Ferronoux Holdings, Inc.

Notice of Special Stockholders' Meeting

To All Stockholders:

Notice is hereby given that a Special Meeting of the Stockholders (**SSM**) of **FERRONOUX HOLDINGS, INC.** (the **Corporation**) will be held virtually on **March 19, 2025 (Wednesday) at 2:00 P.M.** and shall be livestreamed for the stockholders participating remotely.

The agenda for the SSM shall be as follows:

1. Call to Order
2. Proof of Notice of the Meeting and Determination of Quorum
3. Approval and Ratification of the Private Placement with Themis Group Corporation for 80,000,000 common shares and Listing of said shares with PSE
4. Approval of the Increase of Capital Stock from Five Hundred Fifty Million Pesos (Php550,000,000.00), divided into Five Hundred Fifty Million (550,000,000) common shares with a par value of One Peso (Php1.00) per share, to Two Billion Five Hundred Million Pesos (Php2,500,000,000.00), divided into Two Billion Five Hundred (2,500,000,000) common shares with a par value of One Peso (Php1.00) per share and Issuance of Shares in support of the Increase
5. Approval and Ratification of the Property-for-Share Swap with Eagle 1 Land Corporation and issuance of 918,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE
6. Approval and Ratification of the Private Placement of Themis Group Corporation for issuance of 240,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE
7. Approval and Ratification of the Private Placement of Investors by way of subscription to 300,000,000 common shares of the Corporation to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE
8. Amendment to the Seventh Article of the Articles of Incorporation to Increase the Authorized Capital Stock from PhP 550,000,000.00 divided into 550,000,000 common shares at a par value of PhP 1.00 per share to PhP 2,500,000,000.00 divided into 2,500,000,000 common shares at a par value of One Peso PhP 1.00 per share and issuance of 1,458,000,000 common shares as subscription to the Increase
9. Waiver of the Rights or Public Offer by Majority of the Minority Shareholders of the Shares to be Issued
10. Other Matters
11. Adjournment

In accordance with the rules and regulations of the Securities and Exchange Commission, the Corporation will conduct the SSM via remote or electronic communication. Stockholders of record as of January 31, 2025 are entitled to notice of, and may attend and/or participate in, the SSM or any adjournment thereof via proxy and remote communication, and vote in absentia.

Should you choose to participate in the SSM and to cast your votes in absentia, please notify the Corporation at **ferronoux2025ssm@gmail.com** and submit the complete supporting documents no later than 5:00 p.m. on March 9, 2025. The detailed registration and voting procedures may be accessed at https://www.ferronouxholdings.com/ssm2025 and, and in the Guidelines for Participation via Remote Communication and Voting *in Absentia* (the **Guidelines**) appended in the Information Statement.

In case you wish to appoint a proxy for the meeting, you may accomplish a proxy form (which need not be notarized) together with complete supporting documents set forth in the Guidelines and submit the same to the Corporation by email to **ferronoux2025ssm@gmail.com** no later than 5:00 p.m. on March 9, 2025. Proxies and supporting documents submitted shall be validated on March 10, 2025 at 10:00 A.M.

Stockholders who have successfully registered may cast their votes and will be provided the link to the meeting. For complete information on the SSM, please visit https://www.ferronouxholdings.com/ssm2025.

Your attendance is earnestly requested.

Pasig City, Metro Manila.

PHIL IVAN A. CHAN
Corporate Secretary

EXPLANATION OF AGENDA ITEMS

Agenda Item No. 2: Certification of Notice and Quorum

The Corporation has established a designated e-mail in order to facilitate the registration of and voting in absentia by stockholders at the special meeting, as allowed under Sections 23 and 57 of the Revised Corporation Code. A stockholder 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 in accordance with the Corporation's By-Laws.

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

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

Agenda Item No. 3: Approval and Ratification of the Private Placement with Themis Group Corporation for 80,000,000 common shares and Listing of said shares with PSE

The Corporation is seeking stockholder approval and ratification for the Private Placement of Themis Group Corporation (**Themis**) by way of subscription to 80,000,000 common shares in the Corporation from the remaining unissued capital stock at a par value of PhP 1.00 per share, for a total of PhP 80,000,000.00 and the Listing of said Shares with The Philippine Stock Exchange, Inc. (**PSE**).

This transaction facilitates a capital infusion into the Corporation, bolstering its financial foundation and enhancing its capacity to pursue expansion, meet operational requirements and explore new projects.

The listing of the subscribed shares shall be subject to receipt of full payment and approval by the stockholders and the PSE of the listing of said shares.

Agenda Item No. 4: Approval of the Increase of Capital Stock from Five Hundred Fifty Million Pesos (Php550,000,000.00), divided into Five Hundred Fifty Million (550,000,000) common shares with a par value of One Peso (Php1.00) per share, to Two Billion Five Hundred Million Pesos (Php2,500,000,000.00), divided into Two Billion Five Hundred (2,500,000,000) common shares with a par value of One Peso (Php1.00) per share and Issuance of Shares in support of the Increase

For future expansion and subscription opportunities, stockholder approval is sought for the Amendment of the Seventh Article of the Corporation's Articles of Incorporation to increase the authorized capital stock from PhP 550,000,000.00 divided into 550,000,000 common shares at a par value of One Peso (PhP 1.00) per share to PhP 2,500,000,000.00 divided into 2,500,000,000 common shares at a par value of One Peso (PhP 1.00) per share, and the issuance of shares in support of the increase.

Agenda Item No. 5: Approval and Ratification of the Property-for-Share Swap with Eagle 1 Land Corporation and issuance of 918,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE

Approval and ratification of the stockholders are also sought for the property-for-share swap involving the issuance of 918,000,000 common shares at PhP 4.70 per share or a total amount of PhP 4,314,600,000.00, out of the proposed increase in the capital stock by the Corporation, in exchange for 3 parcels of land owned by Eagle 1 Landholdings Inc. (**Eagle 1**) situated in Brgy. Tambo, Parañaque with a total area of 94,144 square meters (the **Properties**), subject to regulatory approvals, fairness opinion of an independent third party, and other terms and conditions agreed upon.

The Properties are valued at approximately PhP 4,314,600,000.00 and are adjacent to the Okada Integrated Casino Resort. Currently, a portion of the Properties is being used to house the support facilities of the Okada Casino Complex. The Properties will be vacated once the construction of master-planned development commences.

The Corporation and Eagle 1 intend to jointly develop the Properties to realize its full potential value through the Corporation's resources, including, but not limited to, the ability to raise funds from the public.

After securing stockholder approval, the definitive agreements on this transaction will be duly disclosed to the PSE and Securities and Exchange Commission upon execution. The full implementation of the transaction is expected to be completed by the third quarter of 2025.

Approval of the stockholders will further be sought for the listing of the 918,000,000 common shares to be issued in line with this transaction.

Agenda Item No. 6: Approval and Ratification of the Private Placement of Themis Group Corporation for issuance of 240,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE

The Corporation is seeking stockholder approval and ratification for the Private Placement of Themis by way of subscription to 240,000,000 common shares in the Corporation, to be issued from the proposed increase in capital stock, at a par value of One Peso (PhP 1.00) per share or a total amount of PhP 240,000,000.00 to be paid in cash subject to further agreement of the parties and further approval of the shareholders for payment other than cash, and the Listing of said Shares with the PSE.

The terms and conditions of this private placement are to be finalized after the proposed increase in the capital stock by the Corporation is approved.

This transaction similarly facilitates a capital infusion into the Corporation, bolstering its financial foundation and enhancing its capacity to pursue expansion, meet operational requirements and explore new projects.

Agenda Item No. 7: Approval and Ratification of the Private Placement of Investors by way of subscription to 300,000,000 common shares of the Corporation to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE

The Corporation is seeking stockholder approval for the Private Placement of investors by way of subscription to 300,000,000 common shares of the Corporation to be issued out of the increase in capital stock to comply with the minimum public ownership requirement considering the transactions scheduled for approval during the SSM. The final terms and conditions of this private placement, including the price of the subscriptions, are to be determined and will be disclosed as soon as finalized.

Approval of the stockholders will also be sought for the listing of the 300,000,000 common shares to be issued in line with the private placement.

Agenda Item No. 8: Amendment to the Seventh Article of the Articles of Incorporation to Increase the Authorized Capital Stock from PhP 550,000,000.00 divided into 550,000,000 common shares at a par value of PhP 1.00 per share to PhP 2,500,000,000.00 divided into 2,500,000,000 common shares at a par value of One Peso PhP 1.00 per share and issuance of 1,458,000,000 common shares as subscription to the Increase

To accommodate the shares to be issued for the transactions scheduled for approval during the SSM, and for future expansion and subscription opportunities, stockholder approval is sought for the Amendment of the Seventh Article of the Corporation's Articles of Incorporation to increase the authorized capital stock from PhP 550,000,000.00 divided into 550,000,000 common shares at a par value of One Peso (PhP 1.00) per share to PhP 2,500,000,000.00 divided into 2,500,000,000 common shares at a par value of One Peso (PhP 1.00) per share.

Agenda Item No. 9: Waiver of the Rights or Public Offer by Majority of the Minority Shareholders of the Shares to be Issued

In compliance with Article V, Part A, Section 4 of the Revised Listing and Disclosure Rules of the PSE, the Corporation seeks the approval by majority vote of the minority shareholders waiving the rights or public offer requirement for related party transactions in relation to the shares to be issued pursuant to the increase in capital stock.

Agenda Item No. 10: 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 website.

PROXY FORM

The undersigned stockholder of **FERRONOUX HOLDINGS, INC.** (the "**Company"**), registered in the name of Philippine Central Depository Nominee Corporation, if applicable*, hereby appoints______________, (as sub-proxy*), or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to present and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Special Meeting of Stockholders of the Company on March 19, 2025 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Agenda Item No. 3: Approval and Ratification of the Private Placement with Themis Group Corporation for 80,000,000 common shares and Listing of said shares with PSE

	Yes		No		Abstain

2. Agenda Item No. 4: Approval of the Increase of Capital Stock from Five Hundred Fifty Million Pesos (Php550,000,000.00), divided into Five Hundred Fifty Million (550,000,000) common shares with a par value of One Peso (Php1.00) per share, to Two Billion Five Hundred Million Pesos (Php2,500,000,000.00), divided into Two Billion Five Hundred (2,500,000,000) common shares with a par value of One Peso (Php1.00) per share and Issuance of Shares in support of the Increase

	Yes		No		Abstain

3. Agenda Item No. 5: Approval and Ratification of the Property-for-Share Swap with Eagle 1 Land Corporation and issuance of 918,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE

	Yes		No		Abstain

4. Agenda Item No. 6: Approval and Ratification of the Private Placement of Themis Group Corporation for issuance of 240,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE

	Yes		No		Abstain

5. Agenda Item No. 7: Approval and Ratification of the Private Placement of Investors by way of subscription to 300,000,000 common shares of the Corporation to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE

	Yes		No		Abstain

6. Agenda Item No. 8: Amendment to the Seventh Article of the Articles of Incorporation to Increase the Authorized Capital Stock from PhP 550,000,000.00 divided into 550,000,000 common shares at a par value of PhP 1.00 per share to PhP 2,500,000,000.00 divided into 2,500,000,000 common shares at a par value of One Peso PhP 1.00 per share and issuance of 1,458,000,000 common shares as subscription to the Increase

	Yes		No		Abstain

7. Agenda Item No. 9: Waiver of the Rights or Public Offer by Majority of the Minority Shareholders of the Shares to be Issued

	Yes		No		Abstain

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 **MARCH**

9, 2025 (5:00 P.M.) via **ferronoux2025ssm@gmail.com** / **https://www.ferronouxholdings.com/ssm2025.**

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 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 MARCH 10, 2025 AT THE PRINCIPAL OFFICE OF THE CORPORATION AT THE PRINCIPAL OFFICE OF FERRONOUX. 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.

____
Printed Name of Stockholder

____ ____________
Signature of Stockholder/Authorized Signatory **Date**

SPECIAL POWER OF ATTORNEY

Know all men by these presents:

I,____,____________________citizen, of legal age and a resident of ____, do hereby name, constitute, and appoint________________________________,____________________citizenship, of legal age and a resident of____, to be my trueand lawful attorney-in-fact for myself and in my name, place and stead, to do and perform the following acts and things,namely:

1. To attend the 2025 Special Stockholders' Meeting of Ferronoux Holdings, Inc., or at any adjournments thereof, of which I am a shareholder, and then and there to exercise my voice and vote and whatsoever privileges, rights, and prerogatives may correspond to me by reason of my shares therein; and

2. To delegate in whole or in part any or all of the powers and authorities herein covered, by means of an instrument in writing in favor of any third person or persons whom the attorney-in-fact may select.

Hereby giving and granting unto said attorney-in-fact full power and authority to do and perform any and every act and thing, whatsoever, requisite or necessary or proper to be done in and about the premises, as fully to all intents and purposes as I might or could do, with full power of substitution or revocation, and hereby ratifying and confirming allthat the said attorney-in-fact or his substitute shall lawfully do or cause to be done under and by virtue of these presents.

IN WITNESS WHEREOF, I have signed this instrument in______________________________________on ____________________________2025.

____

Name and Signature of Stockholder

Signed in presence of:

______________________________________ ______________________________________

Acknowledgment

Republic of the Philippines)
______________________)

Before me, a Notary Public for and in the City of________________, this __ day of_____________202_ personally appeared__________________________who presented to me his/her (Gov't. issued ID No.) issued on___________at ______________and who was identified by me through his/her competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that his/her signature on the instrument was voluntarily affixed by him/her for the purposes stated therein, and who declared to me that he/she has executed the instrument as his/her free and voluntary act and deed.

This instrument refers to the Special Power of Attorney consisting of (_) pages, including this page, and signed by the persons executing this instrument and sealed with the notarial seal.

WITNESS MY HAND AND SEAL on the date and place first above written.

Doc. No. ______;
Page No. ______;
Book No.__________;
Series of ______.

SECRETARY'S CERTIFICATE

I, ____, ____________________ citizen, of legal age and withoffice address at____ ____,do hereby certify that:

1. I am the duly appointed Corporate Secretary of _________________________(the "Company"), acorporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines,with office address at _______________________.

2. Based on the records, during the lawfully convened meeting of the Board of Directors of the Companyheld on _____________________, the following resolutions were passed and approved:

> "RESOLVED, That ____, ____be authorized and appointed, as he is hereby authorized and appointed, as the Company's Proxy (the "Proxy") to attend all meetingsof the stockholders of Ferronoux Holdings, Inc. (**Ferro**) whether the meeting is regular or special,or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Company held in Ferro and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and steadof the Company.
>
> "RESOLVED, FINALLY, That Ferro be furnished with a certified copy of this resolution and Ferro may rely on the continuing validity of this resolution until receipt of written notice of itsrevocation."

3. The foregoing resolutions have not been modified, amended or revoked in accordance with the records ofthe Company presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument in____________________________________on __________________________.

____

Printed Name and
Signature of the
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME on _____________________ in___________________. Affiant exhibited to me his Competent Evidence of Identity by way of______________________ issued on
________________at________________.

Doc. No._______;
Page No._______;
Book No._______;
Series of_______.

Ferronoux Holdings, Inc.

FERRONOUX HOLDINGS, INC.
2025 SPECIAL STOCKHOLDERS' MEETING
March 19, 2025 at 2:00 p.m.

Guidelines for Participating via Remote Communication and Voting In Absentia

The Special Stockholders' Meeting (**SSM**) of Ferronoux Holdings, Inc. (**Ferronoux** or the **Company**) will be held on **March 19, 2025**, Friday, at **2:00 p.m.** Stockholders of record as of January 31, 2025 are entitled to notice of, to attend and, to participate in and vote at the SSM or any adjournment thereof.

The SSM will be conducted virtually and shall be livestreamed for the directors, key officers and stockholders participating remotely.

Pursuant to Sections 23 and 57 of the Revised Corporation Code which allow voting *in absentia*, the Company has set up the following procedure for stockholder registration, participation via remote communication and voting *in absentia* on the SSM agenda items.

Stockholders who vote *in absentia* or who participate via remote communication shall be deemed present for purposes of quorum.

(1) Pre-SSM Registration and Validation Procedures

Stockholders who choose to participate in the SSM via remote communication and cast their votes *in absentia* must notify the Corporate Secretary *no later than* **5:00 p.m.** on **March 9, 2025** by submitting the complete supporting documents with transmittal letter to the Company with address at 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City via COURIER/PERSONAL DELIVERY **OR** by sending scanned copies of the foregoing via EMAIL to **ferronoux2025ssm@gmail.com**.

Scanned copies of the documents submitted as attachments via email must be in clear copies in JPG or PDF format, with each file size not exceeding 2MB.

The Company, via-email reply within three (3) business days from receipt of the documents, will either confirm successful registration and provide the link and meeting details to the Company's 2025 SSM **OR** require resubmission in case of deficient documents. Should you not receive an e-mail reply within three (3) business days from receipt of your submission, please call +(63)9155920331.

Documentary Requirements

Certificated Individual Stockholders

1. Stockholder's valid government-issued ID[1] with photo, signature and personal details, preferably with residential address
2. Stock certificate number/s
3. A valid and active e-mail address and contact number of the stockholder
4. In case of proxy appointment, a duly accomplished and signed proxy indicating the votes on the agenda items.

Certificated Multiple Stockholders or Joint Owners

1. Valid government-issued ID[2] of ALL stockholders - with photo, signature and personal details, preferably with residential address
2. Stock certificate number/s
3. A valid and active e-mail address and contact number of the authorized representative
4. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need not be notarized)
5. In case of proxy appointment, a duly accomplished and signed proxy indicating the votes on the agenda items.

Certificated Corporate/Partnership Stockholders

1. Secretary's Certification of Board resolution attesting to the authority of the representative to participate by remote communication for and on behalf of the Corporate/Partnership
2. Stock certificate number/s
3. Authorized representative's valid government-issued ID[3] with photo, signature and personal details, preferably with residential address
4. A valid and active e-mail address and contact number of the authorized representative
5. In case of proxy appointment, a duly accomplished and signed proxy indicating the votes on the agenda items.

Stockholders with Shares under PCD Participant/Broker Account

1. Certification from broker as to the number of shares owned by the stockholder
2. Stockholder's valid government-issued ID[4] with photo, signature and personal details, preferably with residential address
3. A valid and active e-mail address and contact number of the stockholder
4. In case of proxy appointment, a duly accomplished and signed proxy indicating the votes on the agenda items.

(2) Online Voting

Stockholders who have successfully registered will be duly notified via email by the Company. Registered stockholders may then cast their votes for the agenda items by accomplishing the print-out

[1] E.g. passport, driver's license, unified multipurpose ID
[2] E.g. passport, driver's license, unified multipurpose ID
[3] E.g. passport, driver's license, unified multipurpose ID
[4] E.g. passport, driver's license, unified multipurpose ID

of Ferronoux's ballot form. The ballot form can be accessed and downloaded from Ferronoux's website at https://www.ferronouxholdings.com/ssm2025.

Steps for Voting
1. Access and download the ballot form. 2. Vote on each agenda item on the ballot print-out. Stockholders may vote "Yes", "No", or "Abstain" on each agenda item for approval. 3. Upon finalizing his/her vote, the stockholder can submit the ballot by sending a **clear, scanned copy** thereof in **JPG or PDF** format to **ferronoux2025ssm@gmail.com** **no later than March 9, 2025**. ***The e-mail attachment file size must not exceeding 2MB.***

(3) ***SSM Proper***

Stockholders who have successfully registered can participate via remote means of communication by accessing the link and meeting details provided by the Company. Instructions on how to join the meeting will also be provided to registered stockholders in the confirmation of registration via e-mail reply from **ferronoux2025ssm@gmail.com**.

The meeting proceedings shall be recorded and adequately maintained by the Company in video and/or audio format, and will be made available to participating stockholders upon request. Stockholders may access the recording of the SSM by sending an e-mail request to **ferronoux2025ssm@gmail.com**.

Questions and Comments

Stockholders may send their questions and/or comments in advance by sending an email with the subject head "**FERRONOUX 2025 SSM**" to **ferronoux2025ssm@gmail.com** not later than 5:00 p.m. of March 9, 2025. Stockholders may also course their questions and/or comments during the SSM through the remote platform.

Matters or issues raised and received but not entertained during the SSM due to time constraints will be addressed separately by Ferronoux through the stockholders' email address.

For any clarifications on the foregoing procedures, or for any other SSM-related queries, please contact the Company at **ferronoux2025ssm@gmail.com**.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [**X**] Definitive Information Statement

2. Name of Registrant as specified in its charter: **FERRONOUX HOLDINGS, INC.**

3. Province, country or other jurisdiction of incorporation or organization: **Republic of the Philippines**

4. SEC Identification Number: **A200115151**

5. BIR Tax Identification Code: [redacted]

6. Address of principal office: **6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City**

7. Registrant's telephone number, including area code: **+639155920331**

8. Date, time and place of the meeting of security holders

   Date: **March 19, 2025**
   Time: **2:00 P.M.**
   Place: The Chairman of the Meeting, the Secretary of the Meeting, the members of the Board of Directors, and other Officers will be attending in person at the principal office of the Company while the stockholders will be participating by remote communication

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **February 26, 2025**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common shares	341,824,002

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

    Yes [**X**] No [ ]

    If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

    The Philippine Stock Exchange, Inc. - common shares

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

PART I
INFORMATION STATEMENT

A. GENERAL INFORMATION

ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

(a) Date, time and place of meeting of security holders

Date: **March 19, 2025**

Time: **2:00 P.M.**

Place: **The Chairman of the Meeting, the Secretary of the Meeting, the members of the Board of Directors, and other Officers will be attending in person at the principal office of the Company while the stockholders will be participating by remote communication**

Complete mailing address of the principal office of the registrant: **6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City**

(b) Approximate date on which the Proxy Statement is first to be sent or to be given to security holders: **February 26, 2025**

This complies with Section 49 of the Revised Corporation Code (the **Revised Corporation Code**) and SEC Memorandum Circular No. 3, Series 2020 which requires distribution of notice of regular meetings to stockholders of record at least twenty-one (21) calendar days prior to the date of the meeting.

ITEM 2. DISSENTER'S RIGHT OF APPRAISAL

Section 80 of the Revised Corporation Code grants a shareholder a right of appraisal in certain circumstances where he/she has dissented and voted against a proposed corporate action, including:

- An amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence;

- The sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;

- The investment of corporate funds in another corporation or business or for any purpose other than the primary purpose for which the corporation was organized; or

- A merger or consolidation.

In these circumstances, the dissenting shareholder may require the corporation to purchase his shares at a fair value which, in default, is determined by three disinterested persons, one of whom shall be named by the stockholder, one by the corporation, and the third by the two thus chosen. In the event of a dispute, the Securities and Exchange Commission (**SEC**) will resolve any question relating to a dissenting shareholder's entitlement to exercise the appraisal rights. The dissenting shareholder will be paid if the corporate action in question is implemented and the corporation has unrestricted retained earnings sufficient to support the purchase of the shares of the dissenting shareholders.

At the Special Shareholders' Meeting of **FERRONOUX HOLDINGS, INC.** (**Ferronoux** or the **Company**), the Amendment to the Seventh Article of the Articles of Incorporation to Increase the Authorized Capital Stock from PhP 550,000,000.00 divided into 550,000,000 common shares at a par value of PhP 1.00 per share to PhP 2,500,000,000.00 divided into 2,500,000,000 common shares at a par value of One Peso PhP 1.00 per share gives rise to the appraisal right of a dissenting stockholder under Sections 15 and 80 of the Revised Corporation Code.

ITEM 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

(a) Directors James G. Lorenzana, Abel M. Almario, Philippe T. Aquino and Rex Peter G. Raz have substantial interest in the following matters to be acted upon:

Matters involving Themis Group Corporation wherein Abel M. Almario, Rex Peter G. Raz and Philipe T. Aquino are Directors

(1) Approval and Ratification of the Private Placement with Themis Group Corporation (**Themis**) for 80,000,000 common shares and Listing of said shares with PSE;

(2) Approval and Ratification of the Private Placement of Themis Group Corporation for issuance of 240,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE; and

Matters involving Eagle 1 Land Corporation wherein Abel M. Almario and James G. Lorenzana are Directors

(3) Approval and Ratification of the Property-for-Share Swap with Eagle 1 Land Corporation (**Eagle 1**) and issuance of 918,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE.

(b) No director of Ferronoux has informed the Company in writing that he intends any opposition to any action to be taken at the Special Meeting.

B. CONTROL AND COMPENSATION INFORMATION

ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

(a) As of January 31, 2025, Ferronoux's total outstanding shares entitled to vote consists of 341,824,002 common shares, with each share entitled to one (1) vote. As of January 31, 2025 the nationality ownership of the Company is as follows: Filipino – 99.91%, Foreign - 0.09%.

(b) Only stockholders of record as of January 31, 2025 shall be entitled to vote at the Special Meeting.

(c) No directors will be elected during the Special Stockholders' Meeting.

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

Security Ownership of Certain Record/Beneficial Owners

The persons known to the Company to be directly or indirectly the record of beneficial owner of more than five (5%) of the Company's voting securities as of January 31, 2025 are as follows:

Title of Class	Name and address of owner and relationship with issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	Number shares held	Percent
Common	PCD Nominee Corp.[1] 37/F, Tower 1, The Enterprise Center 6766 Ayala Ave. cor. Paseo de Roxas, Makati City	Various shareholders	Filipino	261,463,068	76.49%
			Non-Filipino	296,061	0.08%
Common	Themis Group Corporation Unit 1206 Trade and Financial Tower, 7th Ave. and 32nd St., Bonifacio Global City, 1634 Taguig City	Michelle B. Lazaro – Stockholder	Filipino	80,000,000	23.40%

As of December 31, 2024, the following are known to the Company as the PCD participants holding 5% or more of the Company's voting securities:

Title of Class	Name	Address	Citizenship	Number shares held	Percent
Common	Armstrong Securities, Inc.	Unit 4B 4th Floor, BDO Towers, Paseo De Roxas, Makati City 8741	Filipino	219,480,074	64.21%

The shares registered in the name of the corporate stockholders of Ferronoux shall be voted upon during the Special Stockholders' Meeting by the duly authorized Proxy of the corporate stockholder.

Security Ownership of Management

Following are the stockholdings of directors and executive officers of Ferronoux as of January 31, 2025:

Title of Class	Name	Amount and Nature of Ownership	Citizenship	Percent of Class
Common	**James G. Lorenzana**	**1**	**Filipino**	**0%**
Common	**Philipe T. Aquino**	**997**	**Filipino**	**0%**
Common	**Abel M. Almario**	**1,000**	**Filipino**	**0%**
Common	**Rex Peter G. Raz**	**1,000**	**Filipino**	**0%**
Common	**Fiorello R. Jose**	**1**	**Filipino**	**0%**
Common	**Johannes Benjamin R. Bernabe**	**1**	**Filipino**	**0%**

1 *PCD Nominee Corp. (PCD), a wholly owned subsidiary of Philippine Central Depository, Inc., is the registered owner of shares in the books of Ferronoux Holding Inc.'s transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients.*

Common	**Mathew-John Gonong Almogino**	**1,000**	**Filipino**	**0%**
Common	**Omar C. Taccad**	**1,000**	**Filipino**	**0%**
Common	**Phil Ivan A. Chan**	**0**	**Filipino**	**0%**

There is currently no person holding more than 5% of the shares of Ferronoux under a voting trust or similar agreement.

(e) The matters to be presented for stockholder approval during the Special Stockholders' Meeting would result to the following changes in ownership in Ferronoux:

(1) Eagle 1 – 51.00%
(2) Themis – 17.77%

ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

No action will be taken in this Special Stockholders' Meeting with respect to the election of directors and appointment of Executive Officers.

ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

No action will be taken in this Special Stockholders' Meeting with respect to:

(a) any bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the registrant will participate;

(b) any pension or retirement plan in which any such person will participate; or

(c) the granting or extension to any such person of any option/s, warrant/s or right/s to purchase any securities, other than warrants or rights issued to security holders as such, on a pro rata basis. However, if the solicitation is made on behalf of persons other than the registrant, the information required need be furnished only the nominees of the persons making the solicitation and associates of such nominees.

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

No action will be taken in this Special Stockholders' Meeting with respect to the appointment, approval, or ratification of Ferronoux's external auditor.

ITEM 8. COMPENSATION PLANS

No action will be taken in this Special Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

Following the approval of Ferronoux's Board of Directors, the following matters will be presented to the shareholders for approval and/or ratification during the Special Stockholders' Meeting:

1. *Private Placement of Themis by way of subscription to 80,000,000 common shares in the Company from the remaining unissued capital stock at a par value of PhP 1.00 per share, for a total of PhP 80,000,000.00 and the Listing of said Shares with the PSE*

   This transaction facilitated a capital infusion into the Company, bolstering its financial foundation and enhancing its capacity to pursue expansion, meet operational requirements and explore new projects.

2. *Increase of Capital Stock from Five Hundred Fifty Million Pesos (Php550,000,000.00), divided into Five Hundred Fifty Million (550,000,000) common shares with a par value of One Peso (Php1.00) per share, to Two Billion Five Hundred Million Pesos (Php2,500,000,000.00), divided into Two Billion Five Hundred (2,500,000,000) common shares with a par value of One Peso (Php1.00) per share and Issuance of Shares in support of the Increase*

   For future expansion and subscription opportunities.

3. *Property-for-Share Swap with Eagle 1 and issuance of 918,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE*

   The property-for-share swap involving the issuance of 918,000,000 common shares at PhP 4.70 per share or a total amount of PhP 4,314,600,000.00, out of the proposed increase in the capital stock by the Company, in exchange for 3 parcels of land owned by Eagle 1 situated in Brgy. Tambo, Parañaque with a total area of 94,144 square meters (the **Properties**), subject to regulatory approvals, fairness opinion of an independent third party, and other terms and conditions agreed upon.

   The Properties are valued at approximately PhP 4,314,600,000.00 or Php45,829.79 per square meter. This is based on the booked value of Eagle 1's investment properties, which includes the Properties, as reflected in the 2023 Audited Financial Statements of Eagle 1 (Note 9, page 13) and is incorporated herein by reference. Further details can be found in the Comprehensive Corporate Disclosure on Issuance of Shares filed by the Company with the PSE last 2 January 2025 and which is further incorporated herein by reference.

   Should a subsequent appraisal report disclose that the Properties' market value is lower than the booked value, the Company undertakes to hold another special stockholders' meeting to seek shareholder approval on this matter with the new figures.

   The Properties are adjacent to the Okada Integrated Casino Resort. Currently, a portion of the Properties is being used to house the support facilities of the Okada Casino Complex. The Properties will be vacated once the construction of master-planned development commences.

   The Company and Eagle 1 intend to jointly develop the Properties to realize its full potential value through the Company's resources, including, but not limited to, the ability to raise funds from the public.

4. *Private Placement of Themis for issuance of 240,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE*

   This transaction similarly facilitates a capital infusion into the Company, bolstering its financial foundation and enhancing its capacity to pursue expansion, meet operational requirements and explore new projects.

5. *Private Placement of Investors by way of subscription to 300,000,000 common shares of the Company to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE*

   The Transaction is in compliance with the minimum public ownership requirement considering the transactions scheduled for approval during the Special Stockholders' Meeting.

Pursuant to the foregoing, common shares will be issued to Themis, Eagle 1 and private placement investors. Themis currently owns 80,000,000 common shares while Eagle 1 currently does not have any shareholdings in the Company.

Purpose of Net Proceeds

Subject to discretion of Management, proceeds of the private placements of Themis and Investors shall be used for the following:

(1) working capital to support the operations of the company, payment of taxes, permits, licenses and fees made in the regular course of business;

(2) payment of documentary stamp tax, regulatory and listing fees arising from the current private placement transaction;

(3) costs, fees and expenses in evaluating opportunities for the company as well as subsequent transactions, if any; and

(4) acquisition of other assets beneficial to the Company.

The property-for-share swap with Eagle 1 aligns with the Company's strategic objective to expand its business into real property development holding. Acquiring the Properties represents a valuable opportunity for the Company, given their prime location, accessibility, and potential for future development.

