

COVER SHEET

2 2 2 6 4

S.E.C. Registration Number

BHI HOLDINGS INC
 (f o r m e R I Y C o N s o L i d A T e d
 I n s u r a N c E C o M p a N y I N c)

(Company's Full Name)

2 2 n d F L o O r T H e P e a R L b a n k C t r

1 4 6 V a L e R o S T S A I c E D o V i l l I M k t

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

Marivic U. Isla

Contact Person

840-29-61

Company Telephone Number

1 2 3 1

Month Day
Calendar Year

1 7 - A

FORM TYPE

0 5 4 F

Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

M R D

Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

3 2 2

Total No. of Stockholders

Total Amount of Borrowings

N/A

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City
Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of BHI 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, 2020, and 2019, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing and in their report to the stockholders have expressed their opinion on the fairness of presentation upon completion of such audit.



MANUEL N. TANKIANSEE

Chairman of the Board



JUANITA U. TAN

Chief Executive Officer/President



MARIVIC U. ISLA


Treasurer

SUBSCRIBED AND SWORN to before me this 13 MAY 2022 day of _____, 2022
affiant(s) exhibiting to me his/her Residence Certificate as follows:

| Name | / | TIN NUMBER |
|----------------------|---|-----------------|
| MANUEL N. TANKIANSEE | | 126-197-981-000 |
| JUANITA U. TAN | | 126-197-981-000 |
| MARIVIC U. ISLA | | 245-404-546-000 |

Notary Public

Doc. No. 40
Page No. 9
Book No. XLIII
Series of 2021


ATTY. ELISEO S. CALMA, JR.
Quezon City Notary Public
Roll No. 50183
PTR No. 2454359D, Jan. 03, 2022
IBP No. 183386, Jan. 31, 2022
MCLE Comp. No. VII-0006924 until April 14, 2025
20 Kamagong St., Sapamanai Village
East Fairview, Quezon City
ADM Matter No. NP-067
Until Dec. 31, 2021
Extended as Commission Under B.M. 3795
Until June 30, 2022

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: 22264 3. BIR Tax Identification No.: 000-446-527
4. Exact name of issuer as specified in its charter

BHI HOLDINGS, INC.

5. PHILIPPINES 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code
Incorporation or Organization

7. 22nd Floor, The Pearlbank Centre, 146 Valero Street 1227
Salcedo Village, Makati City Postal Code
Address of Principal Office

8. 02-840-2961
Issuer's telephone number, including area code

9. N/A

Former Name, former address and former fiscal year, if changed since last report

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 & Amount of Debt Outstanding |
|---------------------|--|
| Common Class A | 350,000 Shares |
| Common Class B | 150,000 Shares |

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

Yes [] No []

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

12. Check whether the issuer:

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

Yes [x] No []

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

Yes [x] No []

13. Aggregate market value of the voting stock held by non-affiliates of the registrant.

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

Yes [x] No []

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

- a. Any annual report to security holders. - N/A
- b. Any proxy or information statement filed pursuant to SRC Rule 20 and 17.1(b); - N/A
- c. Any prospectus filed pursuant to SRC Rule 8.1-1. - N/A

MANAGEMENT REPORT

BUSINESS AND GENERAL INFORMATION

1) Business Development

a) **Form and date of organization**

The Company was incorporated on January 23, 1963. In 1992, majority shares owned by the Group Management Corporation were sold to Metropolitan Management Corporation. In July 1995, Metropolitan Management Corporation sold its majority shareholdings to Westmont Investment Corporation. In May 1997, Westmont Investment Corporation and Metropolitan Management Corporation sold their shareholdings to Bulk Handlers, Inc. which acquired approximately 91% of the Company. Pursuant to the resolution of the Board of Directors of the Corporation approved and adopted on October 19, 1999, the Corporation on October 26, 1999, executed a Deed of Assignment in favor of CICI GENERAL INSURANCE CORPORATION (a newly registered and licensed non-life insurance company) whereby the Corporation's insurance business and related business had been transferred, and assigned and conveyed to the latter. On November 4, 1999, the Securities and Exchange Commission approved the Corporation's application to change its corporate name from Consolidated Insurance Corporation, Inc. to that of **BHI HOLDINGS, INC.** and its primary purpose from that of a non-life insurance company to that of an **investment holding company.**

b) **Any bankruptcy, receivership or similar proceedings**

The Corporation has not been under bankruptcy, receivership or similar proceeding. It has not entered into any merger or consolidations.

c) **Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.**

No material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the course of business took place.

2) Business of Issuer

In view of the change of its primary purpose, the Company is now ready to carry on the business of an investment holding company.

The company is an investment holding company whose target is to acquire equity plus interest in profitable corporations. However, due to the present economic condition, the company has not been very active in investing

and is only receiving interest income.

At present, the company has no principal products or services because it has not decided as to what products or services it will introduce to the market.

Percentage of sales or revenues and net income contributed by foreign sales for each of the last three years

Not Applicable

Distribution methods of products or services

Not Applicable

Competition

Not Applicable

Sources and availability of raw materials and names of principal suppliers

Not Applicable

Dependence of the business upon a single customer or a few customers, the loss of any or more of which would have a material adverse effect on the registrant and its subsidiaries taken as a whole/ Customer that accounts for, or based on existing orders will account for, twenty percent (20%) or more of the registrant's sales/ Existing major sales contracts.

Not Applicable

Transactions with and/or dependence on related parties.

Not Applicable

Principal terms and expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held/ The extent to which the registrant's operations depend. Or are expected to depend, on the foregoing and what steps are undertaken to secure these rights.

Not Applicable

Need for government approval of principal products or services

Not Applicable

Effect of existing or probable governmental regulations on the business

Not Applicable

Costs and effects of compliance with environmental laws

Not Applicable

Number of present employees and number of employees it anticipates to have within twelve (12) months.

Not Applicable

Listed companies and investment houses that are part of a conglomerate or group of companies

Not Applicable

Properties

The company has no principal plants, mines and other property of the same nature.

Legal Proceedings

There are no pending major court proceedings that could affect the financial stability of the Company.

Submission of Matters to a Vote of Security Holders

Not Applicable.

CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

There are no changes and/or disagreements with Accountants on matter relating to accounting principles or practices, financial disclosures, auditing scope and procedures during the last two fiscal years.

Disagreement with Accountants on Accounting and Financial Disclosure
None.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS (MD&A) OR PLAN OF OPERATION

1) Plan of Operation

The company is still in the process of finalizing its business plans and has not made any active investment. It intends to actively pursue its business as an investment holding company by acquiring equity plus interest in profitable Corporations.

Uncertainties remain as to whether the country will continue to be affected by regional trends in the coming months. The subsequent effect of such regional

trends in the economic environment of the Philippines will continue to affect the business activity of the company in the foreseeable future.

As an investment holdings company, the Company's main thrust is to acquire ownerships in profitable corporations. However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years. Its present source of revenue is limited to the interest income generated from its loans granted to a related party. As such, the Company has only two employees handling mainly administrative functions due to limited transactions of the Company as of December 31, 2021. The Company's management, however, continues to assess possible investment opportunities that it can embark on.

- a) The registrant can satisfy its cash requirements through interest income earned of its due from a related party. There is no need to raise additional funds in the next twelve (12) months
- b) The company has no product research and development because it has not finalized its operation plan.
- c) The company has no expected purchase or sale of plant and equipment.
- d) The company has no expected significant changes in the number of employees.

2) Management's Discussion and Analysis

Full Fiscal Years

2021

The components of the Due from a Related Party account are as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------------|-----------------------------|----------------------------|
| Principal balance | | |
| Original loan | P 46,000,000 | P 46,000,000 |
| Assumed loan | <u>54,000,000</u> | <u>54,000,000</u> |
| | <u>P 100,000,000</u> | <u>P 100,000,000</u> |
| Interest receivable on: | | |
| Original loan | 117,205 | 117,205 |
| Assumed loan | <u>137,590</u> | <u>137,590</u> |
| | <u>254,795</u> | <u>254,795</u> |
| | <u>P 100,254,795</u> | <u>P100,254,795</u> |

(a) Original Loan

As of December 31, 2021 and 2020, the carrying amount of the original loan amounting to P46,000,000, excluding interest receivable, is presented as part of Due from a Related Party account in the statements of financial position.

The original loan initially consisted of deposits made by the Company for the acquisition of equity interest in Aqua Rich, Inc. an entity that has the same stockholders as that of the Company. On December 9, 2000, upon the expiration of the conversion period of the deposits into equity, the deposits were automatically converted into an unsecured, interest-bearing loan. Interest is set at a certain rate per annum.

On September 1, 2013, upon maturity of the loan, the contracting parties both agreed to renew the loan for another two years with maturity date of August 31, 2015 with the same terms and conditions. Upon maturity, the loan was again renewed by both parties for another two years in 2017 and 2015 with the same terms and conditions.

Actual annual interest income earned in 2021, 2020 and 2019 related to this loan amounted P1,380,000, which is presented as part of Actual Interest Income From Loans under the Revenues section of the statements of comprehensive income.

The interest receivable amounting to P117,205 as of December 31, 2021 and 2020 is presented as part of Due from a Related Party account in the statements of financial position.

(b) Assumed Loan

On January 2, 2013, Takeda Holdings, Inc. a third party, assigned to Aqua Rich, Inc. its unsecured, interest-bearing loan payable to the Company which is payable after two years and subject to a certain interest rate per annum. Accordingly, the carrying amount of the assumed loan as of that date was recorded as part of Due from a Related Party account of the statement of financial position.

In 2014, 2016 and 2018, upon maturity of the loan, the contracting parties both agreed to renew the loan with the same terms and conditions as the original loan.

The carrying amount of the assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2021 and 2020 and is presented as Due from a Related Party in the statements of financial position.

Actual annual interest income earned in 2021, 2020 and 2019 related to the assumed loans amounted to P1,620,000, and is presented as Interest Income From Loans under the Revenues section in the statements of comprehensive income.

The interest receivable amounting to P137,590 in 2021 and 2020 is presented as part of Due from a Related Party account in the statements of financial position.

Management believes that the loans and the related interest receivable are fully collectible; hence, no allowance for impairment is required as of December 31, 2021 and 2020.

REVENUES

INTEREST INCOME/OTHER INCOME

The actual interest income based on the terms of the loan agreements amounted to P3,000,000 for 2021, and P3,007,568 for 2020, and P 3,000,000 for 2019.

Other income from Banco de Oro & Land Bank of the Philippines savings account amounted to P336.

OPERATING EXPENSES

2021

Operating expenses for 2021 amounted to P 2,591,185 which is P 913,643 lower compared to 2020. Expenses for 2021 were as follows:

| | | |
|--------------------|---|------------------|
| Salaries & Wages | P | 1,164,000 |
| Professional fees | | 808,750 |
| Rent Expense | | 180,000 |
| Membership fees | | 250,000 |
| Utilities | | 31,200 |
| Taxes and licenses | | 40,598 |
| Directors' fee | | 22,000 |
| Miscellaneous | | 94,637 |
| Total | P | <u>2,591,185</u> |

2020

Operating expenses for 2020 amounted to P 3,504,828 which is P 283,614 over compared to 2019. Expenses for 2020 were as follows:

| | | |
|--------------------|---|------------------|
| Salaries & wages | P | 1,164,000 |
| Professional fees | | 1,295,607 |
| Rent Expense | | 300,000 |
| Membership fees | | 250,000 |
| Utilities | | 81,600 |
| Office supplies | | 4,788 |
| Taxes and licenses | | 32,398 |
| Director's fee | | 22,000 |
| Miscellaneous | | 354,435 |
| Total | P | <u>3,504,828</u> |

2019

Operating expenses for 2019 amounted to P 3,087,320 which is P 59,376 lower compared to 2018. Expenses for 2019 were as follows:

| | | |
|--------------------|---|------------------|
| Salaries & wages | P | 1,164,000 |
| Professional Fees | | 1,193,000 |
| Rent Expense | | 300,000 |
| Membership fees | | 250,000 |
| Utilities | | 81,600 |
| Office supplies | | 43,502 |
| Taxes and licenses | | 31,257 |
| Director's fee | | 22,000 |
| Miscellaneous | | 1,961 |
| Total | P | <u>3,087,320</u> |

Material Events and uncertainties that would Impact Future Operations

The following statements relative to the material event/s and uncertainties known to management that would address the past and would have an impact on future operations are presented for information of all stockholders of the Corporation:

- There were no majority-owned subsidiaries top five key performance indicators during the reporting period.
- There were no events that would trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation during the reporting period.
- There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- There were no causes of material changes.
- We are not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity. Should we become aware of such events, we will include a disclosure discussing such events in subsequent quarterly reports.

Financial Statements

The **audited financial statements** of BHI consisting of Statements of Financial Position as of December 31, 2021, 2020 and 2019 and Statements of Comprehensive Income, Changes in Equity and Cash Flows for the three years then ended, together with Notes to Financial Statements, are attached to this report. Likewise, the **Interim Financial Statements** are attached to this report.

