# COVER SHEET

2 2 2 6 4

S.E.C. Registration Number

**B H I H O L D I N G S I N C**

( f o r m e R l Y C o N s o L i d A T e d

I n s u r a N c E C o M p a N y I N c )

(Company's Full Name)

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

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

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

| Erwin R. Diaz | 840-29-61 |
|---|---|
| Contact Person | Company Telephone Number |

| 1 2 | 3 1 | 1 7 - A | 0 5 | 4 F |
|---|---|---|---|---|
| *Month* | *Day* | FORM TYPE | *Month* | *Day* |
| Calendar Year | | | Annual Meeting | |

N/A

Secondary License Type, If Applicable

| M R D | **N/A** |
|---|---|
| Dept. Requiring this Doc. | Amended Articles Number/Section |

Total Amount of Borrowings

| 3 2 7 | N/A | N/A |
|---|---|---|
| Total No. of Stockholders | Domestic | Foreign |

---

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

SEC Form 17-A
December 2018

# BHI HOLDINGS, INC.

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


## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of BHI Holdings, Inc. is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2018, 2017, and 2016, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**MANUEL N. TANKIANSEE**
Chairman of the Board

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

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

SUBCRIBED AND SWORN to before me this APR 12 2019 day of ______, 2019 affiant(s) exhibiting to me his/her Residence Certificate as follows:

| Name | / Comm. Tax Certificate No. / | Date / | Place of Issue |
|---|---|---|---|
| MANUEL N. TANKIANSEE | 17420013 | 01/11/19 | Manila |
| JUANITA U. TAN | 04207536 | 02/11/19 | Makati |
| ERWIN R. DIAZ | 17420003 | 01/11/19 | Manila |

Notary Public

ATTY. C[illegible] VILLARENA
Notary Public for Quezon City
Until December 31, 2019
PTR No. 7323642 – 1-03-2019/ QC
IBP No. AR14460591 – 12-17-2018/ QC
Roll No. 30457 – 05-09-80
MCLE 5-0012136 – 12-21-2015
Adm. Matter No. NP 270 (2018-2019)

Doc. No. 372
Page No. 75
Book No. 32
Series of 2019

**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, 2018**

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**
Province, Country or other jurisdiction of Incorporation or Organization

6. (SEC Use Only)
Industry Classification Code

7. **22nd 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
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 activites for a number of years. Its present source of revenue is limited to the interest income generated from its loans granted to a related party. As such, the Company has only two employees handling mainly administrative functions due to limited transactions of the Company as of December 31, 2018. 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**

**2018**

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

| | 2018 | 2017 |
|---|---|---|
| Principal balance | | |
| Original loan | P 46,000,000 | P 46,000,000 |
| Assumed loan | 54,000,000 | 54,000,000 |
| | P 100,000,000 | P 100,000,000 |
| Interest receivable on: | | |
| Original loan | 117,205 | 117,205 |
| Assumed loan | 137,590 | 137,590 |
| | 254,795 | 254,795 |
| | **P 100,254,795** | **P100,254,795** |

### (a) Original Loan

As of December 31, 2018 and 2017, the carrying amount of the original loan amounting to P46,000,000, excluding interest receivable, is presented as part of Due from a Related Party account in the statements of financial position.

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

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

Actual annual interest income earned in 2018., 2017 and 2016 related to this loan amounted P1,380,000, which is presented as part of Actual Interest Income From Loans under the Revenues section of the statements of comprehensive income.

The interest receivable amounting to P117,205 as of December 31, 2018 and 2017 is presented as part of Due from a Related Party account in the statements of financial position.

### (b) Assumed Loan

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

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

The carrying amount of the assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2018 and 2017 and is presented as Due from a Related Party in the statements of financial position.

Actual annual interest income earned in 2018, 2017 and 2016 related to the assumed loans amounted to P1,620,000, and is presented as Interest Income From Loans under the Revenues section in the statements of comprehensive income.

The interest receivable amounting to P137,590 in 2018 and 2017 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, 2018 and 2017.

**REVENUES**

INTEREST INCOME/OTHER INCOME

The actual interest income based on the terms of the loan agreements amounted to P3,000,000 for 2018, 2017 and 2016.

Other income from Banco de Oro & Land Bank of the Philippines savings account amounted to P569

.

**OPERATING EXPENSES**

**2018**

Operating expenses for 2018 amounted to P 3,146,699 which is P 27,550 over compared to 2017. Expenses for 2018 were as follows:

| | | |
|---|---|---|
| Salaries & Wages | P | 1,164,000 |
| Professional fees | | 1,196,268 |
| Rent Expense | | 300,000 |
| Membership fees | | 256,000 |
| Utilities | | 81,600 |
| Office supplies | | 44,886 |
| Taxes and licenses | | 31,257 |
| Directors' fee | | 22,000 |
| Miscellaneous | | 50,688 |
| Total | P | 3,146,699 |

**2017**

Operating expenses for 2017 amounted to P 3,119,149 which is P 1,709 over compared to 2016. Expenses for 2017 were as follows:

| | | |
|---|---|---|
| Salaries & wages | P | 1,164,000 |
| Professional fees | | 1,219,000 |
| Rent Expense | | 300,000 |
| Membership fees | | 258,000 |
| Utilities | | 81,600 |

| | | |
|---|---|---|
| Office supplies | | 36,233 |
| Taxes and licenses | | 31,257 |
| Directors fee | | 22,000 |
| Miscellaneous | | 7,059 |
| Total | P | 3,119,149 |

**2016**

Operating expenses for 2016 amounted to P 3,117,440 which is P 18,218 over compared to 2015. Expenses for 2016 were as follows:

| | | |
|---|---|---|
| Salaries & wages | P | 1,566,000 |
| Professional Fees | | 783,268 |
| Rent Expense | | 300,000 |
| Membership fees | | 253,000 |
| Utilities | | 81,600 |
| Office supplies | | 39,598 |
| Taxes and licenses | | 26,592 |
| Directors fee | | 22,000 |
| Miscellaneous | | 45,382 |
| Total | P | 3,117,440 |

**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, 2018, 2017 and 2016 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, 2018 and 2017.

| | | |
|---|---|---|
| Cash Flows From Operating Activities | | |
| Income before tax | (P 146130) | (P 118,145) |
| Adjustment for: | | |
| Interest income from loans - net | (3,000,000) | (3,000,000) |
| Interest income from cash in bank | ( 569) | (1,004) |
| Operating profit before working capital changes | (3,146,699) | (3,119,149) |
| Increase in other asset | ( 99,392) | ( 202,961) |
| Increase in due to a related party | | |
| Increase in accrued expenses and other payables | 395,899 | 416,176 |
| Cash used in operations | (2,850,192) | (2,905,934) |
| Interest received | 3,000,569 | 3,001,004 |
| Cash paid for income taxes | ( 60,114) | ( 60,160) |
| Net Increase (Decrease) In Cash | 90,263 | 34,910 |
| Cash Flows From A Financing Activities | | |
| Repayment of Due to a Stockholder | 100,000 | |
| Cash At Beginning of Year | 318,524 | 283,614 |
| Cash At End of Year | P 308,787 | P 318,524 |

As of December 31, 2018, cash increased by 3.06%, from P318,524 in 2017 to P308,787 for the period ended December 31, 2018. For the period under review, interest received decreased to P3,000,569 from P3,001,004 for the year 2017. The cash paid for income taxes decreased, from P60,160 last year to P60,114 this year. Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

**(a) Assumed Loan**

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

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

The carrying amount of the assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2018 and 2017 and is presented as Due from a Related Party in the statements of financial position.

Actual annual interest income earned in 2018, 2017 and 2016 related to the assumed loans amounted to P1,620,000, and is presented as Interest Income From Loans under the Revenues section in the statements of comprehensive income.

The interest receivable amounting to P137,590 in 2018 and 2017 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, 2018 and 2017.

**(a) Original Loan**

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

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

Actual annual interest income earned in 2018., 2017 and 2016 related to this loan amounted P1,380,000, which is presented as part of Interest Income From Loans under the Revenues section of the statements of comprehensive income.

The interest receivable amounting to P117,205 as of December 31, 2018 and 2017 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. The Company's MCIT amounted to P60,000 in 2018, 2017 and 2016. In 2018 the Company incurred NOLCO, amounting to P102,056 and P119,149, 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, 2018, 2017 and 2016 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 P3,791,879 from P3,395,980 in 2017 by 11.66%, the lease contract is for one year renewable upon mutual agreement of both parties.

