6,865,173)	126,010,902
Net income (loss)		(15,555,532)	4,660,085	(9,818,794)
Cash dividends	9	—	—	(123,057,281)
Balance at end of year		(17,760,620)	(2,205,088)	(6,865,173)
REMEASUREMENT LOSS ON RETIREMENT LIABILITY				
	7			
Balance at beginning of year		—	—	(166,847)
Effect of curtailment		—	—	166,847
Balance at end of year		—	—	—
		₱318,340,630	₱333,896,162	₱329,236,077

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		(P15,950,578)	P5,124,439	(P8,576,226)
Adjustments for:				
Interest income	10	(6,419,953)	(6,778,721)	(34,085,787)
Day-1 loss	5	—	—	11,870,527
Loss on exchange of loans receivable	5	—	—	11,639,111
Depreciation	11	—	—	169,335
Unrealized foreign currency losses		—	—	146,908
Operating loss before working capital changes		(22,370,531)	(1,654,282)	(18,836,132)
Decrease (increase) in:				
Note receivable		24,107,168	—	(332,639,733)
Loans receivable		—	—	167,596,490
Other current assets		69,808	(500)	(2,058,102)
Increase (decrease) in:		—		
Accrued expenses and other current liabilities		(1,921,015)	1,917,060	(4,011,411)
Retirement liability		—	—	(2,948,625)
Net cash generated from (used for) operations		(114,570)	262,278	(192,897,513)
Interest received		775	799	27,445,333
Income taxes paid		(69,308)	—	(6,626,777)
Net cash provided by (used in) operating activities		(183,103)	263,077	(172,078,957)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease in other noncurrent assets		—	—	564,345
Proceeds from sale of property and equipment		—	—	300,832
Cash provided by investing activities		—	—	865,177
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash dividends paid	9	—	—	(123,057,281)
EFFECTS OF FOREIGN CURRENCY TRANSLATION				
		—	—	(146,908)
NET INCREASE (DECREASE) IN CASH IN BANKS		(183,103)	263,077	(294,417,969)
CASH IN BANKS AT BEGINNING OF YEAR		324,502	61,425	294,479,394
CASH IN BANKS AT END OF YEAR		P141,399	P324,502	P61,425

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

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2017 and 2016, all of the 261,824,002 shares of the Company are listed in the PSE.

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

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

On February 6, 2018, the SEC approved the amendment of the Company's Articles of Incorporation to change its corporate name to Ferronoux Holdings Inc. and to change its purpose to a holding company. The Company likewise changed its stock symbol to "FERRO".

The financial statements of the Company as at December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 were approved and authorized for issue by the Board of Directors (BOD) on April 20, 2018.

Status of Operations

The Company's lending activities were winded down in 2015. Further, the Company has not conducted any other business activities since then. The Company's new shareholders have committed to provide financial support in order for the Company to continue as a going concern. Also, the new shareholder is considering to implement changes in the Company's business structure and operations which may include infusing assets that will generate revenue.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Measurement Bases

The financial statements are presented in Philippine Peso, which is the Company's functional currency. All values are in absolute amount, unless otherwise stated.

The financial statements of the Company have been prepared on a historical basis. Historical cost is generally based on the fair value of the consideration given in exchange of an asset.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

The Company uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in Note 14.

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, 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 financing activities.
- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax where an asset is measured at fair value and the fair value is below the asset's tax base (e.g. deferred tax asset related to unrealized losses on debt instruments measured at fair value), as well as certain other aspects of accounting for deferred tax assets.

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 in Issue But Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2017 and have not been applied in preparing the financial statements are summarized below.

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, recognition 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 these are held and its 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 (FVPL) 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; recognition of a credit loss should be no longer wait for there to be objective evidence of impairment.

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* – This standard replaces PAS 17, *Leases*, and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees’ statement 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 except for PFRS 9. 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 FVPL, includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the profit or loss. 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.

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) financial assets. 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.

As at December 31, 2017 and 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 fees that are an integral part of the effective interest rate. Gains or losses are recognized in profit or loss when loans and receivables are derecognized or impaired, as well as through the amortization process.

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 borrowings.

Other financial liabilities are initially recognized at fair value less any direct transaction costs. 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).

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

Loans and Receivables. The Company assesses at each reporting date 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.

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 profit or loss.

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.

