

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
Dec 31, 2020
2. SEC Identification Number
A200115151
3. BIR Tax Identification No.
219-045-668
4. Exact name of issuer as specified in its charter
FERRONOUX HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
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 or 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 SRC or Sections 4 and 8 of the RSA

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

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

☒ Yes ☐ No

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

Philippine Stock Exchange

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☒ Yes ☐ No

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

☒ Yes ☐ No

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

222,914,376.18 representing 86,400,921 shares equivalent to 32.99% of the outstanding common shares

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

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

☐ Yes ☒ No

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders

N/A

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

N/A

(c) Any prospectus filed pursuant to SRC Rule 8.1

N/A

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

Ferronoux Holdings, Inc.

FERRO

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

For the fiscal year ended	Dec 31, 2020
Currency	PHP

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2020	Dec 31, 2019
Current Assets	2,525,823	135,894,004
Total Assets	143,011,031	135,894,004
Current Liabilities	5,973,482	4,782,626
Total Liabilities	7,617,847	4,782,626
Retained Earnings/(Deficit)	(200,708,066)	(204,989,872)
Stockholders' Equity	135,393,184	131,111,378
Stockholders' Equity - Parent	135,393,184	131,111,378
Book Value Per Share	0.52	0.5

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2020	Dec 31, 2019
Gross Revenue	4,595,918	6,687,704
Gross Expense	1,798,860	2,264,019
Non-Operating Income	6,075,276	79,892
Non-Operating Expense	2,900,371	3,996,019
Income/(Loss) Before Tax	5,971,963	507,558
Income Tax Expense	1,690,157	1,598
Net Income/(Loss) After Tax	4,281,806	505,960
Net Income/(Loss) Attributable to Parent Equity Holder	4,281,806	505,960
Earnings/(Loss) Per Share (Basic)	0.02	0
Earnings/(Loss) Per Share (Diluted)	0.02	0

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2020	Dec 31, 2019
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.42	28.41
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	0.03	27.95
Solvency Ratio	Total Assets / Total Liabilities	0.56	0.11
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.05	0.04
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.06	0.04
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	-	-
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.06	1.04
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	1	1
Net Profit Margin	Net Profit / Sales	0.93	0.08
Return on Assets	Net Income / Total Assets	0.03	0
Return on Equity	Net Income / Total Stockholders' Equity	0.03	0
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	189.6	1,982.1

Other Relevant Information

Amended to remove the parenthesis in the expense items. Please see attached Annual Report for period ending December 31, 2020.

Filed on behalf by:

Name	Manuel Gonzalez
Designation	Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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E	R	,		P	A	S	I	G		C	I	T	Y																					

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

Erwin Terrell Y. Sy

Contact Person

8888-4762

Company Telephone Number

1	2
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Month

3	1
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Day

SEC FORM 17-A

FORM TYPE

Last Friday of June

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Month

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Day

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

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Amended Articles
Number/Section

			2	5
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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

Erwin Terrell Y. Sy

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Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

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Number/Section

			2	5
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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2020**
2. SEC Identification Number **A200115151** 3. BIR Tax Identification No. **219-045-668**
4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC.**
5. **Metro Manila, Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. Address of 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 SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock : P1.00 par value	261,824,002 shares
11. Are any or all of these securities listed on a Stock Exchange.

Yes [☒] No [☐]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange **Common Shares**
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months:

Yes [☒] No [☐]

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

Yes [☒] No [☐]
13. The aggregate market value of the voting stock held by non-affiliates is ₱222,914,376.18 representing 86,400,921 shares equivalent to 32.99% of the outstanding common shares computed on the basis of ₱3.01 per share, the closing price as of 12 May 2021.

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PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Overview

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

The Company initially had an authorized capital stock of ₱10.0 million divided into 10.0 million common shares with a par value of ₱1.00 per share. Due to the continuous growth and expansion of the Company, a series of capital infusions were made by its shareholders, as follows:

- On August 24, 2006 the Company increased its authorized capital stock to ₱30.0 million divided into 30.0 million common shares, of which 20.0 million common shares were subscribed and paid-up.
- Subsequently, on June 16, 2009, the Company increased its authorized capital stock to ₱75.0 million divided into 75.0 million common shares which were fully subscribed and paid-up.
- On June 29, 2012, the Company's board of directors (BOD) and stockholders approved the application for increase in its authorized capital stock to ₱550.0 million divided into 550.0 million shares with a par value of ₱1 per share.

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2020, the total number of shares listed in the PSE is 261,824,002 shares.

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

On November 27, 2017, ISOC Holdings, Inc. (ISOC) entered into an agreement with RYM for the purchase of RYM's 175,422,081 common shares in the Company equivalent to 67% interest at ₱2.1662 per share or a total amount of approximately ₱380.0 million. 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 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.

Principal Business Activities

The Company used to provide worry-free short-term, unsecured credit facilities to permanent rank and file employees of reputable medium-sized companies in the Philippines. The Company ceased its lending activities in 2015 after RYM acquired 70% of the Company.

On February 6, 2018, the SEC approved the amendment of the Company's Articles of Incorporation to change its corporate name to Ferronoux Holdings, Inc. and to change its primary purpose to that of a holding company. The Company's current main shareholder is in diverse businesses such as real estate development, energy, infrastructure and logistics and is considering its options with respect to structure for such investments that would be optimal for its plans, either directly as an operating or indirectly as a holding company. As of the date of this report, no definite plan has been finalized.

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

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

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.

Products and Services Offered

The Company previously provided short-term, unsecured credit facilities to permanent rank-and-file employees of medium-sized companies in the Philippines and loans to OFWs for deployment overseas needing immediate funds to support their initial expenses in the country of deployment.

On June 30, 2015, the Company ceased its lending activities since the stockholders approved the amendment of the Company's principal purpose to that of a holding company and it added a secondary purpose which is to engage in the business of mining and smelting in preparation of the Company's plan to diversify and expand its business.

Subsequently, on February 8, 2018, the SEC approved the amendment of the Company's Articles of Incorporation to change its corporate name to Ferronoux Holdings, Inc. and to change its purpose to a holding company.

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

This is not applicable to the Company.

Transaction with and/or dependence on related parties

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.

Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held

This is not applicable to the Company.

Government approval of principal products or services

This is not applicable to the Company.

Effect of existing or probable governmental regulations on the business

The Company was previously governed by Republic Act No. 8556, the Financing Company Act of 1998. It has complied with the requirements of existing laws to engage in the business.

The Corporation's business is not affected by existing or probable government regulations.

Amount spent on research and development activities

The Company does not have research and development activities.

Cost and effects of compliance with environmental laws

This is not applicable to the Company.

Employees

As at December 31, 2020, the Company has no regular employees.

ITEM 2. PROPERTIES

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

ITEM 3. LEGAL PROCEEDINGS

The Company is not involved in any legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters taken up during the annual meeting of the stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.

The Company submitted the following matters to a vote of the security holders during the 2020 Annual Meeting of the Stockholders held last October 20, 2020:

1. Approval of the Minutes of the Previous Stockholders' Meeting held on October 15, 2019
2. Approval of the Management Report and Audited Financial Statements
3. Ratification of Management's Acts
4. Election of Directors
5. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor
6. Other Matters
7. Adjournment

The explanation of each of the foregoing items have been provided in the Definitive Information Statement, along with the guidelines for participation through remote communication and voting in absentia, filed by the Company with the SEC, disclosed via PSE EDGE and posted on the Corporation's website on September 23, 2020. No proxies were solicited pursuant to the Securities Regulations Code (the "SRC") Rule 20. The foregoing matters were approved during the Annual Stockholders' Meeting held last October 20, 2020, and were previously reported by the Company in its duly submitted SEC Form 17-C dated October 20, 2020.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The common shares of the Company were listed on August 13, 2013 in the PSE. The high and low prices of the Company's share for each quarter from 2018 to 2020 were as follows:

Year	Quarter	High (Php)	Low (Php)
2018	First	4.48	3.00
	Second	4.02	3.20
	Third	4.75	3.38
	Fourth	5.40	3.60
2019	First	5.15	4.14
	Second	5.30	4.15
	Third	6.20	4.06
	Fourth	5.30	3.81
2020	First	4.50	2.50
	Second	3.20	2.30
	Third	3.39	2.30
	Fourth	6.25	3.10

As of May 12, 2021, the closing price of the Company's common shares was ₱3.01 per share. As at December 31, 2020, 86,400,921 common shares are held by the public, representing 32.99% of the Company's outstanding shares.

Holders

The number of shareholders as of December 31, 2020 is 26. The top stockholders of the Company as of December 31, 2020 were as follows:

Stockholders	Number of shares
PCD Nominee Corp. (Filipino) ¹	261,615,018
PCD Nominee Corp. (Non-Filipino)	148,111
Joselyn C. Tiu	18,747
Marjorie Villanueva	18,747
Leila E. Jorge	10,001
Felisa D. King	8,747

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. ISOC Holdings, Inc. owns 175,422,075 shares equivalent to 67% of the Company lodged under PCD Nominee Corp. (Filipino) through HDI Securities, Inc.

