

Ferronoux Holdings, Inc.

Notice of Annual Stockholders' Meeting

To All Stockholders:

Notice is hereby given that the Annual Stockholders Meeting of **FERRONOUX HOLDINGS, INC.** (the "**Corporation**") will be held virtually via remote communication (through Zoom facility) on **June 28, 2024 (Friday) at 1:00** in the afternoon.

The agenda for the said meeting shall be as follows:

1. Call to Order
2. Secretary's Proof of Due Notice of the Meeting and Determination of Quorum
3. Approval of the Minutes of the Stockholders' Meeting held on October 20, 2023
4. Management's Report
5. Ratification of Acts of the Board of Directors and Management during the Previous Year
6. Election of Directors (including Independent Directors)
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

Only stockholders of record as of the close of business on **May 31, 2024**, are entitled to notice and to vote at the meeting.

A brief explanation of the agenda item which requires stockholders' approval is provided in the Information Statement. The Information Statement, Management Report, the Annual Report (SEC Form 17A) and Quarterly Report will be uploaded to the Corporation's website <https://www.ferronouxholdings.com/asm2024> and PSE EDGE.

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

Stockholders may pre-register at this link: <https://www.ferronouxholdings.com/asm2024>, beginning **June 6, 2024 until 5:00 p.m. of June 18, 2024**. Stockholders who will join by proxy shall download, fill out and sign the proxy found in the foregoing link and in accordance with the procedures set forth in **Appendix 1** of the Information Statement. The Company does not solicit your proxy.

Deadline for registration and submission of voting forms and proxies is at **5:00 p.m. on June 18, 2024**. Validation of proxies shall be made on **June 19, 2024** at the principal office of the Corporation at the 6th Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

Stockholders cannot record the meeting. However, a request for the recording of the ASM may be made to asm2024@ferronouxholdings.com. Stockholders may also send related inquiries to asm2024@ferronouxholdings.com.

Pasig City, May 23, 2024.


MANUEL Z. GONZALEZ
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

Proof of notice and determination of quorum

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

The Corporate Secretary will certify the date the notice of the meeting was published as required by the Securities and Exchange Commission Notice on Alternative Mode of Distributing and providing copies of the Notice, Information Statement, Management Report, SEC Form 17A for the period ending December 31, 2023 (the “Annual Report”) and the SEC Form 17Q for the period ending March 31, 2024 (the “Quarterly Report”).

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

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

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

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

Approval of minutes of previous meeting

The minutes of the meeting held on October 20, 2023 is posted at the Corporation’s website, <https://www.ferronouxholdings.com/asm2024>.

Annual report

A report to the stockholders on the performance of the Corporation in 2023 and the outlook for 2024 will be delivered. The financial statements as of December 31, 2023 (FS) will be incorporated in the Information Statement.

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

Election of directors (including the independent directors)

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

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

Appointment of external auditor

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

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

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

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

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

PROXY

Number of Shares Represented _____

I, the undersigned shareholder of **FERRONOUX HOLDINGS, INC.** (the "Corporation") do hereby constitute and appoint _____ or in his absence, the Chairman of the meeting, as my true and lawful attorney and proxy, with power of substitution and revocation, for me and in my name and stead, to attend the June 28, 2024 stockholders meeting of the Corporation, or any adjournment or postponement thereof, to vote at said meeting the above indicated number of shares registered in the books of the Corporation in my name on all actionable matters specifically set forth in the agenda, as well as any or all matters that may be taken up at said meeting, and to do and perform for me and in my name such acts as may be necessary or appropriate in the premises, as though I were personally present, for the purpose of acting on the following matters:

1. Approval of the Minutes of the Stockholders' Meeting held on October 20, 2023

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Abstain
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2. Approval of the Management Report and Audited Financial Statements of the Corporation as of December 31, 2023

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

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

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

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

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

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

_____	_____
_____	_____
_____	_____

5. Appointment of External Auditor

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

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

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **JUNE 18, 2024 (5:00 P.M.)** via asm2024@ferronouxholdings.com / <https://www.ferronouxholdings.com/asm2024>.

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

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

VALIDATION OF PROXIES SHALL BE MADE ON JUNE 19, 2024 AT THE PRINCIPAL OFFICE OF THE CORPORATION AT THE 6TH FLOOR HANSTON BUILDING, F. ORTIGAS, JR. ROAD, ORTIGAS CENTER, PASIG CITY. ANY QUESTIONS AND ISSUES RELATING TO THE VALIDITY AND SUFFICIENCY, BOTH AS TO FORM AND SUBSTANCE OF PROXIES SHALL ONLY BE RAISED THEREON AND RESOLVED BY THE CORPORATE SECRETARY.

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

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

IN WITNESS WHEREOF, I have affixed my signature this _____.

Printed Name of Stockholder

Signature of Stockholder/Authorized Signatory

Date

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

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

1. Check the appropriate box: ☒ Preliminary information Statement
☐ Definitive information Statement
2. Name of Registrant as specified in its charter: FERRONOUX HOLDINGS, INC. (formerly AG Finance Incorporated)
3. Country of incorporation: REPUBLIC OF THE PHILIPPINES
4. SEC identification Number: A200115151
5. BIR Tax identification Code: 219-045-668-000
6. Address of principal office 6th Floor, Hanston Building, F. Ortigas, Jr. Road,
Ortigas Center, Pasig City 1605
7. Registrants Telephone Number: +(63) 9178078815 or (02) 8888 4762
8. Date, time and place of stockholders' meeting: Date: June 28, 2024
Time: 1:00 p.m.
Via remote communication (through Zoom facility), and the presiding officer shall call and preside the stockholders' meeting at the principal office of the company in Pasig City

Stockholders should pre-register at this link:
<https://www.ferronouxholdings.com/asm2024>
June 6, 2024 – June 18, 2024
9. Approximate date on which Information Statement is first to be sent or given to security holders: June 6, 2024
10. Securities registered pursuant to Section 8 and 12 of the Code or Section 4 and 8 of the RSA Title of each class: Common Shares Only

Number of Shares of Common Stock Outstanding as of April 30, 2024: 261,824,002 shares

Issued and Subscribed: 261,824,002 shares

- | | |
|---|--|
| 11. Are any of the registrant's securities listed in the Philippine Stock Exchange? | Yes
All common shares are listed in the Philippine Stock Exchange |
|---|--|

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

A. GENERAL INFORMATION

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

- a. Date: June 28, 2024
Time: 1:00 p.m.
Place: The meeting will be conducted virtually via remote communication (through Zoom facility) and the presiding officer shall call and preside the stockholders' meeting in Pasig City
- b. Online web addresses/URLs
 - (i) For participation by remote communication:
<https://www.ferronouxholdings.com/asm2024>
 - (ii) For voting in absentia:
<https://www.ferronouxholdings.com/asm2024>
- c. complete mailing address
of principal office: **6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City 1605**
- d. approximate date on which the Information Statement is first to be sent or given to security holders: **June 6, 2024**

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Item 2. Dissenters' Right of Appraisal

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

Pursuant to Section 80 Title X, Appraisal Right of the Revised Corporation Code of the Philippines, any stockholder of a corporation shall have the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case of any amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or authorizing preferences in any respect superior to those of outstanding shares of any class, or extending or shortening the term of corporate existence;

(b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets, (c) in case of merger or consolidation, and (d) in case of investment of corporate funds for any purpose other than the primary purpose of the Company.

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

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Voting Securities

As of April 30, 2024, 261,824,002 common shares are outstanding, and are entitled to be represented and vote at the Annual Stockholders' Meeting. Each share is entitled to one vote.

(b) Record Date

Only stockholders of record as of **May 31, 2024** shall be entitled to notice and vote at the meeting.

(c) Action with Respect to the election of Directors

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

Section 23 provides that a stockholder, may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may

cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The total number of votes cast by such stockholder should not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected.

Manner of Voting

The By-Laws of the Company provides that every stockholder shall be entitled to vote in person or by proxy, for each share of stock held by him which has voting power upon the matter in question. The Company require the submission of the proxy form to the Corporate Secretary no later than 5:00 PM on June 18, 2024 via email to asm2024@ferronouxholdings.com. The validation of proxies shall be made on June 19, 2024, at the principal office of the Corporation at the 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

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

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

(1) Owners of more than 5% of voting securities as of March 31, 2024

As of March 31, 2024, the following were owners of more than 5% of the Company's outstanding shares:

Title of Class	Name , address of record owner and relationship with Issuer	Name of Beneficial Owner & Relationship with Record Owner	Citizen-ship	No. of Shares Held	Percent
Common	PCD NOMINEE CORPORATION ¹ - Tower 1 – Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	ISOC HOLDINGS, INC. ("ISOC") ² 23F, The Glaston Tower, Ortigas Ave. cor. E. Rodriguez Ave., Pasig City (formerly 6 th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City)	Filipino	133,530,241 (Direct)	51.00%

¹ PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc ("PCD") is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. Please see PDTC Report as of March 31, 2024 attached hereto as **Appendix 2**.

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

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	ARMSTRONG SECURITIES, INC. Unit 4B, 4 th Floor BDO Towers Paseo De Roxas, 8741 Paseo De Roxas, Makati City	Filipino	175,606,074	16.07%
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. ³ 17 th Floor, Lepanto Bldg., 8747 Paseo de Roxas, Makati City	Filipino	27,713,200	10.58%

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

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

(2) Security Ownership of Management

The following is a summary of the aggregate shareholdings of the Company's directors and executive officers in the Company and the percentage of their shareholdings as of March 31, 2024:

Title of Class	Name of Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b"))	Citizenship	Percent of Class
Common	Michael C. Cosiquien Chairman/President	1 - "R" (direct) 133,530,241 - "B" (indirect)*	Filipino	51.00%
Common	Jesus G. Chua, Jr. Director	1 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%

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

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/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%
Common	Manuel Z. Gonzalez Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
Common	Gwyneth S. Ong Assistant Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Meryll Anne C. Yan Investor Relations Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Lavinia Buctolan Compliance Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
Common	Joan C. Musico Corporate Information Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00%
	TOTAL	1,007 "R" (direct) 133,530,241 "B" (indirect)		0.00% 51.00%

* through ISOC Holdings, Inc.

(3) Voting Trust Holders of 5% or More

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

(4) Changes in Control

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

Below is the breakdown of Company shares held by foreign and local stockholders as of March 31, 2024:

	<u>Number</u>	<u>Percentage</u>
Foreign Shares	205,161	0.08%
Local Shares	261,618,841	99.92%
Total Shares (Common)	261,824,002	100.00%

Item 5. Directors & Executive Officers

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

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

All proxies must be in the hands of the Secretary at least ten (10) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary prior to a scheduled meeting or by their personal presence at the meeting. (Section 7, By-Laws). Thus, the Company's By-Laws require the submission of the proxy form to the Corporate Secretary no later than 5:00 p.m. on June 18, 2024 via asm2024@ferronouxholdings.com / <https://www.ferronouxholdings.com/asm2024> in accordance with the procedures set forth in **Appendix 1**. The validation of proxies shall be made on June 19, 2024 at the principal office of the Corporation at the 6th Floor Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City.

(1) Board of Directors and Executive Officers

On July 29, 2019, the SEC approved the Company's application for the amendment of its Articles of Incorporation thereby approving the increase in the number of its Board seats from seven (7) to nine (9) members. Pursuant to the foregoing approval of the amendment of the Articles of Incorporation, the Board of Directors of the Company now consists of nine (9) members, who shall hold office for a term of one year, or upon the election of its successors. The Board is responsible for the Company's overall mission, vision and strategy, management of the Company, and the preservation of the Company's assets and properties. For a person to be eligible to be elected as a director of the Company, it is necessary that he or she is a registered owner of at least one (1) voting share of the Company.

The Company's incumbent directors elected during the annual stockholders' meeting and officers appointed during the organizational meeting of the Board of Directors both held on October 20, 2024 are as follows:

Name	Office	Age	Citizenship	Term of office	No. of years served
Michael C. Cosiquien	Chairman/ President	50	Filipino	Since Jan. 10, 2018	Less than seven years
Jesus G. Chua, Jr.	Vice-Chairman/ Director	49	Filipino	Since Jan. 10, 2018	Less than seven years
Yerik C. Cosiquien	Director	45	Filipino	Since Jan. 10, 2018	Less than seven years
Irving C. Cosiquien	Director	51	Filipino	Since Jan. 10, 2018	Less than seven years
Michelle Joan G. Tan	Director	42	Filipino	Since Jan. 10, 2018	Less than seven years
Mathew-John G. Almogino	Independent Director*	54	Filipino	Since Dec. 11, 2017	Less than eight years
Alfred S. Jacinto	Independent Director*	55	Filipino	Since Jan. 10, 2018	Less than seven years
Erwin Terrell Y. Sy	Director/Treasurer/Chief Financial Officer	37	Filipino	Since August 7, 2019	Less than seven years

Joan C. Musico	Chief Information Officer	43	Filipino	Since Sept. 16, 2022	Less than three years
Brian Joseph Garcia	Investor Relations Officer	38	Filipino	Since Jan. 11, 2023	Less than two year
Manuel Z. Gonzalez	Corporate Secretary	58	Filipino	Since Jan. 10, 2018	Less than seven years
Gwyneth S. Ong	Assistant Corporate Secretary	47	Filipino	Since Jan. 10, 2018	Less than seven years
Lavinia C. Empleo-Buctolan	Compliance Officer	52	Filipino	Since Sept. 8, 2021	Less than four years

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

DIRECTORS AND EXECUTIVE OFFICERS

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

INCUMBENT DIRECTORS

Mr. Michael C. Cosiquien was elected Chairman of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021, November 14, 2022, and October 20, 2023. He is currently the Chairman and President of ISOC Holdings, Inc. and Chairman of its subsidiaries. He served as the Chairman, Chief Executive Officer and director of Megawide Construction Corp. He has provided superior leadership in all aspects of the business as Chief Executive Officer of Megawide. Mr. Cosiquien holds a degree in Civil Engineering from the De La Salle University, and is a licensed Civil Engineer with over 20 years of professional engineering experience.

