

Ferronoux Holdings, Inc.

Notice of Annual Stockholders' Meeting

To All Stockholders:

Notice is hereby given that the Annual Stockholders Meeting of **FERRONOUX HOLDINGS, INC.** (the "**Corporation**") will be held virtually via remote communication (through Zoom facility) on **October 20, 2023 (Friday) at 1:00** in the afternoon.

The agenda for the said meeting shall be as follows:

1. Call to Order
2. Secretary's Proof of Due Notice of the Meeting and Determination of Quorum
3. Approval of the Minutes of the Stockholders' Meeting held on November 14, 2022
4. Management's Report
5. Ratification of Acts of the Board of Directors and Management during the Previous Year
6. Election of Directors (including Independent Directors)
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

Only stockholders of record as of the close of business on **September 28, 2023**, are entitled to notice and to vote at the meeting.

A brief explanation of the agenda item which requires stockholders' approval is provided in the Information Statement. The Information Statement, Management Report, the Annual Report (SEC Form 17A) and Quarterly Report will be uploaded to the Corporation's website <https://www.ferronouxholdings.com/asm2023> and PSE EDGE.

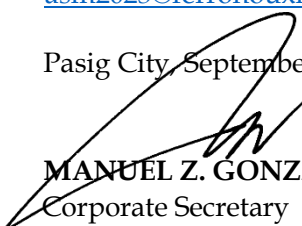
Stockholders may attend the meeting and vote via remote communication only. Stockholders may attend the meeting and vote via remote communication in accordance with the procedure set forth in **Appendix 1** of the Information Statement.

Stockholders shall pre-register at this link: <https://www.ferronouxholdings.com/asm2023>, beginning **September 14, 2023 until 5:00 p.m. of October 10, 2023**. Stockholders who will join by proxy shall download, fill out and sign the proxy found in the foregoing link and in accordance with the procedures set forth in **Appendix 1** of the Information Statement. The Company does not solicit your proxy.

Deadline for registration and submission of voting forms and proxies is at **5:00 p.m. on October 10, 2023**. Validation of proxies shall be made on **October 11, 2023** at the principal office of the Corporation at the 6th Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

Stockholders cannot record the meeting. However, a request for the recording of the ASM may be made to asm2023@ferronouxholdings.com. Stockholders may also send related inquiries to asm2023@ferronouxholdings.com.

Pasig City, September 29, 2023.


MANUEL Z. GONZALEZ
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

Proof of notice and determination of quorum

The Corporation has established a designated website in order to facilitate the registration of and voting in absentia by stockholders at the annual meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A stockholder or member who participates through remote communication and votes by proxy shall be deemed present for purposes of quorum.

The Corporate Secretary will certify the date the notice of the meeting was published as required by the Securities and Exchange Commission Notice on Alternative Mode of Distributing and providing copies of the Notice, Information Statement, Management Report, SEC Form 17A for the period ending December 31, 2022 (the "Annual Report") and the SEC Form 17Q for the periods ending March 31, 2023 and June 30, 2023 (the "Quarterly Reports").

The Corporate Secretary will further certify the existence of a quorum. For purposes of quorum, only the following Stockholders shall be counted as present:

- A. Stockholders who have registered on the website on or before the cut-off date; and
- B. Stockholders who have sent their proxies via the website on or before the deadline.

A majority of the outstanding capital stock shall constitute a quorum for the transaction of business.

The complete guidelines for voting in absentia is found in **Appendix 1** of the Information Statement.

Approval of minutes of previous meeting

The minutes of the meeting held on November 14, 2022 are posted at the Corporation's website, <https://www.ferronouxholdings.com/asm2023>.

Annual report

A report to the stockholders on the performance of the Corporation in 2022 and the outlook for 2023 will be delivered. The financial statements as of December 31, 2022 (FS) will be incorporated in the Information Statement.

Copies of the Management Report and SEC Form 17-A will be uploaded to the Corporation's Website at <http://ferronouxholdings.com> and PSE EDGE under Ferronoux Holdings, Inc. Company Disclosures.

Election of directors (including the independent directors)

Each stockholder entitled to vote may cast the votes to which the number of shares he owns entitles him, for as many persons as there are to be elected as directors, or he may give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he may see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of Directors to be elected. The nine nominees receiving the highest number of votes will be declared elected as directors of the company.

Please refer to the **Appendix 1** of the Information Statement for the complete guidelines on voting. Please refer to the **Appendices 3 and 4** of the Information Statement for the Independent Director Nominees' Certifications.

Appointment of external auditor

The profile of the external auditor will be provided in the Information Statement for examination by the stockholders.

A resolution for the election of the external auditor will be presented to the stockholders for adoption by the affirmative vote of stockholders representing a majority of the voting stock present at the meeting.

Consideration of such other business as may properly come before the meeting

The Chairman will answer questions on matters concerning the Agenda, the Information Statement and the Management Report sent via the voting website.

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

PROXY

Number of Shares Represented

I, the undersigned shareholder of **FERRONOUX HOLDINGS, INC.** (the "Corporation") do hereby constitute and appoint _____ or in his absence, the Chairman of the meeting, as my true and lawful attorney and proxy, with power of substitution and revocation, for me and in my name and stead, to attend the October 20, 2023 stockholders meeting of the Corporation, or any adjournment or postponement thereof, to vote at said meeting the above indicated number of shares registered in the books of the Corporation in my name on all actionable matters specifically set forth in the agenda, as well as any or all matters that may be taken up at said meeting, and to do and perform for me and in my name such acts as may be necessary or appropriate in the premises, as though I were personally present, for the purpose of acting on the following matters:

1. Approval of the Minutes of the Stockholders' Meeting held on November 14, 2022

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
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2. Approval of the Management Report and Audited Financial Statements of the Corporation as of December 31, 2022

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
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3. Ratification of all Acts of the Board of Directors, Board Committees and Management during their respective terms of office

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
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4. Election of Directors

<input type="checkbox"/> Vote for all nominees listed below

- | | |
|-------------------------|--|
| 1. Michael C. Cosiquien | 6. Erwin Terrell Y. Sy |
| 2. Jesus G. Chua, Jr. | 7. Atty. Mathew-John G. Almogino
(Independent Director) |
| 3. Yerik C. Cosiquien | 8. Atty. Alfred S. Jacinto (Independent
Director) |
| 4. Irving C. Cosiquien | |
| 5. Michelle Joan G. Tan | |

<input type="checkbox"/> Withhold authority for all nominees listed above

<input type="checkbox"/> Withhold authority to vote for nominees listed below

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<hr/>	<hr/>
<hr/>	<hr/>

5. Appointment of External Auditor

<input type="checkbox"/> Reyes Tacandong & Co.
<input type="checkbox"/> Withhold authority for nominee listed above

Any and all proxies signed by me before this date are hereby expressly revoked and canceled.

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **OCTOBER 10, 2023 (5:00 P.M.)** via asm2023@ferronouxholdings.com / <https://www.ferronouxholdings.com/asm2023>.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED 'FOR' THE ELECTION OF ALL THE NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH

OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

VALIDATION OF PROXIES SHALL BE MADE ON NOVEMBER 7, 2022 AT THE PRINCIPAL OFFICE OF THE CORPORATION AT THE 6TH FLOOR HANSTON BUILDING, F. ORTIGAS, JR. ROAD, ORTIGAS CENTER, PASIG CITY. ANY QUESTIONS AND ISSUES RELATING TO THE VALIDITY AND SUFFICIENCY, BOTH AS TO FORM AND SUBSTANCE OF PROXIES SHALL ONLY BE RAISED THEREON AND RESOLVED BY THE CORPORATE SECRETARY.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

IN WITNESS WHEREOF, I have hereunto set my hand this _____.

Printed Name of Stockholder

Signature of Stockholder/Authorized Signatory

Date

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

Information Statement of
Ferronoux Holdings, Inc. (formerly, AG Finance Incorporated)
(hereafter referred to as the "Company," "Corporation" or "FERRO")
Pursuant to Section 20 of the Securities Regulation Code

- | | |
|---|---|
| 1. Check the appropriate box: | <input type="checkbox"/> Preliminary information Statement
<input checked="" type="checkbox"/> Definitive information Statement |
| 2. Name of Registrant as specified in its charter: | FERRONOUX HOLDINGS, INC. (formerly AG Finance Incorporated) |
| 3. Country of incorporation: | REPUBLIC OF THE PHILIPPINES |
| 4. SEC identification Number: | A200115151 |
| 5. BIR Tax identification Code: | 219-045-668-000 |
| 6. Address of principal office | 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City 1605 |
| 7. Registrants Telephone Number: | +(63) 9178078815 or (02) 8888 4762 |
| 8. Date, time and place of stockholders' meeting: | Date: October 20, 2023
Time: 1:00 p.m.
Via remote communication (through Zoom facility), and the presiding officer shall call and preside the stockholders' meeting at the principal office of the company in Pasig City

Stockholders should pre-register at this link:
https://www.ferronouxholdings.com/asm2023
September 14, 2023 to October 10, 2023 |
| 9. Approximate date on which Information Statement is first to be sent or given to security holders: | September 29, 2023 |
| 10. Securities registered pursuant to Section 8 and 12 of the Code or Section 4 and 8 of the RSA Title of each class: | Common Shares Only |
| Number of Shares of Common Stock Outstanding as of September 28, 2023: | 261,824,002 shares |
| Issued and Subscribed: | 261,824,002 shares |
| 11. Are any of the registrant's securities listed in the Philippine Stock Exchange? | Yes
All common shares are listed in the Philippine Stock Exchange |

FERRONOUX HOLDINGS, INC.
(formerly, AG FINANCE INCORPORATED)
INFORMATION SHEET

A. GENERAL INFORMATION

Item 1. Date, Time & Place of Meeting of Security Holders

- a. Date: October 20, 2023
Time: 1:00 p.m.
Place: The meeting will be conducted virtually via remote communication (through Zoom facility) and the presiding officer shall call and preside the stockholders' meeting in Pasig City
- (b) Online web addresses/URLs
- (i) For participation by remote communication:
<https://www.ferronouxholdings.com/asm2023>
- (ii) For voting in absentia:
<https://www.ferronouxholdings.com/asm2023>
- b. complete mailing address
of principal office: **6th Floor, Hanston Building, F. Ortigas, Jr.
Road, Ortigas Center, Pasig City 1605**
- c. approximate date on which the Information
Statement is first to be sent or given to
security holders: **September 29, 2023**

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Item 2. Dissenters' Right of Appraisal

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

Pursuant to Section 80 Title X, Appraisal Right of the Revised Corporation Code of the Philippines, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case of any amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, (c) in case of merger or consolidation, and (d) in case of investment of corporate funds for any purpose other than the primary purpose of the Company.

The appraisal right may be exercised by a stockholder who has voted against the proposed corporate action, by making a written demand to the Company within thirty (30) days from the date on which the vote was taken for the payment of the fair market value of his shares. Failure to make the demand within said 30-day period shall be deemed a waiver of the appraisal right.

Appraisal right is not available in this case as there are no matters or proposed actions as specified in agenda of the attached Notice of Annual Meeting that may give rise to a possible exercise by shareholders of their appraisal rights or similar right as provided in Title X of the Revised Corporation Code of the Philippines.

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

No director, nominee for election as director, associate of the nominee, or executive officer of the Company at any time since the beginning of the last fiscal year has had any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the meeting, other than election to office.

None of the incumbent directors has informed the Company in writing of an intention to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Voting Securities

As of August 31, 2023, 261,824,002 common shares are outstanding, and are entitled to be represented and vote at the Annual Stockholders' Meeting. Each share is entitled to one vote.

(b) Record Date

Only stockholders of record as of **September 28, 2023** shall be entitled to notice and vote at the meeting.

(c) Action with Respect to the election of Directors

The election of the board of directors for the current fiscal year will be taken up and all stockholders have the right to cumulate their votes in favor of their chosen nominees for director in accordance with Section 23 of the Revised Corporation Code. Each stockholder may vote such number of shares for as many persons as there are directors to be elected. To be clear, if there are nine (9) directors to be elected, each voting share is entitled to nine (9) votes.

Section 23 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Manner of Voting

The By-Laws of the Company provides that every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him which has voting power upon the matter in question. The Company's By-Laws require the submission of the proxy form to the Corporate Secretary no later than 5:00 PM on October 10, 2023 via email to asm2023@ferronouxholdings.com. The validation of proxies shall be made on October 11, 2023 at the principal office of the Corporation at the 6th Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

See **Appendix 1** on complete guidelines on voting.

(d) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Owners of more than 5% of voting securities as of September 15, 2023

As of September 15, 2023, the following were owners of more than 5% of the Company's outstanding shares:

Title of Class	Name, address of record owner and relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent
Common	PCD NOMINEE CORPORATION¹ - Tower 1 - Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	ISOC HOLDINGS, INC. ("ISOC")² 6 th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City	Filipino	133,530,241 (Direct)	51.00%
Common	PCD NOMINEE CORPORATION - Tower 1 - Ayala Triangle Makati Avenue	F. YAP SECURITIES, INC.³ 17 th Floor Lepanto Bldg., Paseo de	Filipino	25,308,400	9.67%

¹ PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc ("PCD") is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. Please see PDTC Report as of September 28, 2023 attached hereto as **Appendix 2**.

² ISOC Holdings, Inc. is the indirect beneficiary of 133,530,241 common shares in the Corporation that is lodged with the PCD Nominee Corporation through Armstrong Securities, Inc. The beneficial owner of the shares held by ISOC Holdings, Inc. is its Chairman, Mr. Michael C. Cosiquien.

³ F. Yap Securities, Inc. is a corporation engaged in stock brokerage and is a participant of the PCD Nominee Corporation. The beneficial owners of the shares held by F. Yap Securities, Inc. are not known to the Company based on the public documents available to it. However, the company is owned by the Yap family, and has retail and institutional clients. Its Board of Directors consist of Christine Karen Yap (Nominee/Chairman/President), Anthony Yap Chao (Corporate Secretary / Treasurer, Ronald Yap (Director), Antonio Cielo (Independent Director), and Rodolfo Miranda (Independent Director).

	cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	Roxas, Makati 1226, Philippines			
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Other than the persons identified above, there are no beneficial owners of more than 5% of the Company's outstanding capital stock that are known to the Company.

Mr. Michael C. Cosiquien, as Chairman of ISOC, shall represent and vote the shares held by ISOC in the Annual Stockholders' Meeting.

(2) Security Ownership of Management

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as of September 15, 2023:

Title of Class	Name of Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b"))	Citizenship	Percent of Class
Common	Michael C. Cosiquien Chairman/President	1 - "R" (direct) 133,530,241 - "B" (indirect)*	Filipino	51.00%
Common	Jesus G. Chua, Jr. Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Irving C. Cosiquien Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Yerik C. Cosiquien Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Michelle Joan G. Tan Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Erwin Terrell Y. Sy Director/Treasurer/CFO	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Alfred S. Jacinto Independent Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Mathew-John G. Almogino Independent Director	1,000 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Manuel Z. Gonzalez Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Gwyneth S. Ong Assistant Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Meryll Anne C. Yan Investor Relations Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Lavinia Buctolan Compliance Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Joan C. Musico Corporate Information Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
	TOTAL	1,007 "R" (direct)		0.00%

		133,530,241 "B" (indirect)	51.00%
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* through ISOC Holdings, Inc.

(3) Voting Trust Holders of 5% or More

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

(4) Changes in Control

On November 27, 2017, ISOC Holdings Inc. entered into an agreement with RYM Business Management Corporation ("RYM") for the purchase of RYM's 175,422,081 common shares in the Company equivalent to 67% interest at 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.

Below is the breakdown of Company shares held by foreign and local stockholders as of September 28, 2023:

	<u>Number</u>	<u>Percentage</u>
Foreign Shares	206,161	0.08%
Local Shares	261,617,841	99.92%
Total Shares (Common)	261,824,002	100.00%

Item 5. Directors & Executive Officers

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

The complete guidelines on the manner of voting shall be as set forth in **Appendix 1**.

All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence at the meeting. (Section 7, By-Laws). Thus, the Company's By-Laws require the submission of the proxy form to the Corporate Secretary no later than 5:00 p.m. on October 10, 2023 via asm2023@ferronouxholdings.com / <https://www.ferronouxholdings.com/asm2023> in accordance with the procedures set forth in **Appendix 1**. The validation of proxies shall be made on October 11, 2023 at the principal office of the Corporation at the 6th Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

(1) Board of Directors and Executive Officers

On July 29, 2019, the SEC approved the Company's application for the amendment of its Articles of Incorporation thereby approving the increase in the number of its Board seats from seven (7) to nine (9) members. Pursuant to the foregoing approval of the amendment of the Articles of Incorporation, the Board of Directors of the Company now consists of nine (9) members, who 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 (1) voting share of the Company.

The Company's incumbent directors elected during the annual stockholders' meeting and officers appointed during the organizational meeting of the Board of Directors both held on November 14, 2022 are as follows:

Name	Office	Age	Citizenship	Term of office	No. of years served
Michael C. Cosiquien	Chairman/ President	50	Filipino	Since Jan. 10, 2018	Less than six years
Jesus G. Chua, Jr.	Vice-Chairman/ Director	48	Filipino	Since Jan. 10, 2018	Less than six years
Yerik C. Cosiquien	Director	44	Filipino	Since Jan. 10, 2018	Less than six years
Irving C. Cosiquien	Director	51	Filipino	Since Jan. 10, 2018	Less than six years
Michelle Joan G. Tan	Director	42	Filipino	Since Jan. 10, 2018	Less than six years
Mathew-John G. Almogino	Independent Director*	54	Filipino	Since Dec. 11, 2017	Less than seven years
Alfred S. Jacinto	Independent Director*	55	Filipino	Since Jan. 10, 2018	Less than six years
Erwin Terrell Y. Sy	Director/Treasurer/ Chief Financial Officer	37	Filipino	Since August 7, 2019	Less than five years
Joan C. Musico	Chief Information Officer	42	Filipino	Since Sept. 16, 2022	Less than two years
Meryll Anne C. Yan**	Investor Relations Officer	39	Filipino	Since March 7, 2020	Less than four years
Brian Joseph Garcia**	Investor Relations Officer	37	Filipino	Since Jan. 11, 2023	Less than one year
Manuel Z. Gonzalez	Corporate Secretary	58	Filipino	Since Jan. 10, 2018	Less than six years
Gwyneth S. Ong	Assistant Corporate Secretary	46	Filipino	Since Jan. 10, 2018	Less than six years
Lavinia C. Empleo-Buctolan	Compliance Officer	52	Filipino	Since Sept. 8, 2021	Less than three years

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

** Meryll Anne C. Yan tendered her resignation in her position as Investor Relations Officer, effective January 11, 2023. In view of the foregoing resignation, Brian Joseph Garcia was appointed the new Investor Relations Officer to serve on the remaining term of her predecessor.

DIRECTORS AND EXECUTIVE OFFICERS

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

INCUMBENT DIRECTORS

Mr. Michael C. Cosiquien was elected Chairman of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021 and November 14, 2022. He is currently the Chairman of ISOC Holdings, Inc. and its subsidiaries. He served as the Chairman, Chief Executive Officer and director of Megawide Construction Corp. He has provided superior leadership in all aspects of the business as Chief Executive Officer of Megawide. Mr. Cosiquien holds a degree in Civil Engineering from the De La Salle University, and is a licensed Civil Engineer with over 20 years of professional engineering experience.

Mr. Jesus G. Chua, Jr. was elected as Vice-Chairman of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021 and November 14, 2022. He is currently the President of ISOC Holdings, Inc. and its subsidiaries. He served as the Chief Strategy officer for Megawide Construction Corp. He has served as Head of Southeast Asia Investment Banking at MUFG Financial Group in Singapore and has held senior roles at ABN AMRO/RBS and HSBC in Hong Kong and New York. Mr. Chua graduated with an MBA from Harvard University, and has also studied at Stanford University and De La Salle University in the years prior.