Stockholders	Number of shares
Mathew John G. Almogino	1,000
Remegio C. Dayandayan	1,000
Ramon N. Santos	1,000
Jesus San Luis Valencia	1,000
Isidro C. Alcantara Jr.	100
Manuel M. Lazaro	100
Ge Lin	100
Hermogene H. Real	100
Arsenio K. Sebial Jr.	100
Anthony M. Te	100
Owen Nathaniel S Au ITF: Li Marcus Au	20
Peter Kho	2
Daleson Uy	2
Jesus G. Chua, Jr.	1
Irving C. Cosiquien	1
Michael C. Cosiquien ²	1
Yerik C. Cosiquien	1
Alfred S. Jacinto	1
Erwin Terrell Y. Sy	1
Michelle Joan G. Tan	1
TOTAL	261,824,002

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

Subsequently, on November 27, 2017, ISOC Holdings, Inc. entered into an agreement with RYM for the purchase of RYM's 175,422,081 common shares in the Company equivalent to 67% interest at ₱2.1662 per share or a total amount of approximately ₱380.0 million. 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.

Dividends

On March 25, 2015, the Board approved a cash dividend declaration of ₱0.47 per share or a total of approximately ₱123.06 million. The cash dividends were paid on April 24, 2015.

Financial risk management objectives and policies

The Company is exposed to a variety of financial risks in relation to its financial instruments. The Company's risk management actively focuses on securing the Company's short-to-medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

² Michael C. Cosiquien is the controlling shareholder of ISOC Holdings, Inc., owning 99.99% of the outstanding capital stock thereof.

1. Market Risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk which result from both its operating and investing activities.

a. Foreign currency risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency.

b. Interest rate risk

There were no transactions in 2020 that are subject to interest rate risk. All financial assets and liabilities are non-interest bearing or has fixed interest rate.

c. Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, or may lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage this risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff training and assessment processes, including the maintenance of internal audit.

2. Credit risk

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

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

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

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

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

3. Liquidity risk

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

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Status of Operations

The Company has ceased its lending activities in 2015 and is today focused on acquiring a 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 to implement changes in the Company's business structure and operations to take advantage of opportunities arising from these discussions.

Basis of Financial Statements presentation 2020 and 2019

Basis of preparation

The financial statements of the Company have been prepared using the historical cost basis and are presented in Philippine Peso, the Company's functional currency.

Statement of compliance

The financial statements of the Company have been prepared in compliance with the Philippine Reporting standards (PFRS).

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

The following management's discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's audited financial statements, including the related notes, contained in this report. This report contains forward-looking statements that involve risks and uncertainties. The Company cautions investors that its business and financial performance is subject to substantive risks and uncertainties. The Company's actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including, without limitation, those set out in "Risk Factors". In evaluating the Company's business, investors should carefully consider all of the information contained in "Risk Factors".

Results of operations

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
	(In PhP millions)			
Income	₱4.60	₱6.69	(₱2.09)	(31%)
Expenses	1.80	2.26	(0.46)	(20%)
Other (Income)	(3.17)	3.92	(7.09)	(181%)
Charges - net				

Income decreased by ₱2.09 million or 31% as compared last year due to lower computed accretion upon maturity and assignment notes receivable in June 2020.

Expenses decreased by ₱0.47 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 is mainly due to lower amount paid on business taxes during the year this year versus last year. The business taxes in 2020 has lower basis than in 2019.
- Decrease in representation by ₱0.24 million. No representation expenses recorded during the year.
- Increase in training and seminar by ₱0.10 million for the corporate governance seminar incurred during the year. No expense recorded last year.
- Decrease in other expenses by ₱0.12 million incurred this year.

Other (income) charges - net increased by 181% or ₱7.09 million mainly attributed to recognition of day 1 gain on due from a related party.

Financial Position

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
	(in PhP Millions)			
Assets	₱143.01	₱135.89	₱7.12	(5%)
Liabilities	7.62	4.78	2.84	(59%)
Stockholders' Equity	135.39	131.11	4.28	(3%)

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 interest receivable and day 1 gain on due from a related party.

Liabilities

As at December 31, 2020, the total liabilities of the Company increased by ₱2.84 million or 59% from ₱4.78 million as of December 31, 2019. The increase was due to the recognition of deferred tax liabilities on the day 1 gain and advances made by IHI which are subject to reimbursement.

Stockholders' 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 net income in 2020.

Explanations for the material changes in the Company's accounts between 2019 and 2018 are as follows:

Results of operations

Income increased by ₱0.14 million or 2% as compared last year due to higher computed accretion on notes receivable. Notes receivable increased this year versus last year.

Expenses increased by ₱0.64 million or 40%. Changes in the expense accounts for the year ended December 31, 2019 versus the same period last year are as follows:

- Increase in professional fees by ₱0.57 million is mainly due to higher retainer fees this year as compared last year.
- Increase in taxes and licenses by ₱0.27 million is mainly due to higher taxes paid this year versus last year.
- Decrease in outside services by ₱0.17 million is mainly attributable to fewer services outsourced during the year as compared last year.
- Decrease in representation by ₱0.17 million is mainly attributable to decrease in meeting expenses.
- Increase in miscellaneous expenses by ₱0.15 million due to higher admin expenses this year.

Other charges - net increased by 26% or ₱0.82 million mainly attributed to higher provision for expected credit loss this year versus last year.

Financial Position

Assets

The total assets of the Company increased by ₱3.59 million or 3% from ₱132.30 million as at December 31, 2018 to ₱135.89 million as at December 31, 2019. The increase was mainly due to the accretion of interest on note receivable.

Liabilities

As at December 31, 2019, the total liabilities of the Company increased by ₱3.09 million or 182% from ₱1.69 million as of December 31, 2018. The increase was due to the advances by ISOC Holdings, Inc. which are subject to repayment.

Stockholders' Equity

As of year-end 2019, the stockholders' equity increased by ₱0.50 million from ₱130.61 million as at December 31, 2018 to ₱131.11 million as at December 31, 2019. The increase was mainly attributable to the net income in 2019.

Explanations for the material changes in the Company's accounts between 2018 and 2017 are as follows:

Results of operations

Income increased by ₱0.13 million or 2% as compared last year due to higher computed accretion on notes receivable. Notes receivable increased this year versus last year.

Expenses decreased by ₱0.11 million or 6%. Changes in the expense accounts for the year ended December 31, 2018 versus the same period last year are as follows:

- Increase in professional fees by ₱0.13 million is mainly due to higher retainer fees this year as compared last year.
- Increase in representation by ₱0.40 million is mainly attributable to increase in meeting expenses.
- Decrease in taxes and licenses by ₱0.49 million is mainly due to lower taxes and licenses incurred this year versus last year.
- Decrease in director's fees by ₱0.20 million since no directors' fees incurred this year.

Other charges - net decreased by 85% or ₱17.54 million since there is no loss on modification of terms of notes receivable recognized this year.

Financial Position

Assets

The total assets of the Company decreased by ₱186.55 million or 59% from ₱318.85 million as at December 31, 2017 to ₱132.30 million as at December 31, 2018. The decrease was mainly due to the adoption of PFRS 9 which resulted in the recognition of allowance for expected credit loss (ECL) on notes receivable.

Liabilities

As at December 31, 2018, the total liabilities of the Company increased by ₱1.18 million or 231% from ₱0.51 million as at December 31, 2017. The increase was due to the advances by ISOC Holdings, Inc. in 2018 which are subject to repayment.

Stockholders' Equity

As of year-end 2018, the stockholders' equity decreased by ₱187.73 million from ₱318.34 million as at December 31, 2017 to ₱130.61 million as at December 31, 2018. The decrease was mainly attributable to the recognition of allowance for ECL.

Key performance indicators are listed below:

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

	2020	2019
Net Income (loss)	₱4,281,806	₱505,960
Current assets	2,525,823	135,894,004
Total assets	143,011,031	135,894,004
Current liabilities	5,973,482	4,782,626
Total liabilities	7,617,847	4,782,626
Stockholders' equity	135,393,184	131,111,378
No. of common shares outstanding	261,824,002	261,824,002

	2020	2019
Current ratio ¹	0.42	28.41
Book value per share ²	0.52	0.50
Debt ratio ³	0.06	0.04
Profit per share ⁴	0.02	0.002
Return on assets ⁵	0.031	0.004

Note:

1. Current assets / Current liabilities
2. Stockholder's equity / Total outstanding number of shares
3. Total liabilities / Stockholder's equity
4. Net income / Total outstanding number of shares
5. Net income / Average total assets

ITEM 7. FINANCIAL STATEMENTS

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

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

The present auditor of the Company, Reyes Tacandong & Co. was also the auditor of the Company for the year 2020. There were no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to their satisfaction, would have caused the auditor to make reference thereto in its respective reports on the Company's financial statements for aforementioned years.