## Result of Operations

### Year Ended December 31, 2018 compared to Year Ended December 31, 2017

**Revenue**. For the year ended December 31, 2018, the Company achieved revenue of P3,000,569, decreased by 0.01% over the P3,001,004 in 2017. This was due to lesser interest income from cash in bank.

**Operating Expenses**. Total expenses increased by 0.88% from P3,119,149 in 2017 to P3,146,699 this year due to increase in and other operating expenses.

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

**Tax Expenses**. Decrease by 0.14% from P60,201 for the twelve months ended December 31, 2017, to P60,114 for the period ended December 31, 2018.

**Net Income**. The net loss of the Company amounted to P178,346 for 2017 and P206,244 for 2018.

**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, 2018 and 2017.

## MATERIAL ITEMS UNDER OPERATING EXPENSES

**2018**

Operating expenses for 2018 amounted to P 3,146,699 which is P 27,550 over compared to 2017. Expenses for 2018 were as follows:

| | | |
|---|---|---|
| Salaries & Wages | P | 1,164,000 |
| Professional fees | | 1,196,268 |
| Rent Expense | | 300,000 |

| | | |
|---|---|---|
| Membership fees | | 256,000 |
| Utilities | | 81,600 |
| Office supplies | | 44,886 |
| Taxes and licenses | | 31,257 |
| Directors' fee | | 22,000 |
| Miscellaneous | | 50,688 |
| Total | P | 3,146,699 |

**2017**

Operating expenses for 2017 amounted to P 3,119,149 which is P 1,709 over compared to 2016. Expenses for 2017 were as follows:

| | | |
|---|---|---|
| Salaries & wages | P | 1,164,000 |
| Professional fess | | 1,219,000 |
| Rent Expense | | 300,000 |
| Membership | | 258,000 |
| Utilities | | 81,600 |
| Office supplies | | 36,233 |
| Taxes and licenses | | 31,257 |
| Directors fee | | 22,000 |
| Miscellaneous | | 7,059 |
| Total | P | 3,119,149 |

**2016**

Operating expenses for 2016 amounted to P 3,117,440 which is P 18,218 over compared to 2015. Expenses for 2016 were as follows:

| | | |
|---|---|---|
| Salaries & wages | P | 1,566,000 |
| Professional Fees | | 783,268 |
| Rent Expense | | 300,000 |
| Membership fees | | 253,000 |
| Utilities | | 81,600 |
| Office supplies | | 39,958 |
| Taxes and licenses | | 26,592 |
| Directors fee | | 22,000 |
| Miscellaneous | | 45,382 |
| Total | P | 3,117,440 |

## 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, 2018.

HOLDERS

| Class | No. of Stockholders |
|---|---|
| Common A | 327 |
| 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 2016 to 2018.

| **2018** | **1st Quarter Date Price** | **2nd Quarter Date Price** | **3rd Quarter Date Price** | **4th Quarter Date Price** |
|---|---|---|---|---|
| **HIGH** | 2990 | 2150 | 1401 | 1800 |
| **LOW** | 1051 | 1041 | 1400 | 1000 |

| **2017** | **1st Quarter Date Price** | **2nd Quarter Date Price** | **3rd Quarter Date Price** | **4th Quarter Date Price** |
|---|---|---|---|---|
| **HIGH** | 1147 | 1198 | 1011 | 1490 |
| **LOW** | 1001 | 1001 | 1006 | 1150 |

| **2016** | **1st Quarter Date Price** | **2nd Quarter Date Price** | **3rd Quarter Date Price** | **4th Quarter Date Price** |
|---|---|---|---|---|
| **HIGH** | 669.50 | 669.50 | 1800 | 1200 |
| **LOW** | 669.50 | 669.50 | 640 | 1200 |

**Last transaction date was December 27, 2018 and the closing price was at P1,251 per share.**

**OTHER SECURITIES**

None

**TOP TWENTY STOCKHOLDER**
**As of December 31, 2018**

| RANK | STOCKHOLDER | NO. OF SHARE | PERCENTAGE |
|---|---|---|---|
| 1 | BULK HANDLERS, INC. | 299,424 | 85.55% |
| 2 | PCD NOMINEE CORPORATION | 15,722 | 4.49% |
| 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% |
| 7 | MALANOG, ALMA TERESA R. | 400 | 0.11% |
| 8 | REYNO III, ALFONSO VICTORIO G. | 350 | 0.10% |
| 9 | REYNO, CHRISTOPHER G. | 350 | 0.10% |
| 10 | REYNO JR, ALFONSO R. | 350 | 0.10% |
| 11 | REYNO, YOLANDA G. | 350 | 0.10% |
| 12 | REYNO, PATRICK G. | 350 | 0.10% |
| 13 | ROBLES, EXEQUIEL D. | 314 | 0.09% |
| 14 | SANTOS, VICENTE R. | 314 | 0.09% |
| 15 | TAN, MARIZA SANTOS | 314 | 0.09% |
| 16 | ASIS, LUIS R. | 313 | 0.09% |
| 17 | ANDRES, ROLLAND | 309 | 0.09% |
| 18 | ANDRES, ANDREA R. | 309 | 0.09% |
| 19 | JOSEPH, EXALTACION R. | 309 | 0.09% |
| 20 | JOSEPH, ALEXANDER | 309 | 0.09% |

**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 P100,000.00 & P105,000.00 respectively. The Board approves the services rendered.
(b) There is no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.
(c) There are no tax fees.
(d) There are no all other fees.
(e) The Audit committee pre-approves and recommends to the Board of Directors all audit services rendered by external auditors as well as the engagement fees to be paid. The Audit Committee actively engages in dialogue with external auditor to ensure that audit services rendered shall not impair the independence of the external auditor. The Audit Committee is composed of three directors and chaired by one of the directors. They are Mr. Edison 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

| | | |
|---|---|---|
| **MANUEL N. TANKIANSEE** | - | **Chairman of the Board / Director** |
| Term of Office | - | One (1) Year |
| Years in Office | - | December 2000 – Present |
| Address | - | 22nd Floor, The Pearlbank Centre,<br>146 Valero Street, Salcedo Village, Makati City |
| Age | - | 71 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Chairman of the Board: BHI Holdings, Inc.; Farmix Fertilizers Corporation; Aquarich, Inc.; Pearlbank Securities, Inc. |

| | | |
|---|---|---|
| **JUANITA U. TAN** | - | **President / Director** |
| Term of Office | - | One (1) Year |
| Years in Office | - | December 2000 – Present |
| Address | - | 22nd Floor, The Pearlbank Centre, |

| | | |
|---|---|---|
| | | 146 Valero Street, Salcedo Village, Makati City |
| Age | - | 67 |
| 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 | - | 41 |
| 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 | - | 41 |
| 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 | - | 63 |
| 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,<br>146 Valero Street, Salcedo Village, Makati City |
| Age | - | 62 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Director: BHI Holdings, Inc.; Filway Development Corporation; H.B. Realty; Development Corporation. Treasurer: Micaland Development Corporation. |

| | | |
|---|---|---|
| **EDISON S. JAVIER** | - | **Director** |
| Term of Office | - | One (1) Year |
| Years in Office | - | December 2015 – Present |
| Address | - | U20 Bayabas St., Westman Village, San Isidro Paranaque City |
| Age | - | 49 |
| 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** | - | **Director** |
| Term of Office | - | One (1) Year |
| Years in Office | - | December 2000 – Present |
| Address | - | 22nd Floor, The Pearlbank Centre,<br>146 Valero Street, Salcedo Village, Makati City |
| Age | - | 48 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Director: BHI Holdings, Inc.;<br>Treasurer: Farmix Fertilizers Corporation. |

| | | |
|---|---|---|
| **JALANE CHRISTIE U. TAN** | - | **Director** |
| Term of Office | - | One (1) Year |
| Years in Office | - | April 2004 – Present |
| Address | - | 22nd Floor, The Pearlbank Centre,<br>146 Valero Street, Salcedo Village, Makati City |
| Age | - | 38 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Director: BHI Holdings, Inc.; |

| | | |
|---|---|---|
| **JULIE C. DELA CRUZ** | - | **Director** |
| Term of Office | - | One (1) Year |
| Years in Office | - | January 18, 2008 – Present |

| | | |
|---|---|---|
| Address | - | 22nd Floor, The Pearlbank Centre,<br>146 Valero Street, Salcedo Village, Makati City |
| Age | - | 53 |
| 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,<br>146 Valero Street, Salcedo Village, Makati City |
| Age | - | 54 |
| 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,<br>146 Valero Street, Salcedo Village, Makati City |
| Age | - | 61 |
| Citizenship | - | Filipino |
| Positions/Directorship Held | - | Corporate Secretary: BHI Holdings, Inc.,<br>Dunlop Slazenger Holdings, Inc.;<br>Dunlop Slazenger International, Inc.;<br>Poro Point Industrial Corporation, JUT Holdings, Inc.<br>Topigs Philippines Inc. Superior Baggers Stevedoring Inc., and Magnum International Securities, Inc.<br>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**