MATERIAL CHANGES ON THE LINE-BY-LINE ITEMS OF THE COMPANY'S CONSOLIDATED BALANCE SHEET

The following table shows the Company's cash flows on a consolidated basis of and for the years ended December 31, 2021 and 2020.

| | | |
|---|-------------|-------------|
| Cash Flows From Operating Activities | | |
| Income before tax | P 409,151 | (P 362,636) |
| Adjustment for: | | |
| Interest income from loans - net | (3,000,000) | (3,007,568) |
| Gain on derecognition of financial liabilities | | (133,893) |
| Interest income from cash in bank | (336) | (731) |
| Operating profit before working capital changes | (2,591,185) | (3,504,828) |
| Increase in other asset | (112,093) | (135,343) |
| Decrease in interest receivable | 254,795 | - |
| Increase in accrued expenses and other payables | (333,665) | 362,413 |
| Cash used in operations | (2,782,148) | (3,277,758) |
| Interest received | 3,000,336 | 3,008,299 |
| Cash paid for income taxes | (17,038) | (60,297) |
| Net Cash from (Used in) Operating Activities | 201,149 | (329,756) |
| Cash Flows from Financing Activities | 0 | 0 |
| Net Increase (decrease) in Cash | 201,149 | 329,756 |
| Cash at Beginning of Year | 123,085 | 452,841 |
| Cash at End of Year | P 324,234 | P 123,085 |

As of December 31, 2021, cash increased by 263.42%, from P324,234 in 2021 to P123,085 for the period ended December 31, 2020. For the period under review, interest received decreased to P3,000,336 from P3,008,299 for the year 2021. The cash paid for income taxes decreased, from P60,297 last year to P17,038 this year. Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

(a) Assumed Loan

On January 2, 2013, Takeda Holdings, Inc. a third party assigned to Aqua Rich, Inc. its unsecured, interest-bearing loan payable to the Company which is payable after two years and subject to a certain interest rate per annum. Accordingly, the carrying amount of the assumed loan as of that date was recorded as part of Due from a Related Party account of the statement of financial position.

Corresponding periodic renewals were agreed by both parties upon maturity of the loan under the same terms and conditions, which resulted in the non-current asset

classification of such loan as of December 31, 2021 and 2020.

The carrying amount of the assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2021 and 2020 and is presented as Due from a Related Party in the statements of financial position.

Actual annual interest income earned in 2021, 2020 and 2019 related to the assumed loans amounted to P1,620,000, and is presented as Interest Income From Loans under the Revenues section in the statements of comprehensive income.

The uncollected interest amounting to P137,590 as of December 31, 2020 is presented as part of Interest Receivable account in the 2020 statement of financial position. Such was fully collected in 2021.

The Company's loans and related interest receivable, which are subject to credit risk exposure, have been reviewed for impairment. Based on such review, management determines that the related losses are immaterial to the financial statements.

(a) Original Loan

The original loan initially consisted of deposits made by the Company for the acquisition of equity interest in Aqua Rich, Inc. an entity that has the same stockholders as that of the Company. On December 9, 2000, upon the expiration of the conversion period of the deposits into equity, the deposits were automatically converted into an unsecured, interest-bearing loan. Interest is set at a certain rate per annum.

On September 1, 2013, upon maturity of the loan, the contracting parties both agreed to renew the loan for another two years with maturity date of August 31, 2015 with the same terms and conditions. Corresponding periodic renewals were agreed by both parties upon maturity of the loan under the same terms and conditions, which resulted in the current asset classification of such loan as of December 31, 2021 and 2020.

Actual annual interest income earned in 2021, 2020 and 2019 related to this loan amounted P1,380,000, which is presented as part of Interest Income From Loans under the Revenues section of the statements of comprehensive income.

The uncollected interest amounting to P117,205 as of December 31, 2020 is presented as part of Interest Receivable account in the 2020 statements of financial position. Such was fully collected in 2021.

Deferred tax assets. The Company is subject to MCIT, which is computed at 1% in 2021, and 2% both in 2020 and 2019 of gross income, as defined under the tax regulations, or RCIT, whichever is higher. The Company's MCIT amounted to P2,481 in 2021, and P60,151 in 2020 and P60,000 in 2019. In 2020 the Company incurred NOLCO, amounting to P109,363 and P87,320 in 2019, which can be claimed as deductions from future taxable income within three to five years from the year the NOLCO was incurred. The company did not recognized the deferred tax assets arising from MCIT and NOLCO as of December 31, 2021, 2020 and 2019 since management believes that the Company will not have sufficient taxable income and RCIT due, respectively, within the periods against which the MCIT can be applied.

Accrued expenses and other payables. Decreased to P4,070,363 from P4,409,043 in 2020 by 7.68%, the lease contract is for one year renewable upon mutual agreement of both parties.

Result of Operations

Year Ended December 31, 2021 compared to Year Ended December 31, 2020

Revenue. For the year ended December 31, 2021, the Company achieved revenue of P3,000,336, decreased by 0.26% over the P3,008,299 in 2020. This was due to lesser interest income from cash in bank.

Operating Expenses. Total expenses decreased by 26.07% from P3,504,828 in 2020 to P2,591,185 this year due to decrease in other operating expenses.

Financial Costs. No financial cost for this year.

Tax Expenses. Decrease by 71.74% from P60,297 for the twelve months ended December 31, 2020, to P17,038 for the period ended December 31, 2021.

Net Income. The net loss of the Company amounted to P422,933 for 2020 and net income of P392,113 for 2021.

Earning Per Share. Is computed by dividing net income by the weighted average number of outstanding shares after giving retroactive effect to any stock split and stock dividend declared during the year. Diluted earnings (loss) per share were not determined since the Company does not have dilutive potential common shares as of December 31, 2021 and 2020.

MATERIAL ITEMS UNDER OPERATING EXPENSES

2021

Operating expenses for 2021 amounted to P2,591,185 which is P913,643 lower compared to 2020. Expenses for 2021 were as follows:

| | | |
|--------------------|---|------------------|
| Salaries & Wages | P | 1,164,000 |
| Professional fees | | 808,750 |
| Rent Expense | | 180,000 |
| Membership fees | | 250,000 |
| Utilities | | 31,600 |
| Taxes and licenses | | 40,598 |
| Directors' fee | | 22,000 |
| Miscellaneous | | 94,637 |
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| | | |
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| Professional Fees | | 1,193,000 |
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| Membership fees | | 250,000 |
| Utilities | | 81,600 |
| Office supplies | | 43,502 |
| Taxes and licenses | | 31,257 |
| Directors fee | | 22,000 |
| Miscellaneous | | 1,961 |
| Total | P | <u>3,087,320</u> |

OPERATIONAL AND FINANCIAL INFORMATION

Market for Issuer's Common Equity and Related Stockholder Matters

MARKET INFORMATION

The principal market for the Company's Common Equity is the Philippine Stock Exchange as of December 31, 2020.

HOLDERS

| <u>Class</u> | <u>No. of Stockholders</u> |
|--------------|----------------------------|
| Common A | 321 |
| Common B | 1 |

MARKET INFORMATION FOR SECURITIES OTHER THAN COMMON EQUITY

The principal market of the common equity of the issuer is the Philippine Stock Exchange. From the table below, no trading took place that would indicate the high & low sales prices of the common equity of the registrant from 2019 to 2021.

| <u>2020</u> | <u>1st Quarter</u> <u>Date Price</u> | <u>2nd Quarter</u> <u>Date Price</u> | <u>3rd Quarter</u> <u>Date Price</u> | <u>4th Quarter</u> <u>Date Price</u> |
|-------------|---|---|---|---|
| HIGH | 901 | 1,351 | 1,351 | 1,351 |
| LOW | 900 | 945 | 945 | 945 |

| <u>2020</u> | <u>1st Quarter</u> <u>Date Price</u> | <u>2nd Quarter</u> <u>Date Price</u> | <u>3rd Quarter</u> <u>Date Price</u> | <u>4th Quarter</u> <u>Date Price</u> |
|-------------|---|---|---|---|
| HIGH | 1250 | 960 | 920 | 901 |
| LOW | 800 | 800 | 900 | 900 |

| <u>2019</u> | <u>1st Quarter</u> <u>Date Price</u> | <u>2nd Quarter</u> <u>Date Price</u> | <u>3rd Quarter</u> <u>Date Price</u> | <u>4th Quarter</u> <u>Date Price</u> |
|-------------|---|---|---|---|
| HIGH | 1260 | 1481 | 1718 | 1300 |
| LOW | 1253 | 1251 | 1251 | 1250 |

Last transaction date was June 14, 2021 and the closing price was at P945 per share.

OTHER SECURITIES

None

TOP TWENTY STOCKHOLDER

As of December 31, 2020

| <u>RANK</u> | <u>STOCKHOLDER</u> | <u>NO. OF</u> <u>SHARE</u> | <u>PERCENTAGE</u> |
|-------------|-------------------------|-------------------------------|-------------------|
| 1 | BULK HANDLERS, INC. | 448,624 | 89.73% |
| 2 | PCD NOMINEE CORPORATION | 10,747 | 02.15% |
| 3 | TAN, MIKO PAOLO | 8,631 | 01.73% |
| 4 | TRUMAN, A. TAN | 5,000 | 01.00% |
| 5 | CALIGAGAN, JACKELYN P. | 2,883 | 00.58% |
| 6 | JEMIE UY TAN | 849 | 00.17% |

| | | | |
|----|--------------------------------|-----|--------|
| 7 | RITA LEGARDA | 588 | 00.12% |
| 8 | MALANOG, ALMA TERESA R. | 400 | 00.08% |
| 9 | VIVIAN MAUREEN G. PROTACIO | 380 | 00.08% |
| 10 | REYNO III, ALFONSO VICTORIO G. | 350 | 00.07% |
| 11 | REYNO JR, ALFONSO R. | 350 | 00.07% |
| 12 | REYNO, CHRISTOPHER G. | 350 | 00.07% |
| 13 | REYNO, PATRICK G. | 350 | 00.07% |
| 14 | REYNO, YOLANDA G. | 350 | 00.07% |
| 15 | ROBLES, EXEQUIEL D. | 314 | 00.06% |
| 16 | SANTOS, VICENTE R. | 314 | 00.06% |
| 17 | TAN, MARIZA SANTOS | 314 | 00.06% |
| 18 | LUIS R. ASIS | 313 | 00.06% |
| 19 | ROLLAND ANDRES | 309 | 00.06% |
| 20 | SANTOS, REBECCA | 309 | 00.06% |

DIVIDENDS

- a. No cash dividends were declared for the most two recent fiscal years.
- b. The company has no active operation, thus no payment of dividends was made

RECENT SALE OF UNREGISTERED SECURITIES.

None.

DESCRIPTION OF REGISTRANT'S SECURITY.

Common Stock

The company has two classes of authorized capital stock of 1,000,000 shares at P100 par.

| | |
|--------------------------|--------------------------------|
| Class A | |
| Authorized - | 700,000 Shares |
| Issued and Outstanding - | 350,000 Shares P 35,000,000.00 |
| Class B | |
| Authorized - | 300,000 Shares |
| Issued and Outstanding - | 150,000 Shares P 15,000,000.00 |
| | ===== |
| | P 50,000,000.00 |
| | ===== |

Class A and Class B shares enjoy the same rights and privileges except that Class A shares shall be issued solely to Philippine nationals while Class B shares may be issued to either Philippine or foreign nationals.

The second paragraph of the SEVENTH Article of the Articles of Incorporation of the issuer provides that:

“That no transfer of stock or interest which shall reduce the ownership of Filipino citizens to less than the required percentage of the capital stock as may be required by law shall be allowed or permitted to be recorded in the proper books of the corporation and this restriction shall be indicated in all stock certificates of the Corporation.”

DEBT SECURITIES/STOCK OPTIONS/SECURITIES SUBJECT TO REDEMPTION OR CALL

None

CORPORATE GOVERNANCE

“Please refer to attached ACGR”

EXTERNAL AUDIT FEES

- (a) The aggregate fees billed for each of last two (2) fiscal years for professional services rendered by the external auditor for the Year 2021 & 2020 were P105,000.00 respectively. The Board approves the services rendered.
- (b) There is no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant’s financial statements.
- (c) There are no tax fees.
- (d) There are no all other fees.
- (e) The Audit committee pre-approves and recommends to the Board of Directors all audit services rendered by external auditors as well as the engagement fees to be paid. The Audit Committee actively engages in dialogue with external auditor to ensure that audit services rendered shall not impair the independence of the external auditor. The Audit Committee is composed of three directors and chaired by one of the directors. They are Ms. Felisa Escudero, chairman, Ms. Juanita U. Tan and Ms. Julie Dela Cruz, as members.