Mr. Yerik C. Cosiquien was elected as a Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021 and November 14, 2022. He is the president and chief executive officer of ISOC Cold Chain Logistics, Inc. (doing business as Orca Cold Chain Solutions), a subsidiary of ISOC Holdings, Inc. where he is also currently a director and corporate secretary. He also serves as director and corporate secretary for other subsidiaries of ISOC Holdings, Inc. Previously, he served as director and corporate Secretary of Megawide Construction Corporation. He is also the general manager of Cosmo Fortune Corp. and of Maunlad Fortune Corporation. Mr. Cosiquien is a psychology and economics graduate from the University of British Columbia.

Mr. Irving C. Cosiquien was elected as a Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021 and November 14, 2022. He is currently a director of ISOC Holdings, Inc. and its subsidiaries. He served as director and treasurer of Megawide Construction Corp. He is the Corporate Secretary at United Pacific Rise Corp. and has served as the General Manager of Megapolitan Marketing, Incorporated. He obtained his Bachelor of Science degree in Industrial Engineering from the De La Salle University.

Ms. Michelle Joan G. Tan was elected as a Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021 and November 14, 2022. She was a sub-contractor of Megawide Construction Corporation, one of the most prestigious construction companies in the Philippines, for almost eight years. Ms. Tan is currently one of the dealers of Unioil Petroleum Philippines Inc. She has assisted in screening and deploying qualified, efficient, and effective workers to companies. She also handles labor cases. In addition, she was a former banker of United Coconut Planters Bank as

Assistant Branch Manager for almost five years. Ms. Tan graduated with a degree in Bachelor of Science Major in Business and Marketing Management at College of the Holy Spirit.

Atty. Mathew-John G. Almogino was elected as an Independent Director of the Board on December 11, 2017 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021 and November 14, 2022. Atty. Almogino is a lawyer specializing in corporate law and commercial litigation, and has previously served as a member of the board of directors of several corporations engaged in various industries such as transportation, construction, and real estate. He is currently the General Counsel of Nippon Express Philippines Corporation, a multinational corporation with headquarters in Tokyo, Japan and which conducts business operations in 698 locations in 44 countries, specializing in global logistics, including international freight forwarding using multimodal transport, storage, and inventory management. Atty. Almogino was also a former Senior Associate with Ocampo and Manalo Law Firm, a firm ranked by AsiaLaw, the Legal 500, and WorldLaw as one of the leaders in various practice areas such as corporate law, telecommunications and media, transportation, litigation and dispute resolution, and labor and employment. He obtained his Bachelor of Arts from De La Salle University with a Major in Political Science and Minor in History, and his Bachelor of Laws from the San Sebastian College-Recoletos Institute of Law, where he also lectured on various subjects on Corporate Law after passing the Philippine Bar Examinations.

Atty. Alfred S. Jacinto was elected as an Independent Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021 and November 14, 2022. Atty. Jacinto was admitted to the bar in 1994. He graduated with a degree in Bachelor of Science major in Mathematics and Bachelor of Laws in the University of the Philippines with a College and National Science and Technology Authority Scholarship. Atty. Jacinto started as an associate at the Pecabar Law Offices in 1993. He was a partner of the Ata Jacinto & Montales Law Offices before joining the Cayetano Sebastian (CASELAW) Law Offices in 2001. He is currently the Managing Partner of CASELAW. His practice areas include litigation, energy, information technology, real estate, immigration, corporate and tax. Atty. Jacinto also served as consultant to the Joint Congressional Power Commission, and Joint Congressional Oversight Committee on the Clean Water Act.

Mr. Erwin Terrell Y. Sy was elected as the Investor Relations Officer on December 14, 2018 and was re-elected on October 28, 2019. He was elected as Treasurer/Chief Financial Officer on March 4, 2020, effective on March 7, 2020, and re-elected on October 20, 2020 and October 20, 2021. He was elected as a Director of the Board on October 15, 2019 and re-elected on October 20, 2020, October 20, 2021 and November 14, 2022. Mr. Sy brings to ISOC over nine (9) years of Investment Banking experience covering multiple jurisdictions, raising both equity, quasi-entity and senior debt for multinational companies. Prior to joining ISOC, he was a Principal at Fortman Cline Capital Markets, where he led deal teams in several marquee Philippine M&A deals totaling over US\$3.0 billion in the energy, infrastructure and logistics sectors. He is an honors graduate of the BS Management-Honors program of the Ateneo de Manila University.

KEY OFFICERS

INCUMBENT OFFICERS

Atty. Joan C. Musico is currently a Legal Consultant to ISOC Holdings, Inc. Atty. Musico previously held commercial counsel positions in Elevate Philippines (supporting a Fortune 500 company) and CBRE Philippines (supporting the APAC region). Prior to her in-house

counsel positions, she was an associate lawyer in Puno and Puno Law Offices and NMGRA Law Offices. Atty. Musico is a graduate of the University of the Philippines College of Law (Order of the Purple Feather) and the University of the Philippines School of Economics (cum laude and admitted as a UP Oblation Scholar).

Ms. Meryll Anne C. Yan was elected investor relations officer/data protection officer on 4 March 2020, effective March 7, 2020, and was re-elected October 20, 2020, October 20, 2021 and November 14, 2022. Ms. Yan is a multi-awarded marketer who started out her career in Unilever Philippines. Prior to her current role as head of marketing for ISOC Holdings, Inc. and ORCA Cold Chain Solutions, she was head of marketing for SM Ladies Fashion and was also the chief creative artist of a local creatives agency. Most of her working tenure was spent in fashion and publishing, where she rose in ranks to become group publisher and editorial director of the One Mega Group, the company that carries titles like MEGA, Meg, Blueprint and Lifestyle Asia. She is a Magna Cum Laude graduate of the LIA-COM program of De La Salle University-Manila, majoring in AB Communication Arts and BSC Applied Corporate Management. Ms. Yan tendered her resignation in her position as Investor Relations Officer, effective January 11, 2023. In view of the foregoing resignation, Brian Joseph Garcia was appointed the new Investor Relations Officer to serve on the remaining term of her predecessor.

Mr. Brian Joseph Garcia was elected investor relations officer on 11 January 2023, effective the same day. He is also the Assistant Vice President for Business Development of ISOC Holdings, Inc. Prior to this role, he has built a career in the property, trade and energy sectors with stints in CB Richard Ellis, Korea Trade-Investment Promotion Agency and Energy Development Corporation working in key roles for the local and international teams in creating business opportunities for its multifarious stakeholders. He has over 15 years of experience in business development, market research, and financial analysis & forecasting. Brian is an alumnus of the Ateneo De Manila University and a graduate of the Ateneo School of Business.

Atty. Manuel Z. Gonzalez was elected Corporate Secretary on January 10, 2018 and re-elected on December 14, 2018, October 28, 2019, October 20, 2020, October 20, 2021 and November 14, 2022. He is a Senior Partner in the Martinez Vergara & Gonzalez Sociedad Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. He has been involved in corporate practice and has extensive experience in securities, banking and finance law. He serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995 and Nomura Securities Philippines since 2006. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Atty. Gwyneth S. Ong was elected Assistant Corporate Secretary on January 10, 2018 and re-elected on December 14, 2018, October 28, 2019, October 20, 2020, October 20, 2021 and November 14, 2022. Atty. Ong is a Partner at Martinez Vergara & Gonzalez Sociedad 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.

Ms. Lavinia C. Empleo-Buctolan was elected as Compliance officer on September 7, 2021, effective September 8, 2021. Prior to her current role as Group Controller for ISOC Holdings

and its subsidiaries, she was former Controller for Global Business Power Corporation which is a leading independent power provider in the Visayas as well as former Controller for D.M Consunji, Inc. which is one of the Philippines best construction companies. Ms. Lavinia brings to ISOC over 20 years of extensive experience in the fields of finance, audit, and information technology. She is a graduate of BBA - Accounting from Silliman University and a Certified Public Accountant.

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

The Nomination Committee is composed of Atty. Alfred S. Jacinto, Mr. Yerik C. Cosiquien and Mr. Irving Cosiquien.

The Company's Nomination Committee pre-screened and accepted the nominations for the following directors in accordance with the criteria provided in the SRC, the Company's Manual of Corporate Governance and the Company's By-Laws:

Regular Directors:

1. Michael C. Cosiquien
2. Jesus G. Chua, Jr.
3. Yerik C. Cosiquien
4. Irving C. Cosiquien
5. Michelle Joan G. Tan
6. Erwin Terrell Y. Sy

Independent Directors:

1. Atty. Mathew-John G. Almogino
2. Atty. Alfred S. Jacinto

All of the nominees are incumbent directors of the Corporation. Atty. Almogino and Atty. Jacinto were nominated by Mr. Michael C. Cosiquien. Atty. Almogino and Atty. Jacinto are neither related to Mr. Cosiquien, nor to each other.

Term of Office of a Director

The directors will hold office upon election until the next annual election and until his/her successor is duly elected, unless he/she resigns, dies or is removed from office.

(3) Independent Directors

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

1. Atty. Mathew-John G. Almogino
2. Atty. Alfred S. Jacinto

Atty. Almogino possessed all the qualifications and none of the disqualifications as independent director since his election on December 11, 2017. Atty. Jacinto possessed all the qualifications and none of the disqualifications as independent director since his election on January 10, 2018. They are not employees of the Company and do not have a relationship

with the Company which would interfere with the exercise of independent judgment in carrying out the responsibility of a director.

Atty. Almogino and Atty. Jacinto were nominated by Mr. Michael C. Cosiquien. The nominator is not related to the persons he has nominated for independent director.

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

The certifications of qualification for the independent director of Atty. Almogino and Atty. Jacinto are attached herewith as Appendices 3 and 4, respectively.

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

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

(4) Significant Employees

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

(5) Family Relationships

Mr. Michael C. Cosiquien, the present chairman and president of the Company is the brother of Mr. Yerik C. Cosiquien and Mr. Irving C. Cosiquien, who are directors of the Company. Ms. Michelle Joan G. Tan is the sister-in-law of Mr. Michael C. Cosiquien. Other than the ones disclosed, there are no other family relationships known to the registrant.

(6) Involvement in Certain Legal Proceedings

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

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

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

(7) 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 an arm's length basis in a manner similar to transactions with non-related parties.

Last June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. On June 29, 2020, the Company and Michael C. Cosiquien, with the conformity of ISOC Holdings, Inc. and Sunprime Finance, Inc. entered into a Deed of Assignment covering the note. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC. As a result of such assignment, the Company reclassified the note receivable to "Due to a related party" account and recognized a loss amounting to P1,167,349.00 on assignment.

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

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

Ms. Meryll Anne C. Yan tendered her resignation in her position as Investor Relations Officer, effective January 11, 2023. Ms. Yan cited personal reasons for her resignation as the Investor Relations Officer of the Corporation.

In view of the foregoing resignation, Mr. Brian Joseph Garcia was appointed as the new Investor Relations Officer to serve the remaining term of her predecessor.

Other than Ms. Yan, the Company has not been informed of any intention by the incumbent directors and/or key officers of the to resign or to refuse their re-election as members of the Board of Directors or as officers of the Company for the relevant period.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(1) Compensation Table

The financial and administrative functions of the Company are being handled by employees of the Company's parent company, ISOC Holdings Inc., at no cost to the Company.

The table below summarizes the aggregate compensation of the Company's CEO and the four top executive officers, as well as the aggregate compensation paid to all directors and officers as a group for the years 2019, 2020, 2021, 2022 and 2023 (estimated).

	Year	Salary	Bonuses	Other Benefits	Total
CEO and Top 4 Executive Officers, as a group named above	2019	-	-	-	-
	2020	-	-	-	-
	2021	-	-	-	-
	2022	-	-	-	-
	2023 estimated	-	-	-	-

Year	Name	Position/Title
2023	Michael C. Cosiquien	President
	Erwin Terrell Y. Sy	Chief Financial Officer / Treasurer
	Atty. Joan C. Musico	Chief Information Officer
	Lavinia Empleo-Buctolan	Compliance Officer
	Brian Joseph Garcia **	Investor Relations Officer
2022 and 2021	Michael C. Cosiquien	President
	Erwin Terrell Y. Sy	Chief Financial Officer / Treasurer
	Atty. Joan C. Musico	Chief Information Officer
	Lavinia Empleo-Buctolan	Compliance Officer
	Meryll Anne C. Yan**	Investor Relations Officer

** Meryll Anne C. Yan tendered her resignation in her position as Investor Relations Officer, effective January 11, 2023. In view of the foregoing resignation, Brian Joseph Garcia was appointed the new Investor Relations Officer to serve on the remaining term of her predecessor.

All Other Officers and Directors, as a group unnamed	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021	-	-	360,000	360,000
	2022	-	-	360,000	360,000
	2023 estimated	-	-	360,000	360,000

(2) Compensation of Directors

Standard Arrangement

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

The financial and administrative functions of the Company are being handled by employees of the Company's parent company at no cost to the Company. (Kindly refer to the Note 6 – Key Management Personnel in the 2022 Audited FS).

Other Arrangement

On November 4, 2020, the Board of Directors approved the payment of reasonable per diems to the Board of Directors of the Corporation for their services. The reasonable per diems paid to the directors amounted to a total of Php 60,000 in 2021 and a total of Php 360,000 in 2022. For 2023, the estimated total per diem to be paid is Php 360,000.

Abovementioned per diems are paid on a monthly basis to the members of the Board of Directors.

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

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

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

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

(1) External Auditor

- a) Independent Public Accountants, Reyes Tacandong & Co. was nominated as the Corporation's external auditors for the ensuing year which shall be subject to shareholders' approval during the Annual Meeting. The Recommended partner – in charge is Mr. Emmanuel V. Clarino
- b) The 2022-2023 audit of the Company by Accountants, Reyes Tacandong & Co. (RTC) is in compliance with Revised SRC Rule 68, Part I, Paragraph 3 (B) (ix) which provides that the external auditor should be rotated every seven (7) years or earlier or the handling partner shall be changed. Beginning 2022, Reyes Tacandong & Co.'s account partner handling the Corporation is Mr. Emmanuel V. Clarino. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual.
- c) Representatives of Reyes Tacandong & Co. will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed. There was no event where Reyes Tacandong & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. Except as stated in the report of independent auditors, the Corporation has no disagreements with its auditors.

(2) Audit Fees

The following table sets out the aggregate fees billed for 2022 and 2021 for professional services rendered by Reyes Tacandong & Co. The external auditor of the Company billed the amounts of Php 340,000 and Php 325,000 in 2022 and 2021, respectively, in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2022 and 2021.

Reyes Tacandong & Co. does not provide other services that are not reasonably related to the performance of the audit or review of the Company's financial statements. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2022 and 2021. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

	2022	2021
Audit and Audit-Related fees	357,993	340,691

Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC and BIR.

The following table sets out the aggregate fees billed for 2022:

Name of Auditor	Regular Fees
Reyes Tacandong & Co.	357,993

Audit and audited-related fees refer to the professional services rendered by Reyes Tacandong & Co. for audit of the Company's annual financial statements and services that are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditors' services.

(3) Audit Committee and Policies

There shall be an Audit Committee composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the chairman, should be independent. All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. The chairman of the Audit Committee should not be the chairman of the Board or of any other committees. The Audit Committee meets with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of the internal audit. The Audit Committee has the following duties and responsibilities, among others:

- a.) Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;
- b.) Through the Internal Audit (IA) Department, monitors and evaluates the adequacy and effectiveness of the corporation's internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure

- their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
- c.) Oversees the Internal Audit Department, and recommends the appointment and/or grounds for approval of an internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
 - d.) Establishes and identifies the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. For this purpose, he should directly report to the Audit Committee;
 - e.) Reviews and monitors Management's responsiveness to the Internal Auditor's findings and recommendations;
 - f.) Prior to the commencement of the audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensures the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
 - g.) Evaluates and determines the non-audit work, if any, of the External Auditor, and periodically reviews the non-audit fees paid to the External Auditor in relation to the total fees paid to him and to the corporation's overall consultancy expenses. The committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence (as defined under the Code of Ethics for Professional Accountants). The non-audit work, if allowed, should be disclosed in the corporation's Annual Report and Annual Corporate Governance Report;
 - h.) Reviews and approves the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
 - Any change/s in accounting policies and practices
 - Areas where a significant amount of judgment has been exercised
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
 - i.) Reviews the disposition of the recommendations in the External Auditor's management letter;
 - j.) Performs oversight functions over the corporation's Internal and External Auditors. It ensures the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
 - k.) Coordinates, monitors and facilitates compliance with laws, rules and regulations; and
 - l.) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an

independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

(4) Audit Committee

The following are members of the Audit Committee:

Atty. Mathew-John G. Almogino (Chairman and independent director)

Mr. Jesus G. Chua

Ms. Michelle Joan G. Tan

ITEM 8. COMPENSATION PLANS

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

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

ITEM 11. FINANCIAL AND OTHER INFORMATION

The audited financial statements as of December 31, 2022, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as **Appendix 5**.

The interim financial statements as of June 30, 2023 and other data related to the Company's financial information are likewise attached hereto as **Appendix 6**.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

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

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

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

ITEM 14. RESTATEMENT OF ACCOUNTS

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

D. OTHER MATTERS

ITEM 15. ACTION WITH RESPECT TO REPORTS

There is no action to be taken with respect to any report of the Company or its directors, officers or committees, except for the approval of the minutes of the previous annual meeting of the Company held on November 14, 2022 (“2022 ASM”) and for the ratification of all acts of the Board of Directors during their term of office.

1. Minutes of the Previous Annual Meeting

All items of the agenda for the 2022 ASM were approved. The voting results are as follows:

Agenda	Voting Results		
	For	Against	Abstain
Call to Order	100.00%	0.00%	0.00%
Secretary’s Proof of Due Notice of the Meeting and Determination of Quorum	100.00%	0.00%	0.00%
Approval of the Minutes of the Stockholders’ Meeting held on October 20, 2021	100.00%	0.00%	0.00%
Management’s Report	100.00%	0.00%	0.00%
Election of Board of Directors			0.00%
Michael C. Cosiquien	100.00%	0.00%	0.00%
Jesus G. Chua, Jr.	100.00%	0.00%	0.00%
Yerik C. Cosiquien	100.00%	0.00%	0.00%
Irving C. Cosiquien	100.00%	0.00%	0.00%
Michelle Joan G. Tan	100.00%	0.00%	0.00%
Mathew-John G. Almogino	100.00%	0.00%	0.00%
Alfred S. Jacinto	100.00%	0.00%	0.00%
Erwin Terrell Y. Sy	100.00%	0.00%	0.00%
Appointment of External Auditor	100.00%	0.00%	0.00%
Adjournment	100.00%	0.00%	0.00%

The following directors and officers were present during the 2022 ASM:

Mr. Michael C. Cosiquien	-	Chairman
Mr. Jesus G. Chua, Jr.	-	Vice Chairman/Director
Mr. Yerik C. Cosiquien	-	Director
Ms. Michelle Joan G. Tan	-	Director
Mr. Erwin Terrell Y. Sy	-	Director
Mr. Alfred Jacinto	-	Independent Director
Mr. Mathew-John Gonong Almogino	-	Independent Director
Ms. Joan C. Musico	-	Chief Information Officer
Mr. Manuel Z. Gonzalez	-	Corporate Secretary

The stockholders who attended the 2022ASM in person and by proxy represent 175,431,182 common shares, constituting 67.00% of the total outstanding capital stock of the Company as of record date.

2. Acts of the Board of Directors

At the annual meeting, stockholders will be asked to approve and ratify the acts of the Board of Directors during their term of office duly disclosed to the SEC and Philippine Stock Exchange. Since the last stockholders' meeting on November 14, 2022, the Board of Directors has authorized several transactions which are pursuant to the Corporation's ordinary course of business.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

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

There is no action to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

ITEM 17. OTHER PROPOSED ACTIONS

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposed to be taken at the annual meeting.