Mr. Jesus G. Chua, Jr. was elected as Vice-Chairman of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021, November 14, 2022, and October 20, 2023. He was previously the President of ISOC Holdings, Inc. and its subsidiaries. He served as the Chief Strategy officer for Megawide Construction Corp. He has served as Head of Southeast Asia Investment Banking at MUFG Financial Group in Singapore and has held senior roles at ABN AMRO/RBS and HSBC in Hong Kong and New York. Mr. Chua graduated with an MBA from Harvard University, and has also studied at Stanford University and De La Salle University in the years prior.

Mr. Yerik C. Cosiquien was elected as a Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021, November 14, 2022, and October 20, 2023. He is the president and chief executive officer of ISOC Cold Chain Logistics, Inc. (doing business as Orca Cold Chain Solutions), a subsidiary of ISOC Holdings, Inc. where he is also currently a director and corporate secretary. He also serves as director and corporate secretary for other subsidiaries of ISOC Holdings, Inc. Previously, he served as director and corporate Secretary of Megawide Construction Corporation. He is also the general manager of Cosmo Fortune Corp. and of Maunlad Fortune Corporation. Mr. Cosiquien is a psychology and economics graduate from the University of British Columbia.

Mr. Irving C. Cosiquien was elected as a Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021,

November 14, 2022, and October 20, 2023. He is currently a director of ISOC Holdings, Inc. and its subsidiaries. He served as director and treasurer of Megawide Construction Corp. He is the Corporate Secretary at United Pacific Rise Corp. and has served as the General Manager of Megapolitan Marketing, Incorporated. He obtained his Bachelor of Science degree in Industrial Engineering from the De La Salle University.

Ms. Michelle Joan G. Tan was elected as a Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021, November 14, 2022, and October 20, 2023. She was a sub-contractor of Megawide Construction Corporation, one of the most prestigious construction companies in the Philippines, for almost eight years. Ms. Tan is currently one of the dealers of Unioil Petroleum Philippines Inc. She has assisted in screening and deploying qualified, efficient, and effective workers to companies. She also handles labor cases. In addition, she was a former banker of United Coconut Planters Bank as Assistant Branch Manager for almost five years. Ms. Tan graduated with a degree in Bachelor of Science Major in Business and Marketing Management at College of the Holy Spirit.

Atty. Mathew-John G. Almogino was elected as an Independent Director of the Board on December 11, 2017 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021, November 14, 2022, and October 20, 2023. Atty. Almogino is a lawyer specializing in corporate law and commercial litigation, and has previously served as a member of the board of directors of several corporations engaged in various industries such as transportation, construction, and real estate. He is currently the General Counsel of Nippon Express Philippines Corporation, a multinational corporation with headquarters in Tokyo, Japan and which conducts business operations in 698 locations in 44 countries, specializing in global logistics, including international freight forwarding using multimodal transport, storage, and inventory management. Atty. Almogino was also a former Senior Associate with Ocampo and Manalo Law Firm, a firm ranked by AsiaLaw, the Legal 500, and WorldLaw as one of the leaders in various practice areas such as corporate law, telecommunications and media, transportation, litigation and dispute resolution, and labor and employment. He obtained his Bachelor of Arts from De La Salle University with a Major in Political Science and Minor in History, and his Bachelor of Laws from the San Sebastian College-Recoletos Institute of Law, where he also lectured on various subjects on Corporate Law after passing the Philippine Bar Examinations.

Atty. Alfred S. Jacinto was elected as an Independent Director of the Board on January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 20, 2021, November 14, 2022, and October 20, 2023. Atty. Jacinto was admitted to the bar in 1994. He graduated with a degree in Bachelor of Science major in Mathematics and Bachelor of Laws in the University of the Philippines with a College and National Science and Technology Authority Scholarship. Atty. Jacinto started as an associate at the Pecabar Law Offices in 1993. He was a partner of the Ata Jacinto & Montales Law Offices before joining the Cayetano Sebastian (CASELAW) Law Offices in 2001. He is currently the Managing Partner of CASELAW. His practice areas include litigation, energy, information technology, real estate, immigration, corporate and tax. Atty. Jacinto also served as consultant to the Joint Congressional Power Commission, and Joint Congressional Oversight Committee on the Clean Water Act.

Mr. Erwin Terrell Y. Sy was elected as the Investor Relations Officer on December 14, 2018 and was re-elected on October 28, 2019. He was elected as Treasurer/Chief Financial Officer on March 4, 2020, effective on March 7, 2020, and re-elected on October 20, 2020 and October

20, 2021. He was elected as a Director of the Board on October 15, 2019 and re-elected on October 20, 2020, October 20, 2021 November 14, 2022, and October 20, 2023. Mr. Sy brings to ISOC over nine (9) years of Investment Banking experience covering multiple jurisdictions, raising both equity, quasi-entity and senior debt for multinational companies. Prior to joining ISOC, he was a Principal at Fortman Cline Capital Markets, where he led deal teams in several marquee Philippine M&A deals totaling over US\$3.0 billion in the energy, infrastructure and logistics sectors. He is an honors graduate of the BS Management-Honors program of the Ateneo de Manila University.

KEY OFFICERS

INCUMBENT OFFICERS

Atty. Joan C. Musico was elected as Chief Information Officer on 16 September 2022, effective the same day and was re-elected on November 14, 2022 and October 20, 2023. She is currently counsel for ISOC Holdings, Inc. Atty. Musico previously held commercial counsel positions in Elevate Philippines (supporting a Fortune 500 company) and CBRE Philippines (supporting the APAC region). Prior to her in-house counsel positions, she was an associate lawyer in Puno and Puno Law Offices and NMGRA Law Offices. Atty. Musico is a graduate of the University of the Philippines College of Law (Order of the Purple Feather) and the University of the Philippines School of Economics (cum laude and admitted as a UP Oblation Scholar).

Mr. Brian Joseph Garcia was elected investor relations officer on 11 January 2023, effective the same day and was re-elected on October 20, 2023. He is also the Assistant Vice President for Business Development of ISOC Holdings, Inc. Prior to this role, he has built a career in the property, trade and energy sectors with stints in CB Richard Ellis, Korea Trade-Investment Promotion Agency and Energy Development Corporation working in key roles for the local and international teams in creating business opportunities for its multifarious stakeholders. He has over 15 years of experience in business development, market research, and financial analysis & forecasting. Brian is an alumnus of the Ateneo De Manila University and a graduate of the Ateneo School of Business.

Atty. Manuel Z. Gonzalez was elected as Corporate Secretary on January 10, 2018 and re-elected on December 14, 2018, October 28, 2019, October 20, 2020, October 20, 2021, November 14, 2022, and October 20, 2023. He is a Senior Partner in the Martinez Vergara & Gonzalez Sociedad Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. He has been involved in corporate practice and has extensive experience in securities, banking and finance law. She serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995 and Nomura Securities Philippines since 2006. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Atty. Gwyneth S. Ong was elected as Assistant Corporate Secretary on January 10, 2018 and re-elected on December 14, 2018, October 28, 2019, October 20, 2020, October 20, 2021, November 14, 2022, and October 20, 2023. Atty. Ong is a Partner at Martinez Vergara & Gonzalez Sociedad Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

Ms. Lavinia C. Empleo-Buctolan was elected as Compliance officer on September 7, 2021, effective September 8, 2021 and was re-elected on October 20, 2021, November 14, 2022, and October 20, 2023. Prior to her current role as Group Controller for ISOC Holdings and its subsidiaries, she was former Controller for Global Business Power Corporation which is a leading independent power provider in the Visayas as well as former Controller for D.M Consunji, Inc. which is one of the Philippines best construction companies. Ms. Lavinia brings to ISOC over 20 years of extensive experience in the fields of finance, audit, and information technology. She is a graduate of BBA – Accounting from Silliman University and a Certified Public Accountant.

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

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

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

Regular Directors:

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

Independent Directors:

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

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

Term of Office of a Director

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

(3) Independent Directors

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

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

Atty. Almogino possessed all the qualifications and none of the disqualifications as independent director since his election on December 11, 2017. Atty. Jacinto possessed all the qualifications and none of the disqualifications as independent director since his election on January 10, 2018. They are not employees of the Company and do not have a relationship with the Company which would interfere with the exercise of independent judgment in carrying out the responsibility of a director.

Atty. Almogino and Atty. Jacinto were nominated by Mr. Michael C. Cosiquien. The nominator is not related to the persons he has nominated for independent director. The term of office of all directors, including independent directors shall be one (1) year until their successors are duly elected and qualified.

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

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

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

(4) Significant Employees

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

(5) Family Relationships

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

(6) Involvement in Certain Legal Proceedings

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

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

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

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

(7) Certain Relationships and Related Transactions

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

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

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

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

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

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

(1) Compensation Table

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

The table below summarizes the aggregate compensation of the Company's CEO and the four top executive officers, as well as the aggregate compensation paid to all directors and officers as a group for the years 2020, 2021, 2022, 2023 and 2024 (estimated).

	Year	Salary	Bonuses	Other Benefits	Total
CEO and Top 4 Executive Officers, as a group named above	2020	-	-	-	-
	2021	-	-	-	-
	2022	-	-	-	-
	2023	-	-	-	-
	2024 estimated	-	-	-	-

Year	Name	Position/Title
2024	Michael C. Cosiquien	President
	Erwin Terrell Y. Sy	Chief Financial Officer / Treasurer
	Atty. Joan C. Musico	Chief Information Officer
	Lavinia Empleo-Buctolan	Compliance Officer
	Brian Joseph Garcia	Investor Relations Officer
2023 and 2022	Michael C. Cosiquien	President
	Erwin Terrell Y. Sy	Chief Financial Officer / Treasurer
	Allesandra Fay V. Albarico/ Joan C. Musico*	Chief Information Officer
	Lavinia Empleo-Buctolan	Compliance Officer
	Meryll Anne C. Yan**	Investor Relations Officer

*Allesandra Fay V. Albarico tendered her resignation in her position as Chief Information Officer, effective September 16, 2022. In view of the foregoing resignation, Joan C. Musico was appointed the new Chief Information Officer to serve on the remaining term of her predecessor.

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

All Other Officers and Directors, as a group unnamed	2020	-	-	60,000	60,000
	2021	-	-	360,000	360,000
	2022	-	-	360,000	360,000
	2023	-	-	390,000	390,000
	2024 estimated	-	-	480,000	480,000

(2) Compensation of Directors

Standard Arrangement

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

The financial and administrative functions of the Company are being handled by employees of the Company's parent company at no cost to the Company. (Kindly refer to the Note 6 – Key Management Personnel in the 2023 Audited FS).

Other Arrangement

On November 4, 2020, the Board of Directors approved the payment of reasonable per diems to the Board of Directors of the Corporation for their services. The reasonable per diems paid to the directors amounted to a total of Php 390,000 in 2023 and a total of Php 360,000 in 2022. For 2024, the estimated total per diem to be paid is Php 480,000.

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

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

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

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

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

(1) External Auditor

- a) Independent Public Accountants, Reyes Tacandong & Co. was nominated as the Corporation's external auditors for the ensuing year which shall be subject to shareholders' approval during the Annual Meeting. The Recommended partner – in charge is Mr. Emmanuel V. Clarino
- b) The 2023-2024 audit of the Company by Accountants, Reyes Tacandong & Co. (RTC) is in compliance with Revised SRC Rule 68, Part I, Paragraph 3 (B) (ix) which provides that the external auditor should be rotated every seven (7) years or earlier or the handling partner shall be changed. Beginning 2022, Reyes Tacandong & Co.'s account partner handling the Corporation is Mr. Emmanuel V. Clarino. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual.
- c) Representatives of Reyes Tacandong & Co. will be present during the annual meeting and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed. There was no event where Reyes Tacandong & Co. and the Company had any

disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. Except as stated in the report of independent auditors, the Corporation has no disagreements with its auditors.

(2) Audit Fees

The following table sets out the aggregate fees billed for 2023 and 2022 for professional services rendered by Reyes Tacandong & Co. The external auditor of the Company billed the amounts of Php 365,000 and Php 340,000 in 2023 and 2022, respectively, in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2023 and 2022.

Reyes Tacandong & Co. does not provide other services that are not reasonably related to the performance of the audit or review of the Company's financial statements. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2023 and 2022. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

	2023	2022
Audit and Audit-Related fees	365,000	357,993

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

The following table sets out the aggregate fees billed for 2023:

Name of Auditor	Regular Fees
Reyes Tacandong & Co.	365,000

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

(3) Audit Committee and Policies

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

- a.) Recommends the approval of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the IA Charter;

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

both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

- k.) Coordinates, monitors and facilitates compliance with laws, rules and regulations; and
- l.) Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the Commission, who undertakes an independent audit of the corporation, and provides an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

(4) Audit Committee

The following are members of the Audit Committee:

Atty. Mathew-John G. Almogino (Chairman and Independent Director)
Mr. Jesus G. Chua
Ms. Michelle Joan G. Tan

ITEM 8. COMPENSATION PLANS

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

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

ITEM 11. FINANCIAL AND OTHER INFORMATION

The audited financial statements as of December 31, 2023, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as **Appendix 5**.

The interim financial statements as of March 31, 2024 and other data related to the Company's financial information are likewise attached hereto as **Appendix 6**.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

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

ITEM 13. ACQUISITION OR DISPOSITION OF PROPERTY

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

ITEM 14. RESTATEMENT OF ACCOUNTS

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

D. OTHER MATTERS

ITEM I5. ACTION WITH RESPECT TO REPORTS

There is no action to be taken with respect to any report of the Company or its directors, officers or committees, except for the approval of the minutes of the previous annual meeting of the Company held on October 20, 2023 (“**2023 ASM**”) and for the ratification of all acts of the Board of Directors during their term of office.

1. Minutes of the Previous Annual Meeting

All items of the agenda for the 2023 ASM were approved. The voting results are as follows:

Agenda	Voting Results		
	For	Against	Abstain
Call to Order	100.00%	0.00%	0.00%
Secretary’s Proof of Due Notice of the Meeting and Determination of Quorum	100.00%	0.00%	0.00%
Approval of the Minutes of the Stockholders’ Meeting held on November 14, 2022	100.00%	0.00%	0.00%
Management’s Report	100.00%	0.00%	0.00%
Election of Board of Directors			0.00%
Michael C. Cosiquien	100.00%	0.00%	0.00%
Jesus G. Chua, Jr.	100.00%	0.00%	0.00%
Yerik C. Cosiquien	100.00%	0.00%	0.00%
Irving C. Cosiquien	100.00%	0.00%	0.00%
Michelle Joan G. Tan	100.00%	0.00%	0.00%
Mathew-John G. Almogino	100.00%	0.00%	0.00%
Alfred S. Jacinto	100.00%	0.00%	0.00%
Erwin Terrell Y. Sy	100.00%	0.00%	0.00%
Appointment of External Auditor	100.00%	0.00%	0.00%
Adjournment	100.00%	0.00%	0.00%

The following directors and officers were present during the 2023 ASM:

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

The stockholders who attended the 2023ASM in person and by proxy represent 175,423,081 common shares, constituting 67.00% of the total outstanding capital stock of the Company as of record date.