The external auditor of the Company billed the amounts of Php 370,000 in 2020 and 2019 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 2020 and 2019. Non-audit services rendered by the external auditors, FY Rojas & Associates, CPAs for 2020 amounted to Php 80,000. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2020 and 2019. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

The Board of Directors, after consultation with the Audit Committee, recommends to the stockholders the engagement of the external auditors of the Company. The selection of external auditors is made on the basis of credibility, professional reputation, and accreditation with the SEC. The professional fees of the external auditors of the Company are approved by the Company's Audit Committee after approval by the stockholders of the engagement and prior to the commencement of each audit season.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

On October 5, 2018, the Board of Directors approved the resolution to amend the Articles of Incorporation of the Company to increase the number of directors from seven (7) to nine (9) in order to comply with the Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19, series of 2016). During the annual stockholders meeting of the Company held on December 3, 2018, the foregoing resolution for the amendment of the articles of incorporation was duly approved by the stockholders of the Company. The foregoing amendment of the Company's Articles of Incorporation for the increase in the number of its Board seats from 7 to 9 members was subsequently approved by the SEC on July 29, 2019.

At the Company's annual shareholders meeting on October 20, 2020, the following directors were elected, to hold office until their successors have been duly elected and qualified. Thereafter, during the organizational meeting of the Board of Directors held last October 20, 2020 they were elected with the following positions:

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

OFFICERS

Allesandra Fay V. Albarico	Filipino	Compliance Officer
Anna Margarita S. Bueno	Filipino	Assistant Compliance Officer
Meryll Anne C. Yan	Filipino	Investor Relations Officer
Manuel Z. Gonzalez	Filipino	Corporate Secretary
Gwyneth S. Ong	Filipino	Assistant Corporate Secretary

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

CURRENT DIRECTORS:

Mr. Michael C. Cosiquien was elected Chairman of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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 in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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, Singapore and has held senior roles at ABN AMRO/RBS in Hongkong, HSBC in New York. Mr. Chua graduated with an MBA from Harvard University, and has 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 in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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 in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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 in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. She is a sub-contractor of Megawide Construction Corporation, one of the most prestigious construction companies in the Philippines, for almost eight years now. 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. She 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 in December 11, 2017 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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 in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019 and October 20, 2020. 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. 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.

OFFICERS:

Atty. Allesandra Fay V. Albarico was elected Compliance Officer/ Chief Information Officer in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019 and October 20, 2020. She is currently the Assistant Corporate Secretary and Head of the Legal Department of ISOC Holdings, Inc. and its subsidiaries. She was an Executive Assistant and Court Attorney at the Court of Appeals, Pre-test Lawyer for the 2011 Bar Examinations (Supreme Court-Office of the Chairman), Associate at Dato Inciong & Associates, Legal Manager at Citicore Power Inc., and Legal Counsel at Megawide Construction Corporation. Atty. Albarico holds a degree of Bachelor of Arts major in Legal Management (*university scholar*). She passed the 2010 Philippine Bar Examinations and was admitted to the Bar the following year. She likewise holds Master of Laws degree and diploma in Leadership and Management Development Program. She is also a professorial lecturer of law in various law schools and a certified compliance officer. Atty. Albarico is an arbitrator trained by the Philippine Dispute Resolution Center, Inc. (PDRCI) and is currently a participant of the University of Asia and the Pacific's (UA&P) Strategic Business Economics Program. She recently completed her Doctorate Degree in Civil Law from the University of Santo Tomas.

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. 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.

Atty. Manuel Z. Gonzalez was elected Corporate Secretary in January 10, 2018 and was re-elected on December 14, 2018 and October 28, 2019. He is a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. 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, Nomura Philippines, Inc. since 2006 and ADP Philippines, Inc. since 2010. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Atty. Gwyneth S. Ong was elected Assistant Corporate Secretary in January 10, 2018 and was re-elected on December 14, 2018 and October 28, 2019. Atty. Ong is a Partner at Martinez Vergara Gonzalez and Serrano Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

Ms. Meryll Anne C. Yan was elected Investor Relations Officer/Data Protection Officer on 4 March 2020, effective March 7, 2020. 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, Inc. she was Head of Marketing for SM Ladies Fashion and was also the Chief Creative Artist Officer 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.

FORMER OFFICERS

Mr. Vicente L. Araña was re-elected Treasurer and Chief Financial Officer in October 28, 2019, serving as such until March 4, 2020. He previously served as Group Chief Financial Officer of ISOC Holdings, Inc. and its subsidiaries from 2018 until March 2020. Prior to joining ISOC, he was CFO of Solar Philippines and a renewable energy company in Ayala's Energy and Infrastructure Group. He has also held CFO posts with TKC Steel Corporation and Coal Asia, Inc. He graduated from the University of the Philippines with a degree in Business Administration and Accountancy and has an MBA from the Asian Institute of Management.

Atty. Anna Margarita S. Bueno was elected assistant compliance officer on October 20, 2020, serving as such until January 8, 2021. She graduated cum laude with a degree in

communications and a minor in Hispanic studies from Ateneo de Manila University in 2010, then obtained her Juris Doctor degree from the Ateneo School of Law in 2014. She passed the Bar examinations the following year. Thereafter, she worked for Bello Valdez Caluya Fernandez Law (formerly Jimenez Gonzales/ JG Law), focusing on employment law and litigation. She was an associate lawyer for the Legal Department of ISOC Holdings, Inc. and its various subsidiaries. Previously, she was an editor and continues to write for CNN Philippines (among other publications) and is also a consultant for the Foundation for Media Alternatives, where she writes policy papers on cybercrime and freedom of expression and the press. She also consults for Government Watch (G-Watch), Inc., a non-profit organization advocating for transparency and accountability in governance.

Identify Significant Employees

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

Family Relationships

Mr. 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.

Involvement in Certain Legal Proceedings of Directors and Senior Management

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 present which are material to an evaluation of the ability and integrity of any director, any person nominated to become director, executive officer or control person of the Company:

1. Any insolvency or bankruptcy petition filed by or against any business of which such person was a general partner or executive officer whether at the time of insolvency or within two (2) years prior to that time;
2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and
4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

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

ITEM 10. EXECUTIVE COMPENSATION

The table below summarizes the aggregate compensation of the Company's CEO and the four most highly compensated employees, as well as the aggregate compensation paid to all directors and officers as a group for the years 2017, 2018, 2019 and 2020.

	Year	Salary	Bonuses	Other Benefits	Total
CEO and Top 4 Executive Officers, as a group named above	2017	-	-	55,000	55,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	-	-
	2021 estimated	-	-	-	-
All Other Officers and Directors, as a group unnamed	2017			110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021 estimated	-	-	360,000	360,000

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.

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 for the year 2020. The reasonable per diems paid to the directors amounted to Php 60,000 in 2020.

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

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

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

Warrants and Options Outstanding

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

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

Title of Class	Name and Address of Record Owner & Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares	Percent
Common	PCD NOMINEE CORPORATION - 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”)³ 6 th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City	Filipino	175,422,074 (Direct)	66.99%
Common	PCD NOMINEE CORPORATION - Tower 1 – Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City Registered owner in the books of stock transfer agent	F. YAP SECURITIES, INC.⁴ 17th Floor Lepanto Bldg., Paseo de Roxas, Makati 1226, Philippines	Filipino	25,331,200	10.00%

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

³ ISOC Holdings, Inc. is the beneficial owner of 175,422,074 shares equivalent to 67% of the Company lodged under PCD Nominee Corp. (Filipino) through HDI Securities, Inc.

⁴ F. Yap Securities, Inc. is a corporation engaged in stock brokerage and is one of the market participants of the shares lodged with the PCD Nominee Corporation. The beneficial owners of the shares held by F. Yap Securities, Inc. do not own more than 5% of the voting securities in the Company. Thus, there is no single natural person holding more than 5% of the voting securities held by F. Yap Securities, Inc. in the Company.

Security Ownership of Directors and Officers

CURRENT DIRECTORS

Title of Class	Name Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b"))	Citizenship	Percent
Common	Michael C. Cosiquien Chairman/President	1 – "R" (direct) 175,422,074 - "B" (indirect)*	Filipino	66.99%
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% 0.00%
Common	Yerik C. Cosiquien Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Michelle Joan G. Tan Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Erwin Terrell Y. Sy Director and Treasurer/CFO	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Alfred S. Jacinto Independent Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Mathew-John G. Almogino Independent Director	1,000 – "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Allesandra Fay V. Albarico Compliance Officer and Corporate Information Officer and System Administrator for PSE	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Meryll Anne C. YanInvestor Relations Officer/Data Protection Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Manuel Z. Gonzalez Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Gwyneth S. Ong Assistant Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%

Title of Class	Name Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b"))	Citizenship	Percent
TOTAL		1,007 "R" (direct) 175,422,075 "B" (indirect)		0.00% 66.99%

*through ISOC Holdings, Inc.

Voting Trust Holders of 5% Or More

The Company has no voting trust agreement or any other similar arrangement which may result in a change in control of the Company.

Changes in Control

On 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 facilities of the PSE on January 4, 2018.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

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. 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.

PART IV – CORPORATE GOVERNANCE

ITEM 13. THIS PORTION HAS BEEN DELETED PURSUANT TO SEC MEMORANDUM CIRCULAR NO. 5, SERIES OF 2013.