## SUMMARY COMPENSATION TABLE

### Estimated Annual Compensation For the fiscal year 2019

**EXECUTIVE OFFICERS**

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

### Annual Compensation For the fiscal year 2018

**EXECUTIVE OFFICERS**

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

**Annual Compensation**
**For the fiscal year 2017**

**EXECUTIVE OFFICERS**

| Name | Position | Salary (P) | Bonus (P) | Other Annual Compensation |
|---|---|---|---|---|
| Manuel N. Tankiansee | Chairman of the Board | Not Receiving | Not Receiving | Not Receiving |
| Juanita U. Tan | Chief Executive Officer/ President | Not Receiving | Not Receiving | Not Receiving |
| 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 |
| | | - | - | - |

**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.<br>22/F, The Pearlbank Centre,<br>146 Valero St.,Salcedo Village,<br>Makati City | F | R-299,424 | 85.55% |
| COMMON B | Bulk Handlers, Inc.<br>22/F, The Pearlbank Centre,<br>146 Valero St.,Salcedo Village,<br>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, 2018**

**DIRECTORS**

| Title of Class | Name And Address of Beneficial Owner | Amount of Ownership as Director | Citizenship | Percent of Class |
|---|---|---|---|---|
| Common A | Manuel N. Tankiansee<br>22/F, The Pearlbank Centre,<br>146 Valero St., Salcedo Village,<br>Makati City | R-100 | F | 0.00% |
| Common A | Juanita U. Tan<br>22/F, The Pearlbank Centre,<br>146 Valero St., Salcedo Village,<br>Makati City | R-5,800 | F | 0.02% |
| Common A | Erwin R. Diaz<br>22/F, The Pearlbank Centre,<br>146 Valero St., Salcedo Village,<br>Makati City | R-6,000 | F | 0.02% |
| Common A | Marilou U. Pua<br>22/F, The Pearlbank Centre,<br>146 Valero St., Salcedo Village,<br>Makati City | R-6,100 | F | 0.02% |
| Common A | Jalane Christie U. Tan<br>22/F, The Pearlbank Centre,<br>146 Valero St., Salcedo Village,<br>Makati City | R-18,000 | F | 0.05% |
| Common A | Jemie U. Tan<br>22/F, The Pearlbank Centre,<br>146 Valero St., Salcedo Village,<br>Makati City | R-100 | F | 0.00% |
| Common A | Miguel Ocampo-Tan<br>22/F, The Pearlbank Centre,<br>146 Valero St., Salcedo Village,<br>Makati City | R-100 | F | 0.00% |
| Common A | Emma Keng Ocampo- Tan<br>22/F, The Pearlbank Centre,<br>146 Valero St., Salcedo Village,<br>Makati City | R-100 | F | 0.00% |
| Common A | Edison S. Javier<br>34 Ramona Tirona St., Phase 1<br>BF Homes, Paranaque City | R-100 | F | 0.00% |
| Common A | Julie C. dela Cruz<br>22/F, The Pearlbank Centre,<br>146 Valero St., Salcedo Village,<br>Makati City | R-6000 | F | 0.02% |
| Common A | Feliza P. Escudero<br>22/F, The Pearlbank Centre,<br>146 Valero St., Salcedo Village,<br>Makati City | R-6000 | F | 0.02% |

**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<br>(Chairman of the Board)<br>22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-100 | F | 0.00% |
| Common A | Juanita U. Tan<br>(Chief Executive Officer/President)<br>22/F, The Pearlbank Centre, 146 Valero St., Salcedo Village, Makati City | R-5,800 | F | 0.02% |
| Common A | Erwin R. Diaz<br>(Chief Financial Officer/Vice-President)<br>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<br>(Corporate Secretary)<br>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:

| Date of Report | Item Reported | Matters Reported |
|---|---|---|
| December 18, 2018 | Election of Directors & Officers | The following were elected as directors:<br>1) Manuel N. Tankiansee<br>2) Juanita U. Tan<br>3) Erwin R. Diaz<br>4) Jemie U. Tan<br>5) Marilou U. Pua<br>6) Jalane Christie U. Tan<br>7) Julie C. Dela Cruz<br>8) Miguel Ocampo Tan<br>9) Emma Keng Ocampo-Tan<br>10) Edison S. Javier *<br>11) Felisa P. Escudero *<br>*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 __th day of April, 2019.

By:

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

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

**HELEN DE LEON-MANZANO**
Corporate Secretary

APR 12 2019

SUBSCRIBED AND SWORN to before me this _____ day of _________, 2019 affiant(s) exhibiting to me his/their Residence Certificate as follows:

| Name | Comm. Tax Certificate No. | Date | Place of Issue |
|---|---|---|---|
| JUANITA U. TAN | 04207536 | 02/11/19 | Makati |
| ERWIN R. DIAZ | 17420003 | 01/11/19 | Manila |
| HELEN DE LEON-MANZANO | EC5668666 | 10/12/15 | Manila |

Notary Public

Until December 31, [illegible]
PTR No. 7323642 – [illegible]
[illegible] No. [illegible]
Roll No. 30457 – [illegible]
MCLE [illegible] – 12-21-2015
Adm. Matter No. NP [illegible]

Doc. No. 370
Page No. 74
Book No. 22
Series of 2019

# BHI HOLDINGS, INC.

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

## TABLE OF CONTENTS

Supplementary Schedules Required by the Securities and Exchange Commission as of December 31, 2018 and for the Year Then Ended

# 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, 2018

| 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, 2018

| Particulars | Amount |
|---|---|
| Aqua Rich, Inc. | P 100,254,795.00 |
| Balance as of 12/31/18 | 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, 2018 |

| 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, 2018 |

| 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, 2018

| 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, 2018

| 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, 2018

| Particulars | Amount |
|---|---|
| Input Vat – 2018 | P 2,521,787.00 |
| Balance as of 12/31/18 | P 2,521,787.00 |

Schedule : H
Description : Long-Term Debt

Period Ended : December 31, 2018

| 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, 2018

| 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, 2018

| 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, 2018

| 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 12/31/18 | | P 50,000,000.00 |

P&A
Grant Thornton
An instinct for growth™

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

T +63 2 988 2288

# Report of Independent Auditors

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

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of BHI Holdings, Inc. (the Company), which comprise the statements of financial position as at December 31, 2018 and 2017, 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, 2018, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

### *Basis for Opinion*

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

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

### *Valuation of Due from a Related Party*

*Description of the Matter*

The valuation of due from a related party is considered to be a matter of significance as it requires the application of judgment and use of subjective assumptions by management. Under the guidelines of PFRS 9, *Financial Instruments*, the Company assesses its Expected Credit Loss on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

As of December 31, 2018, the Company has loans receivable, shown as due from a related party, amounting to P100.0 million, which represents 97% of the Company's total assets. The Company's management exercises significant judgment and use subjective estimates in determining when and how much to recognize impairment loss on loans receivable. These judgments and estimates, which are detailed in the Company's significant accounting policies, judgments and estimates in Notes 2 and 3 to the financial statements, include the approach applied by the Company in assessing the impairment of assets. Based on management's assessment, no allowance for impairment is required to be recognized in the financial statements as the amount of adjustments were identified by management to be immaterial to the Company. The disclosures of the Company on Due from a related party and the related credit risk are included in Notes 4 and 11 to the financial statements.

*How the Matter was Addressed in the Audit*

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

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2018, but does not include the financial statements and our auditors' report thereon. The Definitive Information Statement and SEC Form 17-A for the year ended December 31, 2018 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

P&A Grant Thornton
An instinct for growth™



**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, 2018 required by the Bureau of Internal Revenue as disclosed in Note 15 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Mailene Sigue-Bisnar.

