



# 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 for the years ended December 31, 2015, 2014, and 2013, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in circumstances.

The Board of Directors or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with Philippine Standards on Auditing and in its report to the stockholders or members has expressed its opinion on the fairness of presentation upon completion of such examination.



**MANUEL N. TANKIANSEE**

Chairman of the Board



**JUANITA U. TAN**

Chief Executive Officer/President



**ERWIN R. DIAZ**

Chief Financial Officer/Vice-President

APR 13 2016

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2016  
affiant(s) exhibiting to me his/her Residence Certificate as follows:

Name	Comm. Tax Certificate No.	Date	Place of Issue
MANUEL N. TANKIANSEE	15181512	01/06/16	Manila
JUANITA U. TAN	05091577	01/06/16	Makati
ERWIN R. DIAZ	15181522	01/06/16	Manila

*B. F. Alfonso*  
ATTY. BENJAMIN F. ALFONSO  
NOTARY PUBLIC


~~UNTIL DECEMBER 31, 2016~~  
Notary Public  
PTR NO. 2147797 1/4/2016 - QUEZON CITY  
IBP NO. 1015954 1/4/2016 - QUEZON CITY  
ROLL NO. 13296  
COMMISSION NO. NP-144 (2015-2016) QUEZON CITY  
TIN NO. 177-967-619  
MCLE EXEMPTED

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Series of 2016

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, 2015
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. 22<sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street  
Salcedo Village, Makati City 1227  
Address of Principal Office Postal Code
8. 02-840-2961  
Issuer's telephone number, including area code
9. N/A

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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 [ x ] No [ ]

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

Philippine Stock Exchange

Common Stock Class A and Class B

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 customer, 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 now. 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 three employees handling mainly administrative functions due to limited transactions of the Company as of December 31, 2015. 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

#### 2015

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

	<u>2015</u>	<u>2014</u>
Principal balance, net of Unamortized discounts:		
Original loan	P 46,000,000	P 45,210,715
Assumed loan	<u>54,000,000</u>	<u>54,000,000</u>
	<u>P 100,000,000</u>	<u>P 99,210,715</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>
	<b><u>P 100,254,795</u></b>	<b><u>P 99,465,510</u></b>

As of December 31, 2015 and 2014, the carrying amount of the original loan, excluding interest receivable, is presented as part of Non-current Assets and Current Assets, respectively, in the statements of financial position.

The original loan initially consisted of deposits made by the Company for the acquisition of equity interest in 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 3% 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. The renewal of the loan was accounted for as extinguishment of debt, hence, upon renewal, the loan was again remeasured resulting in a day-one loss of P2,303,788 which is presented as Finance Costs in the 2013 statement of comprehensive income.

Subsequently, on August 31, 2015, upon maturity of the loan, the contracting parties once again agreed to renew the loan for another two years with maturity date of August 31, 2017 with the same terms and conditions. The renewal of the loan was accounted for as modification of debt, hence, upon renewal, no gain or loss was recognized.

On top of the P1,380,000 actual annual interest income earned in 2015., 2014 and 2013, the Company also recognized additional interest income amounting to P789,285 P1,141,216 and P2,837,572 respectively, representing the amortization of the discount. The Company has uncollected interest amounting to a total of P117,205 as at December 31, 2015 and 2014 which is presented as part of Due from a Related Party account in the statements of financial position.

On January 2, 2013, THI assigned to Aqua Rich, Inc. its unsecured, interest-bearing loan payable to the Company under the same terms and conditions. Accordingly, the carrying amount of the assumed loan as of that date was reclassified to the Due from a Related Party account under the Current Assets section of the 2013 statement of financial position.

The carrying amount of the assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2015 and 2014 and is presented as part of Current Assets and Non-current Assets, respectively, in the statements of financial position.

On July 1, 2014, upon maturity of the assumed loan, the Company and Aqua Rich Inc. both agreed to renew the loan for another two years with maturity date of June 30, 2016 with the same terms and conditions. The renewal of the loan was accounted for as modification of debt, hence, upon renewal, no gain or loss was recognized.

Aside from the actual annual interest income earned on this loan amounting to P1,620,000 in 2015, 2014 and 2013 the Company also recognized additional interest income amounting to P1,246,266 and P1,787,126 representing amortization of the discount in 2014 and 2013, respectively (nil in 2015)

The interest receivable amounting to P137,590 in 2015 and 2014 is presented as part of Due from a Related Party account in the statements of financial position.

Management believes that the loans are fully collectible when they mature; hence, no allowance for impairment is required as of December 31, 2015 and 2014

## **REVENUES**

### **INTEREST INCOME/OTHER INCOME**

The Company's effective interest income in excess of actual rates recognized on loan receivable and due to related party, as a result of transitioning to PFRS amounting to P789,285, P1,781,025 and P4,083,838 for 2015, 2014, and 2013, respectively, were considered nontaxable income. The actual interest income based on the terms of the loan agreements amounted to P3,000,000 both for 2015, 2014 and 2013.

Other income from Banco de Oro & Land Bank of the Philippines savings account amounted to P1,153

## **OPERATING EXPENSES**

### **2015**

Operating expenses for 2015 amounted to P 3,099,222 which is P 2,541 under compared to 2014. Expenses for 2015 were as follows:

Salaries & Wages	P	1,968,000
Professional fees		395,800
Rent Expense		300,000
Membership fees		253,000
Utilities		81,600
Office supplies		48,341
Taxes and licenses		28,212
Directors' fee		22,000
Miscellaneous		2,269
Total	P	<u>3,099,222</u>

## **2014**

Operating expenses for 2014 amounted to P 3,101,763 which is P 2,128,232 under compared to 2013. Expenses for 2014 were as follows:

Salaries & wages	P	1,968,000
Professional fees		383,317
Rent Expense		300,000
Membership fees		258,000
Utilities		81,600
Office supplies		47,194
Taxes and licenses		27,702
Directors fee		22,000
Miscellaneous		13,950
Total	P	<u>3,101,763</u>

## **2013**

Operating expenses for 2013 amounted to P 5,229,995 which is P 150,548 under compared to 2012. Expenses for 2013 were as follows:

Salaries & wages	P	1,953,000
Rent Expense		300,000
Membership fees		250,000
Professional fees		242,133
Utilities		81,600
Office supplies		35,266
Taxes and licenses		24,490
Directors fee		22,000
Finance Cost		2,303,788
Miscellaneous		17,718
Total	P	<u>5,229,995</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, 2015 and 2014 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, 2015 and 2014.

Cash Flows From Operating Activities			
Income before tax	P	691,216	P 1,680,258
Adjustment for:			
Interest income from loans - net		(3,789,285)	(4,781,025)
Interest income from cash in bank		( 1,153)	( 996)
Operating profit before working capital changes		(3,099,222)	(3,101,763)
Increase in other asset		(87,168)	( 87,583)
Increase in due to a related party			520,057
Increase in accrued expenses and other payables		198,400	401,100
Cash used in operations		(2,987,990)	(3,308,303)
Interest received		3,001,153	3,000,996
Cash paid for income taxes		( 60,231)	( 60,199)
Net Increase (Decrease) In Cash		(47,068)	(367,506)
Cash At Beginning of Year		238,221	605,727
Cash At End of Year	P	191,153	P 238,221

As of December 31, 2015, cash decreased by 19.76%, from P238,221 in 2014 to P191,153 for the period ended December 31, 2015. For the period under review, interest received increased to P3,001,153 from P3,000,996 for the year 2014. The cash

paid for income taxes increased, from P60,199 last year to P60,231 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.

On January 2, 2013, THI assigned to Aqua Rich, Inc. its unsecured, interest-bearing loan payable to the Company under the same terms and conditions. Accordingly, the carrying amount of the assumed loan as of that date was reclassified to the Due from a Related Party account under the Current Assets section of the 2013 statement of financial position.

As of December 31, 2014 and 2013, the carrying amount of the assumed loan excluding interest receivable, is presented as part of Non-current Assets and Current Assets, respectively, in the statements of financial position.

On July 1, 2014, upon maturity of the assumed loan, the Company and Aqua Rich Inc. both agreed to renew the loan for another two years with maturity date of June 30, 2016 with the same terms and conditions. The renewal of the loan was accounted for as modification of debt, hence, upon renewal, no gain or loss was recognized.

Aside from the actual annual interest income earned on this loan amounting to P1,620,000 in 2015, 2014 and 2013 the Company also recognized additional interest income amounting to P1,246,266 and P1,787,126 representing amortization of the discount in 2014 and 2013 respectively (nil in 2015)

The interest receivable amounting to P137,590 in 2015 and 2014 is presented as part of Due from a Related Party account in the statements of financial position.

Management believes that the loans are fully collectible when they mature; hence, no allowance for impairment is required as of December 31, 2015 and 2014

**Due from a related party.** The original loan initially consisted of deposits made by the Company for the acquisition of equity interest in 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 3% 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. The renewal of the loan was accounted for as extinguishment of debt, hence, upon renewal, the loan was again remeasured resulting in a day-one loss of P2,303,788 which is presented as Finance Costs in the 2013 statement of comprehensive income.

Subsequently, on August 31, 2015, upon maturity of the loan, the contracting parties once again agreed to renew the loan for another two years with maturity date of August 31, 2017 with the same terms and conditions. The renewal of the loan was accounted for as modification of debt, hence, upon renewal, no gain or loss was recognized.

On top of the P1,380,000 actual annual interest income earned in 2015., 2014 and 2013, the Company also recognized additional interest income amounting to P789,285 P1,141,216 and P2,837,572 respectively, representing the amortization of the discount. The Company has uncollected interest amounting to a total of P117,205 as at December 31, 2015 and 2014 which is presented as part of Due from a Related Party account in the statements of financial position.

**Deferred tax assets.** The Company is subject to MCIT, which is computed at 2% of gross income, net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher. In 2015, 2014 and 2013, the Company's MCIT amounted to P60,000. In 2015 and 2014, the Company incurred NOLCO, amounting to P99,223 and P101,763, respectively, which can be claimed as deductions against taxable income within three years. The company did not recognized deffered tax assets arising from MCIT and NOLCO as of December 31, 2015, 2014 and 2013 since management believes that the Company will not have sufficient RCIT due against which the MCIT can be applied.

**Accrued expenses and other payables.** Increased to P2,563,051 from P2,364,651 in 2014 by 8.39%, the lease contract is for one year renewable upon mutual agreement of both parties.

## **Result of Operations**

### **Year Ended December 31, 2015 compared to Year Ended December 31, 2014**

**Revenue.** For the year ended December 31, 2015, the Company achieved revenue of P3,790,438, decreased by 20.74% over the P4,782,021 in 2014. This was primarily due to a lesser interest income in excess of actual rates recognized on loan receivable and due from a related party, as a result of PFRS application, was considered non-taxable income.