2. Acts of the Board of Directors

At the annual meeting, stockholders will be asked to approve and ratify the acts of the Board of Directors during their term of office duly disclosed to the SEC and Philippine Stock Exchange. Since the last stockholders' meeting on October 20, 2023, the Board of Directors has authorized several transactions which are pursuant to the Corporation's ordinary course of business.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

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

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

ITEM 17. OTHER PROPOSED ACTIONS

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

ITEM 18. VOTING PROCEDURES

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

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

There is no manner of voting prescribed in the By-Laws of the Company. Hence, voting may be done *viva voce*, by show of hands, or by balloting. During the last stockholders' meeting held on October 20, 2023, votes were cast by viva voce and balloting (for those that voted through proxy) counted in the manner prescribed herein.

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

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

UPON THE WRITTEN REQUEST OF THE STOCKHOLDER(S), THE CORPORATION UNDERTAKES TO FURNISH SAID STOCKHOLDER(S) WITH A COPY OF SEC FORM 17-A, FREE OF CHARGE, EXCEPT FOR THE EXHIBIT ATTACHED THERETO, WHICH SHALL BE CHARGED AT A COST. ANY WRITTEN REQUEST FOR A COPY OF SEC

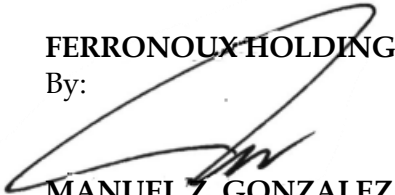
FORM 17-A SHALL BE ADDRESSED TO THE INVESTOR RELATIONS OFFICE AT THE 6TH FLOOR, HANSTON BUILDING, F. ORTIGAS, JR. ROAD, ORTIGAS CENTER, PASIG CITY.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Pasig on May 23, 2024.

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

By:



MANUEL Z. GONZALEZ
Corporate Secretary

Ferronoux Holdings, Inc.

**MANAGEMENT REPORT
Pursuant to SRC Rule 20**

**For the Annual Stockholders' Meeting
On June 28, 2024**

I. Financial Statements

The Audited Financial Statements of Ferronoux Holdings, Inc. (the Company) for the years ended December 31, 2023 and 2022 are attached to this report.

II. Information on Independent Accountants and other Related Matters

The Company's financial statements for the years ended December 31, 2023 and 2022 have been audited by Reyes Tacandong & Co. ("RTC"), independent auditors, as stated in their reports appearing herein.

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

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

The following table sets out the aggregate fees incurred for the years ended December 31, 2023 and 2022 for professional services rendered by Reyes Tacandong & Co. The external auditor of the Company billed the amounts of Php 365,000 in 2023 and Php 340,000 in 2022 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 2023 and 2022.

Reyes Tacandong & Co. does not provide other services that are not reasonably related to the performance of the audit or review of the Company's financial statements. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2023 and 2022. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

	2023	2022
Audit and Audit-Related Services	₱365,000	₱357,993

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

The following table sets out the aggregate fees billed for 2023:

Name of Auditor	Regular Fees
Reyes Tacandong & Co.	365,000

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

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

The following discussion and analysis is based on the audited financial statements as at December 31, 2023 and 2022, prepared in conformity with Philippine Financial Reporting Standards (PFRS) and accompanying Notes to the Financial Statements and should be read in conjunction with the audited consolidated financial statements.

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

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

Summary Financial Information

The financial statements as at December 31, 2023, 2022 and 2021 and for the years ended December 31, 2023, 2022 and 2021 are hereto attached.

The following table sets forth the summary financial information for the years ended December 31, 2023, 2022 and 2021

Summary of Income Statement:

	Years Ended December 31		
	2023	2022	2021
INCOME	3,299,346	3,329,876	3,387,416
EXPENSES	(1,968,962)	(1,734,876)	(2,398,661)
OTHER CHARGES - NET	-	-	-
INCOME BEFORE TAX	1,330,384	1,595,000	988,755
PROVISION FOR (BENEFIT FROM)			
INCOME TAX	359,821	1,254	(543,672)
NET INCOME	970,563	1,593,746	1,532,427
OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE INCOME	970,563	1,593,746	1,532,427

BASIC AND DILUTED EARNINGS			
PER SHARE	0.004	0.006	0.006

Summary of Balance Sheet:

	December 31		
	2023	2022	2021
ASSETS			
Current Assets	₱1,896,071	₱2,423,989	₱2,602,301
Noncurrent Assets	152,425,115	148,577,765	144,699,885
	₱154,321,186	151,001,754	147,302,186
LIABILITIES AND EQUITY			
Current Liabilities	₱12,467,943	₱10,350,239	8,483,215
Noncurrent Liability	2,363,323	2,132,158	1,893,360
	14,831,266	12,482,397	10,376,575
Equity	139,489,920	138,519,357	136,925,611
	₱154,321,186	₱151,001,754	₱147,302,186

Summary of Net Cash Flows:

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES	₱10,008	₱(12,140)	₱(57,662)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	10,008	(12,140)	(57,662)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	128,598	140,738	198,400
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱138,606	₱128,598	₱140,738

2023 vs. 2022

Results of operations:

	Audited		Increase (Decrease)	
	2023	2022	Amount	%
	(In Php millions)			
Income	₱3.30	₱3.33	(₱0.03)	(1%)
Expenses	1.97	1.73	0.24	14%
Other (Income)	-	-	-	-
Charges - net				

Income decreased by ₱0.03 million or 1% as compared last year due to lower computed accretion upon maturity and due from a related party in 2023.

Expenses increased by ₱0.24 million or 14%. Changes in the expense accounts for the year ended December 31, 2023 versus the same period last year are as follows:

- Decrease in professional fees by ₱.09 million is mainly due to lower retainer fees this year as compared to last year.
- Increase in taxes and licenses by ₱.38 million mainly attributable to final taxes and penalties paid this year.
- Decrease in miscellaneous expenses by ₱.05 million due to lower admin expenses this year.

Other (income) charges – net no other income earned or other charges incurred for 2023 and 2022.

Financial Position

	Audited		Increase (Decrease)	
	2023	2022	Amount	%
	(In Php millions)			
Assets	₱154.32	₱151.00	₱3.32	2%
Liabilities	14.83	12.48	2.35	19%
Stockholders' Equity	139.49	138.52	0.97	1%

Assets

The total assets of the Company increased by ₱3.32 million or 2% from ₱151.00 million as of December 31, 2022 to ₱154.32 million as at December 31, 2023. The increase was mainly due to the interest receivable.

Liabilities

As of December 31, 2023, the total liabilities of the Company increased by ₱2.35 million or 19% from ₱12.48 million as of December 31, 2022. The increase was mainly due to the advances made by IHI which are subject to reimbursement.

Stockholders' Equity

As of year-end 2023, the stockholders' equity increased by ₱0.97 million from ₱138.52 million as of December 31, 2022 to ₱139.49 million as of December 31, 2023. The increase was mainly attributable to the net income in 2023.

Explanations for the material changes in the Company's accounts between 2022 and 2021 are as follows:

Results of operations:

	Audited		Increase (Decrease)	
	2022	2021	Amount	%
	(In Php millions)			
Income	₱3.33	₱3.39	(₱0.06)	(2%)
Expenses	1.73	2.40	(0.66)	(28%)

Other (Income)	-	-	-	-
Charges - net				

Income decreased by ₱0.06 million or 2% as compared last year due to lower accretion upon maturity and due from a related party in 2022.

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

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

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

Financial Position:

	Audited		Increase (Decrease)	
	2022	2021	Amount	%
	(In Php millions)			
Assets	₱151.00	₱147.30	₱3.70	3%
Liabilities	12.48	10.38	2.11	20%
Stockholders' Equity	138.52	136.93	1.59	1%

Assets

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

Liabilities

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

Stockholders' Equity

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

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

Results of operations

	Audited	Increase (Decrease)
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	2021 (In Php millions)	2020	Amount	%
Income	₱3.39	₱4.60	(₱1.21)	(26%)
Expenses	2.40	1.80	0.60	33%
Other (Income) Charges - net	-	3.17	3.17	(100%)

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

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

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

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

Financial Position

	Audited 2021 (In Php millions)	2020	Increase (Decrease) Amount	%
Assets	₱147.30	₱143.01	₱4.29	3%
Liabilities	10.38	7.62	2.76	36%
Stockholders' Equity	136.93	135.39	1.54	1%

Assets

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

Liabilities

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

Shareholders' Equity

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

Key Performance Indicators

	2021	2022	2023
Return on Assets	1.06%	1.07%	0.64%
Return on Equity	1.13%	1.16%	0.70%

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

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

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

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As at December 31, 2023 and 2022, all of the 261,824,002 shares of the Company are listed in the PSE.

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

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

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

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

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

Status of Operations

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

V. DESCRIPTION OF PROPERTY

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

VI. BUSINESS TRANSACTIONS WITH RELATED PARTIES

The Company's advances from its Parent Company as at December 31, 2023 and 2022 are as follows:

		Transactions during the		Outstanding Balance	
Nature of		Period/Year			
transactions		2023	2022	2023	2022
Due from a Related Party					
Parent Company	Assignment of note receivable	-	-	132,714,385	132,714,385
	Day 1 difference	(1,267,356)	(1,236,826)	1,760,214	3,027,570
		(1,267,356)	(1,236,826)	134,474,599	135,741,955
Interest Receivable					
Parent Company	Interest income	5,114,706	5,114,706	17,950,516	12,835,810
Due to a Related Party					
	Advances for working capital requirements				
Parent Company		2,684,874	1,863,620	11,862,501	9,177,627

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

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

VII. EMPLOYEES

As at December 31, 2023, the Company has no regular employees. The financial and administrative functions of the Company are currently being handled by the employees of the Parent Company.

VIII. PLAN OF OPERATION

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

IX. STATUS OF OPERATIONS

The Company has no significant operational activity.

X. DIVIDENDS

The Company has not paid dividends for the years 2023 and 2022.

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

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

Management's Discussion and Analysis of Financial Condition and Results as at March 31, 2024 and for three months period ended March 31, 2024 with comparative audited figures as at December 31, 2023

The unaudited financial statement of Ferronoux Holdings, Inc. as at March 31, 2024 and for three months period ended March 31, 2024 with comparative audited figures as at December 31, 2023 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Balance Sheet as at March 31, 2024 and December 31, 2023:

	Mar. 31, 2024 (Unaudited)	December 31, 2023 (Audited)	Mar 31, 2024 vs. Dec. 31, 2023	
			Amount Increase (Decrease)	Percentage Increase (Decrease)
	(P'000)	(P'000)	(P'000)	(%)
Current assets	₱2,179	₱1,896	₱283	15%
Noncurrent assets	153,225	152,425	800	1%
Total Assets	₱155,404	₱154,321	₱1,083	1%
Current liabilities	₱13,633	₱12,468	₱1,165	9%
Noncurrent liabilities	2,285	2,363	78	3%
Total Liabilities	15,918	14,831	1,087	8%
Stockholders' Equity	139,486	139,490	(4)	(0%)

Total Liabilities and Stockholders' Equity	₱155,404	₱154,321	₱1,083	1%
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Summary of Income Statements for the three-month period ending March 31, 2024 and 2023:

	For the three-month periods ending March 31		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2024	2023		
	(₱'000)	(₱'000)	(₱'000)	(%)
Interest income	₱800	₱816	(₱16)	(2%)
Operating expenses	(804)	(594)	209	35%
Income before tax	(4)	222	(226)	(102%)
Tax expense	—	—	—	—
Net income (loss) for the period	(₱4)	₱222	(₱226)	(102%)

Summary of Statements of Cash Flows for the three-month period ending March 31, 2024 and 2023.

	For the three months ending March 31		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2024	2023		
	(₱'000)	(₱'000)	(₱'000)	(%)
Cash used in operating activities	₱326	₱603	(₱277)	(46%)
Cash at the beginning of period	139	128	11	9%
Cash at the end of period	₱465	₱731	(₱267)	(36%)

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

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

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

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

primary purpose of the Company from leasing and finance to that of a holding company, and the change of the corporate name to Ferronoux Holdings, Inc. On February 6, 2018, the Securities and Exchange Commission approved the amendment of the Company's Articles of Incorporation and By-Laws to reflect its new corporate name and the change in the primary purpose.

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

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

Results of Operation

The following discussion and analysis is based on the unaudited interim financial statements for three months period ending March 31, 2024 and 2023.

Three Months Ended March 31, 2024 Compared with the Three Months Ended March 31, 2023 (Increase/Decrease of 5% or More)

Interest Income

Interest income was ₱0.80 million for the three-month period ending March 31, 2024 compared to ₱0.82 million for the same period in 2023. The interest earned in 2024 and 2023 pertains to the due from a related party.

Operating expenses

Expenses increased by ₱0.21 million or 35% as at March 31, 2024. Changes in the expense accounts for the three-month ending March 31, 2024 versus the same period last year is attributable to the increase in professional fees by ₱0.21 million.

Statements of Financial Position

The significant changes in the Statements of Financial Position during the three-month period ending March 31, 2024 compared to December 31, 2023 are as follows:

- Total assets were ₱155.40 million as at March 31, 2024 compared to ₱154.32 million as at December 31, 2023, an increase of ₱1.08 million or 1%. The increase is mainly due to the accretion of interest due from a related party.
- Total liabilities increased by ₱1.09 million or 8% from ₱14.83 million as at December 31, 2023 to ₱15.92 million in the current period mainly due to additional advances from a related party.
- Total equity decreased by ₱0.004 million or 0.003% mainly due to net loss for the three-month period ending March 31, 2024.