PART V - EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits

The audited financial statements of the Company are filed as part of this SEC 17-A as “Annex A”.

The Company’s Sustainability Report is attached pursuant to SEC Memorandum Circular No. 4, series of 2019.

(b) Reports on SEC Form 17-C until 31 December 2020

Date of Disclosure	Subject
March 4, 2020	Resignation of Mr. Vicente L. Araña and Mr. Erwin Terrell Y. Sy as Treasurer/Chief Financial Officer, and Investor Relations Officer and Data Privacy Officer, respectively. Election of Erwin Terrell Y. Sy as Treasurer/Chief Financial Officer and Meryll Anne C. Yan - Investor Relations Officer and Data Privacy Officer
March 16, 2020	Impact of CoVid 19 on the operations of the Company
April 8, 2020	Postponement and Notice of the Annual Stockholder’s Meeting
June 26, 2020	Material transaction not made in the ordinary course of business (assignment of receivables)
August 6, 2020	Notice of Annual Stockholder’s Meeting (Date, Time, Venue, and Agenda)
September 9, 2020	Definitive Information Statement
October 20, 2020	Results of the Annual Stockholders’ Meeting held on October 20, 2019
October 20, 2020	Disclosure on the Results of the Organizational Meeting of the Board of Directors held on October 20, 2020
November 20, 2020	Termination of Stock Transfer Agency Agreement with BDO Unibank, Inc.
December 11, 2020	Appointment of Philippine National Bank as Stock Transfer Agent

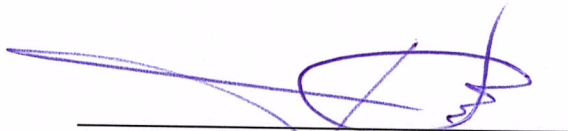
(c) Reports on SEC Form 17-Q until 31 December 2020

Date	Subject
July 1, 2020	Annual Report for 2019
July 1, 2020	First Quarter Results
August 12, 2020	Second Quarter Results
November 16, 2020	Third Quarter Results

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 14 2021, 2021.

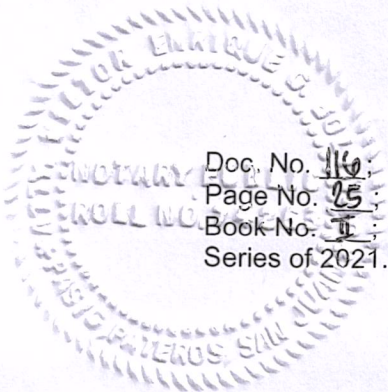
By:

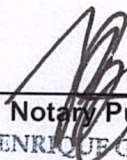


MICHAEL C. COSIQUIEN
Chairman and President

SUBSCRIBED AND SWORN to before me this _____ day of MAY 14 2021
affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Michael C. Cosiquien	TIN 150-443-099-000		



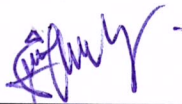


Notary Public
VICTOR ENRIQUE G. BOLINAO
Appointment No. 196 (2020-2021)
Notary Public
Until December 31, 2021
Attorney's Roll No. 74263
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 7233542; 01.05.21; Pasig City
IBP Receipt No. 137825; 01.05.21; RSM
Admitted to the Bar July 8, 2020

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 14 2021, 2021.

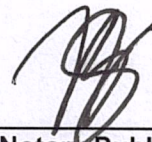
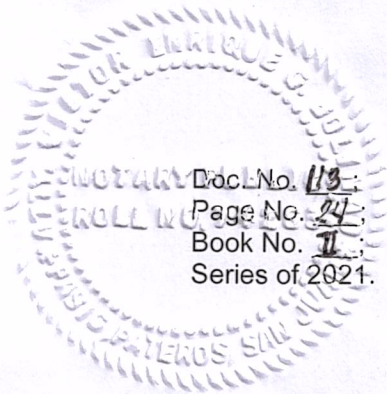
By:



ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

SUBSCRIBED AND SWORN to before me this _____ day of MAY 14 2021
affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Erwin Terrell Y. Sy	TIN 029-596-048-000		



Notary Public

VICTOR ENRIQUE G. BOLINAO

Appointment No. 196 (2020-2021)

Notary Public

Until December 31, 2021

Attorney's Roll No. 74263

33rd Floor, The Orient Square

F. Ortigas, Jr. Road, Ortigas Center, Pasig City

PTR Receipt No. 7233542; 01.05.21; Pasig City

IBP Receipt No. 137825; 01.05.21; RSM

Admitted to the Bar July 8, 2020

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on May 14, 2021, 2021.

By:



MANUEL Z. GONZALEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of May 14, 2021
affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Manuel Z. Gonzalez	TIN 166-201-040		

Notary Public

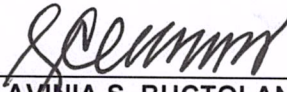
Doc. No. 118 ;
Page No. 25 ;
Book No. 11 ;
Series of 2021.


VICTOR ENRIQUE G. BOLINAO
Appointment No. 196 (2020-2021)
Notary Public
Until December 31, 2021
Attorney's Roll No. 74263
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 7233542; 01.05.21; Pasig City
IBP Receipt No. 137825; 01.05.21; RSM
Admitted to the Bar July 8, 2020

SIGNATURES

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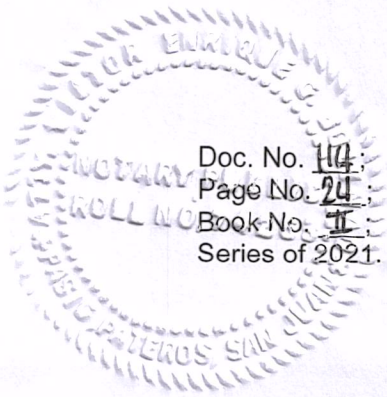
By:



LAVINIA S. BUCTOLAN
Principal Accounting Officer

SUBSCRIBED AND SWORN to before me this _____ day of MAY 14 2021
affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Lavinia S. Buctolan	PRC NO. 00910571	VALID UNTIL 08/04/2023	





VICTOR M. SOLINAO
Notary Public
Appointment No. 196 (2020-2021)
Notary Public
Until December 31, 2021
Attorney's Roll No. 74263
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 7233542; 01.05.21; Pasig City
IBP Receipt No. 137825; 01.05.21; RSM
Admitted to the Bar July 8, 2020

Introduction

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, initially, 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.

On February 6, 2018, the SEC approved the amendment to the Company’s Articles of Incorporation: (i) to change its corporate name from AG Finance Incorporated to Ferronoux Holdings, Inc.; and (ii) to change its purpose to a holding company. The Company also changed its stock symbol from “AGF” to “FERRO.”

The Company’s shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2020, the total number of shares listed in the Philippine Stock Exchange (“PSE”) is 261,824,002 shares.

On June 25, 2015, RYM Business Management Corp. acquired 183,276,801 shares representing seventy percent (70%) interest in the Company from Tony King and family. Subsequently, the Company ceased its lending activities.

On November 17, 2017, ISOC Holdings, Inc. (ISOC or the Parent Company) entered into an agreement with RYM for the purchase of 175,422,081 common shares held by RYM equivalent to sixty-seven percent (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 July 29, 2019, the SEC approved the amendment to the Company’s Articles of Incorporation to change its principal office from Unit 2205A, East Tower, Philippine Stock Exchange, Exchange Road, Ortigas Center, Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

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.

This is the Company’s second year to report on its sustainability efforts, as a supplement to the Company’s 2020 Financial Report. The report covers the period of January 1 to December 31, 2020 and highlights issues defined as material for the Company’s stakeholders.

2020 Sustainability Report Ferronoux Holdings, Inc.

Ferronoux Holdings, Inc. is committed to practicing sustainable development in its projects and its daily operations, keeping in mind global standards and national impact.

As good corporate stewards, sustainability is inherent in the the Company's core values as well as good governance and ethical business practices, and responsibility towards the economy, the environment, and society.

Contextual Information

Company Details	
Name of Organization	Ferronoux Holdings, Inc.
Location of Headquarters	6/F Hanston Building, F. Ortigas Jr. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City
Location of Operations	6/F Hanston Building, F. Ortigas Jr. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	Ferronoux Holdings, Inc.
Reporting Period	December 31, 2020
Highest Ranking Person responsible for this report	Meryll Anne C. Yan

This report provides information about the Company's Environmental, Social and Governance ("ESG") impact for the year ending December 2020. The report contains topics on good governance and ethical business practices, economy and environment and social responsibility.

Even as it ceased its lending activities, the Company plans to restructure its operations. It acknowledges that its shareholders are therefore interested in the disclosure about the Company's financial and sustainability performance, hence we deem the concept of 'Materiality' to refer to vital economic, environmental, and social impacts that are relevant to the assessment and decisions of its shareholders.

Good Governance and Ethical Business Practices

Corporate governance is the foundation of the Company's strategy. As a publicly listed company, Ferronoux complies with the rules and regulations of the SEC and PSE.