Other Current Assets

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

CWT. CWT is the amount withheld from income subject to expanded withholding taxes. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and where the carrying value 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 profit or loss.

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 value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying value that would have been determined had no impairment loss been recognized for the asset in prior years.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital (APIC). Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as APIC. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

Deficit. Deficit represents the cumulative balance of the Company's result of operations net of any dividends declared.

Revenue Recognition

Revenue 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. The following specific recognition criteria must also be met before revenue is recognized:

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

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 during the period.

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.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

- c. there is a change in the determination of whether fulfilment is dependent on a specified asset;
or
- d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Operating Lease - Company as a Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating lease. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

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.

In 2015, the Company terminated all its employees due to the cessation of its lending business.

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 values 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 carryforward 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 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 (EPS)

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

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

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

The Company does not have dilutive potential shares of stock.

Segment Reporting

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

The Company's operating segment consists only of lending activities which was winded down in 2015. As discussed in Note 1, the Company's application with the SEC for the change of its principal purpose to a holding company was approved on February 6, 2018.

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.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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. Post year-end events that are non-adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of financial statements in accordance with PFRS requires management to exercise judgment, 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.

Judgment

In the process of applying the Company's accounting policies, management has made the following judgment, 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 ₱1.5 million in 2015 (see Note 11). The lease was terminated in 2015.

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 values of assets and liabilities within the next financial year, are described below.

Assessing Note Receivable for Impairment. The Company maintains allowance for receivable impairment at a level considered adequate to provide for potential uncollectible receivable. 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.

As discussed in Note 5, the Company waived the interest on note receivable resulting in a loss on modification of terms amounting to ₱24.1 million in 2017. No impairment loss was recognized in 2016 and 2015. The carrying value of note receivable amounted to ₱316.5 million and ₱334.2 million as at December 31, 2017 and 2016, respectively (see Note 5).

Assessing Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying value to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

As at December 31, 2017 and 2016, deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT because the management has assessed that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

The Company's unrecognized deferred tax assets amounted to ₱19.5 million and ₱15.1 million as at December 31, 2017 and 2016, respectively (see Note 13).

4. Cash in Banks

Cash in banks amounting to ₱0.1 million and ₱0.3 million as at December 31, 2017 and 2016, respectively, earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱775, ₱799 and ₱0.3 million in 2017, 2016 and 2015, respectively (see Note 10).

5. Note Receivable

On May 5, 2015, the Company's loans receivables from its lending activities with carrying value 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 bears interest rate at 5% per annum on unpaid principal amount beginning June 6, 2017.

In 2017, the Company agreed to waive the interest on the note. The waiver resulted to a loss on modification of terms amounting to ₱24.1 million.

Movements in this account are shown below:

	2017	2016
Original amount	₱332,639,733	₱332,639,733
Net accretion of (unamortized) "Day-1" difference	(16,140,141)	1,547,849
	₱316,499,592	₱334,187,582

Accretion of interest income amounted to ₱6.4 million, ₱6.8 million and ₱0.6 million in 2017, 2016 and 2015, respectively (see Note 10).

Interest income earned related to the old loans receivable amounted to ₱27.2 million in 2015 (see Note 10).

6. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	2017	2016
Accrued expenses		₱370,000	₱369,600
Due to a related party	8	128,957	2,044,457
Statutory payables		11,033	16,948
		₱509,990	₱2,431,005

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

7. Retirement Benefits

On June 25, 2015, the Company terminated all its employees due to the cessation of operations and change in management. Accordingly, the Company derecognized its retirement liability of ₱2.9 million by recognizing retirement benefit income in profit or loss as part of "Salaries and employee benefits" account (see Note 11).

The movement in 2015 of cumulative remeasurement gain recognized in other comprehensive income follows:

	2015		
	Cumulative Remeasurement Losses	Deferred Income Tax (see Note 13)	Cumulative Remeasurement Gains (Losses), Net of 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-

8. Related Party Transactions

Outstanding balance and transaction with related parties are as follows:

	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2017	2016	2017	2016
Due to a related party					
	Advances for working capital purposes				
Under common control		₱1,549,900	₱1,799,801	₱128,957	₱2,044,457

In 2017, the Company recognized a reversal of liability to a related party amounting to P3.5 million.

Key Management Personnel

Compensation of key management personnel consists of short-term benefits amounting to P2.7 million in 2015. The Company has no key management compensation in 2017 and 2016.

