

BHI HOLDINGS, INC.

22/F. The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City
Tel. Nos.: 813-1406; 817-2080; 840-1858 * Fax No.: 817-2109; 752-1098

November 19, 2014

THE PHILIPPINE STOCK EXCHANGE, INC.
Phil. Stock Exchange Centre, Exchange Road
Ortigas Centre, Pasig City

Attention: JANET A. ENCARNACION
Head, Disclosure Department

Gentlemen:

We are submitting to you the report pertaining to the Definitive Information Statement for Annual Stockholders' Meeting on December 19, 2014 of **BHI Holdings, Inc.** as per attached.

For your information.

Very truly yours,


ERWIN R. DIAZ
Corporate Information Officer

SEC Number 22264
File Number _____

BHI HOLDINGS, INC.
(Formerly: Consolidated Insurance Company, Incorporated)

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

(Company's Address)

817-2083

(Telephone Number)

January 1 to December 31 of each year

(Fiscal Year Ending)
(Month and Day)

Letter to Listing and Disclosure Group
Attn. Ms. Janet A. Encarnacion-Head Disclosure Department
(Re: Definitive Information Statement)

(Form Type)

Amendment Designation (If Applicable)

November 18, 2014

(Period Ended Date)

(Secondary License Type and File Number)

November 18, 2014

DISCLOSURE DEPARTMENT

Listing and Disclosure Group
PHILIPPINE STOCK EXCHANGE
4/F Phil. Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Attention : **Ms. Janet A. Encarnacion**
Head Disclosure Department

SUBJECT : **Annual Regular Stockholders' Meeting
of BHI Holdings, Inc.**

Gentlemen:

In connection with the scheduled annual regular stockholders' meeting of abovenamed corporation on December 19, 2014, we forward to you copies of the Notice of Meeting, Definitive Information Statement, Minutes of last year's Annual Regular Stockholders Meeting, and Audited Financial Statements as of December 31, 2013.

Very truly yours

BHI HOLDINGS, INC.

By:


HELEN C. DE LEON-MANZANO

Corporate Secretary

BHI HOLDINGS, INC.

DEFINITIVE
INFORMATION STATEMENT
For the Year 2014 Annual Stockholders' Meeting

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

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

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

Preliminary Information Statement
 Definitive Information Statement

2. Name of Registrant as specified in its charter BHI HOLDINGS, INC.
(Formerly Consolidated Insurance Co., Inc.)

3. PHILIPPINES
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number 22264

5. BIR Tax Identification Code 000-446-527

6. 22nd Floor, The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City 1227
Address of principal office Postal Code

7. Registrant's telephone number, including area code 840-29-61

8. December 19, 2014; 9:00 a.m.; 22nd Floor, The Pearlbank Centre
146 Valero Street, Salcedo Village, Makati City
Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **November 27, 2014**

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	349,987
Class A	
Class B	150,000

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

Yes **X** No _____

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

Common	349,987
Class A	
Class B	150,000

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GENERAL INFORMATION

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ITEM 1. Date, Time and Place of Meeting of Security Holders

- a. Date : December 19, 2014
 Time : 9:00 a.m.
 Place : 22nd Floor, The Pearlbank Centre
 : 146 Valero St., Salcedo Village, Makati Ciy

- b. Corporate mailing address : 22nd Floor, The Pearlbank Centre
 of the principal office of the : 146 Valero St., Salcedo Village
 registrant : Makati City

The approximate date on which the Definitive Information Statement shall first be sent or given to security holders would be on November 27, 2014.

ITEM 2. Dissenters' Right of Appraisal

Under the Corporation Code of the Philippines, any stockholders shall have the right to dissent and demand payment of the fair value of his share in the following instances.

- a. Any amendment to the articles of incorporation which has the effect of changing or restricting the rights of any stockholders or class of shares or authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the terms of corporate existence;

- b. Sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets.

- c. Merger or consolidation; and

- d. Investment of corporate funds in another corporation or business or for purposes other than that of the primary purpose for which the corporation was organized.

No corporate action is being proposed or submitted in the meeting that may call for the exercise of a stockholder's right of appraisal.

SOLICITATION INFORMATION

As clearly stated above, the Corporation is not soliciting or asking for a proxy and shareholders are requested not to send the Corporation a proxy.

ITEM 3. Interest of Certain Persons in Matters to be Acted Upon

Other than the election of directors and the approval of the annual report of management on operations for 2013, there is no substantial interest, by security holdings, or otherwise, of the Corporation, any director or officer thereof, nominee for election as director, participant in the solicitation, or associate of any of the foregoing person, in any matter to be acted upon at the Annual Stockholder's Meeting. No director has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the meeting.