**PUNONGBAYAN & ARAULLO**

**By: Mailene Sigue-Bisnar**
Partner

CPA Reg. No. 0090230
TIN 120-319-128
PTR No. 7333687, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-3 (until Oct. 1, 2021)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-20-2018 (until Jan. 25, 2021)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 15, 2019

**BHI HOLDINGS, INC.**

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

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2018 AND 2017**

***(Amounts in Philippine Pesos)***

| | Notes | 2018 | 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash | 2 | P 308,787 | P 318,524 |
| Due from a related party | 4 | 46,254,795 | 54,254,795 |
| Input value-added tax | 15 | 2,521,787 | 2,422,395 |
| Total Current Assets | | 49,085,369 | 56,995,714 |
| **NON-CURRENT ASSET** | | | |
| Due from a related party | 4 | 54,000,000 | 46,000,000 |
| **TOTAL ASSETS** | | P 103,085,369 | P 102,995,714 |
| **LIABILITIES AND EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Accrued expenses and other payables | 5 | P 3,791,879 | P 3,395,980 |
| Due to a stockholder | 4 | 867,116 | 967,116 |
| Income tax payable | | 15,123 | 15,123 |
| Total Liabilities | | 4,674,118 | 4,378,219 |
| **EQUITY** | | | |
| Capital stock | 8 | 50,000,000 | 50,000,000 |
| Additional paid-in capital | 2 | 7,520,755 | 7,520,755 |
| Retained earnings | | 40,890,496 | 41,096,740 |
| Total Equity | | 98,411,251 | 98,617,495 |
| **TOTAL LIABILITIES AND EQUITY** | | P 103,085,369 | P 102,995,714 |

***See Notes to Financial Statements.***

**BHI HOLDINGS, INC.**
***(A Subsidiary of Bulk Handlers, Inc.)***
**STATEMENTS OF COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016**
***(Amounts in Philippine Pesos)***

| | Notes | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Interest income from loans | 4 | P 3,000,000 | P 3,000,000 | P 3,000,000 |
| Interest income from cash in bank | | 569 | 1,004 | 1,053 |
| | | 3,000,569 | 3,001,004 | 3,001,053 |
| **OPERATING EXPENSES** | | | | |
| Salaries and employee benefits | 4 | 1,164,000 | 1,164,000 | 1,566,000 |
| Rent | 4, 10 | 300,000 | 300,000 | 300,000 |
| Other operating expenses | 6 | 1,682,699 | 1,655,149 | 1,251,440 |
| | | 3,146,699 | 3,119,149 | 3,117,440 |
| **LOSS BEFORE TAX** | | ( 146,130 ) | ( 118,145 ) | ( 116,387 ) |
| **TAX EXPENSE** | 7 | 60,114 | 60,201 | 60,211 |
| **NET LOSS** | | ( 206,244 ) | ( 178,346 ) | ( 176,598 ) |
| **OTHER COMPREHENSIVE INCOME** | | - | - | - |
| **TOTAL COMPREHENSIVE LOSS** | | ( P 206,244 ) | ( P 178,346 ) | ( P 176,598 ) |
| **Basic and Diluted Loss Per Share** | 9 | ( P 0.41 ) | ( P 0.36 ) | ( P 0.35 ) |

***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, 2018, 2017, AND 2016**
***(Amounts in Philippine Pesos)***

| | Note | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| **CAPITAL STOCK** | 8 | **P 50,000,000** | P 50,000,000 | P 50,000,000 |
| **ADDITIONAL PAID-IN CAPITAL** | | **7,520,755** | 7,520,755 | 7,520,755 |
| **RETAINED EARNINGS** | | | | |
| Balance at beginning of year | | **41,096,740** | 41,275,086 | 41,451,684 |
| Net loss during the year | | **( 206,244 )** | ( 178,346 ) | ( 176,598 ) |
| Balance at end of year | | **40,890,496** | 41,096,740 | 41,275,086 |
| **TOTAL EQUITY** | | **P 98,411,251** | P 98,617,495 | P 98,795,841 |

***See Notes to Financial Statements.***

**BHI HOLDINGS, INC.**
***(A Subsidiary of Bulk Handlers, Inc.)***
**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016**
***(Amounts in Philippine Pesos)***

| | Note | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Loss before tax | | ( P 146,130 ) | ( P 118,145 ) | ( P 116,387 ) |
| Adjustments for: | | | | |
| Interest income from loans | 4 | ( 3,000,000 ) | ( 3,000,000 ) | ( 3,000,000 ) |
| Interest income from cash in bank | | ( 569 ) | ( 1,004 ) | ( 1,053 ) |
| Operating loss before working capital changes | | ( 3,146,699 ) | ( 3,119,149 ) | ( 3,117,440 ) |
| Increase in input value-added tax | | ( 99,392 ) | ( 202,961 ) | ( 147,653 ) |
| Increase in accrued expenses and other payables | | 395,899 | 416,176 | 416,753 |
| Cash used in operations | | ( 2,850,192 ) | ( 2,905,934 ) | ( 2,848,340 ) |
| Interest received | | 3,000,569 | 3,001,004 | 3,001,053 |
| Cash paid for income taxes | | ( 60,114 ) | ( 60,160 ) | ( 60,252 ) |
| Net Cash from Operating Activities | | 90,263 | 34,910 | 92,461 |
| **CASH FLOWS FROM A FINANCING ACTIVITY** | | | | |
| Repayment of due to a stockholder | 4 | ( 100,000 ) | - | - |
| **NET INCREASE (DECREASE) IN CASH** | | ( 9,737 ) | 34,910 | 92,461 |
| **CASH AT BEGINNING OF YEAR** | | 318,524 | 283,614 | 191,153 |
| **CASH AT END OF YEAR** | | P 308,787 | P 318,524 | P 283,614 |

***See Notes to Financial Statements.***

**BHI HOLDINGS, INC.**
***(A Subsidiary of Bulk Handlers, Inc.)***
**NOTES TO FINANCIAL STATEMENTS**
**DECEMBER 31, 2018, 2017 AND 2016**
***(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. The Parent Company is currently engaged in the business of warehouse leasing and terminal operations.

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

The registered office of the Company and the Parent Company, which is also their principal place of business, is located at 22$^{nd}$ 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, 2018 (including the comparative financial statements as of December 31, 2017 and for the years ended December 31, 2017 and 2016) were authorized for issue by the Company's Board of Directors (BOD) on March 15, 2019.

### *1.2 Status of Operations*

As an investment holding company, the Company's main thrust is to acquire ownerships in profitable corporations. However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years. As indicated in Note 1.1, its present source of revenue is limited to interest income generated from its loans granted to a related party (see Note 4). As such, the Company has only two employees handling mainly administrative functions due to limited transactions of the Company as of December 31, 2018 (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 PFRS*

*(a) Effective in 2018 that are Relevant to the Company*

The Company adopted for the first time the following PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2018:

| | | |
|---|---|---|
| PFRS 9 | : | Financial Instruments |
| PFRS 15 | : | Revenue from Contracts with Customers; Clarifications to PFRS 15 |

Discussed below are the relevant information about these standards.

(i) PFRS 9 *Financial Instruments* (issued in 2014). This new standard on financial instruments replaces PAS 39, *Financial Instruments: Recognition and Measurement,* and PFRS 9 issued in 2009, 2010 and 2013. This new 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, i.e., financial assets at amortized costs, fair value through profit and loss (FVTPL), and fair value through other comprehensive income (FVOCI);

- an expected credit loss (ECL) model in determining impairment of all debt financial assets that are not measured at FVTPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of such financial assets; 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.

This standard has no material impact on the classification and measurement of the Company's financial assets since these are carried at amortized cost under both PFRS 9 and PAS 39. With respect to impairment of financial assets, no allowance for credit losses is required since the amount of adjustments were identified by management to be immaterial to the Company.

The Company's new accounting policies relative to the adoption of PFRS 9 is fully disclosed in Note 2.3 and 2.5.

(ii) PFRS 15, *Revenue from Contract with Customers,* together with the *Clarifications to PFRS 15* (herein referred to as PFRS 15). This standard replaces PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in this standard is for an entity to recognize revenue to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

Since the Company's revenue pertains solely to interest income, management has assessed that this new standard has no material financial impact on the Company's financial statements.