CONTROL AND COMPENSATION INFORMATION

Directors, Executive Officers, Promoters and Control Persons

A. DIRECTORS

Manuel N. Tankiansee
Juanita U. Tan
Jemie U. Tan
Marilou U. Pua
Jalane Christie U. Tan
Julie C. Dela Cruz
Miguel Ocampo Tan
Emma Keng Ocampo-Tan

Agripina Serrano

B. INDEPENDENT DIRECTORS

The following are Company's independent Directors

Paolo Redemptus A. Capino
Felisa P. Escudero

C. EXECUTIVE OFFICERS

| | |
|-----------------------------|-------------------------------------|
| Manuel N. Tankiansee | - Chairman of the Board |
| Juanita U. Tan | - Chief Executive Officer/President |
| Julie C. Dela Cruz | - Vice-President |
| Marivic U. Isla | - Chief Financial Officer |
| Atty. Helen De Leon-Manzano | - Corporate Secretary |

RESUME OF DIRECTORS / EXECUTIVE OFFICERS

| | |
|-----------------------------|---|
| MANUEL N. TANKIANSEE | - Chairman of the Board / Director |
| Term of Office | - One (1) Year |
| Years in Office | - December 2000 – Present |
| Address | - 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City |
| Age | - 74 |
| Citizenship | - Filipino |
| Positions/Directorship Held | - Chairman of the Board: BHI Holdings, Inc.; Pearlbank Securities, Inc. |
| | |
| JUANITA U. TAN | - President / Director |
| Term of Office | - One (1) Year |
| Years in Office | - December 2000 – Present |
| Address | - 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City |
| Age | - 70 |
| Citizenship | - Filipino |
| Positions/Directorship Held | - President and Director of BHI Holdings, Inc., Chairman of the Board of Claymore Holdings, Inc. |
| | |
| JEMIE U. TAN | - Director |
| Term of Office | - One (1) Year |
| Years in Office | - December 2000 – Present |
| Address | - 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City |
| Age | - 44 |

Citizenship - Filipino
Positions/Directorship Held - Director: BHI Holdings, Inc., Bulk Handlers, Inc. & Chairman of the Board of Premiere Success Dev't Corp

MIGUEL OCAMPO-TAN

Term of Office - One (1) Year
Years in Office - December 2000 – Present
Address - 22nd Floor, The Pearlbank Centre,
146 Valero Street, Salcedo Village, Makati City
Age - 66
Citizenship - Filipino
Positions/Directorship Held - Director: BHI Holdings, Inc.; Antel Platinum Realty, Inc. Director and President of Micaland Development Corporation. Vice-President: Filway Development Corporation, Principal Architect of Herbert Go-Miguel Ocampo-Tan and Associates and MOS Architects.

EMMA KENG OCAMPO-TAN

Term of Office - One (1) Year
Years in Office - December 2000 – Present
Address - 22nd Floor, The Pearlbank Centre,
146 Valero Street, Salcedo Village, Makati City
Age - 65
Citizenship - Filipino
Positions/Directorship Held - Director: BHI Holdings, Inc.; Filway Development Corporation; H.B. Realty; Development Corporation. Treasurer: Micaland Development Corporation.

MARILOU U. PUA

Term of Office - One (1) Year
Years in Office - December 2000 – Present
Address - 22nd Floor, The Pearlbank Centre,
146 Valero Street, Salcedo Village, Makati City
Age - 51
Citizenship - Filipino
Positions/Directorship Held - Director: BHI Holdings, Inc.; Director: Grain Traders Consumers, Inc. Chairman of Clark Quay Holdings, Inc.; CFO Pearl City Development Corp.

JALANE CHRISTIE U. TAN

Term of Office - One (1) Year
Years in Office - March 2004 – Present

| | | |
|----------------------------------|---|--|
| Address | - | 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City |
| Age | - | 41 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Director: BHI Holdings, Inc.; |
| | | |
| JULIE C. DELA CRUZ | - | Director |
| Term of Office | - | One (1) Year |
| Years in Office | - | January 18, 2008 – Present |
| Address | - | 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City |
| Age | - | 56 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Director: Claymore Holdings, Inc., BHI Holdings, Inc |
| | | |
| AGRIPINA M. SERRANO | - | Director |
| Term of Office | - | One (1) year |
| Years in Office | - | December 18, 2020 – Present |
| Address | - | 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City |
| Age | - | 48 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Human Resource Manager: Calveston Int'l., Inc. |
| | | |
| PAOLO REDEMPTUS A. CAPINO | - | Director |
| Term of Office | - | One (1) Year |
| Years in Office | - | December 18, 2020 – Present |
| Address | - | 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City |
| Age | - | 38 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Chief Executive Officer: Advocate Philippines, Inc. Capino Advocates for Digital Media Consultancy Consultant for Social media, Bases Conversion and Development Authority (July 17-December 2017), Social Media Head of Former Senator Alan Peter Cayetano (October 2014-June 2017), Digital Ads and Social Media Manager Concept New Central |
| | | |
| MARIVIC U. ISLA | - | Chief Financial Officer |

| | | |
|---------------------------------|---|---|
| Term of Office | - | Elected on December 17, 2021 |
| Years in Office | - | December 17, 2021 – Present |
| Address | - | 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City |
| Age | - | 38 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Director: Hi-Yield Seed Corporation; Corporate Secretary: Apex Stevedoring & Arrastre Services & Bulk Handlers, Inc. |
| | | |
| HELEN C. DE LEON-MANZANO | - | Corporate Secretary |
| Term of Office | - | One (1) Year |
| Years in Office | - | December 2020 – Present |
| Address | - | Unit 1704 & 1705 88 Corporate Center, 141 Valero Street, Salcedo Village, Makati City |
| Age | - | 64 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Corporate Secretary: BHI Holdings, Inc.; JC Food Corporation; Triune Triune Food manufacturing Corp; Poro Point Industrial Corp.; JUT Holdings, Inc.; Topigs Norsvin Philippines, Inc.; Superior Baggers Stevedoring Services Inc, The Ritz Tower Condominium Association, Inc. Philippine Hotel Owners Association, Inc and Senior Partner: Saulog And De leon Law Offices |

3) Significant Employees

Not Applicable

3) Family Relationship

- | | | |
|--------------------------|---|--|
| a. Juanita U. Tan | - | Wife of Director Manuel N. Tankiansee |
| b. Jemie U. Tan | - | Daughter of Director Manuel N. Tankiansee and Juanita U. Tan |
| c. Jalane Christie U Tan | - | Daughter of Director Manuel N. Tankiansee and Juanita U. Tan |
| d. Marilou U. Pua | - | Niece of Director Juanita U. Tan |
| e. Emma Keng Ocampo-Tan | - | Wife of Director Miguel Ocampo-Tan |

4) Involvement in Certain Legal Proceedings

The company is not aware of any event that occurred during the past five (5) years that are material to an evaluation of the ability or integrity of any director or person nominated to become a director, executive officer, promoter or control of the company.

Executive Compensation

SUMMARY COMPENSATION TABLE

**Estimated Annual Compensation
For the fiscal year 2021**

EXECUTIVE OFFICERS

| Name | Position | Salary (P) | Bonus (P) | Other Annual Compensation |
|------------------------------|---------------------------------------|---------------|---------------|---------------------------|
| Manuel N. Tankiansee | Chairman of the Board | Not Receiving | Not Receiving | Not Receiving |
| Juanita U. Tan | Chief Executive Officer/ President | Not Receiving | Not Receiving | Not Receiving |
| Erwin R. Diaz | Vice-President | Not Receiving | Not Receiving | Not Receiving |
| Atty. Helen De Leon Manzano | Corporate Secretary | Not Receiving | Not Receiving | Not Receiving |
| Other Officers and Directors | | Not Receiving | Not Receiving | Not Receiving |
| Total | | | - | - |

**Annual Compensation
For the fiscal year 2020**

EXECUTIVE OFFICERS

| Name | Position | Salary (P) | Bonus (P) | Other Annual Compensation |
|------------------------------|--|---------------|---------------|---------------------------|
| Manuel N. Tankiansee | Chairman of the Board | Not Receiving | Not Receiving | Not Receiving |
| Juanita U. Tan | Chief Executive Officer/ President | Not Receiving | Not Receiving | Not Receiving |
| Erwin R. Diaz | Chief Financial Officer/ Vice-President | Not Receiving | Not Receiving | Not Receiving |
| Atty. Helen De Leon Manzano | Corporate Secretary | Not Receiving | Not Receiving | Not Receiving |
| Other Officers and Directors | | Not Receiving | Not Receiving | Not Receiving |
| | | | - | - |

**Annual Compensation
For the fiscal year 2019**

EXECUTIVE OFFICERS

| Name | Position | Salary (P) | Bonus (P) | Other Annual Compensation |
|------------------------------|--|---------------|---------------|---------------------------|
| Manuel N. Tankiansee | Chairman of the Board | Not Receiving | Not Receiving | Not Receiving |
| Juanita U. Tan | Chief Executive Officer/ President | Not Receiving | Not Receiving | Not Receiving |
| Erwin R. Diaz | Chief Financial Officer/ Vice-President | Not Receiving | Not Receiving | Not Receiving |
| Atty. Helen De Leon Manzano | Corporate Secretary | Not Receiving | Not Receiving | Not Receiving |
| Other Officers and Directors | | Not Receiving | Not Receiving | Not Receiving |
| | | - | - | - |

Employment Contracts and Termination of Employment and Change in Control Assignments.

None.

Warrants and Options Outstanding: Repricing

Not Applicable.

Security Ownership of Certain Record and Beneficial Owners and Management.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS.

| Title of Class | Name and Address of Record/Beneficial Owners | Citizenship | Amount and Nature of Record/Beneficial Owners | Percent of Class |
|----------------|---|-------------|---|------------------|
| COMMON A | Bulk Handlers, Inc. 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | F | R-298,624 | 85.32% |
| COMMON B | Bulk Handlers, Inc. 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | F | R-150,000 | 100.00% |

Bulk Handlers, Inc. owns the majority of the shares of BHI HOLDINGS, INC. BULK HANDLERS INC. is controlled by the Tan Family. It is represented in the Board by Manuel N. Tankiansee, Juanita U. Tan, Jemie U. Tan and Jalane Christine U. Tan. Jemie U. Tan exercises voting power over the shares owned by Bulk Handlers, Inc. Manuel N. Tankiansee and Juanita U. Tan are husband and wife, Jemie U. Tan and Jalane U. Tan are their children. Ms. Jemie U. Tan exercises the voting power over the share owned by Bulk Handlers, inc.

**SECURITY OWNERSHIP OF MANAGEMENT
As of December 31, 2021**

DIRECTORS

| Title of Class | Name And Address of Beneficial Owner | Amount of Ownership as Director | Citizenship | Percent of Class |
|----------------|--|---------------------------------|-------------|------------------|
| Common A | Manuel N. Tankiansee 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-100 | F | 0.00% |
| Common A | Juanita U. Tan 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-5,800 | F | 0.01% |
| Common A | Agripina M. Serrano 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-6,000 | F | 0.01% |
| Common A | Marilou U. Pua 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-6,100 | F | 0.01% |
| Common A | Jalane Christie U. Tan 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-18,000 | F | 0.04% |
| Common A | Jemie U. Tan 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-85,000 | F | 0.17% |
| Common A | Miguel Ocampo-Tan 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-100 | F | 0.00% |
| Common A | Emma Keng Ocampo- Tan 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-100 | F | 0.00% |
| Common A | Paolo Redemptus A. Capino Sharvd, 8 th Floor, The Valero Tower, Valero St., Salcedo Village, Makati City | R-100 | F | 0.00% |
| Common A | Julie C. dela Cruz 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-6000 | F | 0.01% |
| Common A | Felisa P. Escudero 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-6000 | F | 0.01% |

EXECUTIVE OFFICERS

| Title of Class | Name And Adress of Beneficial Owner | Amount of Ownership as Director | Citizenship | Percent of Class |
|----------------|---|---------------------------------|-------------|------------------|
| Common A | Manuel N. Tankiansee (Chairman of the Board) 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-100 | F | 0.00% |
| Common A | Juanita U. Tan (Chief Executive Officer/President) 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-5,800 | F | 0.01% |
| Common A | Atty. Helen De Leon-Manzano (Corporate Secretary) 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | | F | |
| Common A | Julie C. Dela Cruz (Vice-President) 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | | F | 0.01% |
| Common A | Marivic U. Isla (Chief Financial Officer) 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | | F | 0.00% |

All security ownership of managements are direct / record ownership. Other officers of the issuer do not own shares of the company.

VOTING TRUST HOLDERS OF 5% OR MORE

There are no persons who hold more than five percent (5%) of a class under a voting trust or similar agreement.

CHANGES IN CONTROL

There are no arrangements that may result in change in control of the registrant, nor has there been any change in control since beginning of its fiscal year.

Certain Relationships and Related Transactions

JUANITA U. TAN and MANUEL TANKIANSEE are husband and wife; JEMIE U. TAN and JALANE CHRISTIE U. TAN their daughters; MARILOU U. PUA is the niece of JUANITA U. TAN; EMMA KENG OCAMPO-TAN and MIGUEL OCAMPO-TAN are also husband and wife.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

During the last six (6) months period by this report, the Company filed reports on SEC Form 17-C on the following items:

| <u>Date of Report</u> | <u>Item Reported</u> | <u>Matters Reported</u> |
|-----------------------|----------------------------------|---|
| December 17, 2021 | Election of Directors & Officers | <p>The following were elected as directors:</p> <ol style="list-style-type: none"> 1) Manuel N. Tankiansee 2) Juanita U. Tan 3) Jemie U. Tan 4) Marilou U. Pua 5) Jalane Christie U. Tan 6) Julie C. Dela Cruz 7) Miguel Ocampo Tan 8) Emma Keng Ocampo-Tan 9) Agripina M. Serrano 10) Paolo Redemptus Capino * 11) Felisa P. Escudero * <p>*Independent Directors</p> |

Elected Officers are the following:

| | |
|-----------------------|----------------------------------|
| Chairman of the Board | - Mr. Manuel N. Tankiansee |
| President | - Ms. Juanita U. Tan |
| Vice-President | - Ms. Julie C. Dela Cruz |
| Treasurer | - Ms. Marivic U. Isla |
| Corporate Secretary | - Atty. Helen C. De Leon Manzano |

Upon the written request of a stockholder, the Company undertakes to furnish said stockholder a copy of the Company's annual report on SEC 17-A free of charge. Such request should be directed to the BHI Holdings, Inc's. management, 22/F Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on ___th day of April, 2022.