CONTROL AND COMPENSATION INFORMATION

ITEM 4. Voting Securities and Principal Holders Thereof

(a) Number of Share Outstanding AS OF October 31, 2014:

Class A	349,987
Class B	<u>150,000</u>
TOTAL	<u>499,987</u>

Each security holder shall be entitled to as many number of votes as the number of votes as the number of shares held.

(b) Record Date : Only stockholders of record at the close of business hours on November 19, 2014 ("Record Date") shall be entitled to notice and to vote at the Annual Stockholders' Meeting.

Cumulative Voting Rights

Article VII, Section 5 of the By-Laws of the registrant provides that:

"Section 5. Vote - Voting upon all questions at all meetings of stockholders shall be by shares of stock and not per capita, and when electing the members of the Board of Directors, the system of cumulative voting must be adopted, as the term is used in corporate parlance."

Further, Section 24 of the Corporation Code of the Philippines allows cumulative voting in the election of directors and thus provides:

"Sec 24. Election of Directors or Trustees - xxx In stock corporations, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, at the time fixed in the by-laws, in his own name on the stock books of the corporation, or where the by-laws are silent, at the time of the election; and said stockholder may vote such number of shares for as many person as there are directors to be elected or he may cumulate said shares equal, or he may distribute them on the same principle among as many candidates as shall fit: Provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. xxx"

Security Ownership of Certain Beneficial Owners and Management

There is only one person/stockholder who is known to the corporation to be the beneficial owner of more that 5% of any class of its common equity as of November 3, 2014, namely:

Title of Class	Name & address of record owner & relationship with issuer	Name of Beneficial owner & relation with record owner	Citizenship	No. of Shares	Percentage
Common	BULK HANDLERS, INC. Suite 1004 Tytana Plaza, Plaza Lorenzo Ruiz St., Binondo Manila	BULK HANDLERS, INC.	Filipino	449,424	89.89%

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 Christie 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 Christie 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 November 3, 2014

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership *	Percent of Class	Citizenship
COMMON A	MANUEL N. TANKIANSEE Chairman	P 100	0.0003%	Filipino
COMMON A	JUANITA U. TAN President/Director	5,800	0.0166%	Filipino
COMMON A	ROSALIE A. ESTEIBAR Vice-President/Director	6,000	0.0171%	Filipino
COMMON A	MIGUEL OCAMPO TAN Director	100	0.0003%	Filipino
COMMON A	EMMA KENG OCAMPO-TAN Director	100	0.0003%	Filipino
COMMON A	JEMIE U. TAN Director	100	0.0003%	Filipino
COMMON A	MARILOU U. PUA Director	6,100	0.0174%	Filipino
COMMON A	RUDIN A. GONZALES, JR. Director	100	0.0003%	Filipino
COMMON A	JALANE CHRISTIE U. TAN Director	18,000	0.0514%	Filipino
COMMON A	JULIE C. DELA CRUZ Director	6,000	0.0171%	Filipino
COMMON A	FELISA ESCUDERO Director	6,000	0.0171%	Filipino
COMMON A	HELEN C. DE LEON- MANZANO Corporate Secretary	-0-	-0-	Filipino
TOTAL		48,400	0.1383%	

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

Change in Control

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

Voting Trust Holders of Five Percent (5%) or More

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

ITEM 5. Directors and Executive Officers of the Registrant as of Nov. 3, 2014:

<u>Position</u>	<u>Name</u>	<u>Age</u>	<u>Citizenship</u>
<u>Members of the Board:</u>			
Director	Manuel N. Tankiansee	67	Filipino
Director	Juanita U. Tan	63	Filipino
Director	Julie C. Dela Cruz	49	Filipino
Director	Jemie U. Tan	37	Filipino
Director	Miguel Ocampo-Tan	59	Filipino
Director	Emma keng Ocampo-Tan	57	Filipino
Director	Marilou U. Pua	44	Filipino
Independent Director	Rudin A. Gonzales, Jr.	66	Filipino
Independent Director	Felisa P. Escudero	50	Filipino
Director	Jalane Christie U. Tan	34	Filipino
Director	Rosalie A. Esteibar	31	Filipino

- Mr. Rudin A. Gonzales, Jr. And Ms. Felisa P. Escudero are the duly elected independent directors.