Market Information

The closing market price of the Company's common stock in the PSE on 18 December 2024 is Php5.35. The last trading date was on 18 December 2024 due to the trading suspension pending the Company's compliance with the applicable requirements under the Revised Backdoor Listing Rules.

The high and low prices for each quarter of 2022, 2023 and 2024 are provided below:

Quarter	Stock	High	Low
1Q 2022	Ferro	3.32	2.30
2Q 2022	Ferro	2.83	2.11
3Q 2022	Ferro	2.20	1.79
4Q 2022	Ferro	2.46	1.70
1Q 2023	Ferro	3.32	2.20
2Q 2023	Ferro	3.26	2.56
3Q 2023	Ferro	3.07	2.53
4Q 2023	Ferro	2.99	2.69
1Q 2024	Ferro	2.92	2.60
2Q 2024	Ferro	2.78	1.86
3Q 2024	Ferro	2.20	1.90
4Q 2024	Ferro	5.35	1.86

Dividend, Voting, and Pre-emption Rights

Stockholders of the Company enjoy full dividend and voting rights in accordance with the Revised Corporation Code, pro-rata to their shareholdings. Pursuant to the Seventh Article of the Company's Articles of Incorporation, no stockholder of the Company has a preemptive right to purchase, subscribe for or take any part of any stock or of any other securities convertible into or carrying options or warrants to purchase stock of the Company. Any part of such stock of or other securities may, at any time, be issued, optioned for sale, and sold or disposed of by the Company pursuant to resolution of the Board of Directors, to such person and upon such terms as such Board may deem proper, without first offering such stock or securities or any part thereof to existing stockholders.

There are no class of shares which enjoy preferential rights as to voting or dividends.

No Change in Control Provisions

There are no provisions in the charter or by-laws of the Company that would delay, defer or prevent a change in control of the Company.

No Securities other than Common Equity

The Company will not be presenting any matter or act involving the authorization or issuance of the Company's securities other than common equity.

Reasons for Issuance and General Effect on Rights of Existing Security Holders

The issuance of the securities is part of the expansion efforts of the Company. The property-for-share swap aligns with the Company's strategic objective to expand its business into real property development holding. Acquiring the Properties represents a valuable opportunity for the Company, given their prime location, accessibility, and potential for future development.

The issuance of shares will have the effect of diluting the ownership interest of the existing stockholders of the Company to the extent of such shares, and such existing stockholders shall have no pre-emptive rights on such shares.

ITEM 10. MODIFICATION OR EXCHANGE OF SECURITIES

There is no action is to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

ITEM 11. FINANCIAL AND OTHER INFORMATION

The quarterly report of Ferronoux on SEC Form 17-Q for the period ended September 30, 2024 and SEC Form 17-A or Annual Reports for the period ended 2023, 2022, and 2021 submitted to the SEC are incorporated herein by reference.

The present auditor of the Company, Reyes Tacandong & Co. was also the auditor of the Company for the years 2021 to 2024. There were no changes in and disagreements with the auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to their satisfaction, would have caused the auditor to make reference thereto in its respective reports on the Company's financial statements for aforementioned years.

Representatives of the auditor are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

ITEM 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

Other than those specified in Item 9(3) involving acquisition of 3 parcels of land owned by Eagle 1 in exchange for shares to be issued out of the capital increase, there is no action to be taken with respect to any transaction involving the merger or consolidation of the Company into or with any other person or of any other person into or with the Company, the acquisition by Company or any of its security holders of securities of another person, the acquisition by the Company of any other going business or of the assets thereof, the sale or other transfer of all or any substantial part of the assets of the Company, or the liquidation or dissolution of the Company.

ITEM 13. ACQUISITION OR DISPOSITION OR PROPERTY

Other than that specified in Item 9(3), there is no action to be taken with respect to the acquisition or disposition of any property.

ITEM 14. RESTATEMENT OF ACCOUNTS

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the registrant.

D. OTHER MATTERS

ITEM 15. ACTION WITH RESPECT TO REPORTS

There is no action to be taken with respect to any report of the Company or its directors, officers or committees.

ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED

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. AMENDMENTS OF CHARTER, BY-LAWS AND OTHER DOCUMENTS

To accommodate the shares to be issued for the transactions scheduled for approval during the Special Stockholders' Meeting, and for future expansion and subscription opportunities, stockholder approval is sought for the amendment of the Seventh Article of the Company's Articles of Incorporation to increase the authorized capital stock from PhP 550,000,000.00 divided into 550,000,000 common shares at a par value of One Peso (PhP 1.00) per share to PhP 2,500,000,000.00 divided into 2,500,000,000 common shares at a par value of One Peso (PhP 1.00) per share, subject to the approval of the Securities and Exchange Commission.

ITEM 18. OTHER PROPOSED ACTION

The Company seeks the approval by majority vote of the minority shareholders waiving the rights or public offer requirement for related party transactions in relation to the shares to be issued pursuant to the increase in capital stock. This is in compliance with Article V, Part A, Section 4 of the Revised Listing and Disclosure Rules of the PSE.

ITEM 19. VOTING PROCEDURES

Manner of Voting

For this year's Special Stockholders' Meeting, voting will be done *in absentia.* Registered shareholders will be allowed to cast their votes as indicated in the *"Guidelines for Participating via Remote Communication and Voting in Absentia" (the "Guidelines") appended as Schedule "A" to this Information Statement.*

Voting Requirements

Shareholders holding Ferronoux common shares on January 31, 2025 are entitled to vote on the following matters which are also indicated in the Notice and Agenda included in this Information Statement:

1. *Private Placement of Themis by way of subscription to 80,000,000 common shares in the Company from* the *remaining unissued capital stock at a par value of PhP 1.00 per share, for a total of PhP 80,000,000.00 and the Listing of said Shares with the PSE*

Required vote: A majority vote of shareholders present or represented at the meeting.

2. *Increase of Capital Stock from Five Hundred Fifty Million Pesos (Php550,000,000.00), divided into Five Hundred Fifty Million (550,000,000) common shares with a par value of One Peso (Php1.00) per share, to Two Billion Five Hundred Million Pesos (Php2,500,000,000.00), divided into Two Billion Five Hundred (2,500,000,000) common shares with a par value of One Peso (Php1.00) per share and Issuance of Shares in support of the Increase*

Required vote: The affirmative vote of shareholders representing at least two-thirds (2/3) of the outstanding capital stock present or represented at the meeting.

3. *Property-for-Share Swap with Eagle 1 and issuance of 918,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE*

Required vote: A majority vote of shareholders present or represented at the meeting.

4. *Private Placement of Themis for issuance of 240,000,000 common shares to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE*

Required vote: A majority vote of shareholders present or represented at the meeting.

5. *Private Placement of Investors by way of subscription to 300,000,000 common shares of the Company to be issued out of the Increase in the Authorized Capital Stock and Listing of said shares with PSE*

Required vote: A majority vote of shareholders present or represented at the meeting.

6. *Amendment to the Seventh Article of the Articles of Incorporation to Increase the Authorized Capital Stock from PhP 550,000,000.00 divided into 550,000,000 common shares at a par value of PhP 1.00 per share to PhP 2,500,000,000.00 divided into 2,500,000,000 common shares at a par value of One Peso PhP 1.00 per share and issuance of 1,458,000,000 common shares as subscription to the Increase*

Required vote: The affirmative vote of shareholders representing at least two-thirds (2/3) of the outstanding capital stock present or represented at the meeting.

7. *Waiver of the Rights or Public Offer by Majority of the Minority Shareholders of the Shares to be Issued*

Required vote: A majority vote of the minority shareholders present or represented at the meeting.

Method of by which Votes will be Counted

Counting of votes will be done by the Corporate Secretary or his authorized representative(s), with the assistance of the representatives of the stock transfer agent of Ferronoux. All votes attaching to the shares of stock, owned by stockholders whose proxies were received by Ferronoux will be cast in accordance with the instructions given or authority granted under the proxies where such shares have voting rights.

For this year's Special Stockholders' Meeting, the Board of Directors approved a resolution allowing the stockholders to participate in the meeting via remote communication and to vote *in absentia*.

Stockholders as of Record Date who have successfully registered their intention to participate in the special meeting via remote communication and to vote *in absentia*, duly verified and validated by Ferronoux, shall be allowed to cast their votes on specific agenda items in accordance with the Guidelines. Votes will be tabulated and counted at the close of voting for each agenda item.

PART II
SIGNATURE PAGE

Pursuant to the requirements of the Securities Regulation Code, Ferronoux Holdings, Inc. has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

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 Taguig City on 25 February 2025.

FERRONOUX HOLDINGS, INC.

By:

PHIL IVAN A. CHAN
Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

6TH FLOOR, HANSTON BUILDING, FORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY

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

Erwin Terrell Y. Sy	-
Contact Person	Company Telephone Number

0 9	3 0	SEC FORM 17-Q	Last Friday of June 0 6	2 8
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Registered & Listed

Secondary License Type, If Applicable

MSRD	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

2 6		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

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

1. For the three-month period ending **30 September 2024**

2. Commission identification number **A200115151**

3. BIR Tax Identification No. [redacted]

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 [x] No [ ]

Philippine Stock Exchange	**Common Shares**

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. – Summary Financial Information

The interim financial statements of FERRONOUX HOLDINGS, INC. as at September 30, 2024, with comparative audited figures as at December 31, 2023 and for the nine-month periods ending September 30, 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 nine-month periods ending September 30, 2024 and 2023.

	For the nine-month periods ending September 30		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2024 (₱'000)	2023 (₱'000)	(₱'000)	(%)
Interest income	₱2,456	₱2,471	(₱15)	(1%)
Operating expenses	1,200	1,504	(304)	(20%)
Income before tax	1,256	967	289	30%
Tax expense	316	–	316	–
Net income for the period	₱940	₱967	(₱27)	(3%)

Summary of Balance Sheet as at September 30, 2024 and December 31, 2023 are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	September 30, 2024 vs. Dec. 31, 2023	
			Amount Increase (Decrease)	Percentage Increase (Decrease)
	(₱'000)	(₱'000)	(₱'000)	(%)
Current assets	₱1,467	₱1,896	(₱429)	(23%)
Noncurrent assets	154,881	152,425	2,456	2%
Total Assets	₱156,348	₱154,321	₱2,027	1%
Current liabilities	₱13,798	₱12,468	₱1,330	11%
Noncurrent liabilities	2,120	2,363	(243)	(10%)
Total Liabilities	15,918	14,831	1,087	7%
Stockholders' Equity	140,430	139,490	940	0.67%
Total Liabilities and Stockholders' Equity	₱156,348	₱154,321	₱2,027	1%

Summary of Statements of Cash Flows for the nine-month periods ending September 30, 2024 and 2023 are as follows:

	For the nine months ending September		Amount Increase (Decrease)	Percentage Increase (Decrease)
	2024 (₱'000)	2023 (₱'000)	(₱'000)	(%)
Cash used in operating activities	₱34	₱3	₱31	1,020%
Cash at the beginning of period	139	129	10	7%
Cash at the end of period	₱172	₱131	₱41	31%

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

The following discussion and analysis are based on the financial statements for the nine-month periods ending September 30, 2024 and 2023.

2.a - Results of Operations

Interest Income
Interest income was ₱2.46 million for the nine-month period ending September 30, 2024 compared to ₱2.47 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 decreased by ₱0.30 million or 20% as at September 30, 2024. Changes in the expense accounts for the nine-month ending September 30, 2024 versus the same period last year is attributable to decrease in professional fees and taxes by ₱0.30 million.

2.b - Statements of Financial Position

The significant changes in the Statements of Financial Position during the nine-month period ending September 30, 2024 compared to December 31, 2023 are as follows:

- Total assets were ₱156.35 million as at September 30, 2024 compared to ₱154.32 million as at December 31, 2023, an increase of ₱2.03 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 7% 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 increased by ₱0.94 million or .67% mainly due to net income for the nine-month period ending September 30, 2024.

2.c - Statements of Cash Flows

The net cash used in operating activities amounted to ₱0.03 for the nine-month period ending September 30, 2024 compared to net cash used in the same period in 2023 amounting to ₱0.003 million.

The cash as at September 30, 2024 and December 31, 2023 amounted to ₱0.17 million and ₱0.13 million, respectively.

2.d - Horizontal and Vertical Analysis

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	Increase (Decrease)	
			Amount	Percentage
ASSETS				
Current Assets				
Cash	**₱172,199**	₱138,606	₱33,593	24%
Creditable withholding tax	**571,487**	1,130,125,	(558,638)	(49%)
Other current assets	**723,162**	627,340	95,822	15%
Total Current Assets	**1,466,848**	1,896,071	(429,223)	(23%)
Noncurrent Assets				
Due from related parties	**133,502,698**	134,474,599	(971,901)	(1%)
Interest receivable	**21,378,670**	17,950,516	3,428,154	19%
Total Non-current Assets	**154,881,368**	152,425,115	2,456,253	2%
TOTAL ASSETS	**₱156,348,216**	₱154,321,186	₱2,027,030	1%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	**₱13,797,505**	₱12,467,943	₱1,329,562	11%
Noncurrent Liabilities				
Deferred tax liabilities	**197,079**	440,054	(242,975)	(55%)
Deferred output VAT	**1,923,269**	1,923,269	–	–
Total Noncurrent Liabilities	**2,120,348**	2,363,323	(242,975)	(10%)
Total Liabilities	**15,917,853**	14,831,266	1,086,587	7%
Equity				
Capital stock	**261,824,002**	261,824,002	–	–
Additional paid-in capital	**74,277,248**	74,277,248	–	–
Deficit	**(195,670,887)**	(196,611,330)	940,443	0.48%
Total Equity	**140,430,363**	139,489,920	940,443	0.67%
TOTAL LIABILITIES AND EQUITY	**₱156,348,216**	₱154,321,186	₱2,027,030	1%

FINANCIAL INDICATORS

	September 30, 2024	December 31, 2023
Net Income	₱940,443	₱970,563
Quick Assets	172,199	138,606
Current Assets	1,466,848	1,896,071
Total Assets	156,348,216	154,321,186
Current Liabilities	13,797,505	12,467,943
Total Liabilities	15,917,853	14,831,266
Stockholders' Equity	140,430,363	139,489,920
Number of Common Shares Outstanding	261,842,002	261,842,002

Current Ratio (1)	0.11	0.15
Debt to Equity Ratio (2)	0.11	0.11
Asset to Equity Ratio (3)	1.11	1.11
Return on Assets (4)	0.61%	0.64%
Return on Equity (5)	0.67%	0.70%
Book Value per Share (6)	₱0.53	₱0.53

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

OTHER INFORMATION

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

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

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

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

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

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

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

PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity	Current Ratio (1)	0.11
	Quick Ratio (2)	0.01
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)	0.61%
	Return on Equity (7)	0.67%
	Book Value per Share (8)	₱0.53

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

SIGNATURES

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

Issuer: **FERRONOUX HOLDINGS, INC.**

By:

ERWIN TERRELL Y. SY
Treasurer/Chief Financial Officer

LAVINIA E. BUCTOLAN
Compliance Officer

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF FINANCIAL POSITION

	Note	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
ASSETS			
Current Assets			
Cash	4	**₱172,199**	₱138,606
Creditable withholding tax		**571,487**	1,130,125
Other current assets		**723,162**	627,340
Total Current Assets		**1,466,848**	1,896,071
Noncurrent Assets			
Due from related parties	6	**133,502,698**	134,474,599
Interest receivable	6	**21,378,670**	17,950,516
Total Noncurrent Assets		**154,881,368**	152,425,115
TOTAL ASSETS		**₱156,348,216**	₱154,321,186
LIABILITIES AND EQUITY			
Current Liability			
Accrued expenses and other current liabilities	5	**₱13,797,505**	₱12,467,943
Noncurrent Liabilities			
Deferred tax liabilities		**197,079**	440,054
Deferred output VAT		**1,923,269**	1,923,269
Total Noncurrent Liabilities		**2,120,348**	2,363,323
Total Liabilities		**15,917,853**	14,831,266
Equity			
Capital stock		**261,824,002**	261,824,002
Additional paid-in capital		**74,277,248**	74,277,248
Deficit		**(195,670,887)**	(196,611,330)
Total Equity		**140,430,363**	139,489,920
TOTAL LIABILITIES AND EQUITY		**₱156,348,216**	₱154,321,186

See accompanying Notes to Financial Statements

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Note	**September 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
INTEREST INCOME		**₱2,456,254**	₱3,299,346
EXPENSES	7	**(1,200,148)**	(1,968,962)
INCOME BEFORE INCOME TAX		**1,256,106**	1,330,384
PROVISION FOR INCOME TAX			
Current	9	**558,638**	676,660
Deferred	9	**(242,975)**	(316,839)
		315,663	359,821
NET INCOME		**940,443**	970,563
BASIC EARNINGS PER SHARE	8	**₱0.004**	₱0.004

See accompanying Notes to Financial Statements

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023

		Current	Previous	**Current**	Previous
		Year-To-Date	Year-To-Date	**(Three-month period)**	(Three-month period)
	Note	**2024 (Unaudited)**	2023 (Unaudited)	**2024 (Unaudited)**	2023 (Unaudited)
INTEREST INCOME		**₱2,456,254**	₱2,470,646	**₱822,744**	₱ 830,675
EXPENSES	7	**(1,200,148)**	(1,503,644)	**(256,077)**	(263,126)
INCOME BEFORE INCOME TAX		**1,256,106**	967,002	**566,667**	567,549
PROVISION FOR INCOME TAX					
Current	9	558,638	-	223,839	-
Deferred	9	(242,975)	-	(82,079)	-
		315,663	-	**141,760**	-
NET INCOME		**₱940,443**	₱967,002	**₱424,907**	567,549
BASIC EARNINGS PER SHARE	8	**₱0.004**	₱0.004	**₱0.002**	₱0.002

See accompanying Notes to Financial Statements

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023

	September 30	
	2024	2023
	(Unaudited)	(Unaudited)
CAPITAL STOCK - 1 par value Authorized - 550,000,000 shares Issued and outstanding - 261,842,002 shares	**₱261,824,002**	₱261,824,002
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning and end of period	**74,277,248**	74,277,248
DEFICIT		
Balance at beginning of period	**(196,611,330)**	(197,581,894)
Net income	**940,443**	967,002
Balance at end of the period	**(195,670,887)**	(196,614,892)
	₱140,430,363	₱139,486,358

See accompanying Notes to Financial Statements.

ANNEX A

FERRONOUX HOLDINGS, INC.

STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023

	September 30	
	2024 (Unaudited)	2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	**₱940,443**	₱967,002
Adjustment for:		
Interest income	**(2,456,254)**	(2,470,646)
Operating loss before changes in working capital	**(1,515,811)**	(1,503,644)
Increase in other current assets	**(95,822)**	(157,515)
Increase in (decrease in) accrued expenses and other current liabilities	**(270,438)**	1,544,291
Cash used in operations	**(1,882,071)**	(116,868)
Income tax paid	**315,663**	–
Net cash used in operations	**(1,566,408)**	(116,868)
Proceeds from (payment of):		
Due from related parties	–	(2,000,000)
Due to related parties	**1,600,000**	2,119,430
Net cash provided by financing activities	**1,600,000**	119,430
NET INCREASE IN CASH IN BANK	**33,593**	2,563
CASH AT BEGINNING OF PERIOD	**138,606**	128,598
CASH AT END OF PERIOD	**₱172,199**	₱131,161

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 September 30, 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 Director's (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 Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from the International Financial Reporting Interpretations Committee (IFRIC). 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 9, *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 Statement*, 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 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 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.

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

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

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

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

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

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

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

Capital Stock

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

Additional Paid-in Capital (APIC)

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

Deficit

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

Revenue Recognition

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

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

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

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

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

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

The Company does not have dilutive potential shares of stock.

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

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

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

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

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

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

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

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

3. Significant Judgments, Accounting Estimates and Assumptions

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

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

Judgment

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

Assessing the Ability of the Company to Continue as a Going Concern. The Company 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 possesses good credit ratings. For note receivable, the Company considers the financial capacity of the counterparty and historical credit loss experience adjusted for forward-looking factors, as applicable.

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

No provision for ECL was recognized on financial assets at amortized cost in September 30, 2024 and December 31, 2023. The carrying amounts of the financial assets of the Company are as follows:

	Note	**September 30, 2024**	December 31, 2023
Cash in banks	4	**172,199**	138,606
Due from a related party	6	**133,502,698**	134,474,599
Interest receivable	6	**21,378,670**	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 September 30, 2024 and December 31, 2023.

4. Cash

Cash in banks amounted to ₱0.17 million and ₱0.13 million as at September 30, 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	**September 30, 2024**	December 31, 2023
Due to a related party	6	**₱13,462,501**	₱11,862,501
Accrued expenses		**335,004**	605,442
		₱13,797,505	₱12,467,943

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

6. Related Party Transactions

The following table summarizes the transactions with related parties and the outstanding balance arising from these transactions as at and for the years ended September 30, 2024 and December 31, 2023:

		Amount of Transactions		Outstanding Balance	
Nature of Relationship	Nature of Transactions	**2024**	2023	**2024**	2023
Due from a Related Party					
Parent Company	Assignment of note receivable	**₱–**	₱–	**₱132,714,385**	₱132,714,385
	"Day 1" difference	**(971,901)**	(1,267,356)	**788,313**	1,760,214
	Interest	**3,428,154**	5,114,706	**21,378,670**	17,950,516
				₱154,881,368	₱152,425,115
Due to a Related Party					
Parent Company	Advances for working capital requirements	₱1,600,000	₱2,684,874	**₱13,462,501**	₱11,862,501

<u>Assignment of Note Receivable</u>
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 an effective interest rate of 2.44% is different from the transaction price. Accordingly, the Company recognized "Day 1" gain on due from a related party of 6.1 million.

The outstanding balance of due from a related party as at September 30, 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:

	September 30, 2024	December 31, 2023
Original amount at the date of assignment	**₱132,714,385**	₱132,714,385
"Day 1" gain		
Balance at beginning of period	**1,760,214**	3,027,570
Accretion	**(971,901)**	(1,267,356)
Balance at end of period	**788,313**	1,760,214
Carrying amount	**₱133,502,698**	₱134,474,599

As at September 30, 2024 and 2023, interest earned on due from a related party net of accretion amounted to 0.82 million and 0.83 million, respectively. Interest receivable amounted to 21.38 million and 17.95 million as at September 30, 2024 and December 31, 2023, respectively. Deferred output VAT amounted 1.92 million as at September 30, 2024 and December 31, 2023.

As at September 30, 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 ₱0.36 million and ₱0.27 million in September 30, 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 nine-month periods ending September 30, 2024 and 2023 consists of:

	2024	2023
Professional fees	**₱615,000**	₱848,231
PSE fees	**253,500**	260,250
Taxes and licenses	**22,466**	151,914
Others	**309,182**	243,249
	₱1,200,148	₱1,503,644

8. Earnings Per Share

Basic EPS for the nine-month periods ending September 30, 2024 and 2023 were computed as follows:

	2024	2023
Net income	**₱940,443**	₱967,002
Weighted average number of common shares	**261,824,002**	261,824,002
	₱0.004	₱0.004

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 September 30, 2024.

The reconciliation of provision for income tax at statutory income tax rate to the provision for (benefit from) income tax for the nine-months periods covering September 30, 2024 and 2023 shown in the statements of comprehensive income follows:

	2024	2023
Income tax expense at statutory tax rate	**₱314,027**	₱–
Add tax effects of:		
Nondeductible expenses	**1,636**	–
Income tax expense (benefit) at effective income tax rate	**₱315,663**	₱–

As at September 30, 2024 and December 31, 2023, the Company's deferred tax liability amounting to ₱0.20 million and ₱0.44 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:

September 30, 2024

	Neither Past due nor Impaired				
	High Grade	**Standard Grade**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash in bank	**172,199**	**–**	**–**	**–**	**172,199**
Due from a related party	**–**	**133,502,698**	**–**	**–**	**133,502,698**
Interest receivable	**–**	**21,378,670**	**–**	**–**	**21,378,670**
	172,199	**154,881,368**	**–**	**–**	**155,053,567**

December 31, 2023

	Neither Past due nor Impaired				
	High Grade	Standard Grade	Past Due but not Impaired	Impaired	Total
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.

Standard grade ratings 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 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 finance 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 September 30, 2024 and December 31, 2023, cash in bank and due from a related party aggregating ₱155.05 million and ₱152.56 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 September 30, 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 make 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 September 30, 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:

	September 30, 2024		December 31, 2023	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	**172,199**	**172,199**	138,606	138,606
Due from a related party	**154,881,368**	**154,881,368**	152,425,115	136,169,146
	155,053,567	**155,053,567**	152,563,721	136,307,752
Financial Liabilities				
Accrued expenses and other current liabilities	**13,797,505**	**13,797,505**	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, Interest Receivable. The fair value of the Company's due from a related party in September 30, 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:

September 30, 2024:

	Neither Past due nor Impaired		**Past Due but not**		
	High Grade	**Standard Grade**	**Impaired**	**Impaired**	**Total**
Cash in bank	**172,199**	–	–	–	**172,199**
Due from a related party	–	**133,502,698**	–	–	**133,502,698**
Interest receivable	–	**21,378,670**	–	–	**21,378,670**
	172,199	**154,881,368**	–	–	**155,053,567**

December 31, 2023:

	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
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

COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

6TH FLOOR, HANSTON BUILDING, FORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY

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

Erwin Terrell Y. Sy	8888-4762
Contact Person	Company Telephone Number

1 2	3 1	SEC FORM 17-A	Last Friday of June
Month	*Day*	FORM TYPE	*Month* *Day* Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2 6		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

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

1. For the fiscal year ended **December 31, 2021**

2. SEC Identification Number **A200115151** 3. BIR Tax Identification No. [redacted]

4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC.**

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

6. (SEC Use Only)
   Industry Classification Code:

7. Address of principal office **6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City** Postal Code **1605**

8. Issuer's telephone number, including area code **n/a**

9. Former name, former address, and former fiscal year, if changed since last report. **AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock : P1.00 par value	**261,824,002 shares**

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

    Yes [**X**] No [ ]

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

12. Check whether the issuer:

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

    Yes [**X**] No [ ]

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

    Yes [**X**] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates is ₱190,082,026.20 representing 86,400,921 shares equivalent to 32.99% of the outstanding common shares computed on the basis of ₱2.20 per share, the closing price as of 11 May 2022.

Table of Contents

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Overview

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

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

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

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2021, the total number of shares listed in the PSE is 261,824,002 shares.

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

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

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

On June 8, 2018, the Board of Directors approved the change in the Company's principal address from Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City. On October 5, 2018, the Board of Directors also approved the amendments to the Articles of Incorporation and By-Laws of the Company in order to comply with the Code of Corporate Governance for Publicly-Listed Companies (SEC

Memorandum Circular No. 19, series of 2016). The foregoing resolutions of the Board of Directors were approved by the shareholders of the Company during the annual meeting of the stockholders held last December 3, 2018. On July 29, 2019, the SEC approved the foregoing amendments of the Articles of Incorporation and the By-Laws of the Company.

Principal Business Activities

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

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

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

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

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of ₱332,639,732.94 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 ₱132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

Products and Services Offered

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

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

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

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

This is not applicable to the Company.

Transaction with and/or dependence on related parties

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

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of ₱332,639,732.94 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 ₱132,714,385.00. The foregoing assignment of receivables is part of the Company's long-term investment plan and was approved in accordance with the procedures and requirements of the Company's Material Related Party Transaction Policy and the relevant issuances of the SEC.

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

This is not applicable to the Company.

Government approval of principal products or services

This is not applicable to the Company.

Effect of existing or probable governmental regulations on the business

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

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

Amount spent on research and development activities

The Company does not have research and development activities.

Cost and effects of compliance with environmental laws

This is not applicable to the Company.

Employees

As at December 31, 2021, the Company has no regular employees.

ITEM 2. PROPERTIES

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

ITEM 3. LEGAL PROCEEDINGS

The Company is not involved in any legal proceedings.

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

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

The Company submitted the following matters to a vote of the security holders during the 2021 Annual Meeting of the Stockholders held last October 21, 2021:

1. Approval of the Minutes of the Previous Stockholders' Meeting held on October 20, 2020
2. Approval of the Management Report and Audited Financial Statements
3. Ratification of Management's Acts
4. Election of Directors
5. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor
6. Other Matters
7. Adjournment

The explanation of each of the foregoing items have been provided in the Definitive Information Statement, along with the guidelines for participation through remote communication and voting in absentia, filed by the Company with the SEC, disclosed via PSE EDGE and posted on the Company's website on September 24, 2021. No proxies were solicited pursuant to the Securities Regulations Code (the "SRC") Rule 20. The foregoing matters were approved during the Annual Stockholders' Meeting held last October 21, 2021, and were previously reported by the Company in its duly submitted SEC Form 17-C dated October 21, 2021.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The common shares of the Company were listed on August 13, 2013 in the PSE. The high and low prices of the Company's share for each quarter from 2019 to 2021 were as follows:

Year	Quarter	High (Php)	Low (Php)
2019	First	5.15	4.14
	Second	5.30	4.15
	Third	6.20	4.06
	Fourth	5.30	3.81
2020	First	4.50	2.50
	Second	3.20	2.30
	Third	3.39	2.30
	Fourth	6.25	3.10
2021	First	6.10	2.95
	Second	3.49	2.82
	Third	3.62	2.83
	Fourth	3.59	3.18

As of May 11, 2022, the closing price of the Company's common shares was ₱2.20 per share. As of December 31, 2021, 86,400,921 common shares are held by the public, representing 32.99% of the Company's outstanding shares.

Holders

The number of shareholders as of December 31, 2021 is 26. The top stockholders of the Company as of December 31, 2021 were as follows:

Stockholders	Number of shares
PCD Nominee Corp. (Filipino)[1]	261,580,518
PCD Nominee Corp. (Non-Filipino)	182,611
Joselyn C. Tiu	18,747
Marjorie Villanueva	18,747
Leila E. Jorge	10,001
Felisa D. King	8,747

[1] *PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc ("PCD") is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. ISOC Holdings, Inc. owns 175,422,074 shares equivalent to 67% of the Company lodged under PCD Nominee Corp. (Filipino) through HDI Securities, Inc.*

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

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

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

Dividends

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

Financial risk management objectives and policies

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

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

1. Market Risk

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

   a. Foreign currency risk

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

   b. Interest rate risk

      There were no transactions in 2021 that are subject to interest rate risk. All financial assets and liabilities are non-interest bearing or has fixed interest rate.

   c. Operational risk

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

2. Credit risk

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

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

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

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

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

3. Liquidity risk

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

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

Status of Operations

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

Basis of Financial Statements presentation 2021 and 2020

Basis of preparation

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

Statement of compliance

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

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

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

Results of Operations

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

Income decreased by ₱1.21 million or 26% as compared last year due to lower computed accretion upon maturity and assignment of notes receivable during the current year.

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 is mainly due to higher retainer fees this year as compared last year.
- Decrease in outside services by ₱0.11 million mainly attributable to fewer services outsourced during the year as compared last year.
- Decrease in miscellaneous expenses by ₱0.05 million due to lower admin expenses this year.

Other income - net decreased by 100% or ₱3.17 million. For the year ended December 31, 2021, the Company did not recognize day 1 gain on due from a related party. Further, there were no provision for expected credit loss and loss on assignment of note receivable in the current year.

Financial Position

	Audited 2021	Audited 2020	Increase (Decrease) Amount	%
	(in PhP Millions)			
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 of December 31, 2020 to ₱147.30 million as of December 31, 2021. The increase was mainly due to the interest receivable.

Liabilities

As of 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 mainly due to the advances made by IHI which are subject to reimbursement.