Statements of Cash Flows

The net cash used in operating activities amounted to ₱0.33 million for the three-month period ending March 31, 2024 compared to net cash used in the same period in 2023 amounting to ₱0.60 million.

The cash as at March 31, 2024 and December 31, 2023 amounted to ₱0.47 million and ₱0.14 million, respectively.

Horizontal and Vertical Analysis:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	Increase (Decrease)	
			Amount	Percentage
ASSETS				
Current Assets				
Cash	₱465,235	₱138,606	₱326,629	236%
Creditable withholding tax	1,051,167	1,130,125	(78,958)	(7%)
Other current assets	662,140	627,340	34,800	6%
Total Current Assets	2,178,542	1,896,071	282,471	15%
Noncurrent Assets				
Due from related parties	134,161,048	134,474,599	(313,551)	(0%)
Interest receivable	19,064,040	17,950,516	1,113,524	6%
Total Non-current Assets	153,225,088	152,425,115	799,973	1%
	₱155,403,630	₱154,321,186	₱1,082,444	1%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱13,633,233	₱12,467,943	₱1,165,290	9%
Noncurrent Liabilities				
Deferred output VAT	1,923,269	1,923,269	–	–
Deferred tax liabilities	361,666	440,054	(78,388)	(18%)
Total Noncurrent Liabilities	2,284,935	2,363,323	(78,388)	(18%)
Total Liabilities	15,918,168	14,831,266	1,086,902	7%
Equity				
Capital stock	261,824,002	261,824,002	–	–
Additional paid-in capital	74,277,248	74,277,248	–	–
Deficit	(196,615,788)	(196,611,330)	(4,458)	0%
Total Equity	139,485,462	139,489,920	(4,458)	0%
	₱155,403,630	₱154,321,186	₱1,082,444	1%

FINANCIAL INDICATORS

	March 31, 2024	March 31, 2023	December 31, 2023
Net Income (Loss)	(P4,458)	P222,980	P970,563
Quick Assets	465,235	731,309	138,606
Current Assets	2,178,542	3,067,216	1,896,071
Total Assets	155,403,630	152,461,379	154,321,186
Current Liabilities	13,633,233	11,586,885	12,467,943
Total Liabilities	15,918,168	13,719,043	14,831,266
Stockholders' Equity	139,485,462	138,742,336	139,489,920
Number of Common Shares Outstanding	261,842,002	261,842,002	261,842,002

Current Ratio (1)	0.16	0.26	0.15
Debt to Equity Ratio (2)	0.11	0.10	0.11
Asset to Equity Ratio (3)	1.11	1.10	1.11
Return on Assets (4)	(0.003%)	0.15%	0.64%
Return on Equity (5)	(0.003%)	0.16%	0.70%
Book Value per Share (6)	P0.53	P0.53	P0.53
(1)	<i>Current assets divided by current liabilities</i>		
(2)	<i>Total liabilities divided by equity</i>		
(3)	<i>Total assets divided by equity</i>		
(4)	<i>Net income divided by average assets</i>		
(5)	<i>Net income divided by average equity</i>		
(6)	<i>Total common stockholder's equity divided by number of common shares</i>		

OTHER INFORMATION

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

PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

- a. Current Ratio
 $\text{Total Current Assets} / \text{Total Current Liabilities} = 0.16$
- b. Quick Ratio
 $\text{Quick Assets} / \text{Total Current Liabilities} = 0.03$

Solvency Ratio

- a. Debt Ratio
 $\text{Total Liabilities} / \text{Total Assets} = 0.10$
- b. Debt to Equity Ratio
 $\text{Total Liabilities} / \text{Shareholder's Equity} = 0.11$

Profitability Ratio

- a. Return on Equity
- b. $\text{Net Income} / \text{Average Shareholder's Equity} = (0.003\%)$
- c. Return on Assets
 $\text{Net Income} / \text{Average Total Assets} = (0.003\%)$
- d. Asset to Equity Ratio:
 $\text{Total Assets} / \text{Ave. Stockholders' Equity} = 1.12$
- e. Asset Turnover
 $\text{Revenue} / \text{Total Assets} = (0.00\%)$

Market Information

The closing market price of the Company's common stock in the Philippine Stock Exchange on May 7, 2024 is Php2.56.

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

Quarter	Stock	High	Low
1Q 2023	FERRO	3.32	2.20
2Q 2023	FERRO	3.26	2.56
3Q 2023	FERRO	3.07	2.53
4Q 2023	FERRO	2.99	2.69
1Q 2024	FERRO	2.92	2.60

The stockholders of the Company as at March 31, 2024 is provided in the report of the stock and transfer agent attached hereto as **Appendix 2**.

Holders

As of March 31, 2024, the following are the stockholders of the Company, together with their shareholding information:

Name	No. of Common Shares	Percentage
PCD Nominee Corp. (Filipino)	261,58,068	99.90
PCD Nominee Corp. (Non-Filipino)	205,061	0.08
Joselyn C. Tiu	18,747	0.01
Marjorie Villanueva	18,747	0.01
Leila E. Jorge	10,001	0.00
Felisa D. King	8,747	0.00
Mathew John G. Almogino	1,000	0.00
Remegio C. Dayandayan	1,000	0.00
Ramon N. Santos	1,000	0.00
Jesus San Luis Valencia	1,000	0.00
Isidro C. Alcantara Jr	100	0.00
Manuel M. Lazaro	100	0.00
Ge Lin	100	0.00
Hermogene H. Real	100	0.00
Arsenio K. Sebial Jr	100	0.00
Anthony M. Te	100	0.00
Owen Nathaniel S Au ITF: Li Marcus Au	20	0.00
Peter Kho	2	0.00
Daleson Uy	2	0.00
Jesus G. Chua, Jr.	1	0.00
Irving C. Cosiquien	1	0.00
Michael C. Cosiquien	1	0.00
Yerik C. Cosiquien	1	0.00
Alfred S. Jacinto	1	0.00
Erwin Terrell Y. Sy	1	0.00
Michelle Joan G. Tan	1	0.00
TOTAL	261,824,002	100.00

Dividends

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

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

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

Recent Sales of Unregistered Securities

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

CORPORATE GOVERNANCE

1. Evaluation System

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

2. Measures on leading Practices of Good Corporate Governance

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

3. Deviations from the Revised Manual on Corporate Governance

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

4. Improvement of the Corporate Governance

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

Appendix 1

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

FERRONOUX HOLDINGS, INC.
2024 ANNUAL STOCKHOLDERS MEETING (ASM)
REQUIREMENTS AND PROCEDURE FOR VOTING *IN ABSENTIA* AND
PARTICIPATION VIA REMOTE COMMUNICATION

Pursuant to the relevant issuance of the Securities and Exchange Commission, Ferronoux Holdings, Inc. ("Ferronoux") has established a designated website in order to facilitate the registration of and voting *in absentia* and the participation by remote communication by the stockholders at the ASM to be held virtually on **June 28, 2024 (Friday) at 1:00 p.m.**, as allowed under Sections 23 and 57 of the Revised Corporation Code.

Only stockholders of record as of the close of business on **May 31, 2024** (the Record Date) are entitled to notice and to vote at the meeting. Stockholders as of the record date (the "Stockholder/s") may register, vote *in absentia*, and participate via remote communication in accordance with the following procedures.

Participation Guidelines

A. General registration

Registration, authentication, and validation of participants and their shares shall be open beginning **June 6, 2024 until 5:00 p.m. of June 18, 2024**. Participants may pre-register for the meeting by filling in the form found in this link: [<https://www.ferronouxholdings.com/asm2024>]. In case of problems with registration, or for any other comments, please email asm2024@ferronouxholdings.com.

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

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

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

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

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

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

B. Registration of proxy

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

However, stockholders may attend by proxy by accomplishing the proxy form (accessible at <https://www.ferronouxholdings.com/asm2024>) which must be submitted to the corporation's principal address at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas, Pasig City, on or before 5:00 p.m. on June 18, 2024. Soft copies of the proxies must be emailed in advance to asm2024@ferronouxholdings.com on or before June 18, 2024. Hard copies must follow and be mailed to Ferronoux's address at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas, Pasig City, and received by the office no later than June 19, 2024.

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

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

C. Nomination

Nomination of directors shall close on May 30, 2024. Aside from sending their nominations to the Corporate Secretary, stockholders may also send in their Board nominations to asm2024@ferronouxholdings.com.

D. Voting

1. In absentia or through remote communication

Stockholders who will participate in the virtual meeting, and those in absentia, shall complete an online voting form found in this link or shall send a scanned copy of the downloadable voting form (accessible through this link: <https://www.ferronouxholdings.com/asm2024>).

Deadline for submission of voting forms shall be on June 18, 2024, 5:00 p.m.

2. Via proxy

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

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

E. Validation of Proxies

Validation of proxies shall be made on June 19, 1 p.m., at 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas, Pasig City, by Ferronoux and the stock and transfer agent, against latest and updated documents on record.

F. Tabulation of Votes

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

G. Meeting proper

Registration, authentication, and validation of participants and their shares shall be open until June 18, 2024, 5 p.m. Stockholders who did not register or whose identities are not authenticated and validated cannot attend, participate, or vote in the ASM.

The agenda of the meeting is accessible via the Notice of Annual Meeting in the website (see link: <https://www.ferronouxholdings.com/asm2024>), and shall be duly published in accordance with regulatory requirements.

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

Stockholders may attend the meeting on June 28, 2024 (Friday) at 1:00 p.m. via the live streaming link sent to the email address indicated by the Stockholder on the registration form. The livestream shall be broadcast to registered participants via Google Meet, which may be accessed on the Goggle Meet application.

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

- A. Stockholders who have registered on the website for voting in absentia by June 18, 2024;
- B. Stockholders who have sent their proxies via e-email to asm2023@ferronouxholdings.com on or before June 18, 2024 with corresponding hard copy furnished to Ferronoux no later than June 19, 2024.

Stockholders may access other pertinent documents via the website (<https://www.ferronouxholdings.com/asm2024>). Stockholders are regularly advised to visit the webpage for updates.

- Notice to PSE and SEC of 2023 Annual Meeting
- Annual Report for year ended 2023 (SEC 17-A Form)
- Quarterly Reports for 2024 (17-Q)
- Proxy form
- Voting form
- Definitive Information Statement (shall be uploaded once available)
- Publication notices ((shall be uploaded once available)

Stockholders cannot record the meeting. However, a request for the recording of the ASM may be made to asm2024@ferronouxholdings.com. Stockholders who register and vote on the website for voting *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by Ferronoux and by any other relevant third party for the purpose of electronic voting *in absentia* for the ASM and for all other purposes for which the Stockholder can cast his/her/its vote as a stockholder of the Ferronoux.

For any other questions, kindly email asm2024@ferronouxholdings.com. Questions about the agenda may be sent to asm2024@ferronouxholdings.com on or before 11:30 p.m. of June 28, 2024. Questions or comments received on or before the foregoing date may be responded to during the ASM. Any questions not answered during the meeting shall be answered via email.

Appendix 2

STOCK TRANSFER AGENT REPORT ON THE LIST OF ALL STOCKHOLDERS AS OF MARCH 31, 2024

[To be provided by Record Date]

Appendix 3

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

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

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

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

Done this **MAY 13 2024** day of _____, at **Pasig City**

MATHEW-JOHN GONONG ALMOGINO
Affiant

Subscribed and sworn to before me this day of **MAY 13 2024** at **Pasig City** affiant personally appeared before me and exhibited to me his Tax Identification No. 109-255-999.

Doc No. **33/**
Page No. **68**
Book No. **4**
Series of 2024.

ATTY. JOMAR M. HIZOLA
NOTARY PUBLIC
Cities of Pasig, San Juan and Pateros, Metro Manila
21k Strata 100 Bldg., Don F. Ortigas St., Pasig City
Appointment No. 150; Until Dec. 31, 2024
SC. Roll No. 81022/ 05-21-2022
IBP No. 423716 / 01/16/2024; IBP Manila 1
PTR No. 1716816 / 01/16/2024; Pasig City
MCLE No. VIII-0006903 02/20/2024-04/14/2028

REPUBLIC OF THE PHILIPPINES)
Pasig City) S.S.

CERTIFICATION

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

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

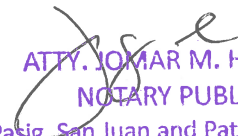
2. I hereby certify that I am not appointed or employed in any government agency.

IN WITNESS WHEREOF, I have hereunto set my hand this day of **MAY 13 2024** at
Pasig City, Metro Manila Philippines.


Mathew-John Gonong Almogino

MAY 13 2024
SUBSCRIBED AND SWORN to before me this day of _____, affiant exhibited to me his Tax Identification No. 109-255-999-000.

Doc No.: 332
Page No.: 68
Book No.: 4;
Series of 2024.


ATTY. JOMAR M. HIZOLA
NOTARY PUBLIC
Cities of Pasig, San Juan and Pateros, Metro Manila
21k Strata 100 Bldg., Don F. Ortigas St., Pasig City
Appointment No. 150; Until Dec. 31, 2024
SC. Roll No. 81022/ 05-21-2022
IBP No. 423716 / 01/16/2024; IBP Manila 1
PTR No. 1716816 / 01/16/2024; Pasig City
MCLE No. VIII-0005903 02/20/2024-04/14/2028

Appendix 4

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

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

Company/Organization	Position/Relationship	Period of Service
BAYANI GOURMET CUISINE INC.	Director	2018 to present
SENSEI CONSULTANCY SERVICES, INC.	Director & President	2013 to present
FEMMES INTELIGENTES	Director & President	2013 to present
JR BOBADILLA RESOURCES, INC.	Independent Director	2010 to present
FERRONUX HOLDINGS, INC.	Independent Director	2018 to present
EURONET TECHNOLOGY SERVICES, INC.	Independent Director	March 2022 to present
ISOC Cold Chain Logistics, Inc. doing business under the name and style of "ORCA Cold Chain Solutions	Independent Director	June 2022 to present
MAXICollector VENTURES INC.	Corporate Secretary	2005 to present
CHAMP CARGOSYSTEM PHILIPPINES, INC.	Corporate Secretary	2009 to present
SANTEC PLANT CONTROLS INC.	Corporate Secretary	2011 to present
LSC CORPORATION doing business under the name and style of LUNA SPECIALTY COFFEE	Corporate Secretary	2013 to present
TEAM PIA, INC.	Corporate Secretary	2015 to present
FORTISIMO INC.	Corporate Secretary	2016 to present
MAXIGROUP INC.	Corporate Secretary	2016 to present
MAXICollector FOOD VENTURES, INC. doing	Corporate Secretary	2017 to present

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

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

Done this MAY 21 2024 day of Pasig City.