By:



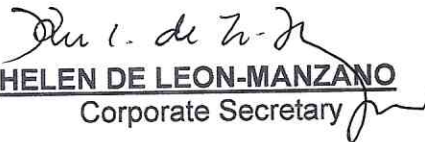
JUANITA U. TAN
Chief Executive Officer/President



JULIE C. DELA CRUZ
Vice-President




MARIVIC U. ISLA
Chief Financial Officer/Treasurer




HELEN DE LEON-MANZANO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 13 day of MAY, 2022 affiant(s) exhibiting to me his/their Residence Certificate as follows:

| <u>Name</u> | <u>Tax Identification No.</u> |
|-----------------------|-------------------------------|
| JUANITA U. TAN | 126-197-593-000 |
| JULIE C. DELA CRUZ | 126-197-656-000 |
| MARIVIC U. ISLA | 245-404-543-000 |
| HELEN DE LEON-MANZANO | 107-270-115-000 |



ATTY. ELISEO S. CALMA, JR.
Quezon City Notary Public
~~Notary Public~~
PTR No. 2454359D, Jan. 03, 2022
IBP No. 183888, Jan. 31, 2022
MCLE Comp. No. VII-0006924 until April 14, 2025
20 Zamagong St., Sapamanai Village
East Fairview, Quezon City
ADM Matter No. NP-067
Until Dec. 31, 2021
Extended as Commission Under B.M. 3795
Until June 30, 2022

Doc. No. 41
Page No. 70
Book No. 4411


Doc. No. _____
Page No. _____
Book No. _____
Series of 2022

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City
Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

TABLE OF CONTENTS

Supplementary Schedules Required by the Securities and Exchange Commission as of
December 31, 2021 and for the Year Then Ended

| Schedule | Particulars |
|----------|--|
| A | Marketable Securities (Current Marketable Equity Securities and Other Short Term Investments |
| B | Amounts Receivable from Related Parties and Others |
| C | Non-Current Marketable Equity Securities, Other Long-Term Investments in Stocks and Other Investment |
| D | Indebtedness of Unconsolidated Subsidiaries And Affiliates |
| E | Property, Plant and Equipment |
| F | Accumulated Depreciation |
| G | Other Assets |
| H | Long-Term Debt |
| I | Indebtedness to Affiliates and Related Parties |
| J | Guaranties of Security of Other Issuers |
| K | Capital Stock |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City
Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : A
Description : Marketable Securities (Current Marketable Equity Securities and Other Short Term Investments)

Period Ended : December 31, 2021

| Particulars | Amount |
|----------------|--------|
| NOT APPLICABLE | |
| | |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City
Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : B
Description : Amounts Receivable from Related Parties & Others
Period Ended : December 31, 2021

| Particulars | Amount |
|------------------------|------------------|
| Aqua Rich, Inc. | P 100,254,795.00 |
| Balance as of 12/31/21 | P 100,254,795.00 |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre

146 Valero Street, Salcedo Village, Makati City

Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : C
Description : Non-Current Marketable Equity Securities, Other
Long-Term Investments in Stocks and Other
Investments
Period Ended : December 31, 2021

| Particulars | Amount |
|----------------|--------|
| NOT APPLICABLE | |
| | |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City
Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : D
Description : Indebtedness of Unconsolidated Subsidiaries and Affiliates.
Period Ended : December 31, 2021

| Particulars | Amount |
|----------------|--------|
| NOT APPLICABLE | |
| | |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre

146 Valero Street, Salcedo Village, Makati City

Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : E
Description : Property, Plant and Equipment
Period Ended : December 31, 2021

| Particulars | Amount |
|----------------|--------|
| NOT APPLICABLE | |
| | |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre

146 Valero Street, Salcedo Village, Makati City

Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : F
Description : Accumulated Depreciation
Period Ended : December 31, 2021

| Particulars | Amount |
|----------------|--------|
| NOT APPLICABLE | |
| | |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City
Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : G
Description : Other Assets
Period Ended : December 31, 2021

| Particulars | Amount |
|------------------------|----------------|
| Input Vat – 2021 | P 2,867,143.00 |
| Balance as of 12/31/21 | P 2,867,143.00 |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre

146 Valero Street, Salcedo Village, Makati City

Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : H
Description : Long-Term Debt
Period Ended : December 31, 2021

| Particulars | Amount |
|----------------|--------|
| NOT APPLICABLE | |
| | |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City
Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : I
Description : Indebtedness to affiliates & Related Parties
Period Ended : December 31, 2021

| Particulars | Amount |
|----------------|--------|
| NOT APPLICABLE | |
| | |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre

146 Valero Street, Salcedo Village, Makati City

Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : J
Description : Guaranties of Security of Other Issuers
Period Ended : December 31, 2021

| Particulars | Amount |
|----------------|--------|
| NOT APPLICABLE | |
| | |

BHI HOLDINGS, INC.

22/F, The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City
Tel. Nos.: 840-2961, 817-2080, 840-1858 * Fax No.: 817-2109, 752-1098

Schedule : K
Description : Capital Stock
Period Ended : December 31, 2021

| Particulars | | Amount |
|--------------------------|----------------|-----------------|
| Capital Stock @ P100 par | | |
| Class A | | |
| Authorized | 700,000 shares | |
| Issued & Outstanding | 350,000 shares | P 35,000,000.00 |
| Class B | | |
| Authorized | 300,000 shares | |
| Issued & Outstanding | 150,000 shares | 15,000,000.00 |
| Balance as of 12/31/21 | | P 50,000,000.00 |

Report of Independent Auditors

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors and Stockholders

BHI Holdings, Inc.

(A Subsidiary of Bulk Handlers, Inc.)

22nd Floor, The Pearl Bank Centre
146 Valero Street, Salcedo Village
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BHI Holdings, Inc. (the Company), 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 each of the three years in the period ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 each of the three years in the period ended December 31, 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 our audits of 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.

Key Audit Matter

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. We have determined the matter described below to be the key audit matter to be communicated in our report.

Valuation of Due from a Related Party

Description of the Matter

The valuation of due from a related party is considered to be a matter of significance as it requires the application of judgment and use of subjective assumptions by management. Under the guidelines of PFRS 9, *Financial Instruments*, the Company assesses its expected credit loss on a forward-looking basis associated with its financial assets carried at amortized cost. The Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

As of December 31, 2021, the Company has loans receivable, shown as due from a related party, amounting to P100.0 million, which represents 97% of the Company's total assets. The Company's management exercises significant judgment and use subjective estimates in determining when and how much to recognize impairment loss on loans receivable. These judgments and estimates, which are detailed in the Company's significant accounting policies, judgments and estimates in Notes 2 and 3 to the financial statements, include the approach applied by the Company in assessing the impairment of assets. Based on management's assessment, no allowance for impairment is required to be recognized in the financial statements as the amount of adjustments were identified by management to be immaterial to the Company. The disclosures of the Company on due from a related party and the related credit risk are included in Notes 4 and 11 to the financial statements.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to the valuation of due from a related party, which was considered to be a significant risk, included obtaining and understanding of the Company's policy on impairment of loans receivable and assessing the borrower's capacity to pay through examination of payment history and the borrower's latest available financial information. We have also considered the adequacy of the Company's disclosure in relation to due from a related party account.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2021, but does not include the financial statements and our auditors' report thereon. The Definitive Information Statement and SEC Form 17-A 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 audits, 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, 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 our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 matter communicated with those charged with governance, we determine the matter that was of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, 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 Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2021 required by the Bureau of Internal Revenue as disclosed in Note 15 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS; neither is it required by the Revised Securities Regulation Code Rule 68 of the SEC. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 John Endel S. Mata.

PUNONGBAYAN & ARAULLO



By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 8852338, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-040-2019 (until Dec. 15, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 18, 2022

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

| | Notes | 2021 | 2020 |
|--------------------------------------|-------|----------------------|----------------------|
| <u>ASSETS</u> | | | |
| CURRENT ASSETS | | | |
| Cash | 2 | P 324,234 | P 123,085 |
| Due from a related party | 4 | 100,000,000 | 46,000,000 |
| Interest receivable | 4 | - | 254,795 |
| Input value-added tax | | 2,867,144 | 2,755,050 |
| Total Current Assets | | 103,191,378 | 49,132,930 |
| NON-CURRENT ASSET | | | |
| Due from a related party | 4 | - | 54,000,000 |
| TOTAL ASSETS | | P 103,191,378 | P 103,132,930 |
| <u>LIABILITIES AND EQUITY</u> | | | |
| CURRENT LIABILITIES | | | |
| Accrued expenses and other payables | 5 | P 4,070,364 | P 4,409,043 |
| Due to a stockholder | 4 | 867,116 | 867,116 |
| Income tax payable | | 20,137 | 15,123 |
| Total Liabilities | | 4,957,617 | 5,291,282 |
| EQUITY | | | |
| Capital stock | 8 | 50,000,000 | 50,000,000 |
| Additional paid-in capital | 2 | 7,520,755 | 7,520,755 |
| Retained earnings | | 40,713,006 | 40,320,893 |
| Total Equity | | 98,233,761 | 97,841,648 |
| TOTAL LIABILITIES AND EQUITY | | P 103,191,378 | P 103,132,930 |

See Notes to Financial Statements.

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

| | <u>Notes</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|--------------|-------------------------|----------------------|----------------------|
| REVENUES | | | | |
| Interest income from loans | 4 | P 3,000,000 | P 3,007,568 | P 3,000,000 |
| Interest income from cash in banks | 2 | 336 | 731 | 812 |
| Miscellaneous income | 5 | <u>-</u> | <u>133,893</u> | <u>-</u> |
| | | <u>3,000,336</u> | <u>3,142,192</u> | <u>3,000,812</u> |
| OPERATING EXPENSES | | | | |
| Salaries and employee benefits | 4 | 1,164,000 | 1,164,000 | 1,164,000 |
| Rent | 4, 10 | 180,000 | 300,000 | 300,000 |
| Other operating expenses | 6 | <u>1,247,185</u> | <u>2,040,828</u> | <u>1,623,320</u> |
| | | <u>2,591,185</u> | <u>3,504,828</u> | <u>3,087,320</u> |
| PROFIT (LOSS) BEFORE TAX | | 409,151 | (362,636) | (86,508) |
| TAX EXPENSE | 7 | <u>17,038</u> | <u>60,297</u> | <u>60,162</u> |
| NET PROFIT (LOSS) | | 392,113 | (422,933) | (146,670) |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME (LOSS) | | <u>P 392,113</u> | (<u>P 422,933</u>) | (<u>P 146,670</u>) |
| Basic and Diluted Earnings (Loss) Per Share | 9 | <u>P 0.78</u> | (<u>P 0.85</u>) | (<u>P 0.29</u>) |

See Notes to Financial Statements.

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

| | Notes | 2021 | 2020 | 2019 |
|---|-------|---------------------|--------------|--------------|
| CAPITAL STOCK | 8 | P 50,000,000 | P 50,000,000 | P 50,000,000 |
| ADDITIONAL PAID-IN CAPITAL | 2 | 7,520,755 | 7,520,755 | 7,520,755 |
| RETAINED EARNINGS | | | | |
| Balance at beginning of year | | 40,320,893 | 40,743,826 | 40,890,496 |
| Total comprehensive income (loss) during the year | | 392,113 | (422,933) | (146,670) |
| Balance at end of year | | 40,713,006 | 40,320,893 | 40,743,826 |
| TOTAL EQUITY | | P 98,233,761 | P 97,841,648 | P 98,264,581 |

See Notes to Financial Statements.

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(Amounts in Philippine Pesos)

| | Notes | 2021 | 2020 | 2019 |
|--|-------|------------------|--------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Profit (loss) before tax | | P 409,151 | (P 362,636) | (P 86,508) |
| Adjustments for: | | | | |
| Interest income from loans | 4 | (3,000,000) | (3,007,568) | (3,000,000) |
| Interest income from cash in banks | 2 | (336) | (731) | (813) |
| Gain on derecognition of financial liabilities | 5 | - | (133,893) | - |
| Operating loss before working capital changes | | (2,591,185) | (3,504,828) | (3,087,321) |
| Increase in input value-added tax | | (112,094) | (135,343) | (97,920) |
| Increase (decrease) in accrued expenses and other payables | | (338,679) | 362,413 | 388,644 |
| Cash used in operations | | (3,041,958) | (3,277,758) | (2,796,597) |
| Interest received | | 3,255,131 | 3,008,299 | 3,000,813 |
| Cash paid for income taxes | | (12,024) | (60,297) | (60,162) |
| NET INCREASE (DECREASE) IN CASH | | 201,149 | (329,756) | 144,054 |
| CASH AT BEGINNING OF YEAR | | 123,085 | 452,841 | 308,787 |
| CASH AT END OF YEAR | | P 324,234 | P 123,085 | P 452,841 |

See Notes to Financial Statements.

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

BHI Holdings, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on January 24, 1963 to engage primarily in the insurance business. On November 4, 1999, the SEC approved the change in the Company's corporate name from Consolidated Insurance Company, Inc. to BHI Holdings, Inc. and, concurrently, the change in its primary purpose from that of a non-life insurance company to an investment holding company.

The Company's shares of stock are listed for trading at the Philippine Stock Exchange (PSE). Bulk Handlers, Inc. (the Parent Company), a domestic corporation, owns 89.88% of the Company's capital stock. The Parent Company is currently engaged in the business of warehouse leasing and terminal operations.