ITEM 18. VOTING PROCEDURES

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

In case of election of directors, each stockholder is entitled to cumulate their votes as discussed in Part B, Item 4(c) of this Information Statement.

There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done *viva voce*, by show of hands, or by balloting. During the last stockholders' meeting held on November 14, 2022, votes were cast by viva voce and balloting (for those that voted through proxy) counted in the manner prescribed herein.

For this year's annual stockholders' meeting, the Company has established a designated website in order to facilitate the registration of and voting in absentia by stockholders at the annual meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A stockholder or member who participates through remote communication and votes by proxy shall be deemed present for purposes of quorum.

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

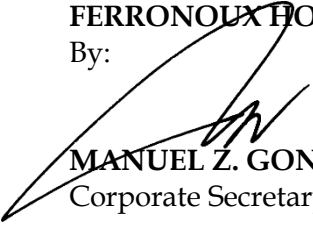
UPON THE WRITTEN REQUEST OF THE STOCKHOLDER(S), THE CORPORATION UNDERTAKES TO FURNISH SAID STOCKHOLDER(S) WITH A COPY OF SEC FORM 17-A, FREE OF CHARGE, EXCEPT FOR THE EXHIBIT ATTACHED THERETO, WHICH SHALL BE CHARGED AT A COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED TO THE INVESTOR RELATIONS OFFICE AT THE 6TH FLOOR, HANSTON BUILDING, F. ORTIGAS, JR. ROAD, ORTIGAS CENTER, PASIG CITY.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on September 29, 2023.

FERRONOUX HOLDINGS, INC. (formerly, AG FINANCE, INCORPORATED)

By:



MANUEL Z. GONZALEZ
Corporate Secretary

Ferronoux Holdings, Inc.

**MANAGEMENT REPORT
Pursuant to SRC Rule 20**

**For the Annual Stockholders' Meeting
On October 20, 2023**

I. Financial Statements

The Audited Financial Statements of Ferronoux Holdings, Inc. (the Company) for the years ended December 31, 2022 and 2021 are attached to this report.

II. Information on Independent Accountants and other Related Matters

The Company's financial statements for the years ended December 31, 2022 and 2021 have been audited by Reyes Tacandong & Co. ("RTC"), independent auditors, as stated in their reports appearing herein.

Mr. Emmanuel V. Clarino is the Company's current audit partner. We have not had any disagreements on accounting and financial disclosures with our current external auditors for the periods or any subsequent interim period.

There were no disagreements with Reyes Tacandong & Co on any matter of accounting and financial disclosure.

The following table sets out the aggregate fees incurred for the years ended December 31, 2022 and 2021 for professional services rendered by Reyes Tacandong & Co. The external auditor of the Company billed the amounts of Php 340,000 in 2022 and Php 325,000 2021 in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2022 and 2021.

Reyes Tacandong & Co. does not provide other services that are not reasonably related to the performance of the audit or review of the Company's financial statements. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2022 and 2021. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

	2022	2021
Audit and Audit-Related Services	₱357,993	₱340,691

Services rendered include the audit of the financial statements and supplementary schedules for submission to SEC and BIR.

The following table sets out the aggregate fees billed for 2022:

Name of Auditor	Regular Fees
Reyes Tacandong & Co.	357,993

Audit and audited-related fees refer to the professional services rendered by Reyes Tacandong & Co. for audit of the Company's annual financial statements and services that

are normally provided in connection with statutory and regulatory filings for the said calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditors' services.

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

The following discussion and analysis is based on the audited financial statements as at December 31, 2022 and 2021, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and accompanying Notes to the Financial Statements and should be read in conjunction with the audited consolidated financial statements.

Impact of COVID-19 (Coronavirus Disease 2019). The country is experienced a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. While the financial impact is considered a non-adjusting subsequent event as at December 31, 2019, management believes that the effect on the Company's operations and financial performance is not significant.

Assignment of Note Receivable. On June 26, 2020, the Company's board of directors approved the assignment of the note receivable from Sunprime Finance Incorporated ("SFI") with carrying amount of ₱132.7 million as at December 31, 2019 in exchange for certain receivables of Michael C. Cosiquien, a stockholder of ISOC Holdings, Inc. ("ISOC"), arising from his advances in favor of the Parent Company in the aggregate amount of P132,714,385.00. On June 29, 2020, the Company and the stockholder, with conformity of ISOC and SFI, entered into a Deed of Assignment covering the note. As a result of the transaction, the Company reclassified the note receivable to "Due from a related party" account. The corresponding disclosures on this transaction have been made to the PSE on June 26, 2020 and June 30, 2020. Additionally, in compliance with SEC Memorandum Circular No. 10, Series of 2019, an advisement report on the material related party transaction was filed with the SEC on July 1, 2020.

Summary Financial Information

The financial statements as at December 31, 2022, 2021 and 2020 and for the years ended December 31, 2022, 2021 and 2020 are hereto attached.

The following table sets forth the summary financial information for the years ended December 31, 2022, 2021 and 2020

Summary of Income Statement:

	Years Ended December 31		
	2022	2021	2020
INCOME	3,329,876	3,387,416	4,595,918
EXPENSES	(1,734,876)	(2,398,661)	(1,798,860)
OTHER CHARGES - NET			3,174,905
INCOME BEFORE TAX	1,595,000	988,755	5,971,963
PROVISION FOR (BENEFIT FROM) INCOME TAX	1,254	(543,672)	1,690,157
NET INCOME	1,593,746	1,532,427	4,281,806
OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE INCOME	1,593,746	1,532,427	4,281,806
BASIC AND DILUTED EARNINGS PER SHARE	0.006	0.006	0.016

Summary of Balance Sheet:

	December 31		
	2022	2021	2020
ASSETS			
Current Assets	2,423,989	2,602,301	2,525,823
Noncurrent Assets	148,577,765	144,699,885	140,485,208
	151,001,754	147,302,186	143,011,031
LIABILITIES AND EQUITY			
Current Liabilities	10,350,215	8,483,215	5,973,482
Noncurrent Liability	2,132,158	1,893,360	1,644,365
	12,482,397	10,376,575	7,617,847
Equity	138,519,357	136,925,611	135,393,184
	151,001,754	147,302,186	143,011,031

Summary of Net Cash Flows:

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES	(12,140)	(57,662)	(753,468)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,140)	(57,662)	(753,468)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	140,738	198,400	951,868
CASH AND CASH EQUIVALENTS AT END OF YEAR	128,598	140,738	198,400

2022 vs. 2021

Results of operations:

	Audited		Increase (Decrease)	
	2022	2021	Amount	%
	<i>(In PhP millions)</i>			
Income	₱3.33	₱3.39	(₱0.06)	(2%)
Expenses	1.73	2.40	(0.66)	(28%)
Other (Income) Charges - net	-	-	-	-

Income decreased by ₱0.06 million or 2% as compared last year due to lower accretion upon maturity and assignment notes receivable in 2022.

Expenses decreased by ₱0.66 million or 28%. Changes in the expense accounts for the year ended December 31, 2022 versus the same period last year are as follows:

- Decrease in professional fees by ₱.79 mainly due to decrease in accrual of retainer fees.
- Increase in outside services by ₱.11 million mainly due to technical support availed for Company's website for 12 months covering 2022-2023 paid and recognized in 2022.
- Increase in training, advertising, taxes, licenses and other expenses by ₱.02 million incurred this year.

Other (income) charges - net no other income earned or other charges incurred for 2022 and 2021.

Financial Position

	Audited		Increase (Decrease)	
	2022	2021	Amount	%
	<i>(in PhP Millions)</i>			
Assets	₱151.00	₱147.30	₱3.70	3%
Liabilities	12.48	10.38	2.11	20%
Stockholders' Equity	138.52	136.93	1.59	1%

Assets

The total assets of the Company increased by ₱3.70 million or 3% from ₱147.30 million as at December 31, 2021 to ₱151.00 million as at December 31, 2022. The increase was mainly due to the interest receivable and day 1 gain on due from a related party.

Liabilities

As at December 31, 2022, the total liabilities of the Company increased by ₱2.11 million or 20% from ₱10.38 million as of December 31, 2021. The increase was due to the recognition of deferred vat on the interest income and advances from ISOC Holdings, Inc.

Stockholders' Equity

As of year-end 2022, the stockholders' equity increased by ₱1.59 million from ₱136.93 million as at December 31, 2021 to ₱138.52 million as at December 31, 2022. The increase was mainly attributable to the retained earnings from 2021 and net income in 2022.

Explanations for the material changes in the Company's accounts between 2021 and 2020 are as follows:

Results of operations:

	Audited		Increase (Decrease)	
	2021	2020	Amount	%
	<i>(in PhP millions)</i>			
Income	₱3.39	₱4.60	(₱1.21)	(26%)
Expenses	2.40	1.80	0.60	33%
Other Charges	-	3.17	3.17	(100%)

Income decreased by ₱1.21 million or 26% as compared last year due to lower accretion upon maturity and assignment notes receivable in June 2021.

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

- Increase in professional fees by ₱0.77 million mainly due to increase on retainer fees.
- Decrease in outside services by ₱0.11 million mainly due to additional technical support availed for Company's website.
- Decrease in other expenses by ₱0.06 million incurred in 2021.

Other charges - net decreased by 100% or ₱3.17 million mainly attributed to recognition of Day 1 gain on due to related party.

Financial Position:

	2021	Audited 2020	Increase (Decrease)	
			Amount	%
	<i>(in PhP millions)</i>			
Assets	₱147.30	₱143.01	₱4.29	3%
Liabilities	10.38	7.62	2.76	36%
Shareholders' Equity	136.93	135.39	1.54	1%

Assets

The total assets of the Company increased by ₱4.29 million or 3% from ₱143.01 million as at December 31, 2020 to ₱147.30 million as at December 31, 2021. The increase was mainly due to the interest receivable and day 1 gain on due from a related party.

Liabilities

As at December 31, 2021, the total liabilities of the Company increased by ₱2.76 million or 36% from ₱7.62 million as of December 31, 2020. The increase was due to the recognition of deferred tax liabilities on Day 1 gain and advances from ISOC Holdings, Inc.

Shareholders' Equity

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

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

Results of operations

Income decreased by ₱2.09 million or 31% as compared last year due to lower accretion on notes receivable. Notes receivable increased in 2020 versus 2019.

Expenses decreased by ₱0.46 million or 20%. Changes in the expense accounts for the year ended December 31, 2020 versus the same period last year are as follows:

- Decrease in taxes and licenses by ₱0.19 million mainly due to lower business taxes paid during 2020.
- No representation expense incurred in 2020 compared to P0.24 million during 2019.
- Decrease in other expenses, ₱0.13 million.

Other charges - net increased by 181% or ₱7.09 million mainly attributed to higher provision for expected credit loss in 2020 versus prior year.

Financial Position

Assets

The total assets of the Company increased by ₱7.12 million or 5% from ₱135.89 million as at December 31, 2019 to ₱143.01 million as at December 31, 2020. The increase was mainly due to the accretion of interest on notes receivable.

Liabilities

As at December 31, 2020, the total liabilities of the Company increased by ₱2.84 million or 59% from ₱4.78 million as at December 31, 2019. The increase was due to the advances from ISOC Holdings, Inc. which are subject to reimbursement.

Shareholders' Equity

As of year-end 2020, the stockholders' equity increased by ₱4.28 million from ₱131.11 million as at December 31, 2019 to ₱135.39 million as at December 31, 2020. The increase was mainly attributable to the retained earnings from 2019 and net income in 2020.

Key Performance Indicators

	2020	2021	2022
Return on Assets	3%	1%	2%
Return on Equity	3%	1%	2%

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

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

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

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2022 and 2021, all of the 261,824,002 shares of the Company are listed in the PSE.

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

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, 2018.

On February 6, 2018, the Securities and Exchange Commission (SEC) approved the amendment of the Company's Articles of Incorporation to change its corporate name to Ferronoux Holdings, Inc. and change its primary purpose to that of a holding company.

As a result, the Company likewise changed its stock symbol to “FERRO”.

On June 8, 2018, the Board of Directors approved the change in the Company’s principal address from Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City. On October 5, 2018, the Board of Directors also approved the amendments to the Articles of Incorporation and By-Laws of the Company in order to comply with the Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, series of 2016). The foregoing resolutions of the Board of Directors were approved by the shareholders of the Company during the annual meeting of the stockholders held last December 3, 2018. On July 29, 2019, the SEC approved the foregoing amendments of the Articles of Incorporation and the By-Laws of the Company.

On June 29, 2020, the Company and a stockholder of the Parent Company (Stockholder), with the conformity of ISOC Holdings Inc. (ISOC or the Parent Company) and SFI, entered into a Deed of Assignment assigning the note to the Stockholder. Accordingly, the note receivable was reclassified to “Due from a related party” account.

Status of Operations

The Company ceased its lending activities in 2015 and is today focused on acquiring majority stake in operating businesses that meet the Company’s investment criteria. The Company is in discussions with potential targets, as well as with financing institutions to complement the Company’s new shareholder’s capital. Management is considering implementing changes in the Company’s business structure and operations to take advantage of opportunities arising from these discussions.

V. DESCRIPTION OF PROPERTY

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company’s long-term investment plan and was approved in accordance with the procedures and requirements of the Company’s Material Related Party Transaction Policy and the relevant issuances of the SEC.

VI. BUSINESS TRANSACTIONS WITH RELATED PARTIES

The Company's advances from its Parent Company as at December 31, 2022 and 2021 are as follows:

Nature of transactions	Transactions during the		Outstanding Balance		
	Period/Year				
	2022	2021	2022	2021	
Due from a Related Party					
Parent Company	Assignment of note receivable	-	-	132,714,385	132,714,385
	Day 1 difference	-	-	3,027,570	4,264,396
			-	135,741,955	136,978,781
Interest Receivable					
Parent Company	Interest income	5,114,706	4,604,236	12,835,810	7,721,104
Due to a Related Party					
Parent Company	Advances for working capital requirements	1,863,620	2,060,922	9,177,627	7,314,007

The Company has advances from ISOC Holdings, Inc. for working capital purposes.

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

VII. EMPLOYEES

As at December 31, 2022, the Company has no regular employees. The financial and administrative functions of the Company are currently being handled by the employees of the Parent Company.

VIII. PLAN OF OPERATION

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

IX. STATUS OF OPERATIONS

The Company has no significant operational activity.

X. DIVIDENDS

The Company has not paid dividends for the years 2022 and 2021.

The payment of dividends in the future will depend upon the Corporation's earnings, cash flow and financial condition, among other factors. The Corporation may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Corporation, with its capital unimpaired, which are not appropriated for any other purpose.

The Corporation may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the stockholders at a stockholders' meeting called for such purpose.

Management's Discussion and Analysis of Financial Condition and Results as at June 30, 2023 and for the six months period ended June 30, 2023 with comparative audited figures as at December 31, 2022

The unaudited financial statement of Ferronox Holdings, Inc. as at June 30, 2023 and for six months period ended June 30, 2023 with comparative audited figures as at December 31, 2022 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Balance Sheet as at June 30, 2023 and December 31, 2022:

	June 30, 2023 (Unaudited) (P'000)	Dec. 31, 2022 (Audited) (P'000)	June 30, 2023 vs. Dec. 31, 2022 Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) (%)
Current assets	₱2,927	₱2,424	₱503	21%
Noncurrent assets	150,218	148,578	1,640	1%
Total Assets	₱153,145	₱151,002	₱2,143	1%
Current liabilities	₱12,094	₱10,350	₱1,744	17%
Noncurrent liabilities	2,132	2,132	-	-
Total Liabilities	14,226	12,482	1,744	14%
Stockholders' Equity	138,919	138,520	399	-
Total Liabilities and Equity	₱153,145	₱151,002	₱2,143	1%

Summary of Income Statements for the six-month period ending June 30, 2023 and 2022:

	For the six-month period ending June 30		Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) (%)
	2023 (P'000)	2022 (P'000)	(P'000)	(%)
Interest income	₱1,640	₱1,655	(₱15)	(1%)
Other income	-	-	-	-
Total income	1,640	1,655	(15)	(1%)

Operating expenses	(1,241)	(829)	412	50%
Other expense	-	-		
Income before tax	399	826	(427)	(52%)
Tax expense	-	-	-	-
Net income (loss) for the period	₱399	₱826	(₱427)	(52%)

Summary of Statements of Cash Flows for the six-month period ending June 30, 2023 and 2022.

	For the six-month period ending June 30		Amount Increase (Decrease) (₱'000)	Percentage Increase (Decrease) (%)
	2023 (₱'000)	2022 (₱'000)		
Cash used in operating activities	₱463	₱310	₱153	49%
Cash at the beginning of period	129	141	(12)	(9%)
Cash at the end of period	₱591	₱451	₱141	31%

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

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

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

On April 20, 2015, the shareholders approved the change in the Company's primary purpose from leasing and finance to that of a holding company, and adding as a secondary purpose, mining and smelting operations, and the amendment of the Company's Articles of Incorporation to reflect the changes in the primary and secondary purposes. On December 18, 2015, the stockholders approved the amendment of the Articles of Incorporation to change its corporate name from AG Finance Incorporated to Ferronoux Metals Refinery Inc., change of principal address from Unit 2205-A, East Tower Philippine Stock Exchange Center Exchange Road, Ortigas Center, Pasig City to 16th Floor Citibank Tower, Paseo de Roxas, Makati City and to increase the number of directors from 7 to 9 and Amendment of the Corporation's By-Laws to increase the number of directors from 7 to 9, change the date of the Annual Meeting from last Friday of June to last Wednesday of May as stated in Article II Section 1, change of stock symbol from AGF to FMR, election of the directors and appointment of Reyes Tacandong & Co. as the Corporation's external auditor. On April 7, 2017, the Board approved the change of Corporate name to Ferronoux Holdings, Inc. subject to approval of the shareholders. On December 11, 2017, the stockholders approved the change in the primary purpose of the Company from leasing and finance to that of a holding company, and the change of the corporate name to Ferronoux Holdings, Inc. On February 6, 2018, the Securities and Exchange Commission approved the amendment of the Company's Articles of Incorporation and By-Laws to reflect its new corporate name and the change in the primary purpose.

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

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of P332,639,732.94 from Sunprime Finance, Inc. in exchange for certain receivables of Michael C. Cosiquien arising from his advances in favor of ISOC Holdings, Inc. in the aggregate amount of P132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

Results of Operation

The following discussion and analysis is based on the unaudited interim financial statements for six months and three months period ending June 30, 2023 and 2022.

Six Months Ended June 30, 2023 Compared with the Six Months Ended June 30, 2022 (Increase/Decrease of 5% or More)

Interest Income

Interest income was ₱1.64 million for the six-month period ending June 30, 2023 compared to ₱1.66 million for the same period in 2022. The interest earned in 2023 and 2022 pertains to the due from a related party.

Operating expenses

Expenses increased by ₱0.41 million or 50% as at June 30, 2023. Changes in the expense accounts for the six-month ending June 30, 2023 versus the same period last year are as follows:

- Increase in taxes and licenses by ₱0.32 million mainly due to payment of DST on loan agreement, final taxes and penalties.
- Increase in other expenses by ₱0.09 million incurred this year.

Three Months Ended June 30, 2023 Compared with the Three Months Ended June 30, 2022 (Increase/Decrease of 5% or More)

Interest Income

Interest income were ₱0.82 million for the three months ended June 30, 2023 compared to ₱0.83 million for the same period in 2022. The interest earned in 2023 and 2022 pertains to the due from a related party.

Operating Expenses

Expenses were ₱0.65 million for the three months ended June 30, 2023 compared to ₱0.20 million for the same period in 2022, an increase of ₱0.45 million or 223%.