Consistent with Philippine laws, the Company's By-Laws grant primary responsibility for ensuring good corporate governance in the Company to its Board of Directors, via its Corporate Governance Committee. The Committee oversees the implementation of the corporate governance framework and periodically reviews such framework to ensure it remains appropriate considering material changes to the Company's size, complexity, and business strategy, as well as its business and regulatory environments, among others. The committee also adopts corporate governance policies and ensures these are reviewed and updated regularly, and consistently implemented in form and substance.

The Board of Directors are bound to act in the best interests of the Company and for the common benefit of its stockholders and other stakeholders. It also has access to independent professional advice and access to management as it deems necessary to carry out its duties.

The Company's Board of Directors and Officers as of 31 December 2020 are as follows:

Directors	Designation
Michael C. Cosiquien	Chairman/President
Jesus G. Chua, Jr.	Vice Chairman
Irving C. Cosiquien	Director
Yerik C. Cosiquien	Director
Michelle Joan G. Tan	Director
Erwin Terrell Y. Sy	Director/ Treasurer/Chief Financial Officer
Alfred S. Jacinto	Independent Director
Mathew John G. Almogino	Independent Director
Officers	Designation
Manuel Z. Gonzalez	Corporate Secretary
Allesandra Fay V. Albarico	Compliance Officer/Chief Information Officer
Gwyneth S. Ong	Assistant Corporate Secretary
Meryll Anne C. Yan	Investor Relations Officer/Data Protection Officer

Among the Ferronoux Board of Directors' and officers' duties and responsibilities are to ensure the following: (i) the existence and implementation of an effective investor relations program that will keep stockholders and investors informed of key developments in the Company; (ii) the respect and promotion of the rights of stockholders; and (iii) the establishment of an engagement policy that promotes communication and cooperation with host communities where the Company operates.

Ethical Business Practice

The Company is committed to doing business ethically and lawfully in order to build and sustain trust from various stakeholders. Its Code of Business and Ethics define the standards of business conduct expected from its directors and officers in terms of legal compliance, competition and fair deals, confidentiality of information, and proper use of property.

Periodic Review of Policies

All governance policies of the Company are regularly reviewed to ensure they remain appropriate and relevant. The policies are benchmarked with global best practices and compliant with local applicable laws and regulations.

Anti-Corruption Program

The Company recognizes the harmful impacts of corrupt practices, should they take place, in its business operations and relationships with both private and public institutions. While there is zero risk of corruption within the Company and its officers and shareholders, it ensures that all stakeholders adhere to the anti-corruption practices in accordance with Republic Act 9485 or the Anti-Red Tape Act of 2007 and its implementing rules and regulations.

Within the Company, officers are prohibited from engaging in direct and indirect bribery and corrupt practices, such as improper payments to government offices/officials and business partners to influence actions or decisions on pending transactions or to gain improper advantage. As part of the Company's efforts to cultivate a culture of good governance, officers have access to corporate governance policies and to regular advisories on such policies. The Company is also finalizing its written anti-corruption policies. To date, there are no incidents or reports of confirmed corruption involving the Company.

Supplier-Contractor Relations Policy

The Company follows best practices in supply chain management and mandates all directors and officers to maintain the Company's reputation for equal opportunity and honest treatment of suppliers in all business transactions. It embodies the Company's commitment to look for and

maintain mutually beneficial relationships with similarly principled suppliers. In this case, suppliers are accredited based on established criteria, purchases are made through competitive bidding, and transactions are fully documented.

Compliance with Statutory Standards

Ferronoux ensures that it complies with all laws and regulations, including the requirement of local government units (LGUs) in the areas where it operates. The Company adheres to regulations issued by the SEC, Department of Trade and Industry (DTI), Department of Labor and Employment (DOLE), Bureau of Internal Revenue (BIR) and other relevant government authorities.

Ferronoux's Legal Department provides essential support in ensuring the Company's compliance with laws and regulations. It manages the efficient and proactive provisioning of legal service in government, regulatory, administrative, court and arbitral proceedings. It also assists in preparing, reviewing and negotiating contracts and provides legal advice on matters regarding the enforcement of obligations, exercise of rights, and resolution of disputes.

Economic Performance

Disclosure	Amount	Units
Direct economic value generated (revenue)	Nil	PhP
Direct economic value distributed:		
a. Operating costs	1,798,860	PhP
b. Employee wages and benefits	Not Applicable	PhP
c. Payments to suppliers, other operating costs	1,877,788	PhP
d. Dividends given to stockholders and interest payments to loan providers	Not Applicable	PhP
e. Taxes given to government	84,940	PhP

Since the Company has ceased its lending activities in 2015, the Company's new shareholders have committed to provide financial support for the Company to continue as a going concern.

The Company's main shareholder is in diverse businesses such as real estate development, energy, infrastructure and logistics. The Company is considering its options with respect to investment structures that would be optimal for its plans, whether as an operating or holding company. There is also minimal compensation of key management personnel in 2020.

	Year	Salary	Bonuses	Other Benefits	Total
CEO and Top 4 Executive Officers, as a group named above	2017	-	-	55,000	55,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	-	-
	2021 estimated	-	-	-	-
All Other Officers and Directors, as a group unnamed	2017			110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021 estimated	-	-	360,000	360,000

Environment

The Company is aware that business affects the environment, and thus it exerts reasonable efforts to manage and minimize its carbon footprint. Ferronoux only utilizes what it needs while caring for

its community and environment and providing a safer and secured workplace for its stakeholders including its colleagues. Sustainable operations result in efficiencies that affect its people and planet, which also allow the Company to reach more people and improve quality of lives.

Resource Management

Ferronoux recognizes that proper resource management in the Company's day-to-day activities makes a difference in collective efforts to conserve energy and mitigate climate change. Proper resource management benefits not only the Company, but moreso its community. As a going concern, the Company ensures it does not use more resources than is necessary.

The Company promotes efficient use of space and utilities by sharing resources with its Parent Company. Since Ferronoux occupies space within the Parent Company's office, the Company benefits from the latter's energy conservation measures that include the switching off of lights in areas where there are no people and the switching off of air conditioning units after business hours. Moreover, since the COVID-19 pandemic, the Company has implemented a rotating WFH (Work From Home) Setup that ensures employee safety as well as optimizing resource use.

Water Consumption

The Company similarly recognizes that water is a finite resource which must always be conserved. It is keenly aware of recurring water shortages in the region and how such shortages may affect its administrative and day-to-day operations and the overall well-being of the community.

Ferronoux is an advocate of water conservation and constantly reminds its people to do their share. The Company acts with urgency and concern to address reports of leaks within its office. It also aims to lessen its water consumption to avoid wastage by way of constant reminders in its facilities. The Company continues to work to efficiently to manage its water consumption.

Waste Management

The Company clarifies that it has yet to practice the weighing of discarded wastes. Nonetheless, the Company remains cognizant that running the business generates waste, the disposal of which affects the health of the community.

Segregation is practiced and allows the Company to capture recyclables from non-hazardous waste. It also ensures proper and regular disposal for different types of waste. The Company does not produce hazardous waste.

Collection and disposal of solid waste is done through garbage collectors authorized by LGUs. Used oil, busted lamps, and discarded batteries are collected and temporarily stored until authorized haulers for treatment arrive and collect such wastes.

Social Responsibility

The Company pursues innovations aimed at providing solutions that would benefit stakeholders, including partners, clients, customers, and communities where it conducts business.

Employee Data

The Company's administrative functions are handled by the employees of the Parent Company at minimal to no cost to the company.

Given that the Company's daily operations are handled by the Parent Company, the latter's corporate values also serve as guiding principles for potential employee management. The Parent Company's employee benefits include a well-crafted benefit package that shows how it values its workforce and understands what matters most to them.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
No. of work-related injuries	Zero	#
No. of work-related fatalities	Zero	#
No. of work-related ill-health	Zero	#

The Company prioritizes safety and security throughout the workplace. The welfare of its officers, guests, contractors, and neighbor communities are an important consideration whenever a decision is made. Operational health and safety (OHS) standards are always upheld as it recognizes that accidents may happen any time.

Continuous training in health and safety has been the key approach, which includes critical emergency drills that provide a deeper learning experience for its Parent Company's officers and employees to rely on during actual incidents.

Labor Laws and Human Rights

The Company reiterates that its administrative functions are handled by the employees of the Parent Company at minimal to no cost to the company. There have been no reports of any legal action or employee grievances at the Parent Company level. Nonetheless, the Company has mechanisms in place for reporting or handling such issues with due process.

Supply Chain Management

The Company is currently working on creating a supplier accreditation policy. Nonetheless, suppliers are required to accomplish an accreditation form and submit government-issued and financial supporting documents. Suppliers are selected based on definite criteria, which includes good governance, ethical business practices, among others.

Business Continuity and Disaster Management

The recent pandemic and the business environment have also prompted the Company to consider establishing process to enable organizational resilience, minimize the impact of disruptions, and facilitate immediate recovery of operations using the quickest and most effective means possible.

The Company continues to improve its Business Continuity Management System (BCMS) to enhance its capability to effectively respond to and manage various crises in protecting its assets and the interest of its officers and shareholders.