Executive Officers:

Chairman of the Board	Manuel N. Tankiansee	67	Filipino
President	Juanita Tan	63	Filipino
Vice President & Chief Financial Officer	Rosalie A. Esteibar	31	Filipino
Corporate Secretary	Helen C. de Leon Manzano	57	Filipino

Brief Bio-data of Directors and Officers:

MANUEL N. TANKIANSEE - Chairman of the Board/Director
 Term of Office : One (1) year
 Years in Office : December 2000 to present
 Address : 22nd Floor, The Pearlbank Centre, 146 Valero Street
 Salcedo Village, Makati City
 Age : 67
 Citizenship : Filipino
 Business Experience for the last five years : Chairman of the Board: BHI Holdings, Inc.; Farnix Fertilizers Corporation; Aquarich, Inc.; Pearlbank Securities, Inc.

JUANITA U. TAN - President/Director
 Term of Office : One (1) year
 Years in Office : December 2000 to present
 Address : 22nd Floor, The Pearlbank Centre, 146 Valero Street
 Salcedo Village, Makati City
 Age : 63
 Citizenship : Filipino
 Business Experience for the last five years : President and Director of BHI Holdings, Inc., Farnix Fertilizers Corporation; Director: Pearlbank Securities Inc.

ROSALIE A. ESTEIBAR- Vice President/Director

Term of Office : One (1) year

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Years in Office : October 2012 to present
Address : 22nd Floor, The Pearlbank Centre, 146 Valero Street
Salcedo Village, Makati City
Age : 31
Citizenship : Filipino
Business Experience for the last five years : Accounts Executive of Radha Exports PTE Ltd; Accountant of Ines & Villacarlos Law Offices and Accountant of Aqua Rich, Inc.

JEMIE U. TAN - Director
Term of Office : One (1) year
Years in Office : December 2000 to present
Address : 22nd Floor, The Pearlbank Centre, 146 Valero Street
Salcedo Village, Makati City
Aged : 37
Citizenship : Filipino
Business Experience for the last five years : Director: BHI Holdings, Inc., Bulk Handlers, Inc.

MIGUEL OCAMPO-TAN - Director
Term of Office : One (1) year
Years in Office : December 2000 to present
Age : 59
Citizenship : Filipino
Business Experience for the last five years : 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 to present
Address : 22nd Floor, The Pearlbank Centre, 146 Valero Street
Salcedo Village, Makati City
Age : 60
Citizenship : Filipino
Business Experience for the last five years : Director: BHI Holdings, Inc.; Filway Development Corporation; H.B. Realty and Development Corporation. Treasurer of Micaland Development Corporation.

MARILOU U. PUA - Director
Term of Office : One (1) year
Years in Office : December 2000 to present
Address : 22nd Floor, The Pearlbank Centre, 146 Valero Street
Salcedo Village, Makati City
Age : 44
Citizenship : Filipino
Business Experience for the last five years : Director: BHI Holdings, Inc., Treasurer: Farmix Fertilizers Corporation

RUDIN A. GONZALES, JR. - Independent Director
Term of Office : One (1) year

Years in Office : August 2001 to present
Address : No. 34 Ramona Tirona Street, Phase I BF Homes, Paranaque City
Age : 66
Citizenship : Filipino
Business Experience for the last five years : Director: BHI Holdings, Inc.; CEO and Chairman of Eagle Steel Trade Resources, Inc. Vice-President: National Steel Trade Resources, Inc. Vice-President : National Steel Corporation; General Manager: Algon Exclusive Farms & Resort.

JALANE CHRISTIE U. TAN - Director
Term of Office : One (1) year
Years in Office : March 2004 to present
Address : 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City
Age : 34
Citizenship : Filipino
Business Experience for the last five years : Director: BHI Holdings, Inc.

JULIE C. DELA CRUZ : - Director
Term of Office : One (1) year
Years in Office : January 18, 2008 to present
Address : 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City
Age : 49
Citizenship : Filipino
Business Experience for the last five years : Director: Claymore Holdings, Inc.

FELISA P. ESCUDERO - Independent Director
Term of Office : One (1) year
Years in Office : December 18, 2008 to present
Address : 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City
Age : 50
Citizenship : Filipino
Business Experience for the last five years : Director: Quality Grains and Feeds Corp.

HELEN C. DE LEON-MANZANO - Corporate Secretary
Term of Office : One (1) year
Years in Office : December 2000 to present
Address : 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City
Age : 57
Citizenship : Filipino
Business Experience for the last five years : Corporate Secretary : BHI Holdings, Inc.; JC Food Corporation, Triune Triune Food Manufacturing Corp., Poro Point Industrial Corporation, JUT Holdings Inc., Topigs Philippines Inc., Superior Baggers Stevedoring Services Inc., and Magnum International Securities, Inc. and Senior Partner: Saulog and De Leon Law Offices.