Statements of Financial Position

The significant changes in the Statements of Financial Position during the six-month period ending June 30, 2023 compared to December 31, 2022 are as follows:

- Total assets were ₱153.14 million as at June 30, 2023 compared to ₱151.00 million as at December 31, 2022, an increase of ₱2.14 million or 1%. The increase is mainly due to the accretion of interest due from a related party.
- Total liabilities increased by ₱1.74 million or 10% from ₱12.48 million as at December 31, 2022 to ₱14.23 million in the current period mainly due to additional advances from a related party.

- Total equity increased by ₱0.40 million or .29% mainly due to net income for the six-month period ending June 30, 2023.

Statements of Cash Flows

The net cash used in operating activities amounted to ₱0.46 million for the six-month period ending June 30, 2023 compared to net cash used in the same period in 2022 amounting to ₱0.31 million.

The cash as at June 30, 2023 and December 31, 2022 amounted to ₱0.59 million and ₱0.13 million, respectively.

Horizontal and Vertical Analysis:

	June 30, 2023	December 31, 2022	Increase (Decrease)	
	(Unaudited)	(Audited)	Amount	Percentage
ASSETS				
Current Assets				
Cash	₱591,309	₱128,598	₱ 462,711	360%
Creditable withholding tax	1,806,785	1,806,785	-	-
Other current assets	529,122	488,605	40,517	8%
Total Current Assets	2,927,216	2,423,988	503,228	21%
Noncurrent Assets				
Due from a related party	135,117,343	135,741,955	(520,562)	(0%)
Interest receivable	15,100,393	12,835,810	1,889,238	18%
Total Noncurrent Assets	150,217,736	148,577,765	1,368,676	1%
	₱153,144,952	₱151,001,753	₱1,871,904	1%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱ 12,093,985	₱ 10,350,239	₱ 1,743,746	17%
Noncurrent Liabilities				
Deferred tax liabilities	1,375,265	1,375,265	-	-
Deferred output vat	756,893	756,893	-	-
Total Noncurrent Liabilities	2,132,158	2,132,158	-	-
Total Liabilities	14,226,143	12,482,397	1,743,746	14%
Equity				
Capital stock	261,824,002	261,824,002	-	-
Additional paid-in capital	74,277,248	74,277,248	-	-
Deficit	(197,182,441)	(197,581,894)	128,158	0%
Total Equity	138,918,809	138,519,356	128,158	0%
	₱ 153,144,952	₱ 151,001,753	₱1,871,904	1%

FINANCIAL INDICATORS

	June 30, 2023	June 30, 2022	December 31, 2022
Net Income	₱399,453	₱826,216	₱1,593,745
Quick Assets	591,309	450,515	128,598
Current Assets	2,927,216	2,983,154	2,423,988
Total Assets	153,144,952	149,338,058	151,001,753
Current Liabilities	12,093,985	9,692,872	10,350,239
Total Liabilities	14,226,143	11,586,231	12,482,397
Stockholders' Equity	138,918,809	137,751,826	138,519,356
Number of Common Shares Outstanding	261,842,002	261,842,002	261,842,002

Current Ratio (1)	0.24	0.31	0.23
Debt to Equity Ratio (2)	0.10	0.08	0.09
Asset to Equity Ratio (3)	1.10	1.08	1.09
Return on Assets (4)	0.26%	.56%	1.07%
Return on Equity (5)	0.29%	.60%	1.16%
Book Value per Share (6)	₱0.53	₱0.53	₱0.53
(1)	<i>Current assets divided by current liabilities</i>		
(2)	<i>Total liabilities divided by equity</i>		
(3)	<i>Total assets divided by equity</i>		
(4)	<i>Net income divided by average assets</i>		
(5)	<i>Net income divided by average equity</i>		
(6)	<i>Total common stockholder's equity divided by number of common shares</i>		

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 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 has a material effect on the financial condition or results of operation.

PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

- a. Current Ratio
Total Current Assets / Total Current Liabilities = 0.24
- b. Quick Ratio
Quick Assets / Total Current Liabilities = 0.05

Solvency Ratio

- a. Debt Ratio
Total Liabilities / Total Assets = 0.09
- b. Debt to Equity Ratio
Total Liabilities / Shareholder's Equity = 0.10

Profitability Ratio

- a. Return on Equity
Net Income / Average Shareholder's Equity = 0.29%
- b. Return on Assets
Net Income / Average Total Assets = 0.26%
- c. Asset to Equity Ratio:
Total Assets / Ave. Stockholders' Equity = 1.10
- d. Asset Turnover
Revenue / Total Assets = 1.07%

Market Information

The closing market price of the Company's common stock in the Philippine Stock Exchange on September 12, 2023 is Php3.05.

The high and low prices for each quarter of 2023 and 2022 are provided below.

Quarter	Stock	High	Low
1Q 2022	FERRO	3.32	2.30
2Q 2022	FERRO	2.83	2.11
3Q 2022	FERRO	2.20	1.79
4Q 2022	FERRO	2.46	1.70
1Q 2023	FERRO	3.32	2.20
2Q 2023	FERRO	3.26	2.56

The stockholders of the Company as at September 28, 2023 is provided in the report of the stock and transfer agent attached hereto as **Appendix 2**.

Holders

As of September 28, 2023, the following are the stockholders of the Company, together with their shareholding information:

Name	No. of Common Shares	Percentage
PCD Nominee Corp. (Filipino)	261,557,068	99.90
PCD Nominee Corp. (Non-Filipino)	206,061	0.08
Joselyn C. Tiu	18,747	0.01
Marjorie Villanueva	18,747	0.01
Leila E. Jorge	10,001	0.00
Felisa D. King	8,747	0.00
Mathew John G. Almogino	1,000	0.00
Remegio C. Dayandayan	1,000	0.00
Ramon N. Santos	1,000	0.00
Jesus San Luis Valencia	1,000	0.00
Isidro C. Alcantara Jr	100	0.00
Manuel M. Lazaro	100	0.00
Ge Lin	100	0.00
Hermogene H. Real	100	0.00
Arsenio K. Sebial Jr	100	0.00
Anthony M. Te	100	0.00
Owen Nathaniel S Au ITF: Li Marcus Au	20	0.00
Peter Kho	2	0.00
Daleson Uy	2	0.00
Jesus G. Chua, Jr.	1	0.00
Irving C. Cosiquien	1	0.00
Michael C. Cosiquien	1	0.00
Yerik C. Cosiquien	1	0.00
Alfred S. Jacinto	1	0.00
Erwin Terrell Y. Sy	1	0.00
Michelle Joan G. Tan	1	0.00
TOTAL	261,824,002	100.00

Dividends

The Corporation did not declare any dividends for the last two fiscal years.

The payment of dividends in the future will depend upon the Corporation's earnings, cash flow and financial condition, among other factors. The Corporation may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Corporation, with its capital unimpaired, which are not appropriated for any other purpose.

The Corporation may pay dividends in cash, by the distribution of property, or by the issue of shares of stock. Dividends paid in cash are subject to the approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds (2/3) of the outstanding capital stock of the stockholders at a stockholders' meeting called for such purpose.

Recent Sales of Unregistered Securities

The Corporation has not undertaken any sale of unregistered or exempt securities, or issued securities constituting an exempt transaction.

CORPORATE GOVERNANCE

1. Evaluation System

In line with the Company's Revised Manual of Corporate Governance, the Board has a policy of self-assessment which it endeavors to implement, covering an annual self-assessment of the Board's performance as a whole, as well as self-assessments by individual members and committees. There is a minimum set criteria and process to determine the performance of the Board, individual directors, and committees. The Board also has in place a performance management framework that ensures Management's performance is at par with standards set by the Board, as well as an internal control system to monitor and manage potential conflicts of interest within Management, among others.

2. Measures on leading Practices of Good Corporate Governance

The Board of Directors shall review the Revised Manual of Corporate Governance from time to time and recommend the amendment thereof with the goal of achieving better transparency and accountability. The Compliance Officer continues to evaluate the compliance of the Corporation, its directors, officers, and employees with its existing Manual, which may be amended from time to time.

3. Deviations from the Revised Manual on Corporate Governance

The Company has not recorded any deviation from its Revised Manual on Corporate Governance.

4. Improvement of the Corporate Governance

As of date, the Company has limited business and operations. The Company is in the process of reviewing its options with respect to structure for investments that would be optimal for its plans, either directly as an operating company or indirectly as a holding company. As of the date of this report, no definite plan has been finalized. Considering the foregoing, efforts to fully comply with leading practices on corporate governance and plans to improve policies therein are still evolving.

Appendix 1

ANNUAL STOCKHOLDERS MEETING REQUIREMENTS AND PROCEDURE FOR VOTING *IN ABSENTIA* AND PARTICIPATION VIA REMOTE COMMUNICATION

FERRONOUX HOLDINGS, INC.
2023 ANNUAL STOCKHOLDERS MEETING (ASM)
REQUIREMENTS AND PROCEDURE FOR VOTING *IN ABSENTIA* AND
PARTICIPATION VIA REMOTE COMMUNICATION

Pursuant to the relevant issuance of the Securities and Exchange Commission, Ferronoux Holdings, Inc. (“Ferronoux”) has established a designated website in order to facilitate the registration of and voting *in absentia* and the participation by remote communication by the stockholders at the ASM to be held virtually on **October 20, 2023 (Friday) at 1:00 p.m.**, as allowed under Sections 23 and 57 of the Revised Corporation Code.

Only stockholders of record as of the close of business on **September 28, 2023** (the Record Date) are entitled to notice and to vote at the meeting. Stockholders as of the record date (the “Stockholder/s) may register, vote *in absentia*, and participate via remote communication in accordance with the following procedures.

Participation Guidelines

A. General registration

Registration, authentication, and validation of participants and their shares shall be open beginning **September 14, 2023 until 5:00 p.m. of October 10, 2023**. Participants may pre-register for the meeting by filling in the form found in this link: [<https://www.ferronouxholdings.com/asm2023>]. In case of problems with registration, or for any other comments, please email asm2023@ferronouxholdings.com.

Participants must have a valid email address, valid contact number, and a scanned copy or photo of a valid government ID (with photo or signature) to pre-register. Ferronoux reserves the right to require further documentation to ensure the identity and right to vote of the stockholder.

In particular, Stockholders shall be asked to provide the information and upload the documents listed below (the file size should be no larger than 5MB):

- A. For individual Stockholders:
 - 1. Email address
 - 2. First and Last Name
 - 3. Birthdate
 - 4. Address
 - 5. Mobile Number
 - 6. Phone Number
 - 7. Current photograph of the Stockholder, with the face fully visible
 - 8. Stock Certificate Number and number of shares held by the stockholder
 - 9. Valid government-issued ID
 - 10. For Stockholders with joint accounts: A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account

- B. For corporate/organizational Stockholders:
1. Email address
 2. First and Last Name of stockholder
 3. Address
 4. Mobile Number
 5. Phone Number
 6. Stock certificate number and number of shares held by the stockholder
 7. Current photograph of the individual authorized to cast the vote for the account (the "Authorized Voter")
 8. Valid government-issued ID of the Authorized Voter
 9. A scanned copy of the Secretary's Certificate or other valid authorization in favor of the Authorized Voter

For stockholders under PCD participant/broker's account, a scanned copy of the broker certification on the stockholder's number of shareholdings shall be required in addition to the above.

Validation and authentication shall be conducted by Ferronoux and the stock and transfer agent against latest and updated documents on record. Once authenticated and validated, participants shall receive a confirmatory email from Ferronoux, with details on how to join the meeting.

B. Registration of proxy

FERRONOUX IS NOT ASKING FOR A PROXY AND STOCKHOLDERS ARE REQUESTED NOT TO SEND A PROXY.

However, stockholders may attend by proxy by accomplishing the proxy form (accessible at <https://www.ferronouxholdings.com/asm2023>) which must be submitted to the corporation's principal address at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas, Pasig City, on or before 5:00 p.m. on October 10, 2023. Soft copies of the proxies must be emailed in advance to asm2023@ferronouxholdings.com on or before October 10, 2023. Hard copies must follow and be mailed to Ferronoux's address at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas, Pasig City, and received by the office no later than October 11, 2023.

- A. Beneficial owners whose shares are lodged with the Philippine Depository and Trust Corp. (PDTC) or registered under the name of a broker, bank or other fiduciary allowed by law, must likewise submit, along with the proxy form:
- A notarized certification from the owner of record (i.e. the broker, bank or other fiduciary) that he is beneficial owner, indicating thereon the number of shares (soft copies and hard copies, sent in the same manner as the proxy form)
- B. Corporate shareholders shall likewise be required to submit, along with the proxy form:
- A notarized Secretary's Certificate attesting to the authority of its representative to attend and vote at the stockholder's meeting (soft copies and hard copies, sent in the same manner as the proxy form)

Proxies shall fulfill these requirements in addition to the requirements for general registration above.

C. Nomination

Nomination of directors shall close on September 20, 2022. Aside from sending their nominations to the Corporate Secretary, stockholders may also send in their Board nominations to asm2023@ferronouxholdings.com.

D. Voting

1. In absentia or through remote communication

Stockholders who will participate in the virtual meeting, and those in absentia, shall complete an online voting form found in this link or shall send a scanned copy of the downloadable voting form (accessible through this link: <https://www.ferronouxholdings.com/asm2023>).

Deadline for submission of voting forms shall be on October 10, 2023, 5:00 p.m.

2. Via proxy

Stockholders who shall vote via proxy shall send duly accomplished proxy forms as indicated above (“B. Registration of Proxy”).

Deadline for submission of proxies shall be as set forth above (“B. Registration of Proxy”).

E. Validation of Proxies

Validation of proxies shall be made on October 11, 1 p.m., at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas, Pasig City, by Ferronoux and the stock and transfer agent, against latest and updated documents on record.

F. Tabulation of Votes

The Office of the Corporate Secretary shall tabulate all votes cast in absentia together with the votes cast by proxy, and an independent third party will validate the results.

G. Meeting proper

Registration, authentication, and validation of participants and their shares shall be open until October 19, 2023, 5 p.m. Stockholders who did not register or whose identities are not authenticated and validated cannot attend, participate, or vote in the ASM.

The agenda of the meeting is accessible via the Notice of Annual Meeting in the website (see link: <https://www.ferronouxholdings.com/asm2023>), and shall be duly published in accordance with regulatory requirements.

The tabulated votes validly casted by stockholders in accordance with the foregoing procedures will be presented during the ASM. The total number of votes shall be reflected in the minutes.

Stockholders may attend the meeting on October 20, 2023 (Friday) at 1:00 p.m. via the live streaming link sent to the email address indicated by the Stockholder on the registration form. The livestream shall be broadcast to registered participants via Zoom, which may be accessed on the Zoom application.

For purposes of quorum, only the following Stockholders shall be counted as present:

- A. Stockholders who have registered on the website for voting in absentia by October 10, 2023;
- B. Stockholders who have sent their proxies via e-mail to asm2023@ferronouxholdings.com on or before October 10, 2023 with corresponding hard copy furnished to Ferronoux no later than October 11, 2023.

Stockholders may access other pertinent documents via the website (<https://www.ferronouxholdings.com/asm2023>). Stockholders are regularly advised to visit the webpage for updates.

- Notice to PSE and SEC of 2023 Annual Meeting
- Annual Report for 2023 (SEC 17-A Form)
- Quarterly Reports for 2023 (17-Q)
- Proxy form
- Voting form
- Definitive Information Statement (shall be uploaded once available)
- Publication notices ((shall be uploaded once available)

Stockholders cannot record the meeting. However, a request for the recording of the ASM may be made to asm2023@ferronouxholdings.com. Stockholders who register and vote on the website for voting *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by Ferronoux and by any other relevant third party for the purpose of electronic voting *in absentia* for the ASM and for all other purposes for which the Stockholder can cast his/her/its vote as a stockholder of the Ferronoux.

For any other questions, kindly email asm2023@ferronouxholdings.com. Questions about the agenda may be sent to asm2023@ferronouxholdings.com on or before 11:30 p.m. of October 20, 2023. Questions or comments received on or before the foregoing date may be responded to during the ASM. Any questions not answered during the meeting shall be answered via email.

Appendix 2

STOCK TRANSFER AGENT REPORT ON THE LIST OF ALL STOCKHOLDERS AS OF SEPTEMBER 28, 2023

FERRONOUX HOLDINGS, INC.

List of stockholders

As of record date, September 28, 2023

For the Annual Stockholders' Meeting on October 20, 2023 at 01:00pm

Holder No.	Name	Address	No. of Shares	Nationality	Percentage
1	PCD NOMINEE CORP. (FILIPINO)		261,559,068	FILIPINO	99.8988121799
2	PCD NOMINEE CORP. (NON-FIL)		204,061	NON-FILIPINO	0.0779382327
3	JOSELYN C. TIU		18,747		0.0071601533
4	MARJORIE VILLANUEVA		18,747		0.0071601533
5	LEILA E. JORGE		10,001		0.0038197415
6	FELISA D. KING		8,747		0.0033407938
7	MATHEW JOHN G. ALMOGINO		1,000		0.0003819360
8	REMEGIO C. DAYANDAYAN		1,000		0.0003819360
9	RAMON N. SANTOS		1,000		0.0003819360
10	JESUS SAN LUIS VALENCIA		1,000		0.0003819360
11	ISIDRO C. ALCANTARA JR		100		0.0000381936
12	MANUEL M. LAZARO		100		0.0000381936
13	GE LIN		100		0.0000381936
14	HERMOGENE H. REAL		100		0.0000381936
15	ARSENIO K. SEBIAL JR		100		0.0000381936
16	ANTHONY M. TE		100		0.0000381936
17	OWEN NATHANIEL S AUITF: LI MARCUS AU		20		0.0000076387
18	PETER KHO		2		0.0000007639
19	DALESON UY		2		0.0000007639
20	JESUS G. CHUA, JR.		1		0.0000003819
21	IRVING C. COSIQUIEN		1		0.0000003819
22	MICHAEL C. COSIQUIEN		1		0.0000003819

23		YERIK C. COSIQUIEN		1		0.0000003819
24		ALFRED S. JACINTO		1		0.0000003819
25		ERWIN TERRELL Y. SY		1		0.0000003819
26		MICHELLE JOAN G. TAN		1		0.0000003819
Total					261,824,002	100.0000000000

Appendix 3

CERTIFICATION OF INDEPENDENT DIRECTOR (Atty. Mathew-John G. Almogino)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MATTHEW- JOHN GONONG ALMOGINO**, Filipino, of legal age and with business and postal address at Nippon Express Philippines Corporation, Lot 85 A & B Avocado Road, Food Terminal Inc. Complex, East Service Road, Taguig City, after having been duly sworn to in accordance with the law hereby declare that:

1. I am a nominee for independent director of Ferronoux Holdings, Inc. (formerly, "AG Finance, Incorporated") (the "Company") and have been its independent director since December 11, 2017.
2. I am affiliated with the following companies and organizations (including Government- Owned and Controlled Corporations):

Company Organization	Position/Relationship	Period of Service
Realship Corporation	Director/ Corporate Secretary	May 2015 to Present
Nippon Express Philippines Corporation	Manager for Administrative and Legal Services	September 2012 to Present
Ocampo and Manalo Law Firm	Senior Associate	October 2006 to August 2012

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

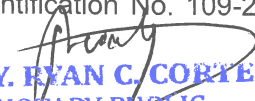
Done, this SEP 01 2023 day of _____, at Quezon City


MATHEW-JOHN GONONG
 Affiant

ALMOGINO

Subscribed and sworn to before me this day of SEP 01 2023 at Quezon City affiant personally appeared before me and exhibited to me his Tax Identification No. 109-255-999.

Doc No. 117;
 Page No. 18;
 Book No. X;
 Series of 2023.