As disasters and disruptions are unpredictable, the BCMS is designed to be flexible to effectively respond to the actual complex nature of crises and disruptions as they occur.

The response strategies empower the organization to adapt and respond to the nature of the disruption, instead of having rigid policies that limit options available to the organization when responding to disruptions.

Asset Protection

The Company has installed necessary policies, processes, and systems, accompanied with training, testing, and governance for continuous process upgrades, which provide resilient and responsive security coverage for the Company's assets and operations. This ensures that it has a response protocol that is agile and capable of addressing current and emerging threats.

The asset protection processes and guidelines use an approach that features a robust system for physical security, by using an optimal mix of pro-active personnel and industrial security solutions, which include electronic access controls, closed circuit television (CCTV) systems, 24/7 security monitoring command centers and trained security response personnel.

Data Security

The Company complies with the Republic Act 10173 or the Data Privacy Act of 2012. Ensuring data privacy and information security is deemed important in maintaining good relations between the Company and its partners.

Data/information assets are protected and are maintained at the highest level to detect potential threats such as phishing attacks or data breaches. The Company has put in place stringent policies on social media and information security and data privacy, as well as drafted guidelines on handling information assets and the proper use of technology resources.

The Company has assigned a Data Privacy Officer who oversees the implementation and management of data privacy and information security as mandated in RA 10173. It also drafted and put in place its own Data Privacy Manual.



Meredith Salentes <msalentes@isocholdings.com>

Fwd: Your BIR AFS eSubmission uploads were received

Florence Ambray <fambray@isocholdings.com>
To: Meredith Salentes <msalentes@isocholdings.com>

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From: <eafs@bir.gov.ph>
Date: Fri, May 14, 2021 at 4:16 PM
Subject: Your BIR AFS eSubmission uploads were received
To: <FAMBRAY@isocholdings.com>
CC: <FAMBRAY@isocholdings.com>

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

Valid files

- EAFS219045668AFSTY122020.pdf
- EAFS219045668ITRTY122020.pdf
- EAFS219045668RPTTY122020.pdf
- EAFS219045668OTHTY122020.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-8KAKA9KB0P4XMVRZPQVZSZ3ZX07B78K77C**
Submission Date/Time: **May 14, 2021 04:02 PM**
Company TIN: **219-045-668**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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Meredith Salentes <msalentes@isocholdings.com>

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Tue, Apr 27, 2021 at 4:07 PM

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ISOC
HOLDINGS, INC.

Meredith Salentes <msalentes@isocholdings.com>

Tax Return Receipt Confirmation

ebirforms-noreply@bir.gov.ph <ebirforms-noreply@bir.gov.ph>
To: msalentes@isocholdings.com

Fri, Apr 16, 2021 at 2:07 AM

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Date received by BIR: 15 April 2021

Time received by BIR: 07:26 PM

[Quoted text hidden]

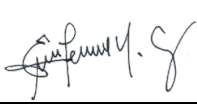
Ferronoux Holdings, Inc.

“STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN”

The Management of **Ferronoux Holdings, Inc.** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2020**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting year. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting year, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited separate financial statements for the year ended **December 31, 2020** and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of separate financial statements pursuant to Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company’s books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting year, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting year, except those contested in good faith.


MICHAEL C. COSIQUIEN
Chairman/President
ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

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, 2020** and **2019**, 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, 2020 and 2019, 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/President
ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

Signed this _____ day of **MAY 14 2021**

Ferronoux Holdings, Inc.

SUBSCRIBED AND SWORN to before me this _____ day of MAY 14 2021, affiant exhibiting to me their Competent Evidence of Identity (CEI), as follows:

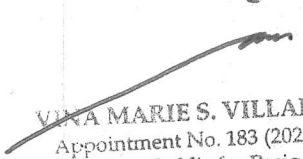
NAMES

Michael C. Cosiquien
Erwin Terrell Y. Sy

CEI

EC7875461
N02-04-519606

Doc. No. 51
Page No. 4
Book No. 1
Series of 2020:


VINA MARIE S. VILLARROYA
Appointment No. 183 (2020-2021)
Notary Public for Pasig City
Until December 31, 2021
Attorney's Roll No. 68536
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR No. 7233530; 01.05.21; Pasig City
IBP No. 137820; 01.05.21; RSM
MCLE Compliance No. VI-0012267; 4.14.22

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

Report on the Financial Statements

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, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2020, 2019 and 2018, 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, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020, 2019 and 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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



Key Audit Matters

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

Assessment of Expected Credit Loss on Due from a Related Party

As at December 31, 2020, the Company's due from a related party represents 97% of total assets. The impairment assessment on the 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, 5, 7 and 12 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, 2020, 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, 2020 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.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 14 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2019

Valid until October 16, 2022

PTR No. 8534275

Issued January 5, 2021, Makati City

April 12, 2021

Makati City, Metro Manila

F	E	R	R	O	N	O	U	X		H	O	L	D	I	N	G	S	,		I	N	C	.
(A Subsidiary of ISOC Holdings, Inc.)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2020	2019
ASSETS			
Current Assets			
Cash in bank	4	P198,400	P951,868
Creditable withholding taxes		2,151,839	2,197,631
Other current assets		175,584	30,120
Note receivable	5	–	132,714,385
Total Current Assets		2,525,823	135,894,004
Noncurrent Assets			
Due from a related party	7	138,195,601	–
Interest receivable	7	2,289,607	–
Total Noncurrent Assets		140,485,208	–
		P143,011,031	P135,894,004
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	6	P5,973,482	P4,782,626
Noncurrent Liability			
Deferred tax liability		1,644,365	–
Total Liabilities		7,617,847	4,782,626
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(200,708,066)	(204,989,872)
Total Equity		135,393,184	131,111,378
		P143,011,031	P135,894,004

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2020	2019	2018
INTEREST INCOME	8	₱4,595,918	₱6,687,704	₱6,552,075
EXPENSES	9	(1,798,860)	(2,264,019)	(1,620,929)
OTHER INCOME (CHARGES) – net				
Day 1 gain	7	6,075,276	–	–
Provision for expected credit loss (ECL)	5	(1,733,022)	(3,996,019)	(3,467,883)
Loss on assignment of note receivable	5	(1,167,349)	–	–
Reversal of liability	6	–	79,892	370,000
		3,174,905	(3,916,127)	(3,097,883)
INCOME BEFORE INCOME TAX		5,971,963	507,558	1,833,263
PROVISION FOR INCOME TAX	11			
Current		45,792	1,598	7,400
Deferred		1,644,365	–	–
		1,690,157	1,598	7,400
NET INCOME		4,281,806	505,960	1,825,863
OTHER COMPREHENSIVE INCOME		–	–	–
TOTAL COMPREHENSIVE INCOME		₱4,281,806	₱505,960	₱1,825,863
EARNINGS PER SHARE – BASIC AND DILUTED	10	₱0.016	₱0.002	₱0.007

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2020	2019	2018
CAPITAL STOCK - ₱1 par value			
Authorized - 550,000,000 shares			
Issued and outstanding - 261,824,002 shares	₱261,824,002	₱261,824,002	₱261,824,002
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning and end of year	74,277,248	74,277,248	74,277,248
DEFICIT			
Balance at beginning of year	(204,989,872)	(205,495,832)	(207,321,695)
Net income	4,281,806	505,960	1,825,863
Balance at end of year	(200,708,066)	(204,989,872)	(205,495,832)
	₱135,393,184	₱131,111,378	₱130,605,418

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱5,971,963	₱507,558	₱1,833,263
Adjustment for:				
Day 1 gain	7	(6,075,276)		
Interest income	8	(4,595,918)	(6,687,704)	(6,552,075)
Loss on assignment of note receivable	5	1,167,349	—	—
Operating loss before working capital changes		(3,531,882)	(6,180,146)	(4,718,812)
Decrease (increase) in:				
Note receivable		1,733,022	3,996,019	3,467,883
Other current assets		(99,672)	(25,522)	7,400
Increase in accrued expenses and other current liabilities		1,190,856	3,089,021	1,183,615
Net cash generated from (used for) operations		(707,676)	879,372	(59,914)
Income taxes paid		(45,792)	(1,598)	(7,400)
Interest received		—	—	9
NET INCREASE (DECREASE) IN CASH IN BANK		(753,468)	877,774	(67,305)
CASH IN BANK AT BEGINNING OF YEAR		951,868	74,094	141,399
CASH IN BANK AT END OF YEAR		₱198,400	₱951,868	₱74,094
NONCASH FINANCIAL INFORMATION				
Assignment of note receivable	5	₱132,714,385	₱—	₱—

See accompanying Notes to Financial Statements.

FERRONOUX HOLDINGS, INC.
(A Subsidiary of ISOC 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 June 25, 2015, RYM Business Management Corp. (RYM) acquired 183,276,801 shares representing 70% interest in the Company from Tony King and family. Part of the arrangements was the assumption by Sunprime Finance, Inc. (SFI) of loans receivables arising from the Company's previous lending activities (see Note 5). SFI issued a note in exchange for the loans.