**Operating Expenses.** Total expenses decreased by .08% from P3,101,763 in 2014 to P3,099,222 this year due to decrease in and other operating expenses.

**Financial Costs.** No financial cost for this year.

**Tax Expenses.** Decrease by 0.05% from P60,199 for the twelve months ended December 31, 2014, to P60,231 for the period ended December 31, 2015.

**Net Income.** The net profit of the Company amounted to P630,985 for 2015 and P 1,620,059 for 2014.

**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, 2015 and 2014.

## **MATERIAL ITEMS UNDER OPERATING EXPENSES**

Operating expenses for 2015 amounted to P 3,099,222 which is P 2,541 under compared to 2014. Expenses for 2015 were as follows:

Salaries & wages	P	1,968,000
Professional fess		395,800
Rent Expense		300,000
Membership		253,000
Utilities		81,600
Office supplies		48,341
Taxes and licenses		28,212
Directors fee		22,000
Miscellaneous		2,269
Total	P	<u>3,099,222</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, 2015.

### **HOLDERS**

<u>Class</u>	<u>No. of Stockholders</u>
Common A	336
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 2013 to 2015.

<u>2015</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>
<b>HIGH</b>	601	303	450	669.50
<b>LOW</b>	600	303	401	669.50



<u>2014</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>
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<b>HIGH</b>	No Trading	825	1390	700
<b>LOW</b>	No Trading	720	550	700

<u>2013</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>
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<b>HIGH</b>	630	645	550	550
<b>LOW</b>	420	600	550	550

Last transaction date was October 05, 2015 and the closing price was at P669.50 per share.

#### OTHER SECURITIES

None

#### TOP TWENTY STOCKHOLDER

As of December 31, 2015

<u>RANK</u>	<u>STOCKHOLDER</u>	<u>NO. OF</u> <u>SHARE</u>	<u>PERCENTAGE</u>
1	BULK HANDLERS, INC.	299,424	85.55%
2	PCD NOMINEE CORPORATION	10,777	3.08%
3	TAN, MIKO PAOLO	8,631	2.47%
4	TRINIDAD, MARILOU I.	5,000	1.43%
5	CALIGAGAN, JACKELYN P.	2,883	0.82%
6	RITA LEGARDA, INC.	588	0.17%
	MALANOG, ALMA TERESA R.	400	0.11%
7	REYNO III, ALFONSO VICTORIO G.	350	0.10%
	REYNO, CHRISTOPHER G.	350	0.10%
	REYNO JR, ALFONSO R.	350	0.10%
	REYNO, YOLANDA G.	350	0.10%
	REYNO, PATRICK G.	350	0.10%
8	ROBLES, EXEQUIEL D.	314	0.09%
	SANTOS, VICENTE R.	314	0.09%
	TAN, MARIZA SANTOS	314	0.09%
9	ASIS, LUIS R.	313	0.09%
10	ROBLES, ROBERTO	309	0.09%
	ANDRES, ANDREA R.	309	0.09%
	SANTOS, DANA.	309	0.09%
	SANTOS, FELIZARDO	309	0.09%

	MANAHAN, TEDDY	309	0.09%
	SANTOS, LEODEGARIO	309	0.09%
	ANDRES, ROLLAND	309	0.09%
	JOSEPH, ALEXANDER	309	0.09%
	MANAHAN, AURORA R.	309	0.09%
	SANTOS, DOMINGA	309	0.09%
	ROBLES, LIBERATO	309	0.09%
	TAN, RODLFO J.	309	0.09%
	SANTOS, ORESTES	309	0.09%
	ROBLES, IGMIDIO	309	0.09%
	JOSEPH, EXALTACION R.	309	0.09%
	SANTOS, REBECCA	309	0.09%
	ROBLES, ANTONIO	309	0.09%
11	CUA, SANTIAGO	290	0.08%
12	CUALOPING, HENRY T.	289	0.08%
	CUA, SOLOMON S.	289	0.08%
	CUALOPING, VICENTE T.	289	0.08%
	CUA, LIBERTAD	289	0.08%
	CUA JR, SANTIAGO S.	289	0.08%
13	FLORES, ARTURO B.	250	0.07%
14	CASTILLO, CHARITO GRACE L.	240	0.07%
15	CUA, BERNICE	200	0.06%
	GODOY JR., JETRO M.	200	0.06%
16	TAN, JALANE CHRISTIE U.	180	0.05%
17	MATTI, GLORIA LEE V.	160	0.05%
18	MAGLALANG, MINERVA J.	143	0.04%
19	CRUZ, VELIA J.	142	0.04%
20	LIM, LUISITO	130	0.04%

## **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 2015 & 2014 were P95,000.00 & P95,000.00 respectively.
- (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) There are audit committee’s approval of policies and procedures for the above services. The terms of engagement and scope of services of the external auditor is reviewed and approved by the Audit Committee. The Audit Committee is composed of three directors and chaired by one of the directors. They are Mr. Edison S. Javier, chairman, Ms. Juanita U. Tan and Mr. Erwin R. Diaz, as members.

## **CONTROL AND COMPENSATION INFORMATION**

Directors, Executive Officers, Promoters and Control Persons

### **A. DIRECTORS**

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

### **B. INDEPENDENT DIRECTORS**

The following are Company's independent Directors

Edison S. Javier  
Felisa P. Escudero

### **C. EXECUTIVE OFFICERS**

Manuel N. Tankiansee - Chairman of the Board  
Juanita U. Tan - Chief Executive Officer/President  
Erwin R. Diaz - Chief Financial Officer/Vice-President  
Atty. Helen De Leon-Manzano - Corporate Secretary

## **RESUME OF DIRECTORS / EXECUTIVE OFFICERS**

<b>MANUEL N. TANKIANSEE</b>	- <b>Chairman of the Board / Director</b>
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	- 68
Citizenship	- Filipino
Positions/Directorship Held	- Chairman of the Board: BHI Holdings, Inc.; Farmix Fertilizers Corporation; Aquarich, Inc.; Pearlbank Securities, Inc.
<b>JUANITA U. TAN</b>	- <b>President / Director</b>
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 - 64  
 Citizenship - Filipino  
 Positions/Directorship Held - President and Director of BHI Holdings, Inc.,  
 Farmix Fertilizers Corporation;  
 Director: Pearlbank Securities, Inc.

**ERWIN R. DIAZ** - **Vice President / Director**  
 Term of Office - One (1) Year  
 Years in Office - December 2015 – Present  
 Address - 22nd Floor, The Pearlbank Centre,  
 146 Valero Street, Salcedo Village, Makati City  
 Age - 38  
 Citizenship - Filipino  
 Positions/Directorship Held - President: Poro Integrated Port Services, Inc.  
 Accountant of Premiere Success Dev't Corp.

**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 - 38  
 Citizenship - Filipino  
 Positions/Directorship Held - Director: BHI Holdings, Inc.; Bulk Handlers, Inc.

**MIGUEL OCAMPO-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 - 60  
 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** - **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 - 59

Citizenship - Filipino

Positions/Directorship Held - Director: BHI Holdings, Inc.; Filway Development Corporation; H.B. Realty; Development Corporation.  
Treasurer: Micaland Development Corporation.

**EDISON S. JAVIER**

Term of Office - One (1) Year

Years in Office - December 2015 – Present

Address - U20 Bayabas St., Westman Village, San Isidro  
Paranaque City

Age - 46

Citizenship - Filipino

Positions/Directorship Held - Director: BHI Holdings, Inc.; Managing Director: Wordcomm International; Chairman and Chief Exec: Teredja Media Philippines, Inc.; Chairman: Calchem Inc., Chairman and President: Eiggno Philippines Inc.; Trustee: Yujo Firipin Foundation; Anchor: DZRH (666 khz); Columnist: Market Monitor

**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 - 45

Citizenship - Filipino

Positions/Directorship Held - Director: BHI Holdings, Inc.;  
Treasurer: Farmix Fertilizers Corporation.

**JALANE CHRISTIE U. TAN**

Term of Office - One (1) Year

Years in Office - April 2004 – Present

Address - 22nd Floor, The Pearlbank Centre,  
146 Valero Street, Salcedo Village, Makati City

Age - 35

Citizenship - Filipino

Positions/Directorship Held - Director: BHI Holdings, Inc.;

**JULIE C. DELA CRUZ**

Term of Office - One (1) Year

Years in Office - January 18, 2008 – Present

Address - 22nd Floor, The Pearlbank Centre,

Age - 146 Valero Street, Salcedo Village, Makati City  
 - 50  
 Citizenship - Filipino  
 Positions/Directorship Held - Director: Claymore Holdings, Inc.

**FELISA P. ESCUDERO** - **Director**  
 Term of Office - One (1) Year  
 Years in Office - December 18, 2008 – Present  
 Address - 22nd Floor, The Pearlbank Centre,  
 146 Valero Street, Salcedo Village, Makati City  
 Age - 51  
 Citizenship - Filipino  
 Positions/Directorship Held - Director: Quality Grains and Feeds Corporation

**HELEN C. DE LEON-MANZANO** - **Corporate Secretary**  
 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 - 58  
 Citizenship - Filipino  
 Positions/Directorship Held - Corporate Secretary: BHI Holdings, Inc.,  
 Dunlop Slazenger Holdings, Inc.;  
 Dunlop Slazenger International, Inc.;  
 Poro Point Industrial Corporation, JUT Holdings, Inc.  
 Topigs Philippines Inc. Superior Baggers Stevedoring  
 Inc., and Magnum International Securities, Inc.  
 Senior Partner: Saulog and De Leon Law Office.

### 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

### General

The Company paid an aggregate of P804,000.00 in 2015 for the compensation of its most highly compensated officers.