Stockholders' Equity

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

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

Results of Operations

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

Expenses decreased by ₱0.47 million or 20%. Changes in the expense accounts for the year ended December 31, 2020 versus the same period last year are as follows:

- Decrease in taxes and licenses by ₱0.19 million is mainly due to lower amount paid on business taxes during the year this year versus last year. The business taxes in 2020 has lower basis than in 2019.
- Decrease in representation by ₱0.24 million. No representation expenses recorded during the year.
- Increase in training and seminar by ₱0.10 million for the corporate governance seminar incurred during the year. No expense recorded last year.
- Decrease in other expenses by ₱0.12 million incurred this year.

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

Financial Position

Assets

The total assets of the Company increased by ₱7.12 million or 5% from ₱135.89 million as at December 31, 2019 to ₱143.01 million as at December 31, 2020. The increase was mainly due to the interest receivable and day 1 gain on due from a related party.

Liabilities

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

Stockholders' Equity

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

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

Results of Operations

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

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

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

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

Financial Position

Assets

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

Liabilities

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

Stockholders' Equity

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

Key performance indicators are listed below:

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

	2021	2020
Net income	₱1,532,427	₱4,281,806
Current assets	2,602,301	2,525,823
Total assets	147,302,186	143,011,031
Current liabilities	8,483,215	5,973,482
Total liabilities	10,376,575	7,617,847
Stockholders' equity	136,925,611	135,393,184
No. of common shares outstanding	261,824,002	261,824,002

	2021	2020
Current ratio [1]	0.31	0.42
Book value per share [2]	0.52	0.52
Debt ratio [3]	0.08	0.06
Profit per share [4]	0.01	0.02
Return on assets [5]	0.01	0.03

Note:

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

ITEM 7. FINANCIAL STATEMENTS

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

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

The present auditor of the Company, Reyes Tacandong & Co. was also the auditor of the Company for the year 2021. There were no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to their satisfaction, would have caused the auditor to make reference thereto in its respective reports on the Company's financial statements for aforementioned years.

The external auditor of the Company billed the amounts of ₱325,000 and ₱370,000 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 2021 and 2020, respectively. Non-audit services rendered by the external auditors, FY Rojas & Associates, CPAs for 2020 amounted to ₱80,000 (nil in 2021). Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2021 and 2020. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

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

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

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

At the Company's annual shareholders meeting on October 21, 2021, the following directors were elected, to hold office until their successors have been duly elected and qualified. Thereafter, during the organizational meeting of the Board of Directors held last October 21, 2021, they were elected with the following positions:

Name	Age	Citizenship	Position
DIRECTORS			
Michael C. Cosiquien		Filipino	Chairman/ President
Jesus G. Chua, Jr.		Filipino	Vice-Chairman/Director
Irving C. Cosiquien		Filipino	Director
Yerik C. Cosiquien		Filipino	Director
Michelle Joan G. Tan		Filipino	Director
Erwin Terrell Y. Sy		Filipino	Director/ Treasurer/ CFO
Mathew-John G. Almogino		Filipino	Lead Director
Alfred S. Jacinto		Filipino	Independent Director
OFFICERS			
Allesandra Fay V. Albarico		Filipino	Chief Information Officer
Lavinia C. Empleo-Buctolan		Filipino	Compliance Officer
Meryll Anne C. Yan		Filipino	Investor Relations Officer
Manuel Z. Gonzalez		Filipino	Corporate Secretary
Gwyneth S. Ong		Filipino	Assistant Corporate Secretary

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

CURRENT DIRECTORS:

Mr. Michael C. Cosiquien was elected Chairman of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020 and October 21, 2021. He is currently the Chairman of ISOC Holdings, Inc. and its subsidiaries. He served as the Chairman, Chief Executive Officer and director of Megawide Construction Corp. He has provided superior leadership in all aspects of the business as Chief Executive Officer of Megawide. Mr. Cosiquien holds a degree in Civil Engineering from the De La Salle University, and is a licensed Civil Engineer with over 20 years of professional engineering experience.

Mr. Jesus G. Chua, Jr. was elected as Vice-Chairman of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020 and October 21, 2021. He is currently the President of ISOC Holdings, Inc. and its subsidiaries. He served as the Chief Strategy officer for Megawide Construction Corp. He has served as Head of Southeast Asia Investment Banking at MUFG Financial Group, Singapore and has held senior roles at ABN AMRO/RBS in Hongkong, HSBC in New York. Mr. Chua graduated with an MBA from Harvard University, and has also studied at Stanford University and De La Salle University in the years prior.

Mr. Yerik C. Cosiquien was elected as a Director of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020 and October 21, 2021. He is the president and chief executive officer of ISOC Cold Chain Logistics, Inc. (doing business as Orca Cold Chain Solutions), a subsidiary of ISOC Holdings, Inc. where he is also currently a director and corporate secretary. He also serves as director and corporate secretary for other subsidiaries of ISOC Holdings, Inc. Previously, he served as director and corporate Secretary of Megawide Construction Corporation. He is also the general manager of Cosmo Fortune Corp. and of Maunlad Fortune Corporation. Mr. Cosiquien is a psychology and economics graduate from the University of British Columbia.

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

Ms. Michelle Joan G. Tan was elected as a Director of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020 and October 21, 2021. She is a sub-contractor of Megawide Construction Corporation, one of the most prestigious construction companies in the Philippines, for almost eight years now. She has assisted in screening and deploying qualified, efficient, and effective workers to companies. She also handles labor cases. In addition, she was a former banker of United Coconut Planters Bank as Assistant Branch Manager for almost five years. She graduated with a degree in Bachelor of Science Major in Business and Marketing Management at College of the Holy Spirit.

Atty. Mathew John G. Almogino was elected as an Independent Director of the Board in December 11, 2017 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020 and October 21, 2021. Atty. Almogino is a lawyer specializing in corporate law and commercial litigation, and has previously served as a member of the board of directors of several corporations engaged in various industries such as transportation, construction, and real estate. He is currently the General Counsel of Nippon Express Philippines Corporation, a multinational corporation with headquarters in Tokyo, Japan and which conducts business operations in 698 locations in 44 countries, specializing in global logistics, including international freight forwarding using multimodal transport, storage, and inventory management. Atty. Almogino was also a former Senior Associate with Ocampo and Manalo Law Firm, a firm ranked by AsiaLaw, the Legal 500, and WorldLaw as one of the leaders in various practice areas such as corporate law, telecommunications and media, transportation, litigation and dispute resolution, and labor and employment. He obtained his Bachelor of Arts from De La Salle University with a Major in Political Science and Minor in History, and his

Bachelor of Laws from the San Sebastian College-Recoletos Institute of Law, where he also lectured on various subjects on Corporate Law after passing the Philippine Bar Examinations.

Atty. Alfred S. Jacinto was elected as an Independent Director of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020 and October 21, 2021. 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 21, 2021. Mr. Sy brings to ISOC over nine (9) years of Investment Banking experience covering multiple jurisdictions, raising both equity, quasi-entity and senior debt for multinational companies. Prior to joining ISOC, he was a Principal at Fortman Cline Capital Markets, where he led deal teams in several marquee Philippine M&A deals totaling over US$3.0 billion in the energy, infrastructure and logistics sectors. He is an honors graduate of the BS Management-Honors program of the Ateneo de Manila University.

OFFICERS:

Atty. Allesandra Fay V. Albarico was elected Compliance Officer/ Chief Information Officer in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020 and October 21, 2021. She is currently the Assistant Corporate Secretary and Head of the Legal Department of ISOC Holdings, Inc. and its subsidiaries. She was an Executive Assistant and Court Attorney at the Court of Appeals, Pre-test Lawyer for the 2011 Bar Examinations (Supreme Court-Office of the Chairman), Associate at Dato Inciong & Associates, Legal Manager at Citicore Power Inc., and Legal Counsel at Megawide Construction Corporation. Atty. Albarico holds a degree of Bachelor of Arts major in Legal Management (*university scholar*). She passed the 2010 Philippine Bar Examinations and was admitted to the Bar the following year. She likewise holds Master of Laws degree and diploma in Leadership and Management Development Program. She is also a professorial lecturer of law in various law schools and a certified compliance officer. Atty. Albarico is an arbitrator trained by the Philippine Dispute Resolution Center, Inc. (PDRCI) and is currently a participant of the University of Asia and the Pacific's (UA&P) Strategic Business Economics Program. She recently completed her Doctorate Degree in Civil Law from the University of Santo Tomas.

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

Ms. Meryll Anne C. Yan was elected investor relations officer/data protection officer on 4 March 2020, effective March 7, 2020, and was re-elected on October 20, 2020 and October 21, 2021. Ms. Yan is a multi-awarded marketer who started out her career in Unilever Philippines. Prior to her current role as head of marketing for ISOC Holdings, Inc. and ORCA Cold Chain Solutions, she was head of marketing for SM Ladies Fashion and was also the chief creative artist of a local creatives agency. Most of her working tenure was spent in fashion and publishing, where she rose in ranks to become group publisher and editorial director of the One Mega Group, the company that carries titles like MEGA, Meg, Bluprint and Lifestyle Asia.

Atty. Manuel Z. Gonzalez was elected Corporate Secretary in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020 and October 21, 2021. He is a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. He has been involved in corporate practice and has extensive experience in securities, banking and finance law. He serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Philippines,Inc. since 2006 and ADP Philippines, Inc. since 2010. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Atty. Gwyneth S. Ong was elected Assistant Corporate Secretary in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020 and October 21, 2021. Atty. Ong is a Partner at Martinez Vergara Gonzalez and Serrano Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

FORMER OFFICERS

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

Atty. Anna Margarita S. Bueno was elected assistant compliance officer on October 20, 2020. She graduated cum laude with a degree in communications and a minor in Hispanic studies from Ateneo de Manila University in 2010, then obtained her Juris Doctor degree from the Ateneo School of Law in 2014. She passed the Bar examinations the following year. Thereafter, she worked for Bello Valdez Caluya Fernandez Law (formerly Jimenez Gonzales/ JG Law), focusing on employment law and litigation. She was an associate lawyer for the Legal Department of ISOC Holdings, Inc. and its various subsidiaries. Previously, she was an editor and continues to write for

CNN Philippines (among other publications) and is also a consultant for the Foundation for Media Alternatives, where she writes policy papers on cybercrime and freedom of expression and the press. She also consults for Government Watch (G-Watch), Inc., a non-profit organization advocating for transparency and accountability in governance.

Identify Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings of Directors and Senior Management

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

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

2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and

4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

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

ITEM 10. EXECUTIVE COMPENSATION

The table below summarizes the aggregate compensation of the Company's CEO and the four most highly compensated employees, as well as the aggregate compensation paid to all directors and officers as a group for the years 2017, 2018, 2019, 2020 and 2021.

	Year	Salary	Bonuses	Other Benefits	Total
CEO and Top 4 Executive Officers, as a group named above	2017	-	-	55,000	55,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	-	-
	2021 estimated	-	-	-	-
	2022 estimated	-	-	-	-

All Other Officers and Directors, as a group unnamed	2017	-	-	110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021	-	-	390,000	390,000
	2022 estimated	-	-	360,000	360,000

Compensation of Directors

Standard Arrangement

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

Other Arrangement

On November 4, 2020, the Board of Directors approved the payment of reasonable per diems to the Board of Directors of the Corporation for their services. The reasonable per diems paid to the directors amounted to ₱390,000 and ₱60,000 in 2021 and 2020, respectively.

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

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

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

Warrants and Options Outstanding

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

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

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

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

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

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

Security Ownership of Directors and Officers

CURRENT DIRECTORS

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

Title of Class	Name Beneficial Owner	Amount and nature of ownership (Indicate record (“r”) and/or beneficial (“b”)	Citizenship	Percent
		(indirect)		
-	Gwyneth S. Ong Assistant Corporate Secretary	0 - “R” (direct) 0 - “B” (indirect)	Filipino	0.00% 0.00%
TOTAL		**1,007 ”R” (direct)** **175,422,075 “B” (indirect)**		**0.00%** **66.99%**

*through ISOC Holdings, Inc.

Voting Trust Holders of 5% Or More

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

Changes in Control

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

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of ₱332,639,732.94 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 ₱132,714,385.00. 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 ₱1,167,349.00 on assignment.

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

PART IV – CORPORATE GOVERNANCE

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

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

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

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

(b) Reports on SEC Form 17-C until 31 December 2021

Date of Disclosure	Subject
August 24, 2021	Notice of Annual Stockholder’s Meeting (Date, Time, Venue, and Agenda)
September 14, 2021	Resignation of Allesandra Fay V. Alabarico as Compliance Officer Election of Lavinia C. Empleo-Buctolan as Compliance Officer
September 24, 2021	Definitive Information Statement
October 21, 2021	Results of the Annual Stockholders’ Meeting held on October 21, 2021
October 21, 2021	Disclosure on the Results of the Organizational Meeting of the Board of Directors held on October 21, 2021

(c) Reports on SEC Form 17-Q until 31 December 2021

Date	Subject
May 17, 2021	Annual Report for 2020
May 18, 2021	First Quarter Results
August 12, 2021	Second Quarter Results
November 15, 2021	Third Quarter Results

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 13 2022, 2022.

By:

MICHAEL C. COSIQUIEN
Chairman and President

SUBSCRIBED AND SWORN to before me this ______ day of MAY 13 2022 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity
Michael C. Cosiquien	[redacted]

Notary Public

GINO PAULO U. UY
Appointment No. 170 (2019-2020)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 SC En Banc B.M. No. 3795)
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131813; 01.05.22; Pasig City
IBP Receipt No. 171897; 01.04.22; RSM
MCLE Compliance No. VI-0011985; 04.14.22

Doc. No. 266;
Page No. 57;
Book No. VI;
Series of 2022.

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 13 2022, 2022.

By:

ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

SUBSCRIBED AND SWORN to before me this ______ day of MAY 13 2022 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Erwin Terrell Y. Sy	[redacted]		

[illegible]
Notary Public
Appointment No. 170 (2019-2020)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 SC En Banc B.M. No. [illegible]795)
Attorney's Roll No. [illegible]1567
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131813; 01.05.22; Pasig City
IBP Receipt No. 171897; 01.04.22; RSM
MCLE Compliance No. VI-0011[illegible]; 04.14.22

Doc. No. 259;
Page No. 53;
Book No. VI;
Series of 2022.

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 13 2022, 2022.

By:

MANUEL Z. GONZALEZ
Corporate Secretary

this ______ day of MAY 13 2022

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Manuel Z. Gonzalez	[redacted]		

No.

Notary Public
GINO PAULO O. UY
Appointment No. 170 (2019-2020)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 SC En Banc B.M. No. 3795)
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131813; 01.05.22, Pasig City
IBP Receipt No. 171897; 01.04.22; RSM
MCLE Compliance No. VI-0011985; 04.14.22

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on MAY 13 2022, 2022.

By:

LAVINIA E. BUCTOLAN
Compliance Officer

SUBSCRIBED AND SWORN to before me this ______ day of MAY 13 2022 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Lavinia E. Buctolan	[redacted]		

Notary Public
GINO PAULO S. UY
Appointment No. 170 (2019-2020)
(Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 SC En Banc B.M. No. 3795)
Attorney's Roll No. 61567
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131813, 01.05.22; Pasig City
IBP Receipt No. 171897, 01.04.22; RSM
MCLE Compliance No. VI-0011985, 04.14.22

Doc. No. 291;
Page No. 59;
Book No. VI;
Series of 2022.

ANNEX A

ISOC HOLDINGS, INC.

Florence Ambray <fambray@isocholdings.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Mon, May 16, 2022 at 2:34 PM
To: FAMBRAY@isocholdings.com
Cc: FAMBRAY@isocholdings.com

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

Valid files

- EAFS219045668ITRTY122021.pdf
- EAFS219045668AFSTY122021.pdf
- EAFS219045668OTHTY122021.pdf
- EAFS219045668RPTTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-AG7LDK7L04Q3WV4QQMSP2MXPM07E8AH795**
Submission Date/Time: **May 16, 2022 02:34 PM**
Company TIN: [redacted]

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

Ferronoux Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Ferronoux Holdings, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2020 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong and Co., the independent auditor appointed by the stockholders for the period December 31, 2020 and 2021, respectively has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

MICHAEL C. COSIQUIEN
Chairman

ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

Signed this______day of MAY 13 2022

SUBSCRIBED AND SWORN to before me this MAY 13 2022 at Pasig City, affiant exhibiting to me their evidence of identity, as follows:

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE OF ISSUE	PLACE OF ISSUE
MICHAEL C. COSIQUIEN ERWIN TERRELL Y. SY	[redacted]		

Doc No. 418;
Page No. 85;
Book No. III;
Series of 2022.

MIGUEL R. SEVILLA
Appointment No. 193 (2019-2020)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2020
(Extended until June 30, 2022 SC En Banc B.M. No. 3795)
Attorney's Roll No. 70991
33rd Floor, The Orient Square
F. Ortigas, Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8131808; 01.05.22; Pasig City
IBP Receipt No. 171898; 01.0.22; RSM
MCLE Compliance No. VI-0026054; 4.14.22

C O V E R S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	2	0	0	1	1	5	1	5	1

C O M P A N Y N A M E

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

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.ferronouxholdings.com	**–**	**09178078815**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
26	**Last Friday of June**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Erwin Terrell Y. Sy	**tsy@isocholdings.com**	**–**	**–**

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*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

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, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2021, 2020 and 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company ceased its lending activities in 2015 and does not have any other business activities since then. This condition indicates that a material uncertainty exists that may cast a significant doubt on the Company's ability to continue as a going concern. Management's plan to address 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.

<u>Assessment of Expected Credit Loss on Due from a Related Party and Interest Receivable</u>
As at December 31, 2021, the Company's due from a related party and interest receivable represents 98% of total assets. The impairment assessment on the due from a related party and interest receivable involves the exercise of significant judgment by management.

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report distributed to stockholders for the year ended December 31, 2021, 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, 2021 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 Belinda B. Fernando.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
[redacted]

April 12, 2022
Makati City, Metro Manila

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

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2021**	2020
ASSETS			
Current Assets			
Cash in bank	4	**₱140,738**	₱198,400
Creditable withholding taxes		**2,117,245**	2,151,839
Other current assets		**344,318**	175,584
Total Current Assets		**2,602,301**	2,525,823
Noncurrent Assets			
Due from a related party	6	**136,978,781**	138,195,601
Interest receivable	6	**7,721,104**	2,289,607
Total Noncurrent Assets		**144,699,885**	140,485,208
		₱147,302,186	₱143,011,031
LIABILITIES AND EQUITY			
Current Liability			
Accrued expenses and other current liabilities	5	**₱8,483,215**	₱5,973,482
Noncurrent Liabilities			
Deferred tax liability	10	**1,066,099**	1,644,365
Deferred output VAT	6	**827,261**	–
Total Noncurrent Liabilities		**1,893,360**	1,644,365
Total Liabilities		**10,376,575**	7,617,847
Equity			
Capital stock		**261,824,002**	261,824,002
Additional paid-in capital		**74,277,248**	74,277,248
Deficit		**(199,175,639)**	(200,708,066)
Total Equity		**136,925,611**	135,393,184
		₱147,302,186	₱143,011,031

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2021**	2020	2019
INTEREST INCOME	7	**₱3,387,416**	₱4,595,918	₱6,687,704
EXPENSES	8	**(2,398,661)**	(1,798,860)	(2,264,019)
OTHER INCOME (CHARGES) – Net				
Day 1 gain on due from a related party	6	–	6,075,276	–
Provision for expected credit loss (ECL)	6	–	(1,733,022)	(3,996,019)
Loss on assignment of note receivable	6	–	(1,167,349)	–
Reversal of liability	5	–	–	79,892
		–	3,174,905	(3,916,127)
INCOME BEFORE INCOME TAX		**988,755**	5,971,963	507,558
PROVISION FOR (BENEFIT FROM) INCOME TAX	10			
Current		**34,594**	45,792	1,598
Deferred		**(578,266)**	1,644,365	–
		(543,672)	1,690,157	1,598
NET INCOME		**1,532,427**	4,281,806	505,960
OTHER COMPREHENSIVE INCOME		**–**	–	–
TOTAL COMPREHENSIVE INCOME		**₱1,532,427**	₱4,281,806	₱505,960
EARNINGS PER SHARE – BASIC AND DILUTED	9	**₱0.006**	₱0.016	₱0.002

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2021	2020	2019
CAPITAL STOCK - ₱1 par value			
Authorized - 550,000,000 shares			
Issued and outstanding - 261,824,002 shares	**₱261,824,002**	₱261,824,002	₱261,824,002
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning and end of year	**74,277,248**	74,277,248	74,277,248
DEFICIT			
Balance at beginning of year	**(200,708,066)**	(204,989,872)	(205,495,832)
Net income	**1,532,427**	4,281,806	505,960
Balance at end of year	**(199,175,639)**	(200,708,066)	(204,989,872)
	₱136,925,611	₱135,393,184	₱131,111,378

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱988,755**	₱5,971,963	₱507,558
Adjustment for:				
Interest income	7	**(3,387,416)**	(4,595,918)	(6,687,704)
Day 1 gain on due from a related party	6	**–**	(6,075,276)	–
Provision for ECL	6	**–**	1,733,022	3,996,019
Loss on assignment of note receivable	6	**–**	1,167,349	–
Reversal of liability	5	**–**	–	(79,892)
Operating loss before working capital changes		**(2,398,661)**	(1,798,860)	(2,264,019)
Increase in other current assets		**(168,734)**	(145,464)	(27,120)
Increase in accrued expenses and other current liabilities		**2,509,733**	1,190,856	3,168,913
NET INCREASE (DECREASE) IN CASH IN BANK		**(57,662)**	(753,468)	877,774
CASH IN BANK AT BEGINNING OF YEAR		**198,400**	951,868	74,094
CASH IN BANK AT END OF YEAR		**₱140,738**	₱198,400	₱951,868
NONCASH FINANCIAL INFORMATION				
Assignment of note receivable	6	**₱–**	₱132,714,385	₱–

See accompanying Notes to Financial Statements.

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. As at December 31, 2021 and 2020, all of the 261,824,002 shares of the Company are listed in the PSE. On February 6, 2018, the SEC approved the amendment of the Company's Articles of Incorporation to change its corporate name from "AG Finance Incorporated" to "Ferronoux Holdings, Inc." and to change its purpose to a holding company. The Company likewise changed its stock symbol from "AGF" to "FERRO".

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

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

The financial statements of the Company as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were approved and authorized for issue by the Board of Directors (BOD) on April 12, 2022.

Status of Operations

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

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC). 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 12, *Financial Risk Management Objectives and Policies*.

Amended PFRS Issued But Not Yet Effective
Relevant amended PFRS which are not yet effective and have not been applied in preparing the financial statements are summarized below.

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

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

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

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

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

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

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

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

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

Financial Instruments

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

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

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

Financial Assets

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

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

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

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

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

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

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

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged 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.

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

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

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

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

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

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

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

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

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

Earnings Per Share (EPS)

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

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

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

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

Segment Reporting

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

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

Related Parties

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

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3. **Significant Judgment, Accounting Estimates and Assumptions**

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

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

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

Assessing the Ability of the Company to Continue as a Going Concern. The Company ceased its lending activities in 2015 and has no other business activities since then. As discussed in Note 1, the Company is currently evaluating and considering potential joint ventures, mergers or acquisitions of entities engaged in the telecommunications infrastructure under terms and conditions that is beneficial to the Company. The Company's Board of Directors has also authorized any one of its directors to enter into exploratory discussions with potential partners or target companies and to sign, execute and deliver non-disclosure agreements, letter of interest, non-binding term sheets and any other necessary documents. Accordingly, the financial statements are prepared on a going concern basis of accounting.

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

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

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

No provision for ECL was recognized in 2021. Provision for ECL amounted to ₱1.7 million and ₱4.0 million in 2020 and 2019, respectively. The carrying amounts of the financial assets of the Company are as follows:

	Note	**2021**	2020
Cash in banks	4	**₱140,738**	₱198,400
Due from a related party	6	**136,978,781**	138,195,601
Interest receivable	6	**7,721,104**	2,289,607

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

As at December 31, 2021 and 2020, deferred tax assets were not recognized on temporary differences and carry forward benefits of unused NOLCO and MCIT because the management has assessed that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

The Company's unrecognized deferred tax assets amounted to ₱0.4 million and ₱1.1 million as at December 31, 2021 and 2020, respectively (see Note 10).

4. Cash in Bank

Cash in bank amounted to ₱140,738 and ₱198,400 as at December 31, 2021 and 2020, respectively, and earns interest at prevailing bank deposit rates. No interest income earned in 2021, 2020 and 2019.

5. Accrued Expenses and Other Current Liabilities

This account consists of:

	Note	**2021**	2020
Due to a related party	6	**₱7,314,007**	₱5,253,085
Accrued expenses		**1,169,208**	720,397
		₱8,483,215	₱5,973,482

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

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

6. **Related Party Transactions**

The following table summarizes the transactions with related parties and the outstanding balance arising from these transactions as at and for the years ended December 31, 2021 and 2020:

		Transactions during the Year		Outstanding Balance	
	Nature of Transactions	**2021**	2020	**2021**	2020
Due from a Related Party					
Parent Company	Assignment of note receivable	**₱–**	₱132,714,385	**₱132,714,385**	₱132,714,385
	Day 1 difference	**–**	6,075,276	**4,264,396**	5,481,216
				₱136,978,781	₱138,195,601
Interest Receivable					
Parent Company	Interest income	**₱4,604,236**	₱2,289,607	**₱7,721,104**	₱2,289,607
Due to a Related Party					
Parent Company	Advances for working capital requirements	**₱2,060,922**	₱1,024,835	**₱7,314,007**	₱5,253,085

Assignment of Note Receivable

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

The note receivable from SFI of ₱133.9 million is net of allowance of ₱198.8 million (provision for ECL of ₱1.7 million and ₱3.9 million was recognized in 2020 and 2019, respectively) as at the date of the assignment. SFI previously issued the note when it assumed the loans receivable arising from the Company's past lending activities. SFI waived the 5% interest resulting to a modification of the note. Remaining unamortized "Day 1" difference of ₱2.9 million in 2020 related to the note was classified as interest income. Accretion of "Day 1" difference amounted to ₱6.7 million in 2019) (see Note 7).

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 December 31, 2021 and 2020 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 in 2021 and 2020 are as follows:

	2021	2020
Original amount at the date of assignment	**₱132,714,385**	₱132,714,385
"Day 1" gain		
Balance at beginning of year	**5,481,216**	6,075,276
Accretion	**(1,216,820)**	(594,060)
Balance at end of year	**4,264,396**	5,481,216
Carrying amount	**₱136,978,781**	₱138,195,601

Interest earned on due from a related party net of accretion amounted to ₱3.4 million and ₱1.7 million in 2021 and 2020, respectively (see Note 7). Interest receivable amounted to ₱7.7 million and ₱2.3 million as at December 31, 2021 and 2020, respectively. Deferred output VAT amounted to ₱0.8 million as at December 31, 2021.

As at December 31, 2021 and 2020, the Company has not provided any allowance for impairment losses for the amounts owed by a related party. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates. The Company also considered the available liquid assets of the related party and the continuing support provided by the stockholders.

Terms and Conditions of Due to a Related Party

The outstanding balance of due to a related party as at December 31, 2021 and 2020 is unsecured, noninterest-bearing, due and demandable, and normally settled in cash.

Revenue Regulations on Related Party Transactions

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

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

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

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

Key Management Personnel

On November 4, 2020, the BOD approved the payment of reasonable per diems to the Company's BOD. The reasonable per diems paid to directors amounted to ₱390,000 and ₱60,000 in 2021 and 2020, respectively. There is no key management personnel compensation in 2019. The financial and administrative functions of the Company are being handled by employees of the Parent Company at no cost to the Company.

7. Interest Income

This account consists of:

	Note	**2021**	2020	2019
Due from a related party - net of accretion	6	**₱3,387,416**	₱1,695,547	₱–
Accretion of "Day 1" difference on note receivable	6	**–**	2,900,371	6,687,704
		₱3,387,416	₱4,595,918	₱6,687,704

8. Expenses

This account consists of:

	2021	2020	2019
Professional fees	**₱1,942,869**	₱1,174,217	₱1,192,779
PSE and SEC fees	**253,000**	261,000	280,000
Taxes and licenses	**83,406**	84,940	275,257
Outside services	**26,036**	135,275	107,453
Representation	**–**	–	243,714
Others	**93,350**	143,428	164,816
	₱2,398,661	₱1,798,860	₱2,264,019

9. Earnings Per Share (EPS)

Basic and diluted EPS is computed as follows:

	2021	2020	2019
Net income	**₱1,532,427**	₱4,281,806	₱505,960
Weighted average number of common shares	**261,824,002**	261,824,002	261,824,002
	₱0.006	₱0.016	₱0.002

The Company does not have potential dilutive shares of stock.

10. Income Taxes

The Company's provision for current income tax pertains to MCIT in 2021, 2020 and 2019.

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

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

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

	2021	2020	2019
Income tax expense at statutory tax rate	**₱247,188**	₱1,791,589	₱152,267
Effect of change in income tax rate	**(285,509)**	–	–
Change in unrecognized deferred tax assets	**(513,501)**	(178,840)	(751,693)
Add (deduct) tax effects of:			
Nondeductible expenses	**750**	8,100	73,117
Expired NOLCO and MCIT	**7,400**	69,308	527,907
	(₱543,672)	₱1,690,157	₱1,598

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

	2021	2020
NOLCO	**₱304,064**	₱1,027,448
MCIT	**93,432**	54,790
	₱397,496	₱1,082,238

As at December 31, 2021 and 2020, the Company's deferred tax liability amounting to ₱1.1 million and ₱1.6 million, respectively, pertains to "Day 1" difference on due from a related party.

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

Year Incurred	Beginning Balance	Incurred	Applied	Ending Balance	Valid Until
2020	₱649,602	₱–	₱–	₱649,602	2025
2019	1,940,413	–	(1,373,761)	566,652	2022
2018	834,814	–	(834,814)	–	2021
	₱3,424,829	₱–	(₱2,208,575)	₱1,216,254	

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

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

Year Incurred	Beginning Balance	Incurred	Expired	Ending Balance	Valid Until
2021	₱–	₱46,042	₱–	₱46,042	2024
2020	45,792	–	–	45,792	2023
2019	1,598	–	–	1,598	2022
2018	7,400	–	(7,400)	–	2021
	₱54,790	₱46,042	(₱7,400)	₱93,432	

11. **Financial Risk Management Objectives and Policies**

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

Financial Risks

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

Credit Risk

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

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

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

	December 31, 2021				
	Neither Past due nor Impaired		**Past Due but not**		
	High Grade	**Standard Grade**	**Impaired**	**Impaired**	**Total**
Cash in bank	**₱140,738**	**₱–**	**₱–**	**₱–**	**₱140,738**
Due from a related party	**–**	**136,978,781**	**–**	**–**	**136,978,781**
Interest receivable	**–**	**7,721,104**	**–**	**–**	**7,721,104**
	₱140,738	**₱144,699,885**	**₱–**	**₱–**	**₱144,840,623**

	December 31, 2020				
	Neither Past due nor Impaired		Past Due but not		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	₱198,400	₱–	₱–	₱–	₱198,400
Due from a related party	–	138,195,601	–	–	138,195,601
Interest receivable	–	2,289,607	–	–	2,289,607
	₱198,400	₱140,485,208	₱–	₱–	₱140,683,608

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

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

Credit Quality of Financial Assets
The financial assets are grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

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

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

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

	2021			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
Financial Assets at Amortized Cost				
Cash in bank	**₱140,738**	**₱–**	**₱–**	**₱140,738**
Due from a related party	**136,978,781**	**–**	**–**	**136,978,781**
Interest receivable	**7,721,104**	**–**	**–**	**7,721,104**
Gross Carrying Amount	**₱144,840,623**	**₱–**	**₱–**	**₱144,840,623**

	2020			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Financial Assets at Amortized Cost				
Cash in bank	₱198,400	₱–	₱–	₱198,400
Due from a related party	138,195,601	–	–	138,195,601
Interest receivable	2,289,607	–	–	2,289,607
Gross Carrying Amount	₱140,683,608	₱–	₱–	₱140,683,608

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, 2021 and 2020 represents the contractual undiscounted cash flows and is payable within the next reporting year.