ALFRED S. JACINTO
Affiant

Subscribed and sworn to before me this MAY 21 2024 day of _____ at Pasig City, affiant exhibited to me his Tax Identification No. 165-833-350.

Doc No. 385
Page No. 28
Book No. 48
Series of 2024.


ATTY. JOMAR M. HIZOLA
NOTARY PUBLIC

Cities of Pasig, San Juan and Pateros, Metro Manila
21k Strata 100 Bldg., Don F. Ortigas St., Pasig City
Appointment No. 150; Until Dec. 31, 2024
SC. Roll No. 81022/ 05-21-2022
IBP No. 423716 / 01/16/2024; IBP Manila 1
PTR No. 171C816 / 01/16/2024; Pasig City
MCLE No. VIII-OC06903 02/20/2024 04/14/2024

REPUBLIC OF THE PHILIPPINES)
Pasig City) S.S.

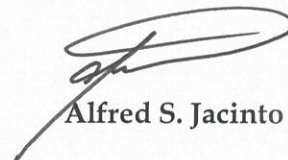
CERTIFICATION

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

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

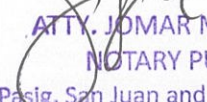
2. I hereby certify that I am not appointed or employed in any government agency.

IN WITNESS WHEREOF, I have hereunto set my hand this day of **MAY 21 2024**
at Pasig City, Metro Manila Philippines.


Alfred S. Jacinto

SUBSCRIBED AND SWORN to before me this day of **MAY 21 2024** at Pasig City,
affiant exhibited to me his Tax Identification No. 165-833-350.

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Page No.: 29
Book No.: 4
Series of 2024.


ATTY. JOMAR M. HIZOLA
NOTARY PUBLIC
Cities of Pasig, San Juan and Pateros, Metro Manila
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IBP No. 423716 / 01/16/2024; IBP Manila 1
PTR No. 1716816 / 01/16/2024; Pasig City
MCLE No. VIII-0006903 02/20/2024-04/14/2028

Appendix 5

AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDING DECEMBER 31, 2023

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

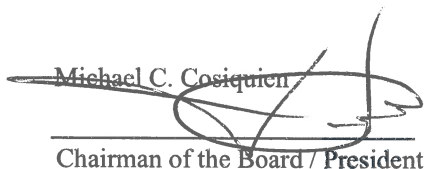
The Management of **Ferronoux Holdings, Inc.** (the Company), a wholly owned subsidiary of ISOC Holdings, Inc., is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

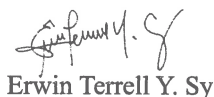
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

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

RMJ and Associates, the independent auditors appointed by the stockholders, 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 their opinion on the fairness of presentation upon completion of such audit.


Michael C. Cosiquien
Chairman of the Board / President


Erwin Terrell Y. Sy

Treasurer

APR 08 2024 Pasig City

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

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

Doc. No. 48;
Page No. 14;
Book No. 4;
Series of 2024.


ATTY. JOMAR M. HIZOLA
NOTARY PUBLIC

Cities of Pasig, San Juan and Pateros, Metro Manila
21k Strata 100 Bldg., Don F. Ortigas St., Pasig City
Appointment No. 150; Until Dec. 31, 2024
SC. Roll No. 81022/ 05-21-2022
IBP No. 423715 / 01/16/2024; IBP Manila 1
PTR No. 1716816 / 01/16/2024; Pasig City
MCLE No. VIII-0005903 02/20/2024-04/14/2028



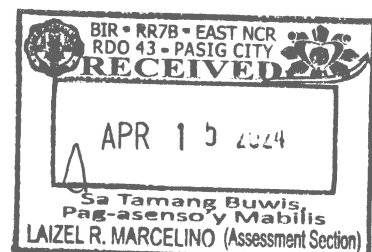
Reference No : 462400059090073
Date Filed : April 11, 2024 10:29 AM
Batch Number : 0




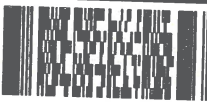
Republic of the Philippines
Department of Finance
Bureau of Internal Revenue


For BIR Use Only: BCS/Item:

BIR Form No. 1702-RT January 2018(ENCS) Page 1		Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.		 1702-RT 01/18ENCS P1	
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal		3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No		4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	
2 Year Ended (MM/DDYY) 12/2023		5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> IC010 DOMESTIC CORPORATION IN GENERAL <input checked="" type="checkbox"/>			
Part I - Background Information					
6 Taxpayer Identification Number (TIN) 219 - 045 - 668 - 1000 7 RDO Code 043					
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) FERRONOUX HOLDINGS INC.					
9A Registered Address (Indicate complete registered address) 6/F HANSTON BLDG. F. ORTIGAS JR. ROAD ORTIGAS CENTER PASIG CITY					
9B Zipcode 1605					
10 Date of Incorporation/Organization (MM/DD/YYYY) 12/14/2001					
11 Contact Number 6348509 12 Email Address ferronoux@isochoholdings.com					
13 Method of Deductions <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]					
Part II - Total Tax Payable (Do NOT enter Centavos)					
14 Total Income Tax Due (Overpayment) (From Part IV Item 43) 676,660					
15 Less: Total Tax Credits/Payments (From Part IV Item 55) 1,806,785					
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56) (1,130,125)					
Add Penalties					
17 Surcharge 0					
18 Interest 0					
19 Compromise 0					
20 Total Penalties (Sum of Items 17 to 19) 0					
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20) (1,130,125)					
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable) <input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input checked="" type="radio"/> To be carried over as tax credit next year/quarter					
We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)					
Signature over printed name of President/Principal Officer/Authorized Representative LAVINIA BUCTOLAN				Signature over printed name of Treasurer/Assistant Treasurer ERWIN TERRELLA	
Title of Signatory AVP - FINANCE				Title of Signatory TREASURER	
TIN 162-410-973-000				TIN 929-596-948-000	
22 Number of Attachments 4					
Part III - Details of Payment					
23 Cash/Bank Debit Memo					
24 Check					
25 Tax Debit Memo					
26 Others (Specify Below)					
Machine Validation/Revenue Official Receipts Details (If not filed with an Authorized Agent Bank)					
Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)					



BIR Form No. 1702-RT January 2018(ENCS) Page 2	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P2
Taxpayer Identification Number (TIN) 219 045 668 000		Registered Name FERRONOUX HOLDINGS INC.
Part IV - Computation of Tax (Do NOT enter Centavos)		
27 Sales/Receipts/Revenues/Fees		0
28 Less: Sales Returns, Allowances and Discounts		0
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)		0
30 Less: Cost of Sales/Services		0
31 Gross Income from Operation (Item 29 Less Item 30)		0
32 Add: Other Taxable Income Not Subjected to Final Tax		4,566,702
33 Total Taxable Income (Sum of Items 31 and 32)		4,566,702
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)		1,860,061
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)		0
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)		0
37 Total Deductions (Sum of Items 34 to 36)		1,860,061
OR [in case taxable under Sec 27(A) & 28(A)(1)]		
38 Optional Standard Deduction (40% of Item 33)		0
39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)		2,706,641
40 Applicable Income Tax Rate		25%
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)		676,660
42 MCIT Due (2% of Item 33)		68,501
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)		676,660
Less: Tax Credits/Payments (attach proof)		
44 Prior Year's Excess Credits Other Than MCIT		1,806,785
45 Income Tax Payment under MCIT from Previous Quarter/s		0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s		0
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)		0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307		0
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter		0
50 Foreign Tax Credits, if applicable		0
51 Tax Paid in Return Previously Filed, if this is an Amended Return		0
52 Special Tax Credits (To Part V Item 58)		0
Other Credits/Payments (Specify)		0
53		0
54		0
55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)		1,806,785
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)		(1,130,125)
Part V - Tax Relief Availment		
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)		0
58 Add: Special Tax Credits (From Part IV Item 52)		0
59 Total Tax Relief Availment (Sum of Items 57 and 58)		0

BIR Form No. 1702-RT January 2018(ENCS) Page 3	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P3
Taxpayer Identification Number (TIN) 219 -045 -668 -000		Registered Name FERRONOUX HOLDINGS INC.
Schedule I - Ordinary Allowable Itemized Deductions (Attach additional sheet/s, if necessary)		
1 Amortizations		0
2 Bad Debts		0
3 Charitable Contributions		0
4 Depletion		0
5 Depreciation		0
6 Entertainment, Amusement and Recreation		0
7 Fringe Benefits		0
8 Interest		0
9 Losses		0
10 Pension Trust		0
11 Rental		0
12 Research and Development		0
13 Salaries, Wages and Allowances		0
14 SSS, GSIS, Philhealth, HDMF and Other Contributions		0
15 Taxes and Licenses		0
16 Transportation and Travel		88,795
17 Others (Deductions Subject to Withholding Tax and Other Expenses) (Specify below; Add additional sheet(s), if necessary)		0
a Janitorial and Messengerial Services		0
b Professional Fees		0
c Security Services		1,179,231
d PSE FEES		0
e FINES AND PENALTIES		267,825
f TRAININGS AND SEMINARS		180,045
g ADVERTISING		76,440
h OUTSIDE SERVICES		42,009
i LEGAL AND BANK CHARGES		18,120
		7,596
18 Total Ordinary Allowable Itemized Deductions (Sum of Items 1 to 17) (To Part IV Item 34)		1,860,061
Schedule II - Special Allowable Itemized Deductions (Attach additional sheet/s, if necessary)		
Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
		0
5 Total Special Allowable Itemized Deductions (Sum of Items 1 to 4) (To Part IV Item 35)		0

BIR Form No. 1702-RT January 2018(ENCS) Page 4		Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate		 1702-RT 01/18ENCS P4	
Taxpayer Identification Number (TIN) 219 -045 -668 -000			Registered Name FERRONOUX HOLDINGS INC.		

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)			
1 Gross Income (From Part IV Item 33)		0	
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)		0	
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)		0	

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)			
Net Operating Loss		B) NOLCO Applied Previous Year	
Year Incurred	A) Amount		
4	0	0	
5 2021	649,602	649,602	
6 2020	566,652	566,652	
7	0	0	

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired		D) NOLCO Applied Current Year		E) Net Operating Loss (Unapplied) (E = A Less (B + C + D))	
4	0	0	0		
5	0	0	0		
6	0	0	0		
7	0	0	0		
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)		0	0		

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)			
Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1 2021	0	46,042	46,042
2 2020	0	45,792	45,792
3	0	0	0

Continuation of Schedule IV (Item numbers continue from table above)

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s (G = C Less (D + E + F))
1 46,042	0	0	0
2 45,792	0	0	0
3 0	0	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)		0	0

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)	
1 Net Income/(Loss) per books	
Add: Non-deductible Expenses/Taxable Other Income	1,330,384
2 ACCRETION OF DAY 1 GAIN	
3 NON-DEDUCTIBLE PENALTY	1,267,356
4 Total (Sum of Items 1 to 3)	
Less: A) Non-Taxable Income and Income Subjected to Final Tax	2,706,641
5	0
6	0
B) Special Deductions	
7	
8	0
9 Total (Sum of Items 5 to 8)	
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	2,706,641



Bureau of Internal Revenue
Republic of the Philippines

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 219-045-668-000
Name	: FERRONOUX HOLDINGS INC.
RDO	: 043
Form Type	: 1702
Reference No.	: 462400059090073
Amount Payable (Over Remittance)	: -1,130,125.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2023
Date Filed	: 04/11/2024
Tax Type	: IT

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

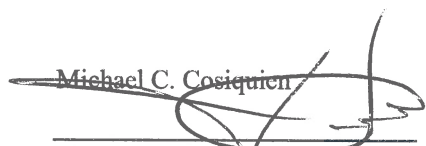
The Management of **Ferronoux Holdings, Inc.** (the Company), a wholly owned subsidiary of ISOC Holdings, Inc., is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

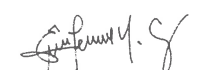
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

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

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

RMJ and Associates, the independent auditors appointed by the stockholders, 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 their opinion on the fairness of presentation upon completion of such audit.


Michael C. Cosiquien
Chairman of the Board / President


Erwin Terrell Y. Sy

Treasurer

APR 08 2024 Pasig City

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

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

Doc. No. 48;
Page No. 14;
Book No. 4;
Series of 2024.


ATTY. JOMAR M. HIZOLA
NOTARY PUBLIC

Cities of Pasig, San Juan and Pateros, Metro Manila
21k Strata 100 Bldg., Don F. Ortigas St., Pasig City
Appointment No. 150; Until Dec. 31, 2024
SC. Roll No. 81022/ 05-21-2022
IBP No. 423715 / 01/16/2024; IBP Manila 1
PTR No. 1716816 / 01/16/2024; Pasig City
MCLE No. VIII-0005903 02/20/2024-04/14/2028

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A 2 0 0 1 1 5 1 5 1

COMPANY NAME

F E R R O N O U X H O L D I N G S , I N C . (A S u b s i d i a r y
o f I S O C H o l d i n g s , I n c .)

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

6 t h F l o o r , H a n s t o n B u i l d i n g ,
F . O r t i g a s , J r . R o a d , O r t i g a s C e n t e r ,
P a s i g C i t y

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

ferronoux.sec@isocholdings.com

Company's Telephone Number/s

—

Mobile Number

(0968) 854-3822

No. of Stockholders

26

Annual Meeting (Month / Day)

Last Friday of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Erwin Terrell Y. Sy

Email Address

tsy@isocholdings.com

Telephone Number/s

—

Mobile Number

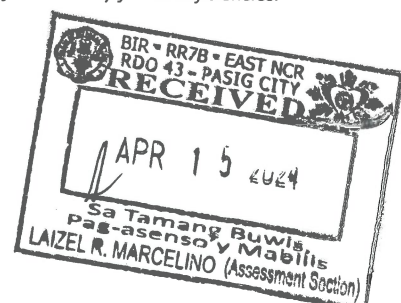
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CONTACT PERSON'S ADDRESS

6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.





INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Key Audit Matters

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

p



Assessment of Realizability of Due from a Related Party

As at December 31, 2023, the Company's due from a related party amounting to ₱152.4 million represents 99% of the total assets. The assessment of the realizability of 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, 6, and 10 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, 2023, 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, 2023 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



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

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

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

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



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

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

REYES TACANDONG & Co.


EMMANUEL V. CLARINO

Partner

CPA Certificate No. 27455

Tax Identification No. 102-084-004-000

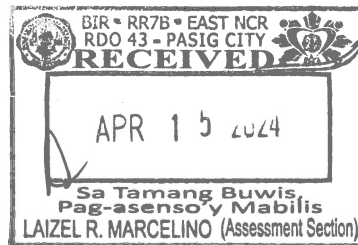
BOA Accreditation No. 4782; Valid until April 13, 2024

BIR Accreditation No. 08-005144-005-2022

Valid until October 16, 2025

PTR No. 10072405

Issued January 2, 2024, Makati City



April 11, 2024

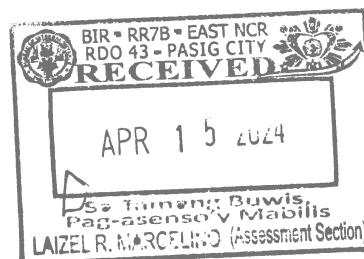
Makati City, Metro Manila

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

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2023	2022
ASSETS			
Current Assets			
Cash in bank	4	P138,606	P128,598
Creditable withholding taxes		1,130,125	1,806,785
Other current assets		627,340	488,606
Total Current Assets		1,896,071	2,423,989
Noncurrent Asset			
Due from a related party	6	152,425,115	148,577,765
		P154,321,186	P151,001,754
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	5	P12,467,943	P10,350,239
Noncurrent Liabilities			
Deferred output VAT	6	1,923,269	1,375,265
Deferred tax liability	9	440,054	756,893
Total Noncurrent Liabilities		2,363,323	2,132,158
Total Liabilities		14,831,266	12,482,397
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(196,611,330)	(197,581,893)
Total Equity		139,489,920	138,519,357
		P154,321,186	P151,001,754

See accompanying Notes to Financial Statements.

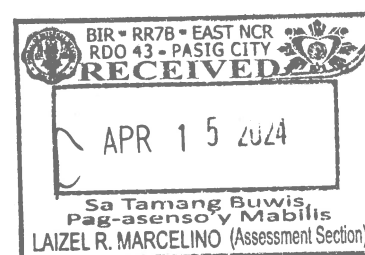


FERRONOUX HOLDINGS, INC.
(A Subsidiary of ISOC Holdings, Inc.)

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2023	2022	2021
INTEREST INCOME	6	P3,299,346	P3,329,876	P3,387,416
EXPENSES	7	(1,968,962)	(1,734,876)	(2,398,661)
INCOME BEFORE INCOME TAX		1,330,384	1,595,000	988,755
PROVISION FOR (BENEFIT FROM) INCOME TAX	9			
Current		676,660	310,460	34,594
Deferred		(316,839)	(309,206)	(578,266)
		359,821	1,254	(543,672)
NET INCOME		970,563	1,593,746	1,532,427
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME		P970,563	P1,593,746	P1,532,427
EARNINGS PER SHARE - BASIC AND DILUTED	8	P0.004	P0.006	P0.006

See accompanying Notes to Financial Statements.



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

STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2023	2022	2021
CAPITAL STOCK - ₱1 par value			
Authorized - 550,000,000 shares			
Issued and outstanding - 261,824,002 shares	₱261,824,002	₱261,824,002	₱261,824,002
ADDITIONAL PAID-IN CAPITAL	74,277,248	74,277,248	74,277,248
DEFICIT			
Balance at beginning of year	(197,581,893)	(199,175,639)	(200,708,066)
Net income	970,563	1,593,746	1,532,427
Balance at end of year	(196,611,330)	(197,581,893)	(199,175,639)
	₱139,489,920	₱138,519,357	₱136,925,611

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

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱1,330,384	₱1,595,000	₱988,755
Adjustment for -				
Interest income	6	(3,299,346)	(3,329,876)	(3,387,416)
Operating loss before working capital changes		(1,968,962)	(1,734,876)	(2,398,661)
Increase in:				
Other current assets		(138,734)	(144,288)	(168,734)
Accrued expenses and other current liabilities		2,117,704	1,867,024	2,509,733
NET INCREASE (DECREASE) IN CASH IN BANK		10,008	(12,140)	(57,662)
CASH IN BANK AT BEGINNING OF YEAR		128,598	140,738	198,400
CASH IN BANK AT END OF YEAR		₱138,606	₱128,598	₱140,738

See accompanying Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023 AND 2022 AND
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. Corporate Information

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

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. On February 6, 2018, the SEC approved the amendment of the Company's Articles of Incorporation to change its corporate name from "AG Finance Incorporated" to "Ferronoux Holdings, Inc." and to change its purpose to a holding company. The Company likewise changed its stock symbol from "AGF" to "FERRO". As at December 31, 2023 and 2022, all of the 261,824,002 shares of the Company are listed in the PSE.

As at December 31, 2023 and 2022, ISOC Holdings Inc. (ISOC or the Parent Company) owns 51% interest in the Company.

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

Status of Operations

The Company ceased its lending activity in 2015 and is currently evaluating and considering potential transactions with other entities. As at April 11, 2024, the Company's Board of Directors (BOD) has also authorized its directors to enter into exploratory discussions with potential partners.

Approval of the Financial Statements

The financial statements of the Company as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were authorized and approved for issuance by the BOD on April 11, 2024, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

Basis of Preparation

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

Measurement Bases

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

The financial statements of the Company have been prepared on a historical basis. Historical cost is generally based on the fair value of the consideration given in exchange of an asset or fair value of consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

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

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

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

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

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

Further information about the assumptions made in measuring fair value is included in Note 10, *Financial Risk Management Objectives and Policies*.

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS effective January 1, 2023:

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

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

Amendments to PFRS in Issue But Not Yet Effective or Adopted

Relevant amendments to PFRS and, which are not yet effective as at December 31, 2023 and have not been applied in preparing the financial statements, are summarized below.

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

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 – *Classification of Liabilities as Current or Noncurrent* for that period.
- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures – Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to 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.

“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

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

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

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

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

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

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

The Company's cash in bank and due from a related party are classified under this category (see Notes 4 and 6).

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

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

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

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

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

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

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

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

Financial Liabilities

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

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 (see Note 5).

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

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

Classification of Financial Instrument between Liability and Equity

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

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

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

Offsetting of Financial Assets and Liabilities

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

Creditable Withholding Taxes (CWT)

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

Value-Added Tax (VAT)

VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

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

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

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

Deferred Output VAT. Deferred output VAT represents the amount of VAT on credit income that is not due to the taxation authority until the corresponding amount of receivable is collected.

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 profit or loss.

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 profit or loss.

Capital Stock

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

Additional Paid-in Capital (APIC)

APIC represents 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 any tax effects.

Deficit

Deficit represents the cumulative balance of net losses of the Company.

Interest Income

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

Expense 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 in profit or loss as incurred.

Income Taxes

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

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

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

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

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

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

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

Earnings Per Share (EPS)

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

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

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

As at December 31, 2023 and 2022, the Company does not have potential dilutive ordinary shares of stock.

Segment Reporting

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

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

Related Parties

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

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

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

Provisions

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

Contingencies

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

Events after the Reporting Date

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

3. Material Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments, accounting 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.

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

Judgment

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

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

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

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

No provision for ECL was recognized on financial assets at amortized cost in 2023, 2022 and 2021. The carrying amounts of the financial assets at amortized cost are as follows:

	Note	2023	2022
Cash in bank	4	₱138,606	₱128,598
Due from a related party	6	152,425,115	148,577,765

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.

The Company's has no unrecognized deferred tax assets as at December 31, 2023 and 2022 (see Note 10).

4. Cash in Bank

Cash in bank amounted to ₱0.1 million as at December 31, 2023 and 2022. Cash in bank is immediately available for use in the current operations.

5. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	2023	2022
Due to a related party	6	₱11,862,501	₱9,177,627
Accrued expenses		605,442	1,172,612
		₱12,467,943	₱10,350,239

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

6. Related Party Transactions

The following table summarizes the transactions with related parties and the outstanding balance arising from these transactions:

Nature of Relationship	Nature of Transaction	Amount of Transactions		Outstanding Balance	
		2023	2022	2023	2022
Due from a Related Party					
Parent Company	Assignment of note receivable “Day 1” difference Interest	₱—	₱—	₱132,714,385	₱132,714,385
		(1,267,356)	(1,236,826)	1,760,214	3,027,570
		5,114,706	5,114,706	17,950,516	12,835,810
				₱152,425,115	₱148,577,765
Due to a Related Party					
Parent Company	Advances for working capital requirements	₱2,684,874	₱1,863,620	₱11,862,501	₱9,177,627

Assignment of Note Receivable

In 2020, a note receivable arising from the Company’s past lending activities was assigned to the Parent Company.

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

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

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

	2023	2022
Original Amount at the Date of Assignment		
Balance at beginning and end of year	₱132,714,385	₱132,714,385
"Day 1" Gain		
Balance at beginning of year	3,027,570	4,264,396
Accretion	(1,267,356)	(1,236,826)
Balance at end of year	1,760,214	3,027,570
Carrying Amount	₱134,474,599	₱135,741,955

Interest earned on due from a related party, net of accretion of "Day 1" gain, amounted to ₱3.3 million, ₱3.3 million and ₱3.4 million in 2023, 2022 and 2021 respectively. Interest receivable, included as part of "Due from a related party" account in the statements of financial position, amounted to ₱18.0 million and ₱12.8 million as at December 31, 2023 and 2022, respectively. Deferred output VAT related to interest receivable amounted to ₱1.9 million and ₱1.4 million in 2023 and 2022, respectively.

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

Terms and Conditions of Due to a Related Party

The outstanding balance of due to a related party as at December 31, 2023 and 2022 is unsecured, noninterest-bearing, due and demandable, and normally settled in cash.

Key Management Personnel

The reasonable per diems paid to directors amounted to ₱0.4 million in 2023, 2022 and 2021. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

7. Expenses

This account consists of:

	2023	2022	2021
Professional fees	₱1,179,231	₱1,152,329	₱1,942,869
Fines and penalties	288,946	—	—
PSE and SEC fees	267,825	250,000	253,000
Taxes and licenses	88,795	20,415	83,406
Trainings and seminars	76,440	87,760	—
Advertising	42,009	60,813	23,989
Outside services	18,120	137,572	26,036
Others	7,596	25,987	69,361
	₱1,968,962	₱1,734,876	₱2,398,661

8. Earnings Per Share (EPS)

Basic EPS is computed as follows:

	2023	2022	2021
Net income	₱970,563	₱1,593,746	₱1,532,427
Weighted average number of common shares	261,824,002	261,824,002	261,824,002
	₱0.004	₱0.006	₱0.006

The Company does not have potential dilutive shares of stock.

9. Income Taxes

The Company's provision for current income tax pertains to RCIT in 2023 and 2022 and MCIT in 2021.

Under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act which took effect on July 1, 2020, the RCIT of domestic corporations is computed at 25% or 20% depending on the amount of total assets or total amount of taxable income. MCIT is computed at 1% of gross income for a period of three (3) years from July 1, 2020 to June 30, 2023 and reverted to 2% effective July 1, 2023.

Accordingly, the income tax rate used in determining RCIT is 25% in 2023, 2022 and 2021, while the income tax rates used in determining MCIT are 1.5% in 2023 and 1% in 2022 and 2021.

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

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

	2023	2022	2021
Income tax expense at statutory tax rate	₱332,596	₱398,750	₱247,188
Add tax effects of:			
Nondeductible expenses	27,225	—	750
Expired NOLCO and MCIT	—	—	7,400
Changes in unrecognized deferred tax assets	—	(397,496)	(513,501)
Effect of change in income tax rate	—	—	(285,509)
Income tax expense (benefit) at effective income tax rate	₱359,821	₱1,254	(₱543,672)

As at December 31, 2023 and 2022, the Company's deferred tax liability amounting to ₱0.4 million and ₱0.8 million, respectively, pertains to "Day 1" difference on due from a related party.

NOLCO incurred in 2021 and 2020, and excess of MCIT over RCIT incurred in 2021, 2020, and 2019, which amounted to ₱1.2 million and ₱0.1 million, respectively, were applied in 2022.

10. Financial Risk Management Objectives and Policies

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

Financial Risks

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

Credit Risk

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

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

	December 31, 2023				
	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	P138,606	P—	P—	P—	P138,606
Due from a related party	—	152,425,115	—	—	152,425,115
	P138,606	P152,425,115	P—	P—	P152,563,721

	December 31, 2022				
	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	P128,598	P—	P—	P—	P128,598
Due from a related party	—	148,577,765	—	—	148,577,765
	P128,598	P148,577,765	P—	P—	P148,706,363

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

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

Cash in bank is classified as high grade because it is deposited in a reputable bank, which has a low probability of insolvency. Due from a related party is classified as standard grade since the Company considers the financial capacity of the counterparty and historical credit loss experience adjusted for forward-looking factors, as applicable.

The Company's financial assets, in evaluating credit quality, are also grouped according to ECL stages as follows:

- Stage 1 financial assets are those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk. Impairment, if any, is determined and measured using 12-month ECL.
- Stage 2 financial assets are those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date. Impairment, if any, is determined and measured using lifetime ECL.
- Stage 3 financial assets are those that are considered in default or demonstrate objective evidence of impairment as of reporting date. Impairment, if any, is determined and measured using lifetime ECL.

As at December 31, 2023 and 2022, cash in bank and due from a related party aggregating ₱152.6 million and ₱148.7 million, respectively, are determined to be Stage 1 financial assets.

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, 2023 and 2022 represents the contractual undiscounted cash flows and is payable within the next reporting year.

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 2023 and 2022.

The Company is not subject to externally-imposed capital requirements.

