CR03378-2018

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended

   Mar 31, 2018

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

   Metro Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig CIty

   Postal Code

   1605

8. Issuer's telephone number, including area code

   (632)687-1195

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. Indicate by check mark whether the registrant:

   (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period 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

Ferronoux Holdings, Inc.
FERRO

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Mar 31, 2018
Currency (indicate units, if applicable)	Php

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2018	Dec 31, 2017
Current Assets	2,283,723	2,351,028
Total Assets	320,421,332	318,850,620
Current Liabilities	443,957	509,990
Total Liabilities	443,957	509,990
Retained Earnings/(Deficit)	-16,123,857	-17,760,620
Stockholders' Equity	319,977,374	318,340,630
Stockholders' Equity - Parent	-	-
Book Value per Share	1.22	1.22

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,638,025	61	1,638,025	61

Gross Expense	1,281	829,624	1,281	829,624
Non-Operating Income	0	0	0	0
Non-Operating Expense	0	0	0	0
Income/(Loss) Before Tax	1,636,744	-829,624	1,636,744	-829,624
Income Tax Expense	0	0	0	0
Net Income/(Loss) After Tax	1,636,744	-829,624	1,636,744	-829,624
Net Income Attributable to Parent Equity Holder	0	0	0	0
Earnings/(Loss) Per Share (Basic)	0	-0	0	-0
Earnings/(Loss) Per Share (Diluted)	0	-0	0	-0

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.03	0.02
Earnings/(Loss) Per Share (Diluted)	0.03	0.02

Other Relevant Information

Amended to correct the following information:

Earnings Per Share (Basic) for Current Year (Trailing 12 Months) from 0 to 0.035
Earnings Per Share (Diluted) for Current Year (Trailing 12 Months) from 0 to 0.035
Earnings Per Share (Basic) for Previous Year (Trailing 12 Months) from 0 to 0.021
Earnings Per Share (Diluted) for Previous Year (Trailing 12 Months) from 0 to 0.021

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

f E R R O N O U X HOLDINGS INC.
(formerly AG FINANCE INC.)

(Company's Full Name)

UNIT 2205 EAST PSE CENTRE,
EXCHANGE ROAD, ORTIGAS CENTER
PASIG CITY

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

Catherine Calisin

Contact Person

ccalisin@isocholdings.com

Company Telephone Number

Last Wednesday of May

0	3		3	1

Month *Day*

SEC FORM 17-Q

FORM TYPE

Month *Day*

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

			2	3

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

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

1. For the quarterly period ended **31 March 2018**

2. Commission identification number **A200115151**

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

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

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

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City Postal Code **1600**

8. Issuer's telephone number, including area code

9. Former name, former address and former fiscal year, if changed since last report **Not Applicable**

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

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

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

Yes [x] No [ ]

Philippine Stock Exchange **Common Shares**

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

Table of Contents

PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The unaudited Financial Statement of FERRONOUX HOLDINGS, INC. (formerly AG Finance Incorporated) as of March 31, 2018 with comparative audited figure as of December 31, 2017 and for the three months ended March 31, 2017 in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Income Statements for the three-month period ending March 31, 2018 and 2017.

	For three months ending March 31	
	2018 (₱'000)	2017 (₱'000)
Interest Income	**₱1,638**	₱.061
Other Operation Expense	**-1.27**	-830
Income/(Loss) Before Tax	**1,637**	-769
Tax Expense	–	–
Net income (loss) for the period	**₱1,637**	-₱830

Summary of Balance Sheet as of March 31, 2018 and December 31, 2017

	March 31, 2018 Unaudited (₱'000)	Dec. 31, 2017 Audited (₱'000)	March 31, 2018 vs. Dec. 31, 2017 Amount Increase (decrease) (₱'000)	Percentage Increase (decrease)
Current assets	**₱2,284**	₱2,351	(₱67)	(2.86%)
Noncurrent assets	**318,138**	316,500	1,638	.52%
Total Assets	**₱320,421**	₱318,851	₱1,571	.49%
Current liabilities	**₱444**	₱510	(₱66)	(12.95%)
Noncurrent liabilities	–	–	–	–
Total Liabilities	**444**	510	(66)	(12.95%)
Stockholders' Equity	**319,977**	318,341	1,638	.51%)
Total Liabilities and Stockhold Equity	**₱320,421**	₱318,851	₱1,571	.49%

Summary of Statement of Cash Flows for the three months period ending March 31, 2018 and 2017.