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

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash in bank	**₱140,738**	**₱140,738**	₱198,400	₱198,400
Due from a related party*	**136,978,781**	**141,916,983**	138,195,601	142,254,823
	₱137,119,519	**₱142,057,721**	₱138,394,001	₱142,453,223

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
Accrued expenses and other current liabilities	**₱8,483,215**	**₱8,483,215**	₱5,973,482	₱5,973,482

**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 2021 and 2020 was determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments. These financial instruments are classified under Level 2 (Significant observable inputs) of the fair value hierarchy groups in the financial statements.

12. Capital Management

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

There has been no change made in the objectives, policies and processes in 2021, 2020 and 2019. The Company is not subject to externally-imposed capital requirements.

BOA/PRC Accreditation No. 4782
August 16 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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Website : www.reyestacandong.com

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

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

We have audited the accompanying financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2021 and 2020 and for the years ended December 31, 2020, 2019 and 2018 on which we have rendered our report dated April 12, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has sixteen (16) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
[redacted]

April 12, 2022
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
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**INDEPENDENT AUDITORS REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

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

We have audited in accordance with Philippine Standards on Auditing the financial statements of Ferronoux Holdings, Inc. (the Company), a subsidiary of ISOC Holdings, Inc., as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019, and have issued our report thereon dated April 12, 2022. 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, 2021 and 2020 and for the years then ended December 31, 2021, 2020 and 2019 and no material exceptions were noted.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
[redacted]

April 12, 2022
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 2021 and 2020.

Ratio	Formula	2021	2020
Current Ratio			
	Total current assets	**₱2,602,301**	₱2,525,823
	Divided by: Total current liabilities	**8,483,215**	5,973,482
	Current Ratio	**0.31:1**	0.42:1
Acid Test Ratio			
	Total current assets	**₱2,602,301**	₱2,525,823
	Less: Inventories	**–**	–
	Other current assets	**2,461,563**	2,327,423
	Quick assets	**140,738**	198,400
	Divide by: Total current liabilities	**8,483,215**	5,973,482
	Acid Test Ratio	**0.02:1**	0.03:1
Solvency Ratio			
	Net income after depreciation and amortization	**₱1,532,427**	₱4,281,806
	Add: Depreciation and amortization	**–**	–
	Net income before depreciation and amortization	**1,532,427**	4,281,805
	Divided by: Total liabilities	**10,376,575**	7,617,847
	Solvency Ratio	**0.15:1**	0.56:1
Debt-to-Equity Ratio			
	Total liabilities	**₱10,376,575**	₱7,617,847
	Divided by: Total equity	**136,925,611**	135,393,184
	Debt-to-Equity Ratio	**0.08:1**	0.06:1
Asset-to-Equity Ratio			
	Total assets	**₱147,302,186**	₱143,011,031
	Divided by: Total equity	**136,925,611**	135,393,184
	Asset-to-Equity Ratio	**1.08:1**	1.06:1
Return on Equity			
	Net income	**₱1,532,427**	₱4,281,806
	Divided by: Total equity	**136,925,611**	135,393,184
	Return on Equity	**0.01:1**	0.03:1
Return on Assets			
	Net income	**₱1,532,427**	₱4,281,806
	Divided by: Average total assets	**145,156,609**	139,452,518
	Return on Assets	**0.01:1**	0.03:1
Net Profit Margin			
	Net income	**₱1,532,427**	₱4,281,806
	Divided by: Revenue	**3,387,416**	4,595,918
	Net Profit Margin	**0.45:1**	0.93:1

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FIRM PRINCIPLES. WISE SOLUTIONS.

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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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 and have issued our report thereon dated April 12, 2022. 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, 2021
- Schedules required by Annex 68-J as at December 31, 2021
- Conglomerate Map as at December 31, 2021

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.

BELINDA B. FERNANDO
Partner
[redacted]

April 12, 2022
Makati City, Metro Manila

FERRONOUX HOLDINGS, INC.

(A Subsidiary of ISOC Holdings, Inc.)

SUPPLEMENTARY SCHEDULE OF COMPANY'S RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2021

	Amount
Unappropriated deficit, as shown in the financial statements at beginning of year	(₱200,708,066)
Unamortized "Day 1" difference, beginning of year	(5,481,216)
Total deficit available for dividend declaration at beginning of year	(206,189,282)
Net income during the year closed to retained earnings	1,532,427
Accretion of "Day 1" difference during the year	1,216,820
Total deficit available for dividend declaration at end of year	(₱203,440,035)

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, 2021

Table of Contents

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
Union Bank of the Philippines	₱140,738	₱140,738	N/A	₱–

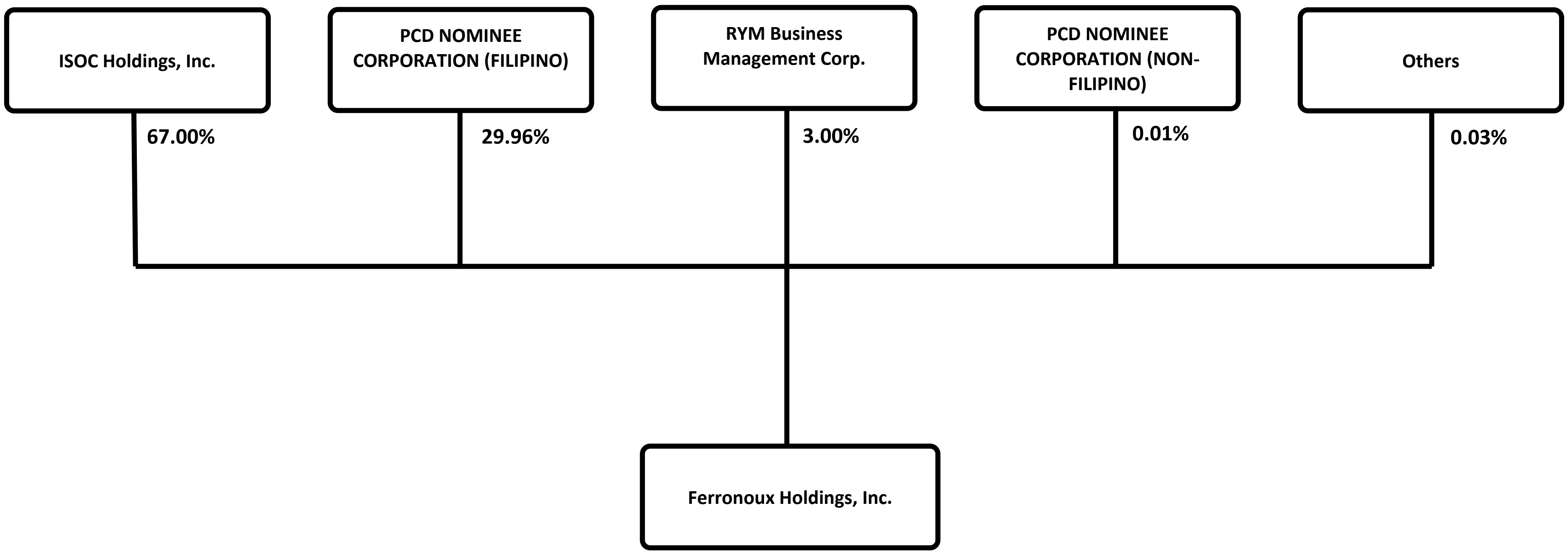
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

	Balance at beginning of year	Additions	Deductions		Balance at end of year		
			Collections	Write Offs	Current	Noncurrent	Total
ISOC Holdings, Inc.	₱140,485,208	₱4,214,677	₱–	₱–	₱–	₱144,699,885	₱144,699,885

Schedule G. Capital Stock

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

Conglomerate Map
As at December 31, 2021



Introduction

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

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

The Company’s shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2021, the total number of shares listed in the PPE is 261,824,002 shares.

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

On November 17, 2017, ISOC Holdings, Inc. (ISOC or the Parent Company) entered into an agreement with RYM for the purchase of 175,422,081 common shares held by RYM equivalent to sixty-seven percent (67%) interest in the Company. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the PSE on January 4, 2018.

On July 29, 2019, the SEC approved the amendment to the Company’s Articles of Incorporation to change its principal office from Unit 2205A, East Tower, Philippine Stock Exchange, Exchange Road, Ortigas Center, Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of ₱332,639,732.94 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 ₱132,714,385.00. The foregoing assignment of receivables is part of the Company’s long-term investment plan and was approved in accordance with the procedures and requirements of the Company’s Material Related Party Transaction Policy and the relevant issuances of the SEC.

This is the Company’s third year to report on its sustainability efforts, as a supplement to the Company’s 2021 Financial Report. The report covers the period of January 1 to December 31, 2021 and highlights issues defined as material for the Company’s stakeholders.

2021 Sustainability Report
Ferronoux Holdings, Inc.

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

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

Contextual Information

Company Details	
Name of Organization	Ferronoux Holdings, Inc.
Location of Headquarters	6/F Hanston Building, F. Ortigas Jr. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City
Location of Operations	6/F Hanston Building, F. Ortigas Jr. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	Ferronoux Holdings, Inc.
Reporting Period	December 31, 2021
Highest Ranking Person responsible for this report	Meryll Anne C. Yan

This report provides information about the Company's Environmental, Social and Governance ("ESG") impact for the year ending December 31, 2021. The report contains topics on good governance and ethical business practices, economy and environment and social responsibility.

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

Good Governance and Ethical Business Practices

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

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

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

The Company’s Board of Directors and Officers as of December 31, 2021 are as follows:

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

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

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

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

Anti-Corruption Program

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

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

Supplier-Contractor Relations Policy
The Company follows best practices in supply chain management and mandates all directors and officers to maintain the Company's reputation for equal opportunity and honest treatment of suppliers in all business transactions. It embodies the Company's commitment to look for and maintain mutually beneficial relationships with similarly principled suppliers. In this case, suppliers are accredited based on established criteria, purchases are made through competitive bidding, and transactions are fully documented.

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

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

Economic Performance

Disclosure	Amount	Units
Direct economic value generated (revenue)	Nil	PhP
Direct economic value distributed:		
a. Operating costs	2,398,661	PhP
b. Employee wages and benefits	Not Applicable	PhP
c. Payments to suppliers, other operating costs	2,078,004	Php
d. Dividends given to stockholders and interest payments to loan providers	Not Applicable	PhP
e. Taxes given to government	83,406	PhP

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

The Company's main shareholder is in diverse businesses such as real estate development, energy, infrastructure and logistics. The Company is considering its options with respect to investment structures that would be optimal for its plans, whether as an operating or holding company. There is also minimal compensation of key management personnel in 2021.

	Year	Salary	Bonuses	Other Benefits	Total
CEO and Top 4 Executive Officers, as a group named above	2017	-	-	55,000	55,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	-	-
	2021	-	-	-	-
	2022 estimated	-	-	-	-

All Other Officers and Directors, as a group unnamed	2017			110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021	-	-	390,000	390,000
	2022 estimated	-	-	360,000	360,000

Environment
The Company is aware that business affects the environment, and thus it exerts reasonable efforts to manage and minimize its carbon footprint. The Company only utilizes what it needs while caring for its community and environment and providing a safer and secured workplace for its stakeholders including its colleagues. Sustainable operations result in efficiencies that affect its people and planet, which also allow the Company to reach more people and improve quality of lives.

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

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

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

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

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

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

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

Social Responsibility

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

Employee Data

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

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

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

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

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

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

Labor Laws and Human Rights

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

Supply Chain Management

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

Business Continuity and Disaster Management

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

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

As disasters and disruptions are unpredictable, the BCMS is designed to be flexible to effectively respond to the actual complex nature of crises and disruptions as they occur. The response strategies empower the organization to adapt and respond to the nature of the disruption, instead of having rigid policies that limit options available to the organization when responding to disruptions.

Asset Protection

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

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

Data Security

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

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

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

COVER SHEET

A200115151

S.E.C. Registration Number

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

(Company's Full Name)

6TH FLOOR, HANSTON BUILDING, FORTIGAS JR. ROAD, ORTIGAS CENTER, PASIG CITY

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

Erwin Terrell Y. Sy

Contact Person

8888-4762

Company Telephone Number

12 31

Month *Day*

SEC FORM 17-A

FORM TYPE

Last Friday of June

Month *Day*

Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

26

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

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

1. For the fiscal year ended **December 31, 2022**

2. SEC Identification Number **A200115151** 3. BIR Tax Identification No. [redacted]

4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC.**

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

6. (SEC Use Only)
Industry Classification Code:

7. Address of principal office **6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City** Postal Code **1605**

8. Issuer's telephone number, including area code **n/a**

9. Former name, former address, and former fiscal year, if changed since last report. **AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock : P1.00 par value	**261,824,002 shares**

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

Yes [**X**]   No [ ]

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

12. Check whether the issuer:

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

Yes [**X**]   No [ ]

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

Yes [**X**]   No [ ]

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PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Overview

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

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

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

The Company’s shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2022, the total number of shares listed in the PSE is 261,824,002 shares.

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

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

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

On June 8, 2018, the Board of Directors approved the change in the Company’s principal address from Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City. On October 5, 2018, the Board of Directors also approved the amendments to the Articles of Incorporation and By-Laws of the Company in order to comply with the Code of Corporate Governance for Publicly-Listed Companies (SEC

Memorandum Circular No. 19, series of 2016). The foregoing resolutions of the Board of Directors were approved by the shareholders of the Company during the annual meeting of the stockholders held last December 3, 2018. On July 29, 2019, the SEC approved the foregoing amendments of the Articles of Incorporation and the By-Laws of the Company.

Principal Business Activities

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

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

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

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

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

Products and Services Offered

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

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

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

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

This is not applicable to the Company.

Transaction with and/or dependence on related parties

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

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

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

This is not applicable to the Company.

Government approval of principal products or services

This is not applicable to the Company.

Effect of existing or probable governmental regulations on the business

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

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

Amount spent on research and development activities

The Company does not have research and development activities.

Cost and effects of compliance with environmental laws

This is not applicable to the Company.

Employees

As at December 31, 2022, the Company has no regular employees.

ITEM 2. PROPERTIES

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

ITEM 3. LEGAL PROCEEDINGS

The Company is not involved in any legal proceedings.

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

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

The Company submitted the following matters to a vote of the security holders during the 2022 Annual Meeting of the Stockholders held last November 14, 2022:

1. Approval of the Minutes of the Previous Stockholders' Meeting held on November 14, 2022
2. Approval of the Management Report and Audited Financial Statements
3. Ratification of Management's Acts
4. Election of Directors
5. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor
6. Other Matters
7. Adjournment

The explanation of each of the foregoing items have been provided in the Definitive Information Statement, along with the guidelines for participation through remote communication and voting in absentia, filed by the Company with the SEC. No proxies were solicited pursuant to the Securities Regulations Code (the "SRC") Rule 20. The foregoing matters were approved during the Annual Stockholders' Meeting held last November 14, 2022, and were previously reported by the Company in its duly submitted SEC Form 17-C dated November 14, 2022.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The common shares of the Company were listed on August 13, 2013 in the PSE. The high and low prices of the Company’s share for each quarter from 2020 to 2022 were as follows:

2020	First	4.50	2.50
	Second	3.20	2.30
	Third	3.39	2.30
	Fourth	6.25	3.10
2021	First	6.10	2.95
	Second	3.49	2.82
	Third	3.62	2.83
	Fourth	3.59	3.18
2022	First	2.85	2.10
	Second	2.20	2.11
	Third	1.80	1.79
	Fourth	2.44	1.87

Holders

The number of shareholders as of December 31, 2022 is 26. The top stockholders of the Company as of December 31, 2022 were as follows:

PCD Nominee Corp. (Filipino)[1]	261,580,518
PCD Nominee Corp. (Non-Filipino)	182,611
Joselyn C. Tiu	18,747
Marjorie Villanueva	18,747
Leila E. Jorge	10,001
Felisa D. King	8,747
Mathew John G. Almogino	1,000
Remegio C. Dayandayan, Jr.	1,000
Ramon N. Santos	1,000
Jesus San Luis Valencia	1,000

[1] *PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc (“PCD”) is the registered owner of the shares in the books of the Company’s transfer agents in the Philippines. The beneficial owners of such shares are PCD’s participants, who hold the shares on behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. ISOC Holdings, Inc. owns 175,422,074 shares equivalent to 67% of the Company lodged under PCD Nominee Corp. (Filipino) through HDI Securities, Inc.*

Isidro C. Alcantara, Jr.	100
Manuel M. Lazaro	100
Ge Lin	100
Hermogene H. Real	100
Arsenio K. Sebial, Jr.	100
Anthony M. Te	100
Owen Nathaniel S Au ITF: Li Marcus Au	20
Peter Kho	2
Daleson Uy	2
Jesus G. Chua, Jr.	1
Irving C. Cosiquien	1
Michael C. Cosiquien[2]	1
Yerik C. Cosiquien	1
Alfred S. Jacinto	1
Erwin Terrell Y. Sy	1
Michelle Joan G. Tan	1
TOTAL	**261,824,002**

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

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

Dividends

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

Financial risk management objectives and policies

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

1. Market Risk

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

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

a. Foreign currency risk

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

b. Interest rate risk

There were no transactions in 2022 that are subject to interest rate risk. All financial assets and liabilities are non-interest bearing or has fixed interest rate.

c. Operational risk

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

2. Credit risk

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

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

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

The Company is not exposed to any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. The Company manages credit risk by setting limits for individual borrowings, and group of borrowers and industry segments. The Company maintains a general policy of avoiding excessive exposure in any particular sector of the Philippine economy. The Company actively seeks to increase its exposure in industry sectors which it believes to possess attractive growth opportunities.
Conversely, it actively seeks to reduce its exposure in industry sectors where growth potential is minimal. Although the Company's loan portfolio is composed of transactions with OFWs, the results of operations and financial condition of the Company may be adversely affected by any downturn in this sector as well as in the Philippine economy in general.

3. Liquidity risk

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

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

Status of Operations

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

Basis of Financial Statements presentation 2022 and 2021

Basis of preparation

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

Statement of compliance

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

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

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

Results of Operations

	Audited		**Increase (Decrease)**	
	2022	**2021**	**Amount**	**%**
	(In PhP millions)			
Income	**₱3.32**	₱3.39	(₱0.07)	-2%
Expenses	**1.73**	2.40	(0.67)	-28%

Income decreased by ₱0.07 million or 2% as compared last year due to lower computed accretion upon maturity and assignment of notes receivable during the current year.

Expenses decreased by ₱0.67 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 ₱0.80 million is mainly due to higher retainer fees this year as compared last year.
- Decrease in taxes and licenses by ₱0.05 million mainly attributable to fewer services outsourced during the year as compared last year.
- Increase in miscellaneous expenses by ₱0.18 million due to higher admin expenses this year.

Financial Position

	Audited		**Increase (Decrease)**	
	2022	**2021**	**Amount**	**%**
	(in PhP Millions)			
Assets	**₱151.00**	₱147.30	₱3.70	3%
Liabilities	**12.48**	10.38	2.10	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 of December 31, 2021 to ₱151.00 million as of December 31, 2022. The increase was mainly due to the interest receivable.

Liabilities

As of December 31, 2022, the total liabilities of the Company increased by ₱2.10 million or 20% from ₱10.38 million as of December 31, 2021. The increase was mainly due to the advances made by IHI which are subject to reimbursement.

Stockholders' Equity

As of year-end 2022, the stockholders' equity increased by ₱1.59 million from ₱136.39 million as of December 31, 2021 to ₱138.52 million as of December 31, 2022. The increase was mainly attributable to the net income in 2022.

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

Results of Operations

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

Expenses decreased 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 is mainly due to higher retainer fees this year as compared last year.

- Decrease in outside services by ₱0.11 million mainly attributable to fewer services outsourced during the year as compared last year.
- Decrease in miscellaneous expenses by ₱0.05 million due to lower admin expenses this year.

Other (income) charges - net decreased by 100% or ₱3.17 million. For the year ended December 31, 2021, the Company did not recognize day 1 gain on due from a related party. Further, there were no provision for expected credit loss and loss on assignment of note receivable in the current year.

Financial Position

Assets

The total assets of the Company increased by ₱4.29 million or 3% from ₱143.01 million as of December 31, 2020 to ₱147.30 million as of December 31, 2021. The increase was mainly due to the interest receivable.

Liabilities

As of 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 mainly due to the advances made by IHI which are subject to reimbursement.

Stockholders' Equity

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

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

Results of Operations

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

Expenses decreased by ₱0.47 million or 20%. Changes in the expense accounts for the year ended December 31, 2020 versus the same period last year are as follows:

- Decrease in taxes and licenses by ₱0.19 million is mainly due to lower amount paid on business taxes during the year this year versus last year. The business taxes in 2020 has lower basis than in 2019.
- Decrease in representation by ₱0.24 million. No representation expenses recorded during the year.
- Increase in training and seminar by ₱0.10 million for the corporate governance seminar incurred during the year. No expense recorded last year.
- Decrease in other expenses by ₱0.12 million incurred this year.

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

Financial Position

Assets

The total assets of the Company increased by ₱7.12 million or 5% from ₱135.89 million as at December 31, 2019 to ₱143.01 million as at December 31, 2020. The increase was mainly due to the interest receivable and day 1 gain on due from a related party.

Liabilities

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

Stockholders' Equity

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

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

Results of Operations

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

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

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

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

Financial Position

Assets

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

Liabilities

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

Stockholders' Equity

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

Key performance indicators are listed below:

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

	2022	2021
Net income	₱1,593,746	₱1,532,427
Current assets	2,423,989	2,602,301
Total assets	151,001,754	147,302,186
Current liabilities	10,350,239	8,483,215
Total liabilities	12,482,397	10,376,575
Stockholders' equity	138,519,357	136,925,611
No. of common shares outstanding	261,824,002	261,824,002

	2022	2021
Current ratio [1]	0.23	0.31
Book value per share [2]	0.53	0.52
Debt ratio [3]	0.08	0.07
Profit per share [4]	0.01	0.01
Return on assets [5]	0.01	0.01

Note:

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

ITEM 7. FINANCIAL STATEMENTS

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

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

The present auditor of the Company, Reyes Tacandong & Co. was also the auditor of the Company for the year 2022. There were no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to their satisfaction, would have caused the auditor to make reference thereto in its respective reports on the Company's financial statements for aforementioned years.

The external auditor of the Company billed the amounts of ₱325,000 and ₱325,000 in fees for professional services rendered for the audit of the Company's annual financial statements and services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements for 2022 and 2021, respectively. Except as disclosed above, no other services were rendered or fees billed by the external auditor of the Company for 2022 and 2021. All the above services have been approved by the Audit Committee through its internal policies and procedures of approval.

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

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

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

At the Company's annual shareholders meeting on November 14, 2022, the following directors were elected, to hold office until their successors have been duly elected and qualified. Thereafter, during the organizational meeting of the Board of Directors held last November 14, 2022, they were elected with the following positions:

Name	Citizenship	Position
DIRECTORS		
Michael C. Cosiquien	Filipino	Chairman/ President
Jesus G. Chua, Jr.	Filipino	Vice-Chairman/Director
Irving C. Cosiquien	Filipino	Director
Yerik C. Cosiquien	Filipino	Director
Michelle Joan G. Tan	Filipino	Director
Erwin Terrell Y. Sy	Filipino	Director/ Treasurer/ CFO
Mathew-John G. Almogino	Filipino	Lead Independent Director
Alfred S. Jacinto	Filipino	Independent Director
OFFICERS		
Lavinia C. Empleo-Buctolan	Filipino	Compliance Officer
Brian Joseph Garcia	Filipino	Investor Relations Officer
Joan C. Musico	Filipino	Chief Information Officer
Manuel Z. Gonzalez	Filipino	Corporate Secretary
Gwyneth S. Ong	Filipino	Assistant Corporate Secretary

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

CURRENT DIRECTORS:

Mr. Michael C. Cosiquien was elected Chairman of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 2021, and November 14, 2022. He is currently the Chairman of ISOC Holdings, Inc. and its subsidiaries. He served as the Chairman, Chief Executive Officer and director of Megawide Construction Corp. He has provided superior leadership in all aspects of the business as Chief Executive Officer of Megawide. Mr. Cosiquien holds a degree in Civil

Engineering from the De La Salle University, and is a licensed Civil Engineer with over 20 years of professional engineering experience.

Mr. Jesus G. Chua, Jr. was elected as Vice-Chairman of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 2021, and November 14, 2022. He is currently the President of ISOC Holdings, Inc. and its subsidiaries. He served as the Chief Strategy officer for Megawide Construction Corp. He has served as Head of Southeast Asia Investment Banking at MUFG Financial Group, Singapore and has held senior roles at ABN AMRO/RBS in Hongkong, HSBC in New York. Mr. Chua graduated with an MBA from Harvard University, and has also studied at Stanford University and De La Salle University in the years prior.

Mr. Yerik C. Cosiquien was elected as a Director of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 2021, and November 14, 2022. He is the president and chief executive officer of ISOC Cold Chain Logistics, Inc. (doing business as Orca Cold Chain Solutions), a subsidiary of ISOC Holdings, Inc. where he is also currently a director and corporate secretary. He also serves as director and corporate secretary for other subsidiaries of ISOC Holdings, Inc. Previously, he served as director and corporate Secretary of Megawide Construction Corporation. He is also the general manager of Cosmo Fortune Corp. and of Maunlad Fortune Corporation. Mr. Cosiquien is a psychology and economics graduate from the University of British Columbia.

Mr. Irving C. Cosiquien was elected as a Director of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 31, 2021, and November 14, 2022. He is currently a director of ISOC Holdings, Inc. and its subsidiaries. He served as director and treasurer of Megawide Construction Corp. He is the Corporate Secretary at United Pacific Rise Corp. and has served as the General Manager of Megapolitan Marketing, Incorporated. He obtained his Bachelor of Science degree in Industrial Engineering from the De La Salle University.

Ms. Michelle Joan G. Tan was elected as a Director of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 2021, and November 14, 2022. She is a sub-contractor of Megawide Construction Corporation, one of the most prestigious construction companies in the Philippines, for almost eight years now. She has assisted in screening and deploying qualified, efficient, and effective workers to companies. She also handles labor cases. In addition, she was a former banker of United Coconut Planters Bank as Assistant Branch Manager for almost five years. She graduated with a degree in Bachelor of Science Major in Business and Marketing Management at College of the Holy Spirit.

Atty. Mathew John G. Almogino was elected as an Independent Director of the Board in December 11, 2017 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 2021, and November 14, 2022. Atty. Almogino is a lawyer specializing in corporate law and commercial litigation, and has previously served as a member of the board of directors of several corporations engaged in various industries such as transportation, construction, and real estate. He is currently the General Counsel of Nippon Express Philippines Corporation, a multinational corporation with headquarters in Tokyo, Japan and which conducts business operations in 698 locations in 44 countries, specializing in global logistics, including international freight forwarding using multimodal transport, storage, and inventory management. Atty. Almogino was also a former Senior Associate with Ocampo and Manalo Law Firm, a firm ranked by AsiaLaw, the Legal 500, and WorldLaw as one of the leaders in various practice areas such as corporate law, telecommunications and media, transportation, litigation and dispute resolution, and labor and employment. He obtained his Bachelor of Arts from De La Salle University with a Major in Political Science and Minor in History, and his Bachelor of Laws from the San Sebastian College-Recoletos Institute of Law, where he also lectured on various subjects on Corporate Law after passing the Philippine Bar Examinations.

Atty. Alfred S. Jacinto was elected as an Independent Director of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 2021, and November 14, 2022. Atty. Jacinto was admitted to the bar in 1994. He graduated with a degree in Bachelor of Science major in Mathematics and Bachelor of Laws in the University of the Philippines with a College and National Science and Technology Authority Scholarship. Atty. Jacinto started as an associate at the Pecabar Law Offices in 1993. He was a partner of the Ata Jacinto & Montales Law Offices before joining the Cayetano Sebastian (CASELAW) Law Offices in 2001. He is currently the Managing Partner of CASELAW. His practice areas include litigation, energy, information technology, real estate, immigration, corporate and tax. Atty. Jacinto also served as consultant to the Joint Congressional Power Commission, and Joint Congressional Oversight Committee on the Clean Water Act.

Mr. Erwin Terrell Y. Sy was elected as the Investor Relations Officer on December 14, 2018 and was re-elected on October 28, 2019. He was elected as Treasurer/Chief Financial Officer on March 4, 2020, effective on March 7, 2020, and re-elected on October 20, 2020, October 21, 2021, and November 14, 2022. Mr. Sy brings to ISOC over nine (9) years of Investment Banking experience covering multiple jurisdictions, raising both equity, quasi-entity and senior debt for multinational companies. Prior to joining ISOC, he was a Principal at Fortman Cline Capital Markets, where he led deal teams in several marquee Philippine M&A deals totaling over US$3.0 billion in the energy, infrastructure and logistics sectors. He is an honors graduate of the BS Management-Honors program of the Ateneo de Manila University.

OFFICERS:

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

Atty. Manuel Z. Gonzalez was elected Corporate Secretary in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020, October 21, 2021, and November 14, 2022. He is a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. He has been involved in corporate practice and has extensive experience in securities, banking and finance law. He serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Philippines, Inc. since 2006 and ADP Philippines, Inc. since 2010. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Atty. Gwyneth S. Ong was elected Assistant Corporate Secretary in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020, October 21, 2021, and November 14, 2022. Atty. Ong is a Partner at Martinez Vergara Gonzalez and Serrano Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

Atty. Joan C. Musico is currently a Legal Consultant to ISOC Holdings, Inc. Atty. Musico previously held commercial counsel positions in Elevate Philippines (supporting a Fortune 500 company) and CBRE Philippines (supporting the APAC region). Prior to her in-house counsel positions, she was an associate lawyer in Puno and Puno Law Offices and NMGRA Law Offices. Atty. Musico is a graduate of the University of the Philippines College of Law (Order of the Purple Feather) and the University of the Philippines School of Economics (cum laude and admitted as a UP Oblation Scholar).

Brian Joseph Garcia is 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.

FORMER OFFICERS:

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

Atty. Anna Margarita S. Bueno was elected assistant compliance officer on October 20, 2020. She graduated cum laude with a degree in communications and a minor in Hispanic studies from Ateneo de Manila University in 2010, then obtained her Juris Doctor degree from the Ateneo School of Law in 2014. She passed the Bar examinations the following year. Thereafter, she worked for Bello Valdez Caluya Fernandez Law (formerly Jimenez Gonzales/ JG Law), focusing on employment law and litigation. She was an associate lawyer for the Legal Department of ISOC Holdings, Inc. and its various subsidiaries. Previously, she was an editor and continues to write for CNN Philippines (among other publications) and is also a consultant for the Foundation for Media Alternatives, where she writes policy papers on cybercrime and freedom of expression and the press. She also consults for Government Watch (G-Watch), Inc., a non-profit organization advocating for transparency and accountability in governance.

Atty. Allesandra Fay V. Albarico was elected Compliance Officer/Chief Information Officer in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020 and October 21, 2021. She was the Assistant Corporate Secretary and

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

Ms. Meryll Anne C. Yan was elected investor relations officer/data protection officer on 4 March 2020, effective March 7, 2020, and was re-elected on October 20, 2020 and October 21, 2021. Ms. Yan is a multi-awarded marketer who started out her career in Unilever Philippines. Prior to her current role as head of marketing for ISOC Holdings, Inc. and ORCA Cold Chain Solutions, she was head of marketing for SM Ladies Fashion and was also the chief creative artist of a local creatives agency. Most of her working tenure was spent in fashion and publishing, where she rose in ranks to become group publisher and editorial director of the One Mega Group, the company that carries titles like MEGA, Meg, Bluprint and Lifestyle Asia.