ATTY. RYAN C. CORTEZ
 NOTARY PUBLIC
 UNTIL DECEMBER 31, 2023
 PTR NO. 2564877 01/03/2023 QC
 IBP NO. 178355 / 01/03/2023
 ADMIN MATTER NO. NP-071
 ROLL NO. 73114
 MCLE Comp. No. VI-0030668
 Unit 102-GF, ONE EXECUTIVE
 ONE BUILDING CONDOMINIUM M,
 WEST AVENUE, Q11

REPUBLIC OF THE PHILIPPINES)
PASIG CITY, METRO MANILA) S.S.
Quezon City

CERTIFICATION

I, **Mathew-John Gonong Almogino**, Filipino, of legal age, with office address Nippon Express Philippines Corporation, Lot 85 A & B Avocado Road, Food Terminal Inc. Complex, East Service Road, Taguig City, after having been duly sworn in accordance with law, hereby certify that:

1. I am the duly appointed and incumbent Lead Director of **FERRONOUX HOLDINGS, INC. (formerly, AG FINANCE, INC.)** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office address at at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

2. I hereby certify that I am not appointed or employed in any government agency.


IN WITNESS WHEREOF, I have hereunto set my hand this day of SEP 01 2023 at Quezon City, Metro Manila Philippines.



Mathew-John Gonong Almogino

SUBSCRIBED AND SWORN to before me this day of SEP 01 2023, affiant exhibited to me his Tax Identification No. 109-255-999-000.

Doc No.: 118;
Page No.: 178;
Book No.: X;
Series of 2023.



ATTY. RYAN C. CORTES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2023
PTR NO. 2564877 01/03/2023 QC
IBP NO. 178355 / 01/03/2023
ADMIN MATTER NO. NP-071
ROLL NO. 73114
MCLE Comp. No. VI-0030668
Unit 102-GE, ONE EXECUTIVE
OFFICE BUILDING CONDOMINIUM
WEST AVENUE, QUEZON CITY

Republic of the Philippines)
Pasig City, Metro Manila) S.S.

CERTIFICATION

I, **MANUEL Z. GONZALEZ**, of legal age, Filipino and with office address at 33rd Floor, The Orient Square, F. Ortigas Jr. Road, Ortigas Center, Pasig City, after being duly sworn in accordance with law, hereby depose and state that:


1. I am the duly elected and incumbent Corporate Secretary of Ferronoux Holdings, Inc. (the **Corporation**), a corporation organized and existing under and by virtue of the laws of the Philippines, with office address at the 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City;
2. No directors or officers of the Corporation is connected with any government agencies or its instrumentalities;
3. The foregoing is in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have affixed my signature on this September 29, 2023 at Pasig City.


MANUEL Z. GONZALEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this September 29, 2023 at Pasig City, affiant exhibited to me his TIN ID No. 166-201-040.

Doc. No. 383;
Page No. 78 ;
Book No. III ;
Series of 2023.


GENEVIEVE KRISTINE B. MAÑALAC
Appointment No. 45 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2024
Attorney's Roll No. 80720
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979100; 01.04.23; Pasig City
IBP OR No. 213974; 05.22.22; RSM
Admitted to the Bar in 2022

Appendix 4

CERTIFICATION OF INDEPENDENT DIRECTOR (Atty. Alfred S. Jacinto)

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ALFRED S. JACINTO**, Filipino, of legal age and a resident of 118 Tordesillas St., Salcedo Village, Makati City, after having been duly sworn to in accordance with the law do hereby declare that:

1. I am a nominee for independent director of Ferronoux Holdings, Inc. (formerly, "AG Finance, Incorporated") (the "Company") and have been its independent director since January 10, 2018.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
CHAMP CARGOSYSTEM PHILIPPINES, INC.	Director Corporate Secretary	2009 to present
SENSEI CONSULTANCY SERVICES, INC.	Director & President	2013 to present
JR BOBADILLA RESOURCES, INC.	Independent Director	2010 to present
FEMMES INTELIGENTES	Director & President	2013 to present
ILUSTRADOS GROOMING SERVICES	Director & President	2016 to present
FERRONUX HOLDINGS, INC.	Independent Director	2018 to present
ISOC Cold Chain Logistics, Inc. doing business under the name and style of "ORCA Cold Chain Solutions	Independent Director	June 2022 to present
EURONET TECHNOLOGY SERVICES, INC.	Independent Director	June 2023 to present
SANTEC PLANT CONTROLS INC.	Corporate Secretary	2011 to present
COMPAÑERO CENTER FOR LEGAL AID, INC.	Corporate Secretary	2011 to present
CYC PRODUCTIONS	Corporate Secretary	2011 to present
FIRST DIADEM CONSULTANCY, INC.		
LSC CORPORATION	Corporate Secretary	2013 to present
FORTISIMO INC.	Corporate Secretary	2016 to present
TEAM PIA, INC.	Corporate Secretary	2015 to present
MAXICollector VENTURES INC.	Corporate Secretary	2005 to present
MAXIGROUP INC.	Corporate Secretary	2016 to present
FORTISIMO, INC	Corporate Secretary	2016 to present

SAINT MERCED PRODUCTIONS, INC. Doing business under the name/s and style's of REIN ENTERTAINMENT PRODUCTIONS	Corporate Secretary	2018 to present
GABRIEL'S SYMPHONY FOUNDATION, INC.	Corporate Secretary	2021 to present

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

Done this SEP 01 2023 day of September, at Quezon City.


ALFRED S. JACINTO
Affiant

Subscribed and sworn to before me this SEP 01 2023 day of September at Quezon City,
affiant exhibited to me his Tax Identification No. 165-833-350.

Doc No. 119
Page No. 518;
Book No. X;
Series of 2023.


ATTY. RYAN C. CORTEZ
NOTARY PUBLIC
UNTIL DECEMBER 31, 2023
PTR NO. 2564877 01/03/2023 QC
IBP NO. 178355 / 01/03/2023
ADMIN MATTER NO. NP-071
ROLL NO. 73114
MCLE Comp. No. VI-0030668
Unit 102-GF, ONE EXECUTIVE
OFFICE BUILDING CONDOMINIUM
WEST AVENUE, QUEZON CITY

REPUBLIC OF THE PHILIPPINES)
) S.S.

Quezon City

CERTIFICATION

I, **Alfred S. Jacinto**, Filipino, of legal age, and a resident of 118 Tordesillas St., Salcedo Village, Makati City, after having been duly sworn in accordance with law, hereby certify that:

1. I am the duly appointed and incumbent Independent Director of **FERRONOUX HOLDINGS, INC. (formerly, AG FINANCE, INC.)** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office address 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

2. I hereby certify that I am not appointed or employed in any government agency.

IN WITNESS WHEREOF, I have hereunto set my hand this day of SEP 01 2023
at Quezon City, Metro Manila Philippines.



Alfred S. Jacinto

SUBSCRIBED AND SWORN to before me this day of SEP 01 2023 at Quezon City,
affiant exhibited to me his Tax Identification No. 165-833-350.

Doc No.: 120;
Page No.: 118;
Book No.: X;
Series of 2023.

ATTY. RYAN C. CORTEZ
NOTARY PUBLIC
UNTIL DECEMBER 31, 2023
PTR NO. 2564877 01/03/2023 QC
IBP NO. 178355 / 01/03/2023
ADMIN MATTER NO. NP-071
ROLL NO. 73114
MCLE Comp. No. VI-0030669
Unit 102-GF, ONE EXECUTIVE
ONE BUILDING CONDOMINIUM,
118 AVENUE, QUEZON CITY

Republic of the Philippines)
Pasig City, Metro Manila) S.S.

CERTIFICATION

I, **MANUEL Z. GONZALEZ**, of legal age, Filipino and with office address at 33rd Floor, The Orient Square, F. Ortigas Jr. Road, Ortigas Center, Pasig City, after being duly sworn in accordance with law, hereby depose and state that:


1. I am the duly elected and incumbent Corporate Secretary of Ferronoux Holdings, Inc. (the **Corporation**), a corporation organized and existing under and by virtue of the laws of the Philippines, with office address at the 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City;
2. No directors or officers of the Corporation is connected with any government agencies or its instrumentalities;
3. The foregoing is in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have affixed my signature on this September 29, 2023 at Pasig City.


MANUEL Z. GONZALEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this September 29, 2023 at Pasig City, affiant exhibited to me his TIN ID No. 166-201-040.

Doc. No. 383;
Page No. 78 ;
Book No. III ;
Series of 2023.


GENEVIEVE KRISTINE B. MAÑALAC
Appointment No. 45 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2024
Attorney's Roll No. 80720
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979100; 01.04.23; Pasig City
IBP OR No. 213974; 05.22.22; RSM
Admitted to the Bar in 2022

Appendix 5

**AUDITED FINANCIAL
STATEMENT
FOR THE YEAR
ENDING DECEMBER 31, 2022**



SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines

Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph



The following document has been received:

Receiving: Mark Anthony Oseña

Receipt Date and Time: May 29, 2023 05:26:12 PM

Company Information

SEC Registration No.: A200115151

Company Name: FERRONOUX HOLDINGS, INC.

Industry Classification: J66940

Company Type: Stock Corporation

Document Information

Document ID: OST10529202381233215

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2022

Submission Type: Annual

Remarks: None

Acceptance of this document is subject to review of forms and contents



Bryan John Jimeno <bjimeno@isochoholdings.com>

Fwd: Your BIR AFS eSubmission uploads were received

Florence Ambray <fambray@isochoholdings.com>

Mon, Apr 17, 2023 at 6:29 PM

To: Bryan John Jimeno <bjimeno@isochoholdings.com>, Pearl Anne Gajardo <pgajardo@isochoholdings.com>

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From: <eafs@bir.gov.ph>

Date: Mon, Apr 17, 2023 at 6:25 PM

Subject: Your BIR AFS eSubmission uploads were received

To: <FAMBRAY@isochoholdings.com>

Cc: <FAMBRAY@isochoholdings.com>

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

Valid files

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- EAFS219045668AFSTY122022.pdf
- EAFS219045668OTHTY122022.pdf
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Invalid file

- <None>

Transaction Code: **AFS-0-8FAF5KFE0ECD9LGFMQ1RN3YV0BK8D655G**Submission Date/Time: **Apr 17, 2023 06:06 PM**Company TIN: **219-045-668**

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- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Ferronoux Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

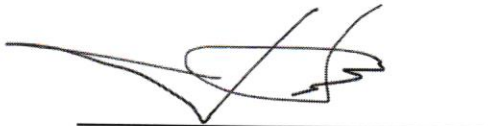
The management of **Ferronoux Holdings, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2021 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

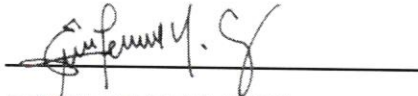
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Reyes Tacandong and Co., the independent auditor appointed by the stockholders for the period December 31, 2021 and 2022, respectively has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



MICHAEL C. COSIQUIEN
Chairman



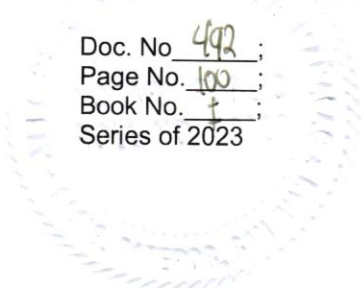
ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

Signed this _____ day of APR 17 2023

SUBSCRIBED AND SWORN to before me this ___ day of APR 17 2023, affiant exhibiting to me their evidence of identity (CEI), as follows:

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE OF ISSUE	PLACE OFF ISSUE
MICHAEL C. COSIQUIEN	TIN 150-443-009		
ERWIN TERRELL Y. SY	TIN 929-596-948		

Doc. No. 492 ;
Page No. 100 ;
Book No. 1 ;
Series of 2023



GENEVIEVE KRISTINE B. MAÑALAC
Appointment No. 46 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
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Attorney's Roll No. 80720
33rd Floor, The Orient Square
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PTR Receipt No. 8979100; 01.04.23; Pasig City
IBP OR No. 213974; 05.22.22; RSM
Admitted to the Bar in 2022



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2022, 2021 and 2020, 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, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020 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

As discussed in Note 1 to the financial statements, the Company ceased its lending activities in 2015 and does not have any other business activities since then. This condition may cast a significant doubt on the Company's ability to continue as a going concern. Action taken by the Company to address this condition is discussed in Note 1 to the financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

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



Assessment of Realizability of Due from a Related Party

As at December 31, 2022, the Company's due from a related party amounting to ₱148.6 million represents 98% of the total assets. The assessment of the realizability of due from a related party involves the exercise of significant judgment by management.

We evaluated the appropriateness of key management decisions and judgments, and reviewed and assessed the adequacy of the related disclosures in Notes 3, 6, and 11 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report distributed to stockholders for the year ended December 31, 2022, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report to be distributed to stockholders for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



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

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

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

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



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

The engagement partner on the audit resulting in this independent auditors' report is Emmanuel V. Clarino.

REYES TACANDONG & Co.

EMMANUEL V. CLARINO

Partner

CPA Certificate No. 27455

Tax Identification No. 102-084-004-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 27455-SEC Group A

Issued January 28, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-005-2022

Valid until October 16, 2025

PTR No. 9564558

Issued January 3, 2023, Makati City

March 20, 2023

Makati City, Metro Manila

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

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2022	2021
ASSETS			
Current Assets			
Cash in bank	4	₱128,598	₱140,738
Creditable withholding taxes		1,806,785	2,117,245
Other current assets		488,606	344,318
Total Current Assets		2,423,989	2,602,301
Noncurrent Assets			
Due from a related party	6	148,577,765	144,699,885
		₱151,001,754	₱147,302,186
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	5	₱10,350,239	₱8,483,215
Noncurrent Liabilities			
Deferred tax liability	10	756,893	1,066,099
Deferred output VAT	6	1,375,265	827,261
Total Noncurrent Liabilities		2,132,158	1,893,360
Total Liabilities		12,482,397	10,376,575
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(197,581,893)	(199,175,639)
Total Equity		138,519,357	136,925,611
		₱151,001,754	₱147,302,186

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2022	2021	2020
INTEREST INCOME	7	₱3,329,876	₱3,387,416	₱4,595,918
EXPENSES	8	(1,734,876)	(2,398,661)	(1,798,860)
OTHER INCOME (CHARGES)				
Day 1 gain on due from a related party	6	–	–	6,075,276
Provision for expected credit loss (ECL)	6	–	–	(1,733,022)
Loss on assignment of note receivable	6	–	–	(1,167,349)
		–	–	3,174,905
INCOME BEFORE INCOME TAX		1,595,000	988,755	5,971,963
PROVISION FOR (BENEFIT FROM) INCOME TAX	10			
Current		310,460	34,594	45,792
Deferred		(309,206)	(578,266)	1,644,365
		1,254	(543,672)	1,690,157
NET INCOME		1,593,746	1,532,427	4,281,806
OTHER COMPREHENSIVE INCOME		–	–	–
TOTAL COMPREHENSIVE INCOME		₱1,593,746	₱1,532,427	₱4,281,806
EARNINGS PER SHARE – BASIC AND DILUTED	9	₱0.006	₱0.006	₱0.016

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2022	2021	2020
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	74,277,248	74,277,248	74,277,248
DEFICIT			
Balance at beginning of year	(199,175,639)	(200,708,066)	(204,989,872)
Net income	1,593,746	1,532,427	4,281,806
Balance at end of year	(197,581,893)	(199,175,639)	(200,708,066)
	₱138,519,357	₱136,925,611	₱135,393,184

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱1,595,000	₱988,755	₱5,971,963
Adjustments for:				
Interest income	7	(3,329,876)	(3,387,416)	(4,595,918)
Day 1 gain on due from a related party	6	–	–	(6,075,276)
Provision for ECL	6	–	–	1,733,022
Loss on assignment of note receivable	6	–	–	1,167,349
Operating loss before working capital changes		(1,734,876)	(2,398,661)	(1,798,860)
Increase in other current assets		(144,288)	(168,734)	(145,464)
Increase in accrued expenses and other current liabilities		1,867,024	2,509,733	1,190,856
NET DECREASE IN CASH IN BANK		(12,140)	(57,662)	(753,468)
CASH IN BANK AT BEGINNING OF YEAR		140,738	198,400	951,868
CASH IN BANK AT END OF YEAR		₱128,598	₱140,738	₱198,400
NONCASH FINANCIAL INFORMATION				
Assignment of note receivable	6	₱–	₱–	₱132,714,385

See accompanying Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Corporate Information

Ferronoux Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 as AG Finance Incorporated. AG Finance Incorporated's primary purpose was to operate as a financing company and provide short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines. The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. On February 6, 2018, the SEC approved the amendment of the Company's Articles of Incorporation to change its corporate name from "AG Finance Incorporated" to "Ferronoux Holdings, Inc." and to change its purpose to a holding company. The Company likewise changed its stock symbol from "AGF" to "FERRO". As at December 31, 2022 and 2021, all of the 261,824,002 shares of the Company are listed in the PSE.

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

The Company ceased its lending activity in 2015 and is currently evaluating and considering potential transactions with other entities. The Company's Board of Directors (BOD) has also authorized its directors to enter into exploratory discussions with potential partners.

The Company's principal office address is at 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

The financial statements of the Company as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were authorized and approved for issuance by the BOD on March 20, 2023, as reviewed and recommended for approval by the Audit Committee on the same date.

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 and Sustainability Reporting Standards Council (formerly 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. The accounting policies adopted are consistent with those of the previous years.

Measurement Bases

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

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair value is included in Note 11, *Financial Risk Management Objectives and Policies*.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of the amended PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

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

Financial Instruments

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument.

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

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

Financial Assets

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI), and (c) financial assets at FVPL. The classification of a financial asset largely depends on the Company's business model and its contractual cash flow characteristics.

As at reporting date, the Company does not have financial assets measured at FVOCI and at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Company's cash in bank and due from a related party are classified under this category.

Impairment. The Company records an allowance for expected credit loss (ECL) based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. This includes both quantitative and qualitative information and analysis, based on the financial capacity of the counterparty and historical credit loss experience and including forward-looking information.

Reclassification. The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

Derecognition. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;
- The Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- The Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities

Classification. The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost and (b) financial liabilities at FVPL.

As at reporting date, the Company does not have financial liabilities measured at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Company’s accrued expenses and other current liabilities is classified under this category.

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

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

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Assets and Liabilities

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

Creditable Withholding Taxes (CWT)

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

Value-Added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- Where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the taxation authority is included in "Other current assets" account in the statements of financial position.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in the statements of comprehensive income.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income.

Capital Stock

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

Additional Paid-in Capital (APIC)

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

Deficit

Deficit represents the cumulative balance of the Company's result of operations.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

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

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

Other Income. Income from other sources is recognized when earned during the period.

Expenses Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participant. Expenses are generally recognized as incurred.

Income Taxes

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting date, and any adjustment to tax payable in the previous years.

Deferred Tax. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future.

Deferred tax assets are recognized for all temporary differences and carry forward benefits of net operating loss carry over (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) that are expected to reduce taxable profit in the future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

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

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

Current tax and deferred tax are recognized in profit or loss except to the items recognized directly in equity or in OCI.

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

Earnings Per Share (EPS)

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

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

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

The Company does not have potential dilutive ordinary shares of stock.

Segment Reporting

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

Aside from being a holding company, the Company does not have any other operating segments.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The key management personnel of the company, post-employment benefits plans of employees, and close members of the family of any individuals owning, directly or indirectly, a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions of the Company are also considered to be related parties. Parties are also considered to be related if they are subject to common control or common significant influence. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

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

Pursuant to SEC Memorandum Circular No. 10-2019, material related party transactions are related party transactions, either individually, or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of a company's total assets based on its latest audited financial statements.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies

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

Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgment, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the Company to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgment, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment

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

Assessing the Ability of the Company to Continue as a Going Concern. The Company ceased its lending activities in 2015 and has no other business activities since then. As discussed in Note 1, the Company is currently evaluating and considering potential transactions with other entities. The Company's BOD has also authorized its directors to enter into exploratory discussions with potential partners. Accordingly, the financial statements are prepared on a going concern basis of accounting.