9. 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.

10. Interest Income

This account consists of:

	Note	2017	2016	2015
Accretion of:				
Interest income	5	P6,419,178	P-	P-
"Day-1" difference		-	6,777,922	640,454
Cash in banks	4	775	799	292,635
Loans receivable	5	-	-	27,152,698
		P6,419,953	P6,778,721	P34,085,787

11. Expenses

This account consists of:

	2017	2016	2015
Professional fees	₱493,200	₱934,959	₱1,594,492
Taxes and licenses	492,292	500	4,934,357
PSE and SEC fees	365,610	283,960	253,000
Directors fee	168,333	199,673	105,882
Outside services	158,567	163,600	75,347
Representation	15,957	41,500	272,608
Transportation and travel	1,508	–	327,409
Legal and bank charges	300	2,000	53,070
Communication and utilities	–	15,000	856,167
Salaries and employee benefits	–	–	6,443,639
Rent	–	–	1,484,250
Office supplies	–	–	875,448
Contractual services	–	–	780,014
Insurance	–	–	345,714
Dues and subscription	–	–	321,947
Marketing and collection	–	–	265,377
Depreciation	–	–	169,335
Others	32,996	13,090	997,441
	₱1,728,763	₱1,654,282	₱20,155,497

Expenses recognized as salaries and employee benefits are presented below:

	Note	2017	2016	2015
Salaries and other short-term benefits		₱–	₱–	₱9,392,264
Retirement benefit income	7	–	–	(2,948,625)
		₱–	₱–	₱6,443,639

12. Earnings (Loss) Per Share

Basic and diluted EPS is computed as follows:

	2017	2016	2015
Net income (loss)	(₱15,555,532)	₱4,660,085	(₱9,818,794)
Weighted average number of common shares	261,824,002	261,824,002	261,824,002
	(₱0.06)	₱0.02	(₱0.04)

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

13. Income Taxes

The Company's provision for current income tax pertains to MCIT in 2017 and 2015. There is no provision for current income tax in 2016 because the Company is in a net tax loss position.

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

	2017	2016	2015
Income tax computed at statutory tax rate	(P4,785,173)	P1,537,332	(P2,572,868)
Add (deduct) tax effects of:			
Nondeductible expenses	23,237	12,450	–
Interest income already subjected to final tax	(233)	(240)	(87,791)
Change in unrecognized deferred tax assets	4,367,123	(1,085,188)	3,903,227
	(P395,046)	P464,354	P1,242,568

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

	2017	2016
NOLCO	P14,184,273	P14,728,501
Day-1 difference	4,842,043	–
MCIT	443,275	373,967
	P19,469,591	P15,102,468

As at December 31, 2016, the deferred tax liability relates to net accretion of Day-1 loss on note receivable amounting to P0.5 million.

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

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2016	P1,759,691	P–	P–	P1,759,691	2019
2015	47,335,312	–	(1,814,094)	45,521,218	2018
	P49,095,003	P–	(P1,814,094)	P47,280,909	

The details of the Company's MCIT which can be claimed as deduction against income tax liability during the stated validity are as follows:

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2017	P–	P69,308	P–	P69,308	2020
2015	373,967	–	–	373,967	2018
	P373,967	P69,308	P–	P443,275	

14. Financial Risk Management Objectives and Policies

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

Financial Risks

The Company's financial instruments consist of cash in banks, note receivable and accrued expenses and other current liabilities (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. The BOD reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

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

The carrying value of financial assets recognized in the financial statements represents the Company's maximum exposure to credit risk, without taking into account collateral or other credit enhancement.

The Company manages credit risk concentration by transacting with counterparties with good financial condition and with relatively low defaults.

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

2017					
	Neither Past Due Nor Impaired		Past Due But Not	Past Due and	Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in banks	P141,399	P-	P-	P-	P141,399
Note receivable	-	316,499,592	-	-	316,499,592
	P141,399	P316,499,592	P-	P-	P316,640,991

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

The credit quality of the Company's financial assets is being managed by using internal credit ratings such as high grade and standard grade.

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

Standard grade - these are financial assets where collections are probable due to the financial ability of the counterparty to pay but have been outstanding for a certain period of time.