To date, the Company's operations are limited to maintaining and generating interest income on loans granted to a related party (see Note 1.2). Accordingly, no business segment information is presented in its financial statements.

The registered office address of the Company and the Parent Company, which is also their principal place of business, is located at 22nd Floor, The Pearl Bank Centre, 146 Valero Street, Salcedo Village, Makati City.

1.2 Status of Operations

As an investment holding company, the Company's main thrust is to acquire ownerships in profitable corporations. However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years. As indicated in Note 1.1, its present source of revenue is limited to interest income generated from its loans granted to a related party (see Note 4). As such, the Company has only two employees handling mainly administrative functions due to limited transactions of the Company as of December 31, 2021 (see Note 2.7). The Company's management, however, continues to assess possible investment opportunities that it can embark on.

1.3 Continuing Impact of COVID-19 Pandemic on Company's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these financial statements. The measures taken by the government to contain the virus have affected economic conditions and the Company's business operations. While the unfavorable situation is currently expected to be temporary, management has assessed that such does not have significant impact to the Company since the Company has minimal and inactive operations.

1.4 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2021 (including the comparative financial statements as of December 31, 2020 and for the years ended December 31, 2020 and 2019) were authorized for issue by the Company's Board of Directors (BOD) on April 18, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income, expenses and other comprehensive income in a single statement of comprehensive income.

The Company presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

The financial statements are presented in Philippine pesos, the Company's functional and presentation currency, and all values represent absolute amounts, except when otherwise indicated.

Items included in the financial statements are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 *Adoption of Amended PFRS*

(a) *Effective in 2021 that are Relevant to the Company*

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

| | |
|---|---|
| PFRS 9, PFRS 7, and PFRS 16 (Amendments) : | Interest Rate Benchmark Reform Phase 2 Financial Instruments, Financial Instruments: Disclosure, Leases |
| PFRS 16 (Amendments) : | COVID-19-Related Rent Concessions Beyond June 30, 2021 |

Discussed below are the relevant information about these pronouncements.

- (i) PFRS 9 (Amendments), *Financial Instruments*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate with alternative benchmark rates. The application of these amendments had no significant impact on the Company's financial statements.
- (ii) PFRS 16 *Leases-COVID-19-Related Rent Concessions beyond June 30, 2021*. The Company opted to adopt early the application of these amendments, which is effective from April 1, 2021. The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact on the Company's financial statements as it did not receive any rent concessions from its lessors.

(b) *Effective Subsequent to 2021 but not Adopted Early*

There are amendments and annual improvements to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)
- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)

- (iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Company:
- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*
 - Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*. The improvement merely removes potential for confusion regarding lease incentives.
- (iv) PAS 1 (Amendments), *Presentation of Financial Statement – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (v) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)
- (vi) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (vii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

2.3 Financial Instruments

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the financial statements.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(i) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, all of the Company's financial assets are classified and measured at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are sole payments of principal and interest on the principal amount outstanding.

Except for due from a related party that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash, Due from a Related Party and Interest Receivable.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after end of reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash generally pertain to cash on hand and demand deposits which are unrestricted as to withdrawal and readily available for use in the Company's operations.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, if any, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as Interest Income from Cash in Banks and Interest Income from Loans.

(ii) *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. The Company considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. The Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix.

The Company also assesses impairment of receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

The Company recognizes an impairment loss in profit or loss for all financial instruments subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance account and does not reduce the carrying amount of the financial asset in the statement of financial position.

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) Financial Liabilities

Financial liabilities, which include accrued expenses and other payables (excluding tax-related liabilities) and due to a stockholder, are recognized when the Company becomes a party to the contractual terms of the instrument. These are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for those with maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.4 Other Asset

Other current asset pertains to other resources controlled by the Company as a result of past events. This is recognized in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

The carrying amount of other asset is written down immediately to its recoverable amount if the carrying amount of other assets is greater than its estimated recoverable amount (see Note 2.9).

2.5 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments 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 period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.6 Revenue and Expense Recognition

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time. Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Expenses are recognized in profit or loss upon utilization of goods and services or at the date they are incurred.

2.7 Employee Benefits

The Company has not established a formal retirement plan yet. It is also not covered by the provisions of Republic Act (R.A.) No. 7641, *The Retirement Pay Law*, since it employs not more than ten employees (see also Note 1.2). However, the Company provides to its employees the following benefits:

(a) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions to an independent entity (i.e. Social Security System). The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(b) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Accrued Expenses and Other Payables in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.8 Leases – Company as Lessee

For any new contracts entered into, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company has elected to account for short-term leases assets using the practical expedients. Instead of recognizing, a right-of-use assets and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

2.9 Impairment of Non-financial Assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that the assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (estimated selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.10 Income Taxes

Tax expense recognized in the profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

2.11 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with related parties are considered material under SEC Memorandum Circular No. 10, Series of 2009, *Rules on Material Related Party Transactions for Publicly-listed Companies*.

All individual material related party transactions shall be approved by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors voting to approve the material related party is not secured, the material related party transaction may be ratified by the vote of the stockholder's representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited financial statements, the same board of approval would be required for the transaction(s) that meets and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

2.12 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital pertains to premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income.

2.13 Earnings (Loss) Per Share

Basic earnings (loss) per common share is determined by dividing net profit (loss) by the weighted average number of common shares subscribed and issued during the period, after retroactive adjustment for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted earnings (loss) per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. Currently, the Company does not have potentially dilutive shares outstanding; hence, the diluted earnings (loss) per share is equal to the basic earnings (loss) per share.

2.14 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates 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. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) *Determination of ECL on Due From a Related Party*

The Company uses a provision matrix to calculate ECL for due from a related party. The provision rates are based on days past due. The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions) [see Note 11.1(ii)].

(b) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.5 and relevant disclosures of commitments and contingencies are presented in Note 10.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of debtors defaulting and the resulting losses) (see Note 11.1).

(b) *Determination of Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets, which arise from minimum corporate income tax (MCIT) and net operating loss carry over (NOLCO), at the end of each reporting period 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.

No deferred tax assets were recognized since the Company's management believes that it may not be able to generate sufficient taxable income within the periods in which the related benefits can be applied (see Note 7).

(c) *Impairment of Non-financial Assets*

The Company's policy on estimating the impairment of non-financial assets is discussed in Note 2.9. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, there are no impairment losses required to be recognized on the Company's non-financial assets as of December 31, 2021 and 2020.

4. RELATED PARTY TRANSACTIONS

The Company's related parties include its Parent Company, stockholders, other related parties through common ownership, key management personnel and others as defined in Note 2.11. A summary of the Company's related party transactions is presented below and in the succeeding pages.

| Note | Amounts of Transactions | | | Outstanding Balance | | |
|---|-------------------------|-----------|-----------|---------------------|------------|------------|
| | 2021 | 2020 | 2019 | 2021 | 2020 | |
| Stockholder: | | | | | | |
| Accommodation of expenses | 4.3 (a) | P - | P - | P - | P 867,116 | 867,116 |
| Consultancy fees | 4.3 (b) | 360,000 | 804,000 | 804,000 | - | - |
| Related party under common ownership and with interlocking directors and officers: | | | | | | |
| Original loan receivable | 4.1 (a) | - | - | - | 46,000,000 | 46,000,000 |
| Interest on original loan – actual | 4.1 (a) | 1,380,000 | 1,383,781 | 1,380,000 | - | 117,205 |
| Assumed portion of loan receivable | 4.1 (b) | - | - | - | 54,000,000 | 54,000,000 |
| Interest on assumed loan – actual | 4.1(b) | 1,620,000 | 1,623,787 | 1,620,000 | - | 137,590 |
| Rental and utilities | 4.2 | 211,200 | 381,600 | 381,600 | 3,506,682 | 3,506,682 |
| Key management personnel – | | | | | | |
| Salaries and employee benefits | 4.4 | 1,164,000 | 1,164,000 | 1,164,000 | - | - |

Details of the foregoing transactions and balances is presented below.

4.1 Due from a Related Party and Interest Receivable

The details of Due from a Related Party and Interest Receivable accounts as of December 31, 2020, which remained outstanding as of December 31, 2021, except for the collection of the interest receivable, are as follows:

| | | |
|-------------------------|---|--------------------|
| Principal balance: | | |
| Original loan | P | 46,000,000 |
| Assumed loan | | <u>54,000,000</u> |
| | | <u>100,000,000</u> |
| Interest receivable on: | | |
| Original loan | | 117,205 |
| Assumed loan | | <u>137,590</u> |
| | | <u>254,795</u> |
| | P | <u>100,254,795</u> |

The balance of Due from a Related Party is presented in the statements of financial position as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------|-----------------------------|-----------------------------|
| Current | P 100,000,000 | P 46,000,000 |
| Non-current | <u>-</u> | <u>54,000,000</u> |
| | <u>P 100,000,000</u> | <u>P 100,000,000</u> |

The movements in interest receivable are as follows:

| | <u>2021</u> | <u>2020</u> |
|------------------------------|---------------------------|---------------------------|
| Balance at beginning of year | P 254,795 | P 254,795 |
| Accruals during the year | 3,000,000 | 3,000,000 |
| Collections during the year | (<u>3,254,795</u>) | (<u>3,000,000</u>) |
| Balance at end of year | <u>P -</u> | <u>P 254,795</u> |

(a) Original Loan

As of December 31, 2021 and 2020, the carrying amount of the original loan amounting to P46,000,000, excluding interest receivable, is presented as part of the Due from a Related Party account in the statements of financial position.

The original loan initially consisted of deposits made by the Company for the acquisition of equity interest in Aqua Rich, Inc. (Aqua Rich), an entity that has the same stockholders as that of the Company. On December 9, 2000, upon the expiration of the conversion period of the deposits into equity, the deposits were automatically converted into an unsecured, interest-bearing loan. Interest is set at a certain rate per annum. The said loan is renewed for a term of one year from maturity in 2021 and 2020.

Actual annual interest income earned in 2021 and 2019 related to this loan amounted P1,380,000 and in 2020 amounted to P1,383,781, which is presented as part of Interest Income From Loans under the Revenues section of the statements of comprehensive income.

The uncollected interest amounting to P117,205 as of December 31, 2020 is presented as part of Interest Receivable account in the 2020 statement of financial position. Such was fully collected in 2021.

(b) *Assumed Loan*

On January 2, 2013, Takeda Holdings, Inc., a third party, assigned to Aqua Rich its unsecured, interest-bearing loan payable to the Company which is payable after two years and subject to a certain interest rate per annum. Accordingly, the carrying amount of the assumed loan as of that date was recorded as part of the Due from a Related Party account of the statements of financial position. Corresponding periodic renewals were agreed by both parties upon maturity of the loan under the same terms and conditions, which resulted in the current and non-current classification of such loan as of December 31, 2021 and 2020, respectively.

The carrying amount of the assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2021 and 2020 and is presented as part of Due from a Related Party in the statements of financial position.

Actual annual interest income earned in 2021 and 2019 related to the assumed loans both amounted to P1,620,000 while in 2020 amounted to P1,623,787, which is presented as part of Interest Income From Loans under the Revenues section in the statements of comprehensive income.

The uncollected interest amounting to P137,590 as of December 31, 2020 is presented as part of Interest Receivable account in the 2020 statement of financial position. Such was fully collected in 2021.

The Company's loans and related interest receivable, which are subject to credit risk exposure (see Note 11.1), have been reviewed for impairment. Based on such review, management determines that the related losses are immaterial to the financial statements.

4.2 *Rental and Utilities Expenses*

The Company currently leases its office premises from a related party under common ownership (see Note 10.1). The lease agreement is renewable every year upon mutual consent of the parties. Annual rental of P180,000 and utilities expenses of P31,200 incurred in 2021 and annual rental of P300,000 and utilities expenses of P81,600 incurred both in 2020 and 2019 from this transaction are shown as Rent and as part of Other Operating Expenses account, respectively, under the Operating Expenses section of the statements of comprehensive income (see Note 6). Outstanding balance, which is unsecured, noninterest-bearing and payable in cash to the related party, is shown as part of Accrued rental and utilities under Accrued Expenses and Other Payables account in the statements of financial position (see Note 5).

4.3 *Transaction with Stockholder*

(a) *Accommodation of expenses*

Certain expenses were paid by a stockholder on behalf of the Company in previous years, while there were no similar transactions occurred in 2021, 2020 and 2019. The outstanding liability to the stockholder, which is noninterest-bearing and payable in cash upon demand, amounted to P867,116 as of December 31, 2021 and 2020 and is presented as Due to a Stockholder in the statements of financial position.

(b) *Consultancy fees*

One of the stockholders, who previously served as part of the key management personnel, entered into a consultancy agreement to assist the Company in improving its business. Total amount paid to the stockholder is presented as part of Professional fees under Other Operating Expenses in the statements of comprehensive income (see Note 6). There was no outstanding balance related to this transaction as of end of both years.

4.4 *Key Management Personnel Compensation*

The compensation and benefits provided to key management personnel, which consist of short-term employee benefits, amounted to P1,164,000 in 2021, 2020, and 2019. These are presented as Salaries and employee benefits under the Operating Expenses section of the statements of comprehensive income. The Company does not provide any other form of benefits to its key management personnel. There was no outstanding balance related to this transaction as of end of both years.