Estimates and Assumptions

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

Assessing the ECL. The Company applies the general approach in measuring ECL. For cash in bank, the Company assessed that cash in bank is deposited in a reputable counterparty bank that possess good credit ratings. For due from a related party, the Company considers the financial capacity of the counterparty and historical credit loss experience adjusted for forward-looking factors, as applicable.

After taking into consideration the related party's ability to pay depending on the sufficiency of liquid assets, financial support from stockholders, and available forward-looking information, the risk of default of the related party is assessed to be minimal.

No provision for ECL was recognized in 2022 and 2021, while ₱1.7 million was recognized in 2020. The carrying amounts of the financial assets of the Company are as follows:

	Note	2022	2021
Cash in bank	4	₱128,598	₱140,738
Due from a related party	6	148,577,765	144,699,885

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

As at December 31, 2022 and 2021, deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT because the management has assessed that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

The Company's unrecognized deferred tax assets amounted to nil and ₱0.4 million as at December 31, 2022 and 2021, respectively (see Note 10).

4. Cash in Bank

Cash in bank amounted to ₱128,598 and ₱140,738 as at December 31, 2022 and 2021, respectively.

5. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	2022	2021
Due to a related party	6	₱9,177,627	₱7,314,007
Accrued expenses		1,172,612	1,169,208
		₱10,350,239	₱8,483,215

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

6. Related Party Transactions

The following table summarizes the transactions with related parties and the outstanding balance arising from these transactions as at and for the years ended December 31, 2022 and 2021:

Nature of Transactions	Transactions during the Year		Outstanding Balance	
	2022	2021	2022	2021
Due from a Related Party				
Parent Company				
Assignment of note receivable	₱-	₱-	₱132,714,385	₱132,714,385
Day 1 difference	-	-	3,027,570	4,264,396
Interest	5,114,706	₱4,604,236	12,835,810	7,721,104
			₱148,577,765	₱144,699,885
Due to a Related Party				
Parent Company				
Advances for working capital requirements	₱1,863,620	₱2,060,922	₱9,177,627	₱7,314,007

Assignment of Note Receivable

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

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

At the date of assignment, the fair value of the due from a related party computed at the present value of future cash flows discounted using effective interest rate of 2.44% is different from the transaction price. Accordingly, the Company recognized “Day 1” gain on due from a related party of ₱6.1 million.

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

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

	2022	2021
Original amount at the date of assignment	₱132,714,385	₱132,714,385
“Day 1” gain		
Balance at beginning of year	4,264,396	5,481,216
Accretion	(1,236,826)	(1,216,820)
Balance at end of year	3,027,570	4,264,396
Carrying amount	₱135,741,955	₱136,978,781

Interest earned on due from a related party net of accretion amounted to ₱3.3 million, ₱3.4 million and ₱4.6 million in 2022, 2021 and 2020 respectively (see Note 7). Interest receivable amounted to ₱12.8 million and ₱7.7 million as at December 31, 2022 and 2021, respectively. Deferred output VAT amounted to ₱1.4 million and ₱0.8 million in 2022 and 2021, respectively.

As at December 31, 2022 and 2021, the Company has not provided any allowance for impairment losses for the amounts owed by a related party. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The Company also considered the available liquid assets of the related party and the continuing support provided by the stockholders.

Terms and Conditions of Due to a Related Party

The outstanding balance of due to a related party as at December 31, 2022 and 2021 is unsecured, noninterest-bearing, due and demandable, and normally settled in cash.

Key Management Personnel

On November 4, 2020, the BOD approved the payment of reasonable per diems to the Company’s BOD. The reasonable per diems paid to directors amounted to ₱360,000, ₱390,000 and ₱60,000 in 2022, 2021 and 2020, respectively. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

7. Interest Income

This account consists of:

	Note	2022	2021	2020
Due from a related party - net of accretion	6	₱3,329,876	₱3,387,416	₱1,695,547
Accretion of “Day 1” difference on note receivable	6	-	-	2,900,371
		₱3,329,876	₱3,387,416	₱4,595,918

8. Expenses

This account consists of:

	2022	2021	2020
Professional fees	₱1,152,329	₱1,942,869	₱1,174,217
PSE and SEC fees	250,000	253,000	261,000
Outside services	137,572	26,036	135,275
Trainings and seminars	87,760	–	100,000
Advertising	60,813	23,989	–
Taxes and licenses	20,415	83,406	84,940
Others	25,987	69,361	43,428
	₱1,734,876	₱2,398,661	₱1,798,860

9. Earnings Per Share (EPS)

Basic EPS is computed as follows:

	2022	2021	2020
Net income	₱1,593,746	₱1,532,427	₱4,281,806
Weighted average number of common shares	261,824,002	261,824,002	261,824,002
	₱0.006	₱0.006	₱0.016

The Company does not have potential dilutive shares of stock.

10. Income Taxes

The Company's provision for current income tax pertains to RCIT in 2022 and MCIT in 2021 and 2020.

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") was approved and signed into law by the country's President. Under the CREATE, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets and total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates retrospectively became effective beginning July 1, 2020. However, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively. The income tax rate used for the year ended December 31, 2021 are 25% and 1% for RCIT and MCIT, respectively.

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

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

	2022	2021	2020
Income tax expense at statutory tax rate	P398,750	P247,188	P1,791,589
Change in unrecognized deferred tax assets	(397,496)	(513,501)	(178,840)
Effect of change in income tax rate	-	(285,509)	-
Add (deduct) tax effects of:			
Nondeductible expenses	-	750	8,100
Expired NOLCO and MCIT	-	7,400	69,308
	P1,254	(P543,672)	P1,690,157

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

	2022	2021
MCIT	P-	P93,432
NOLCO	-	304,064
	P-	P397,496

As at December 31, 2022 and 2021, the Company's deferred tax liability amounting to P0.8 million and P1.1 million, respectively, pertains to "Day 1" difference on due from a related party.

NOLCO and MCIT amounting to P1.2 million and P0.1 million, respectively, were applied in 2022.

11. Financial Risk Management Objectives and Policies

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

Financial Risks

The Company's financial instruments consist of cash in bank, due from a related party, interest receivable and accrued expenses and other current liabilities which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments when a counterparty defaults on its obligation. The Company's exposure to credit risk arises primarily from cash in bank, due from a related party and interest receivable.

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

The summary of exposure to credit risk for the Company's financial assets is as follows:

	December 31, 2022					Total
	Neither Past due nor Impaired		Past Due but not		Impaired	
	High Grade	Standard Grade	Impaired	Impaired		
Cash in bank	₱128,598	₱-	₱-	₱-	₱-	₱128,598
Due from a related party	-	148,577,765	-	-	-	148,577,765
	₱128,598	₱148,577,765	₱-	₱-	₱-	₱148,706,363

	December 31, 2021					Total
	Neither Past due nor Impaired		Past Due but not		Impaired	
	High Grade	Standard Grade	Impaired	Impaired		
Cash in bank	₱140,738	₱-	₱-	₱-	₱-	₱140,738
Due from a related party	-	144,699,885	-	-	-	144,699,885
	₱140,738	₱144,699,885	₱-	₱-	₱-	₱144,840,623

The Company manages the credit quality of its financial assets using internal credit ratings such as high grade and standard grade.

High grade pertains to a counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. Standard grade is given to counterparties with average capacity to meet its obligations.

Cash in bank is classified as high grade because it is deposited in a reputable bank, which has a low probability of insolvency.

The Company's financial assets, in evaluating credit quality, are also grouped according to stage whose description is explained as follows:

- Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.
- Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date.
- Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

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

	2022				Total
	ECL Staging			Total	
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
Financial Assets at Amortized Cost					
Cash in bank	₱128,598	₱-	₱-	₱-	₱128,598
Due from a related party	148,577,765	-	-	-	148,577,765
	₱148,706,363	₱-	₱-	₱-	₱148,706,363

	2021				Total
	ECL Staging			Total	
	Stage 1	Stage 2	Stage 3		
	12-month ECL	Lifetime ECL	Lifetime ECL		
Financial Assets at Amortized Cost					
Cash in bank	₱140,738	₱-	₱-	₱-	₱140,738
Due from a related party	144,699,885	-	-	-	144,699,885
	₱144,840,623	₱-	₱-	₱-	₱144,840,623

Liquidity Risk

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

The carrying amount of the accrued expenses and other current liabilities as at December 31, 2022 and 2021 represents the contractual undiscounted cash flows and is payable within the next reporting year.

Fair Value Measurement

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

	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	₱128,598	₱128,598	₱140,738	₱140,738
Due from a related party*	135,741,955	136,669,943	136,978,781	141,916,983
	₱135,870,553	₱136,798,541	₱137,119,519	₱142,057,721
Financial Liabilities				
Accrued expenses and other current liabilities	₱10,350,239	₱10,350,239	₱8,483,215	₱8,483,215

*Including future interest

Cash in Bank and Accrued Expenses and Other Current Liabilities. The carrying amounts of cash in bank and accrued expenses and other current liabilities approximate their fair values due to the short-term and demandable nature of the transactions.

Due from a Related Party. The fair value of the Company's due from a related party in 2022 and 2021 was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. These financial instruments are classified under Level 2 (significant observable inputs) of the fair value hierarchy groups in the financial statements.

12. Capital Management

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

There has been no change made in the objectives, policies and processes in 2022, 2021 and 2020. The Company is not subject to externally-imposed capital requirements.



**INDEPENDENT AUDITORS REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020, and have issued our report thereon dated March 20, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2022 and 2021 and for the years then ended December 31, 2022, 2021 and 2020 and no material exceptions were noted.

REYES TACANDONG & Co.

EMMANUEL V. CLARINO

Partner

CPA Certificate No. 27455

Tax Identification No. 102-084-004-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 27455-SEC Group A

Issued January 28, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-005-2022

Valid until October 16, 2025

PTR No. 9564558

Issued January 3, 2023, Makati City

March 20, 2023

Makati City, Metro Manila

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

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Below is a schedule showing financial soundness indicators in 2022 and 2021.

Ratio	Formula	2022	2021
Current Ratio	Total current assets	₱2,423,989	₱2,602,301
	Divided by: Total current liabilities	10,350,239	8,483,215
	Current Ratio	0.23:1	0.31:1
Acid Test Ratio	Total current assets	₱2,423,989	₱2,602,301
	Less: Inventories	-	-
	Other current assets	2,295,391	2,461,563
	Quick assets	128,598	140,738
	Divide by: Total current liabilities	10,350,239	8,483,215
	Acid Test Ratio	0.01:1	0.02:1
Solvency Ratio	Net income after depreciation and amortization	₱1,593,746	₱1,532,427
	Add: Depreciation and amortization	-	-
	Net income before depreciation and amortization	1,593,746	1,532,427
	Divided by: Total liabilities	12,482,397	10,376,575
	Solvency Ratio	0.13:1	0.15:1
Debt-to-Equity Ratio	Total liabilities	₱12,482,397	₱10,376,575
	Divided by: Total equity	138,519,357	136,925,611
	Debt-to-Equity Ratio	0.09:1	0.08:1
Asset-to-Equity Ratio	Total assets	₱151,001,754	₱147,302,186
	Divided by: Total equity	138,519,357	136,925,611
	Asset-to-Equity Ratio	1.09:1	1.08:1
Return on Equity	Net income	₱1,593,746	₱1,532,427
	Divided by: Total equity	138,519,357	136,925,611
	Return on Equity	0.01:1	0.01:1
Return on Assets	Net income	₱1,593,746	₱1,532,427
	Divided by: Average total assets	149,151,970	145,156,609
	Return on Assets	0.01:1	0.01:1
Net Profit Margin	Net income	₱1,593,746	₱1,532,427
	Divided by: Revenue	3,329,876	3,387,416
	Net Profit Margin	0.48:1	0.45:1

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

**SUPPLEMENTARY SCHEDULE OF COMPANY'S
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022**

	Amount
Deficit, as shown in the financial statements at beginning of year	(P199,175,639)
Unamortized "Day 1" difference, beginning of year	(4,264,396)
Deficit at beginning of year	(203,440,035)
Net income during the year closed to retained earnings	1,593,746
Accretion of "Day 1" difference during the year	1,236,826
Deficit at end of year	(P200,609,463)

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

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR.
6 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2022

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>1</u>
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>N/A</u>
D	Long-Term Debt	<u>N/A</u>
E	Indebtedness to Related Parties	<u>N/A</u>
F	Guarantees of Securities of Other Issuers	<u>N/A</u>
G	Capital Stock	<u>2</u>

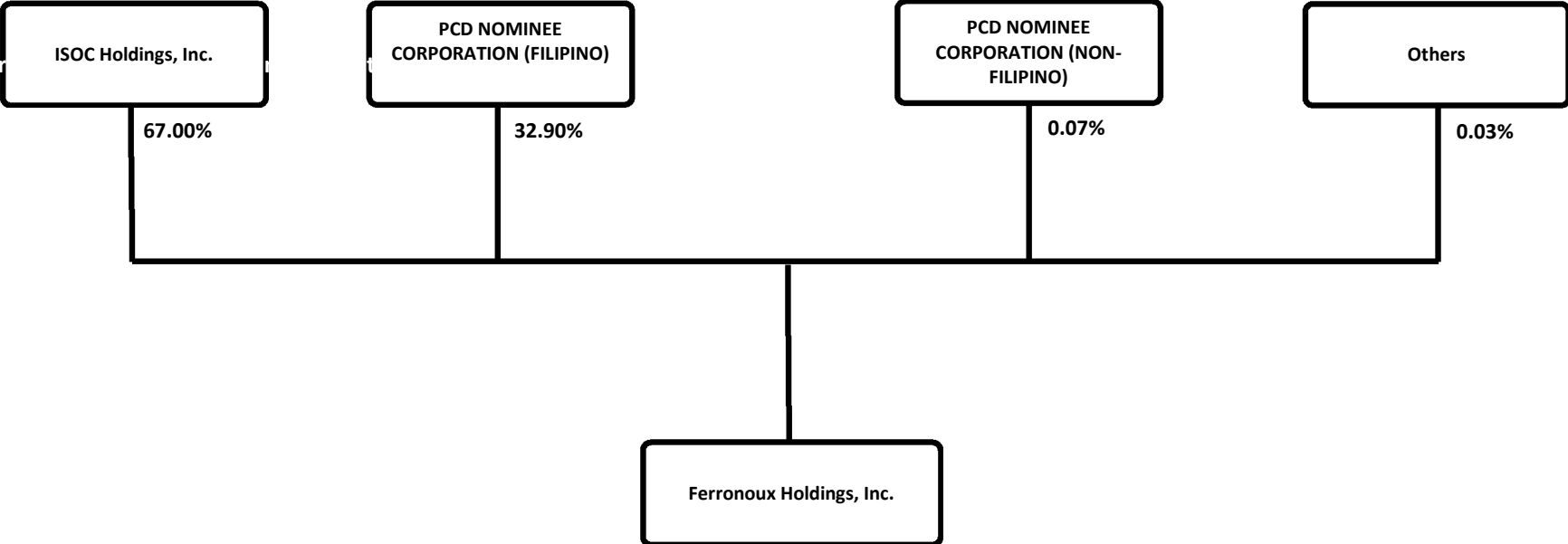
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

	Balance at beginning of year	Additions	Deductions		Balance at end of year		Total
			Collections	Write Offs	Current	Noncurrent	
ISOC Holdings, Inc.	₱144,699,885	₱3,877,880	₱-	₱-	₱-	₱148,577,765	₱-

Schedule G. Capital Stock

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

Conglomerate Map
As at December 31, 2022



Appendix 6-A

**INTERIM FINANCIAL
STATEMENTS
AS OF March 31, 2023**

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

1. For the three-month period ending **31 March 2023**
2. Commission identification number **A200115151**
3. BIR Tax Identification No. **219-045-668**
4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC. (formerly, AG Finance Incorporated)**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office **6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City** Postal Code **1605**
8. Issuer's telephone number, including area code **n/a**
9. Former name, former address and former fiscal year, if changed since last report **AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes No

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

Table of Contents

PART I - FINANCIAL INFORMATION	
Item 1. –Summary of Financial Statements	3
Item 2.- Management’s Discussion and Analysis of Financial Condition and Results of Operation	4
2.a - Results of Operation	4
2.b - Statements of Financial Position	4
2.c - Statements of Cash Flows	4
2.d - Horizontal and Vertical Analysis	5
PART II - OTHER INFORMATION	7
PART III - FINANCIAL SOUNDNESS INDICATORS	8
SIGNATURES	9
ANNEX A-Financial Statements	10

PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The interim financial statements of FERRONOUX HOLDINGS, INC. as at March 31, 2023, with comparative audited figures as at December 31, 2022 and for the three-month periods ending March 31, 2023 and 2022, were prepared in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation.

Summary of Income Statements for the three-month periods ending March 31, 2023 and 2022.

	For the three-month periods ending March 31		Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) (%)
	2023 (P'000)	2022 (P'000)		
Interest income	₱816	₱824	(₱8)	-1%
Operating expenses	(594)	(628)	(34)	-5%
Income before tax	222	196	26	13%
Tax expense	—	—	—	—
Net income for the period	₱222	₱196	₱26	13%

Summary of Balance Sheet as at March 31, 2023 and December 31, 2022 are as follows:

	Mar. 31, 2023 (Unaudited)	December 31, 2022 (Audited)	Mar 31, 2023 vs. Dec. 31, 2022	
	(P'000)	(P'000)	Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) (%)
Current assets	₱3,067	₱2,424	₱643	27%
Noncurrent assets	149,394	148,578	816	1%
Total Assets	₱152,461	₱151,002	₱1,459	1%
Current liabilities	₱11,587	₱10,350	₱1,237	12%
Noncurrent liabilities	2,132	2,132	—	—
Total Liabilities	13,719	12,482	1,237	10%
Stockholders' Equity	138,741	138,519	222	0%
Total Liabilities and Stockholders' Equity	₱152,461	₱151,002	₱1,459	1%

Summary of Statements of Cash Flows for the three-month periods ending March 31, 2023 and 2022 are as follows:

	For the three months ending March 31		Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) (%)
	2023 (P'000)	2022 (P'000)		
Cash used in operating activities	₱603	(₱75)	₱678	804%
Cash at the beginning of period	128	141	(13)	-9%
Cash at the end of period	₱731	₱66	₱665	1108%

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

The following discussion and analysis is based on the financial statements for the three-month periods ending March 31, 2023 and 2022.

2.a - Results of Operations

Interest Income

Interest income was ₱0.82 million for the three-month period ending March 31, 2023 compared to ₱0.82 million for the same period in 2022. The interest earned in 2023 and 2022 pertains to the due from a related party.

Operating expenses

Expenses decreased by ₱0.03 million or 5% as at March 31, 2023. Changes in the expense accounts for the three-month ending March 31, 2023 versus the same period last year is attributable to the decrease in professional fees by ₱0.03 million.

2.b - Statements of Financial Position

The significant changes in the Statements of Financial Position during the three-month period ending March 31, 2023 compared to December 31, 2022 are as follows:

- Total assets were ₱152.46 million as at March 31, 2023 compared to ₱151.00 million as at December 31, 2022, an increase of ₱1.46 million or 1%. The increase is mainly due to the accretion of interest due from a related party.
- Total liabilities increased by ₱1.24 million or 10% from ₱12.48 million as at December 31, 2022 to ₱13.72 million in the current period mainly due to additional advances from a related party.
- Total equity increased by ₱0.22 million or 0.001% mainly due to net income for the three-month period ending March 31, 2023.

2.c - Statements of Cash Flows

The net cash used in operating activities amounted to ₱0.60 for the three-month period ending March 31, 2023 compared to net cash used in the same period in 2022 amounting to ₱0.08 million.