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:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	₱138,606	₱138,606	₱128,598	₱128,598
Due from a related party*	152,425,115	136,169,146	148,577,765	136,669,943
	₱152,563,721	₱136,307,752	₱148,706,363	₱136,798,541
Financial Liabilities				
Accrued expenses and other current liabilities	₱12,467,943	₱12,467,943	₱10,350,239	₱10,350,239

*Including future interest.

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

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



**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 and have issued our report thereon dated April 11, 2024. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplementary Schedules are the responsibility of the Company's management.

These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2023
- Schedules required by Annex 68-J as at December 31, 2023
- Conglomerate Map as at December 31, 2023

These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic financial statements. The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & Co.

EMMANUEL V. CLARINO

Partner

CPA Certificate No. 27455

Tax Identification No. 102-084-004-000

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

BIR Accreditation No. 08-005144-005-2022

Valid until October 16, 2025

PTR No. 10072405

Issued January 2, 2024, Makati City

April 11, 2024
Makati City, Metro Manila

**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023**

FERRONOUX HOLDINGS, INC.
6th Floor, Hanston Building
F. Ortigas, Jr. Road, Ortigas Center
Pasig City

	Amount
Deficit, beginning of reporting period	(₱197,581,893)
Add: Net income for the current year	970,563
Add: Net movement of deferred tax asset not considered in the reconciling items under the previous categories	316,839
Adjusted net income	1,287,402
Deficit, end of the reporting period	(₱196,294,491)

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

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR.
6 PART II OF REVISED SRC RULE 68
DECEMBER 31, 2023

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<i>Schedule</i>	<i>Description</i>	<i>Page</i>
A	Financial Assets	N/A
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	1
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Long-Term Debt	N/A
E	Indebtedness to Related Parties	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	2

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

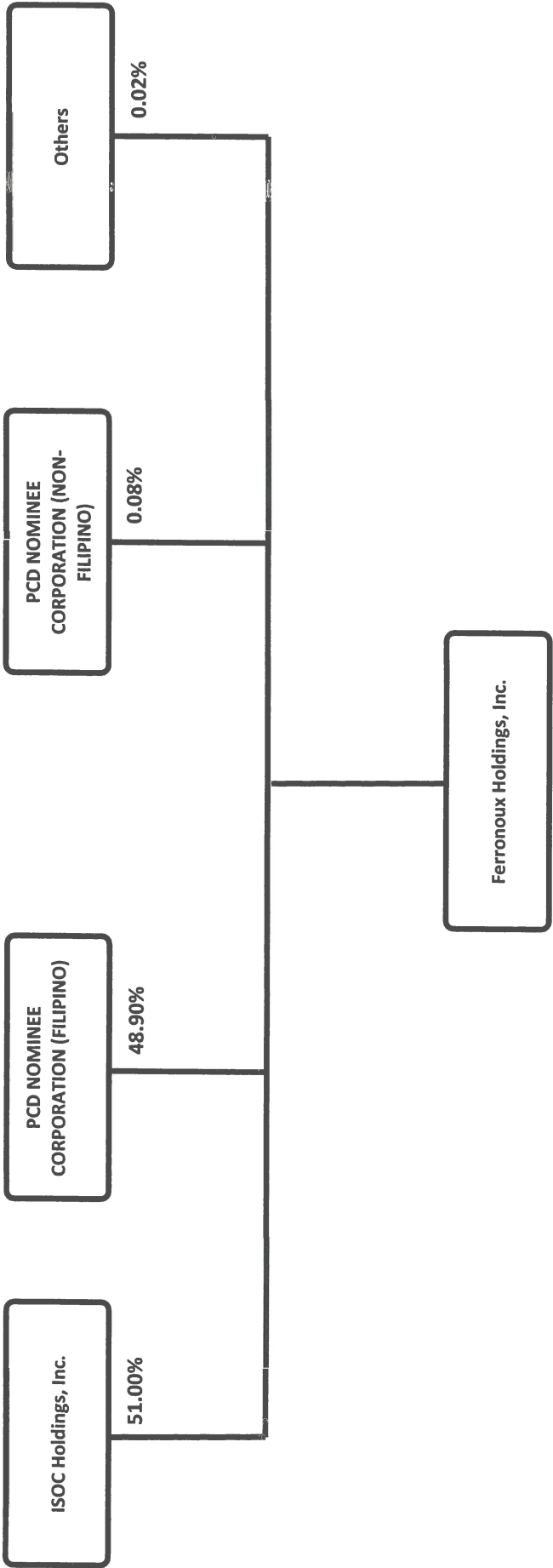
	Balance at beginning of year	Additions	Deductions			Balance at end of year	
			Collections	Write Off	Current	Noncurrent	Total
ISOC Holdings, Inc.	P148,577,765	P5,114,706	P-	P-	P-	P152,425,115	P-

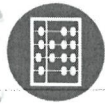
Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by related parties	Directors, officers and employees	Others
Common Stock	550,000,000	261,824,002	-	133,530,241	1,007	128,292,754

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

**SUPPLEMENTARY SCHEDULE OF COMPANY'S
CONGLOMERATE MAP**
DECEMBER 31, 2023





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

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

We have audited in accordance with Philippine Standards on Auditing (PSA), the financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated April 11, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2023 and 2022 and for the years then ended December 31, 2023, 2022 and 2021 and no material exceptions were noted.

REYES TACANDONG & Co.


EMMANUEL V. CLARINO

Partner

CPA Certificate No. 27455

Tax Identification No. 102-084-004-000

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

BIR Accreditation No. 08-005144-005-2022

Valid until October 16, 2025

PTR No. 10072405

Issued January 2, 2024, Makati City

April 11, 2024
Makati City, Metro Manila

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

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

Below is a schedule showing financial soundness indicators in 2023 and 2022.

Ratio	Formula	2023	2022
Current Ratio	Total current assets	₱1,896,071	₱2,423,989
	Divided by: Total current liabilities	12,467,943	10,350,239
	Current Ratio	0.15:1	0.23:1
Acid Test Ratio	Total current assets	₱1,896,071	₱2,423,989
	Less: Other current assets	1,757,465	2,295,391
	Quick assets	138,606	128,598
	Divide by: Total current liabilities	12,467,943	10,350,239
	Acid Test Ratio	0.01:1	0.01:1
Solvency Ratio	Net income after depreciation and amortization	₱970,563	₱1,593,746
	Add: Depreciation and amortization	—	—
	Net income before depreciation and amortization	970,563	1,593,746
	Divided by: Total liabilities	14,831,266	12,482,397
	Solvency Ratio	0.07:1	0.13:1
Debt-to-Equity Ratio	Total liabilities	₱14,831,266	₱12,482,397
	Divided by: Total equity	139,489,920	138,519,357
	Debt-to-Equity Ratio	0.11:1	0.09:1
Asset-to-Equity Ratio	Total assets	₱154,321,186	₱151,001,754
	Divided by: Total equity	139,489,920	138,519,357
	Asset-to-Equity Ratio	1.11:1	1.09:1
Return on Equity	Net income	₱970,563	₱1,593,746
	Divided by: Average total equity	139,004,639	137,722,484
	Return on Equity	0.01:1	0.01:1
Return on Assets	Net income	₱970,563	₱1,593,746
	Divided by: Average total assets	152,661,470	149,151,970
	Return on Assets	0.01:1	0.01:1
Net Profit Margin	Net income	₱970,563	₱1,593,746
	Divided by: Revenue	3,299,346	3,329,876
	Net Profit Margin	0.29:1	0.48:1

Appendix 6

INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2024

COVER SHEET

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S.E.C. Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

Erwin Terrell Y. Sy

Contact Person

Company Telephone Number

0	3
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3	1
---	---

Month

3	1
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Day

SEC FORM 17-Q

SEC FORM 17-Q

FORM TYPE

Month

--	--

Day

Last Friday of June

Annual Meeting

Registered & Listed

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this
Doc.

Amended Articles Number/Section

			2	6
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Total No. of
Stockholders

Total Amount of Borrowings

[illegible]

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes.

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

1. For the three-month period ending **31 March 2024**
2. Commission identification number **A200115151**
3. BIR Tax Identification No. **219-045-668**
4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC. (formerly, AG Finance Incorporated)**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office **6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City** Postal Code **1605**
8. Issuer's telephone number, including area code **n/a**
9. Former name, former address and former fiscal year, if changed since last report **AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

Yes ☒ No ☐

Philippine Stock Exchange

Common Shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The interim financial statements of FERRONOUX HOLDINGS, INC. as at March 31, 2024, with comparative audited figures as at December 31, 2023 and for the three-month periods ending March 31, 2024 and 2023, were prepared in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation.

Summary of Income Statements for the three-month periods ending March 31, 2024 and 2023.

	For the three-month periods ending March 31		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2024	2023		
	(P'000)	(P'000)	(P'000)	(%)
Interest income	P800	P816	(P16)	(2%)
Operating expenses	(804)	(594)	209	35%
Income before tax	(4)	222	(226)	(102%)
Tax expense	–	–	–	–
Net income for the period	(P4)	P222	(P226)	(102%)

Summary of Balance Sheet as at March 31, 2024 and December 31, 2023 are as follows:

	Mar. 31, 2024 (Unaudited)	December 31, 2023 (Audited)	Mar 31, 2024 vs. Dec. 31, 2023	
			Amount Increase (Decrease)	Percentage Increase (Decrease)
	(P'000)	(P'000)	(P'000)	(%)
Current assets	P2,179	P1,896	P283	15%
Noncurrent assets	153,225	152,425	800	1%
Total Assets	P155,404	P154,321	P1,083	1%
Current liabilities	P13,633	P12,468	P1,165	9%
Noncurrent liabilities	2,285	2,363	78	3%
Total Liabilities	15,918	14,831	1,087	8%
Stockholders' Equity	139,486	139,490	(4)	(0%)
Total Liabilities and Stockholders' Equity	P155,404	P154,321	P1,083	1%

Summary of Statements of Cash Flows for the three-month periods ending March 31, 2024 and 2023 are as follows:

	For the three months ending March 31		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2024	2023		
	(P'000)	(P'000)	(P'000)	(%)
Cash used in operating activities	P326	P603	(P277)	(46%)
Cash at the beginning of period	139	128	11	9%
Cash at the end of period	P465	P731	(P267)	(36%)

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

The following discussion and analysis is based on the financial statements for the three-month periods ending March 31, 2024 and 2023.

2.a - Results of Operations

Interest Income

Interest income was ₱0.80 million for the three-month period ending March 31, 2024 compared to ₱0.82 million for the same period in 2023. The interest earned in 2024 and 2023 pertains to the due from a related party.

Operating expenses

Expenses increased by ₱0.21 million or 35% as at March 31, 2024. Changes in the expense accounts for the three-month ending March 31, 2024 versus the same period last year is attributable to the increase in professional fees by ₱0.21 million.

2.b - Statements of Financial Position

The significant changes in the Statements of Financial Position during the three-month period ending March 31, 2024 compared to December 31, 2023 are as follows:

- Total assets were ₱155.40 million as at March 31, 2024 compared to ₱154.32 million as at December 31, 2023, an increase of ₱1.08 million or 1%. The increase is mainly due to the accretion of interest due from a related party.
- Total liabilities increased by ₱1.24 million or 8% from ₱14.83 million as at December 31, 2023 to ₱15.92 million in the current period mainly due to additional advances from a related party.
- Total equity decreased by ₱0.004 million or 0.003% mainly due to net income for the three-month period ending March 31, 2024.

2.c - Statements of Cash Flows

The net cash used in operating activities amounted to ₱0.33 million for the three-month period ending March 31, 2024 compared to net cash used in the same period in 2022 amounting to ₱0.60 million.

The cash as at March 31, 2024 and December 31, 2023 amounted to ₱0.47 million and ₱0.14 million, respectively.

2.d - Horizontal and Vertical Analysis

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	Increase (Decrease) Amount Percentage	
ASSETS				
Current Assets				
Cash	₱465,235	₱138,606	₱326,629	236%
Creditable withholding tax	1,051,167	1,130,125	(78,958)	(7%)
Other current assets	662,140	627,340	34,800	6%
Total Current Assets	2,178,542	1,896,071	282,471	15%
Noncurrent Assets				
Due from related parties	134,161,048	134,474,599	(313,551)	(0%)
Interest receivable	19,064,040	17,950,516	1,113,524	6%
Total Non-current Assets	153,225,088	152,425,115	799,973	1%
	₱155,403,630	₱154,321,186	₱1,082,444	1%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	₱13,633,233	₱12,467,943	₱1,165,290	9%
Noncurrent Liabilities				
Deferred output VAT	1,923,269	1,923,269	—	—
Deferred tax liabilities	361,666	440,054	(78,388)	(18%)
Total Noncurrent Liabilities	2,284,935	2,363,323	(78,388)	(18%)
Total Liabilities	15,918,168	14,831,266	1,086,902	7%
Equity				
Capital stock	261,824,002	261,824,002	—	—
Additional paid-in capital	74,277,248	74,277,248	—	—
Deficit	(196,615,788)	(196,611,330)	(4,458)	0%
Total Equity	139,485,462	139,489,920	(4,458)	0%
	₱155,403,630	₱154,321,186	₱1,082,444	1%

FINANCIAL INDICATORS

	March 31, 2024	December 31, 2023
Net Income	(P4,458)	P970,563
Quick Assets	465,235	138,606
Current Assets	2,178,542	1,896,071
Total Assets	155,403,630	154,321,186
Current Liabilities	13,633,233	12,467,943
Total Liabilities	15,918,168	14,831,266
Stockholders' Equity	139,485,462	139,489,920
Number of Common Shares Outstanding	261,842,002	261,842,002
Current Ratio (1)	0.16	0.15
Debt to Equity Ratio (2)	0.11	0.11
Asset to Equity Ratio (3)	1.11	1.11
Return on Assets (4)	(0.003%)	0.636%
Return on Equity (5)	(0.003%)	0.698%
Book Value per Share (6)	P0.53	P0.53

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

OTHER INFORMATION

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

PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity	Current Ratio (1)	0.16
	Quick Ratio (2)	0.03
Solvency	Debt to Equity Ratio (3)	0.11
	Debt Ratio (4)	0.10
Profitability	Asset to Equity Ratio (5)	1.11
	Return on Assets (6)	(0.003%)
	Return on Equity (7)	(0.003%)
	Book Value per Share (8)	₱0.53