	For three months ending Mar 31	
	2018 (₱'000)	2017 (₱'000)
Cash (used) provided in operating activities	**-₱67**	**-₱210**
Cash in banks, Beginning	**141**	324
Cash in banks, Ending	**₱74**	**₱114**

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

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 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 Business Management Corporation ("RYM")'s acquisition of 70% of the Company on June 25, 2015.

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"

2.a - Results of Operation

The following discussion and analysis is based on the unaudited interim financial statements for three month period ending March 31, 2018 and 2017.

Three Months Ended March 31, 2018 Compared with the Three Months Ended March 31, 2017

Interest Income
Interest income was ₱1.64 million for the three months ended March 31, 2018 compared to ₱0.06 thousand for the same period in 2017. The increase in interest income is due to interest accretion on the notes receivable.

Other Operating expenses
Other Operating expenses were ₱1.28 thousand for the three months ended March 31, 2018 compared to ₱829.62 thousand for the same period in 2017, a decrease of ₱828.34 thousand or 99.84%. The decrease is mainly due to the payment of taxes and licenses and PSE Fees in the same period last year.

2.b - Statements of Financial Position

The significant changes in the Statement of Financial Position during the three months ended March 31, 2018 compared to December 31, 2017 are as follows:

- Total assets were ₱320.42 million as of March 31, 2018 compared to ₱318.8 million as of December 31 2017, a decrease of ₱1.62 million or 0.05%. The increase is due to accretion of interest on Notes Receivables.

- Total Liabilities decreased by ₱.07 million or 13.72% from ₱.51 million as of December 31, 2017 to ₱.44 million in the current period, due to payment of advances and reversal of deferred tax liability.

- Total Equity increased by ₱1.64 million or .51% is due to the recognition of interest income for the 3 months ended March 31, 2018.

2.c - Statements of Cash Flows

The net cash provided in operating activities amounted to ₱67 thousand for the three months ended March 31, 2018 compared to net cash provided last year amounted ₱210.3 thousand. The decrease in cash from operating activities is the net result of the following:

- Payment of advances from related parties

The cash as at March 31, 2018 and March 31, 2017 amounted to ₱0.07 million and ₱0.11 million, respectively.

2.d - Horizontal and Vertical Analysis

	Unaudited March 31, 2018	Audited December 31, 2017	Increase (Decrease) Amount	Increase (Decrease) Percentage
ASSETS				
Current Assets				
Cash in banks	₱74,094	₱141,399	(₱67,305)	(47.60%)
Other current assets	2,209,629	2,209,629	–	–
Total Current Assets	2,283,723	2,351,028	(67,305)	(2.86%)
Noncurrent Assets				
Note receivable	318,137,608	316,499,592	1,638,016	0.52%
	₱320,421,332	₱318,850,620	₱1,570,711	0.49%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	**₱443,957**	₱509,990	(₱66,033)	(12.95%)
Total Liabilities	**443,957**	509,990	(66,033)	(12.95%)
Equity				
Capital stock	**261,824,002**	261,824,002	–	–
Additional paid-in capital	**74,277,248**	74,277,248	–	–
Retained earnings (Deficit)	**(16,123,876)**	(17,760,620)	1,636,744	(9.22%)
Total Equity	**319,977,374**	318,340,630	1,636,744	0.51%
	₱320,421,331	₱318,850,620	₱1,570,711	0.49%