### **SUMMARY COMPENSATION TABLE**

#### **Estimated Annual Compensation For the fiscal year 2016**

#### **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	P67,000/Mo. Beginning Jan. 1, 2016	Not Receiving	Not Receiving
Erwin R. Diaz	Chief Financial Officer/ Vice-President	Not Receiving Jan. 1, 2016	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		P804,000	-	-

#### **Annual Compensation For the fiscal year 2015**

#### **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	P67,000/Mo. Beginning Jan. 1, 2015	Not Receiving	Not Receiving
Rosalie A. Esteibar	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
Total		P804,000.00	-	-

**Annual Compensation  
For the fiscal year 2014**

**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	P67,000/Mo. Beginning Jan. 1, 2014	Not Receiving	Not Receiving
Rosalie A. Esteibar	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
Total		P804,000.00	-	-

**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-299,424	85.55%
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, 2015

### 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	0.02%
Common A	Erwin R. Diaz 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City	R-6,000	F	0.02%
Common A	Marilou U. Pua 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City	R-6,100	F	0.02%
Common A	Jalane Christie U. Tan 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City	R-18,000	F	0.05%
Common A	Jemie U. Tan 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City	R-100	F	0.00%
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	Edison S. Javier 34 Ramona Tirona St., Phase 1 BF Homes, Paranaque City	R-100	F	0.00%
Common A	Julie C. dela Cruz 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village,	R-6000	F	0.02%

Common A	Makati City Feliza P. Escudero 22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City	R-6000	F	0.02%
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## 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	0.02%
Common A	Erwin R. Diaz (Chief Financial Officer/Vice-President) 22/F, The Pearlbank Centre, 146 Valero St., St., Salcedo Village, Makati City	R-6,100	F	0.02%
Common A	Atty. Helen De Leon-Manzano (Corporate Secretary) 22/F, The Pearlbank Centre, 146 Valero St., St., Salcedo Village, Makati City		F	

All security ownership of management 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 18, 2016	Election of Directors & Officers	The following were elected as directors:  1) Manuel N. Tankiansee 2) Juanita U. Tan 3) Erwin R. Diaz 4) Jemie U. Tan 5) Marilou U. Pua 6) Jalane Christie U. Tan 7) Julie C. Dela Cruz 8) Miguel Ocampo Tan 9) Emma Keng Ocampo-Tan 10) Edison S. Javier * 11) Felisa P. Escudero *

\*Independent Directors

Elected Officers are the following:

Chairman of the Board	- Mr. Manuel N. Tankiansee
President	- Ms. Juanita U. Tan
Vice-President & Treasurer	- Mr. Erwin R. Diaz
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 \_\_\_<sup>th</sup> day of April, 2016.


By:



**JUANITA U. TAN**  
Chief Executive Officer/President



**ERWIN R. DIAZ**  
Chief Financial Officer/Vice-President



**HELEN DE LEON-MANZANO**  
Corporate Secretary


SUBSCRIBED AND SWORN to before me this            day of           , 2016 affiant(s) exhibiting to me his/their Residence Certificate as follows:

**APR 13 2016**

<u>Name</u>	<u>Comm. Tax Certificate No.</u>	<u>Date</u>	<u>Place of Issue</u>
JUANITA U. TAN	05091577	01/06/16	Makati
ERWIN R. DIAZ	15181522	01/06/16	Manila
HELEN DE LEON-MANZANO	EC5668666	10/12/15	Manila

Doc. No.             
Page No.             
Book No.             
Series of 2016           

Notary Public

  
**ATTY. BENJAMIN F. ALFONSO**  
NOTARY PUBLIC  
UNTIL DECEMBER 31, 2016  
PTR NO. 2147797 1/4/2016 - QUEZON CITY  
IBP NO. 1015954 1/4/2016 - QUEZON CITY  
ROLL NO. 13296  
COMMISSION NO. NP-144 (2015-2016) QUEZON CITY  
TIN NO. 177-967-619  
MCLE EXEMPTED

# 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

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Supplementary Schedules Required by the Securities and Exchange Commission as of December 31, 2015 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, 2015

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, 2015

Particulars	Amount
Aqua Rich, Inc.	P 100,254,795.00
Balance as of 12/31/15	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, 2015

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, 2015

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, 2015

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, 2015

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, 2015

Particulars	Amount
Input Vat – 2015	P 2,071,781.00
Balance as of 12/31/15	P 2,071,781.00

# 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, 2015

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, 2015

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, 2015

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, 2015

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 12/31/15		P 50,000,000.00



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Financial Statements and  
Independent Auditors' Report

**BHI Holdings, Inc.**

December 31, 2015, 2014 and 2013



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## Report of Independent Auditors

**Punongbayan & Araullo**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

T +63 2 988 2288  
F +63 2 886 5506  
grantthornton.com.ph

### **The Board of Directors and Stockholders** **BHI Holdings, Inc.**

*(A Subsidiary of Bulk Handlers, Inc.)*

22<sup>nd</sup> Floor, The Pearl Bank Centre  
146 Valero Street, Salcedo Village  
Makati City

### **Report on the Financial Statements**

We have audited the accompanying financial statements of BHI Holdings, Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, 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, 2015, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, 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.

#### **Certified Public Accountants**

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002-FR-4





*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of BHI Holdings, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2015, in accordance with Philippine Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which provides relevant information on the status of operations of the Company. As discussed therein, the Company has remained inactive in pursuing investment activities because of certain economic factors. Its present source of revenue is limited to the interest income generated from its loans granted to a certain entity. The Company's management, however, continues to assess possible investment opportunities that it can embark on.



### 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, 2015 required by the Bureau of Internal Revenue as disclosed in Note 14 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 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: **Mailene Sigue-Bisnar**  
Partner

CPA Reg. No. 0090230  
TIN 120-319-128  
PTR No. 5321724 January 4, 2016, Makati City  
SEC Group A Accreditation  
Partner - No. 0396-AR-3 (until Oct. 15, 2018)  
Firm - No. 0002-FR-4 (until Apr. 30, 2018)  
BIR AN 08-002511-20-2015 (until Mar. 18, 2018)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

March 11, 2016

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**  
*(Amounts in Philippine Pesos)*

	Notes	2015	2014
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
Cash	2	<b>P 191,153</b>	P 238,221
Due from a related party	4	<b>54,254,795</b>	45,465,510
Input value-added tax	14	<b>2,071,781</b>	1,984,613
		<b>56,517,729</b>	47,688,344
<b>NON-CURRENT ASSET</b>			
Due from a related party	4	<b>46,000,000</b>	54,000,000
		<b>102,517,729</b>	101,688,344
<b>TOTAL ASSETS</b>		<b>P 102,517,729</b>	P 101,688,344
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>CURRENT LIABILITIES</b>			
Accrued expenses and other payables	5	<b>P 2,563,051</b>	P 2,364,651
Due to a stockholder	4	<b>967,116</b>	967,116
Income tax payable		<b>15,123</b>	15,123
		<b>3,545,290</b>	3,346,890
<b>EQUITY</b>			
Capital stock	8	<b>50,000,000</b>	50,000,000
Additional paid-in capital		<b>7,520,755</b>	7,520,755
Retained earnings		<b>41,451,684</b>	40,820,699
		<b>98,972,439</b>	98,341,454
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 102,517,729</b>	P 101,688,344

*See Notes to Financial Statements.*

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**  
*(Amounts in Philippine Pesos)*

	Notes	2015	2014	2013
<b>REVENUES</b>				
Interest income from loans:	4			
Actual interest income		<b>P 3,000,000</b>	P 3,000,000	P 3,000,000
Effect of remeasurement of loan		<b>789,285</b>	1,781,025	4,083,838
Interest income from cash in bank		<u>1,153</u>	<u>996</u>	<u>1,671</u>
		<u><b>3,790,438</b></u>	<u>4,782,021</u>	<u>7,085,509</u>
<b>OPERATING EXPENSES</b>				
Salaries and employee benefits	4	<b>1,968,000</b>	1,968,000	1,953,000
Rent	4, 10	<b>300,000</b>	300,000	300,000
Other operating expenses	6	<u>831,222</u>	<u>833,763</u>	<u>673,207</u>
		<u><b>3,099,222</b></u>	<u>3,101,763</u>	<u>2,926,207</u>
<b>OPERATING PROFIT</b>		<b>691,216</b>	1,680,258	4,159,302
<b>FINANCE COSTS</b>	4	<u>-</u>	<u>-</u>	<u>2,303,788</u>
<b>PROFIT BEFORE TAX</b>		<b>691,216</b>	1,680,258	1,855,514
<b>TAX EXPENSE</b>	7	<u>60,231</u>	<u>60,199</u>	<u>60,334</u>
<b>NET PROFIT</b>		<b>630,985</b>	1,620,059	1,795,180
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>P 630,985</b></u>	<u>P 1,620,059</u>	<u>P 1,795,180</u>
<b>Basic and Diluted Earnings Per Share</b>	9	<u><b>P 1.26</b></u>	<u>P 3.24</u>	<u>P 3.59</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, 2015, 2014 AND 2013**  
*(Amounts in Philippine Pesos)*

	<u>Note</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>CAPITAL STOCK</b>	8	<b>P 50,000,000</b>	P 50,000,000	P 50,000,000
<b>ADDITIONAL PAID-IN CAPITAL</b>		<u>7,520,755</u>	<u>7,520,755</u>	<u>7,520,755</u>
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		40,820,699	39,200,640	37,405,460
Net profit during the year		<u>630,985</u>	<u>1,620,059</u>	<u>1,795,180</u>
Balance at end of year		<u>41,451,684</u>	<u>40,820,699</u>	<u>39,200,640</u>
<b>TOTAL EQUITY</b>		<b><u>P 98,972,439</u></b>	<b><u>P 98,341,454</u></b>	<b><u>P 96,721,395</u></b>

*See Notes to Financial Statements.*



**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013**  
*(Amounts in Philippine Pesos)*

	Note	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax		<b>P 691,216</b>	P 1,680,258	P 1,855,514
Adjustments for:				
Interest income from loans	4	( 3,789,285 )	( 4,781,025 )	( 4,780,050 )
Interest income from cash in bank		( 1,153 )	( 996 )	( 1,671 )
Operating loss before working capital changes		( 3,099,222 )	( 3,101,763 )	( 2,926,207 )
Increase in input value-added tax		( 87,168 )	( 87,583 )	( 85,620 )
Increase in accrued expenses and other payables		198,400	401,100	403,353
Decrease in due to a stockholder		-	( 520,057 )	-
Cash used in operations		( 2,987,990 )	( 3,308,303 )	( 2,608,474 )
Interest received		3,001,153	3,000,996	2,746,875
Cash paid for income taxes		( 60,231 )	( 60,199 )	( 60,170 )
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>( 47,068 )</b>	<b>( 367,506 )</b>	<b>78,231</b>
<b>CASH AT BEGINNING OF YEAR</b>		<b><u>238,221</u></b>	<b><u>605,727</u></b>	<b><u>527,496</u></b>
<b>CASH AT END OF YEAR</b>		<b><u>P 191,153</u></b>	<b><u>P 238,221</u></b>	<b><u>P 605,727</u></b>

*See Notes to Financial Statements.*

**BHI HOLDINGS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
**DECEMBER 31, 2015, 2014 AND 2013**  
*(Amounts in Philippine Pesos)*

**1. CORPORATE INFORMATION AND STATUS OF OPERATIONS**

***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. In January 2013, the SEC approved the extension of the Company's corporate life for another 50 years.

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.

To date, the Company's operations are limited to maintaining and generating interest income on loans granted to a certain entity (see Note 1.2). Accordingly, no business segment information is presented in its financial statements. The Parent Company is currently engaged in the business of warehouse leasing and terminal operations.

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

The financial statements of the Company as of and for the year ended December 31, 2015 (including the comparative financial statements as of December 31, 2014 and for the years ended December 31, 2014 and 2013) were authorized for issue by the Company's Board of Directors (BOD) on March 11, 2016.