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.

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 (see Note 5).

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, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issue by the Board of Directors (BOD) on April 12, 2021.

Status of Operations

The Company has ceased its lending activities in 2015 and is today focused on acquiring a 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 to implement changes in the Company's business structure and operations to take advantage of opportunities arising from these discussions.

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*.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous reporting year, except for the adoption of the following amended PFRS which the Company adopted effective for annual periods beginning January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The adoption of the foregoing amended PFRS did not have any material effect on the financial statements of the Company. Necessary disclosures were included in the financial statements.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS which are not yet effective for the year ended December 31, 2020 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. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments – Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes 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 amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies 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.

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 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 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 ₱1.7 million, ₱4.0 million and ₱3.5 million in 2020, 2019 and 2018, respectively. Allowance for ECL amounted to nil and ₱197.0 million as at December 31, 2020 and 2019, respectively (see Note 5). The carrying amounts of the financial assets of the Company are as follows:

	Note	2020	2019
Cash in banks	4	₱198,400	₱951,868
Due from a related party	7	138,195,601	–
Interest receivable	7	2,289,607	–
Note receivable	5	–	132,714,385

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, 2020 and 2019, 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 ₱1.1 million and ₱60.9 million as at December 31, 2020 and 2019, respectively (see Note 11).

4. Cash in Bank

Cash in bank amounted to ₱198,400 and ₱951,868 as at December 31, 2020 and 2019, respectively, and earns interest at prevailing bank deposit rates. Interest income earned amounted to nil in 2020 and 2019 and ₱9 in 2018 (see Note 8).

5. Note Receivable

As discussed in Note 1, in 2015 the Company's loans receivables arising from the Company's previous lending activities were assumed by SFI which issued a five-year note with a nominal amount of ₱332.6 million in exchange for the loans.

The note receivable bears interest at 5% per annum on unpaid principal amount beginning June 6, 2017 but the Company agreed to waive the interest on the note in 2017. The waiver resulted to a loss of ₱24.1 million in 2017 arising from the modification of the terms of the note.

On June 26, 2020, the Company's BOD approved the assignment of the note receivable from SFI with a carrying amount of ₱133.9 million to a stockholder of the Parent Company in exchange for the stockholder's receivable from ISOC of ₱132.7 million. On June 29, 2020, the Company and the Stockholder, with the conformity of ISOC and SFI, entered into a Deed of Assignment covering the

note. Accordingly, the Company reclassified the note receivable to “Due from a related party” account and recognize a loss amounting to ₱1.2 million on assignment.

Movements in this account are shown below:

	Note	2020	2019
Original amount		₱332,639,733	₱332,639,733
Unamortized “Day 1” difference		–	(2,900,371)
		332,639,733	329,739,362
Allowance for ECL		(198,757,999)	(197,024,977)
		133,881,734	132,714,385
Assignment of note receivable	7	(133,881,734)	–
Carrying amount		₱–	₱132,714,385

The adoption of PFRS 9 resulted to an allowance for ECL on note receivable of ₱189.6 million in 2018.

Movements in unamortized “Day 1” difference are shown below:

	Note	2020	2019
Balance at beginning of year		₱2,900,371	₱9,588,075
Accretion of “Day 1” difference	8	(2,900,371)	(6,687,704)
Balance at end of year		₱–	₱2,900,371

Movements in allowance for ECL in 2020 and 2019 are shown below:

	2020	2019
Balance at beginning of year	₱197,024,977	₱193,028,958
Provision for ECL	1,733,022	3,996,019
	198,757,999	197,024,977
Reversal resulting from the assignment	(198,757,999)	–
Balance at end of year	₱–	₱197,024,977

6. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	2020	2019
Due to a related party	7	₱5,253,085	₱4,228,250
Accrued expenses		720,397	554,376
		₱5,973,482	₱4,782,626

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

Long-outstanding liabilities amounting to ₱0.1 million and ₱0.4 million in 2019 and 2018, respectively, were reversed as management has assessed that creditors will have no further claims against the Company.

7. 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, 2020 and 2019:

Nature of transactions	Transactions during the Year		Outstanding Balance	
	2020	2019	2020	2019
Due from a Related Party				
Parent Company				
Assignment of note receivable	₱132,714,385	₱—	₱132,714,385	₱—
Day 1 difference	6,075,276	—	5,481,216	—
			₱138,195,601	₱—
Interest Receivable				
Parent Company				
Interest income	₱2,289,607	₱—	₱2,289,607	₱—
Due to a Related Party				
Parent Company				
Advances for working capital requirements	₱1,024,835	₱3,088,602	₱5,253,085	₱4,228,250

Assignment of Note Receivable

As discussed in Note 5, the Company's BOD approved the assignment of the note receivable from SFI amounting to ₱133.9 million to a stockholder of the Parent Company in exchange for the stockholder's receivable from ISOC amounting to ₱132.7 million on June 26, 2020. On June 29, 2020, the Company and the Stockholder, with the 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 outstanding balance of due from a related party as at year-end is unsecured, payable in full after five years and bears interest at 3.44% per annum payable upon maturity.

At the transaction date, 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 of ₱6.1 million.

As at December 31, 2020, the unamortized portion of "Day 1" difference amounted to ₱5.5 million. Accretion of "Day 1" difference amounted to ₱0.6 million in 2020.

Interest earned on due from a related party net of accretion amounted to ₱1.7 million in 2020. Interest receivable amounted to ₱2.3 million as at December 31, 2020.

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.

As at December 31, 2020, 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.

New 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 ₱60,000 in 2020. There is no key management personnel compensation in 2019 and 2018. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

8. Interest Income

This account consists of:

	Note	2020	2019	2018
Accretion of "Day 1" difference on note receivable	5	₱2,900,371	₱6,687,704	₱6,552,066
Due from a related party - net of accretion	7	1,695,547	—	—
Cash in bank	4	—	—	9
		₱4,595,918	₱6,687,704	₱6,552,075

9. Expenses

This account consists of:

	2020	2019	2018
Professional fees	₱1,174,217	₱1,192,779	₱625,147
PSE and SEC fees	261,000	280,000	286,720
Outside services	135,275	107,453	280,813
Taxes and licenses	84,940	275,257	500
Representation	—	243,714	416,115
Others	143,428	164,816	11,634
	₱1,798,860	₱2,264,019	₱1,620,929

10. Earnings Per Share (EPS)

Basic and diluted EPS is computed as follows:

	2020	2019	2018
Net income	₱4,281,806	₱505,960	₱1,825,863
Weighted average number of common shares	261,824,002	261,824,002	261,824,002
	₱0.016	₱0.002	₱0.007

The Company does not have potential dilutive shares of stock.

11. Income Taxes

The Company's provision for current income tax pertains to MCIT in 2020, 2019 and 2018.

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 regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax (MCIT) was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become 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 table below summarizes the financial impact of the change in income tax rate to the Company's financial statements had the CREATE been substantively enacted as at December 31, 2020:

	Audited Balances (Based on Old Income Tax Rate)	Balances Using Revised Income Tax Rate	Differences
Deferred tax liability	₱1,644,365	₱1,507,334	₱137,031
CWT	2,151,839	2,163,287	(11,448)
Deficit	(200,708,066)	(200,559,588)	(148,478)
Provision for current income tax	45,792	34,344	11,448
Provision for deferred income tax	1,644,365	1,507,334	137,031
Net income	4,281,806	4,430,284	(148,478)

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

	2020	2019	2018
Income tax expense at statutory tax rate	₱1,791,589	₱152,267	₱549,979
Change in unrecognized deferred tax assets	(59,806,240)	(751,693)	(14,697,743)
Add (deduct) tax effects of:			
Nondeductible expenses	59,635,500	73,117	124,835
Expired NOLCO and MCIT	69,308	527,907	14,030,332
Interest income already subjected to final tax	—	—	(3)
	₱1,690,157	₱1,598	₱7,400

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:

	2020	2019
NOLCO	₱1,027,448	₱832,568
MCIT	54,790	78,306
Allowance for ECL	—	59,107,493
Unamortized “Day 1” difference	—	870,111
	₱1,082,238	₱60,888,478

As at December 31, 2020, the Company’s deferred tax liability amounting to ₱1.6 million pertains to “Day 1” difference.

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

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2020	₱—	₱649,602	₱—	₱649,602	2025
2019	1,940,413	—	—	1,940,413	2022
2018	834,814	—	—	834,814	2021
	₱2,775,227	₱649,602	₱—	₱3,424,829	

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 to implement Section 4 of the Republic Act No. 11494 (Bayanihan to Recover as One Act) allowing the net operating loss of a business or enterprise incurred for the taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Accordingly, NOLCO incurred in 2020 amounting to ₱0.6 million can be carried forward as a deduction from gross income until 2025.