The cash as at March 31, 2023 and December 31, 2022 amounted to ₱0.73 million and ₱0.66 million, respectively.

2.d - Horizontal and Vertical Analysis

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	Increase (Decrease) Amount Percentage	
ASSETS				
Current Assets				
Cash	₱731,309	₱128,598	₱602,711	469%
Creditable withholding tax	1,806,785	1,806,785	-	0%
Other current assets	529,122	488,605	40,517	8%
Total Current Assets	3,067,216	2,423,988	643,228	27%
Noncurrent Assets				
Due from related parties	135,432,317	135,741,955	(309,638)	0%
Interest receivable	13,961,846	12,835,810	1,126,036	9%
Total Non-current Assets	149,394,163	148,577,765	816,398	1%
	₱152,461,379	₱151,001,753	₱1,459,626	1%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱11,586,885	₱10,350,239	₱1,236,646	42%
Noncurrent Liabilities				
Deferred tax liabilities	1,375,265	1,375,265	-	-
Deferred output VAT	756,893	756,893	-	-
Total Noncurrent Liabilities	2,132,158	2,132,158	-	-
Total Liabilities	13,719,043	12,482,397	1,236,646	10%
Equity				
Capital stock	261,824,002	261,824,002	-	-
Additional paid-in capital	74,277,248	74,277,248	-	-
Deficit	(197,358,914))	(197,581,894)	222,980	0%
Total Equity	138,742,336	138,519,356	222,980	0%
	₱152,461,379	₱151,001,753	₱1,459,626	1%

FINANCIAL INDICATORS

	March 31, 2023	December 31, 2022
Net Income	₱222,980	₱1,593,745
Quick Assets	731,309	128,598
Current Assets	3,067,216	2,423,988
Total Assets	152,461,379	151,001,753
Current Liabilities	11,586,885	10,350,239
Total Liabilities	13,719,043	12,482,397
Stockholders' Equity	138,742,336	138,519,356
Number of Common Shares Outstanding	261,842,002	261,842,002

Current Ratio (1)	0.26	0.23
Debt to Equity Ratio (2)	0.10	0.09
Asset to Equity Ratio (3)	1.10	1.09
Return on Assets (4)	0.15%	1%
Return on Equity (5)	0.16%	1%
Book Value per Share (6)	₱0.53	₱0.53

- (1) *Current assets divided by current liabilities*
(2) *Total liabilities divided by equity*
(3) *Total assets divided by equity*
(4) *Net income divided by average assets*
(5) *Net income divided by average equity*
(6) *Total common stockholder's equity divided by number of common shares*

OTHER INFORMATION

- a. There are no known trends, demands, commitments, events or uncertainties that have a material impact on the Company's liquidity.
- b. There are no events that will trigger direct or contingent financial obligation that is material to the Company.
- c. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the company with unconsolidated entities, or other persons were created during the interim period.
- d. There are no material commitments for capital expenditures during the interim period.
- e. There are no known trends, events or uncertainties that have or are reasonably expected to have a material impact on net sales/ revenues/ income from continuing operations.
- f. There is no significant income or expense that did not arise from the Company's continuing operations.
- g. There is no seasonal aspect that had a material effect on the financial condition or results of operation.

PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity	Current Ratio (1)	0.26
	Quick Ratio (2)	0.06
Solvency	Debt to Equity Ratio (3)	0.10
	Debt Ratio (4)	0.09
Profitability	Asset to Equity Ratio (5)	1.10
	Return on Assets (6)	0.15%
	Return on Equity (7)	0.16%
	Book Value per Share (8)	₱0.53

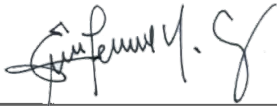
- (1) *Current assets divided by current liabilities*
 (2) *Quick assets divided by total current liabilities*
 (3) *Total liabilities divided by equity*
 (4) *Total liabilities divided by total assets*
 (5) *Total assets divided by total equity*
 (6) *Net income divided by average assets*
 (7) *Net income divided by average equity*
 (8) *Total common stockholder's equity divided by number of common shares*

SIGNATURES

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

Issuer: **FERRONOUX HOLDINGS, INC.**

By:



ERWIN TERRELL Y. SY
Treasurer/Chief Financial Officer



LAVINIA E. BUCTOLAN
Compliance Officer

ANNEX A

FERRONOUX HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Current Assets			
Cash	4	₱731,309	₱128,598
Creditable withholding tax		1,806,785	1,806,785
Other current assets		529,122	488,606
Total Current Assets		3,067,216	2,423,989
Noncurrent Assets			
Due from related parties	6	135,432,317	135,741,955
Interest receivable	6	13,961,846	12,835,810
Total Noncurrent Assets		149,394,163	148,577,765
Total Assets		₱152,461,379	₱151,001,753
LIABILITIES AND EQUITY			
Current Liability			
Accrued expenses and other current liabilities	5	₱11,586,885	₱10,350,239
Noncurrent Liabilities			
Deferred tax liabilities		1,375,265	1,375,265
Deferred output VAT		756,893	756,893
Total Noncurrent Liabilities		2,132,158	2,132,158
Total Liabilities		13,719,043	12,482,397
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(197,358,914)	(197,581,894)
Total Equity		138,742,336	138,519,356
Total Liabilities and Equity		₱152,461,379	₱151,001,753

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Note	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
INTEREST INCOME		₱816,398	₱3,329,876
EXPENSES	7	(593,418)	(1,734,877)
INCOME BEFORE INCOME TAX		222,980	1,594,999
TAX PROVISION FOR INCOME TAX			
Current		—	(310,460)
Deferred		—	309,206
			1,254
NET INCOME		₱222,980	₱1,593,745
BASIC EARNINGS PER SHARE	8	₱0.0001	₱0.0061

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, INC.****STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022**

		March 31	
		2023	2022
	Note	(Unaudited)	(Unaudited)
INTEREST INCOME		₱816,398	₱823,857
EXPENSES	7	(593,418)	(628,237)
INCOME BEFORE INCOME TAX		222,980	195,620
PROVISION FOR INCOME TAX		—	—
NET INCOME		₱222,980	₱195,620
BASIC EARNINGS PER SHARE	8	₱0.0001	₱0.001

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, Inc.****STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2021**

	March 31	
	2023	2022
	(Unaudited)	(Unaudited)
CAPITAL STOCK - 1 par value		
Authorized - 550,000,000 shares	₱261,824,002	₱261,824,002
Issued and outstanding - 261,842,002 shares		
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning and end of period	74,277,248	74,277,248
DEFICIT		
Balance at beginning of period	(197,581,894)	(199,175,640)
Net income	222,980	195,620
Balance at end of the period	(197,358,914)	(198,980,020)
	₱138,742,336	₱137,121,230

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, Inc.****STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022**

	March 31	
	2023	2022
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	₱222,980	₱195,620
Adjustment for:		
Interest income	8	(823,857)
Operating loss before changes in working capital	(593,418)	(628,237)
Increase (decrease) in:		
Other current assets	(40,517)	(48,909)
Due from related parties	309,638	-
Interest receivables	(1,126,036)	-
Increase (decrease) in accrued expenses and other current liabilities	1,236,646	602,115
Net cash used in operating activities	602,711	(75,031)
CASH AT BEGINNING OF PERIOD	128,598	140,738
CASH AT END OF PERIOD	₱731,309	₱65,707

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Ferronoux Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 as AG Finance Incorporated. The Company's primary purpose was to operate as a financing company and provide short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines. The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2020 and 2019, all of the 261,824,002 shares of the Company are listed in the PSE. On February 6, 2018, the SEC approved the amendment of the Company's articles of incorporation to change its corporate name from "AG Finance Incorporated" to "Ferronoux Holdings, Inc." and to change its purpose to a holding company. The Company likewise changed its stock symbol from "AGF" to "FERRO".

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

The Company's principal office address is at 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

Status of Operations

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

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Measurement Bases

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

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair value is included in Note 12, *Financial Risk Management Objectives and Policies*.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS which are not yet effective and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendments. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2023-

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy require an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.
- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

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

Financial Instruments

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The

initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

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

Financial Assets

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI), and (c) financial assets at FVPL. The classification of a financial asset largely depends on the Company’s business model and its contractual cash flow characteristics.

As at reporting date, the Company does not have financial assets measured at FVOCI and at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Company’s cash in bank, due from a related party, interest receivable and note receivable are classified under this category.

Impairment. The Company records an allowance for ECL based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

For financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. This includes both quantitative and qualitative information and analysis, based on the financial capacity of the counterparty and historical

credit loss experience and including forward-looking information.

Reclassification. The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

Derecognition. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities

Classification. The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost and (b) financial liabilities at FVPL.

As at reporting date, the Company does not have financial liabilities measured at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Company's accrued expenses and other current liabilities is classified under this category.

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

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

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Assets and Liabilities

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

Creditable Withholding Taxes (CWT)

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

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in the statements of comprehensive income.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. Any previously recognized impairment loss is

reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income.

Capital Stock

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

Additional Paid-in Capital (APIC)

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

Deficit

Deficit represents the cumulative balance of the Company's result of operations.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

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

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

Other income. Income from other sources is recognized when earned during the period.

Expenses Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participant. Expenses are generally recognized as incurred.

Income Taxes

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting date, and any adjustment to tax payable in the previous years.

Deferred Tax. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future.

Deferred tax assets are recognized for all temporary differences and carry forward benefits of net operating loss carry over (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax that are expected to reduce taxable profit in the future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

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

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

Current tax and deferred tax are recognized in profit or loss except to the items recognized directly in equity or in OCI.

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

Earnings Per Share (EPS)

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

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

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

The Company does not have dilutive potential shares of stock.

Segment Reporting

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

As discussed in Note 1, the Company's application with the SEC for the change of its principal purpose to a holding company was approved in 2018. The Company does not have any other operating segments.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

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

Pursuant to SEC Memorandum Circular No. 10-2019, material related party transactions are related party transactions, either individually, or in aggregate over a twelve-month period with the same related party, amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statements.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies

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

Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the Company to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgment, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment

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

Assessing the Ability of the Company to Continue as a Going Concern. The Company has ceased its lending activities in 2015 and has no other business activities since then. As discussed in Note 1,

management is considering to implement changes in the Company's business structure and operations and is focused on acquiring a majority stake in operating businesses that meet the Company's investment criteria. Accordingly, the financial statements are prepared on a going concern basis of accounting.

Estimates and Assumptions

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

Assessing the ECL. The Company applies the general approach in measuring ECL. For cash in bank, the Company assessed that cash in bank is deposited in a reputable counterparty bank that possess good credit ratings. For note receivable, the Company considers the financial capacity of the counterparty and historical credit loss experience adjusted for forward-looking factors, as applicable.

After taking into consideration the related party's ability to pay depending on the sufficiency of liquid assets, financial support from stockholders, and available forward-looking information, the risk of default of the related party is assessed to be minimal.

Provision for ECL amounted to nil as of March 31, 2023 and December 31, 2022, respectively. The carrying amounts of the financial assets of the Company are as follows:

	Note	March 31, 2023	December 31, 2022
Cash in banks	4	731,309	128,598
Due from a related party	7	135,432,317	135,741,955
Interest receivable	7	13,961,846	12,835,810

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

As at March 31, 2023 and December 31, 2022, deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT because the management has assessed that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

4. Cash

Cash in banks amounting to 0.73 million and 0.13 million as at March 31, 2023 and December 31, 2022, respectively, earn interest at prevailing bank deposit rates. No interest income earned in March 31, 2023 and December 31, 2022.

5. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	March 31, 2023	December 31, 2022
Due to a related party	6	10,907,627	9,177,627
Accrued expenses		679,258	1,172,612
		11,586,885	10,350,239

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

6. Related Party Transactions

The following table summarizes the transactions with related parties and the outstanding balance arising from these transactions as at and for the years ended March 31, 2023 and December 31, 2022:

	Nature of transactions	Transactions during the Year		Outstanding Balance	
		2023	2022	March 31, 2023	December 31, 2022
Interest Receivable					
Parent Company	Interest income	1,126,036	5,114,706	13,961,846	12,835,810
Due to a Related Party					
Parent Company	Advances for working capital requirements	1,730,000	1,863,620	10,907,627	9,177,627

Assignment of Note Receivable

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

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

At the date of assignment, the fair value of the due from a related party computed as the present value of future cash flows discounted using effective interest rate of 2.44% is different from the transaction price. Accordingly, the Company recognized "Day 1" gain on due from a related party of 6.1 million.

The outstanding balance of due from a related party as at March 31, 2023 and December 31, 2022 is unsecured and payable in full in 2025, and bears interest at 3.44% per annum payable upon maturity. The movements of due from a related party are as follows:

	March 31, 2023	December 31, 2022
Original amount at the date of assignment	132,714,385	132,714,385
"Day 1" gain		
Balance at beginning of period	3,027,570	4,264,396
Accretion	(309,638)	(1,236,826)
Balance at end of period	2,717,932	3,027,570
Carrying amount	135,432,317	135,741,955

As at March 31, 2023 and 2022, interest earned on due from a related party net of accretion amounted to 0.82 million and 0.82 million, respectively. Interest receivable amounted to 13.96 million and 12.84 million as at March 31, 2023 and December 31, 2022, respectively. Deferred output VAT amounted to 1.38 million as at March 31, 2023 and December 31, 2022.

As at March 31, 2023 and December 31, 2022, the Company has not provided any allowance for impairment losses for the amounts owed by a related party. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The Company also considered the available liquid assets of the related party and the continuing support provided by the stockholders.

Terms and Conditions of Transactions with Related Party

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

Revenue Regulations on Related Party Transactions

In July 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 19-2020, prescribing the use of the new BIR Form 1709, Information Return on Related Party Transactions, and the required documentary attachments which include but not limited to transfer pricing documentation.

Subsequently, the BIR issued RR No. 34-2020 prescribing the guidelines and procedures for the submission of BIR Form 1709, transfer pricing documentation and other supporting documentations. Under RR No. 34-2020, the following are required to file and submit the BIR Form:

- a. Large taxpayers
- b. Taxpayers enjoying tax incentives
- c. Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
- d. A related party, which has transactions with the above.

The Company is covered by the requirements provided by these revenue regulations.

Key Management Personnel

On November 4, 2020, the BOD approved the payment of reasonable per diems to the Company's BOD for their services for the year 2020. The reasonable per diems paid to directors amounted to 90,000 in March 31, 2023 and 2022. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

7. Expenses

Operating expenses for the three-month periods ending March 31, 2023 and 2022 consists of:

Professional fees	-	355,076
PSE fees	250,000	250,000
Taxes and licenses	144,339	20,415
Others	199,079	2,746
	593,418	628,237

8. Earnings Per Share

Basic EPS for the three-month periods ending March 31, 2023 and 2022 were computed as follows:

	2023	2022
Net income	222,980	195,620
Weighted average number of common shares	261,824,002	261,824,002
	0.0001	0.001

The Company does not have potential dilutive shares of stock.

9. Financial Risk Management Objectives and Policies

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

Financial Risks

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

Credit Risk

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

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

The summary of exposure to credit risk for the Company's financial assets are as follows:

March 31, 2023

	<u>Neither Past due nor Impaired</u>		<u>Past Due but not</u>		<u>Total</u>
	<u>High Grade</u>	<u>Standard Grade</u>	<u>Impaired</u>	<u>Impaired</u>	
Cash in bank	731,309	–	–	–	731,309
Due from a related party	–	135,432,317	–	–	135,432,317
Interest receivable	–	13,961,846	–	–	13,961,846
	731,309	149,394,163	–	–	149,394,163

December 31, 2022

	<u>Neither Past due nor Impaired</u>		<u>Past Due but not</u>		<u>Total</u>
	<u>High Grade</u>	<u>Standard Grade</u>	<u>Impaired</u>	<u>Impaired</u>	
Cash in bank	128,598	–	–	–	128,598
Due from a related party	–	135,741,955	–	–	135,741,955
Interest receivable	–	12,835,810	–	–	12,835,810
	128,598	148,577,765	–	–	148,577,765

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

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

Standard grade - ratings given to counterparties with average capacity to meet its obligations.

Cash in bank is classified as high grade since it is deposited in a reputable bank, which has a low probability of insolvency.

Liquidity Risk

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

The carrying amount of the accrued expenses and other current liabilities as at March 31, 2023 and December 31, 2022 represents the contractual undiscounted cash flows and is payable within the next reporting year.

Fair Value Measurement

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

	<u>March 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets				
Cash in bank	731,309	731,309	128,598	128,598
Due from a related party	135,432,317	135,432,317	135,741,955	135,741,955
	136,163,626	136,163,626	135,870,553	135,870,553
Financial Liabilities				
Accrued expenses and other current liabilities	11,586,885	11,586,885	10,350,239	10,350,239

Cash in Bank and Accrued Expenses and Other Current Liabilities. The carrying amounts of cash in bank and accrued expenses and other current liabilities approximate their fair values due to the short-term and demandable nature of the transactions.

Due from a Related Party, Interest Receivable. The fair value of the Company's due from a related party and interest receivable in March 31, 2023 and December 31, 2022 was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. These financial instruments are classified under Level 2 (Significant observable inputs) of the fair value hierarchy groups in the financial statements.

10. Capital Management

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

There has been no change made in the objectives, policies and process in March 31, 2023 and December 31, 2022. The Company is not subject to externally-imposed capital requirements.

AGING OF RECEIVABLES:

The aging analyses of financial assets are as follows:

March 31, 2023:

	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	731,309	–	–	–	731,309
Due from a related party	–	135,432,317	–	–	135,432,317
Interest receivable	–	13,961,846	–	–	13,961,846
	731,309	149,394,163	–	–	149,394,163

December 31, 2022:

	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	128,598	–	–	–	128,598
Due from a related party	–	135,741,955	–	–	135,741,955
Interest receivable	–	12,835,810	–	–	12,835,810
	128,598	148,577,765	–	–	148,577,765

Appendix 6-B

**INTERIM FINANCIAL
STATEMENTS
AS OF June 30, 2023**

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

1. For the three-month period ending **30 June 2023**
2. Commission identification number **A200115151**
3. BIR Tax Identification No. **219-045-668**
4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC. (formerly, AG Finance Incorporated)**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**
6. Industry Classification Code (SEC Use Only)
7. Address of issuer's principal office **6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City** Postal Code **1605**
8. Issuer's telephone number, including area code **n/a**
9. Former name, former address and former fiscal year, if changed since last report **AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes No

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. – Summary Financial Information	3
2.a - Results of Operations	4
2.b - Statements of Financial Position	4
2.c - Statements of Cash Flows	4
2.d - Horizontal and Vertical Analysis	6
PART II - OTHER INFORMATION	8
PART III - FINANCIAL SOUNDNESS INDICATORS	9
SIGNATURES	10

ANNEX A-Financial Statements	10
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PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The interim financial statements of FERRONOUX HOLDINGS, INC. as at June 30, 2023, with comparative audited figures as at December 31, 2022 and for the six-month periods ending June 30, 2023 and 2022, were prepared in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation.

Summary of Income Statements for the six-month periods ending June 30, 2023 and 2022.