Identify Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings of Directors and Senior Management

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

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

2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and

4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

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

ITEM 10. EXECUTIVE COMPENSATION

The table below summarizes the aggregate compensation of the Company's CEO and the four most highly compensated employees, as well as the aggregate compensation paid to all directors and officers as a group for the years 2017, 2018, 2019, 2020, 2021, and 2022

CEO and Top 4 Executive Officers, as a group named above	2017	-	-	55,000	55,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	-	-
	2021	-	-	-	-
	2022	-	-	-	-

All Other Officers and Directors, as a group unnamed	2017	-	-	110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021	-	-	360,000	360,000
	2022	-	-	360,000	360,000

Compensation of Directors

Standard Arrangement

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

Other Arrangement

On November 4, 2020, the Board of Directors approved the payment of reasonable per diems to the Board of Directors of the Corporation for their services. The reasonable per diems paid to the directors amounted to ₱360,000 and ₱360,000 in 2022 and 2021, respectively.

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

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

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

Warrants and Options Outstanding

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

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

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

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

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

	Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	Lepanto Bldg., Paseo de Roxas, Makati 1226, Philippines			

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

Security Ownership of Directors and Officers

CURRENT DIRECTORS

	Name Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b")	Citizenship	Percent
Common	Michael C. Cosiquien Chairman/President	1 – "R" (direct) 175,422,074 - "B" (indirect)*	Filipino	66.99%
Common	Jesus G. Chua, Jr. Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00%
Common	Irving C. Cosiquien Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Yerik C. Cosiquien Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Michelle Joan G. Tan Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Erwin Terrell Y. Sy Director and Treasurer/CFO	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Alfred S. Jacinto Independent Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Mathew-John G. Almogino Independent Director	1,000 – "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Lavinia C. Empleo-Buctolan Compliance Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Manuel Z. Gonzalez Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Gwyneth S. Ong Assistant Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Joan C. Musico	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%

	Name Beneficial Owner	Amount and nature of ownership (Indicate record (“r”) and/or beneficial (“b”)	Citizenship	Percent
-	Brian Joseph Garcia	0 - “R” (direct) 0 - “B” (indirect)	Filipino	0.00% 0.00%
TOTAL		**1,007 ”R” (direct) 175,422,075 “B” (indirect)**		**0.00% 66.99%**

*through ISOC Holdings, Inc.

Voting Trust Holders of 5% Or More

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

Changes in Control

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

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of ₱332,639,732.94 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 ₱132,714,385.00. 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 ₱1,167,349.00 on assignment. Apart from the foregoing, there was no transaction or series of similar transactions with or involving the Company or any of its subsidiaries in which a director, executive officer, nominee for election as a director or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family, had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

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

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

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

The Company's Sustainability Report is attached pursuant to SEC Memorandum Circular No. 4, series of 2019 as "Annex B".

(b) Reports on SEC Form 17-C until 31 December 2022

Date of Disclosure	Subject
October 7, 2022	Definitive Information Statement
October 14, 2022	Notice of Annual Stockholder's Meeting (Date, Time, Venue, and Agenda)
November 14, 2022	Results of the Annual Stockholders' Meeting held on November 14, 2022
November 14, 2022	Disclosure on the Results of the Organizational Meeting of the Board of Directors held on November 14, 2022

(c) Reports on SEC Form 17-Q until 31 December 2022

Date	Subject
April 17, 2023	Annual Report for 2022
May 16, 2021	First Quarter Results
August 16, 2022	Second Quarter Results
November 15, 2022	Third Quarter Results

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 17 2023, 2023.

By:

MICHAEL C. COSIQUIEN
Chairman and President

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

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Michael C. Cosiquien	[redacted]		

Notary Public

Doc. No. 84;
Page No. 18;
Book No. II;
Series of 2023.

RAQUEL MONIQUE L. LUNA
Appointment No. 214 (2022-2023)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2023
Attorney's Roll No. 78308
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979098; 01.04.23; Pasig City
IBP OR No. 254479; 12.28.22; RSM
Admitted to the Bar in 2022

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 17 2023, 2023.

By:

ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

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

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Erwin Terrell Y. Sy	[redacted]		

Notary Public

Doc. No. 83;
Page No. 18;
Book No. II;
Series of 2023.

RAQUEL MONIQUE L. LUNA
Appointment No. 213 (2022-2023)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2023
Attorney's Roll No. 78308
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979098; 01.04.23; Pasig City
IBP OR No. 254479; 12.28.22; RSM
Admitted to the Bar in 2022

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 17 2023, 2023.

By:

MANUEL Z. GONZALEZ
Corporate Secretary

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

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Manuel Z. Gonzalez	[redacted]		

Notary Public

Doc. No. 494;
Page No. 106;
Book No. I;
Series of 2023.

GENEVIEVE KRISTINE B. MAÑALAC
Appointment No. [illegible]5 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2024
Attorney's Roll No. 80720
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979100; 01.04.23; Pasig City
IBP OR No. 213974; 05.22.22; RSM
Admitted to the Bar in 2022

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 17 2023, 2023.

By:

LAVINIA S. BUCTOLAN
Principal Accounting Officer

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

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Lavinia S. Buctolan	[redacted]		

Notary Public

Doc. No. 85;
Page No. 16;
Book No. II;
Series of 2023.

RAQUEL MONIQUE [illegible]. LUNA
Appointment No. 213 (2022-2023)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2023
Attorney's Roll No. 78308
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979098; 01.04.23; Pasig City
IBP OR No. 254479; 12.28.22; RSM
Admitted to the Bar in 2022

ANNEX A

Bryan John Jimeno <bjimeno@isocholdings.com>

Fwd: Your BIR AFS eSubmission uploads were received

Florence Ambray <fambray@isocholdings.com> Mon, Apr 17, 2023 at 6:29 PM
To: Bryan John Jimeno <bjimeno@isocholdings.com>, Pearl Anne Gajardo <pgajardo@isocholdings.com>

---------- Forwarded message ---------
From: <eafs@bir.gov.ph>
Date: Mon, Apr 17, 2023 at 6:25 PM
Subject: Your BIR AFS eSubmission uploads were received
To: <FAMBRAY@isocholdings.com>
Cc: <FAMBRAY@isocholdings.com>

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

Valid files

- EAFS219045668ITRTY122022.pdf
- EAFS219045668AFSTY122022.pdf
- EAFS219045668OTHTY122022.pdf
- EAFS219045668RPTTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-8FAF5KFE0ECD9LGFMQ1RN3YV0BK8D655G**
Submission Date/Time: **Apr 17, 2023 06:06 PM**
Company TIN: [redacted]

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

Reference No : 462300053415357
Date Filed : April 17, 2023 04:34 PM
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 ( ) Calendar ( ) Fiscal
2 Year Ended (MM/20YY): 12/2022
3 Amended Return? (•) Yes ( ) No
4 Short Period Return? ( ) Yes (•) No
5 Alphanumeric Tax Code (ATC): IC055 Minimum Corporate Income Tax (MCIT); IC010 DOMESTIC CORPORATION IN GENERAL

Part I - Background Information

6 Taxpayer Identification Number (TIN) [redacted] **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 jmartin@isocholdings.com

13 Method of Deductions (•) Itemized Deductions [Section 34 (A-J), NIRC] ( ) 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)*	403,893
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*	2,199,229
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*	(1,795,336)
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)*	(1,795,336)

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*
( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (•) 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)*

LAVINIA E. BUCTOLAN Signature over printed name of President/Principal Officer/Authorized Representative	ERWIN TERRELL Y. SY Signature over printed name of Treasurer/Assistant Treasurer	**22** Number of Attachments
Title of Signatory: AVP-FINANCE TIN: [redacted]	Title of Signatory: CHIEF FINANCE OFFICER TIN: [redacted]	4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

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

Tax a er Identification Number TIN	**Registered Name**
[redacted]	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)*	1,734,877
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)*	1,216,254
37 Total Deductions *(Sum of Items 34 to 36)*	2,951,131
***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)*	1,615,571
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	403,893
42 MCIT Due *(2% of Item 33)*	45,667
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)*	403,893

Less: Tax Credits/Payments (attach proof)	
44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	2,117,245
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)*	81,984
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)*	
53	0
54	0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	2,199,229
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	(1,795,336)

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

	Registered Name
[redacted]	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	19,915
16 Transportation and Travel	800
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	1,152,330
c Security Services	0
d LEGAL AND BANK CHARGES	3,199
e FILING AND REGISTRATION	500
f ADVERTISING	60,813
g OUTSIDE SERVICES	137,572
h TRAINING AND SEMINARS	87,760
i OTHERS	271,988
i.1 SOFTWARE	21,250
i.2 PSE FEES	250,000
i.3 OTHERS	738
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	1,734,877

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			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

	Registered Name
[redacted]	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		
	Year Incurred	A) Amount	B) NOLCO Applied Previous Year
4		0	0
5	2020	649,602	0
6	2019	566,652	0
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	649,602	0
6	0	566,652	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		1,216,254	

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	2019	0	1,598	1,598
2	2020	0	34,344	34,344
3	2021	0	46,042	46,042

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	0	0	1,598	0
2	0	0	34,344	0
3	0	0	46,042	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			81,984	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1	Net Income/(Loss) per books	1,594,999
	Add: Non-deductible Expenses/Taxable Other Income	
2	ACCRETION OF DAY 1 GAIN	1,236,826
3		0
4	Total *(Sum of Items 1 to 3)*	2,831,825
	Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5		0
6		0
	B) Special Deductions	
7	NOLCO APPLICATION	1,216,254
8		0
9	Total (Sum of Items 5 to 8)	1,216,254
10	Net Taxable Income/(Loss) (Item 4 Less Item 9)	1,615,571

Reference No : 462300053362517
Date Filed : April 14, 2023 10:53 AM
Batch Number : 0

For BIR Use Only: BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

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 (●) Calendar ( ) Fiscal **2** Year Ended (MM/20YY): 12/2022	**3** Amended Return? ( ) Yes (●) No	**4** Short Period Return? ( ) Yes (●) No	**5** Alphanumeric Tax Code (ATC): IC055 Minimum Corporate Income Tax (MCIT) IC010

Part I - Background Information

6 Taxpayer Identification Number (TIN)	219 - 045 - 668 - 000
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)	
11 Contact Number	6348509
12 Email Address	jmartin@isocholdings.com

13 Method of Deductions (●) Itemized Deductions [Section 34 (A-J), NIRC] ( ) 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)*		403,893
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*		2,210,677
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*		(1,806,784)
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)*		(1,806,784)

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (●) 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)*

LAVINIA E. BUCTOLAN Signature over printed name of President/Principal Officer/Authorized Representative	ERWIN TERRELL Y. SY Signature over printed name of Treasurer/Assistant Treasurer
Title of Signatory: AVP-FINANCE TIN: [redacted]	Title of Signatory: CHIEF FINANCE OFFICER TIN: [redacted]

22 Number of Attachments: 4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

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)	Registered Name
[redacted]	FERRONOUX HOLDINGS INC.

Part IV - Computation of Tax *(Do NOT enter Centavos)*

27 Sales/Receipts/Revenues/Fees	4,566,702
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	4,566,702
30 Less: Cost of Sales/Services	0
31 Gross Income from Operation *(Item 29 Less Item 30)*	4,566,702
32 Add: Other Taxable Income Not Subjected to Final Tax	0
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)*	1,734,877
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)*	1,216,254
37 Total Deductions *(Sum of Items 34 to 36)*	2,951,131
***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)*	1,615,571
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	403,893
42 MCIT Due *(2% of Item 33)*	45,667
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)*	403,893

Less: Tax Credits/Payments (attach proof)

44 Prior Year's Excess Credits Other Than MCIT	0
45 Income Tax Payment under MCIT from Previous Quarter/s	2,117,245
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)*	93,432
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)*	
53	0
54	0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	2,210,677
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	(1,806,784)

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)	**Registered Name**
[redacted]	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	19,915
16 Transportation and Travel	800
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	1,152,330
c Security Services	0
d LEGAL AND BANK CHARGES	3,199
e FILING AND REGISTRATION	500
f ADVERTISING	60,813
g OUTSIDE SERVICES	137,572
h TRAINING AND SEMINARS	87,760
i OTHERS	271,988
i.1 SOFTWARE	21,250
i.2 PSE FEES	250,000
i.3 OTHERS	738
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	1,734,877

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			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)	**Registered Name**
[redacted]	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	566,652	0
6	2020	649,602	0
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	566,652	0
6	0	649,602	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		1,216,254	

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	2019	0	1,598	1,598
2	2020	0	[illegible],792	45,792
3	2021	0	[illegible],042	46,042

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	0	0	1,598	0
2	0	0	45,792	0
3	0	0	46,042	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			93,432	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income/(Loss) per books	1,594,999
Add: Non-deductible Expenses/Taxable Other Income	
2 ACCRETION OF DAY 1 GAIN	1,236,826
3	0
4 Total *(Sum of Items 1 to 3)*	2,831,825
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	0
6	0
B) Special Deductions	
7 NOLCO APPLICATION	1,216,254
8	0
9 Total (Sum of Items 5 to 8)	1,216,254
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	1,615,571

Ferronoux Holdings, Inc.

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The Management of **Ferronoux Holdings, Inc.** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return for the year ended **December 31, 2022.** Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting year. Furthermore, the Management is responsible for all information and representations contained in all other tax returns filed for the reporting year, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any all other tax returns.

In this regard, the Management affirms that the attached audited separate financial statements for the year ended **December 31, 2022** and the accompanying Annual Income Tax Return are in accordance with the books and records for the Company, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of separate financial statements pursuant to Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to the filed under Philippine tax laws for the reporting year, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting year, except those contested in good faith.

MICHAEL C. COSIQUIEN
Chairman

ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

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

NAMES	COMPETENT EVIDENCE [redacted]	DATE OF ISSUE	PLACE OFF ISSUE
[redacted]			

Doc. No. 491;
Page No. 100;
Book No. I;
Series of 2023

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

Ferronoux Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

MICHAEL C. COSIQUIEN
Chairman

ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

Signed this______day of APR 17 2023

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

NAMES	COMPETENT EVIDENCE OF IDENTITY	DATE OF ISSUE	PLACE OFF ISSUE
[redacted]			

Doc. No. ____;
Page No. 100;
Book No. I;
Series of 2023

GENEVIEVE KRISTINE B. MAÑALAC
Appointment No. 46 (2023-2024)
Notary Public for Pasig City, Pateros and San Juan
Until December 31, 2024
Attorney's Roll No. 80720
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 8979100; 01.04.23; Pasig City
IBP OR No. 213974; 05.22.22 RSM
Admitted to the Bar in 2022

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

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

Key Audit Matters

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

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

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 13 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Company. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

REYES TACANDONG & CO.

EMMANUEL V. CLARINO
Partner
[redacted]

March 20, 2023
Makati City, Metro Manila

FERRONOUX HOLDINGS, INC.

(A Subsidiary of ISOC Holdings, Inc.)

STATEMENTS OF FINANCIAL POSITION

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

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

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

See accompanying Notes to Financial Statements.

FERRONOUX HOLDINGS, INC.

(A Subsidiary of ISOC Holdings, Inc.)

STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	2022	2021	2020
CAPITAL STOCK - ₱1 par value			
Authorized - 550,000,000 shares			
Issued and outstanding - 261,824,002 shares	**₱261,824,002**	₱261,824,002	₱261,824,002
ADDITIONAL PAID-IN CAPITAL	**74,277,248**	74,277,248	74,277,248
DEFICIT			
Balance at beginning of year	**(199,175,639)**	(200,708,066)	(204,989,872)
Net income	**1,593,746**	1,532,427	4,281,806
Balance at end of year	**(197,581,893)**	(199,175,639)	(200,708,066)
	₱138,519,357	₱136,925,611	₱135,393,184

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

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

See accompanying Notes to Financial Statements.

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

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

1. **Corporate Information**

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

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

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

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

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

2. **Summary of Significant Accounting Policies**

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

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

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

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

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

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

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

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

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

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

Adoption of Amended PFRS

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

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

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

- Annual Improvements to PFRS 2018 to 2020 Cycle:

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

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

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

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

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

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

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

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

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

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

<u>Financial Instruments</u>

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

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

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

Financial Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

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

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

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

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

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

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

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

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

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

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

Value-Added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, except:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income Taxes

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

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

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

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

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

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

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

Earnings Per Share (EPS)

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

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

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

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

Segment Reporting

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

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

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

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

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

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

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

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

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3. **Significant Judgment, Accounting Estimates and Assumptions**

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

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

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

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

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

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

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

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

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

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

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

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

4. Cash in Bank

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

5. Accrued Expenses and Other Current Liabilities

This account consists of:

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

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

6. Related Party Transactions

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

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

Assignment of Note Receivable

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

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

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

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

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

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

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

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

Terms and Conditions of Due to a Related Party

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

Key Management Personnel

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

7. Interest Income

This account consists of:

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

8. Expenses

This account consists of:

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

9. Earnings Per Share (EPS)

Basic EPS is computed as follows:

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

The Company does not have potential dilutive shares of stock.

10. Income Taxes

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

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

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

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

	2022	2021	2020
Income tax expense at statutory tax rate	**₱398,750**	₱247,188	₱1,791,589
Change in unrecognized deferred tax assets	**(397,496)**	(513,501)	(178,840)
Effect of change in income tax rate	**–**	(285,509)	–
Add (deduct) tax effects of:			
Nondeductible expenses	**–**	750	8,100
Expired NOLCO and MCIT	**–**	7,400	69,308
	₱1,254	(₱543,672)	₱1,690,157

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

	2022	2021
MCIT	**₱–**	₱93,432
NOLCO	**–**	304,064
	₱–	₱397,496

As at December 31, 2022 and 2021, the Company's deferred tax liability amounting to ₱0.8 million and ₱1.1 million, respectively, pertains to "Day 1" difference on due from a related party.

NOLCO and MCIT amounting to ₱1.2 million and ₱0.1 million, respectively, were applied in 2022.

11. Financial Risk Management Objectives and Policies

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

Financial Risks

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

Credit Risk

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Including future interest*

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

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

12. Capital Management

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

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

13. Supplemental Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

The information for 2022 required by the above regulation is presented below.

Output VAT

The Company has no transactions subject to output VAT for the year ended December 31, 2022.

Input VAT

Details of the Company's input VAT claimed in 2022 are as follows:

	Amount
Balance at beginning of year	₱323,068
Add current year's domestic purchase of services	165,538
Balance at end of year	₱488,606

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

Taxes and Licenses

Taxes and licenses paid for the year ended December 31, 2022 pertains to business permits amounting to ₱20,415.

Withholding Taxes

The Company paid/accrued withholding taxes for the year ended December 31, 2022 amounting to ₱21,180.

Tax Assessments and Cases

The Company has no pending tax assessments and cases as at and for the year ended December 31, 2022.

For BIR Use Only BCS/ Item:

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

BIR Form No. **1709** December 2020 (ENCS) **Page 1**

INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY

(FOREIGN AND/OR DOMESTIC)

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

1709 12/20ENCS P1

1 For the [X] Calendar [ ] Fiscal **2** Year Ended *(MM/YYYY)* 12 2022 **3** Number of Sheet/s Attached

Part I – Back round Information

4 Taxpayer Identification Number *(TIN)* [redacted] RDO Code 043

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

FERRONOUX HOLDINGS, INC.

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

6/F HANSTON BLDG. F. ORTIGAS JR. ROAD ORTIGAS CENTER SAN ANTONIO PASIG CITY

7A ZIP Code 1605

8 Contact Number *(Landline/Cellphone No.)* 8884762

9 Email Address pgajardo@isocholdings.com

Part II – Details of Related Parties

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

A. Foreign Related Parties

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

B. Domestic Related Parties

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

Part III – Related Party Transactions

A. Sale of Goods and Provisions of Services

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

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

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

BIR Form No.
1709
December 2020 (ENCS)
Page 2

INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY
(FOREIGN AND/OR DOMESTIC)

1709 12/20ENCS P2

TIN	Registered Name
[redacted]	FERRONOUX HOLDINGS, INC.

Continuation of Part III

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

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

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

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

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

Name of Related Party	Description and Type of Transactions	Amount in Foreign Currency *(if applicable)*	Amount *(in Php)*
ISOC HOLDINGS, INC.	REIMBURSEMENTS/PAYABLE	N/A	1,863,620

Part IV – Additional Disclosure

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

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

B. Brief business overview/functional profile of the taxpayer

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

C. Has there been any change in your functional profile during the taxable period? If yes, provide details. ☐ Yes ☒ No

D. Has there been any change in your ownership structure during the taxable period? If yes, provide details. ☐ Yes ☒ No

E. Did you undergo business restructuring during the taxable period or for the last five (5) years? If yes, provide details. ☐ Yes ☒ No

BIR Form No. **1709** December 2020 (ENCS) **Page 3**	**INFORMATION RETURN ON TRANSACTIONS WITH RELATED PARTY** **(FOREIGN AND/OR DOMESTIC)**	1709 12/20ENCS P3

TIN	Registered Name
[redacted]	FERRONOUX HOLDINGS, INC.

Continuation of Part IV

F. Have you prepared a Transfer Pricing Documentation (TPD) for the related party transactions as prescribed under Revenue Regulations No. 2-2013? The details of the TPD include, but are not limited to the following: Organizational Structure (b) Nature of the Business/Industry and Market Conditions; (c) Controlled Transactions; (d) Assumptions, Strategies, and Policies; (e) Cost Contribution Arrangement (CCA); (f) Comparability, Functional and Risk Analysis; (g) Selection of the Transfer Pricing Method (TPM); (h) Application of the TPM; (i) Background Documents; (j) Index to Documents.	☐ Yes	☒ No
G. Do you have pending application/s for relief with the BIR or with the tax authority of other country/ies? If yes, provide details.	☐ Yes	☒ No
H. Do you have an Advance Pricing Agreement (APA) with your related parties?	☐ Yes	☒ No

I/We declare, under the penalties of perjury that this return has been made in good faith, and that, to the best of my/our knowledge and belief, all pieces of information provided in this return are correct, complete and true account of the related party transactions. Further, the required attachments to this return shall be made available during audit. Finally, I/we give my/our consent to the processing of my/our information as contemplated under Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012, for legitimate and lawful purposes. *(If authorized representative, please attach an authorization letter.)*

Lavinia E Buctolan, AVP Finance [redacted]

Signature over Printed Name of Taxpayer/Authorized Representative/Tax Agent *(indicate Title and TIN)*

Tax Agent Accreditation Number/Atty.'s Roll Number *(if applicable)*			
Date of Issue *(MM/DD/YYYY)*		Date of Expiry *(MM/DD/YYY)*	

Stamp of receiving Office and Date of Receipt (RO's Signature)

ANNEX B

Introduction

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

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

The Company’s shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2021, the total number of shares listed in the PPE is 261,824,002 shares.

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

On November 17, 2017, ISOC Holdings, Inc. (ISOC or the Parent Company) entered into an agreement with RYM for the purchase of 175,422,081 common shares held by RYM equivalent to sixty-seven percent (67%) interest in the Company. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the PSE on January 4, 2018.

On July 29, 2019, the SEC approved the amendment to the Company’s Articles of Incorporation to change its principal office from Unit 2205A, East Tower, Philippine Stock Exchange, Exchange Road, Ortigas Center, Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of ₱332,639,732.94 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 ₱132,714,385.00. The foregoing assignment of receivables is part of the Company’s long-term investment plan and was approved in accordance with the procedures and requirements of the Company’s Material Related Party Transaction Policy and the relevant issuances of the SEC.

This is the Company’s fourth year to report on its sustainability efforts, as a supplement to the Company’s 2022 Financial Report. The report covers the period of January 1 to December 31, 2022 and highlights issues defined as material for the Company’s stakeholders.

2022 Sustainability Report
Ferronoux Holdings, Inc.

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

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

Contextual Information

Company Details	
Name of Organization	Ferronoux Holdings, Inc.
Location of Headquarters	6/F Hanston Building, F. Ortigas Jr. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City
Location of Operations	6/F Hanston Building, F. Ortigas Jr. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	Ferronoux Holdings, Inc.
Reporting Period	December 31, 2022
Highest Ranking Person responsible for this report	Brian Joseph Garcia

This report provides information about the Company's Environmental, Social and Governance ("ESG") impact for the year ending December 31, 2022. The report contains topics on good governance and ethical business practices, economy and environment and social responsibility.

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

Good Governance and Ethical Business Practices

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

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

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

The Company's Board of Directors and Officers as of December 31, 2022 are as follows:

Directors	Designation
Michael C. Cosiquien	Chairman/President
Jesus G. Chua, Jr.	Vice Chairman
Irving C. Cosiquien	Director
Yerik C. Cosiquien	Director
Michelle Joan G. Tan	Director
Erwin Terrell Y. Sy	Director/Treasurer/Chief Financial Officer
Alfred S. Jacinto	Independent Director
Mathew John G. Almogino	Independent Director
Officers	**Designation**
Manuel Z. Gonzalez	Corporate Secretary
Gwyneth S. Ong	Assistant Corporate Secretary
Joan C. Musico	Chief Information Officer
Lavinia C. Empleo-Buctolan	Compliance Officer
Brian Joseph Garcia	Investor Relations Officer

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

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

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

Anti-Corruption Program

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

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

Supplier-Contractor Relations Policy

The Company follows best practices in supply chain management and mandates all directors and officers to maintain the Company's reputation for equal opportunity and honest treatment of suppliers in all business transactions. It embodies the Company's commitment to look for and maintain mutually beneficial relationships with similarly principled suppliers. In this case, suppliers are accredited based on established criteria, purchases are made through competitive bidding, and transactions are fully documented.

Compliance with Statutory Standards

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

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

Economic Performance

Disclosure	Amount	Units
Direct economic value generated (revenue)	Nil	PhP
Direct economic value distributed:		
a. Operating costs	1,714,462	PhP
b. Employee wages and benefits	Not Applicable	PhP
c. Payments to suppliers, other operating costs	1,172,612	Php
d. Dividends given to stockholders and interest payments to loan providers	Not Applicable	PhP
e. Taxes given to government	20,415	PhP

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

The Company’s main shareholder is in diverse businesses such as real estate development, energy, infrastructure and logistics. The Company is considering its options with respect to investment structures that would be optimal for its plans, whether as an operating or holding company. There is also minimal compensation of key management personnel in 2022.

CEO and Top 4 Executive Officers, as a group named above	2017	-	-	55,000	55,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	-	-
	2021	-	-	-	-
	2022 estimated	-	-	-	-

All Other Officers and Directors, as a group unnamed	2017			110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021	-	-	360,000	360,000
	2022 estimated	-	-	360,000	360,000

Environment
The Company is aware that business affects the environment, and thus it exerts reasonable efforts to manage and minimize its carbon footprint. The Company only utilizes what it needs while caring for its community and environment and providing a safer and secured workplace for its stakeholders including its colleagues. Sustainable operations result in efficiencies that affect its people and planet, which also allow the Company to reach more people and improve quality of lives.

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

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

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

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

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

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

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

Social Responsibility

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

Employee Data

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

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

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

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

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

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

Labor Laws and Human Rights

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

Supply Chain Management

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

Business Continuity and Disaster Management

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

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

As disasters and disruptions are unpredictable, the BCMS is designed to be flexible to effectively respond to the actual complex nature of crises and disruptions as they occur. The response strategies empower the organization to adapt and respond to the nature of the disruption, instead of having rigid policies that limit options available to the organization when responding to disruptions.

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

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

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

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

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

COVER SHEET

A 2 0 0 1 1 5 1 5 1

S.E.C. Registration Number

F E R R O N O U X 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 .)

(Company's Full Name)

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

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

Erwin Terrell Y. Sy	8888-4762
Contact Person	Company Telephone Number

1 2	3 1	SEC FORM 17-A	Last Friday of June
Month	*Day*	FORM TYPE	*Month* *Day*
			Annual Meeting

Registered & Listed

Secondary License Type, If Applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders | Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number | LCU

Document I.D. | Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

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

1. For the fiscal year ended **December 31, 2023**

2. SEC Identification Number **A200115151** 3. BIR Tax Identification No. [redacted]

4. Exact name of issuer as specified in its charter **FERRONOUX HOLDINGS, INC.**

5. **Metro Manila, Philippines** 6. (SEC Use Only)

Province, Country or other jurisdiction of incorporation or organization	Industry Classification Code:

7. Address of principal office **6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City** Postal Code **1605**

8. Issuer's telephone number, including area code **n/a**

9. Former name, former address, and former fiscal year, if changed since last report. **AG Finance Incorporated, Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock : P1.00 par value	**261,824,002 shares**

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

Yes [**X**] No [ ]

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

Philippine Stock Exchange	**Common Shares**

12. Check whether the issuer:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

Table of Contents

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Overview

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

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

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

The Company's shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2022, the total number of shares listed in the PSE is 261,824,002 shares.

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

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

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

On June 8, 2018, the Board of Directors approved the change in the Company's principal address from Unit 2205A East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City. On October 5, 2018, the Board of Directors also approved the amendments to the Articles of Incorporation and By-Laws of the Company in order to comply with the Code of Corporate Governance for Publicly-Listed Companies (SEC

Memorandum Circular No. 19, series of 2016). The foregoing resolutions of the Board of Directors were approved by the shareholders of the Company during the annual meeting of the stockholders held last December 3, 2018. On July 29, 2019, the SEC approved the foregoing amendments of the Articles of Incorporation and the By-Laws of the Company.

Principal Business Activities

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

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

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

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

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

Products and Services Offered

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

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

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

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

This is not applicable to the Company.

Transaction with and/or dependence on related parties

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

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

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

This is not applicable to the Company.

Government approval of principal products or services

This is not applicable to the Company.

Effect of existing or probable governmental regulations on the business

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

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

Amount spent on research and development activities

The Company does not have research and development activities.

Cost and effects of compliance with environmental laws

This is not applicable to the Company.

Employees

As at December 31, 2023, the Company has no regular employees.

ITEM 2. PROPERTIES

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

ITEM 3. LEGAL PROCEEDINGS

The Company is not involved in any legal proceedings.

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

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

The Company submitted the following matters to a vote of the security holders during the 2023 Annual Meeting of the Stockholders held last October 20, 2023:

1. Approval of the Minutes of the Previous Stockholders' Meeting held on November 14, 2022
2. Approval of the Management Report and Audited Financial Statements
3. Ratification of Management's Acts
4. Election of Directors
5. Approval of appointment of Reyes Tacandong and Co. as the Company's external auditor
6. Other Matters
7. Adjournment

The explanation of each of the foregoing items have been provided in the Definitive Information Statement, along with the guidelines for participation through remote communication and voting in absentia, filed by the Company with the SEC. No proxies were solicited pursuant to the Securities Regulations Code (the "SRC") Rule 20. The foregoing matters were approved during the Annual Stockholders' Meeting held last October 20, 2023, and were previously reported by the Company in its duly submitted SEC Form 17-C dated October 20, 2023.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

The common shares of the Company were listed on August 13, 2013 in the PSE. The high and low prices of the Company's share for each quarter from 2021 to 2023 were as follows:

Year	Quarter	High (Php)	Low (Php)
2021	First	6.10	2.95
	Second	3.49	2.82
	Third	3.62	2.83
	Fourth	3.59	3.18
2022	First	2.85	2.10
	Second	2.20	2.11
	Third	1.80	1.79
	Fourth	2.44	1.87
2023	First	3.32	2.20
	Second	3.26	2.56
	Third	3.10	2.53
	Fourth	3.00	2.65

Holders

The number of shareholders as of December 31, 2023 is 26. The top stockholders of the Company as of December 31, 2023 were as follows:

PCD Nominee Corp. (Filipino)[1]	261,558,068
PCD Nominee Corp. (Non-Filipino)	205,061
Joselyn C. Tiu	18,747
Marjorie Villanueva	18,747
Leila E. Jorge	10,001
Felisa D. King	8,747
Mathew John G. Almogino	1,000
Remegio C. Dayandayan, Jr.	1,000
Ramon N. Santos	1,000
Jesus San Luis Valencia	1,000

[1] *PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc ("PCD") is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. ISOC Holdings, Inc. owns 133,530,241 shares equivalent to 50.99% of the Company lodged under PCD Nominee Corp. (Filipino) through Armstrong Securities, Inc.*

Isidro C. Alcantara, Jr.	100
Manuel M. Lazaro	100
Ge Lin	100
Hermogene H. Real	100
Arsenio K. Sebial, Jr.	100
Anthony M. Te	100
Owen Nathaniel S Au ITF: Li Marcus Au	20
Peter Kho	2
Daleson Uy	2
Jesus G. Chua, Jr.	1
Irving C. Cosiquien	1
Michael C. Cosiquien[2]	1
Yerik C. Cosiquien	1
Alfred S. Jacinto	1
Erwin Terrell Y. Sy	1
Michelle Joan G. Tan	1
TOTAL	**261,824,002**

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

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

Dividends

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

Financial risk management objectives and policies

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

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

1. Market Risk

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

   a. Foreign currency risk

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

   b. Interest rate risk

      There were no transactions in 2023 that are subject to interest rate risk. All financial assets and liabilities are non-interest bearing or has fixed interest rate.

   c. Operational risk

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

2. Credit risk

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

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

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

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

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

3. Liquidity risk

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

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

Status of Operations

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

Basis of Financial Statements presentation 2023 and 2022

Basis of preparation

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

Statement of compliance

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

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

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

Results of Operations

	Audited		Increase (Decrease)	
	2023	**2022**	**Amount**	**%**
	(In PhP millions)			
Income	**₱3.30**	₱3.33	(₱0.03)	-1%
Expenses	**1.97**	1.73	0.24	14%

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 during the current year.