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

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2020	₱—	₱45,792	₱—	₱45,792	2023
2019	1,598	—	—	1,598	2022
2018	7,400	—	—	7,400	2021
2017	69,308	—	(69,308)	—	2020
	₱78,306	₱45,792	(₱69,308)	₱54,790	

12. 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:

December 31, 2020:

	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	₱198,400	₱—	₱—	₱—	₱198,400
Due from a related party	—	138,195,601	—	—	138,195,601
Interest receivable	—	2,289,607	—	—	2,289,607
	₱198,400	₱140,485,208	₱—	₱—	₱140,683,608

December 31, 2019:

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	₱951,868	₱—	₱—	₱—	₱951,868
Note receivable	—	132,714,385	—	197,024,977	329,739,362
	₱951,868	₱132,714,385	₱—	₱197,024,977	₱330,691,230

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 December 31, 2020 and 2019 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:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	₱198,400	₱198,400	₱951,868	₱951,868
Due from a related party	138,195,601	142,254,823	—	—
Note receivable	—	—	132,714,385	132,714,385
	₱138,394,001	₱142,453,223	₱133,666,253	₱133,666,253
Financial Liabilities				
Accrued expenses and other current liabilities	₱5,973,482	₱5,973,482	₱4,782,626	₱4,782,626

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 and Note Receivable. In 2019, the note receivable approximates its fair value due to the short-term nature of the transaction. The fair value of the Company's due from a related party and interest receivable in 2020 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.

13. 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 2020, 2019 and 2018. The Company is not subject to externally-imposed capital requirements.

14. Supplemental Information Required by the Bureau of Internal Revenue

Revenue Regulations No. 15-2010

The information for 2020 required by the above regulation is presented below.

Output Value-added Tax (VAT)

The Company has no transactions subject to output VAT for the year ended December 31, 2020.

Input VAT

Details of the Company's input VAT claimed in 2020 are as follows:

	Amount
Balance at beginning of year	₱13,320
Add current year's domestic purchase of services	147,464
Balance at end of year	₱160,784

The amount of VAT recoverable from taxation authority is presented as part of "Other current assets" account in the statement of financial position.

Taxes and Licenses

Taxes and licenses paid for the year ended December 31, 2020 pertains to business permits amounting to ₱84,940.

Withholding Taxes

The Company paid/accrued withholding taxes for the year ended December 31, 2020 amounting to ₱28,593.

Tax Assessments and Cases

The Company has no pending tax assessments and cases as at and for the year ended December 31, 2020.

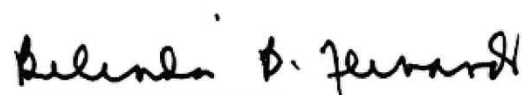
**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

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 the accompanying financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 on which we have rendered our report dated April 12, 2021.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & Co.



BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2019

Valid until October 16, 2022

PTR No. 8534275

Issued January 5, 2021, Makati City

April 12, 2021
Makati City, Metro Manila



BIR Form No.

1709

December 2020 (ENCS)

Page 1

INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY

(FOREIGN AND/OR DOMESTIC)

Enter all required information in CAPITAL LETTERS using BLACK ink. Mark applicable boxes with an "X".
Two copies must be filed with the BIR and one held by the Tax Filer.



1709 12/20ENCs P1

1 For the	☒ Calendar	☐ Fiscal	2 Year Ended (MM/YYYY)	1	2	2	0	2	0	3 Number of Sheet/s Attached		
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Part I – Background Information

4 Taxpayer Identification Number (TIN)	2	1	9	/	0	4	5	/	6	6	8	/	0	0	0	0	0	5 RDO Code	0	4	3
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	-------------------	---	---	---

6 Taxpayer's Name *(Last Name, First Name, Middle Name for Individual OR Registered Name for Non-Individual)*

F E R R O N O U X H O L D I N G S , I N C .

7 Registered Address (Indicate complete address. If branch, indicate the branch address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905)

6 / F H A N S T O N B L D G . F O R T I G A S J R . R O A D O R T I G A S

CENTER SAN ANTONIO PASIG CITY 7A ZIP Code 1605

8 Contact Number (Landline/Cellphone No.)	9 Email Address
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8 8 8 4 7 6 2 | m s a l e n t e s @ i s o c h o l d i n g s . c o m

Part II – Details of Related Parties

(Fill out the table properly. Write N/A if not applicable and use additional sheet/s, if necessary)

A. Foreign Related Parties

Name	Nature of Relationship	Country of Residence	Foreign TIN	Local TIN	With Permanent Establishment (PE) in the Philippines? (Yes/No)	TIN of PE
N/A						

B. Domestic Related Parties

Name	Nature of Relationship	TIN	Registered Address
ISOC HOLDINGS, INC.	PARENT COMPANY	009-637-215	6TH FLOOR HANSTON BLDG F. ORTIGAS JR ROAD ORTIGAS CENTER SAN ANTONIO PASIG CITY

Part III – Related Party Transactions

A. Sale of Goods and Provisions of Services

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount (in Php)	Were you granted treaty benefit in the source country? (Yes/No)	Income Tax Withheld by the Income Payor
N/A					

B. Purchase of Goods and Services Except Those Provided by Key Management Personnel (KMP)

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency <i>(if applicable)</i>	Amount <i>(in Php)</i>	Did the income recipient claim treaty benefit? <i>(Yes/No)</i>	Was a TTRA filed therefor? <i>(Yes/No)</i>	Income Tax Withheld by the Income Payor <i>(if any)</i>	Is the income payment attributable to PE? <i>(Yes/No)</i>
N/A							

TIN	Registered Name
2190456680000000	FERRONOUX HOLDINGS INC.

Continuation of Part III

C. Loans Granted to or Non-Trade Receivable from (Related Parties)

Name of Related Party	Opening Balance	Loans Granted During the Taxable Period	Terms and Conditions	Outstanding Balance as of the End of the Taxable Period	Provisions for Doubtful Debts (if any)*	Bad Debts Expense Recognized During the Period (if any)**
ISOC HOLDINGS, INC.	0	132,714,385	UNSECURED, INTEREST BEARING, PAYABLE IN FULL AFTER 5 YEARS	132,714,385	N/A	N/A

D. Loans Received from or Non-Trade Payable to (Related Parties)

Name of Related Party	Opening Balance	Loans Received During the Taxable Year	Terms and Conditions	Outstanding Balance as of the end of the Taxable Year
N/A				

E. Other Related Party Transactions Excluding Compensation Paid to KMP, Dividends and Branch Profit Remittances

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency (if applicable)	Amount (in Php)
ISOC HOLDINGS, INC.	REIMBURSEMENTS/PAYABLE	N/A	1,024,835

Part IV – Additional Disclosure

A. Brief business overview of the ultimate and immediate parent/s of the taxpayer

THE PARENT COMPANY'S PRIMARY PURPOSE IS THAT OF A HOLDING COMPANY

B. Brief business overview/functional profile of the taxpayer

THE COMPANY IS PRIMARILY ENGAGED IN THE BUSINESS OF FINANCING COMPANY OPERATIONS

C. Has there been any change in your functional profile during the taxable period? If yes, provide details.

Yes

☒ No

D. Has there been any change in your ownership structure during the taxable period? If yes, provide details.

Yes

☒ No

E. Did you undergo business restructuring during the taxable period or for the last five (5) years?

Yes

☒ No

If yes, provide details.

BIR Form No. 1709 December 2020 (ENCS) Page 3		INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY (FOREIGN AND/OR DOMESTIC)		 1709 12/20ENCS P3	
TIN 219045668000000			Registered Name FERRON OUX HOLDINGS INC.		
Continuation of Part IV					
F. Have you prepared a Transfer Pricing Documentation (TPD) for the related party transactions as prescribed under Revenue Regulations No. 2-2013? The details of the TPD include, but are not limited to the following: Organizational Structure (b) Nature of the Business/Industry and Market Conditions; (c) Controlled Transactions; (d) Assumptions, Strategies, and Policies; (e) Cost Contribution Arrangement (CCA); (f) Comparability, Functional and Risk Analysis; (g) Selection of the Transfer Pricing Method (TPM); (h) Application of the TPM; (i) Background Documents; (j) Index to Documents.					☐ Yes ☒ No
G. Do you have pending application/s for relief with the BIR or with the tax authority of other country/ies? If yes, provide details.					☐ Yes ☒ No
H. Do you have an Advance Pricing Agreement (APA) with your related parties?					☐ Yes ☒ No
I/We declare, under the penalties of perjury that this return has been made in good faith, and that, to the best of my/our knowledge and belief, all pieces of information provided in this return are correct, complete and true account of the related party transactions. Further, the required attachments to this return shall be made available during audit. Finally, I/we give my/our consent to the processing of my/our information as contemplated under Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, for legitimate and lawful purposes. (If authorized representative, please attach an authorization letter.)				Stamp of receiving Office and Date of Receipt (RO's Signature)	
Lavinia E Buctolan, AVP Finance TIN 162-410-973					
Signature over Printed Name of Taxpayer/Authorized Representative/Tax Agent (indicate Title and TIN)					
Tax Agent Accreditation Number/Atty.'s Roll Number (if applicable)					
Date of Issue (MM/DD/YYYY)		Date of Expiry (MM/DD/YYYY)			