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 value of the accrued and other current liabilities (excluding statutory payables) as at December 31, 2017 and 2016 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:

	2017		2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash in banks	P141,399	P141,399	P324,502	P324,502
Note receivable	316,499,592	303,107,082	334,187,582	346,153,126
	P316,640,991	P303,248,481	P334,512,084	P346,477,628
Financial Liabilities				
Accrued and other current liabilities*	P498,957	P498,957	P2,414,057	P2,414,057

*Excluding statutory payables amounting to P11,033 and P16,948 as at December 31, 2017 and 2016, respectively.

Cash in Banks and Accrued and Other Current Liabilities. The carrying values of cash in banks and accrued and other current liabilities (excluding statutory payables) approximate their fair values due to the short-term nature of the transactions.

Note Receivable. The fair value of the Company's note receivable was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. This financial instrument is classified under Level 2 (Significant observable inputs) of the fair value hierarchy groups in the financial statements.

15. Capital Management

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

There has been no change made in the objectives, policies and processes in 2017, 2016 and 2015.



REYES TACANDONG & Co.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
December 29, 2015, valid until December 31, 2018
SEC Accreditation No. 0207-FR-2 (Group A)
September 27, 2016, valid until September 27, 2019

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

The Stockholders and the Board of Directors
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 Corp., as at and for the year ended December 31, 2017 on which we have rendered our report dated April 20, 2018.

In compliance with Securities Regulation Code Rule 68, as amended, we are stating that the Company has fourteen (14) 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-2 Group A

Valid until March 15, 2020

BIR Accreditation No. 08-005144-004-2017

Valid until January 13, 2020

PTR No. 6607958

Issued January 3, 2018, Makati City

April 20, 2018
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, 2017 and have issued our report thereon dated April 20, 2018. 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, 2017 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

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

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

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April 20, 2018

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, 2017**

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			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard			✓
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	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
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	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
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			✓
	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	Title	Adopted	Not Adopted	Not Applicable
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			✓
	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	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	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			✓
	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,			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
	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			✓
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

Below is a schedule showing financial soundness indicators in 2017 and 2016.

	2017	2016
Liquidity Ratio	4.61	1.07
Current assets	₱2,351,028	₱2,603,939
Current liabilities	509,990	2,431,005
Solvency Ratio	-31.28	2.11
Income (loss) before income tax and depreciation	(15,950,578)	5,124,939
Total liabilities (excluding deferred tax liability)	509,990	2,431,005
Debt-to-equity Ratio	0.00	0.01
Total liabilities	509,990	2,895,359
Total equity	318,340,630	333,896,162
Asset-to-equity Ratio	1.00	1.01
Total assets	318,850,620	336,791,521
Total equity	318,340,630	333,896,162
Interest rate coverage Ratio	-	-
Pretax income (loss) before interest	(15,950,578)	5,124,439
Interest expense	-	-
Profitability Ratio	-0.05	0.01
Net income (loss)	(15,555,532)	4,660,085
Total equity	318,340,630	333,896,162

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

**SUPPLEMENTARY SCHEDULE OF COMPANY'S
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2017**

	Amount
Unappropriated retained earnings (deficit), as shown in the financial statements at beginning of year	(P2,205,088)
Add deferred tax liability at beginning of year	464,354
Unappropriated retained earnings (deficit), as adjusted to available for dividend declaration at beginning of year	(1,740,734)
Add: Net loss during the year closed to retained earnings	(15,555,532)
Movement in deferred tax liability	(464,354)
Total retained earnings (deficit) available for dividend declaration at end of year	(P17,760,620)

Reconciliation:

	Amount
Unappropriated retained earnings (deficit), as shown in the financial statements at end of year	(P17,760,620)
Add deferred tax liability at end of year	—
Total retained earnings (deficit) available for dividend declaration at end of year	(P17,760,620)

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, 2017

Table of Contents

<i>Schedule</i>	<i>Description</i>	<i>Page</i>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>N/A</u>
C	Indebtedness to Related Parties	<u>1</u>
D	Guarantees of Securities of Other Issuers	<u>N/A</u>
E	Capital Stock	<u>2</u>
F	Conglomerate Map	<u>3</u>

Schedule C. Indebtedness to Related Parties
December 31, 2017

Name of related party	Beginning Balance	Ending balance
Bright Kindle Resources & Investments, Inc.	₱2,044,457	₱128,957

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	261,824,002	-	183,276,801	4,188,573	74,358,628

Schedule F. Conglomerate Map
As at December 31, 2017

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