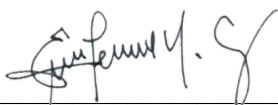
- (1) *Current assets divided by current liabilities*
- (2) *Quick assets divided by total current liabilities*
- (3) *Total liabilities divided by equity*
- (4) *Total liabilities divided by total assets*
- (5) *Total assets divided by total equity*
- (6) *Net income divided by average assets*
- (7)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

SIGNATURES

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

Issuer: **FERRONOUX HOLDINGS, INC.**

By:



ERWIN TERRELL Y. SY
Treasurer/Chief Financial Officer



LAVINIA E. BUCTOLAN
Compliance Officer

ANNEX A

FERRONOUX HOLDINGS, INC. STATEMENTS OF FINANCIAL POSITION

		March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	Note		
ASSETS			
Current Assets			
Cash	4	₱465,235	₱138,606
Creditable withholding tax		1,051,167	1,130,125
Other current assets		662,140	627,340
Total Current Assets		2,178,542	1,896,071
Noncurrent Assets			
Due from related parties	6	134,161,048	134,474,599
Interest receivable	6	19,064,040	17,950,516
Total Noncurrent Assets		153,225,088	152,425,115
Total Assets		₱155,403,630	₱154,321,186
LIABILITIES AND EQUITY			
Current Liability			
Accrued expenses and other current liabilities	5	₱13,633,233	₱12,467,943
Noncurrent Liabilities			
Deferred tax liabilities		1,923,269	1,923,269
Deferred output VAT		361,666	440,054
Total Noncurrent Liabilities		2,284,935	2,363,323
Total Liabilities		15,918,168	14,831,266
Equity			
Capital stock		261,824,002	261,824,002
Additional paid-in capital		74,277,248	74,277,248
Deficit		(196,615,788)	(196,611,330)
Total Equity		139,485,462	139,489,920
Total Liabilities and Equity		₱155,403,630	₱154,321,186

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, INC.****STATEMENTS OF COMPREHENSIVE INCOME**

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
INTEREST INCOME		₱799,973	₱3,299,346
EXPENSES	7	(803,861)	(1,968,962)
INCOME (LOSS) BEFORE INCOME TAX		(3,888)	1,330,384
PROVISION FOR INCOME TAX			
Current	9	78,958	676,660
Deferred	9	(78,388)	(316,839)
		570	359,821
NET INCOME (LOSS)		(4,458)	970,563
BASIC EARNINGS PER SHARE	8	(₱0.000)	₱0.004

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023

		Current Year-To-Date 2024 (Unaudited)	Previous Year-To-Date 2023 (Unaudited)	Current (Three-month period) 2024 (Unaudited)	Previous (Three-month period) 2023 (Unaudited)
	Note				
INTEREST INCOME		₱799,973	₱816,398	₱799,973	₱816,398
EXPENSES	7	(803,861)	(593,418)	(803,861)	(593,418)
		(3,888)	222,980	(3,888)	222,980
INCOME (LOSS) BEFORE INCOME TAX					
PROVISION FOR INCOME TAX					
Current	9	78,958	—	78,958	—
Deferred	9	(78,388)	—	(78,388)	—
		570	—	570	—
NET INCOME (LOSS)		(₱4,458)	₱222,980	(₱4,458)	₱222,980
BASIC EARNINGS PER SHARE	8	(₱0.000)	₱.001	(₱0.000)	₱.001

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, Inc.****STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023**

	March 31	
	2024	2023
	(Unaudited)	(Unaudited)
CAPITAL STOCK - 1 par value		
Authorized - 550,000,000 shares	₱261,824,002	₱261,824,002
Issued and outstanding - 261,842,002 shares		
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning and end of period	74,277,248	74,277,248
DEFICIT		
Balance at beginning of period	(196,611,330)	(197,581,894)
Net income	(4,458)	222,980
Balance at end of the period	(196,615,788)	(197,358,914)
	₱139,485,462	₱138,742,336

See accompanying Notes to Financial Statements.

ANNEX A**FERRONOUX HOLDINGS, Inc.****STATEMENT OF CASH FLOWS****FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2024 AND 2023**

		March 31	
		2024	2023
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before tax		(P4,458)	₱222,980
Adjustment for:			
Interest income	8	(799,973)	(816,398)
Operating loss before changes in working capital		(804,431)	(593,418)
Increase in other current assets		(34,800)	(40,517)
Increase in accrued expenses and other current liabilities		1,165,290	1,236,646
Cash provided by operating activities		326,059	602,711
Income tax paid		570	–
NET CASH PROVIDED BY OPERATING ACTIVITIES		326,629	602,711
CASH AT BEGINNING OF PERIOD		138,606	128,598
CASH AT END OF PERIOD	4	₱465,235	₱731,309

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. On February 6, 2018, the SEC approved the amendment of the Company's Articles of Incorporation to change its corporate name from "AG Finance Incorporated" to "Ferronoux Holdings, Inc." and to change its purpose to a holding company. The Company likewise changed its stock symbol from "AGF" to "FERRO". Accordingly, as at December 31, 2023 and 2022, all of the 261,824,002 shares of the Company are listed in the PSE.

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

As at March 31, 2024, ISOC Holdings Inc. owns 51% interest in the Company.

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

Status of Operations

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

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council 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). The accounting policies adopted are consistent with those of the previous years.

Measurement Bases

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

The financial statements of the Company have been prepared on a historical basis. Historical cost is generally based on the fair value of the consideration given in exchange of an asset or fair value of consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date.

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

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

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

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

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

Further information about the assumptions made in measuring fair value is included in Note 10, *Financial Risk Management Objectives and Policies*.

Adoption of Amendments to PFRS

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

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.
- *Amendments to PAS 12, Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following:
 - (i) an entity’s right to defer settlement must exist at the end of the reporting period,
 - (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement,
 - (iii) how lending conditions affect classification,
 - (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

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

Amendments to PFRS in Issue But Not Yet Effective or Adopted

Relevant amendments to PFRS and, which are not yet effective as at December 31, 2023 and have not been applied in preparing the financial statements, are summarized below.

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

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS1 – *Classification of Liabilities as Current or Noncurrent* for that period.
- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures – Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application

is permitted.

Under prevailing circumstances, the adoption of the foregoing amendments to 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.

“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

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

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

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

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

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

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

The Company's cash in bank and due from a related party are classified under this category (see Notes 4 and 6).

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

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

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

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

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

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

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

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

financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

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

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 (see Note 5).

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.

Value-Added Tax (VAT)

VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

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

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

The net amount of VAT recoverable from the taxation authority is presented as “Other current assets” account in the statements of financial position.

Deferred Output VAT. Deferred output VAT represents the amount of VAT on credit sales that is not due to the taxation authority until the corresponding amount of receivable is collected.

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. Material Judgments, Accounting Estimates and Assumptions

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

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

Judgment

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

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

Estimates and Assumptions

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

Assessing the ECL on Financial Assets at Amortized Cost. 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.

No provision for ECL was recognized on financial assets at amortized cost in March 31, 2024 and December 31, 2023. The carrying amounts of the financial assets at amortized cost are as follows:

	Note	March 31, 2024	December 31, 2023
Cash in banks	4	₱465,235	₱138,606
Due from a related party	6	134,161,048	134,474,599
Interest receivable	6	19,064,040	17,950,516

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.

The Company has no unrecognized deferred tax assets as at March 31, 2024 and December 31, 2023.

4. Cash

Cash in bank amounted to ₱0.47 million and ₱0.14 million as at March 31, 2024 and December 31, 2023, respectively. Cash in bank is immediately available for use in the current operations.

5. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	March 31, 2024	December 31, 2023
Due to a related party	6	₱12,612,501	₱11,862,501
Accrued expenses		1,020,732	605,442
		₱13,633,233	₱12,467,943

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

6. Related Party Transactions

The following table summarizes the transactions with related parties and the outstanding balance arising from these transactions as at and for the years ended March 31, 2024 and December 31, 2023:

Nature of Relationship	Nature of Transaction	Amount of Transactions		Outstanding Balance	
		2024	2023	2024	2023
Due from a Related Party					
Parent Company	Assignment of note receivable	P–	P–	P132,714,385	P132,714,385
	“Day 1” difference	(313,551)	(1,267,356)	1,446,663	1,760,214
	Interest	1,113,524	5,114,706	19,064,040	17,950,516
				P153,225,088	P152,425,115
Due to a Related Party					
Parent Company	Advances for working capital requirements	P750,000	P2,684,874	P12,612,501	P11,862,501

Assignment of Note Receivable

In 2020, a note receivable arising from the Company’s past lending activities was assigned to the Parent Company.

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

The outstanding balance of due from a related party as at March 31, 2024 and December 31, 2023 is unsecured and payable in full in 2025, and bears interest at 3.44% per annum payable upon maturity.

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

	March 31, 2024	December 31, 2023
Original amount at the date of assignment	P132,714,385	P132,714,385
“Day 1” gain		
Balance at beginning of period	1,760,214	3,027,570
Accretion	(313,551)	(1,267,356)
Balance at end of period	1,446,663	1,760,214
Carrying amount	P134,161,048	P134,474,599

As at March 31, 2024 and 2023, interest earned on due from a related party net of accretion amounted to 0.80 million and 0.82 million, respectively. Interest receivable amounted to 19.06 million and 17.95 million as at March 31, 2024 and December 31, 2023, respectively. Deferred output VAT amounted to 1.92 million as at March 31, 2024 and December 31, 2023.

As at March 31, 2024 and December 31, 2023, the Company has not provided any allowance for impairment losses for the amounts owed by a related party. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The Company also considered the available liquid assets of the related party and the continuing support provided by the stockholders.

Terms and Conditions of Transactions with Related Party

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

Key Management Personnel

The reasonable per diems paid to directors amounted to P0.12 million and P0.09 million in March 31, 2024 and 2023, respectively. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

7. Expenses

Operating expenses for the three-month periods ending March 31, 2024 and 2023 consists of:

	2024	2023
Professional fees	₱285,000	₱–
PSE fees and SEC fees	250,000	250,000
Taxes and licenses	22,466	144,339
Others	246,395	199,079
	₱803,861	₱593,418

8. Earnings Per Share

Basic EPS for the three-month periods ending March 31, 2024 and 2023 were computed as follows:

	2024	2023
Net income	(₱4,458)	₱222,980
Weighted average number of common shares	261,824,002	261,824,002
	(₱0.000)	₱0.001

The Company does not have potential dilutive shares of stock.

9. Income Taxes

The Company's provision for current income tax pertains to RCIT in March 31, 2024.

The reconciliation of provision for income tax at statutory income tax rate to the provision for (benefit from) income tax for the three-months periods covering March 31, 2024 and 2023 shown in the statements of comprehensive income follows:

	2024	2023
Income tax expense at statutory tax rate	(₱20,082)	₱–
Add tax effects of:		
Nondeductible expenses	20,652	–
Expired NOLCO and MCIT	–	–
Change in unrecognized deferred tax assets	–	–
Effect of change in income tax rate	–	–
Income tax expense (benefit) at effective income tax rate	₱570	₱–

As at March 31, 2024 and December 31, 2023, the Company's deferred tax liability amounting to ₱0.36 million and ₱0.40 million, respectively, pertains to "Day 1" difference on due from a related party.

10. Financial Risk Management Objectives and Policies

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

Financial Risks

The Company's financial instruments consist of cash in bank, due from a related party, 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 and due from a related party.

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

March 31, 2024

	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	465,235	–	–	–	465,235
Due from a related party	–	134,161,048	–	–	134,161,048
Interest receivable	–	19,064,040	–	–	19,064,040
	465,235	153,225,088	–	–	153,690,323

December 31, 2022

	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	138,606	–	–	–	138,606
Due from a related party	–	134,474,599	–	–	134,474,599
Interest receivable	–	17,950,516	–	–	17,950,516
	138,606	152,425,115	–	–	152,563,721

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

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

Cash in bank is classified as high grade because it is deposited in a reputable bank, which has a low probability of insolvency. Due from a related party is classified as standard grade since the Company considers the financial capacity of the counterparty and historical credit loss experience adjusted for forward-looking factors, as applicable.

The Company's financial assets, in evaluating credit quality, are also grouped according to ECL stages as follows:

- Stage 1 financial assets are those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk. Impairment, if any, is determined and measured using 12-month ECL.
- Stage 2 financial assets are those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but does not demonstrate objective evidence of impairment as of reporting date. Impairment, if any, is determined and measured using lifetime ECL.
- Stage 3 financial assets are those that are considered in default or demonstrate objective evidence of impairment as of reporting date. Impairment, if any, is determined and measured using lifetime ECL.

As at March 31, 2024 and December 31, 2023, cash in bank and due from a related party aggregating ₱153.7 million and ₱152.6 million, respectively, are determined to be Stage 1 financial assets.

Liquidity Risk

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

The carrying amount of the accrued expenses and other current liabilities as at March 31, 2024 and December 31, 2023 represents the contractual undiscounted cash flows and is payable within the next reporting quarter.

Capital Management

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

There has been no change made in the objectives, policies and process in March 31, 2024 and December 31, 2023.

The Company is not subject to externally-imposed capital requirements.

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:

	March 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	465,235	465,235	138,606	138,606
Due from a related party	153,225,088	153,225,088	152,425,115	152,425,115
	153,690,323	153,690,323	152,563,721	152,563,721

	March 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Liabilities				
Accrued expenses and other current liabilities	13,633,233	13,633,233	12,467,943	12,467,943

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

Due from a Related Party. The fair value of the Company's due from a related party in March 31, 2024 and December 31, 2023 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.

AGING OF RECEIVABLES:

The aging analyses of financial assets are as follows:

March 31, 2024:

	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	465,235	–	–	–	465,235
Due from a related party	–	134,161,048	–	–	134,161,048
Interest receivable	–	19,064,040	–	–	19,064,040
	465,235	153,225,088	–	–	153,690,323

December 31, 2023:

	Neither Past due nor Impaired		Past Due but not		Total
	High Grade	Standard Grade	Impaired	Impaired	
Cash in bank	138,606	–	–	–	138,606
Due from a related party	–	134,474,599	–	–	134,474,599
Interest receivable	–	17,950,516	–	–	17,950,516
	138,606	152,425,115	–	–	152,563,721