***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 now. 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 three employees handling mainly administrative functions due to limited transactions of the Company as of December 31, 2015 (see Note 2.9). The Company's management, however, continues to assess possible investment opportunities that it can embark on.

## 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 and expense 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 New and Amended PFRS

### (a) Effective in 2015 that are Relevant to the Company

The Company adopted for the first time the following amendment and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after July 1, 2014, for its annual reporting period beginning January 1, 2015:

PAS 19 (Amendment)	:	Employee Benefits – Defined Benefit Plans – Employee Contributions
Annual Improvements	:	Annual Improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle)

Discussed below are the relevant information about these amendment and improvements.

- (i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions*. The amendment clarifies that if the amount of the contributions to defined benefit plans from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. The amendment did not have a significant impact on the Company's financial statements since the Company has not yet established a formal retirement plan.
- (ii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify the existing requirements:

#### *Annual Improvement to PFRS (2010-2012 Cycle)*

PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.

*Annual Improvement to PFRS (2011-2013 Cycle)*

PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32, *Financial Instruments: Presentation*.

*(b) Effective in 2015 that are not Relevant to the Company*

The following annual improvements to PFRS are mandatory for accounting periods beginning on or after July 1, 2014 but are not relevant to the Company's financial statements:

PFRS (2010-2012 Cycle)		
PAS 16 and PAS 38		
(Amendments)	:	Property, Plant and Equipment and Intangible Assets – Revaluation of Assets – Proportionate Restatement of Accumulated Depreciation and Amortization
PFRS 2 (Amendment)	:	Share-based Payment – Definition of Vesting Condition
PFRS 3 (Amendment)	:	Business Combinations – Accounting for Contingent Consideration in a Business Combination
PFRS 8 (Amendments)	:	Operating Segments – Aggregation of Operating Segments, and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets
PFRS (2011-2013 Cycle)		
PAS 40 (Amendment)	:	Investment Property – Clarification of the Interrelationship Between PFRS 3 and PAS 40
PFRS 3 (Amendment)	:	Business Combinations – Scope Exceptions for Joint Ventures

(c) *Effective Subsequent to 2015 but are not Adopted Early*

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2015 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 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that, in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (ii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
  - three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
  - an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
  - a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Management is currently assessing the impact of PFRS 9 (2014) on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

- (iii) Annual Improvements to PFRS (2012-2014 Cycle) (effective from January 1, 2016). Among the improvements, the following amendments are relevant to the Company but management does not expect these to have material impact on the Company's financial statements:
- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to “service” financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.
  - PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

### **2.3 Financial Assets**

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. 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. All other non-derivative financial instruments are treated as debt instruments.

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss.

Currently, all of the Company's financial assets are categorized as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the end of each reporting period which are classified as non-current assets.

The Company's financial assets categorized as loans and receivables are presented as Cash and Due from a Related Party in the statement of financial position. Cash includes cash on hand and in bank that are unrestricted and readily available for use in the operations of the Company. Cash in bank generally earns interest based on daily bank deposit rates.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in profit or loss.

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Revenues or Finance Costs in the statement of comprehensive income.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.



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.

#### ***2.4 Other Asset***

Other 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

#### ***2.5 Financial Liabilities***

Financial liabilities, which include accrued expenses and other payables 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.

#### ***2.6 Offsetting Financial Instruments***

Financial assets and financial liabilities are offset and the resulting net amount 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.

## ***2.7 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.

## ***2.8 Revenue and Expense Recognition***

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. 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. All finance costs are reported in profit or loss on an accrual basis.

## ***2.9 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).

## ***2.10 Leases – Company as Lessee***

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

### ***2.11 Income Taxes***

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

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 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 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 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 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 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.

### ***2.12 Related Party Relationships and Transactions***

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.

### ***2.13 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.

### ***2.14 Earnings Per Share***

Basic earnings per common share is determined by dividing net profit 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 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 per share is equal to the basic earnings per share.

### ***2.15 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 JUDGMENTS AND ESTIMATES**

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the 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 vary 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) Accounting for Renewal of Due from a Related Party*

When the Company renews its existing loan agreements with a related party, the management considers how substantial the difference is between the present value of the cash flows under the new terms and the present value of the cash flows under the existing liability. A modification is considered substantial if the present value of cash flows under the new terms, using the original effective interest rate, differs by 10% or more from the present value of the remaining cash flows of the existing liability. Modifications, if assessed as substantial, is accounted for as extinguishment accounting, otherwise modification accounting is used.

Based on management's assessment, the Company accounts for the renewal of the loan to a related party in 2015 and 2014 based on modification accounting (see Note 4).

*(b) Distinction Between Operating and Finance Leases*

The Company has entered into a lease agreement as a lessee. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the property covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As of December 31, 2015 and 2014, management has determined that the lease agreement is an operating lease.

*(c) 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 in Note 2.7 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) Impairment of Due from a Related Party*

The Company performs impairment review of its amount due from a related party, where certain impairment indicators exist. The Company's policy on estimating the impairment on financial assets is discussed in Note 2.3. The Company evaluates these accounts based on available facts and circumstances including, but not limited to, the length of the Company's relationships with the counterparty, average age of accounts, collection experience and historical loss experience.

Based on management assessment, no impairment loss on these financial assets is required to be recognized in the financial statements in 2015, 2014 and 2013 (see Note 4).

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

The Company reviews its deferred tax assets, which arises 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).

#### 4. RELATED PARTY TRANSACTIONS

The Company's related parties include its Parent Company, stockholders, other related parties through common ownership and key management personnel. A summary of the Company's related party transactions is presented below.

	Note	Amounts of Transactions			Outstanding Balance	
		2015	2014	2013	2015	2014
<b>Stockholder –</b>						
Payable for accommodation of expenses	4.3	P -	(P 520,057 )	P -	P 967,116	P 967,116
<b>Related party under common ownership and with interlocking directors and officers:</b>						
Original loan receivable, net of unamortized discount	4.1(a)	789,285	1,141,216	2,837,572	46,000,000	45,210,715
Day-one loss on extinguishment	4.1(a)	-	-	2,303,788	-	-
Interest on original loan – actual	4.1(a)	1,380,000	1,380,000	1,380,000	117,205	117,205
Assumed portion of loan receivable, net of unamortized discount	4.1(b)	-	639,809	53,360,191	54,000,000	54,000,000
Interest on assumed loan –actual	4.1(b)	1,620,000	1,620,000	1,620,000	137,590	137,590
Rental and utilities	4.2	381,600	381,600	381,600	2,309,835	1,907,235
<b>Key management personnel –</b>						
Salaries and employee benefits	4.4	1,968,000	1,968,000	1,953,000	-	-

##### 4.1 Due from a Related Party

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

	2015	2014
Principal balance, net of of unamortized discounts:		
Original loan	P 46,000,000	P 45,210,715
Assumed loan	54,000,000	54,000,000
	<u>100,000,000</u>	<u>99,210,715</u>
Interest receivable on:		
Original loan	117,205	117,205
Assumed loan	137,590	137,590
	<u>254,795</u>	<u>254,795</u>
	<u>P100,254,795</u>	<u>P 99,465,510</u>

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

	<u>2015</u>	<u>2014</u>
Current	<b>P 54,254,795</b>	P 45,465,510
Non-current	<u><b>46,000,000</b></u>	<u>54,000,000</u>
	<u><b>P100,254,795</b></u>	<u>P 99,465,510</u>

The movements in the principal balance of Due from a related party are shown below.

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	<b>P 99,210,715</b>	P 97,429,690
Amortization of discount	<u><b>789,285</b></u>	<u>1,781,025</u>
Balance at end of year	<u><b>P100,000,000</b></u>	<u>P 99,210,715</u>

The movements in interest receivable which are presented as part of Due from a Related Party account are as follows:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	<b>P 254,795</b>	P 254,795
Accruals during the year	<b>3,000,000</b>	3,000,000
Collections	<u><b>(3,000,000)</b></u>	<u>(3,000,000)</u>
Balance at end of year	<u><b>P 254,795</b></u>	<u>P 254,795</u>

(a) *Original Loan*

The components of the outstanding balance of the original loan, excluding interest receivable, as of December 31, 2015 and 2014 are shown below.

	<u>2015</u>	<u>2014</u>
Face value	<b>P 46,000,000</b>	P 46,000,000
Unamortized discount	<u>-</u>	<u>(789,285)</u>
	<u><b>P 46,000,000</b></u>	<u>P 45,210,715</u>

As of December 31, 2015 and 2014, the carrying amount of the original loan, excluding interest receivable, is presented as part of Non-current Assets and Current Assets, respectively, 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 3% 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. The renewal of the loan was accounted for as extinguishment of debt, hence, upon renewal, the loan was again remeasured resulting in a day-one loss of P2,303,788 which is presented as Finance Costs in the 2013 statement of comprehensive income.

Subsequently, on August 31, 2015, upon maturity of the loan, the contracting parties once again agreed to renew the loan for another two years with maturity date of August 31, 2017 with the same terms and conditions. The renewal of the loan was accounted for as modification of debt; hence, upon renewal, no gain or loss was recognized.

Actual annual interest income earned in 2015, 2014 and 2013 related to this loan amounted to P1,380,000, and is presented as part of Actual Interest Income under the Revenues section of the statements of comprehensive income. The Company also recognized additional interest income amounting to P789,285, P1,141,216 and P2,837,572, respectively, representing the amortization of the discount, which is presented as part of Effect of Remeasurement of Loan under the Revenues section in the statements of comprehensive income.

The interest receivable amounting to P117,205 as of December 31, 2015 and 2014 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 its unsecured, interest-bearing loan payable to the Company with a maturity date of June 30, 2014 and subject to an interest rate of 3% per annum. Accordingly, the carrying amount of the assumed loan as of that date was reclassified to the Due from a Related Party account under the Current Assets section of the 2013 statement of financial position.

On July 1, 2014, upon maturity of the assumed loan, the Company and Aqua Rich both agreed to renew the loan for two years with maturity date of June 30, 2016 with the same terms and conditions. The renewal of the loan was accounted for as modification of debt; hence, upon renewal, no gain or loss was recognized.

The carrying amount of the assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2015 and 2014 and is presented as part of Current Assets and Non-current Assets, respectively, in the statements of financial position.



Actual annual interest income earned in 2015, 2014 and 2013 related to the assumed loan amounted to P1,620,000, and is presented as part of Actual Interest Income under the Revenues section in the statements of comprehensive income. The Company also recognized additional interest income amounting to P639,809 and P1,246,266 representing amortization of the discount in 2014 and 2013, respectively (nil in 2015), and is presented as part of Effect of Remeasurement of Loan under the Revenues section of the statements of comprehensive income.

The interest receivable amounting to P137,590 in 2015 and 2014 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, 2015 and 2014.