*(b) Effective in 2018 that are not Relevant to the Company*

The following amendments to existing standards, interpretations, and improvements are mandatorily effective for annual periods beginning on or after January 1, 2018 but are not relevant to the Company's financial statements:

| | | |
|---|---|---|
| PAS 40 (Amendments) | : | Investment Property – Reclassification to and from Investment Property |
| PFRS 2 (Amendments) | : | Share-based Payment – Classification and Measurement of Share-based Paymen Transactions |
| PFRS 4 (Amendments) | : | Insurance Contracts – Applying PFRS 9 with PFRS 4 |
| IFRIC 22 | : | Foreign Currency Transactions and Advance Consideration |
| Annual Improvements to PFRS (2014-2016 Cycle) | | |
| PAS 28 (Amendments) | : | Investment in Associates – Clarification on Fair Value Through Profit or Loss Classification |
| PFRS 1 (Amendments) | : | First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions |

*(c) Effective Subsequent to 2018 but not Adopted Early*

There are new PFRS, interpretation, amendments and annual improvements to existing standards effective for annual periods subsequent to 2018, 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) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendments clarify that prepayment features with negative compensation attached to financial instruments may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVOCI.

(ii) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similar to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

The management plans to adopt the modified retrospective application of PFRS 16 where the cumulative effect of initially applying the standard will be recognized as an adjustment to the opening balance of Retained Earnings account at the date of initial application. The Company will elect to apply the standard to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. Management is currently assessing the financial impact of this new standard on the Company's financial statements.

(iii) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

(iv) Annual Improvements to PFRS 2015-2017 Cycle (effective January 1, 2019). Among these improvements, only the amendments to PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*, is relevant to the Company. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

### *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, *Financial Instruments: Presentation.* All other non-derivative financial instruments are treated as debt instruments.

*(a) Classification and Measurement of Financial Assets in Accordance with PFRS 9*

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, all of the Company's financial assets are classified and measured at amortized cost.

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

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

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

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

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

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

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

*(b) Classification and Measurement of Financial Assets in Accordance with PAS 39*

Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which the investments were acquired and their characteristics. 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. 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 include cash presented as Cash, due from a related party and interest receivable presented as Due from a Related Party in the 2017 statement of financial position. Cash include cash on hand and demand deposits unrestricted as to withdrawal and readily available for use in the Company's operations.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

*(c) Impairment of Financial Assets Under PFRS 9*

From January 1, 2018, the Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

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

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

*(d) Impairment of Financial Assets Under PAS 39*

If there is objective evidence that an impairment loss on loans and receivables has been incurred, 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 the profit or loss.

(e) *Derecognition of Financial Assets*

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

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

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

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

### *2.6 Offsetting Financial Instruments*

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

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

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

### *2.9 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). However, the Company provides to its employees the following benefits:

(a) *Post-employment Defined Contribution Plan*

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

(b) *Compensated Absences*

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

### *2.10 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 Impairment of Non-financial Assets*

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

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

### *2.12 Income Taxes*

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

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

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

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

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

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

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

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

### *2.13 Related Party Transactions and Relationships*

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

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

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

### *2.14 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, reduced by the amounts of dividends declared, if any.

### *2.15 Loss Per Share*

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

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

### *2.16 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 amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

### *3.1 Critical Management Judgments in Applying Accounting Policies*

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

*(a) Determination of ECL on Due From a Related Party (2018)*

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

*(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, 2018 and 2017, 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) Estimation of Allowance for ECL (2018)*

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

*(b) Impairment of Due From a Related Party (2017)*

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectibility of the accounts, including, but not limited to, the length of the Company's relationship with the other counterparties, their current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience. Based on management's assessment, due from a related party are fully recoverable; hence, no impairment loss was recognized in 2017 (see Note 4).

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

The Company reviews its deferred tax assets, which arise from minimum corporate income tax (MCIT) and net operating loss carry over (NOLCO), at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

*(d) Impairment of Non-financial Assets*

The Company's policy on estimating the impairment of non-financial assets is discussed in Note 2.11. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, there are no impairment losses required to be recognized on the Company's non-financial assets as of December 31, 2018 and 2017.

## 4. RELATED PARTY TRANSACTIONS

The Company's related parties include its Parent Company, stockholders, other related parties through common ownership, key management personnel and others as described in Note 2.13. A summary of the Company's related party transactions is presented in the succeeding page.

| | Notes | Amounts of Transactions 2018 | 2017 | 2016 | Outstanding Balance 2018 | 2017 |
|---|---|---|---|---|---|---|
| **Stockholder:** | | | | | | |
| Accommodation of expenses | 4.3(a) | **( P 100,000)** | P - | P - | **P 867,116** | P 967,116 |
| Consultancy fees | 4.3(b) | **804,000** | 804,000 | 402,000 | **-** | - |
| **Related party under common ownership and with interlocking directors and officers:** | | | | | | |
| Original loan receivable | 4.1(a) | **-** | - | - | **46,000,000** | 46,000,000 |
| Interest on original loan – actual | 4.1(a) | **1,380,000** | 1,380,000 | 1,380,000 | **117,205** | 117,205 |
| Assumed portion of loan receivable | 4.1(b) | **-** | - | - | **54,000,000** | 54,000,000 |
| Interest on assumed loan – actual | 4.1(b) | **1,620,000** | 1,620,000 | 1,620,000 | **137,590** | 137,590 |
| Rental and utilities | 4.2 | **381,600** | 381,600 | 381,600 | **3,527,682** | 3,125,082 |
| **Key management personnel –** | | | | | | |
| Salaries and employee benefits | 4.4 | **1,164,000** | 1,164,000 | 1,566,000 | **-** | - |

Details of the foregoing transactions and balances follows.

### *4.1 Due from a Related Party*

The components of Due from a Related Party account as of December 31, 2018 and 2017 are as follows:

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

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

| | **2018** | 2017 |
|---|---|---|
| Current | **P 46,254,795** | P 54,254,795 |
| Non-current | **54,000,000** | 46,000,000 |
| | **P100,254,795** | P 100,254,795 |

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

| | **2018** | 2017 |
|---|---|---|
| Balance at beginning of year | **P 254,795** | P 254,795 |
| Accruals during the year | **3,000,000** | 3,000,000 |
| Collections during the year | **( 3,000,000)** | ( 3,000,000) |
| Balance at end of year | **P 254,795** | P 254,795 |

*(a) Original Loan*

As of December 31, 2018 and 2017, the carrying amount of the original loan amounting to P46,000,000, excluding interest receivable, is presented as part of the Due from a Related Party account in the statements of financial position.

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

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

Actual annual interest income earned in 2018, 2017 and 2016 related to this loan amounted P1,380,000, which is presented as part of Interest Income From Loans under the Revenues section of the statements of comprehensive income.

The interest receivable amounting to P117,205 as of December 31, 2018 and 2017 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 which is payable after two years and subject to a certain interest rate per annum. Accordingly, the carrying amount of the assumed loan as of that date was recorded as part of the Due from a Related Party account of the statements of financial position.

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

The carrying amount of the assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2018 and 2017 and is presented as Due from a Related Party in the statements of financial position.

Actual annual interest income earned in 2018, 2017 and 2016 related to the assumed loans amounted to P1,620,000, and is presented as Interest Income From Loans under the Revenues section in the statements of comprehensive income.

The interest receivable amounting to P137,590 as of December 31, 2018 and 2017 is presented as part of Due from a Related Party account in the statements of financial position.

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

### *4.2 Rental and Utilities Expenses*

The Company currently leases its office premises from a related party under common ownership (see Note 10.1). The lease agreement is renewable every year upon mutual consent of the parties. Annual rental of P300,000 and utilities expenses of P81,600 incurred from this transaction in each of the three years presented are shown as Rent and as part of Other Operating Expenses account, respectively, under the Operating Expenses section in the statements of comprehensive income (see Note 6). Outstanding balance payable to the related party is shown as Accrued rental and utilities under Accrued Expenses and Other Payables account in the statements of financial position (see Note 5).

### *4.3 Transaction with Stockholder*

*a) Accommodation of expenses*

Certain expenses were paid by a stockholder on behalf of the Company in previous years, while there were no similar transactions presented in 2018, 2017 and 2016. The outstanding liability to the stockholder, which is noninterest-bearing and payable in cash upon demand, amounted to P867,116 and P967,116 as of December 31, 2018 and 2017, respectively, and is presented as Due to a Stockholder in the statements of financial position.