5. ACCRUED EXPENSES AND OTHER PAYABLES

This account includes the following:

| | <u>Note</u> | <u>2021</u> | <u>2020</u> |
|------------------------------|-------------|---------------------------|---------------------------|
| Accrued rental and utilities | 4.2 | P 3,634,140 | P 4,277,970 |
| Accrued professional fees | | 427,620 | 117,600 |
| Accrued taxes and licenses | | 8,604 | 12,704 |
| Other payables | | <u>-</u> | <u>769</u> |
| | | <u>P 4,070,364</u> | <u>P 4,409,043</u> |

In 2020, the Company derecognized certain long-outstanding payables recorded as Other payables previously recognized in prior years as management has assessed that such are no longer to be claimed and/or settled. The gain on derecognition of these financial liabilities is presented as Miscellaneous Income in the 2020 statement of comprehensive income. There was no similar transaction in 2021.

6. OTHER OPERATING EXPENSES

Details of other operating expenses are as follows:

| | <u>Note</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|----------------------------------|-------------|---------------------------|---------------------------|---------------------------|
| Professional fees | 4.3(b) | P 808,750 | P 1,215,250 | P 1,093,000 |
| PSE membership fees | | 250,000 | 250,000 | 250,000 |
| Trainings and seminars | | 80,357 | 80,357 | 100,000 |
| Taxes and licenses | | 40,598 | 32,398 | 31,257 |
| Utilities | 4.2 | 31,200 | 81,600 | 81,600 |
| Directors' fee | | 22,000 | 22,000 | 22,000 |
| Postage and messengerial expense | | 1,235 | 2,520 | 32,477 |
| Representation | | - | 254,004 | - |
| Office supplies | | - | 4,788 | 11,025 |
| Miscellaneous | | 13,045 | 97,911 | 1,961 |
| | | <u>P 1,247,185</u> | <u>P 2,040,828</u> | <u>P 1,623,320</u> |

7. TAXES

On March 26, 2021, R.A. No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and became effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Company:

- regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- the allowable deduction for interest expense is reduced from 33% to 25% of the interest income subjected to final tax.

The Company is subject to the minimum corporate income tax (MCIT) which is computed at 1% in 2021, and 2% both in 2020 and 2019 of gross income, as defined under the tax regulations or to the RCIT, whichever is higher.

The components of tax expense reported in profit or loss are as follows:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|------------------------|------------------------|------------------------|
| RCIT at 25% in 2021 | P 27,519 | P - | P - |
| Adjustment in 2020 income taxes due to change in income tax rate (| 13,029) | - | - |
| Excess of MCIT over RCIT at 1% in 2021 | 2,481 | - | - |
| MCIT at 2% in 2020 and 2019 | - | 60,151 | 60,000 |
| Final tax at 20% | 67 | 146 | 162 |
| | <u>P 17,038</u> | <u>P 60,297</u> | <u>P 60,162</u> |

The reconciliation of tax on pretax profit (loss) computed at the applicable statutory rates to tax expense reported in profit or loss is presented below.

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|------------------------|------------------------|------------------------|
| Tax on pretax profit (loss) at 25% in 2021 and 30% in 2020 and 2019 | P 102,288 | (P 108,791) | (P 25,952) |
| Adjustment in 2020 income taxes due to change in income tax rate | (13,029) | - | - |
| Adjustment for income subjected to lower tax rate | (17) | (73) | (82) |
| Tax effects of: | | | |
| Applied NOLCO | (74,685) | - | - |
| Unrecognized deferred tax assets arising from: | | | |
| MCIT | 2,481 | 60,151 | 60,000 |
| NOLCO | - | 32,809 | 26,196 |
| Non-deductible expenses | <u>-</u> | <u>76,201</u> | <u>-</u> |
| | <u>P 17,038</u> | <u>P 60,297</u> | <u>P 60,162</u> |

As discussed in Note 3.2(b), the Company did not recognize the deferred tax assets arising from NOLCO and MCIT as of December 31, 2021 and 2020 since management believes that the Company will not have sufficient taxable income and RCIT due, respectively, within the periods against which the NOLCO and MCIT can be applied.

Presented below are the details of the Company's NOLCO which can be claimed as deductions from future taxable income within three to five years from the year the NOLCO was incurred. Pursuant to the issuance of Revenue Regulations (RR) No. 25-2020 to implement Section 4(bbbb) of Republic Act No. 11494, the net operating loss incurred for the taxable year 2020 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

| <u>Year</u> | <u>Original Amount</u> | <u>Application in 2021</u> | <u>Remaining Balance</u> | <u>Valid Until</u> |
|-------------|----------------------------|--------------------------------|------------------------------|------------------------|
| 2020 | P 109,363 | (P 109,363) | P - | 2025 |
| 2019 | 87,320 | (87,320) | - | 2023 |
| 2018 | <u>102,056</u> | <u>(102,056)</u> | <u>-</u> | 2022 |
| | <u>P 298,739</u> | <u>(P 298,739)</u> | <u>P -</u> | |

The details of the Company's excess MCIT over RCIT in 2021, and MCIT in 2020 and 2019, with their corresponding availment periods are as follows:

| <u>Year</u> | <u>Original Amount</u> | <u>Expired Amount</u> | <u>Remaining Balance</u> | <u>Valid Until</u> |
|-------------|-------------------------|--------------------------|--------------------------|--------------------|
| 2021 | P 2,481 | P - | P 2,481 | 2024 |
| 2020 | 47,122 | - | 47,122 | 2023 |
| 2019 | 60,000 | - | 60,000 | 2022 |
| 2018 | <u>60,000</u> | <u>(60,000)</u> | <u>-</u> | |
| | <u>P 169,603</u> | <u>(P 60,000)</u> | <u>P 109,603</u> | |

In 2021, 2020 and 2019 the Company opted to claim itemized deductions in computing for its income tax due.

8. CAPITAL STOCK

8.1 Capital Stock

Capital stock as of December 31, 2021 and 2020 consists of:

| | |
|---|----------------------------|
| Common Class A – P100 par value | |
| Authorized – 700,000 shares | |
| Issued and outstanding – 350,000 shares | P 35,000,000 |
| Common Class B – P100 par value | |
| Authorized – 300,000 shares | |
| Issued and outstanding – 150,000 shares | <u>15,000,000</u> |
| | <u>P 50,000,000</u> |

Class A and Class B shares enjoy the same rights and privileges, except that Class A shares shall be issued solely to Philippine nationals, while Class B shares may be issued to either Philippine or foreign nationals.

8.2 Track Record of Registration of Securities

The Company's shares of stock were initially listed for trading with the PSE on April 2, 1973. As of December 31, 2021 and 2020, there are 499,987 listed shares which are held by 332 holders and 334 holders, respectively. Such listed shares closed at P945 and P901 per share as of the last trading day as at December 31, 2021 and 2020, respectively.

The Company has no other securities being offered for trading in any stock exchange. It has not listed any other securities since its first listing of its securities.

9. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share for the years ended December 31, 2021, 2020 and 2019 are computed as follows:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|----------------------|-----------------|-----------------|
| Net profit (loss) | P 392,113 | (P 422,933) | (P 146,670) |
| Weighted average number of outstanding common shares | <u>500,000</u> | <u>500,000</u> | <u>500,000</u> |
| Basic and diluted earnings (loss) per share | <u>P 0.78</u> | <u>(P 0.85)</u> | <u>(P 0.29)</u> |

The Company has no potentially dilutive common shares as of December 31, 2021, 2020 and 2019; accordingly, its basic and diluted earnings (loss) per share are equal.

10. COMMITMENTS AND CONTINGENCIES

10.1 Operating Lease Commitments – Company as Lessee

In prior years, the Company entered into a lease agreement with a related party under common ownership covering certain office space for a period of one year. Upon expiration of the lease period, the Company and the lessor shall amicably decide and agree to extend the lease under such terms and conditions as may be mutually agreed upon by the parties (see Note 4.2). The most recent lease renewal covered the period May 1, 2021 to December 31, 2021. Rent expense charged to profit or loss in 2021 amounted to P180,000 while in 2020 and 2019 both amounted to P300,000 and presented as Rent under Operating Expenses section of the statements of comprehensive income.

10.2 Others

On November 11, 2020, the Company breached the minimum 10% public ownership required by the PSE when a certain officer bought shares owned by the public. Such acquisition of public shares decreased the Company's public ownership to 9.85%. As a result, the Company was suspended from stock trading in the PSE since December 10, 2020. In response to this matter, the Company sold certain shares to the public in January 2021 which was expected to increase the public ownership to 10.2%. The suspension was lifted in April 2021.

There are other commitments and contingent liabilities that may arise in the normal course of the Company's operations that are not reflected in the accompanying financial statements. As of December 31, 2021, 2020 and 2019, management is of the opinion that losses, if any, from these items will not have a material effect on the Company's financial statements.

11. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks which result from its operating and other cash flow activities. The Company's risk management is coordinated with the Parent Company, in close cooperation with the BOD, and focuses on actively 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. The relevant financial risks to which the Company is exposed to are described below and in the succeeding page.

11.1 Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example, by granting loans and receivables to a related party and a third party.

The maximum credit risk exposure of the financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below.

| | <u>Note</u> | <u>2021</u> | <u>2020</u> |
|--------------------------|-------------|-----------------------------|----------------------|
| Cash | | P 324,234 | P 123,085 |
| Interest receivable | 4 | - | 254,795 |
| Due from a related party | 4 | <u>100,000,000</u> | <u>100,000,000</u> |
| | | <u>P 100,324,234</u> | <u>P 100,377,880</u> |

None of the Company's financial assets are secured by collateral or other credit enhancements except for cash as described below and in the succeeding page.

(i) Cash

The credit risk for cash is considered negligible since the counterparty is a reputable bank with high quality external credit ratings. Cash in bank which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P500,000 for every depositor per banking institution, as provided for under R.A. No. 9576, *Amendment to Charter of PDIC*, are still subjected to credit risk.

(ii) Due from a Related Party

The Company applies simplified approach in measuring ECL, which uses a lifetime expected loss allowance for due from a related party.

To measure the ECL, the due from a related party has been assessed based on shared credit risk characteristics and the days past due (age buckets).

The expected loss rates are based on provision matrix as determined by the management. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the related party to settle the receivables. The Company has identified inflation to be the most relevant factor, however, such did not result in any impact as the historical loss rates based on expected changes in this factor are zero. In addition, the Company has not observed defaults on payment based on the historical credit performance of the related party.

Based on management's assessment, none of the financial assets is exposed to any significant credit risk.

11.2 Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments.

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; and, (c) to be able to access funding when needed at the least possible cost. Operations of the Company are financed internally; however, in cases where there is substantial expenditures that is beyond the Company's capacity to finance, the Parent Company can provide the necessary funding requirement.

As of December 31, 2021 and 2020, the Company's financial liabilities which pertain to accrued expenses and other payables (excluding tax-related liabilities) and amounts due to a stockholder, totaling P4,928,876 and P5,263,455, respectively, have contractual maturities of within 12 months. The fair value of financial liabilities is not individually determined as the carrying amount is a reasonable approximation of fair value.

12. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

12.1 Carrying Amounts and Fair Values of Financial Assets and Financial Liabilities

Disclosures of fair value are not required when the carrying amount of financial instrument is a reasonable approximation of fair value (e.g., short-term trade receivables and payables). For the Company's financial assets and financial liabilities at amortized cost as of December 31, 2021 and 2020, management considers that their carrying values approximate or equal their fair values, thus, no further comparison is presented. Fair value determination of such financial instruments is discussed in Note 14.

See Note 2.3 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 11.

12.2 *Offsetting of Financial Assets and Financial Liabilities*

The Company has not set-off financial instruments in 2021 and 2020 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders or upon instruction by the parent company.

13. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern and provide an adequate return to its stockholders by entering only into profitable business undertakings. As indicated in Note 1, the Company's management, in the midst of certain unfavorable economic factors, continues to assess possible investment opportunities that it may undertake in the near future.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods is summarized below.

| | <u>2021</u> | <u>2020</u> |
|----------------------|---------------------------|--------------------|
| Total liabilities | P 4,957,617 | P 5,291,282 |
| Total equity | <u>98,233,761</u> | <u>97,841,648</u> |
| Debt-to-equity ratio | <u>0.05 : 1.00</u> | <u>0.05 : 1.00</u> |

14. FAIR VALUE MEASUREMENT AND DISCLOSURES

14.1 *Fair Value Hierarchy*

In accordance with PFRS 13, *Fair value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or financial liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

14.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|-------|-------------------------|-------------------|-----------------------------|-----------------------------|
| 2021 | | | | | |
| Financial assets: | | | | | |
| Cash | | P 324,234 | P - | P - | P 324,234 |
| Due from a related party | 4.1 | <u>-</u> | <u>-</u> | <u>100,000,000</u> | <u>100,000,000</u> |
| | | <u>P 324,234</u> | <u>P -</u> | <u>P 100,000,000</u> | <u>P 100,324,234</u> |
| Financial liabilities: | | | | | |
| Accrued expenses and other payables | 5 | P - | P - | P 4,061,760 | P 4,061,760 |
| Due to a stockholder | 4.3 | <u>-</u> | <u>-</u> | <u>867,116</u> | <u>867,116</u> |
| | | <u>P -</u> | <u>P -</u> | <u>P 4,928,876</u> | <u>P 4,928,876</u> |
| 2020 | | | | | |
| Financial assets: | | | | | |
| Cash | | P 123,085 | P - | P - | P 123,085 |
| Interest receivable | 4.1 | <u>-</u> | <u>-</u> | <u>254,795</u> | <u>254,795</u> |
| Due from a related party | 4.1 | <u>-</u> | <u>-</u> | <u>100,000,000</u> | <u>100,000,000</u> |
| | | <u>P 123,085</u> | <u>P -</u> | <u>P 100,254,795</u> | <u>P 100,377,880</u> |
| Financial liabilities: | | | | | |
| Accrued expenses and other payables | 5 | P - | P - | P 4,396,339 | P 4,396,339 |
| Due to a stockholder | 4.3 | <u>-</u> | <u>-</u> | <u>867,116</u> | <u>867,116</u> |
| | | <u>P -</u> | <u>P -</u> | <u>P 5,263,455</u> | <u>P 5,263,455</u> |

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. As of December 31, 2021 and 2020, there were no transfer of financial assets and financial liabilities within said levels.

15. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding page is the supplementary information on taxes, duties and license fees paid or accrued during the taxable year, which is required by the Bureau of Internal Revenue (BIR) under RR No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) *Output Value-added Tax (VAT)*

The Company does not have output VAT in 2021.

(b) *Input VAT*

The movements in input VAT in 2021 are summarized below.

| | | |
|--------------------------------------|----------|-------------------------|
| Balance at beginning of year | P | 2,755,050 |
| Services lodged under other accounts | | <u>112,094</u> |
| Balance at end of year | P | <u>2,867,144</u> |

(c) *Taxes on Importation*

The Company did not have any importations in 2021.

(d) *Excise Tax*

The Company does not have excise tax in 2021 since it did not have any transactions, which are subject to excise tax during the year.

(e) *Documentary Stamp Tax (DST)*

DST on the loan agreements are paid by the counterparty. Also, as per agreement, the lessor shoulders the DST in the case of the lease contract.

(f) *Taxes and Licenses*

Details of taxes and licenses in 2021 are shown below.

| | | |
|-------------------------------|----------|----------------------|
| Municipal license and permits | P | 32,523 |
| SEC filing fees | | 7,575 |
| Annual VAT registration | | <u>500</u> |
| | P | <u>40,598</u> |

(g) *Withholding Taxes*

Details of total withholding taxes reported for the year ended December 31, 2021 are shown below.

| | | |
|---------------------------|----------|-----------------------|
| Compensation and benefits | P | 116,400 |
| Expanded | | <u>9,000</u> |
| | P | <u>125,400</u> |

In 2021, the Company has no income payments subject to final withholding tax. The outstanding balance of taxes subject to withholding is presented as part of Accrued expenses and other payables in the statements of financial position.

(h) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2021, the Company does not have any final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

**Report of Independent Auditors
to Accompany Supplementary
Information Required by the
Securities and Exchange
Commission Filed Separately from
the Basic Financial Statements**

Punongbayan & Araullo

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The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders
BHI Holdings, Inc.
(A Subsidiary of Bulk Handlers, Inc.)
22nd Floor, The Pearl Bank Centre
146 Valero Street, Salcedo Village
Makati City**

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of BHI Holdings, Inc. for the year ended December 31, 2021, on which we have rendered our report dated April 18, 2022. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 8852338, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 121347-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-040-2019 (until Dec. 15, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 18, 2022

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
22nd Floor, The Pearl Bank Centre, 146 Valero Street, Salcedo Village, Makati City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2021

| | | |
|---|----------|---------------------------------|
| Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year | P | 40,320,893 |
| Net Loss Realized during the Year | | <u>392,113</u> |
| Unappropriated Retained Earnings Available for Dividend Declaration at End of Year | P | <u><u>40,713,006</u></u> |

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
List of Supplementary Information
December 31, 2021

| <u>Schedule</u> | <u>Content</u> | <u>Page No.</u> |
|--|--|-----------------|
| Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68 | | |
| A | Financial Assets Financial Assets at Amortized Cost Financial Assets at Fair Value Through Profit or Loss Financial Assets at Fair Value Through Other Comprehensive Income | 1 |
| B | Amounts Receivable from/Payable to Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties) | 2 |
| C | Amounts Receivable from/ Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements | 3 |
| D | Long-term Debt | 4 |
| E | Indebtedness to Related Parties (Long-term Loans from Related Companies) | 5 |
| F | Guarantees of Securities of Other Issuers | 6 |
| G | Capital Stock | 7 |
| Other Required Information | | |
| | Reconciliation of Retained Earnings Available for Dividend Declaration | 8 |
| | Map Showing the Relationship Between the Company and its Related Entities | 9 |

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
SEC Released Revised SRC Rule 68
Annex 68-E
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 | Valued based on market quotation at end of reporting period | Income received and accrued |
|--|---|--------------------------------------|---|--------------------------------|
|--|---|--------------------------------------|---|--------------------------------|

Financial Assets at Amortized Cost

| | | | | |
|------|--|-----------|-----------|-------|
| Cash | | P 324,234 | P 324,234 | P 336 |
|------|--|-----------|-----------|-------|

Financial Assets at Fair Value Through Profit or Loss

| | | | | |
|--|--|-----|-----|-----|
| | | P - | P - | P - |
|--|--|-----|-----|-----|

Financial Assets at Fair Value Through Other Comprehensive Income

| | | | | |
|--|--|-----|-----|-----|
| | | P - | P - | P - |
|--|--|-----|-----|-----|

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
 SEC Released Revised SRC Rule 68
 Annex 68-E
Schedule B

Amounts Receivable from/Payable to Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

| Name and Designation of debtor | Balance at beginning of period | Additions | Deductions | | Ending Balance | | Balance at end of period |
|--------------------------------|--------------------------------|------------|-------------------|---------------------|----------------------|-------------|--------------------------|
| | | | Amounts collected | Amounts written off | Current | Non-current | |
| <i>Loans Receivable</i> | | | | | | | |
| Aqua Rich, Inc. | <u>P 100,000,000</u> | <u>P -</u> | <u>P -</u> | <u>P -</u> | <u>P 100,000,000</u> | <u>P -</u> | <u>P 100,000,000</u> |
| <i>Accounts Payable</i> | | | | | | | |
| Juanita U. Tan | <u>P 867,116</u> | <u>P -</u> | <u>P -</u> | <u>P -</u> | <u>P 867,116</u> | <u>P -</u> | <u>P 867,116</u> |

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
 SEC Released Revised SRC Rule 68
 Annex 68-E
Schedule C

Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements

| Name and Designation of debtor | Balance at beginning of period | Additions | Deductions | | Current | Not Current | Balance at end of period |
|--------------------------------|--------------------------------|-----------|-------------------|---------------------|---------|-------------|--------------------------|
| | | | Amounts collected | Amounts written off | | | |

NOTHING TO REPORT

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
SEC Released Revised SRC Rule 68
Annex 68-E
Schedule D
Long Term Debt

| Title of Issue and type of obligation | Amount authorized by indenture | Amount shown under caption "Current portion of long-term debt" in related balance sheet | Amount shown under caption "Long-Term Debt" in related balance sheet |
|---------------------------------------|--------------------------------|---|--|
|---------------------------------------|--------------------------------|---|--|

NOTHING TO REPORT

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)

SEC Released Revised SRC Rule 68

Annex 68-E

Schedule E

Indebtedness to Related Parties (Long-Term Loans from Related Companies)

| Name of related party | Balance at beginning of period | Balance at end of period |
|-----------------------|--------------------------------|--------------------------|
|-----------------------|--------------------------------|--------------------------|

NOTHING TO REPORT

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
SEC Released Revised SRC Rule 68
Annex 68-E
Schedule F
Guarantees of Securities of Other Issuers

| Name of issuing entity of securities guaranteed by the company for which this statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding | Amount owned by person for which statement is filed | Nature of guarantee |
|--|---|---|---|---------------------|
|--|---|---|---|---------------------|

NOTHING TO REPORT

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
 SEC Released Revised SRC Rule 68
 Annex 68-E
Schedule G
Capital Stock

| Title of Issue | Number of shares authorized | Number of shares issued and outstanding as shown under related balance sheet caption | Number of shares reserved for options, warrants, conversion and other rights | Number of shares held by related parties | Directors, officers and employees | Others |
|----------------------|-----------------------------|--|--|--|-----------------------------------|----------------------|
| Common Shares | | | | | | |
| Class A Shares | 700,000 | 349,987 | - | 298,624 | 1,336 | 50,027 |
| Class B Shares | <u>300,000</u> | <u>150,000</u> | <u>-</u> | <u>150,000</u> | <u>-</u> | <u>-</u> |
| Common Shares | <u>1,000,000</u> | <u>499,987</u> | <u>-</u> | <u>448,624</u> | <u>1,336</u> | <u>50,027</u> |

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
22nd Floor, The Pearl Bank Centre, 146 Valero Street, Salcedo Village, Makati City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2021

| | | |
|---|----------|--------------------------|
| Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year | P | 40,320,893 |
| Net Profit Realized during the Year | | <u>392,113</u> |
| Unappropriated Retained Earnings Available for Dividend Declaration at End of Year | P | <u>40,713,006</u> |

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)

MAP SHOWING THE RELATIONSHIP BETWEEN THE COMPANY
AND ITS RELATED ENTITIES



Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo

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1200 Makati City
Philippines

T +63 2 8988 2288

**The Board of Directors and Stockholders
BHI Holdings, Inc.
(A Subsidiary of Bulk Handlers, Inc.)**
22nd Floor, The Pearl Bank Centre
146 Valero Street, Salcedo Village
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of BHI Holdings, Inc., (the Company), for the year ended December 31, 2021 and 2020, on which we have rendered our report dated April 18, 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 the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Philippine 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 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



By: John Endel S. Mata
Partner

CPA Reg. No. 0121347
TIN 257-622-627
PTR No. 8852338, January 3, 2022, Makati City
SEC Group A Accreditation
Partner – No. 121347-SEC (until Dec. 31, 2023)
Firm – No. 0002 (until Dec. 31, 2024)
BIR AN 08-002551-040-2019 (until Dec. 15, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 18, 2022

BHI HOLDINGS, INC.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020

| Ratio | Formula | 2021 | Formula | 2020 |
|------------------------|--|-------|---|--------|
| Current ratio | Total Current Assets divided by Total Current Liabilities Total Current Assets P 103,191,378 Divide by: Total Current Liabilities 4,957,617 Current ratio 20.81 | 20.81 | Total Current Assets divided by Total Current Liabilities Total Current Assets P 49,132,930 Divide by: Total Current Liabilities 5,291,282 Current ratio 9.29 | 9.29 |
| Acid test ratio | Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 103,191,378 Less: Input value-added tax 2,867,144 Quick Assets 100,324,234 Divide by: Total Current Liabilities 4,957,617 Acid test ratio 20.24 | 20.24 | Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 49,132,930 Less: Input value-added tax 2,755,050 Quick Assets 46,377,880 Divide by: Total Current Liabilities 5,291,282 Acid test ratio 8.76 | 8.76 |
| Solvency ratio | Total Liabilities divided by Total Assets Total Liabilities P 4,957,617 Divide by: Total Assets 103,191,378 Solvency ratio 0.05 | 0.05 | Total Liabilities divided by Total Assets Total Liabilities P 5,291,282 Divide by: Total Assets 103,132,930 Solvency ratio 0.05 | 0.05 |
| Debt-to-equity ratio | Total Liabilities divided by Total Equity Total Liabilities P 4,957,617 Divide by: Total Equity 98,233,761 Debt-to-equity ratio 0.05 | 0.05 | Total Liabilities divided by Total Equity Total Liabilities P 5,291,282 Divide by: Total Equity 97,841,648 Debt-to-equity ratio 0.05 | 0.05 |
| Assets-to-equity ratio | Total Assets divided by Total Equity Total Assets P 103,191,378 Divide by: Total Equity 98,233,761 Assets-to-equity ratio 1.05 | 1.05 | Total Assets divided by Total Equity Total Assets P 103,132,930 Divide by: Total Equity 97,841,648 Assets-to-equity ratio 1.05 | 1.05 |
| Interest rate coverage | Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 409,151 Divide by: Interest expense - Interest rate coverage ratio - | 0.00 | Earnings before interest and taxes (EBIT) divided by Interest expense EBIT (P 362,636) Divide by: Interest expense - Interest rate coverage ratio - | 0.00 |
| Return on equity | Net Profit (Loss) divided by Total Equity Net Profit P 392,113 Divide by: Total Equity 98,233,761 Return on equity 0.004 | 0.004 | Net Profit (Loss) divided by Total Equity Net Loss (P 422,933) Divide by: Total Equity 97,841,648 Return on equity (0.004) | -0.004 |
| Return on assets | Net Profit (Loss) divided by Total Assets Net Profit P 392,113 Divide by: Total Assets 103,162,154 Return on assets 0.004 | 0.004 | Net Profit (Loss) divided by Total Assets Net Loss (P 422,933) Divide by: Total Assets 103,230,137 Return on assets (0.004) | -0.004 |
| Net Profit Margin | Net Profit (Loss) divided by Total Revenue Net Profit P 392,113 Divide by: Total Revenue 3,000,336 Return on assets 0.131 | 0.13 | Net Profit (Loss) divided by Total Revenue Net Loss (P 422,933) Divide by: Total Revenue 3,142,192 Return on assets (0.135) | -0.13 |

Contextual Information

| Company Details | |
|--|--|
| Name of Organization | BHI HOLDINGS, INC. |
| Location of Headquarters | 146 Valero Street, Salcedo Village, Makati City |
| Location of Operations | 146 Valero Street, Salcedo Village, Makati City |
| Report Boundary: Legal entities (e.g. subsidiaries) included in this report* | No subsidiaries included in this report |
| Business Model, including Primary Activities, Brands, Products, and Services | Holding Company |
| Reporting Period | January 1, 2021 to December 31, 2021 |
| Highest Ranking Person responsible for this report | Juanita U. Tan - President |

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

| Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹⁴ |
|---|
| |

¹⁴ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

| Disclosure | Amount | Units |
|--|---------------|-------|
| Direct economic value generated (revenue) | P3,000,000.00 | PhP |
| Direct economic value distributed: | | |
| a. Operating costs | P1,427,185.00 | PhP |
| b. Employee wages and benefits | P1,164,000.00 | PhP |
| c. Payments to suppliers, other operating costs | P0.00 | Php |
| d. Dividends given to stockholders and interest payments to loan providers | P0.00 | PhP |
| e. Taxes given to government | P17,038.00 | PhP |
| f. Investments to community (e.g. donations, CSR) | P0.00 | PhP |

| | | |
|--|---|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
| <i>Primary business operations.</i> | <i>Employees and the Community.</i> | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |
| What are the Risk/s Identified? | Which stakeholders are affected? | Management Approach |
| <i>Primary business operations.</i> | <i>Employees and the Community.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |
| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
| <i>Primary business operations.</i> | <i>Employees and the Community.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

Climate-related risks and opportunities¹⁵

| Governance | Strategy | Risk Management | Metrics and Targets |
|---|---|---|---|
| <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |
| Recommended Disclosures | | | |
| <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |
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¹⁵ Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

¹⁶ For this disclosure, impact refers to the impact of climate-related issues on the company.