#### ***4.2 Rental and Utilities Expenses***

The Company currently leases its office premises from a related party under common ownership (see Note 10.1). Annual rental of P300,000 and utilities expenses of P81,600 incurred from this transaction in each of the three years presented are shown under the Operating Expenses section in the statements of comprehensive income. Outstanding balance payable to the related party is shown as part of the Accrued Expenses and Other Payables account in the statements of financial position (see Note 5).

#### ***4.3 Due to a Stockholder***

Certain expenses were paid by a stockholder on behalf of the Company in prior years; there were no similar transactions during the years presented. The outstanding liability to the stockholder, which is payable in cash upon demand, amounted to P967,116 as of December 31, 2015 and 2014, and is presented as Due to a Stockholder in the statements of financial position.

#### ***4.4 Key Management Personnel Compensation***

The compensation and benefits provided to key management personnel, which generally consist of short-term employee benefits, amounted to P1,968,000 in 2015 and 2014, and P1,953,000 in 2013. These are presented as Salaries and Employee Benefits under the Operating Expenses in the statements of comprehensive income. The Company does not provide any other form of benefits to its key management personnel (see Note 1.2)

### **5. ACCRUED EXPENSES AND OTHER PAYABLES**

This account includes the following:

	<u>Note</u>	<u>2015</u>	<u>2014</u>
Accrued rental and utilities	4.2	<b>P 2,309,835</b>	P 1,907,235
Accrued audit fees		<b>111,720</b>	115,920
Accrued taxes and licenses		<b>16,150</b>	16,150
Other payables		<b>125,346</b>	325,346
		<b><u>P 2,563,051</u></b>	<b><u>P 2,364,651</u></b>

## 6. OTHER OPERATING EXPENSES

The details of this account are as follows:

	<u>Notes</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Professional fees		<b>P 395,800</b>	P 383,317	P 242,133
PSE Membership fees		<b>253,000</b>	258,000	250,000
Utilities	4	<b>81,600</b>	81,600	81,600
Office supplies		<b>48,341</b>	47,194	35,266
Taxes and licenses	14.1(f)	<b>28,212</b>	27,702	24,490
Directors' fee		<b>22,000</b>	22,000	22,000
Miscellaneous		<b><u>2,269</u></b>	<u>13,950</u>	<u>17,718</u>
		<b><u>P 831,222</u></b>	<u>P 833,763</u>	<u>P 673,207</u>

## 7. TAXES

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
MCIT at 2%	<b>P 60,000</b>	P 60,000	P 37,862
Final tax at 20%	<b>231</b>	199	334
Regular corporate income tax (RCIT) at 30%	<u>-</u>	<u>-</u>	<u>22,138</u>
	<b><u>P 60,231</u></b>	<u>P 60,199</u>	<u>P 60,334</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax on pretax profit at 30%	<b>P 207,365</b>	P 504,077	P 556,654
Adjustment for income subjected to lower tax rate	<b>( 115)</b>	( 100)	( 167)
Tax effects of:			
Non-taxable interest income	<b>( 236,786)</b>	( 534,307)	( 1,225,151)
Unrecognized deferred tax assets arising from:			
- MCIT	<b>60,000</b>	60,000	37,862
- NOLCO	<b>29,767</b>	30,529	-
Non-deductible finance costs	<u>-</u>	<u>-</u>	<u>691,136</u>
Tax expense	<b><u>P 60,231</u></b>	<u>P 60,199</u>	<u>P 60,334</u>

The Company is subject to MCIT, which is computed at 2% of gross income, net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher. The Company's MCIT amounted to P60,000 both in 2015 and 2014, and P37,862 in 2013.

As discussed in Note 3.2(b), the Company did not recognize deferred tax assets arising from MCIT and NOLCO as of December 31, 2015, 2014 and 2013 since management believes that the Company will not have sufficient taxable income against which the NOLCO and MCIT can be applied.

The details of the NOLCO which can be claimed as deduction from future taxable income up to three years from the year the NOLCO was incurred are shown below.

<u>Year Incurred</u>	<u>Amount</u>	<u>Valid Until</u>
2015	P 99,222	2018
2014	<u>101,763</u>	2017
	<b><u>P 200,985</u></b>	

The details of the Company's MCIT with their corresponding availment periods are as follows:

<u>Year</u>	<u>Original Amount</u>	<u>Expired Balance</u>	<u>Remaining Balance</u>	<u>Valid Until</u>
2015	P 60,000	P -	P 60,000	2018
2014	60,000	-	60,000	2017
2013	37,862	-	37,862	2016
2012	<u>26,403</u>	<u>26,403</u>	<u>-</u>	
	<b><u>P 184,265</u></b>	<b><u>P 26,403</u></b>	<b><u>P 157,862</u></b>	

In 2015, 2014, and 2013 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, 2015, 2014 and 2013 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>
	<b><u>P 50,000,000</u></b>

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, 2015 and 2014, there are 20,000 listed shares and 336 holders of the listed shares equivalent to 99.99% of the Company's total outstanding shares. Such listed shares closed at P403 per share as of December 31, 2015 and P1,390 per share as of December 31, 2014.

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 PER SHARE

Basic and diluted earnings per share for the years ended December 31, 2015, 2014 and 2013 are computed as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net profit	<b>P 630,985</b>	P 1,620,059	P 1,795,180
Weighted average number of outstanding common shares	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Basic and diluted earnings per share	<b><u>P 1.26</u></b>	<u>P 3.24</u>	<u>P 3.59</u>

The Company has no potentially dilutive common shares as of December 31, 2015, 2014 and 2013; accordingly, its basic and diluted earnings per share are equal.

## 10. COMMITMENTS AND CONTINGENCIES

### 10.1 Operating Lease Commitments – Company as Lessee

On December 31, 2009, the Company entered into lease agreement with a related party under common ownership covering certain office space for a period of one year starting January 1, 2010. 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 January 1, 2015 to December 31, 2015; hence, as of December 31, 2015, the Company has no future minimum lease payments. Rent expense charged to profit or loss amounted to P300,000 and presented as Rent under Operating Expenses in the statements of comprehensive income.

### 10.2 Others

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. 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 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>2015</u>	<u>2014</u>
Cash		<b>P 191,153</b>	P 238,221
Due from a related party	4	<b><u>100,254,795</u></b>	<u>99,465,510</u>
		<b><u>P 100,445,948</u></b>	<u>P 99,703,731</u>

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

#### *(a) 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.

#### *(b) Due from a Related Party*

With respect to loans granted to a related party, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets.

The Company considers that all of the financial assets, the counterparty of which is a related party, are not impaired as of the end of the reporting periods under review and are of good credit quality. Also, there are no unimpaired financial assets that are past due as of December 31, 2015 and 2014.

### ***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, 2015 and 2014, the Company's financial liabilities which pertain to accrued expenses and other payables and amounts due to stockholders, totaling P3,514,016 and P3,315,616, 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. FAIR VALUE MEASUREMENT AND DISCLOSURES**

### ***12.1 Fair Value Hierarchy***

In accordance with PFRS 13, 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 asset or 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.

**12.2 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.

		2015			
Notes	Level 1	Level 2	Level 3	Total	
Financial assets:					
	P	P	P	P	
Cash	191,153	-	-	191,153	
Due from a related party	4	-	100,254,795	100,254,795	
	<b><u>P 191,153</u></b>	<b><u>P -</u></b>	<b><u>P 100,254,795</u></b>	<b><u>P 100,445,948</u></b>	
Financial liabilities:					
	P	P	P	P	
Accrued expenses and other payables	5	-	2,546,900	2,546,900	
Due to a stockholder	4	-	967,116	967,116	
	<b><u>P -</u></b>	<b><u>P -</u></b>	<b><u>P 3,514,016</u></b>	<b><u>P 3,514,016</u></b>	
		2014			
Notes	Level 1	Level 2	Level 3	Total	
Financial assets:					
	P	P	P	P	
Cash	238,221	-	-	238,221	
Due from a related party	4	-	99,465,510	99,465,510	
	<b><u>P 238,221</u></b>	<b><u>P -</u></b>	<b><u>P 99,465,510</u></b>	<b><u>P 99,703,731</u></b>	
Financial liabilities:					
	P	P	P	P	
Accrued expenses and other payables	5	-	2,348,500	2,348,500	
Due to a stockholder	4	-	967,116	967,116	
	<b><u>P -</u></b>	<b><u>P -</u></b>	<b><u>P 3,315,616</u></b>	<b><u>P 3,315,616</u></b>	

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.

**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 on the face of the statements of financial position. Capital for the reporting periods under review is summarized below.

	<u>2015</u>	<u>2014</u>
Total liabilities	<b>P 3,545,290</b>	P 3,346,890
Total equity	<u><b>98,972,439</b></u>	<u>98,341,454</u>
Debt-to-equity ratio	<u><b>0.04 : 1.00</b></u>	<u>0.03 : 1.00</u>

#### 14. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

##### ***14.1 Requirements Under Revenue Regulations (RR) No. 15-2010***

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are as follows:

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

The Company does not have output VAT in 2015 since it does not have any transactions which are subject to output VAT during the year.

(b) *Input VAT*

The movements in input VAT in 2015 are summarized below.

Balance at beginning of year	P 1,984,613
Services lodged under other accounts	<u>87,168</u>
Balance at end of year	<u><b>P 2,071,781</b></u>

(c) *Taxes on Importation*

The Company did not have any importations in 2015.

(d) *Excise Tax*

The Company does not have excise tax in 2015 since it did not have any transactions which are subject to excise tax during the year.



(e) *Documentary Stamp Tax*

Documentary stamp taxes (DST) on loan agreements are paid by the counterparties. Also, as per agreement, the lessor shoulders the DST in the case of the lease contract.

(f) *Taxes and Licenses*

The details of taxes and licenses are shown below (see Note 6).

Municipal license and permits	P	22,662
SEC filing fees		5,050
Annual VAT registration		<u>500</u>
	<b>P</b>	<b><u>28,212</u></b>

(g) *Withholding Taxes*

The details of total withholding taxes paid and accrued for the year ended December 31, 2015 are shown below.

Compensation and benefits	P	196,800
Expanded		<u>18,109</u>
	<b>P</b>	<b><u>214,909</u></b>

The Company has no income payments subject to final withholding tax in 2015.

(h) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2015, 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.

**14.2 Requirements Under RR No. 19-2011**

RR No. 19-2011 requires schedules of taxable revenues and other non-operating income, deductible cost of services, itemized deductions and other significant tax information to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2015 statement of comprehensive income.

(a) *Taxable Revenues*

The Company's taxable revenues subject to regular tax rate for the year ended December 31, 2015 pertains to actual interest income from loans amounting to P3,000,000.

(b) *Deductible Cost of Services*

The Company does not have any deductible cost of services for the year ended December 31, 2015.

(c) *Taxable Non-operating and Other Income*

The Company does not have any taxable non-operating and other income for the year ended December 31, 2015.