	For the six-month periods ending June 30		Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) (%)
	2023 (P'000)	2022 (P'000)		
	Interest income	₱1,640	₱1,655	(₱15)
Operating expenses	1,241	829	412	50%
Income before tax	399	826	(427)	-52%
Tax expense	–	–	–	–
Net income for the period	₱399	₱826	(₱427)	-52%

Summary of Balance Sheet as at June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)	June 30, 2023 vs. Dec. 31, 2022	
	(P'000)	(P'000)	Amount Increase (Decrease) (P'000)	Percentage Increase (Decrease) (%)
			(P'000)	(%)
Current assets	₱2,927	₱2,424	₱503	21%
Noncurrent assets	150,218	148,578	1,640	1%
Total Assets	₱153,145	₱151,002	₱2,143	1%
Current liabilities	₱12,094	₱10,350	₱1,744	17%
Noncurrent liabilities	2,132	2,132	-	0%
Total Liabilities	14,226	12,482	1,744	14%
Stockholders' Equity	138,919	138,520	399	0%
Total Liabilities and Stockholders' Equity	₱153,145	₱151,002	₱2,143	1%

Summary of Statements of Cash Flows for the six-month periods ending June 30, 2023 and 2022 are as follows:

	For the six months ending		Amount	Percentage
	June		Increase (Decrease)	Increase (Decrease)
	2023 (P'000)	2022 (P'000)	(P'000)	(%)
Cash used in operating activities	₱463	₱310	₱153	49%
Cash at the beginning of period	129	141	(12)	-9%
Cash at the end of period	₱591	₱451	₱141	31%

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

The following discussion and analysis are based on the financial statements for the six-month periods ending June 30, 2023 and 2022.

2.a - Results of Operations

Interest Income

Interest income was ₱1.64 million for the six-month period ending June 30, 2023 compared to ₱1.66 million for the same period in 2022. The interest earned in 2023 and 2022 pertains to the due from a related party.

Operating expenses

Expenses increased by ₱0.41 million or 50% as at June 30, 2023. Changes in the expense accounts for the six-month ending June 30, 2023 versus the same period last year is attributable to the payments for professional fees, DST, final tax and penalties amounting to ₱0.41 million.

2.b - Statements of Financial Position

The significant changes in the Statements of Financial Position during the six-month period ending June 30, 2023 compared to December 31, 2022 are as follows:

- Total assets were ₱153.14 million as at June 30, 2023 compared to ₱151.00 million as at December 31, 2022, an increase of ₱2.14 million or 1%. The increase is mainly due to the accretion of interest due from a related party.
- Total liabilities increased by ₱1.74 million or 10% from ₱12.48 million as at December 31, 2022 to ₱14.23 million in the current period mainly due to additional advances from a related party.
- Total equity increased by ₱0.40 million or .29% mainly due to net income for the six-month period ending June 30, 2023.

2.c - Statements of Cash Flows

The net cash used in operating activities amounted to ₱0.46 for the six-month period ending June 30, 2023 compared to net cash used in the same period in 2022 amounting to ₱0.31 million.

The cash as at June 30, 2023 and December 31, 2022 amounted to ₱0.59 million and ₱0.13 million, respectively.

2.d - Horizontal and Vertical Analysis

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)	Increase (Decrease) Amount Percentage	
ASSETS				
Current Assets				
Cash	₱591,309	₱128,598	₱462,711	360%
Creditable withholding tax	1,806,785	1,806,785	-	-
Other current assets	529,122	488,605	40,517	8%
Total Current Assets	2,927,216	2,423,988	503,228	21%
Noncurrent Assets				
Due from related parties	135,117,343	135,741,955	(520,562)	(0%)
Interest receivable	15,100,393	12,835,810	1,889,238	18%
Total Non-current Assets	150,217,736	148,577,765	1,368,676	1%
	₱153,144,952	₱151,001,753	₱1,871,904	1%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱12,093,985	₱10,350,239	₱1,743,746	17%
Noncurrent Liabilities				
Deferred tax liabilities	1,375,265	1,375,265	-	-
Deferred output VAT	756,893	756,893	-	-
Total Noncurrent Liabilities	2,132,158	2,132,158	-	-
Total Liabilities	14,226,143	12,482,397	1,743,746	14%
Equity				
Capital stock	261,824,002	261,824,002	-	-
Additional paid-in capital	74,277,248	74,277,248	-	-
Deficit	(197,182,441)	(197,581,894)	128,158	0%
Total Equity	138,918,809	138,519,356	128,158	0%
	₱153,144,952	₱151,001,753	₱1,871,904	1%

FINANCIAL INDICATORS

	June 30, 2023	December 31, 2022
Net Income	₱399,453	₱1,593,745
Quick Assets	591,309	128,598
Current Assets	2,927,216	2,423,988
Total Assets	153,144,952	151,001,753
Current Liabilities	12,093,985	10,350,239
Total Liabilities	14,226,143	12,482,397
Stockholders' Equity	138,918,809	138,519,356
Number of Common Shares Outstanding	261,842,002	261,842,002

Current Ratio (1)	0.24	0.23
Debt to Equity Ratio (2)	0.10	0.09
Asset to Equity Ratio (3)	1.10	1.09
Return on Assets (4)	0.26%	1%
Return on Equity (5)	0.29%	1%
Book Value per Share (6)	₱0.53	₱0.53

- (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 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 has a material effect on the financial condition or results of operation.

PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity	Current Ratio (1)	0.24
	Quick Ratio (2)	0.05
Solvency	Debt to Equity Ratio (3)	0.10
	Debt Ratio (4)	0.09
Profitability	Asset to Equity Ratio (5)	1.10
	Return on Assets (6)	0.26%
	Return on Equity (7)	0.29%
	Book Value per Share (8)	₱0.53


- (1) *Current assets divided by current liabilities*
- (2) *Quick assets divided by total current liabilities*
- (3) *Total liabilities divided by equity*
- (4) *Total liabilities divided by total assets*
- (5) *Total assets divided by total equity*
- (6) *Net income divided by average assets*
- (7) *Net income divided by average equity*
- (8) *Total common stockholder's equity divided by number of common shares*

SIGNATURES

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

Issuer: **FERRONOUX HOLDINGS, INC.**

By:



ERWIN TERRELL Y. SY
Treasurer/Chief Financial Officer



LAVINIA E. BUCTOLAN
Compliance Officer

ANNEX A**FERRONOUX HOLDINGS, INC.**
STATEMENTS OF FINANCIAL POSITION

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS			
Current Assets			
Cash	4	₱591,309	₱128,598
Creditable withholding tax		1,806,785	1,806,785
Other current assets		529,122	488,606
Total Current Assets		2,927,216	2,423,989
Noncurrent Assets			
Due from related parties	6	135,117,343	135,741,955
Interest receivable	6	15,100,393	12,835,810
Total Noncurrent Assets		150,217,736	148,577,765
Total Assets		₱153,144,952	₱151,001,753
LIABILITIES AND EQUITY			
Current Liability			
Accrued expenses and other current liabilities	5	₱12,093,985	₱10,350,239
Noncurrent Liabilities			
Deferred tax liabilities		1,375,265	1,375,265
Deferred output VAT		756,893	756,893
Total Noncurrent Liabilities		2,132,158	2,132,158
Total Liabilities		14,226,143	12,482,397
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(197,182,441)	(197,581,894)
Total Equity		138,918,809	138,519,356
Total Liabilities and Equity		₱153,144,952	₱151,001,753

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, INC.**
STATEMENTS OF COMPREHENSIVE INCOME

	Note	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
INTEREST INCOME		₱1,639,971	₱3,329,876
EXPENSES	7	(1,240,518)	(1,734,877)
INCOME BEFORE INCOME TAX		399,453	1,594,999
PROVISION FOR INCOME TAX		—	(1,254)
NET INCOME		₱399,453	₱1,593,745
BASIC EARNINGS PER SHARE	8	₱0.002	₱0.006

See accompanying Notes to Financial Statements

ANNEX A

FERRONOUX HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2023 and 2022

		June 30			
		Current	Previous	Current	Previous
		Year-To-Date	Year-To-Date	(Three-month period)	(Three-month period)
Note		2023	2022	2023	2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
INTEREST INCOME		₱ 1,639,971	₱ 1,655,018	₱ 823,573	₱ 831,160
EXPENSES	7	(1,240,518)	(828,802)	(647,100)	(200,564)
INCOME BEFORE INCOME TAX PROVISION FOR INCOME TAX		399,453	826,216	176,473	630,596
Current		-	-	-	-
Deferred		-	-	-	-
NET INCOME		₱ 399,453	₱ 826,216	₱ 176,473	630,596
BASIC EARNINGS PER SHARE	8	₱ 0.002	₱ 0.003	₱ 0.001	₱ 0.002

See accompanying Notes to Financial Statements

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

	June 30	
	2023	2022
	(Unaudited)	(Unaudited)
CAPITAL STOCK - 1 par value		
Authorized - 550,000,000 shares	₱261,824,002	₱261,824,002
Issued and outstanding - 261,842,002 shares		
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning and end of period	74,277,248	74,277,248
DEFICIT		
Balance at beginning of period	(197,581,894)	(199,175,640)
Net income	399,453	826,216
Balance at end of the period	(197,182,441)	(198,349,424)
	₱138,918,809	₱137,751,826

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

	June 30	
	2023	2022
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	₱399,453	₱826,216
Adjustment for:		
Interest income	(1,639,971)	(1,655,018)
Operating loss before changes in working capital	(1,240,518)	(828,802)
Increase (decrease)in:		
Other current assets	(40,517)	(71,077)
Due from related parties	624,612	609,566
Interest receivables	(2,264,583)	(2,264,583)
Increase (decrease) in accrued expenses and other current liabilities	1,743,746	1,209,655
Cash used in operations	(1,177,260)	(1,345,241)
Interest received	1,639,971	1,655,018
Net cash provided by (used in) operating activities	462,711	309,776
CASH AT BEGINNING OF PERIOD	128,598	140,738
CASH AT END OF PERIOD	₱591,309	₱450,515

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC. NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Ferronoux Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 14, 2001 as AG Finance Incorporated. The Company's primary purpose was to operate as a financing company and provide short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines. The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2020 and 2019, all of the 261,824,002 shares of the Company are listed in the PSE. On February 6, 2018, the SEC approved the amendment of the Company's articles of incorporation to change its corporate name from "AG Finance Incorporated" to "Ferronoux Holdings, Inc." and to change its purpose to a holding company. The Company likewise changed its stock symbol from "AGF" to "FERRO".

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

The Company's principal office address is at 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

Status of Operations

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

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Measurement Bases

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

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair value is included in Note 9, *Financial Risk Management Objectives and Policies*.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS which are not yet effective and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e., whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendments. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity’s financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.
- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

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

Financial Instruments

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The

initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

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

Financial Assets

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI), and (c) financial assets at FVPL. The classification of a financial asset largely depends on the Company’s business model and its contractual cash flow characteristics.

As at reporting date, the Company does not have financial assets measured at FVOCI and at FVPL.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

The Company’s cash in bank, due from a related party, interest receivable and note receivable are classified under this category.

Impairment. The Company records an allowance for ECL based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset’s original effective interest rate.

For financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. This includes both quantitative and qualitative information and analysis, based on the financial capacity of the counterparty and historical

credit loss experience and including forward-looking information.

Reclassification. The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

Derecognition. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities

Classification. The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost and (b) financial liabilities at FVPL.

As at reporting date, the Company does not have financial liabilities measured at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Company's accrued expenses and other current liabilities is classified under this category.

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

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

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Assets and Liabilities

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

Creditable Withholding Taxes (CWT)

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

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in the statements of comprehensive income.

An assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment loss may no longer exist or may have decreased. If such indication exists, the

Company makes an estimate of the recoverable amount. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income.

Capital Stock

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

Additional Paid-in Capital (APIC)

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

Deficit

Deficit represents the cumulative balance of the Company's result of operations.

Revenue Recognition

Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

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

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

Other income. Income from other sources is recognized when earned during the period.

Expenses Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are generally recognized as incurred.

Income Taxes

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting date, and any adjustment to tax payable in the previous years.

Deferred Tax. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future.

Deferred tax assets are recognized for all temporary differences and carry forward benefits of net operating loss carry over (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax that are expected to reduce taxable profit in the future. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

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

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

Current tax and deferred tax are recognized in profit or loss except to the items recognized directly in equity or in OCI.

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

Earnings Per Share (EPS)

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

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

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

The Company does not have dilutive potential shares of stock.

Segment Reporting

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

As discussed in Note 1, the Company's application with the SEC for the change of its principal purpose to a holding company was approved in 2018. The Company does not have any other operating segments.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

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

Pursuant to SEC Memorandum Circular No. 10-2019, material related party transactions are related party transactions, either individually, or in aggregate over a twelve-month period with the same related party, amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statements.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period these arise.

Contingencies

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

Events after the Reporting Date

Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the Company to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgment, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgment

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

Assessing the Ability of the Company to Continue as a Going Concern. The Company ceased its lending activities in 2015 and had no other business activities since then. As discussed in Note 1, management

is considering implementing changes in the Company's business structure and operations and is focused on acquiring a majority stake in operating businesses that meet the Company's investment criteria. Accordingly, the financial statements are prepared on a going concern basis of accounting.

Estimates and Assumptions

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

Assessing the ECL. The Company applies the general approach in measuring ECL. For cash in bank, the Company assessed that cash in bank is deposited in a reputable counterparty bank that possesses good credit ratings. For note receivable, the Company considers the financial capacity of the counterparty and historical credit loss experience adjusted for forward-looking factors, as applicable.

After taking into consideration the related party's ability to pay depending on the sufficiency of liquid assets, financial support from stockholders, and available forward-looking information, the risk of default of the related party is assessed to be minimal.

Provision for ECL amounted to nil as of June 30, 2023 and December 31, 2022, respectively. The carrying amounts of the financial assets of the Company are as follows:

	Note	June 30, 2023	December 31, 2022
Cash in banks	4	591,309	128,598
Due from a related party	6	135,117,343	135,741,955
Interest receivable	6	15,100,393	12,835,810

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

As at June 30, 2023 and December 31, 2022, deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT because the management has assessed that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

4. Cash

Cash in banks amounting to 0.59 million and 0.13 million as at June 30, 2023 and December 31, 2022, respectively, earn interest at prevailing bank deposit rates. No interest income earned on June 30, 2023 and December 31, 2022.

5. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	June 30, 2023	December 31, 2022
Due to a related party	6	10,907,627	9,177,627
Accrued expenses		1,186,358	1,172,612
		12,093,985	10,350,239

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

6. Related Party Transactions

The following table summarizes the transactions with related parties and the outstanding balance arising from these transactions as at and for the years ended June 30, 2023 and December 31, 2022:

	Nature of transactions	Transactions during the Year		Outstanding Balance	
		2023	2022	June 30, 2023	December 31, 2022
Interest Receivable					
Parent Company	Interest income	2,264,583	5,114,706	15,100,393	12,835,810
Due to a Related Party					
Parent Company	Advances for working capital requirements	1,730,000	1,863,620	10,907,627	9,177,627

Assignment of Note Receivable

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

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

At the date of assignment, the fair value of the due from a related party computed as the present value of future cash flows discounted using an effective interest rate of 2.44% is different from the transaction price. Accordingly, the Company recognized "Day 1" gain on due from a related party of 6.1 million.

The outstanding balance of due from a related party as at June 30, 2023 and December 31, 2022 is unsecured and payable in full in 2025, and bears interest at 3.44% per annum payable upon maturity. The movements of due from a related party are as follows:

	June 30, 2023	December 31, 2022
Original amount at the date of assignment	132,714,385	132,714,385
"Day 1" gain		
Balance at beginning of period	3,027,570	4,264,396
Accretion	(624,612)	(1,236,826)
Balance at end of period	2,402,958	3,027,570
Carrying amount	135,117,343	135,741,955

As at June 30, 2023 and 2022, interest earned on due from a related party net of accretion amounted to 0.40 million and 0.82 million, respectively. Interest receivable amounted to 15.10 million and 12.84

million as at June 30, 2023 and December 31, 2022, respectively. Deferred output VAT amounted to 1.38 million as at June 30, 2023 and December 31, 2022.

As at June 30, 2023 and December 31, 2022, the Company has not provided any allowance for impairment losses for the amounts owed by a related party. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The Company also considered the available liquid assets of the related party and the continuing support provided by the stockholders.

Terms and Conditions of Transactions with Related Party

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

Revenue Regulations on Related Party Transactions

In July 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) No. 19-2020, prescribing the use of the new BIR Form 1709, Information Return on Related Party Transactions, and the required documentary attachments which include but not limited to transfer pricing documentation.

Subsequently, the BIR issued RR No. 34-2020 prescribing the guidelines and procedures for the submission of BIR Form 1709, transfer pricing documentation and other supporting documentation. Under RR No. 34-2020, the following are required to file and submit the BIR Form:

- a. Large taxpayers
- b. Taxpayers enjoying tax incentives
- c. Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
- d. A related party, which has transactions with the above.

The Company is covered by the requirements provided by these revenue regulations.

Key Management Personnel

On November 4, 2020, the BOD approved the payment of reasonable per diems to the Company's BOD for their services for the year 2020. The reasonable per diems paid to directors amounted to 180,000 on June 30, 2023 and 2022. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

7. Expenses

Operating expenses for the six-month periods ending June 30, 2023 and 2022 consists of:

	2023	2022
Professional fees	640,000	534,390
PSE fees	250,000	250,000
Taxes and licenses	144,339	20,415
Others	206,179	23,997
	1,240,518	828,802

8. Earnings Per Share

Basic EPS for the six-month periods ending June 30, 2023 and 2022 were computed as follows:

	2023	2022
Net income	399,453	826,216
Weighted average number of common shares	261,824,002	261,824,002
	0.002	0.003

The Company does not have potential dilutive shares of stock.

9. Financial Risk Management Objectives and Policies

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

Financial Risks

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

Credit Risk

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

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

The summary of exposure to credit risk for the Company's financial assets are as follows:

June 30, 2023

	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	591,309	–	–	–	591,309
Due from a related party	–	135,117,343	–	–	135,117,343
Interest receivable	–	15,100,393	–	–	15,100,393
	591,309	150,217,736	–	–	150,809,045

December 31, 2022

	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	128,598	–	–	–	128,598
Due from a related party	–	135,741,955	–	–	135,741,955
Interest receivable	–	12,835,810	–	–	12,835,810
	128,598	148,577,765	–	–	148,706,363

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

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

Standard grade - ratings given to counterparties with average capacity to meet its obligations.

Cash in bank is classified as high grade since it is deposited in a reputable bank, which has a low probability of insolvency.

Liquidity Risk

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

The carrying amount of the accrued expenses and other current liabilities as at June 30, 2023 and December 31, 2022 represents the contractual undiscounted cash flows and is payable within the next reporting year.

Fair Value Measurement

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

	June 30, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	591,309	591,309	128,598	128,598
Due from a related party	135,117,343	135,117,343	135,741,955	135,741,955
	135,708,652	135,708,652	135,870,553	135,870,553
Financial Liabilities				
Accrued expenses and other current liabilities	12,093,985	12,093,985	10,350,239	10,350,239

Cash in Bank and Accrued Expenses and Other Current Liabilities. The carrying amounts of cash in bank and accrued expenses and other current liabilities approximate their fair values due to the short-term and demandable nature of the transactions.

Due from a Related Party, Interest Receivable. The fair value of the Company's due from a related party and interest receivable on June 30, 2023 and December 31, 2022 was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. These financial instruments are classified under Level 2 (Significant observable inputs) of the fair value hierarchy groups in the financial statements.

10. Capital Management

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

There has been no change made in the objectives, policies and process in June 30, 2023 and December 31, 2022. The Company is not subject to externally-imposed capital requirements.

AGING OF RECEIVABLES:

The aging analyses of financial assets are as follows:

June 30, 2023:

	Neither Past due nor Impaired		Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade			
Cash in bank	591,309	–	–	–	591,309
Due from a related party	–	135,117,343	–	–	135,117,343
Interest receivable	–	15,100,393	–	–	15,100,393
	591,309	150,217,736	–	–	150,809,045

December 31, 2022:

	Neither Past due nor Impaired		Past Due but not Impaired	Impaired	Total
	High Grade	Standard Grade			
Cash in bank	128,598	–	–	–	128,598
Due from a related party	–	135,741,955	–	–	135,741,955
Interest receivable	–	12,835,810	–	–	12,835,810
	128,598	148,577,765	–	–	148,706,363