*b) Consultancy fees*

One of the stockholders, who previously served as part of the key management personnel, entered into a consultancy agreement to assist the Company in improving its business. Total amount paid to the stockholder is presented as part of Professional fees under Other Operating Expenses in the 2018 and 2017 statements of comprehensive income (see Note 6).

### *4.4 Key Management Personnel Compensation*

The compensation and benefits provided to key management personnel, which consist of short-term employee benefits, amounted to P1,164,000 for both 2018 and 2017, and P1,566,000 for 2016. These are presented as Salaries and employee benefits under the Operating Expenses section of the statements of comprehensive income. The Company does not provide any other form of benefits to its key management personnel.

## 5. ACCRUED EXPENSES AND OTHER PAYABLES

This account includes the following:

| | Note | 2018 | 2017 |
|---|---|---|---|
| Accrued rental and utilities | 4.2 | **P 3,527,682** | P 3,125,082 |
| Accrued professional fees | | **117,600** | 117,600 |
| Accrued taxes and licenses | | **12,704** | 19,404 |
| Other payables | | **133,893** | 133,894 |
| | | **P 3,791,879** | P 3,395,980 |

## 6. OTHER OPERATING EXPENSES

Details of other operating expenses are as follows:

| | Notes | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| Professional fees | 4.3(b) | **P 1,096,268** | P 1,119,000 | P 683,268 |
| PSE membership fees | | **256,000** | 258,000 | 253,000 |
| Trainings and seminars | | **100,000** | 100,000 | 100,000 |
| Utilities | 4.2 | **81,600** | 81,600 | 81,600 |
| Postage and messengerial expense | | **32,511** | - | - |
| Taxes and licenses | 15(f) | **31,257** | 31,257 | 26,592 |
| Directors' fee | | **22,000** | 22,000 | 22,000 |
| Office supplies | | **12,375** | 36,233 | 39,598 |
| Representation and entertainment | | **-** | - | 827 |
| Miscellaneous | | **50,688** | 7,059 | 44,555 |
| | | **P 1,682,699** | P 1,655,149 | P 1,251,440 |

## 7. TAXES

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

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| MCIT at 2% | **P 60,000** | P 60,000 | P 60,000 |
| Final tax at 20% | **114** | 201 | 211 |
| | **P 60,114** | P 60,201 | P 60,211 |

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

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| Tax on pretax loss at 30% | (P 43,839) | (P 35,444) | (P 34,916) |
| Adjustment for income subjected to lower tax rate | ( 57) | ( 100) | ( 105) |
| Tax effects of: | | | |
| Unrecognized deferred tax assets arising from: | | | |
| MCIT | 60,000 | 60,000 | 60,000 |
| NOLCO | 30,617 | 35,745 | 35,232 |
| Non-deductible expense | 13,393 | - | - |
| | P 60,114 | P 60,201 | P 60,211 |

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 recognized MCIT amounting to P60,000 in 2018, 2017 and 2016.

As discussed in Note 3.2(c), the Company did not recognize deferred tax assets arising from MCIT and NOLCO as of December 31, 2018 and 2017 since management believes that the Company will not have sufficient taxable income within the periods against which the NOLCO and MCIT can be applied.

The details of 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.

| Year | Original Amount | Expired Balance | Remaining Balance | Valid Until |
|---|---|---|---|---|
| 2018 | P 102,056 | P - | P 102,056 | 2021 |
| 2017 | 119,149 | - | 119,149 | 2020 |
| 2016 | 117,440 | - | 117,440 | 2019 |
| 2015 | 99,222 | ( 99,222) | - | |
| | P 437,867 | (P 99,222) | P 338,645 | |

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

| Year | Original Amount | Expired Balance | Remaining Balance | Valid Until |
|---|---|---|---|---|
| 2018 | P 60,000 | P - | P 60,000 | 2021 |
| 2017 | 60,000 | - | 60,000 | 2020 |
| 2016 | 60,000 | - | 60,000 | 2019 |
| 2015 | 60,000 | ( 60,000) | - | |
| | P 240,000 | (P 60,000) | P 180,000 | |

In 2018, 2017 and 2016 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, 2018 and 2017 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 | | 15,000,000 |
| | P | 50,000,000 |

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, 2018 and 2017, there are 499,987 listed shares which are held by 336 holders. Such listed shares closed at P1,251 per share and P1,486 per share as of December 31, 2018 and 2017, respectively.

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

## 9. LOSS PER SHARE

Basic and diluted loss per share for the years ended December 31, 2018, 2017 and 2016 are computed as follows:

| | **2018** | 2017 | 2016 |
|---|---|---|---|
| Net loss | **P 206,244** | P 178,346 | P 176,598 |
| Weighted average number of outstanding common shares | **500,000** | 500,000 | 500,000 |
| Basic and diluted loss per share | **P 0.41** | P 0.36 | P 0.35 |

The Company has no potentially dilutive common shares as of December 31, 2018, 2017 and 2016; accordingly, its basic and diluted loss per share are equal.

## 10. COMMITMENTS AND CONTINGENCIES

### *10.1 Operating Lease Commitments – Company as Lessee*

On December 31, 2009, the Company entered into a 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, 2018 to December 31, 2018; hence, as of December 31, 2018, the Company has no future minimum lease payments. Rent expense charged to profit or loss in 2018, 2017 and 2016 amounted to P300,000 and presented as Rent under Operating Expenses section 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.

| | Note | **2018** | 2017 |
|---|---|---|---|
| Cash | | **P 308,787** | P 318,524 |
| Due from a related party | 4 | **100,254,795** | 100,254,795 |
| | | **P 100,563,582** | P 100,573,319 |

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

*(i) Cash*

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

*(ii) Due from a Related Party*

The Company applies the PFRS 9 simplified approach in measuring ECL, which uses a lifetime expected loss allowance for due from a related party.

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

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

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

### *11.2 Liquidity Risk*

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

The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and, (c) to be able to access funding when needed at the least possible cost. Operations of the Company are financed internally; however, in cases where there is substantial expenditures that is beyond the Company's capacity to finance, the Parent Company can provide the necessary funding requirement.

As of December 31, 2018 and 2017, the Company's financial liabilities which pertain to accrued expenses and other payables (excluding tax-related liabilities) and amounts due to a stockholder, totaling P4,646,291 and P4,343,692, respectively, have contractual maturities of within 12 months. The fair value of financial liabilities is not individually determined as the carrying amount is a reasonable approximation of fair value.

## 12. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | **Carrying Amounts** | **Fair Values** | Carrying Amounts | Fair Values |
| ***Financial Assets*** | | | | |
| Loans and receivables: | | | | |
| Cash | **P 308,787** | **P 308,787** | P 318,524 | P 318,524 |
| Due from a related party | **100,254,795** | **100,254,795** | 100,254,795 | 100,254,795 |
| | **P 100,563,582** | **P 100,563,582** | P 100,573,319 | P 100,573,319 |
| ***Financial Liabilities*** | | | | |
| Financial liabilities at amortized cost: | | | | |
| Accrued expenses other payables | **P 3,779,175** | **P 3,779,175** | P 3,376,576 | P 3,376,576 |
| Due to a stockholder | **867,116** | **867,116** | 967,116 | 967,116 |
| | **P 4,646,291** | **P 4,646,291** | P 4,343,692 | P 4,343,692 |

See Notes 2.3 and 2.5 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 11.

### *12.2 Offsetting of Financial Assets and Financial Liabilities*

The Company has not set-off financial instruments in 2018 and 2017 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders or upon instruction by the parent company.

## 13. FAIR VALUE MEASUREMENT AND DISCLOSURES

### *13.1 Fair Value Hierarchy*

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

The fair value hierarchy has the following levels:

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

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

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

### *13.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

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

| | Notes | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **2018** | | | | | |
| Financial assets: | | | | | |
| Cash | | P 308,787 | P - | P - | P 308,787 |
| Due from a related party | 4.1 | - | - | 100,254,795 | 100,254,795 |
| | | **P 308,787** | **P -** | **P 100,254,795** | **P 100,563,582** |
| Financial liabilities: | | | | | |
| Accrued expenses and other payables | 5 | P - | P - | P 3,779,175 | P 3,779,175 |
| Due to a stockholder | 4.3 | - | - | 867,116 | 867,116 |
| | | **P -** | **P -** | **P 4,646,291** | **P 4,646,291** |
| 2017 | | | | | |
| Financial assets: | | | | | |
| Cash | | P 318,524 | P - | P - | P 318,524 |
| Due from a related party | 4.1 | - | - | 100,254,795 | 100,254,795 |
| | | P 318,524 | P - | P 100,254,795 | P 100,573,319 |
| Financial liabilities: | | | | | |
| Accrued expenses and other payables | 5 | P - | P - | P 3,376,576 | P 3,376,576 |
| Due to a stockholder | 4.3 | - | - | 967,116 | 967,116 |
| | | P - | P - | P 4,343,692 | P 4,343,692 |

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

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. As of December 31, 2018 and 2017, there were no transfer of financial assets and financial liabilities within said levels.