(d) *Itemized Deductions*

The amounts of itemized deductions for the year ended December 31, 2015 are as follows:

Salaries and allowances	P	1,968,000
Professional fees		395,800
Rental		300,000
Membership fees		253,000
Communication, light and water		81,600
Office supplies		48,341
Taxes and licenses		28,212
Directors' fees		22,000
Miscellaneous		<u>2,269</u>
	<b>P</b>	<b><u><u>3,099,222</u></u></b>



**P&A**  
**Grant Thornton**

An instinct for growth™

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

**Punongbayan & Araullo**  
20<sup>th</sup> Floor, Tower 1  
The Enterprise Center  
6766 Ayala Avenue  
1200 Makati City  
Philippines

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**The Board of Directors and Stockholders  
BHI Holdings, Inc.**

*(A Subsidiary of Bulk Handlers, Inc.)*

22<sup>nd</sup> 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, 2015, on which we have rendered our report dated March 11, 2016. 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 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: Mailene Sigue-Bisnar**  
Partner

CPA Reg. No. 0090230

TIN 120-319-128

PTR No. 5321724 January 4, 2016, Makati City

SEC Group A Accreditation

Partner - No. 0396-AR-3 (until Oct. 15, 2018)

Firm - No. 0002-FR-4 (until Apr. 30, 2018)

BIR AN 08-002511-20-2015 (until Mar. 18, 2018)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

**Certified Public Accountants**

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

March 11, 2016

BOA/PRC Cert. of Reg. No. 0002  
SEC Accreditation No. 0002-FR-4

**BHI HOLDINGS, INC.**  
**List of Supplementary Information**  
**December 31, 2015**

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**BHI HOLDINGS, INC.**  
**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	Income received and accrued
--	---	-----------------------------------	-----------------------------

**NOTHING TO REPORT**

**BHI HOLDINGS, INC.**  
Schedule B  
**Amounts Receivable from 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	
Aqua Rich, Inc.	P 100,000,000	P -	P -	P -	P 54,000,000	P 46,000,000	P 100,000,000
Juanita U. Tan	967,116	-	-	-	-	-	967,116
<b>Total</b>	<b>P 100,967,116</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P 54,000,000</b>	<b>P 46,000,000</b>	<b>P 100,967,116</b>

BHI HOLDINGS, INC.

Schedule C

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

Deductions

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

NOTHING TO REPORT



**BHI HOLDINGS, INC.**  
**Schedule D**  
**Intangible Assets**

Description	Beginning Balance	Additions at cost	Deductions			Ending Balance
			Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	

**NOTHING TO REPORT**



**BHI HOLDINGS, INC.**  
**Schedule E**  
**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.**  
**Schedule F**

**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.**  
**Schedule G**  
**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
--	---	---	---	---------------------

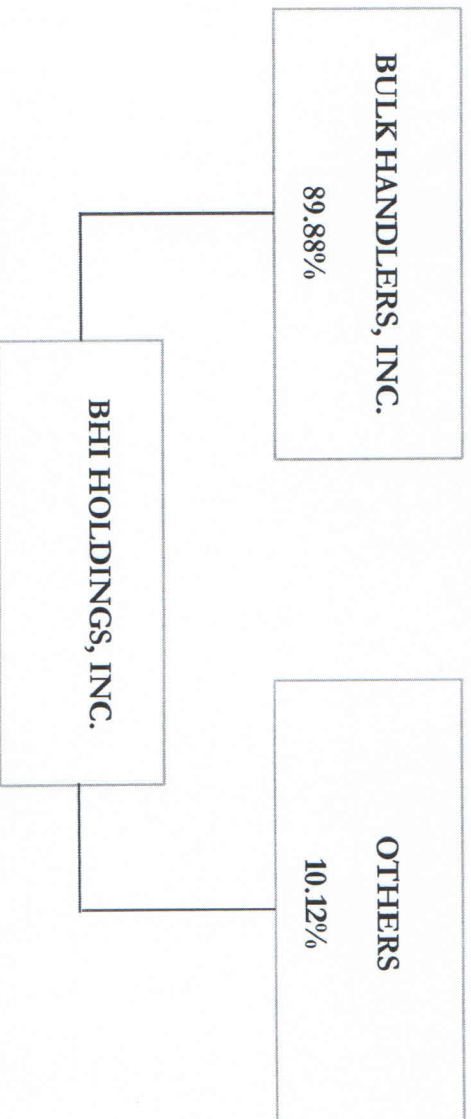
**NOTHING TO REPORT**

**BHI HOLDINGS, INC.**  
**Schedule H**  
**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	350,000	-	299,424	484	50,092
Class B Shares	300,000	150,000	-	150,000	-	-
<b>Common Shares</b>	<b>P 1,000,000</b>	<b>P 500,000</b>	<b>-</b>	<b>P 449,424</b>	<b>P 484</b>	<b>P 50,092</b>

# BHI HOLDINGS, INC


MAP SHOWING THE RELATIONSHIP BETWEEN THE COMPANY  
AND ITS RELATED PARTIES



**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM – ACGR**

**ANNUAL CORPORATE GOVERNANCE REPORT**

1. Report is Filed for the Year .....2015.....
2. Exact Name of Registrant as Specified in its Charter .....BHI HOLDINGS, INC.....
3. 22/F THE PEARLBANK CENTRE 146 VALERO ST. SALCEDO VILLAGE, MAKATI CITY .....  
Address of Principal Office Postal Code
4. SEC Identification Number .....22264..... 5.  (SEC Use Only)  
Industry Classification Code
6. BIR Tax Identification Number ....000 446 527 000.....
7. ....(02) 840-2961.....  
Issuer's Telephone number, including area code
8. ....  
Former name or former address, if changed from the last report

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation	11
---	----

Actual number of Directors for the year	11
---	----

#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>1</sup>	Elected when (Annual /Special Meeting)	No. of years served as director
Manuel N. Tankiansee	ED	No		2000	2015	Annual	15 yrs
Juanita U. Tan	ED	No		2000	2015	Annual	15 yrs
Erwin R. Diaz	ED	No		2015	2015	Annual	1 yr
Jemie U. Tan	NED	No		2000	2015	Annual	15 yrs
Marilou U. Pua	NED	No		2000	2015	Annual	15 yrs
Jalane Christie U. Tan	NED	No		2004	2015	Annual	11 yrs
Julie C.Dela Cuz	NED	No		2008	2015	Annual	7 yrs
Miguel Ocampo Tan	NED	No		2000	2015	Annual	15 yrs
Emma Keng Ocampo Tan	NED	No		2000	2015	Annual	15 yrs
Edison S. Javier	ID	No		2015	2015 (1 YR)	Annual	1 yr
Felisa P. Escudero	ID	No		2008	2015 (7YRS)	Annual	7 yrs

- (b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

**BHI HOLDINGS, INC.**  
**STATEMENT OF CORPORATE GOVERNANCE**  
**(Last Updated: December 2015)**

This Statement of corporate governance has been established by the Board of Directors (the "Board") of BHI HOLDINGS, INC., (the "Company"), and is intended, together with the Company's Articles of Incorporation, Amended-By-Laws, other corporate governance documents and all applicable laws, to be a flexible framework within which the Board may conduct its business.

#### **The Board of Directors**

The Board establishes broad corporate policies for the Company, sets the strategic direction of the Company and guides management to enhance the interest of the Company and its stockholders. The Company's Amended-By-Laws contain the responsibilities of the Board and it is also responsible for the corporate governance of the Company.

#### **Ethical Standards**

<sup>1</sup> Reckoned from the election immediately following January 2, 2016.

The Board is committed to acting with utmost integrity and expects the same of every employee at every level of the Company. It is the Company's policy to conduct its affairs in compliance with all applicable laws and regulations and observe the highest standards of business ethics. The company intends that the spirit as well as the letter of those standards is followed by all directors, officers, and employees of the Company.

### Stockholder Relations

Stockholders play an integral part of corporate governance and the Board ensures that stockholders are kept fully informed of material company information. It is the policy of the Company to facilitate communications of stockholders and other interested parties with the Board and its committees. In addition, any stockholder or other interested party wishing to communicate with the Company, its Board, any committee of the Board, may do so by submitting such communications in writing and sending it by regular mail to the attention of BHI HOLDINGS, INC. 146 Valero Street, The Pearlbank Centre, Salcedo Village, Makati City, Philippines 1200.

(c) How often does the Board review and approve the vision and mission? - Annually

(d) Directorship in Other Companies

(i) Directorship in the Company's Group<sup>2</sup>

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Juanita U. Tan	Bulk Handlers, Inc.	Executive
Jemie U. Tan	Bulk Handlers, Inc.	Non Executive

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
Not applicable	Not applicable	Not applicable

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
Not applicable	Not applicable	Not applicable

(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

	Guidelines	Maximum Number of

<sup>2</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

		Directorships in other companies
<b>Executive Director</b>	Not applicable	Not applicable
<b>Non-Executive Director</b>	Not applicable	Not applicable
<b>CEO</b>	Not applicable	Not applicable

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Manuel N. Tankiansee	100	None	.0003
Juanita U. Tan	5,800	None	.0166
Erwin R. Diaz	6,000	None	.0171
Jemie U. Tan	100	None	.0003
Marilou U. Pua	6,100	None	.0003
Jalane Christie U. Tan	18,000	None	.0514
Julie C. Dela Cuz	6,000	None	.0171
Miguel Ocampo Tan	100	None	.0003
Emma Keng Ocampo Tan	100	None	.0003
Edison S. Javier	100	None	.0003
Felisa P. Escudero	6,000	None	.0171

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes  No

Identify the Chair and CEO:

Chairman of the Board	Manuel N. Tankiansee
CEO/President	Juanita U. Tan

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	Ensure that the meetings of the board are held in accordance with the by-laws of the Corporation.	Have direct and active management of the business and operations of the corporation.
Accountabilities	As provided by Articles of Incorporation and by-laws	As provided by Articles of Incorporation and by-laws
Deliverables	As provided by Articles of Incorporation and by-laws	As provided by Articles of Incorporation and by-laws

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions? The Company is committed to the professional and skills training of all its current employees and are provided the opportunities to fill top management roles.