<u>FINANCIAL INDICATORS</u>

	As of March 31, 2018	As of December 31, 2017
Net income (loss)	1,636,744	(15,555,532)
Quick assets	74,094	141,399
Current assets	2,283,723	2,351,028
Total assets	320,421,332	318,850,620
Current liabilities	443,957	509,990
Total liabilities	443,957	509,990
Stockholders'equity	319,977,374	318,340,630
Number of common shares outstanding	261,842,002	261,842,002

Current Ratio1/	5.14:1	4.61:1
Debt to Equity Ratio2/	.00:1	.00:1
Asset to Equity Ratio3/	1:1	1:1
Return on Assets4/	1.0%	4.9%
Return on Equity5/	1.0%	4.9%
Book Value per share 6/	1.22 per share	1.22 per share

1/ Current assets divided by current liabilities
2/ Total liabilities divided by equity
3/ Total assets divided by equity
4/ Net income divided by average assets
5/ Net income divided by average equity
6/ Total common stockholder's equity divided by Number of common shares

OTHER INFORMATION

a. There are no known trends, demands, commitments, events or uncertainties that have a material impact on the Company's liquidity.

b. There are no events that will trigger direct or contingent financial obligation that is material to the Company.

c. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities, or other persons were created during the interim period.

d. There are no material commitments for capital expenditures during the interim period.

e. There are no known trends, events or uncertainties that have or are reasonably expected to have a material impact on net sales/ revenues/ income from continuing operations.

f. There is no significant income or expense that did not arise from the Company's continuing operations.

g. There is no seasonal aspect that had a material effect on the financial condition or results of operation.

PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity	Current Ratio1/	5.14:1
	Quick Ratio 2/	0.17:1

Solvency	Debt to Equity Ratio 3/	.00:1
	Debt Ratio 4/	.00:1
Profitability	Asset to Equity Ratio 5/	1:1
	Return on Assets6/	1.0%
	Return on Equity 7/	1.0%
	Book Value per share 8/	1.22 per share

1/ Current assets divided by current liabilities
2/ Quick Assets divided by total current assets
3/ Total liabilities divided by equity
4/ Total liabilities divided by total assets
5/ Total assets divided by total equity
6/ Net income divided by average assets
7/ Net income divided by average equity
8/ Total common stockholder's equity divided by Number of common shares

SIGNATURES

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

Issuer: **FERRONOUX HOLDINGS, INC.**

Date: May 09, 2018

By:

Signature: ____________________

Erwin Terrell Sy

Title: Chief Finance Officer

Signature: ____________________

Catherine Calisin

Title: Chief Accountant

ANNEX A

FERRONOUX HOLDINGS, Inc.

(formerly AG FINANCE INCORPORATED)

STATEMENTS OF FINANCIAL POSITION

	Note	**Unaudited March 31, 2018**	Audited 2017
ASSETS			
Current Assets			
Cash in banks	4	**₱74,094**	₱141,399
Other current assets		**2,209,629**	2,209,629
Total Current Assets		**2,283,723**	2,351,028
Noncurrent Asset			
Note receivable	5	**318,137,608**	316,499,592
		₱320,421,332	₱318,850,620
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	**₱443,957**	₱509,990
Total Liabilities		**443,957**	509,990
Equity			
Capital stock		**261,824,002**	261,824,002
Additional paid-in capital		**74,277,248**	74,277,248
Retained earnings (Deficit)		**(16,123,875)**	(17,760,620)
Total Equity		**319,977,374**	318,340,630
		₱320,421,332	₱318,850,620

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.