Procurement Practices

Proportion of spending on local suppliers

| Disclosure | Quantity | Units |
|--|-------------------|-------|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | one hundred (100) | % |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|-------------------------------------|--|
| <i>Primary business operations.</i> | <i>Employees and the Community.</i> | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |
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Anti-corruption

Training on Anti-corruption Policies and Procedures

| Disclosure | Quantity | Units |
|--|----------|-------|
| Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to | None | % |
| Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to | None | % |
| Percentage of directors and management that have received anti-corruption training | None | % |

| | | |
|---|------|---|
| Percentage of employees that have received anti-corruption training | None | % |
|---|------|---|

| | | |
|--|---|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
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Incidents of Corruption

| Disclosure | Quantity | Units |
|--|-----------------|--------------|
| Number of incidents in which directors were removed or disciplined for corruption | None | # |
| Number of incidents in which employees were dismissed or disciplined for corruption | None | # |
| Number of incidents when contracts with business partners were terminated due to incidents of corruption | None | # |

| | | |
|--|---|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|--|---|----------------------------|

| | | |
|---|---|--|
| <i>Primary business operations.</i> | <i>Employees and the community.</i> | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |
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ENVIRONMENT

Resource Management

Energy consumption within the organization:

| Disclosure | Quantity | Units |
|--|----------|-------|
| Energy consumption (renewable sources) | None | GJ |
| Energy consumption (gasoline) | None | GJ |
| Energy consumption (LPG) | None | GJ |
| Energy consumption (diesel) | None | GJ |
| Energy consumption (electricity) | 700 | kWh |

Reduction of energy consumption

| Disclosure | Quantity | Units |
|--------------------------------|----------|-------|
| Energy reduction (gasoline) | None | GJ |
| Energy reduction (LPG) | None | GJ |
| Energy reduction (diesel) | None | GJ |
| Energy reduction (electricity) | None | kWh |
| Energy reduction (gasoline) | None | GJ |

| | | |
|--|---|--|
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| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |

| | | |
|------------------------------------|-------------------------------------|---|
| <i>Primary business operations</i> | <i>Employees and the community.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |
|------------------------------------|-------------------------------------|---|

Water consumption within the organization

| Disclosure | Quantity | Units |
|---------------------------|-----------------|--------------|
| Water withdrawal | None | Cubic meters |
| Water consumption | None | Cubic meters |
| Water recycled and reused | None | Cubic meters |

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|--|---|--|
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| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
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Materials used by the organization

| Disclosure | Quantity | Units |
|---|-----------------|--------------|
| Materials used by weight or volume | None | |
| <ul style="list-style-type: none"> renewable | None | kg/liters |

| | | |
|---|------|-----------|
| • non-renewable | None | kg/liters |
| Percentage of recycled input materials used to manufacture the organization's primary products and services | None | % |

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Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

| Disclosure | Quantity | Units |
|---|----------|-------|
| Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | None | |
| Habitats protected or restored | None | ha |
| IUCN ¹⁷ Red List species and national conservation list species with habitats in areas affected by operations | None | |

| What is the impact and where does it occur? What is the | Which stakeholders are affected? | Management Approach |
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| organization's involvement in the impact? | | |
| <i>Primary business operations.</i> | <i>Employees and the community.</i> | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |
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Environmental impact management

Air Emissions

GHG

| Disclosure | Quantity | Units |
|---|-----------------|--------------------------|
| Direct (Scope 1) GHG Emissions | None | Tonnes CO ₂ e |
| Energy indirect (Scope 2) GHG Emissions | None | Tonnes CO ₂ e |
| Emissions of ozone-depleting substances (ODS) | None | Tonnes |

| | | |
|--|---|--|
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Air pollutants

| Disclosure | Quantity | Units |
|--------------------------------------|-----------------|--------------|
| NO _x | None | kg |
| SO _x | None | kg |
| Persistent organic pollutants (POPs) | None | kg |
| Volatile organic compounds (VOCs) | None | kg |
| Hazardous air pollutants (HAPs) | None | kg |
| Particulate matter (PM) | None | kg |

| | | |
|--|---|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
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|--|-------------------------------------|---|
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Solid and Hazardous Wastes

Solid Waste

| Disclosure | Quantity | Units |
|-----------------------------|----------|-------|
| Total solid waste generated | None | kg |
| Reusable | None | kg |
| Recyclable | None | kg |
| Composted | None | kg |
| Incinerated | None | kg |
| Residuals/Landfilled | None | kg |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|-------------------------------------|--|
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| What are the Opportunity/ies Identified? | Which stakeholders are affected? | Management Approach |
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Hazardous Waste

| Disclosure | Quantity | Units |
|---|----------|-------|
| Total weight of hazardous waste generated | None | kg |
| Total weight of hazardous waste transported | None | kg |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|-------------------------------------|--|
| <i>Primary business operations.</i> | <i>Employees and the community.</i> | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |
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Effluents

| Disclosure | Quantity | Units |
|----------------------------------|----------|--------------|
| Total volume of water discharges | None | Cubic meters |
| Percent of wastewater recycled | None | % |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
|---|----------------------------------|---------------------|
| | | |

| | | |
|---|---|--|
| <i>Primary business operations.</i> | <i>Employees and the community.</i> | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |
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Environmental compliance

Non-compliance with Environmental Laws and Regulations

| Disclosure | Quantity | Units |
|--|-----------------|--------------|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations | None | PhP |
| No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations | None | # |
| No. of cases resolved through dispute resolution mechanism | None | # |

| | | |
|--|---|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Which stakeholders are affected? | Management Approach |
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SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

| Disclosure | Quantity | Units |
|--|----------|-------|
| Total number of employees ¹⁸ | 2 | |
| a. Number of female employees | 1 | # |
| b. Number of male employees | 1 | # |
| Attrition rate ¹⁹ | None | rate |
| Ratio of lowest paid employee against minimum wage | None | ratio |

Employee benefits

| List of Benefits | Y/N | % of female employees who availed for the year | % of male employees who availed for the year |
|---|-----|--|--|
| SSS | No | None | None |
| PhilHealth | No | None | None |
| Pag-ibig | No | None | None |
| Parental leaves | No | None | None |
| Vacation leaves | No | None | None |
| Sick leaves | No | None | None |
| Medical benefits (aside from PhilHealth)) | No | None | None |
| Housing assistance (aside from Pag-ibig) | No | None | None |
| Retirement fund (aside from SSS) | No | None | None |
| Further education support | No | None | None |
| Company stock options | No | None | None |
| Telecommuting | No | None | None |
| Flexible-working Hours | No | None | None |
| (Others) | No | None | None |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
|--|--|
| Primary business operations. | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |

¹⁸ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

¹⁹ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

| | |
|---|---|
| | |
| What are the Risk/s Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |
| What are the Opportunity/ies Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

Employee Training and Development

| Disclosure | Quantity | Units |
|--|----------|----------------|
| Total training hours provided to employees | | |
| a. Female employees | 4 | hours |
| b. Male employees | 4 | hours |
| Average training hours provided to employees | | |
| a. Female employees | 4 | hours/employee |
| b. Male employees | 4 | hours/employee |

| | |
|--|--|
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| What are the Opportunity/ies Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

Labor-Management Relations

| Disclosure | Quantity | Units |
|------------|----------|-------|
|------------|----------|-------|

| | | |
|---|------|---|
| % of employees covered with Collective Bargaining Agreements | None | % |
| Number of consultations conducted with employees concerning employee-related policies | None | # |

| | |
|--|--|
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| What are the Opportunity/ies Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

Diversity and Equal Opportunity

| Disclosure | Quantity | Units |
|---|-----------------|--------------|
| % of female workers in the workforce | 1 | 50% |
| % of male workers in the workforce | 1 | 50% |
| Number of employees from indigenous communities and/or vulnerable sector* | None | # |

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

| | |
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|---|---|
| What are the Risk/s Identified? | Management Approach |
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| What are the Opportunity/ies Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

| Disclosure | Quantity | Units |
|--------------------------------|-----------------|--------------|
| Safe Man-Hours | None | Man-hours |
| No. of work-related injuries | None | # |
| No. of work-related fatalities | None | # |
| No. of work related ill-health | None | # |
| No. of safety drills | None | # |

| | |
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| What are the Opportunity/ies Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

Labor Laws and Human Rights

| Disclosure | Quantity | Units |
|---|-----------------|--------------|
| No. of legal actions or employee grievances involving forced or child labor | None | # |

| Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?Topic | Y/N | If Yes, cite reference in the company policy |
|---|------|--|
| Forced labor | None | |
| Child labor | None | |
| Human Rights | None | |

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|--|--|
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Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

| Topic | Y/N | If Yes, cite reference in the supplier policy |
|---------------------------|-----|---|
| Environmental performance | Yes | |
| Forced labor | Yes | |
| Child labor | Yes | |
| Human rights | Yes | |
| Bribery and corruption | Yes | |

| | |
|--|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| <i>Primary business operations.</i> | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |
| | |
| What are the Risk/s Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |
| What are the Opportunity/ies Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

Relationship with Community

Significant Impacts on Local Communities

| | | | | | |
|---|---|---|---|---|---|
| <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |
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**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other*

diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: ____

| Certificates | Quantity | Units |
|--|--|-------|
| FPIC process is still undergoing | None | # |
| CP secured | None | # |
| What are the Risk/s Identified? | Management Approach | |
| Primary business operations. | The Company has been inactive in pursuing investment activities for a number of years now. | |
| What are the Opportunity/ies Identified? | Management Approach | |
| Primary business operations. | The Company has been inactive in pursuing investment activities for a number of years now. | |

Customer Management

Customer Satisfaction

| Disclosure | Score | Did a third party conduct the customer satisfaction study (Y/N)? |
|-----------------------|-------|--|
| Customer satisfaction | None | None |

| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
|--|---|
| Primary business operations. | As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party. |
| What are the Risk/s Identified? | Management Approach |
| Primary business operations. | The Company has been inactive in pursuing investment activities for a number of years now. |
| What are the Opportunity/ies Identified? | Management Approach |
| Primary business operations. | The Company has been inactive in pursuing investment activities for a number of years now. |

Health and Safety

| Disclosure | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on product or service health and safety* | None | # |
| No. of complaints addressed | None | # |

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

| | |
|--|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
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| What are the Opportunity/ies Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

Marketing and labelling

| Disclosure | Quantity | Units |
|---|----------|-------|
| No. of substantiated complaints on marketing and labelling* | None | # |
| No. of complaints addressed | None | # |

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

| | |
|--|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
|--|----------------------------|

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|---|--|
| <i>Primary business operations.</i> | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |
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| What are the Opportunity/ies Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

Customer privacy

| Disclosure | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on customer privacy* | None | # |
| No. of complaints addressed | None | # |
| No. of customers, users and account holders whose information is used for secondary purposes | None | # |

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

| | |
|--|--|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
| <i>Primary business operations.</i> | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |
| What are the Risk/s Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |
| What are the Opportunity/ies Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

Data Security

| Disclosure | Quantity | Units |
|--|----------|-------|
| No. of data breaches, including leaks, thefts and losses of data | None | # |

| | |
|--|----------------------------|
| What is the impact and where does it occur? What is the organization's involvement in the impact? | Management Approach |
|--|----------------------------|

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|---|--|
| <i>Primary business operations.</i> | <i>As an investment holding company, The Company's main thrust is to acquire ownership in profitable corporations, However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of income was limited to interest income generated from its loans granted to a related party.</i> |
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| What are the Opportunity/ies Identified? | Management Approach |
| <i>Primary business operations.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> |

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

| Key Products and Services | Societal Value / Contribution to UN SDGs | Potential Negative Impact of Contribution | Management Approach to Negative Impact |
|---|--|--|--|
| <i>The Company has been inactive in pursuing investment activities for a number of years now.</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now</i> | <i>The Company has been inactive in pursuing investment activities for a number of years now</i> |
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** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