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain. The Company is committed to ensuring that its Directors come from diverse backgrounds and experiences.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain. The Company ensures at least one non-executive director has an experiences in the sector or industry the company belongs to.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	<b>Executive</b>	<b>Non-Executive</b>	<b>Independent Director</b>
<b>Role</b>	Responsible for designing, implementing strategic plan for the Company	Responsible for promoting the success of the Company	Providing balance towards resolving conflict areas
<b>Accountabilities</b>	As provided by Articles of Incorporation and by-laws	As provided by Articles of Incorporation and by-laws	As provided by Articles of Incorporation and by-laws
<b>Deliverables</b>	As provided by Articles of Incorporation and by-laws	As provided by Articles of Incorporation and by-laws	As provided by Articles of Incorporation and by-laws

Provide the company's definition of "independence" and describe the company's compliance to the definition. The Company ensures "independence" allows individuals serving the company to make unbiased judgments relating to the business of the Company.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

<b>Name</b>	<b>Position</b>	<b>Date of Cessation</b>	<b>Reason</b>
NA	N/A	N/A	N/A

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

<b>Procedure</b>	<b>Process Adopted</b>	<b>Criteria</b>
<b>a. Selection/Appointment</b>		
(i) Executive Directors	Based on professional/industry	Academic qualifications

(ii) Non-Executive Directors	Based on professional/industry	Academic qualifications
(iii) Independent Directors	Based on professional/industry	Academic qualifications
<b>b. Re-appointment</b>		
(i) Executive Directors	Based on professional/industry	Academic qualifications
(ii) Non-Executive Directors	Based on professional/industry	Academic qualifications
(iii) Independent Directors	Based on professional/industry	Academic qualifications
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
(ii) Non-Executive Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
(iii) Independent Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
(ii) Non-Executive Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
(iii) Independent Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
<b>e. Removal</b>		
(i) Executive Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
(ii) Non-Executive Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
(iii) Independent Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
<b>f. Re-instatement</b>		
(i) Executive Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
(ii) Non-Executive Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
(iii) Independent Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
<b>g. Suspension</b>		
(i) Executive Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws
(ii) Non-Executive Directors	As per Company's Articles, By-laws, SEC regulations and	As per Company's Articles, By-laws, SEC regulations and

	other applicable laws	other applicable laws
(iii) Independent Directors	As per Company's Articles, By-laws, SEC regulations and other applicable laws	As per Company's Articles, By-laws, SEC regulations and other applicable laws

#### Voting Result of the last Annual General Meeting

Name of Director	Votes Received
Manuel N. Tankiansee	Not applicable
Juanita U. Tan	Not applicable
Erwin R. Diaz	Not applicable
Jemie U. Tan	Not applicable
Marilou U. Pua	Not applicable
Jalane Christie U. Tan	Not applicable
Julie C. Dela Cuz	Not applicable
Miguel Ocampo Tan	Not applicable
Emma Keng Ocampo Tan	Not applicable
Edison S. Javier	Not applicable
Felisa P. Escudero	Not applicable

#### 6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any. None provided
- (b) State any in-house training and external courses attended by Directors and Senior Management<sup>3</sup> for the past three (3) years: Not applicable
- (c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
Not applicable	Not applicable	Not applicable	Not applicable

#### B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Disclosure required	Disclosure required	Disclosure required
(b) Conduct of Business and Fair Dealings	Disclosure required	Disclosure required	Disclosure required
(c) Receipt of gifts from third parties	Disclosure required	Disclosure required	Disclosure required
(d) Compliance with Laws & Regulations	Disclosure required	Disclosure required	Disclosure required

<sup>3</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

(e) Respect for Trade Secrets/Use of Non-public Information	Disclosure required	Disclosure required	Disclosure required
(f) Use of Company Funds, Assets and Information	Disclosure required	Disclosure required	Disclosure required
(g) Employment & Labor Laws & Policies	As provided by Articles of Incorporation, by-laws, and applicable laws and regulations	As provided by Articles of Incorporation, by-laws, and applicable laws and regulations	As provided by Articles of Incorporation, by-laws, and applicable laws and regulations
(h) Disciplinary action	As provided by Articles of Incorporation, by-laws, and applicable laws and regulations	As provided by Articles of Incorporation, by-laws, and applicable laws and regulations	As provided by Articles of Incorporation, by-laws, and applicable laws and regulations
(i) Whistle Blower	Not applicable	Not applicable	Not applicable
(j) Conflict Resolution	Mediation/Arbitration	Mediation/Arbitration	Mediation/Arbitration

2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees? Yes

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.  
The Company implements and monitors compliance with the code of ethics or conduct with an annual review.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Corporation does report and disclose all RPTs, regardless of its significance.
(2) Joint Ventures	Not applicable
(3) Subsidiaries	Not applicable
(4) Entities Under Common Control	The Corporation does report and disclose all RPTs, regardless of its significance.
(5) Substantial Stockholders	Not applicable
(6) Officers including spouse/children/siblings/parents	The Corporation does report and disclose all RPTs, regardless of its significance.
(7) Directors including spouse/children/siblings/parents	The Corporation does report and disclose all RPTs, regardless of its significance.
(8) Interlocking director relationship of Board of Directors	Not applicable

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

<b>Details of Conflict of Interest (Actual or Probable)</b>
---

Name of Director/s	Not applicable
Name of Officer/s	Not applicable
Name of Significant Shareholders	Not applicable

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Not applicable
Group	Not applicable

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,<sup>4</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Not applicable	Not applicable	Not applicable

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Not applicable	Not applicable	Not applicable

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
Not applicable	Not applicable	Not applicable

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	Not applicable
Corporation & Third Parties	Not applicable
Corporation & Regulatory Authorities	Not applicable

**C. BOARD MEETINGS & ATTENDANCE**

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

<sup>4</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity.



2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman	Manuel N. Tankiansee	2015	4	4	100
Member	Juanita U. Tan	2015	4	4	100
Member	Erwin R. Diaz	2015	4	1	100
Member	Jemie U. Tan	2015	4	4	100
Member	Marilou U. Pua	2015	4	4	100
Member	Jalane Christie U. Tan	2015	4	4	100
Member	Julie C. Dela Cruz	2015	4	4	100
Member	Miguel Ocampo Tan	2015	4	4	100
Member	Emma Keng Ocampo Tan	2015	4	4	100
Independent	Edison S. Javier	2015	4	1	100
Independent	Felisa P. Escudero	2015	4	4	100

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? No

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.  
No. Majority of the Board of Directors

5) Access to Information

(a) How many days in advance are board papers<sup>5</sup> for board of directors meetings provided to the board? At least 15 days.

(b) Do board members have independent access to Management and the Corporate Secretary? Yes

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc? The Corporate Secretary performs responsibilities provided for in the Company's Articles of Incorporation and by-laws.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative. Yes

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes  No

Committee	Details of the procedures
Executive	Requests are to be made in writing and addresses to the Company's offices.
Audit	Requests are to be made in writing and addresses to the Company's offices.
Nomination	Requests are to be made in writing and addresses to the Company's offices.
Remuneration	Requests are to be made in writing and addresses to the Company's offices.

<sup>5</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

Others (specify)	Requests are to be made in writing and addresses to the Company's offices.
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6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
External advice requires board approval	Not applicable

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
Not applicable	Not applicable	Not applicable

**D. REMUNERATION MATTERS**

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Yes	Yes
(2) Variable remuneration	Not applicable	Not applicable
(3) Per diem allowance	Not applicable	Not applicable
(4) Bonus	Not applicable	Not applicable
(5) Stock Options and other financial instruments	Not applicable	Not applicable
(6) Others (specify)	Not applicable	Not applicable

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Not applicable	Not applicable	Not applicable
Non-Executive Directors	Not applicable	Not applicable	Not applicable

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Not applicable	Not applicable
Not applicable	Not applicable
Not applicable	Not applicable

### 3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	1,968,000.00	Not applicable	Not applicable
(b) Variable Remuneration	Not applicable	Not applicable	Not applicable
(c) Per diem Allowance	Not applicable	Not applicable	Not applicable
(d) Bonuses	Not applicable	Not applicable	Not applicable
(e) Stock Options and/or other financial instruments	Not applicable	Not applicable	Not applicable
(f) Others (Specify)	Not applicable	Not applicable	Not applicable
<b>Total</b>	1,968,000.00	Not applicable	Not applicable

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	Not applicable	Not applicable	Not applicable
2) Credit granted	Not applicable	Not applicable	Not applicable
3) Pension Plan/s Contributions	Not applicable	Not applicable	Not applicable
(d) Pension Plans, Obligations incurred	Not applicable	Not applicable	Not applicable
(e) Life Insurance Premium	Not applicable	Not applicable	Not applicable
(f) Hospitalization Plan	Not applicable	Not applicable	Not applicable
(g) Car Plan	Not applicable	Not applicable	Not applicable
(h) Others (Specify)	Not applicable	Not applicable	Not applicable
<b>Total</b>	Not applicable	Not applicable	Not applicable

### 4) Stock Rights, Options and Warrants

#### (a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
Not applicable	Not applicable	Not applicable

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Not applicable	Not applicable
Not applicable	
Not applicable	
Not applicable	
Not applicable	

**E. BOARD COMMITTEES**

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Audit	2		1			Responsible for reviewing annual and interim reports.	
Nomination	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Remuneration	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Others (specify)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
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## 2) Committee Members

### (a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Member (ED)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Member (NED)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Member (ID)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Member	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

### (b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	EDISON S. JAVIER	2015				1 YRS
Member (ED)	JUANITA U. TAN	2001				14 YRS
Member (ED)	ERWIN R. DIAZ	2015				1 YR
Member (ID)						
Member						

Disclose the profile or qualifications of the Audit Committee members. The Audit Committee shall consist of at least three (3) members of the Board, and its members shall be appointed by and serve at the discretion of the Board. Each member shall be able to understand fundamental financial statements and have proper experiences in financial aspect. The audit committee members have relevant financial experiences.

Describe the Audit Committee's responsibility relative to the external auditor.

The audit committee is responsible for reviewing the annual and interim reports prior to submission to the board for approval.

### (c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Felisa P. Escudero	2015				1 YR
Member	Mary Jean Beira	2001				14 YRS
Member	Edison S. Javier	2015				1 YR

### (d) Remuneration Committee

Office	Name	Date of	No. of	No. of	%	Length of
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		Appointment	Meetings Held	Meetings Attended		Service in the Committee
Chairman	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Member (ED)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Member (NED)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Member (ID)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Member	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Not applicable	Not applicable	Not applicable	Not applicable		Not applicable
Member (ED)	Not applicable	Not applicable	Not applicable	Not applicable		Not applicable
Member (NED)	Not applicable	Not applicable	Not applicable	Not applicable		Not applicable
Member (ID)	Not applicable	Not applicable	Not applicable	Not applicable		Not applicable
Member	Not applicable	Not applicable	Not applicable	Not applicable		Not applicable

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	Rosalie A. Esteibar	Resign
Audit	Rudin A. Gonzales Jr.	Resign
Nomination	Not applicable	Not applicable
Remuneration	Not applicable	Not applicable
Others (specify)	Not applicable	Not applicable

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Not applicable	Not applicable
Audit	Not applicable	Not applicable
Nomination	Not applicable	Not applicable
Remuneration	Not applicable	Not applicable
Others (specify)	Not applicable	Not applicable

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	Not applicable	Not applicable
Audit	Not applicable	Not applicable
Nomination	Not applicable	Not applicable
Remuneration	Not applicable	Not applicable
Others (specify)	Not applicable	Not applicable

**F. RISK MANAGEMENT SYSTEM**

1) Disclose the following:

- (a) Overall risk management philosophy of the company;

**BHI HOLDINGS, INC.**  
**RISK MANAGEMENT STATEMENT**  
**(Last updated: December 2015)**

This statement of risk management has been established by the Board of Directors (the “Board”) of BHI HOLDINGS, INC., (the “Company”), and is intended, together with the Company’s Articles of Incorporation, Amended-By-Laws, other corporate governance documents and all applicable laws, to be a flexible framework within which the Board may conduct its business.