(formerly AG FINANCE INCORPORATED)

STATEMENT OF COMPREHENSIVE INCOME

	Notes	**March 31, 2018**	December 31, 2017
INCOME			
Interest income	8	**₱1,638,025**	₱6,419,953
EXPENSES	9	**(1,281)**	(22,370,531)
INCOME (LOSS) BEFORE INCOME TAX		**1,636,744**	(15,950,578)
PROVISION FOR INCOME TAX		–	(395,046)
NET INCOME/(LOSS)		**₱1,636,744**	(₱15,555,532)
BASIC/ DILUTED LOSS PER SHARE	10	**₱0.006**	₱0.059

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.

(formerly AG FINANCE INCORPORATED)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 2017

	Note	Three months ended Mar 31	
		2018	2017
INCOME			
Interest income	8	**₱1,638,025**	**₱61**
EXPENSES	9	**-1,281**	-829,624
LOSS BEFORE INCOME TAX			
		₱1,636,744	-829,624
PROVISION FOR INCOME TAX		–	–
NET INCOME (LOSS)		1,636,744	-829,624
BASIC/ DILUTED LOSS PER SHARE	10		
		₱0.006	-₱0.003

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.
(formerly AG FINANCE INCORPORATED)

STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND MARCH 31, 2017

	Note	**Unaudited March 31, 2018**	Unaudited March 31, 2017
CAPITAL STOCK - ₱1 par value			
Authorized - 550,000,000 shares			
Issued and outstanding -			
261,842,002 shares		**₱261,824,002**	₱261,824,002
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning and end of quarter		**74,277,248**	74,277,248
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of quarter		**(17,760,620)**	(2,205,088)
Net income (loss)	8	**1,636,744**	(829,562)
Balance at end of the quarter		**(16,123,876)**	(3,034,650)
		₱319,977,374	₱333,066,599

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.
(formerly AG FINANCE INCORPORATED)
STATEMENT OF CASH FLOWS

	Note	**Three months period ended March 31**	
		2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before tax		**₱1,636,744**	(₱829,562)
Adjustments for:			
Interest income	8	**(1,638,025)**	61
Operating profit before working capital changes		**(1,281)**	(829,623)
Increase other current asset		–	500
Increase in accrued expenses and other current liabilities		**(66,033)**	618,724
Net cash provided (used) in operations		**(67,314)**	210,399
Interest received	4	**9**	(61)
Net cash provided in operating activities		**(67,305)**	210,339
CASH AT BEGINNING OF PERIOD		**141,399**	324,502
CASH AT END OF PERIOD		**₱74,094**	₱114,164

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, Inc.
(formerly AG FINANCE INCORPORATED)

NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information**

AG Finance Incorporated (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 primarily to operate as a financing company and provide short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines.

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

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

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.

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 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 compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations of issuances by the International Financial Reporting Interpretations Committee, issued by the Financial Reporting Standards Council and

adopted by the SEC, including SEC pronouncements.

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions made in measuring fair value is included in Note 15, Financial Risk Management Objectives and Policies.

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

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

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

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

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

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

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

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

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

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

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

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

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

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

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

Financial Assets and Liabilities

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

Initial Recognition. Financial assets and liabilities are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

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

"Day 1" Differences. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statement of comprehensive income. In cases where there is no observable data on inception, the Company deemed the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

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

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

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and any transaction cost which are directly attributable in the acquisition of the financial instrument. The amortization is included in profit or loss.

This category includes cash in banks and note receivable.

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

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

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

Derecognition of Financial Assets and Liabilites

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

- the right to receive cash flows from the asset has expired; or

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

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

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of the new liability, and the difference in the respective carrying value is recognized in profit or loss.

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

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the separate statements of comprehensive income.

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

Offsetting of Financial Assets and Liabilities
Financial assets and liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the statements of financial position.

Impairment of Financial Assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial

assets that can be reliably estimated. The carrying value of the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss. If in a subsequent period, the amount of accumulated impairment losses has decreased because of an event occurring after impairment was recognized, the decline is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

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

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

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

Other Current Assets

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

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

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable purchase taxes after deducting trade discounts and rebates and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

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

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

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

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

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

Impairment of Property and Equipment

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

Equity

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

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

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

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

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

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

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

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

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

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

Employee Benefits

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

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

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

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

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

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

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

Income Taxes

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

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

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

The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted at the reporting date.