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 ₱0.09 million is mainly due to lower retainer fees this year as compared to last year.
- Increase in taxes and licenses by ₱0.38 million mainly attributable to final taxes and penalties paid this year.
- Decrease in miscellaneous expenses by ₱0.05 million due to lower admin expenses this year.

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 of 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

Income decreased by ₱0.07 million or 2% as compared last year due to lower computed accretion upon maturity and assignment notes receivable during 2022.

Expenses decreased by ₱0.67 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 ₱0.80 million is mainly due to higher retainer fees in 2022 as compared in 2021.
- Decrease in taxes and licenses by ₱0.05 million mainly attributable to fewer services outsourced in 2022 as compared in 2021.
- Increase in miscellaneous expenses by ₱0.18 million due to higher admin expenses in 2022.

Financial Position

Assets

The total assets of the Company increased by ₱3.70 million or 3% from ₱147.30 million as of December 31, 2021 to ₱151.00 million as of December 31, 2022. The increase was mainly due to the interest receivable.

Liabilities

As of December 31, 2022, the total liabilities of the Company increased by ₱2.10 million or 20% from ₱10.38 million as of December 31, 2021. The increase was mainly due to the advances made by IHI which are subject to reimbursement.

Stockholders' Equity

As of year-end 2022, the stockholders' equity increased by ₱1.59 million from ₱136.39 million as of December 31, 2021 to ₱138.52 million as of December 31, 2022. The increase was mainly attributable to the net income in 2022.

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

Results of Operations

Income decreased by ₱1.21 million or 26% as compared last year due to lower computed accretion upon maturity and due from a related party in 2021.

Expenses decreased 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 is mainly due to higher retainer fees in 2021 as compared in 2020.
- Decrease in outside services by ₱0.11 million mainly attributable to fewer services outsourced in 2021 as compared in 2020.

- Decrease in miscellaneous expenses by ₱0.05 million due to lower admin expenses in 2021.

Other (income) charges - net decreased by 100% or ₱3.17 million. For the year ended December 31, 2021, the Company did not recognize day 1 gain on due from a related party. Further, there were no provision for expected credit loss on assignment of note receivable in 2021.

Financial Position

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.

Liabilities

As of 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 mainly due to the advances made by IHI which are subject to reimbursement.

Stockholders' 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 of December 31, 2021. The increase was mainly attributable to the net income in 2021.

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

Results of Operations

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

Expenses increased by ₱0.47 million or 20%. Changes in the expense accounts for the year ended December 31, 2020 versus the same period last year are as follows:

- Decrease in taxes and licenses by ₱0.19 million is mainly due to lower amount paid on business taxes in 2020 versus 2019. The business taxes in 2020 had a lower basis than in 2019.
- Decrease in representation by ₱0.24 million. No representation expenses recorded in 2020.
- Increase in training and seminar by ₱0.10 million for the corporate governance seminar incurred in 2020. No expense recorded in 2019.
- Decrease in other expenses by ₱0.12 million incurred in 2020.

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

Financial Position

Assets

The total assets of the Company increased by ₱7.12 million or 5% from ₱135.89 million as at December 31, 2019 to ₱143.01 million as at December 31, 2020. The increase was mainly due to the interest receivable and day 1 gain on due from a related party.

Liabilities

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

Stockholders' Equity

As of year-end 2020, the stockholders' equity increased by ₱4.28 million from ₱131.11 million as at December 31, 2019 to ₱135.39 million as at December 31, 2018. The increase was mainly attributable to the net income in 2020.

Key performance indicators are listed below:

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

	2023	2022
Net income	₱970,563	₱1,593,746
Current assets	1,896,071	2,423,989
Total assets	154,321,186	151,001,754
Current liabilities	12,467,943	10,350,239
Total liabilities	14,831,266	12,482,397
Stockholders' equity	139,489,920	138,519,357
No. of common shares outstanding	261,824,002	261,824,002

	2023	2022
Current ratio [1]	0.15	0.23
Book value per share [2]	0.53	0.53
Debt ratio [3]	0.11	0.09
Profit per share [4]	0.004	0.006
Return on assets [5]	0.006	0.011

Note:

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

ITEM 7. FINANCIAL STATEMENTS

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

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

The present auditor of the Company, Reyes Tacandong & Co. was also the auditor of the Company for the year 2023. There were no disagreements with the auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to their satisfaction, would have caused the auditor to make reference thereto in its respective reports on the Company's financial statements for aforementioned years.

The external auditor of the Company billed the amounts of ₱350,000 and ₱325,000 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, respectively. 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.

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

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

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

At the Company's annual shareholders meeting on October 20, 2023, the following directors were elected, to hold office until their successors have been duly elected and qualified. Thereafter, during the organizational meeting of the Board of Directors held last October 20, 2023, they were elected with the following positions:

Name	Citizenship	Position
DIRECTORS Michael C. Cosiquien	Filipino	Chairman/ President
Jesus G. Chua, Jr.	Filipino	Vice-Chairman/Director
Irving C. Cosiquien	Filipino	Director
Yerik C. Cosiquien	Filipino	Director
Michelle Joan G. Tan	Filipino	Director
Erwin Terrell Y. Sy Mathew-John G. Almogino	Filipino Filipino	Director/ Treasurer/ CFO Lead Independent Director
Alfred S. Jacinto	Filipino	Independent Director
OFFICERS		
Lavinia C. Empleo-Buctolan	Filipino	Compliance Officer
Brian Joseph Garcia	Filipino	Investor Relations Officer
Joan C. Musico	Filipino	Chief Information Officer
Manuel Z. Gonzalez	Filipino	Corporate Secretary
Gwyneth S. Ong	Filipino	Assistant Corporate Secretary

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

CURRENT DIRECTORS:

Mr. Michael C. Cosiquien was elected Chairman of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 2021, November 14, 2022, and October 20, 2023. He is currently the Chairman of ISOC Holdings, Inc. and its subsidiaries. He served as the Chairman, Chief Executive Officer and director of Megawide Construction Corp. He has provided superior leadership in all aspects of the business as Chief Executive Officer of Megawide. Mr. Cosiquien holds a degree in Civil Engineering from the De La Salle University, and is a licensed Civil Engineer with over 20 years of professional engineering experience.

Mr. Jesus G. Chua, Jr. was elected as Vice-Chairman of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 2021, November 14, 2022, and October 20, 2023. He served as the Chief Strategy officer for Megawide Construction Corp. He has served as Head of Southeast Asia Investment Banking at MUFG Financial Group, Singapore and has held senior roles at ABN AMRO/RBS in Hongkong, HSBC in New York. Mr. Chua graduated with an MBA from Harvard University, and has also studied at Stanford University and De La Salle University in the years prior.

Mr. Yerik C. Cosiquien was elected as a Director of the Board in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 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 in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 31, 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 in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 2021, November 14, 2022, and October 20, 2023. She is a sub-contractor of Megawide Construction Corporation, one of the most prestigious construction companies in the Philippines, for almost eight years now. She has assisted in screening and deploying qualified, efficient, and effective workers to companies. She also handles labor cases. In addition, she was a former banker of United Coconut Planters Bank as Assistant Branch Manager for almost five years. She graduated with a degree in Bachelor of Science Major in Business and Marketing Management at College of the Holy Spirit.

Atty. Mathew John G. Almogino was elected as an Independent Director of the Board in December 11, 2017 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 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 in January 10, 2018 and was re-elected on December 3, 2018, October 15, 2019, October 20, 2020, October 21, 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, October 21, 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.

OFFICERS:

Ms. Lavinia C. Empleo-Buctolan was elected as Compliance Officer on September 7, 2021 and was re-elected on 14 November 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.

Atty. Manuel Z. Gonzalez was elected Corporate Secretary in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020, October 21, 2021, November 14, 2022, and October 20, 2023. He is a Senior Partner in the Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Atty. Gonzalez was formerly a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. He has been involved in corporate practice and has extensive experience in securities, banking and finance law. He serves as Director and Corporate Secretary to many corporations including to companies in the Century Pacific Group since 1995, Nomura Philippines, Inc. since 2006 and ADP Philippines, Inc. since 2010. Atty. Gonzalez graduated with honors and obtained a Bachelor of Arts degree in Political Science and Economics from New York University and he has also received a Bachelor of Laws from the University of the Philippines, College of Law.

Atty. Gwyneth S. Ong was elected Assistant Corporate Secretary in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020, October 21, 2021, November 14, 2022, and October 20, 2023. Atty. Ong is a Partner at Martinez Vergara Gonzalez and Serrano Law Office from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

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

Brian Joseph Garcia was elected Investor Relations Officer on 12 January 2023 and was re-elected on October 20, 2023. He is 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 Graduate School of Business.

FORMER OFFICERS:

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

Atty. Anna Margarita S. Bueno was elected assistant compliance officer on October 20, 2020. She graduated cum laude with a degree in communications and a minor in Hispanic studies from Ateneo de Manila University in 2010, then obtained her Juris Doctor degree from the Ateneo School of Law in 2014. She passed the Bar examinations the following year. Thereafter, she worked for Bello Valdez Caluya Fernandez Law (formerly Jimenez Gonzales/ JG Law), focusing on employment law and litigation. She was an associate lawyer for the Legal Department of ISOC Holdings, Inc. and its various subsidiaries. Previously, she was an editor and continues to write for CNN Philippines (among other publications) and is also a consultant for the Foundation for Media Alternatives, where she writes policy papers on cybercrime and freedom of expression and the press. She also consults for Government Watch (G-Watch), Inc., a non-profit organization advocating for transparency and accountability in governance.

Atty. Allesandra Fay V. Albarico was elected Compliance Officer/Chief Information Officer in January 10, 2018 and was re-elected on December 14, 2018, October 28, 2019, October 20, 2020 and October 21, 2021. She was the Assistant Corporate Secretary and Head of the Legal Department of ISOC Holdings, Inc. and its subsidiaries. She was an Executive Assistant and Court Attorney at the Court of Appeals, Pre-test Lawyer for the 2011 Bar Examinations (Supreme Court-Office of the Chairman), Associate at Dato Inciong & Associates, Legal Manager at Citicore Power Inc., and Legal Counsel at Megawide Construction Corporation. Atty. Albarico holds a degree of Bachelor of Arts major in Legal Management (*university scholar*). She passed the 2010 Philippine Bar Examinations and was admitted to the Bar the following year. She likewise holds a Master of Laws degree and diploma in Leadership and Management Development Program. She is also a professorial lecturer of law in various law schools and a certified compliance officer. Atty. Albarico is an arbitrator trained by the Philippine Dispute Resolution Center, Inc. (PDRCI) and is currently a participant of the University of Asia and the Pacific's (UA&P) Strategic Business Economics Program. She recently completed her Doctorate Degree in Civil Law from the University of Santo Tomas.

Ms. Meryll Anne C. Yan was elected investor relations officer/data protection officer on 4 March 2020, effective March 7, 2020, and was re-elected on October 20, 2020 and October 21, 2021. Ms. Yan is a multi-awarded marketer who started out her career in Unilever Philippines. Prior to her current role as head of marketing for ISOC Holdings, Inc. and ORCA Cold Chain Solutions, she was head of marketing for SM Ladies Fashion and was also the chief creative artist of a local creatives agency. Most of her working tenure was spent in fashion and publishing, where she rose in ranks to become group publisher and editorial director of the One Mega Group, the company that carries titles like MEGA, Meg, Bluprint and Lifestyle Asia.

Identify 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.

Family Relationships

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

Involvement in Certain Legal Proceedings of Directors and Senior Management

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

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

2. Any conviction by final judgment in a criminal proceeding, domestic or foreign, in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

3. Any final and executory order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily, enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities; and

4. Any final and executory judgment by a domestic or foreign court or competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

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

ITEM 10. EXECUTIVE COMPENSATION

The table below summarizes the aggregate compensation of the Company's CEO and the four most highly compensated employees, as well as the aggregate compensation paid to all directors and officers as a group for the years 2017, 2018, 2019, 2020, 2021, 2022 and 2023.

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

All Other Officers and Directors, as a group unnamed	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021	-	-	360,000	360,000
	2022	-	-	360,000	360,000
	2023	-	-	390,000	390,000

Compensation of Directors

Standard Arrangement

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

Other Arrangement

On November 4, 2020, the Board of Directors approved the payment of reasonable per diems to the Board of Directors of the Corporation for their services. The reasonable per diems paid to the directors amounted to ₱390,000 and ₱360,000 in 2023 and 2022, respectively.

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

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

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

Warrants and Options Outstanding

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

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

	Name and Address of Record Owner & Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares	Percent
Common	**PCD NOMINEE CORPORATION** - Tower 1 – Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	**ISOC HOLDINGS, INC. ("ISOC")**[3] 23rd Floor, The Glaston Tower, Ortigas Ave., cor. E. Rodriguez Ave., Pasig City (formerly 6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig	**Filipino**	**133,530,241 (Direct)**	**50.99%**

[3] *ISOC Holdings, Inc. is the indirect beneficiary of 133,530,241 shares equivalent to 50.99% of the Company lodged under PCD Nominee Corp. (Filipino) through Armstrong Securities, Inc.*

		City)			
Common	**PCD NOMINEE CORPORATION** - Tower 1 – Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	**F. YAP SECURITIES, INC.** [4] 17th Floor Lepanto Bldg., Paseo de Roxas, Makati 1226, Philippines	**Filipino**	**27,713,200**	**10.58%**
	PCD NOMINEE CORPORATION - Tower 1 – Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City - Registered owner in the books of stock transfer agent	**BDO SECURITIES CORPORATION** BDO Corporate Center, BDO South Tower, 20th, 1226 Makati Ave, Makati, 1226, Philippines	**Filipino**	**18,994,070**	**7.25%**

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

Security Ownership of Directors and Officers

CURRENT DIRECTORS

	Name Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b")	Citizenship	Percent
Common	Michael C. Cosiquien Chairman/President	1 – "R" (direct) 133,530,241 - "B" (indirect)*	Filipino	50.99%
Common	Jesus G. Chua, Jr.	1 – "R" (direct)	Filipino	0.00%

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

	Name Beneficial Owner	Amount and nature of ownership (Indicate record ("r") and/or beneficial ("b")	Citizenship	Percent
	Director	0 – "B" (indirect)		
Common	Irving C. Cosiquien Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Yerik C. Cosiquien Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Michelle Joan G. Tan Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Erwin Terrell Y. Sy Director and Treasurer/CFO	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Alfred S. Jacinto Independent Director	1 – "R" (direct) 0 – "B" (indirect)	Filipino	0.00% 0.00%
Common	Mathew-John G. Almogino Independent Director	1,000 – "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Lavinia C. Empleo-Buctolan Compliance Officer	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Manuel Z. Gonzalez Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Gwyneth S. Ong Assistant Corporate Secretary	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Joan C. Musico	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
-	Brian Joseph Garcia	0 - "R" (direct) 0 - "B" (indirect)	Filipino	0.00% 0.00%
TOTAL		**1,007 "R" (direct)** **133,530,241 "B" (indirect)**		**0.00%** **50.99%**

*through ISOC Holdings, Inc.

Voting Trust Holders of 5% Or More

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

Changes in Control

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

As at December 31, 2023, ISOC Holdings, Inc. holds 133,530,241 common shares equivalent to 50.99% interest.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of ₱332,639,732.94 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 ₱132,714,385.00. 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 ₱1,167,349.00 on assignment. Apart from the foregoing, there was no transaction or series of similar transactions with or involving the Company or any of its subsidiaries in which a director, executive officer, nominee for election as a director or stockholder owning ten percent (10%) or more of total outstanding shares and members of their immediate family, had or is to have a direct or indirect material interest.

PART IV – CORPORATE GOVERNANCE

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

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

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

The Company's Sustainability Report is attached pursuant to SEC Memorandum Circular No. 4, series of 2019 as "Annex B".

(b) Reports on SEC Form 17-C until 31 December 2023

Date of Disclosure	Subject
January 11, 2023	Resignation of Investor Relations Officer and Appointment of New Investor Relations Officer
May 31, 2023	Submission of Integrated Annual Corporate Governance Report (I-ACGR) for the year 2022
August 4, 2023	Notice of Setting of Annual Stockholder's Meeting (Date, Time, Venue, and Agenda)
September 29, 2023	Submission of Definitive Information Statement
October 20, 2023	Results of the Annual Stockholders' Meeting held on October 20, 2023
October 20, 2023	Disclosure on the Results of the Organizational Meeting of the Board of Directors held on October 20, 2023

(c) Reports on SEC Form 17-Q until 31 December 2023

Date	Subject
April 17, 2023	Annual Report for 2022
May 15, 2023	First Quarter Results
August 14, 2023	Second Quarter Results
November 13, 2023	Third Quarter Results

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 15 2024, 2024.

By:

MICHAEL C. COSIQUIEN
Chairman and President

SUBSCRIBED AND SWORN to before me this ______ day of APR 15 2024 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Michael C. Cosiquien	[redacted]		

HAROLD BRYANT V. PASION
~~Appointment No. 148 (2024-2025)~~
Notary Public for Pasig and Pateros
Notary Public
Until December 31, 2025
Attorney Roll No. 90844
IBP OR No. 300904; 01.02.24; RSM
PTR OR No. 1634521, 01.02.24; Pasig City
33rd Flr., The Orient Square
F. Ortigas, Jr. Road, Ortigas Center
Pasig City, Metro Manila 1600
Admitted to the Bar in 2023

Doc. No. 97;
Page No. 4;
Book No. 1;
Series of 2024.

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 15 2024, 2024.

By:

ERWIN TERRELL Y. SY
Chief Financial Officer/Treasurer

SUBSCRIBED AND SWORN to before me this ______ day of APR 15 2024 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Erwin Terrell Y. Sy	[redacted]		

HAROLD BRYANT V. PASION
~~Appointment No. 148 (2024-2025)~~
Notary Public
Notary Public for Pasig and Pateros
Until December 31, 2025
Attorney Roll No. 90844
IBP OR No. 300904; 01.02.24; RSM
PTR OR No. 1634521; 01.02.24; Pasig City
33rd Flr., The Orient Square
F Ortigas, Jr. Road, Ortigas Center
Pasig City, Metro Manila 1600
Admitted to the Bar in 2023

Doc. No. 98;
Page No. 21;
Book No. I;
Series of 2024.

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 15 2024, 2024.

By:

MANUEL Z. GONZALEZ
Corporate Secretary

SUBSCRIBED AND SWORN to before me this ______ day of APR 15 2024 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Manuel Z. Gonzalez	[redacted]		

Notary Public

Doc. No. 249;
Page No. 045;
Book No. I;
Series of 2024.

SOCRATES JEROME A. DE GUZMAN
Appointment No. 112 (2024-2025)
Notary Public for Pasig City and Pateros
Until December 31, 2025
Attorney's Roll No. 85318
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 1634518; 01.02.24; Pasig City
IBP OR No. 330903; 12.19.23; RSM
Admitted to the Bar in 202

SIGNATURES

Pursuant to the requirements of Section 16 and Section 177 of the Revised Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on APR 15 2024, 2024.

By:

LAVINIA S. BUCTOLAN
Principal Accounting Officer

SUBSCRIBED AND SWORN to before me this ______ day of APR 15 2024 affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity	DATE OF ISSUE	PLACE OF ISSUE
Lavinia S. Buctolan	[redacted]		

HAROLD BRYANT V. PASION
~~Appointment No. 148 (2024-2025)~~
Notary Public
Notary Public for Pasig and Pateros
Until December 31, 2025
Attorney Roll No. 90844
IBP OR No. 300904; 01.02.24; RSM
PTR OR No. 1634521; 01.02.24; Pasig City
33rd Flr., The Orient Square
F Ortigas, Jr. Road, Ortigas Center
Pasig City, Metro Manila 1600
Admitted to the Bar in 2023

Doc. No. 099;
Page No. 024;
Book No. I;
Series of 2024.

ANNEX A

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: Calendar / Fiscal; 2 Year Ended (MM/20YY): 12/2023	3 Amended Return? Yes / No	4 Short Period Return? Yes / No	5 Alphanumeric Tax Code (ATC): IC055 Minimum Corporate Income Tax (MCIT); IC010 DOMESTIC CORPORATION IN GENERAL

Part I - Background Information

6 Taxpayer Identification Number (TIN)	[redacted]
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@isocholdings.com
13 Method of Deductions	Itemized Deductions [Section 34 (A-J), NIRC] / 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)*
To be refunded / To be issued a Tax Credit Certificate (TCC) / 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)*

LAVINIA BUCTOLAN Signature over printed name of President/Principal Officer/Authorized Representative	ERWIN TERRELL SY Signature over printed name of Treasurer/Assistant Treasurer	22 Number of Attachments
Title of Signatory: AVP - FINANCE; TIN: [redacted]	Title of Signatory: TREASURER; TIN: [redacted]	4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

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 • RR7B • EAST NCR
RDO 43 • PASIG CITY
RECEIVED
APR 15 2024
Sa Tamang Buwis, Pag-asenso'y Mabilis
LAIZEL R. MARCELINO (Assessment Section)

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)	Registered Name
[redacted]	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)*	
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)	Registered Name
219 [redacted]	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]*	
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 17i) (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
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)	Registered Name
[redacted]	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		
	Year Incurred	A) Amount	B) NOLCO Applied Previous Year
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	

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	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income/(Loss) per books	1,330,384
Add: Non-deductible Expenses/Taxable Other Income	
2 ACCRETION OF DAY 1 GAIN	1,267,356
3 NON-DEDUCTIBLE PENALTY	108,901
4 Total *(Sum of Items 1 to 3)*	2,706,641
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5	0
6	0
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	0
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	2,706,641

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: [redacted]
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. COSIQUIEN ERWIN TERRELL Y. SY	[redacted]		

Doc. No. 48;
Page No. 11;
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. 31022/ 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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A 2 0 0 1 1 5 1 5 1

COMPANY NAME

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

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ferronoux.sec@isocholdings.com	–	(0968) 854-3822

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
26	Last Friday of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Erwin Terrell Y. Sy	tsy@isocholdings.com	–	–

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.*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

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
[redacted]

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Sa Tamang Buwis, Pag-asenso'y Mabilis
LAIZEL R. MARCELINO (Assessment Section)

April 11, 2024
Makati City, Metro Manila

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

STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2023	2022
ASSETS			
Current Assets			
Cash in bank	4	**₱138,606**	₱128,598
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
		₱154,321,186	₱151,001,754
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	5	**₱12,467,943**	₱10,350,239
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
		₱154,321,186	₱151,001,754

See accompanying Notes to Financial Statements.

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LAIZEL R. MARCELINO (Assessment Section)

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

STATEMENTS OF COMPREHENSIVE INCOME

	Note	2023	2022	2021
		Years Ended December 31		
INTEREST INCOME	6	**₱3,299,346**	₱3,329,876	₱3,387,416
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		**₱970,563**	₱1,593,746	₱1,532,427
EARNINGS PER SHARE - BASIC AND DILUTED	8	**₱0.004**	₱0.006	₱0.006

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.

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:

		Amount of Transactions		Outstanding Balance	
Nature of Relationship	Nature of Transaction	**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
	Interest	**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		
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in bank	₱138,606	₱–	₱–	₱–	₱138,606
Due from a related party	–	152,425,115	–	–	152,425,115
	₱138,606	₱152,425,115	₱–	₱–	₱152,563,721

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

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.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

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
[redacted]

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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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.	₱148,577,765	₱5,114,706	₱–	₱–	₱–	₱152,425,115	₱–

Schedule G. Capital Stock

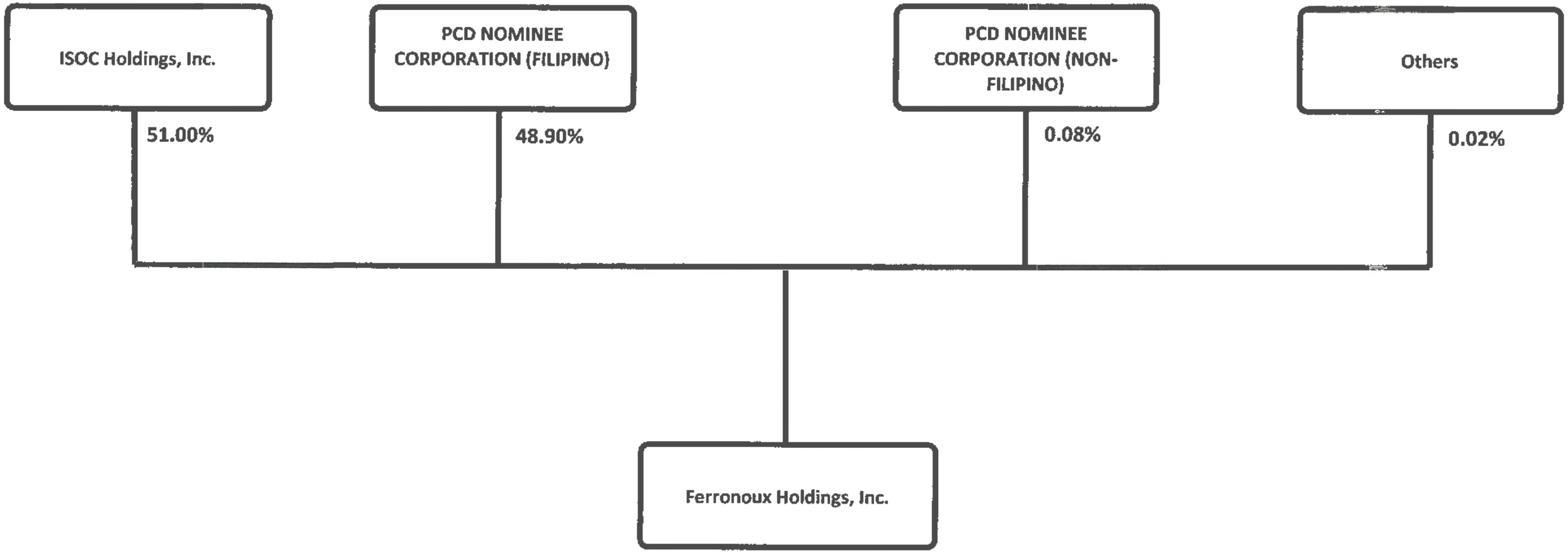
Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by related parties	Directors, officers and employees	Others
Common Stock	550,000,000	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



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Phone : +632 8 982 9100
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Website : www.reyestacandong.com

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
[redacted]

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

ANNEX B

Introduction

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

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

The Company’s shares of stock were listed in the Philippine Stock Exchange (PSE) on August 13, 2013. As of December 31, 2021, the total number of shares listed in the PPE is 261,824,002 shares.

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

On November 17, 2017, ISOC Holdings, Inc. (ISOC or the Parent Company) entered into an agreement with RYM for the purchase of 175,422,081 common shares held by RYM equivalent to sixty-seven percent (67%) interest in the Company. A mandatory tender offer was conducted for the benefit of the minority shareholders and the same was completed on January 3, 2018. Thus, the shares were crossed via the PSE on January 4, 2018.

On July 29, 2019, the SEC approved the amendment to the Company’s Articles of Incorporation to change its principal office from Unit 2205A, East Tower, Philippine Stock Exchange, Exchange Road, Ortigas Center, Pasig City to 6th Floor, Hanston Building, F. Ortigas Jr. Road, Ortigas Center, Pasig City.

On June 26, 2020, the Board of Directors of the Company approved the assignment of its receivables in the aggregate amount of ₱332,639,732.94 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 ₱132,714,385.00. The foregoing assignment of receivables is part of the Company’s long-term investment plan and was approved in accordance with the procedures and requirements of the Company’s Material Related Party Transaction Policy and the relevant issuances of the SEC.

This is the Company’s fifth year to report on its sustainability efforts, as a supplement to the Company’s 2023 Financial Report. The report covers the period of January 1 to December 31, 2023 and highlights issues defined as material for the Company’s stakeholders.

2023 Sustainability Report
Ferronoux Holdings, Inc.

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

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

Contextual Information

Company Details	
Name of Organization	Ferronoux Holdings, Inc.
Location of Headquarters	6/F Hanston Building, F. Ortigas Jr. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City
Location of Operations	6/F Hanston Building, F. Ortigas Jr. Avenue (formerly Emerald Avenue), Ortigas Center, Pasig City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	Ferronoux Holdings, Inc.
Reporting Period	December 31, 2023
Highest Ranking Person responsible for this report	Brian Joseph Garcia

This report provides information about the Company's Environmental, Social and Governance ("ESG") impact for the year ending December 31, 2023. The report contains topics on good governance and ethical business practices, economy and environment and social responsibility.

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

Good Governance and Ethical Business Practices

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

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

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

The Company's Board of Directors and Officers as of December 31, 2023 are as follows:

Directors	Designation
Michael C. Cosiquien	Chairman/President
Jesus G. Chua, Jr.	Vice Chairman
Irving C. Cosiquien	Director
Yerik C. Cosiquien	Director
Michelle Joan G. Tan	Director
Erwin Terrell Y. Sy	Director/Treasurer/Chief Financial Officer
Alfred S. Jacinto	Independent Director
Mathew John G. Almogino	Independent Director
Officers	**Designation**
Manuel Z. Gonzalez	Corporate Secretary
Gwyneth S. Ong	Assistant Corporate Secretary
Joan C. Musico	Chief Information Officer
Lavinia C. Empleo-Buctolan	Compliance Officer
Brian Joseph Garcia	Investor Relations Officer

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

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

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

Anti-Corruption Program

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

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

Supplier-Contractor Relations Policy

The Company follows best practices in supply chain management and mandates all directors and officers to maintain the Company's reputation for equal opportunity and honest treatment of suppliers in all business transactions. It embodies the Company's commitment to look for and maintain mutually beneficial relationships with similarly principled suppliers. In this case, suppliers are accredited based on established criteria, purchases are made through competitive bidding, and transactions are fully documented.

Compliance with Statutory Standards

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

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

Economic Performance

Disclosure	Amount	Units
Direct economic value generated (revenue)	3,299,346	PhP
Direct economic value distributed:		
a. Operating costs	Nil	PhP
b. Employee wages and benefits	Not Applicable	PhP
c. Payments to suppliers, other operating costs	1,880,167	Php
d. Dividends given to stockholders and interest payments to loan providers	Not Applicable	PhP
e. Taxes given to government	88,795	PhP

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

The Company’s main shareholder is in diverse businesses such as real estate development, energy, infrastructure and logistics. The Company is considering its options with respect to investment structures that would be optimal for its plans, whether as an operating or holding company. There is also minimal compensation of key management personnel in 2023.

CEO and Top 4 Executive Officers, as a group named above	2017	-	-	55,000	55,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	-	-
	2021	-	-	-	-
	2022	-	-	-	-
	2023	-	-	-	-

All Other Officers and Directors, as a group unnamed	2017			110,000	110,000
	2018	-	-	-	-
	2019	-	-	-	-
	2020	-	-	60,000	60,000
	2021	-	-	360,000	360,000
	2022	-	-	360,000	360,000
	2023	-	-	390,000	390,000

Environment
The Company is aware that business affects the environment, and thus it exerts reasonable efforts to manage and minimize its carbon footprint. The Company only utilizes what it needs while caring for its community and environment and providing a safer and secured workplace for its stakeholders including its colleagues. Sustainable operations result in efficiencies that affect its people and planet, which also allow the Company to reach more people and improve quality of lives.