## 14. 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 is summarized below.

| | **2018** | 2017 |
|---|---|---|
| Total liabilities | **P 4,674,118** | P 4,378,219 |
| Total equity | **98,411,251** | 98,617,495 |
| Debt-to-equity ratio | **0.05 : 1.00** | 0.04 : 1.00 |

## 15. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Presented below and in the succeeding page is the supplementary information, which is required by the BIR under its existing revenue regulations (RR) to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

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 2018.

*(b) Input VAT*

The movements in input VAT in 2018 are summarized below.

| | |
|---|---|
| Balance at beginning of year | P 2,422,395 |
| Services lodged under other accounts | 99,392 |
| Balance at end of year | **P 2,521,787** |

*(c) Taxes on Importation*

The Company did not have any importations in 2018.

(d) *Excise Tax*

The Company does not have excise tax in 2018 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 the loan agreements are paid by the counterparty. Also, as per agreement, the lessor shoulders the DST in the case of the lease contract.

(f) *Taxes and Licenses*

Details of taxes and licenses in 2018 are shown below (see Note 6).

| | | |
|---|---|---|
| Municipal license and permits | P | 23,182 |
| SEC filing fees | | 7,575 |
| Annual VAT registration | | 500 |
| | **P** | **31,257** |

(g) *Withholding Taxes*

Details of total withholding taxes paid and accrued for the year ended December 31, 2018 are shown below.

| | | |
|---|---|---|
| Compensation and benefits | P | 116,400 |
| Expanded | | 64,400 |
| | **P** | **180,800** |

The Company has no income payments subject to final withholding tax in 2018.

(h) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2018, 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.

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

T +63 2 988 2288

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of BHI Holdings, Inc. for the year ended December 31, 2018, on which we have rendered our report dated March 15, 2019. 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 as amended, 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. 7333687, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 0396-AR-3 (until Oct. 1, 2021)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-20-2018 (until Jan. 25, 2021)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 15, 2019

**BHI HOLDINGS, INC.**
***(A Subsidiary of Bulk Handlers, Inc.)***
**List of Supplementary Information**
**December 31, 2018**

**A. Statement of Management's Responsibility for the Financial Statements**

**B. Independent Auditors' Report on the SEC Supplementary Schedules Filed Separately from the Basic Financial Statements**

**C. Schedule of Financial Indicators for December 31, 2018 and 2017**

**D. List of Supplementary Information**

**Supplementary Schedules to Financial Statements (Form 17-A, Item 7)**

**BHI HOLDINGS, INC.**
***(A Subsidiary of Bulk Handlers, Inc.)***
**Schedule of Philippine Financial Reporting Standards and Interpretations**
**Adopted by the Securities and Exchange Commission and the**
**Financial Reporting Standards Council as of December 31, 2018**

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| **Framework for the Preparation and Presentation of Financial Statements** | | ✓ | | |
| Conceptual Framework Phase A: Objectives and Qualitative Characteristics | | ✓ | | |
| **Practice Statement Management Commentary** | | | ✓ | |
| ***Philippine Financial Reporting Standards (PFRS)*** | | | | |
| **PFRS 1 (Revised)** | First-time Adoption of Philippine Financial Reporting Standards | ✓ | | |
| | Amendments to PFRS 1: Additional Exemptions for First-time Adopters | ✓ | | |
| | Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters | ✓ | | |
| | Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters | ✓ | | |
| | Amendments to PFRS 1: Government Loans | ✓ | | |
| | Amendments to PFRS 1: Deletion of Short-term Exemptions | ✓ | | |
| **PFRS 2** | Share-based Payment | | | ✓ |
| | Amendments to PFRS 2: Vesting Conditions and Cancellations | | | ✓ |
| | Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions | | | ✓ |
| | Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions | | | ✓ |
| **PFRS 3 (Revised)** | Business Combinations | | | ✓ |
| | Amendment to PFRS 3: Remeasurement of Previously Held Interests in a Joint Operation *(effective January 1, 2019)* | | | ✓ |
| **PFRS 4** | Insurance Contracts | | | ✓ |
| | Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts | | | ✓ |
| | Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments* , with PFRS 4, *Insurance Contracts* | | | ✓ |
| **PFRS 5** | Non-current Assets Held for Sale and Discontinued Operations | | | ✓ |
| **PFRS 6** | Exploration for and Evaluation of Mineral Resources | | | ✓ |
| **PFRS 7** | Financial Instruments: Disclosures | ✓ | | |
| | Amendments to PFRS 7: Transition | ✓ | | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets | ✓ | | |
| | Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition | ✓ | | |
| | Amendments to PFRS 7: Improving Disclosures about Financial Instruments | ✓ | | |
| | Amendments to PFRS 7: Disclosures – Transfers of Financial Assets | ✓ | | |
| | Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities | ✓ | | |
| | Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures | ✓ | | |
| **PFRS 8** | Operating Segments | | | ✓ |
| **PFRS 9** | Financial Instruments (2014) | ✓ | | |
| | Amendments to PFRS 9: Prepayment Features with Negative Compensation* *(effective January 1, 2019)* | | | ✓ |
| **PFRS 10** | Consolidated Financial Statements | | | ✓ |
| | Amendments to PFRS 10: Transition Guidance | | | ✓ |
| | Amendments to PFRS 10: Investment Entities | | | ✓ |
| | Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(effective date deferred indefinitely)* | | | ✓ |
| | Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception | | | ✓ |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| **PFRS 11** | Joint Arrangements | | | ✓ |
| | Amendments to PFRS 11: Transition Guidance | | | ✓ |
| | Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations | | | ✓ |
| | Amendment to PFRS 11: Remeasurement of Previously Held Interests in a Joint Operation (*effective January 1, 2019)* | | | ✓ |
| **PFRS 12** | Disclosure of Interests in Other Entities | | | ✓ |
| | Amendments to PFRS 12: Transition Guidance | | | ✓ |
| | Amendments to PFRS 12: Investment Entities | | | ✓ |
| | Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception | | | ✓ |
| **PFRS 13** | Fair Value Measurement | ✓ | | |
| **PFRS 14** | Regulatory Deferral Accounts | | | ✓ |
| **PFRS 15** | Revenue from Contract with Customers | ✓ | | |
| **PFRS 16** | Leases* *(effective January 1, 2019)* | | | ✓ |
| **PFRS 17** | Insurance Contracts *(effective January 1, 2021)* | | | ✓ |
| ***Philippine Accounting Standards (PAS)*** | | | | |
| **PAS 1 (Revised)** | Presentation of Financial Statements | ✓ | | |
| | Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | ✓ | | |
| | Amendments to PAS 1: Presentation of Items of Other Comprehensive Income | ✓ | | |
| | Amendments to PAS 1: Disclosure Initiative | ✓ | | |
| **PAS 2** | Inventories | | | ✓ |
| **PAS 7** | Statement of Cash Flows | ✓ | | |
| | Amendments to PAS 7: Disclosure Initiative | ✓ | | |
| **PAS 8** | Accounting Policies, Changes in Accounting Estimates and Errors | ✓ | | |
| **PAS 10** | Events After the Reporting Period | ✓ | | |
| **PAS 12** | Income Taxes | ✓ | | |
| | Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets | ✓ | | |
| | Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses | ✓ | | |
| | Amendment to PAS 12 - Tax Consequences of Dividends* *(effective January 1, 2019)* | | | ✓ |
| **PAS 16** | Property, Plant and Equipment | | | ✓ |
| | Amendments to PAS 16: Bearer Plants | | | ✓ |
| | Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization | | | ✓ |
| **PAS 17** | Leases | ✓ | | |
| **PAS 19 (Revised)** | Employee Benefits | ✓ | | |
| | Amendments to PAS 19: Defined Benefit Plans - Employee Contributions | ✓ | | |
| **PAS 20** | Accounting for Government Grants and Disclosure of Government Assistance | | | ✓ |
| **PAS 21** | The Effects of Changes in Foreign Exchange Rates | | | ✓ |
| | Amendments: Net Investment in a Foreign Operation | | | ✓ |
| **PAS 23 (Revised)** | Borrowing Costs | | | ✓ |
| | Amendment to PAS 23: Eligibility for Capitalization | | | ✓ |
| **PAS 24 (Revised)** | Related Party Disclosures | ✓ | | |
| **PAS 26** | Accounting and Reporting by Retirement Benefit Plans | | | ✓ |
| **PAS 27 (Revised)** | Separate Financial Statements | | | ✓ |
| | Amendments to PAS 27: Investment Entities | | | ✓ |
| | Amendments to PAS 27: Equity Method in Separate Financial Statements | | | ✓ |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| **PAS 28 (Revised)** | Investments in Associates and Joint Ventures | | | ✓ |
| | Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(effective date deferred indefinitely)* | | | ✓ |
| | Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception | | | ✓ |
| | Amendment to PAS 28: Measurement of Investment in Associates at Fair Value through Profit or Loss | | | ✓ |
| | Amendment to PAS 28: Long-term Interest in Associates and Joint Venture *(effective January 1, 2019)* | | | ✓ |
| **PAS 29** | Financial Reporting in Hyperinflationary Economies | | | ✓ |
| **PAS 32** | Financial Instruments: Presentation | ✓ | | |
| | Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation | ✓ | | |
| | Amendments to PAS 32: Classification of Rights Issues | ✓ | | |
| | Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities | ✓ | | |
| **PAS 33** | Earnings Per Share | ✓ | | |
| **PAS 34** | Interim Financial Reporting | ✓ | | |
| **PAS 36** | Impairment of Assets | ✓ | | |
| | Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets | ✓ | | |
| **PAS 37** | Provisions, Contingent Liabilities and Contingent Assets | ✓ | | |
| **PAS 38** | Intangible Assets | | | ✓ |
| | Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization | | | ✓ |
| **PAS 40** | Investment Property | | | ✓ |
| | Amendment to PAS 40: Reclassification to and from Investment Property | | | ✓ |
| **PAS 41** | Agriculture | | | ✓ |
| | Amendments to PAS 41: Bearer Plants | | | ✓ |
| ***Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)*** | | | | |
| **IFRIC 1** | Changes in Existing Decommissioning, Restoration and Similar Liabilities** | ✓ | | |
| **IFRIC 2** | Members' Share in Co-operative Entities and Similar Instruments | | | ✓ |
| **IFRIC 4** | Determining Whether an Arrangement Contains a Lease | ✓ | | |
| **IFRIC 5** | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds** | ✓ | | |
| **IFRIC 6** | Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment | | | ✓ |
| **IFRIC 7** | Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies | | | ✓ |
| **IFRIC 9** | Reassessment of Embedded Derivatives** | ✓ | | |
| | Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives** | ✓ | | |

| PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS | | Adopted | Not Adopted | Not Applicable |
|---|---|---|---|---|
| **IFRIC 10** | Interim Financial Reporting and Impairment | | | ✓ |
| **IFRIC 12** | Service Concession Arrangements | | | ✓ |
| **IFRIC 14** | PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | ✓ | | |
| | Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction** | ✓ | | |
| **IFRIC 16** | Hedges of a Net Investment in a Foreign Operation | | | ✓ |
| **IFRIC 17** | Distributions of Non-cash Assets to Owners** | ✓ | | |
| **IFRIC 19** | Extinguishing Financial Liabilities with Equity Instruments** | ✓ | | |
| **IFRIC 20** | Stripping Costs in the Production Phase of a Surface Mine | | | ✓ |
| **IFRIC 21** | Levies | ✓ | | |
| **IFRIC 22** | Foreign Currency Transactions and Advance Consideration | | | ✓ |
| **IFRIC 23** | Uncertainty Over Income Tax Treatments* (effective *January 1, 2019*) | | | ✓ |
| ***Philippine Interpretations - Standing Interpretations Committee (SIC)*** | | | | |
| **SIC-7** | Introduction of the Euro | | | ✓ |
| **SIC-10** | Government Assistance - No Specific Relation to Operating Activities | | | ✓ |
| **SIC-13** | Jointly Controlled Entities - Non-Monetary Contributions by Venturers | | | ✓ |
| **SIC-15** | Operating Leases - Incentives | ✓ | | |
| **SIC-25** | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders** | ✓ | | |
| **SIC-27** | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | ✓ | | |
| **SIC-29** | Service Concession Arrangements: Disclosures | | | ✓ |
| **SIC-31** | Revenue - Barter Transactions Involving Advertising Services** | ✓ | | |
| **SIC-32** | Intangible Assets - Web Site Costs | | | ✓ |

* These standards will be effective for periods subsequent to 2018 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

**BHI HOLDINGS, INC.**

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

**Schedule of Financial Indicators for December 31, 2018 and 2017**

| | 2018 | 2017 |
|---|---|---|
| **Liquidity Ratio** [1] | **1050.2%** | **1301.8%** |
| **Debt to Equity Ratio** [2] | **4.7%** | **4.4%** |
| **Asset to Equity Ratio** [3] | **104.7%** | **104.4%** |
| **Return on Assets** [4] | **-0.2%** | **-0.2%** |
| **Return on Equity** [5] | **-0.2%** | **-0.2%** |
| **Cost to Income Ratio** [6] | **104.9%** | **103.9%** |
| **Loss per Share** [7] | **(PHP 0.41)** | **(PHP 0.36)** |

1/ *Current Assets over Current Liabilities*

2/ *Total Liabilities over Equity*

3/ *Total Assets over Equity*

4/ *Net Income over Average Assets*

5/ *Net Income over Average Equity*

6/ *Cost and Expenses over Revenues*

7/ *Net Income over Weighted Average Number of Common Outstanding Shares*

**BHI HOLDINGS, INC.**

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

SEC Released Amended SRC Rule 68

Annex 68-E

**Schedule A**

**Financial Assets**

| Name of issuing entity and association of each issue | Number of shares or principal amount of bonds and notes | Amount shown in the balance sheet | Income received and accrued |
|---|---|---|---|

## NOTHING TO REPORT

**BHI HOLDINGS, INC.**
***(A Subsidiary of Bulk Handlers, Inc.)***
SEC Released Amended SRC Rule 68
Annex 68-E
**Schedule B**
**Amounts Receivable from/Payable to Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)**

| | | | Deductions | | Ending Balance | | |
|---|---|---|---|---|---|---|---|
| Name and Designation of debtor | Balance at beginning of period | Additions | Amounts collected | Amounts written off | Current | Non-current | Balance at end of period |
| ***Loans Receivable*** | | | | | | | |
| Aqua Rich, Inc. | **P 100,000,000** | P - | P - | P - | **P 46,000,000** | **P 54,000,000** | **P 100,000,000** |
| ***Accounts Payable*** | | | | | | | |
| Juanita U. Tan | **P 967,116** | P - | **₱ 100,000** | P - | P - | P - | **P 867,116** |

**BHI HOLDINGS, INC.**
***(A Subsidiary of Bulk Handlers, Inc.)***
SEC Released Amended SRC Rule 68
Annex 68-E
**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.**
***(A Subsidiary of Bulk Handlers, Inc.)***
SEC Released Amended SRC Rule 68
Annex 68-E
**Schedule D**
**Other Assets**

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

## NOTHING TO REPORT

**BHI HOLDINGS, INC.**
***(A Subsidiary of Bulk Handlers, Inc.)***
SEC Released Amended SRC Rule 68
Annex 68-E
**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.**
***(A Subsidiary of Bulk Handlers, Inc.)***
SEC Released Amended SRC Rule 68
Annex 68-E
**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.**
***(A Subsidiary of Bulk Handlers, Inc.)***
SEC Released Amended SRC Rule 68
Annex 68-E
**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.**
***(A Subsidiary of Bulk Handlers, Inc.)***
SEC Released Amended SRC Rule 68
Annex 68-E
**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, converstion 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 | - | - |
| **Common Shares** | **1,000,000** | **500,000** | - | **449,424** | **484** | **50,092** |

# BHI HOLDINGS, INC.

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

**MAP SHOWING THE RELATIONSHIP BETWEEN THE COMPANY AND ITS RELATED ENTITIES**