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

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

Earnings (Loss) per Share

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

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

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

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

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

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events after the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements when material. Post year-end events that are non-adjusting are disclosed in the notes to financial statements when material.

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

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

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3. Significant Judgments, Accounting Estimates and Assumptions

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

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

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

Rent expense amounted to nil million in March 31, 2018 and 2017.

Estimates and Assumptions

The key estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

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

The company waived the interest on notes receivable resulting in a loss on modification of terms amounting to 24.1 million in 2017. The carrying amount of note receivable amounted to ₱320.2 million and ₱316.4 at March 31, 2018 and December 31, 2017, 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 amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT as at March 31, 2018 and December 31, 2017 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 earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱1,638 and ₱.061 thousand in March 31, 2018 and 2017, respectively (see Note 8).

5. Note Receivable

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

The note receivable 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 as follows:

	Note	**March 31, 2018**	2017
Nominal amount		**₱316,499,592**	₱332,639,733
Net accretion of (unamortized) "Day-1 "difference		**1,638,025**	**(16,140,141)**

	318,137,617	316,499,592

6. **Accrued Expenses and Other Current Liabilities**

This account consists of:

	March 31, 2018	2017
Due to a related party	**₱73,957**	₱128,957
Accrued expenses	**370,000**	370,000
Statutory payables	**0**	11,033
	₱443,957	₱509,990

Accrued expenses include unpaid professional fees and other expenses that are expected to be settled within the next financial 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 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	(₱238,353)	(₱71,506)	(₱166,847)
Gain on curtailment	238,353	71,506	166,847
Balance at end of year	₱–	₱–	₱–

8. **Related Party Transactions**

Outstanding balance and transaction with related parties are as follows:

<u>Related Party Under Common Control</u>

	Nature of	Amount of Transaction		Outstanding Balance	
		March 31	December	**March 31**	December
	Transaction	**2018**	2017	**2018**	2017
Due to a related party					
Under common control	Advances for working capital	₱73,957	₱1,549,900	**₱128,957**	₱128,957
Total		**₱1,549,900**	₱799,800	**₱3,594,357**	₱2,044,457

In 2017, the Company, recognized a reversal of liability to a related party amounting to 3.5 million.

Key Management Personnel
Compensation of key management personnel consists of short-term benefits amounting to nil in March 31, 2018 and 2017.

9. Cash Dividends

On March 25, 2015, the Company declared cash dividends of ₱123.1 million or ₱0.47 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:

Comparison of March 31, 2018 & March 31, 2017

	Note	**March 31, 2018**	March 31, 2017
Accretion	5	**₱1,638,016**	₱–
Cash in banks	4	**9**	61
		₱1,638,025	₱61

	Note	**Mar 31 2018**	**2017**	2016	2015
Accretion of:					
Interest income	5	1,638,016	**6,419,178**	–	–
"Day-1" difference			–	6,777,922	640,454
Cash in banks	4	9	**775**	799	292,635
Loans receivable	5	–	–	–	27,152,698
		1,638,025	**6,419,953**	**6,778,721**	**34,085,787**

11. **Expenses**

This account consists of:

Three months ended March 31, 2018 and March 31, 2017:

	2018	2017
Taxes and licenses	**₱500**	₱474,479
PSE fees	**-**	288,960
Professional fees	**-**	20,587
Outside services	**-**	10,697
Directors fee	**-**	-

Representation	-	5,000
Transportation & Travel	-	238
Others	**781**	29,663
	₱1,281	₱829,624

Expenses recognized as salaries and employee benefits are presented below:

	Note	Mar 31 2018	**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 earnings (loss) per share is computed as follows:

Comparison of March 31, 2018 and March 31, 2017

	March 31, 2018	March 31, 2017
Net income (loss)	**₱1,636,744**	(₱829,562)
Weighted average number of common shares	**261,824,002**	261,824,002
Income/(Loss) per share – basic and diluted	**₱0.006**	(₱0.003)

	Note	Mar 31 2018	2017	2016	2015
Net income (loss)		1,636,744.00	(15,555,532.00)	4,660,085.00	(9,818,794.00)
Weighted average number of common shares		261,824,002.00	261,824,002.00	261,824,002.00	261,824,002.00
		0.006	**(0.059)**	**0.018**	**(0.038)**

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	**(₱4,785,173)**	₱1,537,332	(₱2,572,868)
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
	₱395,046	₱464,354	₱1,242,568

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	14,184,273	14,728,501
Day-1 difference	4,842,043	-
MCIT	443,275	373,967
	19,469,591	15,102,468

As at December 31, 2016, the deferred tax liability relates to net accretion of Day-1 loss on note receivable amounting to .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	₱1,759,691	₱–	₱–	₱1,759,691	2019
2015	47,335,312	–	(1,814,094)	45,521,218	2018
	₱49,095,003	₱–	(₱1,814,094)	₱47,280,909	

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	₱–	₱69,308	₱–	₱69,308	2020
2015	373,967	–	–	373,967	2018
	₱373,967	₱69,308	₱–	₱443,275	

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. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risks

The Company's financial instruments consist of cash in banks, note receivable and accrued expenses and other current liabilities (excluding statutory payables), which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

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

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 are as follows:

	March 31, 2018				
		Past Due But Not Impaired			
	Neither Past Due Nor Impaired	**Less Than 30 Days**	**31-60 Days**	**Past Due And Impaired**	**Total**
Cash in banks	**₱74,094**	**₱–**	**₱–**	**₱–**	**₱74,094**
Note receivable	**318,137,608**	**–**	**–**	**–**	**318,137,608**
	₱318,211,702	**₱–**	**₱–**	**₱–**	**₱318,211,702**

	2017				
		Past Due But Not Impaired			
	Neither Past Due Nor Impaired	Less Than 30 Days	31-60 Days	Past Due And Impaired	Total
Cash in banks	₱141,399	₱–	₱–	₱–	₱141,399
Note receivable	316,499,592	–	–	–	316,499,592
	₱316,640,991	₱–	₱–	₱–	₱316,640,991

	March 31, 2017				
		Past Due But Not Impaired			
	Neither Past Due Nor Impaired	**Less Than 30 Days**	**31-60 Days**	**Past Due And Impaired**	**Total**
Cash in banks	**₱114,163**	**₱–**	**₱–**	**₱–**	**₱74,094**
Note receivable	**334,187,582**	**–**	**–**	**–**	**334,187,582**
	₱334,301,745	**₱–**	**₱–**	**₱–**	**₱334,301,745**

	2017				
		Past Due But Not Impaired			
	Neither Past Due Nor Impaired	Less Than 30 Days	31-60 Days	Past Due And Impaired	Total
Cash in banks	₱141,399	₱–	₱–	₱–	₱141,399
Note receivable	316,499,592	–	–	–	316,499,592
	₱316,640,991	₱–	₱–	₱–	₱316,640,991

**Excluding cash on hand*

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

Standard grade - these are financial assets where collections are probable due to the financial ability of the counter party 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 amount 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:

	March 31, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash in banks	₱74,094	₱74,094	₱141,399	₱141,399
Note receivable	318,137,608	318,137,608	316,499,592	303,107,082
	₱316,211,702	₱318,211,702	₱316,640,991	₱303,248,481
Financial Liabilities				
Accrued and other current liabilities*	₱443,957	₱443,957	₱498,957	₱498,957

**Excluding statutory payables amounting to ₱16,948 as at December 31, 2016, respectively.*

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

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

There has been no change made in the objectives, policies and process in March 31, 2018 and 2017.