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

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

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

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

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

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

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

Social Responsibility

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

Employee Data

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

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

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

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

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

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

Labor Laws and Human Rights

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

Supply Chain Management

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

Business Continuity and Disaster Management

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

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

As disasters and disruptions are unpredictable, the BCMS is designed to be flexible to effectively respond to the actual complex nature of crises and disruptions as they occur. The response strategies empower the organization to adapt and respond to the nature of the disruption, instead of having rigid policies that limit options available to the organization when responding to disruptions.

Asset Protection

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

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

Data Security

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

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

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

C00044-2025

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
   Jan 2, 2025
2. SEC Identification Number
   A200115151
3. BIR Tax Identification No.
   [redacted]
4. Exact name of issuer as specified in its charter
   Ferronoux Holdings, Inc.
5. Province, country or other jurisdiction of incorporation
   Republic of the Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
   6th Floor, Hanston Building, F. Ortigas, Jr. Road, Ortigas Center, Pasig City
   Postal Code
   1600
8. Issuer's telephone number, including area code
   +(63)917-807-88-15 or (02)8888-4762
9. Former name or former address, if changed since last report
   AG Finance, Incorporated;Unit 2205A East PSE Centre, Exchange Road, Ortigas Center, Pasig City
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

11. Indicate the item numbers reported herein
    Item 9 - Other Events

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

Ferronoux Holdings, Inc.
FERRO

PSE Disclosure Form LR-1 - Comprehensive Corporate Disclosure on Issuance of Shares (Private Placements, Share Swaps, Property-for-Share Swaps or Conversion of Liabilities/Debt into Equity)
Reference: Rule on Additional Listing of Securities

Subject of the Disclosure

1) Private Placement of Themis Group Corporation by way of subscription to 240,000,000 common shares
2) Property-for-share swap with Eagle 1 Landholdings Inc.
3) Private Placement of investors by way of subscription to 300,000,000 common shares

Background/Description of the Disclosure

Pursuant to the approval at the Special Meeting of the Board of Directors held on 18 December 2024, the Board of Directors approved, among others, the following:

1) Private Placement of Themis Group Corporation by way of subscription to 240,000,000 common shares in the Company to be issued from the increase in capital stock at a par value of One Peso (PhP 1.00) per share or a total amount of PhP 240,000,000.00 to be paid in cash or in property, as agreed upon; (referred herein as Transaction #1)

2) Property-for-share swap involving issuance of up to 918,000,000 common shares at approximately PhP 4.70 per share or a total amount of PhP 4,314,600,000.00, out of an increase in the capital stock by the Company, in exchange for 3 parcels of land owned by Eagle 1 Landholdings Inc. (Eagle 1) situated in Brgy. Tambo, Parañaque with a total area of 94,144 square meters (the “Subject Properties”), subject to compliance with the provisions of BIR Revenue Regulations No. 18-2001 and other related issuances on Tax-Free Exchange under Section 40(C)(2) of the NIRC, as amended by R.A. No. 11534 or the CREATE Act, fairness opinion of independent third party and other terms and conditions agreed upon. (referred herein as Transaction #2)

3) Private Placement of investors by way of subscription to 300,000,000 common shares of the Company to be issued out of the increase in capital stock to comply with the minimum public ownership requirement considering the transactions described in items (1) and (2) above.; (referred herein as Transaction #3)

(Collectively referred herein as “Transactions")

Date of Approval by Board of Directors	Dec 18, 2024

Comprehensive Corporate Disclosure

Description of the proposed transaction including the timetable for implementation, and related regulatory requirements

1) Private Placement of Themis Group Corporation by way of subscription to 240,000,000 common shares in the Company to be issued from the increase in capital stock at a par value of One Peso (PhP 1.00) per share or a total amount of PhP 240,000,000.00 to be paid in cash or in property, as may be agreed upon;

2) Property-for-share swap involving issuance of up to 918,000,000 common shares at approximately PhP 4.70 per share or a total amount of PhP 4,314,600,000.00, out of an increase in the capital stock by the Company, in exchange for 3 parcels of land owned by Eagle 1 Landholdings Inc. (Eagle 1) situated in Brgy. Tambo, Parañaque with a total area of 94,144 square meters, subject to compliance with the provisions of BIR Revenue Regulations No. 18-2001 and other related issuances on Tax-Free Exchange under Section 40(C)(2) of the NIRC, as amended by R.A. No. 11534 or the CREATE Act, fairness opinion of independent third party and other terms and conditions agreed upon.

3) Private Placement of investors by way of subscription to 300,000,000 common shares of the Company to be issued out of the increase in capital stock to comply with the minimum public ownership requirement considering transactions described in items (1) and (2) above. The final terms and conditions, including the price of the subscriptions, is yet to be determined.

For all the above transactions, it shall be subject to shareholders' approval and SEC approval as to the increase in authorized capital stock. For Item 2, the Company shall obtain Certificates Authorizing Registration (CAR) from the Bureau of Internal Revenue to allow a Tax-Free Exchange transfer of the Subject Properties in favor of the Corporation in exchange for shares of stock.

Definitive agreements on the transactions will be duly disclosed to the Exchange and Securities and Exchange Commission ("SEC") upon execution.

The Company has set the shareholders' meeting on March 19, 2025 for approval of the transactions. Thereafter, the relevant documents will be signed by the Parties and submitted to relevant government agencies. The full implementation of the Transaction is expected to be completed by third quarter of 2025.

Rationale for the transaction including the benefits which are expected to be accrued to the listed issuer as a result of the transaction

The transaction aligns with the Company's strategic objective to expand its business into real property development. Acquiring the Subject Properties represents a valuable opportunity for the Company, given their prime location, accessibility, and potential for future development.

Notably, the acquisition of the land holds significant potential to generate substantial value for the Company over time due to its strategic positioning. Moreover, the property-for-share swap arrangement enables the Company to secure these assets without an immediate cash outflow, preserving capital liquidity—a key advantage in maintaining financial flexibility.

The aggregate value of the consideration, explaining how this is to be satisfied, including the terms of any agreements for payment on a deferred basis

1) Private Placement of Themis Group Corporation by way of subscription to 240,000,000 common shares in the Company to be issued from the increase in capital stock at a par value of One Peso (PhP 1.00) per share or a total amount of PhP 240,000,000.00 to be paid in cash or in property, as may be agreed upon.

2) Property-for-share swap involving issuance of up to 918,000,000 common shares at approximately PhP 4.70 per share or a total amount of PhP 4,314,600,000.00, out of an increase in the capital stock by the Company, in exchange for 3 parcels of land owned by Eagle 1 Landholdings Inc. (Eagle 1) situated in Brgy. Tambo, Parañaque with a total area of 94,144 square meters, subject to compliance with the provisions of BIR Revenue Regulations No. 18-2001 and other related issuances on Tax-Free Exchange under Section 40(C)(2) of the NIRC, as amended by R.A. No. 11534 or the CREATE Act, fairness opinion of independent third party and other terms and conditions agreed upon.

3) Private Placement of investors by way of subscription to 300,000,000 common shares of the Company to be issued out of the increase in capital stock. The final terms and conditions, including the price of the subscriptions, is yet to be determined.

The basis upon which the consideration or the issue value was determined

The consideration for the Private Placement of Themis is based on the par value of Company of PhP 1.00 per share.

The transfer value of the Property-for-share swap is based on booked value of the Subject Properties. The exchange price of PhP 4.70 per share also considered the Company’s 7-day volume weighted average price (vwap) of PhP 4.1783 plus 12.49% premium.

The consideration for the Private Placement of the investors is yet to be determined.

Detailed work program of the application of proceeds, the corresponding timetable of disbursements and status of each project included in the work program. For debt retirement application, state which projects were financed by debt being retired, the project cost, amount of project financed by debt and financing sources for the remaining cost of the project

Proceeds of the private placements shall be used for the following: (1) working capital to support the operations of the company, payment of taxes, permits, licenses and fees made in the regular course of business; (2) payment of documentary stamp tax, regulatory and listing fees arising from the current private placement transaction; (3) costs, fees and expenses in evaluating opportunities for the company as well as subsequent transactions, if any; and (4) acquisition of other assets beneficial to the Company.

Identity and/or corporate background of the beneficial owners of the shares subscribed, including the following

Beneficial Owners/Subscribers	Nature of Business	Nature of any material relationship with the Issuer and the parties to the transaction, their directors/officers or any of their affiliates
-	-	Investors to the private placement by way of subscription to 300,000,000 common shares of the Company are not yet identified.
Themis Group Corporation	Holding Company	23.40%; with common directors, particularly, Atty. Philipe Aquino, Atty. Abel Almario and Atty. Rex Raz.
Eagle 1 Landholdings Inc.	Real Estate Company	Abel M. Almario, a director of the Company, is the Vice President and Director of Eagle 1. Philipe T. Aquino, a director of the Company, is the Corporate Secretary of Eagle 1.

Organizational/Ownership Structure of Subscribers

Controlling Shareholders of Subscribers	Number of Shares Held	%
Michelle B. Lazaro (Themis)	84,998	85%
Rommel M. Santiago (Themis)	5,000	5%
Abel M. Almario (Themis)	5,000	5%
Philipe T. Aquino (Themis)	5,000	5%
Edwin M. Espejo (Themis)	1	0%
Rex Peter G. Raz (Themis)	1	0%
Eagle II Holdco, Inc. (Eagle 1)	287,999,997	59.99%
Brontia Limited (Eagle 1)	191,999,998	39.99%
Hajime Tokuda (Eagle 1)	1	<1%
Mitsukazu Nakata (Eagle 1)	1	<1%
Abel M. Almario (Eagle 1)	1	<1%
Jose Lis C. Leagogo (Eagle 1)	1	<1%
James G. Lorenzana (Eagle 1)	1	<1%

For subscribers with no track record or with no operating history: the Subscriber must present a statement of active business pursuits and objectives which details the step undertaken and proposed to be undertaken by the Issuer in order to advance its business. Projected financial statements shall only be required should there be references made in the Statement to forecasts or targets

Themis seeks to establish partnerships with key stakeholders to venture into property development and capitalize on other promising investment opportunities with substantial growth potential. By aligning with strategic partners, Themis aims to leverage complementary expertise, resources, and networks to drive value creation, diversify its portfolio, and unlock new revenue streams. These partnerships will enable Themis to pursue innovative projects, expand its market reach, and achieve long-term sustainable growth while maximizing returns for stakeholders.

The interest which directors of the parties to the transaction have in the proposed transaction

Atty. Abel Almario and Atty. Philipe Aquino are directors and officers of the Company, Themis and Eagle 1. They inhibited and did not vote during the deliberation of Transaction #1 and Transaction #2.

Statement as to the steps to be taken, if any, to safeguard the interests of any independent shareholders

Steps to safeguard the interests of any independent shareholder is not applicable. The Transactions are not subject to Mandatory Tender Offer as the shares to be issued are coming for an increase in capital stock.

Any conditions precedent to closing of the transaction

The transactions are subject to approval of the shareholders' and regulatory bodies, such as the Securities and Exchange Commission and Bureau of Internal Revenue.

Change(s) in the composition of the Board of Directors and Management

Please see attached Annex A

Effects on the following

Ownership structure

Principal Shareholders	Before		After	
	Number of shares	%	Number of shares	%
Please see attached Annex B	-	-	-	-

Capital structure

Issued Shares

Type of Security /Stock Symbol	Before	After
Common Shares / FERRO	341,824,002	1,799,824,002

Outstanding Shares

Type of Security /Stock Symbol	Before	After
Common Shares / FERRO	341,824,002	1,799,824,002

Treasury Shares

Type of Security /Stock Symbol	Before	After
N/A	-	-

Listed Shares

Type of Security /Stock Symbol	Before	After
Common Shares / FERRO	261,824,002	261,824,002

Effect(s) on the public float, if any	From a public float of 37.53%, it shall become 23.80% after implementation of the Transactions. Transaction #3 has been included as part of public float since the same is being conducted to comply with the minimum public ownership requirement.
Effect(s) on foreign ownership level, if any	N/A

Other Relevant Information

The real properties are adjacent to the Okada Integrated Casino Resort. Currently, a portion of the property is being used to house the support facilities of the Okada casino complex, which will eventually be vacated once construction of master planned development commences.

On Effects on Capital Structure under the item on Issued Shares, we note that the Issued Shares (Before) and Outstanding Shares (Before) includes the private placement by way of subscription to 80,000,000 common shares by Themis Group Corporation as approved on 12 December 2024.

On Effects on the Capital Structure under the item on Listed Shares, we note that (1) the amount of the Listed Shares (Before) is temporarily 261,824,002 until the issuance, filing and approval of the listing application for the subscription to 80,000,000 common shares by Themis Group Corporation approved on 12 December 2024 and the shares covered by the Transactions, and (2) the amount of the Listed Shares (After) is temporarily 261,824,002 until the issuance, filing and approval of the listing application for the Transactions.

Filed on behalf by:

Name	Manuel Gonzalez
Designation	Corporate Secretary

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	8	0	7	4	1	8

COMPANY NAME

EAGLE I LANDHOLDINGS, INC.

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

Manila Bay Resort Temporary Facilities Office Atlantic Drive, Asiaworld City Blvd. Parañaque City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
kentaro.amamoto@okadamanila.com joemer.perez@okadamanila.com	–	0917-820-0136 0917-621-6287

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11	1st Monday of April	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Philipe T. Aquino	philipe@mmlazarolaw.com	8844-1540	–

CONTACT PERSON'S ADDRESS

19th Floor, Chatham House Building 116 Valero corner V.A Rufino Sts. Salcedo Village, Makati City

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

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

Eagle I Landholdings, Inc.

Financial Statements
December 31, 2023 and 2022

With independent auditors' report provided by

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

SECURITIES AND EXCHANGE COMMISSION
THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph

The following document has been received:

Receiving: ICTD ERMD
Receipt Date and Time: May 20, 2024 02:05:00 PM

Company Information

SEC Registration No.: CS200807418
Company Name: EAGLE I LANDHOLDINGS, INC.
Industry Classification: K70000
Company Type: Stock Corporation

Document Information

Document ID: OST10520202482609462
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2023
Submission Type: Annual
Remarks: None

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

Gmail

Eagle I Landholdings, Inc <eagle1land@gmail.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Wed, May 1, 2024 at 9:45 PM
To: EAGLE1LAND@gmail.com
Cc: EAGLE1LAND@gmail.com

Hi EAGLE I LANDHOLDINGS, INC,

Valid files

- EAFS007035230RPTTY122023.pdf
- EAFS007035230TCRTY122023-01.pdf
- EAFS007035230TCRTY122023-02.pdf
- EAFS007035230AFSTY122023.pdf
- EAFS007035230ITRTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-69K8D5L70Q341VSQYNMQS4W3Z0KJKF67D**
Submission Date/Time: **May 01, 2024 09:45 PM**
Company TIN: [redacted]

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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EAGLE I LANDHOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Eagle I Landholdings, Inc. (the Company)** 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 but to do so.

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended **December 31, 2023 and 2022**, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: ______________________________
James G. Lorenzana – President and Chairman

Signature: ______________________________
Atty. Jose Lis C. Leagogo - Treasurer

Signed this 17th day of April 2024.

BOA/PRC Accreditation No. 4782
April 14, 2024; valid until June 6, 2026
SEC Registration No. PP201007009

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8741 Paseo de Roxas
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Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Eagle I Landholdings, Inc.
Manila Bay Resort Temporary Facilities Office
Atlantic Drive, Asiaworld City Blvd.
Parañaque City

Opinion

We have audited the accompanying financial statements of Eagle I Landholdings, Inc. (the Company), which comprise the statements of financial position as at December 31, 2023 and 2022, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to 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 then ended 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.

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, they 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 the audit.

REYES TACANDONG & CO.

ARTHUR VINSON U. ONG
Partner
[redacted]

April 17, 2024
Makati City, Metro Manila

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

The Stockholders and the Board of Directors
Eagle I Landholdings, Inc.
Manila Bay Resort Temporary Facilities Office
Atlantic Drive, Asiaworld City Blvd.
Parañaque City

We have audited the accompanying financial statements of Eagle I Landholdings, Inc. (the Company) as at and for the years ended December 31, 2023 and 2022, on which we have rendered our report dated April 17, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has two (2) stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & CO.

ARTHUR VINSON U. ONG
Partner
[redacted]

April 17, 2024
Makati City, Metro Manila

EAGLE I LANDHOLDINGS, INC.

STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2023	2022
ASSETS			
Current Assets			
Cash in banks	4	**₱290,563,253**	₱303,302,593
Receivables	5	**456,749,918**	494,078,979
Current portion of rent receivables	7	**–**	2,688,872,908
Other current assets	6	**459,740,287**	293,128,890
Total Current Assets		**1,207,053,458**	3,779,383,370
Noncurrent Assets			
Rent receivables - net of current portion	7	**9,962,984,056**	9,204,227,446
Deferred input tax - net of current portion	6	**478,099,787**	–
Property and equipment	8	**2,050,000**	3,690,000
Investment properties	9	**15,938,802,992**	15,828,014,542
Total Noncurrent Assets		**26,381,936,835**	25,035,931,988
		₱27,588,990,293	₱28,815,315,358
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	10	**₱10,555,674,172**	₱10,648,183,911
Current portion of loan payable	11	**919,464,478**	919,371,457
Current portion of long-term payable	12	**811,320,851**	–
Deferred revenue	12	**9,535,882**	–
Income tax payable		**6,041,625**	7,016,102
Total Current Liabilities		**12,302,037,008**	11,574,571,470
Noncurrent Liabilities			
Loan payable - net of current portion	11	**154,156,386**	1,084,373,642
Long-term payable - net of current portion	12	**4,462,264,681**	–
Deferred rent income	12	**1,290,316,205**	–
Deferred tax liability	17	**500,899,203**	462,961,372
Total Noncurrent Liabilities		**6,407,636,475**	1,547,335,014
Total Liabilities		**18,709,673,483**	13,121,906,484
Equity			
Capital stock		**480,000,000**	480,000,000
Additional paid-in capital		**4,319,955,000**	4,319,955,000
Retained earnings		**4,079,361,810**	10,893,453,874
Total Equity		**8,879,316,810**	15,693,408,874
		₱27,588,990,293	₱28,815,315,358

See accompanying Notes to Financial Statements.

EAGLE I LANDHOLDINGS, INC.

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2023**	2022
REVENUE			
Rent income	13	**₱1,929,331,571**	₱2,470,174,604
Sale of investment property	9	**–**	500,000,000
		1,929,331,571	2,970,174,604
COST OF SALE AND DIRECT COSTS	14	**(74,045,076)**	(1,008,892,232)
GROSS INCOME		**1,855,286,495**	1,961,282,372
OPERATING EXPENSES	15	**(361,042,374)**	(64,690,063)
INCOME FROM OPERATIONS		**1,494,244,121**	1,896,592,309
OTHER INCOME (CHARGES)			
Expense from waiver fee	12	**(7,982,952,979)**	(3,800,000,000)
Interest expense	11	**(394,730,118)**	(103,667,106)
Net foreign exchange gain (loss)		**111,588,126**	(1,021,257,373)
Interest income	4	**301,265**	367,026
Provision for impairment on input VAT	6	**–**	(456,000,000)
Other income	16	**54,745,758**	19,219,280
		(8,211,047,948)	(5,361,338,173)
LOSS BEFORE INCOME TAX		**(6,716,803,827)**	(3,464,745,864)
PROVISION FOR INCOME TAX	17		
Current		**59,350,406**	75,544,954
Deferred		**37,937,831**	52,284,337
		97,288,237	127,829,291
NET LOSS		**(6,814,092,064)**	(3,592,575,155)
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE LOSS		**(₱6,814,092,064)**	(₱3,592,575,155)

See accompanying Notes to Financial Statements.

EAGLE I LANDHOLDINGS, INC.

STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31	
	2023	2022
CAPITAL STOCK - ₱1 par value		
Authorized - 500,000,000 shares		
Issued and outstanding - 480,000,000 shares	**₱480,000,000**	₱480,000,000
ADDITIONAL PAID-IN CAPITAL	**4,319,955,000**	4,319,955,000
RETAINED EARNINGS		
Balance at beginning of year	**10,893,453,874**	14,486,029,029
Net loss	**(6,814,092,064)**	(3,592,575,155)
Balance at end of year	**4,079,361,810**	10,893,453,874
	₱8,879,316,810	₱15,693,408,874

See accompanying Notes to Financial Statements.

EAGLE I LANDHOLDINGS, INC.

STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱6,716,803,827)**	(₱3,464,745,864)
Adjustments for:			
Excess of straight-line rent income over rent income per lease contract		**(758,756,610)**	(1,045,686,735)
Interest expense		**394,730,118**	103,667,106
Unrealized foreign exchange gain - net		**(184,915,262)**	973,661,873
Depreciation	8	**1,640,000**	2,087,576
Interest income	4	**(301,265)**	(367,026)
Provision on impairment of input VAT	6	**–**	456,000,000
Loss on sale of investment property	9	**–**	434,566,862
Operating loss before working capital changes		**(7,264,406,846)**	(2,540,816,208)
Decrease (increase) in:			
Receivables		**109,005,942**	(440,130,054)
Rent receivables		**5,726,999,141**	1,696,022,426
Other current assets		**(202,713,346)**	(452,331,467)
Deferred input tax		**(478,099,787)**	–
Increase in:			
Accounts and other payables		**186,786,244**	2,428,339,619
Deferred revenue		**23,839,704**	–
Deferred rent income		**1,460,120,221**	–
Long-term payable		**1,510,023,431**	–
Net cash generated from operations		**1,071,554,704**	691,084,316
Income tax paid		**(24,975,096)**	(123,243,699)
Interest received		**301,265**	367,026
Net cash provided by operating activities		**1,046,880,873**	568,207,643
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment properties	9	**(110,788,450)**	(367,718,276)
Payment of waiver fee	12	**–**	(2,308,095,000)
Proceeds from sale of investment property	9	**–**	500,000,000
Net cash used in investing activities		**(110,788,450)**	(2,175,813,276)
CASH FLOWS FROM FINANCING ACTIVITIES	11		
Payments for:			
Principal of loan		**(928,298,611)**	(767,226,389)
Interest on loan		**(92,806,735)**	(81,075,616)
Loan transaction cost		**–**	(43,150,218)
Proceeds from availment of loan		**–**	2,565,700,000
Net cash provided by (used in) financing activities		**(1,021,105,346)**	1,674,247,777
NET INCREASE (DECREASE) IN CASH IN BANKS		**(85,012,923)**	66,642,144
NET EFFECT OF FOREIGN EXCHANGE RATE ON CASH IN BANKS		**72,273,583**	122,891,088
CASH IN BANKS AT BEGINNING OF YEAR		**303,302,593**	113,769,361
CASH IN BANKS AT END OF YEAR		**₱290,563,253**	₱303,302,593
NONCASH FINANCIAL INFORMATION			
Amortization of loan transaction cost	11	**₱15,961,877**	₱20,339,761

See accompanying Notes to Financial Statements.

EAGLE I LANDHOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

1. **Corporate Information**

Eagle I Landholdings, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 16, 2008. The principal activities of the Company are to purchase, lease, develop, exchange or otherwise acquire land, or any interest therein and to sell, lease, sublet, mortgage, exchange, assign, transfer, convey or otherwise alienate or dispose of any land or an interest or right therein.

The Company is 60%-owned by Eagle II Holdco, Inc. (Eagle II or the Parent Company), a domestic corporation, and 40%-owned by Brontia Limited, a foreign corporation. The Parent Company is 60%-owned by Copperstar Holdings, Inc., and 40%-owned by All Seasons Hotels & Resorts Corporation, both domestic corporations.

The registered office of the Company is at Manila Bay Resort Temporary Facilities Office Atlantic Drive, Asiaworld City Blvd. Parañaque City.

<u>Philippine Economic Zone Authority (PEZA) Registration</u>
The Company is a PEZA-registered developer/operator of Tourism Economic Zone with Certificate of Registration No. EZ 10-08 dated March 25, 2010.

As a PEZA-registered entity, the Company is entitled to certain tax and non-tax incentives, such as exemption from the payment of all national and local taxes, except real property taxes on land owned by the Company. In lieu thereof, the Company shall pay the five percent (5%) Gross Income Tax (GIT) in accordance with the provisions of Rule XX of the Rules and Regulations to Implement Republic Act (RA) No. 7916, as amended, or known as “The Special Economic Zone Act”.

<u>Authorization for Issuance of Financial Statements</u>
The financial statements of the Company as at and for the years ended December 31, 2023 and 2022 was authorized and approved for issuance by the Board of Directors (BOD) on April 17, 2024.

2. **Summary of Material Accounting Policy Information**

<u>Basis of Preparation and Statement of Compliance</u>
The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The material accounting policies that have been used in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

<u>Measurement Bases</u>
The financial statements are presented in Philippine Peso, the Company’s functional and presentation currency. All values are rounded to the nearest peso except when otherwise stated.

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

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.

The amendments have an impact to the Company's disclosure of accounting policies, but not on the measurement, recognition or presentation of any terms in the Company's financial statements.

- 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. 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.

The amendments had no impact to the Company's financial statements because the Company's accounting policies are aligned with the amendments to PAS 8.

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

The amendments had no significant impact to the Company's financial statements because the Company's accounting policies are aligned with the amendments to PAS 12.

- 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, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

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

Standards Issued But Not Yet Effective
The adoption of future accounting standards is not expected to have a material impact on the Company's financial statements.

Financial Instruments
Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). The initial measurement of all financial instruments, except for financial instruments classified as FVPL, includes transaction cost.

Financial Assets

The following are the relevant financial asset classification applicable to the Company -

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.

As at December 31, 2023 and 2022, the Company's cash in banks, receivables and rent receivables are classified under this category (see Notes 4, 5 and 7).

Impairment of Financial Assets. The Company records an allowance for expected credit loss (ECL) for financial assets at amortized cost. ECL is 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 receivables and rent receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For cash in banks, the Company has calculated ECL based on 12-month ECL since the credit risk has not increased significantly since initial recognition. 12-month ECL pertains to the portion of lifetime ECL 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 and indicative of significant increases in credit risk since initial recognition.

Financial Liabilities

The following are the relevant financial liability classification applicable to the Company -

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.

As at December 31, 2023 and 2022, the Company's financial liabilities include accounts and other payables (excluding payables to government agencies), loan payable and long-term payable (see Notes 10, 11 and 12).

Other Current Assets

Other current assets include excess of input VAT over output VAT, prepaid expenses, current portion of deferred input tax, advances to suppliers and creditable withholding taxes (CWT).

VAT. Revenue, 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 that are stated with the amount of tax included.

Prepaid Expenses. Prepaid expenses represent expense not yet incurred but already paid in cash. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time. Prepayments that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Deferred Input Tax. Deferred input tax represents the unamortized amount of input VAT on the unpaid portion of availed services.

Advances to Suppliers. Advances to suppliers are amounts paid in advance for the purchase of goods and services. These are carried in the statements of financial position at the amount of cash paid and are recognized to the corresponding asset or expense account when the goods or services for which the advances were made are received or rendered.

CWT. CWT represents the amount withheld by the Company's customers in relation to its income. 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. CWT is stated at face amount less any impairment in value.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation, and accumulated impairment in value, if any.

Depreciation is computed using the straight-line method over the following estimated useful lives of the property and equipment:

	Number of Years
Office equipment	3
Vehicle	5

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Fully-depreciated assets are retained in the accounts until they are no longer in use.

Investment Properties
Investment properties are properties held either to earn rent income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties, except land, are measured at cost, less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value.

Depreciation for building is calculated on a straight-line basis over the estimated useful life of 25 years.

Impairment of Nonfinancial Assets
The Company assesses at each reporting date whether there is any indication that its nonfinancial assets may be impaired. An impairment loss is charged to operations in the year in which it arises.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued and paid. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are recognized in equity as deduction from proceeds, net of tax.

Revenue Recognition
Revenue from contract with customer is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in 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.

Rent Income. Rent income from operating leases is recognized in income on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use or benefit derived from the leased asset is diminished.

The following other recognition criteria must also be met before revenue is recognized:

Interest Income. Income is recognized as the interest accrues taking into account the effective yield on the assets, net of final tax.

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

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost of Sale and Direct Costs. Cost of sale and direct costs are recognized as expense when the related services are rendered.

Operating Expenses. Operating expenses constitute costs of administering the business. These are expensed as incurred.

Leases

Company as a Lessor
Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized as expense in profit or loss over the lease term on the same basis as rental income.

Income Tax

Current Tax. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused net operating loss carryover (NOLCO) and unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carryforward benefits of NOLCO and excess MCIT over RCIT can be utilized.

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 future taxable profit will be available to allow all or part of the deferred income tax assets 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 assets to be recovered.

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

Deferred tax assets and 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.

Foreign Currency Transactions
The Company determines its own functional currency and items included in the financial statements are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate at the reporting date. All differences are taken to the statement of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Provisions and Contingencies
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

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. A contingent asset is not recognized in the financial statements but 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 financial position at the end of reporting year (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to financial statements when material and can influence financial statement user's decision making.

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3. **Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the Company's financial statements requires management to make judgments, accounting estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments and accounting estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such accounting estimates.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates and assumptions made by the Company:

Determining the Distinction between Investment Property and Owner-occupied Property. The Company determines whether a property qualifies as investment property. In making its judgments, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied property generates cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

The carrying amount of property and equipment as at December 31, 2023 and 2022 is disclosed in Note 8 to the financial statements.

The carrying amount of investment properties as at December 31, 2023 and 2022 is disclosed in Note 9 to the financial statements.

Assessing whether an Agreement is a Finance or Operating Lease. The Company has entered into a lease agreement as lessor and management determines who bears substantially all significant risks and rewards of ownership, based on evaluation of the terms and conditions of the lease agreements. The assessment is made whether:

- There is a transfer of ownership of the asset at the end of the lease term;
- The Company has an option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
- The lease term is for the major part of the economic life of the asset even if title is not transferred;
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- The underlying asset is of such a specialized nature that only the lessee can use it without major modifications.

Based on management’s assessment, the Company’s lease agreement as lessor is classified as an operating lease arrangement and that the Company retains all the significant risks and rewards of ownership over the properties which are leased out.

Rent income for the years ended December 31, 2023 and 2022 is disclosed in Note 13 to the financial statements.

Assessing the ECL on Financial Assets at Amortized Cost. The Company determines the ECL based on specific assessment made over each receivable and estimates the ECL as the expected cash short-fall that the Company expects to incur over the lifetime of the receivable based on the Company's historical credit loss experience adjusted with any forward-looking information.

At every reporting date, the historical observed defaults are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed defaults, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Company's receivables and current portion of rent receivables is disclosed in Note 19 to the financial statements.

There was no provision for ECL on receivables and current portion of rent receivables in 2023 and 2022.

The carrying amount of receivables and current portion of rent receivables as at December 31, 2023 and 2022 are disclosed in Notes 5 and 7 to the financial statements, respectively.

Cash in banks did not result to significant credit risk primarily because the Company transacts with reputable counterparties that possess good credit ratings. No provision for ECL was recognized in 2023 and 2022 related to cash in banks. The carrying amount of cash in banks as at December 31,2023 and 2022 is disclosed in Note 4 to the financial statements.

Estimating the Useful Lives of Property and Equipment and Building (included under "Investment Properties"). The Company estimates the useful lives of property and equipment and building (included under "Investment properties" account) based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property and equipment and building (included under "Investment properties" account) are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation and amortization for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful lives of the Company's property and equipment and building (included under "Investment properties" account) in 2023 and 2022.

Depreciation for the years ended December 31, 2023 and 2022 and the carrying amount of property and equipment as at December 31, 2023 and 2022 are disclosed in Note 8 to the financial statements.