The Board has reviewed the effectiveness of the risk management system and deems it to be sufficiently adequate. The Board shall review the risk management system and assess its effectiveness annually.

The Board is responsible for overseeing the risk management activities of the Company. With the management of risk being necessary for the protection of the Company’s personnel, assets and reputation, the Board shall implement risk management controls, such as internal policies and procedures and, external policies such as the engagement of external auditors to achieve an appropriate level of risk management and for the proper monitoring of development resulting to potential risks. The various policies implemented by the Board shall include mechanisms to ensure compliance, identification, and regular reporting to the Board of significant and material business risks and the management of those risks.

The Company aims to mitigate exposures to any potential risk and ensure that systems are in place for the prevention of risk occurrences. Nonetheless, the systems in place are intended to provide reasonable but not absolute assurance against the occurrence of any risks.

- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- (c) Period covered by the review; Year 2015
- (d) How often the risk management system is reviewed and the directors’ criteria for assessing its effectiveness; The Board shall review the risk management system and assess its effectiveness annually.
- (e) Where no review was conducted during the year, an explanation why not. – Not applicable

2) Risk Policy

- (a) Company

Give a general description of the company’s risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Not applicable	Not applicable	Not applicable

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Not applicable	Not applicable	Not applicable

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
None to the knowledge of the company

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Not applicable	Not applicable	Not applicable

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Not applicable	Not applicable	Not applicable

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Not applicable	Not applicable	Not applicable

## G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

The Board is responsible for establishing and monitoring internal control system of the Company and reviewing their effectiveness. It recognizes that rigorous systems of internal control are critical to the Company's achievement of its business objectives.



- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate; The system are designed to manage rather than eliminate risk and that they can only provide reasonable and not absolute assurance against material misstatements. The Board has reviewed the effectiveness of the internal control system and deem it to be sufficiently adequate.
- (c) Period covered by the review; December 2015
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; The board shall review the internal control system and assess its effectiveness annually.
- (e) Where no review was conducted during the year, an explanation why not. – Not applicable

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

- (b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? Yes
- (c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel? The Head of internal audit shall have access to the chair of the Audit Committee and discuss any major findings in relation to the reports with Audit Committee.
- (d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
Not applicable	Not applicable

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

<b>Progress Against Plans</b>	<b>Not applicable</b>
<b>Issues<sup>6</sup></b>	Not applicable
<b>Findings<sup>7</sup></b>	Not applicable
<b>Examination Trends</b>	Not applicable

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;

<sup>6</sup> "Issues" are compliance matters that arise from adopting different interpretations.

<sup>7</sup> "Findings" are those with concrete basis under the company's policies and rules.

- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”

Policies & Procedures	Implementation
Not applicable	Not applicable
Not applicable	Not applicable

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Not applicable	Not applicable	Not applicable	Not applicable
Not applicable	Not applicable	Not applicable	Not applicable

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

**Compliance Statement**

The Board of directors of BHI HOLDINGS INC. are committed to ensuring that the Company works towards compliance with the main principles of the Corporate Governance Code. Throughout the year reported on the Company has been in compliance with the main principles of the Corporate Governance Code.

**H. ROLE OF STAKEHOLDERS**

- 1) Disclose the company’s policy and activities relative to the following:

	Policy	Activities
Customers' welfare	Not applicable	Not applicable
Supplier/contractor selection practice	Not applicable	Not applicable
Environmentally friendly value-chain	Not applicable	Not applicable
Community interaction	Not applicable	Not applicable
Anti-corruption programmes and procedures?	Not applicable	Not applicable
Safeguarding creditors' rights	Not applicable	Not applicable

- 2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?  
Not applicable
- 3) Performance-enhancing mechanisms for employee participation.
- (a) What are the company's policy for its employees' safety, health, and welfare? - Not applicable
- (b) Show data relating to health, safety and welfare of its employees. – Not applicable
- (c) State the company's training and development programmes for its employees. Show the data. – Not applicable
- (d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures – Not applicable
- 4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation. – Not applicable

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

- (a) Holding 5% shareholding or more

Shareholder	Number of Shares	Percent	Beneficial Owner
<b>Bulk Handlers, Inc.</b>	<b>449,424</b>	<b>89.89%</b>	<b>Bulk handlers, Inc.</b>

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
Manuel N. Tankiansee	1 share	none	.0003
Juanita U. Tan	58 share	none	.0166
Erwin R. Diaz	60 share	none	.0171
<b>TOTAL</b>			

### 2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	Yes
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
PUNONGBAYAN AND ARAULLO	95,000.00	None

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

- Personal Communication
- Telephone Communication

5) Date of release of audited financial report: April 14, 2015

6) Company Website: www.bhi\_holdings.com

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value
Not applicable	Not applicable	Not applicable	Not applicable

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

**J. RIGHTS OF STOCKHOLDERS**

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

<b>Quorum Required</b>	A majority of the directors shall be necessary at all meetings to constitute a quorum.
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(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	Board approval
<b>Description</b>	Elections of the Board of Directors

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

<b>Stockholders' Rights under The Corporation Code</b>	<b>Stockholders' Rights <u>not</u> in The Corporation Code</b>
Voting right	Not applicable
Pre-emptive right	Not applicable
Inspection right	Not applicable

Dividends

<b>Declaration Date</b>	<b>Record Date</b>	<b>Payment Date</b>
Not applicable	Not applicable	Not applicable

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

<b>2. Measures Adopted</b>	<b>3. Communication Procedure</b>
4. By mail	5. Communications may be sent to company offices
6.	7.

8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
  - a. Amendments to the company's constitution – As provided for by the Company's Articles of Incorporation and By-Laws
  - b. Authorization of additional shares - As provided for by the Company's Articles of Incorporation and By-Laws
  - c. Transfer of all or substantially all assets, which in effect results in the sale of the company - As provided for by the Company's Articles of Incorporation and By-Laws
9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? No.
  - a. Date of sending out notices: November 26, 2015
  - b. Date of the Annual/Special Stockholders' Meeting: December 18, 2015
10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

11. Result of Annual/Special Stockholders' Meeting's Resolutions

12. Resolution	13. Approving	14. Dissenting	15. Abstaining
16. Extension of Corporate life	17. Approved by all	18. None	19. None
20.	21.	22.	23.

24. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:  
December 18, 2016

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	Reason for Modification
Not applicable	Not applicable

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Manuel N. Tankiansee Juanita U. Tan Erwin R. Diaz Jemie U. Tan Marilou U. Pua Jalane Christie U. Tan Julie C. Dela Cruz Emma Keng Tan Miguel Ocampo Tan Felisa P. Escudero Edison S. Javier	DECEMBER 18, 2015	Show of hands	100%	0%	
Special	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? No.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares. Yes

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	<b>Company's Policies</b>
Execution and acceptance of proxies	Not applicable
Notary	Not applicable
Submission of Proxy	Not applicable
Several Proxies	Not applicable
Validity of Proxy	Not applicable
Proxies executed abroad	Not applicable
Invalidated Proxy	Not applicable
Validation of Proxy	Not applicable
Violation of Proxy	Not applicable

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

<b>Policies</b>	<b>Procedure</b>
SRC Rule 20	Notice of a stockholders meeting be sent to all stockholders of record 15 days prior to the scheduled meeting.

(i) Definitive Information Statements and Management Report

<b>Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials</b>	349 Stockholders
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners</b>	November 26, 2015
<b>Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders</b>	November 26, 2015
<b>State whether CD format or hard copies were distributed</b>	Hard copies were distributed
<b>If yes, indicate whether requesting stockholders were provided hard copies</b>	Hard copies were provided

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes

An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
One share one vote	As provided by Articles of Incorporation and by-laws.
Provide all shareholders with the notice and agenda of the annual general meeting SRC Rule 20	As provided by Articles of Incorporation and by-laws

(b) Do minority stockholders have a right to nominate candidates for board of directors? - Yes

**K. INVESTORS RELATIONS PROGRAM**

- Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.
- Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	Not applicable
(2) Principles	Not applicable
(3) Modes of Communications	Not applicable
(4) Investors Relations Officer	Not applicable

- What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?  
-Not Applicable

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

-Not applicable

**L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
Not applicable	Not applicable

**M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL**

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.



	Process	Criteria
Board of Directors	Not applicable	Not applicable
Board Committees	Not applicable	Not applicable
Individual Directors	Not applicable	Not applicable
CEO/President	Not applicable	Not applicable


**N. INTERNAL BREACHES AND SANCTIONS**


Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First Violation	Reprimanded
Second Violation	Suspension
Third Violation	Removal from the office

Pursuant to the requirement of the Securities and Exchange Commission, this Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_, 20\_\_.

**SIGNATURES**

  
 \_\_\_\_\_  
 MANUEL N. TANKIANSEE  
 Chairman of the Board

  
 \_\_\_\_\_  
 EDISON S. JAVIER  
 Independent Director

  
 \_\_\_\_\_  
 JUANITA U. TAN  
 Compliance Officer

  
 \_\_\_\_\_  
 JUANITA U. TAN  
 Chief Executive Officer

  
 \_\_\_\_\_  
 FELISA P. ESCUDERO  
 Independent Director

SUBSCRIBED AND SWORN to before me this **MAR 28 2016** day of \_\_\_\_\_ 20\_\_ , affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

NAME/NO.	DATE OF ISSUE	PLACE OF ISSUE
MANUEL N. TANKIANSEE / CTC NO. 15181512	01/06/16	MANILA
JUANITA U. TAN / CTC NO. 05091577	01/06/16	MAKATI
EDISON S. JAVIER / PASSPORT NO. EB7139893	01/12/13	MANILA
FELISA P. ESCUDERO / CTC NO. 15181501	01/06/16	MANILA

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Series of 276

*B. F. Alfonso*  
**ATTY. BENJAMIN F. ALFONSO**  
**NOTARY PUBLIC**  
UNTIL DECEMBER 31, 2016  
PTR NO. 2147797 1/4/2016 - QUEZON CITY  
IBP NO. 1015954 1/4/2016 - QUEZON CITY  
ROLL NO. 13296  
COMMISSION NO. NP-144 (2015-2016) QUEZON CITY  
TIN NO. 177-967-619  
MOLEBALEMP1LD