The carrying amount of building (presented under "Investment properties" account) as at December 31, 2023 and 2022 is disclosed in Note 9 to the financial statements.

Assessing the Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends;
- significant changes or planned changes in the use of the assets; and
- significant changes in the business operations and strategies of the Company.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Recoverable amount represents the value in use, determined as the present value of estimated future cash flows expected to be generated from the continued use of the assets. The estimated cash flows are projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the assets.

There is no provision for impairment loss on input VAT was recognized by the Company in 2023. Provision for impairment loss on input VAT was recognized by the Company in 2022 as disclosed in Note 6 to the financial statements.

The carrying amounts of nonfinancial assets are disclosed in Notes 6, 8 and 9 to the financial statements.

Assessing the Impact of Contingencies. The estimate of the probable costs for the resolution of possible claims has been developed in consultation with the external legal counsel handling the Company's defense in these matters and is based upon an analysis of potential results. The Company is involved in certain litigations that are under the normal course of business. The management and its legal counsel assessed, however, that the ultimate outcome of these cases will not materially affect the Company's financial position, operating results and cash flows (see Note 18).

Recognizing Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date is reviewed 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. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenue and expenses.

In 2023 and 2022, the Company did not recognize any deferred tax assets because management believes that it is not probable that sufficient future taxable income will be available against which the deferred tax asset may be utilized.

The Company has unrecognized deferred tax assets as at December 31, 2023 and 2022 as disclosed in Note 17 to the financial statements.

4. Cash in Banks

Cash in banks amounted to ₱290.6 million and ₱303.3 million as at December 31, 2023 and 2022, respectively. Cash in banks earn interest at the prevailing bank deposit rates and are immediately available for use in the current operations. Interest income earned amounted to ₱0.3 million and ₱0.4 million in 2023 and 2022, respectively.

5. Receivables

This account consists of:

	Note	**2023**	2022
Receivable from a director	12	**₱408,659,431**	₱408,659,431
Amounts owed by a related party	12	**48,090,487**	85,419,548
		₱456,749,918	₱494,078,979

Receivables are unsecured, noninterest-bearing, and generally collectible in cash on demand or at the agreed collection period.

6. Other Current Assets

This account consists of:

	2023	2022
Input VAT	**₱210,886,723**	₱640,090,692
Prepaid expenses	**161,676,330**	74,240,575
Deferred input tax	**86,927,234**	–
Advances to suppliers	**250,000**	200,000
CWT	–	34,597,623
	459,740,287	749,128,890
Less allowance for impairment on input VAT	–	(456,000,000)
	₱459,740,287	₱293,128,890

Input VAT represents VAT imposed by the Company's suppliers for the acquisition of goods and services as required by the Philippine taxation laws and regulations.

Prepaid expenses include payments made in advance relating to real property tax, financial advisory services and insurance.

Deferred input tax pertains to the VAT on waiver fee of leasehold rights which will be utilized upon application of remaining waiver fee balance. As at December 31, 2023, the balance of deferred input tax is presented as follows:

Current	₱86,927,234
Noncurrent	478,099,787
	₱565,027,021

Movements in allowance for impairment on input VAT are as follows:

	2023	2022
Balance at beginning of year	**₱456,000,000**	₱–
Provision	**–**	456,000,000
Write-off	**(456,000,000)**	–
Balance at end of year	**₱–**	₱456,000,000

The Company has adjusted the available input tax attributable to the 2022 waiver fee in its VAT return in line with its intention to claim for refund. Consequently, the Company has written off this input tax without prejudice to any administrative or judicial claim, as the case may be.

7. Rent Receivables

The balances and movements of rent receivables is as follows:

	Note	**2023**	2022
Balance at beginning of year		**₱11,893,100,354**	₱12,543,436,045
Rent income	13	**1,929,331,571**	2,470,174,604
Collections		**(3,859,447,869)**	(3,120,510,295)
Balance at end of year		**₱9,962,984,056**	₱11,893,100,354

The rent receivables in relation to this lease is presented as follows:

	2023	2022
Current	**₱–**	₱2,688,872,908
Noncurrent	**9,962,984,056**	9,204,227,446
	₱9,962,984,056	₱11,893,100,354

The noncurrent portion of rent receivables represents the difference between the rent income on a straight-line basis over the lease term and rental fees per contract.

8. Property and Equipment

The balances and movements of this account are as follows:

	2023		
	Office Equipment	**Vehicle**	**Total**
Cost			
Balances at beginning and end of year	**₱1,179,848**	**₱8,200,000**	**₱9,379,848**
Accumulated Depreciation			
Balances at beginning of year	**1,179,848**	**4,510,000**	**5,689,848**
Depreciation	**–**	**1,640,000**	**1,640,000**
Balances at end of year	**1,179,848**	**6,150,000**	**7,329,848**
Carrying Amount	**₱–**	**₱2,050,000**	**₱2,050,000**

	2022		
	Office Equipment	Vehicle	Total
Cost			
Balances at beginning and end of year	₱1,179,848	₱8,200,000	₱9,379,848
Accumulated Depreciation			
Balances at beginning of year	1,179,848	2,870,000	4,049,848
Depreciation	–	1,640,000	1,640,000
Balances at end of year	1,179,848	4,510,000	5,689,848
Carrying Amount	₱–	₱3,690,000	₱3,690,000

Depreciation charged to operations consists of (see Note 15):

	Note	**2023**	2022
Property and equipment		**₱1,640,000**	₱1,640,000
Investment properties	9	**–**	447,576
		₱1,640,000	₱2,087,576

The cost of fully depreciated assets still in use amounted to ₱1.2 million as at December 31, 2023 and 2022.

9. Investment Properties

Land

The Company has several parcels of land that are held for lease. Balances and movements of this account are as follows:

	2023	2022
Balances at beginning of year	**₱15,828,014,542**	₱16,371,060,231
Additions	**110,788,450**	367,718,276
Disposals	**–**	(910,763,965)
Balances at end of year	**₱15,938,802,992**	₱15,828,014,542

The investment properties consist of 347,747 square meters located in Barangays Tambo and Don Galo, Parañaque City and 100,000 square meters located in Bataan.

On May 6, 2022, the Company entered into a Deed of Absolute Sale with a third party for the purchase of 100,000 square meters of land located in Bataan with a total of cost of ₱243.5 million which was paid in full on the date of acquisition.

The Company capitalized costs aggregating ₱110.8 million and ₱124.2 million for the land clearing, maintenance, and levelling works in 2023 and 2022, respectively.

Building
As at and for the year ended December 31, 2022, balances and movements of this account are as follows:

Cost	
Balance at beginning of year	₱24,413,228
Disposals	(24,413,228)
Balance at end of year	–
Accumulated Depreciation	
Balance at beginning of year	162,755
Depreciation	447,576
Disposals	(610,331)
Balance at end of year	–
Carrying Amount	₱–

On June 14, 2022, the Company entered into a Deed of Absolute Sale with another third party to sell the properties located in South Forbes Park Makati containing an area of 2,233 square meters with total carrying amount of ₱934.6 million (see Note 14). The proceeds of the sale amounted to ₱500.0 million resulting to a loss of ₱434.6 million.

Rent income and direct costs in relation to the investment properties amounted to ₱1,929.3 million and ₱2,470.2 million, and ₱74.0 million and ₱74.3 million as at December 31, 2023 and 2022, respectively (see Notes 13 and 14).

The fair value of the investment properties amounted to ₱190,942.7 million as at December 31, 2023 and 2022. The fair value was based on the latest appraisal of a parcel of land within the area.

Valuation Technique and Significant Unobservable Inputs
The fair value of investment properties was estimated based on appraisals performed by an independent, SEC-accredited, and professionally-qualified property appraiser and was determined with reference to the latest transacted prices for identical or similar properties. The fair valuation is classified under Level 3 category using Market Approach.

The significant unobservable inputs used in the fair value measurement of the Company's land are the estimated net price per square meter and various factors such as size, location, and utility, among others. Significant increases (decreases) in the estimated net price per square meter in isolation would result in a significantly higher (lower) fair value measurement. Further, choosing comparable with different inputs would result in a significantly different fair value measurement.

10. Accounts and Other Payables

This account consists of:

	Note	**2023**	2022
Amounts owed to related parties	12	**₱10,536,512,791**	₱10,559,841,184
Accrued expenses		**12,617,259**	2,785,728
Payables to government agencies		**4,483,522**	1,954,461
Advance deposit		**–**	80,542,000
Others		**2,060,600**	3,060,538
		₱10,555,674,172	₱10,648,183,911

Amounts owed to related parties are unsecured, noninterest-bearing and are generally payable on demand and in cash.

Accrued expenses pertain to professional, interest expense on loan and consultancy fees incurred but not yet billed nor paid. These are normally settled within a year.

Payables to government agencies are normally settled the following month.

Advance deposit pertains to initial payment from a third party buyer for a parcel of land with an area of 36,610 square meters. On September 11, 2023, the Company signed a mutual release and quitclaim to confirm termination of the transaction and the return of a portion of the deposit amounting to ₱40.3 million to the third party and the forfeiture of the balance amounting to ₱36.0 million (see Note 16).

11. Loan Payable

On February 9, 2022, the Company obtained a three (3) year loan facility with a local bank in the amount of US$ 50.0 million for the purpose of general corporate funds and additional working capital requirements. The loan facility is secured by a real estate mortgage over certain parcel of the Company's land located at Paranaque City.

As at December 31, 2023 and 2022, the Company's outstanding long-term, net of transaction costs, is classified as follows:

	2023	2022
Current	**₱919,464,478**	₱919,371,457
Noncurrent	**154,156,386**	1,084,373,642
	₱1,073,620,864	₱2,003,745,099

Interest and Finance Charges on Loan

Interest expense and amortization of transaction costs related to this long-term loan in 2023 and 2022 amounted to ₱92.8 million and ₱16.0 million, and ₱81.1 million and ₱20.3 million, respectively.

Interest expense is incurred as follows:

	2023	2022
Long-term payable	**₱286,337,420**	₱–
Loan payable	**108,392,698**	103,667,106
	₱394,730,118	₱103,667,106

Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Company's liabilities arising from financing activities:

	2022	**Interest Expense**	**Financing Cash Inflows**	**Financing Cash Outflows**	**Non-cash Changes**	**2023**
Loan payable	**₱2,003,745,099**	**₱–**	**₱–**	**(₱928,298,611)**	**(₱1,825,624)**	**₱1,073,620,864**
Interest payable	**2,251,729**	**108,392,698**	**–**	**(92,806,735)**	**(15,961,877)**	**1,875,815**
	₱2,005,996,828	**₱108,392,698**	**₱–**	**(₱1,021,105,346)**	**(₱17,787,501)**	**₱1,075,496,679**

	2021	Interest Expense	Financing Cash Inflows	Financing Cash Outflows	Non-cash Changes	2022
Loan payable	₱–	₱–	₱2,565,700,000	(₱810,376,607)	₱248,421,706	₱2,003,745,099
Interest payable	–	103,667,106	–	(81,075,616)	(20,339,761)	2,251,729
	₱–	₱103,667,106	₱2,565,700,000	(₱891,452,223)	₱228,081,945	₱2,005,996,828

12. Related Party Transactions

The Company, in the normal course of business, has transactions with its related parties which are summarized as follows:

		Amount of Transactions		Outstanding Balances	
Related Party	Nature of Transactions	**2023**	2022	**2023**	2022
Receivables (see Note 5):					
Parent Company (a)	Working capital requirements	**₱18,602,007**	₱3,004,710	**₱48,090,487**	₱29,488,479
Under common management (a)	Working capital requirements	**–**	45,408,569	**–**	45,408,569
Under common management (b)	Guarantee fees	**18,789,508**	19,219,280	**–**	10,522,500
Director (e)	Cash held in trust	**–**	500,000,000	**408,659,431**	408,659,431
				₱456,749,918	₱494,078,979
Rent receivables (see Note 7) -					
Under common management (c)	Rent	**₱1,929,331,571**	₱2,470,174,604	**₱9,962,984,056**	₱11,893,100,354
Amounts owed to related parties (see Note 10):					
Under common management (a)	Working capital requirements	**₱71,360,409**	₱–	**₱10,406,148,805**	₱10,428,181,015
	Reimbursements and other payables	**–**	131,330,169	**130,033,986**	131,330,169
Under common management (d)	Administrative fees	**2,250,000**	1,800,000	**330,000**	330,000
				₱10,536,512,791	₱10,559,841,184
Long-term payable					
Under common management (c)	Waiver fee	**₱7,982,952,979**	₱3,800,000,000	**₱5,273,585,532**	₱–
Deferred revenue					
Under common management (c)	Advance guarantee fee collection	**₱14,303,822**	₱–	**₱9,535,882**	₱–
Deferred rent income					
Under common management (c)	Advance land lease collection	**₱1,290,316,205**	₱–	**₱1,290,316,205**	₱–

a. The Company has noninterest-bearing receivables from its Parent Company and payables (includes foreign-currency denominated payables) to a related party under common management for working capital requirements. These are current, due and demandable, and will be settled through cash payments or offsetting arrangements. The receivable from the Parent Company is not impaired in 2023 and 2022. Movements in amounts owed to related parties include foreign exchange revaluation which amounted to ₱94.7 million and ₱856.4 million as at December 31, 2023 and 2022, respectively.

b. With the Board approval on June 19, 2020, the Company approved and consented to mortgage certain parcels of its land, together with all the improvements thereon, to secure the US$150.0 million loan facility of Tiger Resort, Leisure and Entertainment, Inc. (Tiger I) with Asia United Bank or Omnibus Loan and Security Arrangement (AUB OLSA). Tiger I agrees to pay a guarantee fee amounting to US$375,000 annually in consideration of the mortgage as long as the mortgage subsists. The receivable from Tiger I is not impaired, unsecured, noninterest-bearing, and generally collectible in cash and on demand or at the agreed collection period.

c. On January 1, 2012, the Company entered into a 22-year lease agreement with Tiger I for the lease of parcels of land used in the construction of Tiger I's integrated resort project. Said lease is renewable upon mutual agreement of both parties. Tiger I, through Tiger Resort Asia Limited (TRAL) has an indirect relationship with the Company as Brontia Limited is a subsidiary of TRAL. The leased property is located at Asia World City Complex, Barangay Tambo, Parañaque City.

   The rent receivables are not impaired, unsecured, noninterest-bearing, and collectible in cash over the lease term.

   On March 16, 2022, the Company and Tiger I entered into an agreement to revise the lease contract reducing the leasable areas from 311,491 square meters to 278,414 square meters. Consequently, the payment terms of the lease contract for the rentals of the remaining parcels of land have been amended to ₱116.4 million beginning March 1, 2022, subject to an escalation rate of 3% annually beginning March 1, 2023. Tiger I agreed to waive its leasehold rights over the ceded lease properties of 33,077 square meters for a consideration paid by the Company amounting to ₱3,800.0 million, net of VAT, as stated in the Memorandum of Agreement (MOA) for the Waiver of Leasehold Rights.

   On March 20, 2023, the Company and Tiger I entered into another agreement to revise the lease contract further reducing the leasable areas from 278,414 square meters to 217,357 square meters. Consequently, the payment terms of the lease contract for the rentals of the remaining parcels of land have been amended to ₱90.9 million effective April 1, 2023, with an annual escalation rate of 3% beginning April 1, 2024. On the same date, the Company and Tiger I entered into another MOA for the Waiver of Leasehold Rights wherein the Company shall be charged a consideration amounting to ₱7,632.1 million, net of VAT, as a fee for the waiver and release of leasehold rights over the ceded lease properties aggregating 61,057 square meters.

   Further, on October 23, 2023, an addendum to the MOA was signed to include the detailed terms of the ₱7,632.1 million expense from waiver fee which shall incur interest at a certain rate per annum for the remaining principal starting April 1, 2023. As at December 31, 2023, long-term payable arising from the waiver fee amounted to ₱5,273.6 million. This long-term payable will be paid by monthly amortizations until June 2030 by way of offsetting or deductions from the receivables from Tiger I under the Contract of Lease.

   As at December 31, 2023, long-term payable is classified as follows:

Current	₱811,320,851
Noncurrent	4,462,264,681
	₱5,273,585,532

   As at December 31, 2023, deferred revenue from advance collection of guarantee fees and deferred income from advance collection of land lease rentals from Tiger I amounted to ₱9.5 million and ₱1,290.3 million, respectively.

d. In 2014, the Company and Tiger I entered into a two-year reimbursement agreement subject to automatic renewal for another year unless otherwise terminated. Under the agreement, Tiger I shall provide administrative support services to the Company. Total reimbursements to Tiger I amounted to ₱2.3 million and ₱1.8 million in 2023 and 2022, respectively. This was recorded as "Administrative fees" under "Operating expenses" account in the statement of comprehensive income.

e. In 2023 and 2022, cash held in trust with a director is not impaired, unsecured, noninterest-bearing, and generally collectible in cash and on demand or at the agreed collection period.

The Company's key management functions are performed by the BOD. Other than director fees disclosed in Note 15, the BOD did not receive any other compensation and benefits in 2023 and 2022.

13. Operating Lease

Company as Lessor

The Company has an existing lease contract with Tiger I for the lease of parcels of land used in the construction and operation of Tiger I's integrated resort project. Total rent income earned in relation to this lease amounted to ₱1,929.3 million and ₱2,470.2 million for the years ended December 31, 2023 and 2022, respectively (see Note 12).

As at December 31, 2023, the future minimum lease receipts up to the expiry date of the operating lease are as follows:

Not later than one year	₱1,115,036,964
Later than one year but not later than five years	4,804,845,684
Later than five years	71,195,459,124
	₱77,115,341,772

14. Cost of Sale and Direct Costs

This account consists of:

	Note	**2023**	2022
Direct costs:			
Real property taxes		**₱74,040,480**	₱74,317,735
Others		**4,596**	7,635
Cost of sale of investment properties	9	**–**	934,566,862
		₱74,045,076	₱1,008,892,232

15. Operating Expenses

This account consists of:

	Note	**2023**	2022
Professional fees		**₱244,920,696**	₱51,212,333
Security		**57,619,047**	–
Taxes and licenses		**45,682,690**	619,435
Director fees	12	**8,000,000**	8,000,000
Administrative fees	12	**2,250,000**	1,800,000
Depreciation	8	**1,640,000**	2,087,576
Others		**929,941**	970,719
		₱361,042,374	₱64,690,063

16. **Other Income**

This account consists of:

	Note	**2023**	2022
Forfeiture of advance deposit	10	**₱35,956,250**	₱–
Guarantee fees	12	**18,789,508**	19,219,280
		₱54,745,758	₱19,219,280

17. **Income Tax**

The components of provision for income tax are as follows:

	2023	2022
Reported in Profit or Loss:		
Current	**₱59,350,406**	₱75,544,954
Deferred	**37,937,831**	52,284,337
	₱97,288,237	₱127,829,291

The provision for current income tax represents the 5% GIT as a PEZA-registered entity on its registered activities and the RCIT at 25% on the non-registered activities.

The Company's recognized net deferred tax liability amounting to ₱500.9 million and ₱463.0 million as at December 31, 2023 and 2022, respectively, relates to noncurrent portion of rent receivables.

Further, the Company has unrecognized deferred tax assets as follows:

	2023	2022
Net unrealized foreign exchange loss	**₱215,038,400**	₱261,267,215
NOLCO	**10,206,905**	–
Excess MCIT	**821,658**	–
	₱226,066,963	₱261,267,215

The Company did not recognize any deferred tax assets because management believes that it is not probable that sufficient future taxable income will be available against which the deferred tax assets may be utilized.

For the year ended December 31, 2023, the Company incurred NOLCO amounting to ₱40.8 million which can be claimed as a deduction from future taxable income. This will expire in 2026.

For the year ended December 31, 2023, the Company incurred excess MCIT amounting to ₱0.8 million which can be used as future tax credit. This will expire in 2026.

The reconciliation between the provision for income tax at statutory income tax rate and the effective income tax rate reported in the statements of comprehensive income is as follows:

	2023	2022
Provision for income tax:		
5% GIT	**(₱342,957,849)**	(₱80,805,184)
RCIT	**35,604,259**	(348,143,643)
Change in unrecognized deferred tax assets	**(35,200,252)**	246,270,798
Add (deduct) tax effects of:		
Nondeductible expenses	**439,933,366**	310,615,980
Interest income subjected to final tax	**(91,287)**	(108,660)
Income tax computed at effective income tax rate	**₱97,288,237**	₱127,829,291

18. **Commitment and Contingencies**

a. Commitments

Omnibus Loan Security Agreement
The Company provided certain collateral security in favor of AUB in relation to the AUB OLSA entered into by Tiger I on June 26, 2020.

Under the OLSA, the Company cannot sell its investment property covered by the collateral without AUB's consent unless the loan of Tiger I is paid.

On May 7, 2021, the said AUB OLSA was converted into a three-year loan of Tiger I with maturity date of May 7, 2024. This is still secured by a real estate mortgage over certain land properties of the Company.

b. Contingency

The Company, in the ordinary course of business, is a party to certain cases pending with the courts, the outcome of which are not presently determinable.

Other than those, the Company is not aware of any pending or threatened litigation, claims or assessments or unasserted claims of assessments that are required by PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to be accrued or disclosed in the financial statements as at December 31, 2023 and 2022.

19. **Financial Risk Management Objectives and Policies**

The Company's principal financial instruments consist of cash in banks, receivables, rent receivables, accounts and other payables, (excluding payables to government agencies), loan payable and long-term payable.

The main financial risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. Management reviews and approves policies for managing each of these risks as summarized below.

Market Risk

The Company is exposed to market risk, primarily those related to foreign currency risk. Management actively monitors these exposures, as follows:

Foreign Currency Risk. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's foreign exchange risk results primarily from movements of the Philippine Peso against the United Stated (US) Dollar and Japanese Yen with respect to foreign currency denominated financial assets.

The Company's transactional currency exposures arise from accounts and other payables, and loan payable made in currencies other than the Company's functional currency. The Company periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk. Measures are adopted to protect its financial assets in the event there would be significant fluctuations in the exchange rate.

The following table shows the Company's US dollar- and Japanese yen-denominated monetary financial assets and liabilities at amortized cost and their Philippine Peso equivalent:

	2023		2022	
	Philippine Peso	**Amount in Foreign Currency**	Philippine Peso	Amount in Foreign Currency
Financial assets at amortized cost:				
Cash in banks	**₱186,422,456**	**$3,354,913**	₱188,120,751	$3,352,116
Receivables	**–**	**–**	10,522,500	187,500
	₱186,422,456	**$3,354,913**	₱198,643,251	$3,539,616
Financial liabilities at amortized cost:				
Amounts owed to a related party				
(In US Dollar)	**₱9,057,893,851**	**$163,008,510**	₱9,495,981,557	$169,208,510
(In Japanese Yen)	**73,172,165**	**¥186,188,714**	77,715,169	¥186,188,714
Loan payable	**1,080,469,443**	**$19,444,444**	2,182,444,445	$38,888,889
	₱10,211,535,459		₱11,756,141,171	

For purposes of translating the outstanding balances of the Company's foreign currency-denominated financial assets and liabilities as at December 31, 2023 and 2022, the exchange rates applied were ₱55.567 and ₱56.120 per US$1 and ₱0.393 and ₱0.417 per JP¥1, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's loss before income tax for the years ended December 31, 2023 and 2022. There is no other impact on the Company's equity other than those already affecting profit or loss.

	Currency	Increase/Decrease in Exchange Rate	Effect on Loss before Income Tax
December 31, 2023	**USD**	**+1.43%**	**₱131,806,145**
		-1.43%	**(131,806,145)**
	JPY	**+3.98%**	**2,915,609**
		-3.98%	**(2,915,609)**

	Currency	Increase/Decrease in Exchange Rate	Effect on Loss before Income Tax
December 31, 2022	USD	+4.68%	₱453,854,842
		-4.68%	(453,854,842)
	JPY	+4.19%	3,256,748
		-4.19%	(3,256,748)

Credit Risk

Credit risk is a risk due to uncertainty in the counterparty's ability to meet its obligations. With respect to credit risk arising from the financial assets, the Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company trades mainly with recognized and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Company only deals with financial institutions duly evaluated and approved by the BOD.

The carrying amounts of financial assets at amortized cost represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	2023	2022
Cash in banks	**₱290,563,253**	₱303,302,593
Receivables	**456,749,918**	494,078,979
Rent receivables	**9,962,984,056**	11,893,100,354
	₱10,710,297,227	₱12,690,481,926

The table below shows the credit quality per class of financial assets at amortized cost as at December 31, 2023 and 2022.

	2023					
	Neither Past Due nor Impaired					
	High Grade	**Standard Grade**	**Substandard Grade**	**Past Due but not Impaired**	**Credit Impaired**	**Total**
Lifetime ECL:						
Receivables	**₱456,749,918**	**₱–**	**₱–**	**₱–**	**₱–**	**₱456,749,918**
Rent receivables	**9,962,984,056**	**–**	**–**	**–**	**–**	**9,962,984,056**
	10,419,733,974					**10,419,733,974**
12-month ECL -						
Cash in banks	**290,563,253**	**–**	**–**	**–**	**–**	**290,563,253**
	₱10,710,297,227	**₱–**	**₱–**	**₱–**	**₱–**	**₱10,710,297,227**

	2022					
	Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due but not Impaired	Credit Impaired	Total
Lifetime ECL:						
Receivables	₱494,078,979	₱–	₱–	₱–	₱–	₱494,078,979
Rent receivables	11,893,100,354	–	–	–	–	11,893,100,354
	12,387,179,333	–	–	–	–	12,387,179,333
12-month ECL -						
Cash in banks	303,302,593	–	–	–	–	303,302,593
	₱12,690,481,926	₱–	₱–	₱–	₱–	₱12,690,481,926

The credit quality of the financial assets is managed by the Company using internal credit quality ratings. High grade accounts consist of financial assets from counterparties with good financial condition and with relatively low defaults. Financial assets having risks of default but are still collectible are considered as standard grade accounts. Financial assets that are still collectible but require persistent effort from the Company to collect are considered substandard grade accounts. Past due but not impaired are those with history of frequent default nevertheless the amount due are still collectible. Impaired are those that are long outstanding or those that have been provided with an allowance for impairment.

For receivables and rent receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime expected credit losses. The resulting ECL is not significant because the financial assets are considered high grade with minimal risk of default.

For cash in banks, the Company has applied the general approach and has calculated ECL based on 12-month ECL basis. The resulting ECL is not significant because the financial assets are considered high grade with minimal risk of default.

Concentration Risk. Concentration of credit risk may arise from exposure to a single debtor or a group of debtors having similar characteristics such that their ability to meet their obligations are expected to be affected in like a manner by changes in economic or other conditions.

Rent Receivables

As at and for the years ended December 31, 2023 and 2022, amounts in rent receivables and rent income are solely attributable to Tiger I. Rent receivables are neither past due nor impaired, therefore, no losses are expected to be recognized.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and financial liabilities. The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread in refinancing maturities.

The table below shows the maturity profile of the Company's financial liabilities at amortized cost as at December 31, 2023 and 2022 based on contractual undiscounted payments:

	December 31, 2023				
	On Demand	**Less than 3 Months**	**3 Months to 1 Years**	**More than 1 Year**	**Total**
Accounts and other payables*	**₱10,551,190,650**	**₱–**	**₱–**	**₱–**	**₱10,551,190,650**
Long-term payable	**–**	**811,320,851**	**–**	**4,462,264,681**	**5,273,585,532**
Loan payable**	**–**	**926,116,668**	**–**	**154,352,776**	**1,080,469,444**
	₱10,551,190,650	**₱1,737,437,519**	**₱–**	**₱4,616,617,457**	**₱16,905,245,626**

**excluding payables to government agencies*

***excluding prepaid transaction costs*

	December 31, 2022				
	On Demand	Less than 3 Months	3 Months to 1 Years	More than 1 Year	Total
Accounts and other payables*	₱10,646,229,450	₱–	₱–	₱–	₱10,646,229,450
Loan payable**	–	935,333,334	–	1,091,222,221	2,026,555,555
	₱10,646,229,450	₱935,333,334	₱–	₱1,091,222,221	₱12,672,785,005

**excluding payables to government agencies*
***excluding prepaid transaction costs*

Fair Value Measurement

The following table presents the fair value of the Company's financial liability at amortized cost with carrying amount that differs from its fair value:

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liability at Amortized Cost -				
Loan payable*	**₱1,080,469,444**	**₱1,161,149,422**	₱2,026,555,555	₱2,248,533,336
Long-term payable	**5,273,585,531**	**5,244,801,747**	–	–
	₱6,354,054,975	**₱6,405,951,169**	₱2,026,555,555	₱2,248,533,336

** excluding prepaid transaction costs*

The fair value measurement of the loan payable is classified as Level 2 (significant observable inputs) and was determined by discounting the sum of all future cash flows using the prevailing market rates of interest for instruments with similar maturities. The discount rates used ranges from 5.12% to 5.88% and 3.92% to 6.02% in 2023 and 2022, respectively.

The Company's long-term payable amounting to ₱5,273.6 million has a fair value amounting to ₱5,244.8 million as at December 31, 2023. The fair value is classified under Level 2 of the fair value hierarchy.

The table below presents the financial assets and liabilities of the Company whose carrying amounts approximate its fair value due to the short-term nature of these financial instruments.

	2023	2022
Financial Assets at Amortized Cost:		
Cash in banks	**₱290,563,253**	₱303,302,593
Receivables	**456,749,918**	494,078,979
Rent receivables	**9,962,984,056**	11,893,100,354
	₱10,710,297,227	₱12,690,481,926
Financial Liabilities at Amortized Cost -		
Accounts and other payables*	**₱10,551,190,650**	₱10,646,229,450

**excluding payables to government agencies*

Capital Management Policy

The primary objective of the Company's capital management is to ensure that it maintains a strong and healthy financial position to support its current business operations.

The Company considers its equity amounting to ₱8,879.3 million and ₱15,693.4 million as capital employed as at December 31, 2023 and 2022, respectively.

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 adjust its borrowings or raise capital. No changes were made in the objectives, policies or processes in 2023 and 2022.

20. Events after the Reporting Period

On July 27, 2017, the Company filed an administrative claim for refund or tax credit seeking recovery of deficiency of documentary stamp tax (DST), interest and surcharge paid in 2015.

On March 1, 2022, the Court of Tax Appeals (CTA) En Banc promulgated its decision partially granting the Company's claim for refund. On July 3, 2023, the writ of execution was later issued by the CTA.

The Company completed the necessary documents with the BIR for the claim for refund in January 2024.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
April 14, 2024; valid until June 6, 2026
SEC Registration No. PP201007009

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**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE ON RECONCILIATION OF
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION**

The Stockholders and the Board of Directors
Eagle I Landholdings, Inc.
Manila Bay Resort Temporary Facilities Office
Atlantic Drive, Asiaworld City Blvd.
Parañaque City

We have audited in accordance with the Philippine Standards on Auditing, the accompanying financial statements of Eagle I Landholdings, Inc. (the Company) as at and for the years ended December 31, 2023 and 2022 and have issued our report dated April 17, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedule on Reconciliation of Retained Earnings Available for Dividend Declaration as at December 31, 2023 is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Revised Securities Regulation Code 68 and is not part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

ARTHUR VINSON U. ONG
[redacted]

April 17, 2024
Makati City, Metro Manila

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

EAGLE I LANDHOLDINGS, INC.

Manila Bay Resort Temporary Facilities Office Atlantic Drive, Asiaworld City Blvd. Parañaque City

Unappropriated retained earnings (deficit), beginning of reporting period and as adjusted		**₱2,688,274,835**
Less: Net loss for the current year		(6,814,092,064)
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for in accordance to PFRS 16	(720,818,780)	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(139,280,218)	
Sub-total		(860,098,998)
Add/Less: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange loss, except those attributable to cash and cash equivalents		777,154,909
Adjusted net loss		**(6,897,036,153)**
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax liability		(37,937,831)
Total retained earnings (deficit), end of the reporting period available for dividend		**(₱4,246,699,149)**