The following will be nominated as directors during the stockholders' meeting:

1. Manuel Tankiansee
2. Juanita U. Tan
3. Rosalie A. Esteibar
4. Jemie U. Tan
5. Marilou U. Pua
6. Jalane Christie U. Tan
7. Julie C. Dela Cruz
8. Miguel Ocampo Tan
9. Emma Keng Ocampo Tan
10. Rudin A. Gonzales (Independent Director)
11. Felisa P. Escudero (Independent Director)

* Mr. Gonzales has possessed all the qualifications of an independent director since his initial election in 2001. Ms. Felisa P. Escudero, likewise, possesses all the qualifications of an independent director.

The following rules relative to the nomination and election of independent directors were observed, namely:

1. In the election of independent directors, the Nomination Committee shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination.
2. The nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders, together with the acceptance and conformity by the would-be nominees.
3. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under SRC Rule 38.
4. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the actual Annual Stockholders' Meeting.

In compliance with SRC Rule 38, these nomination rules and procedure were unanimously approved as part of the Corporation's Amended By-Laws by the Board during its regular meeting held on December 22, 2005 and by the stockholders during the Annual Stockholders' Meeting also on December 22, 2005. The Securities and Exchange Commission approved the amendment of the Corporation's By-Laws on February 8, 2006.

The Nomination Committee was composed of Mr. Rudin Gonzales (Independent Director) as Chairman and Mr. Manuel Palaje, Ms. Mary Jean Beira as Members. The Nomination Committee endorsed to the Board their Final List of candidates for independent directors. The nominees were the following stockholders: Mr. Rudin A. Gonzales and Ms. Felisa P. Escudero. Mr. Gonzales was nominated by Ms. Mary Jean Beira. Felisa P. Escudero was nominated by Mr. Manuel Palaje. These stockholders who made the nominations are not related to any of the nominees.

Registrant is not aware of any events that occurred during the past five (5) years that are material to an evaluation of the ability and integrity of any director, person nominated to become a director, executive officers, promoters or control person of the registrant.

Other Significant Officers/Employees of the Registrant

At present, the Company has no other significant officers or employees.

Certain Relationships and Related Transactions

There has been no material transactions during the past two (2) years, nor are there any material transactions presently proposed, to which the Corporation was or is to be a party in which any director, executive officer of the Corporation or security holder of more than five (5%) percent of the voting securities, any relative or spouse of any such director or executive officer or owner of more than five (5%) percent of the voting securities, had or is to have a direct or indirect material interest.

In addition to the above information, Director Juanita U. Tan is the wife of Chairman of the Board, Manuel N. Tankiansee. Directors Jemie U. Tan and Jalane Christie U. Tan are daughters of Directors Manuel Tankiansee and Juanita U. Tan. Director Marilou U. Pua is the niece of Juanita U. Tan. Directors Miguel Ocampo Tan and Emma Keng Ocampo Tan are husband and wife.

There are no other family relationships up to the 4th civil degree, either by consanguinity or affinity, among the Directors, executive officers or persons nominated other than those already disclosed in this report.

Involvement in Certain Legal Proceedings

During the past five (5) years up to November 3, 2014 there are no legal proceedings against the directors and executive officers of BHI Holdings, Inc. within the categories described in SRC Rule 12, Part IV, paragraph (A) (4)

- The Corporation is not aware of any bankruptcy proceedings filed by or against any business of which a director, executive officer, or control person of the Corporation is a party or of which any of their property is subject.
- The Corporation is not aware of any pending criminal proceedings, domestic or foreign, or of any conviction by final judgment in a criminal proceedings, domestic or foreign, involving any of its directors, executive officers, or control person.
- The Corporation is not aware of any other judgment or decree not subsequently reversed, superseded or vacated, by any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of a director, executive officer, or control person in any type of business, securities, commodities or banking activities.
- The Corporation is not aware of any findings by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or domestic or foreign exchange or electronic marketplace or self regulatory organization, that any of its directors, executive officers, or control persons have violated a securities or commodities law.

ITEM 6. Compensation of Director and Officers

Information as to the aggregate compensation paid or accrued during the last two (2) years and to be paid in the ensuing year to the Company's Executive Officers and Directors are presented below:

**Estimated Annual Compensation
For the Fiscal year 2014**

Executive Officers:

Name of Principal Officers	Position	Salary (P)	Bonus (P)	Other Annual Compensation
Manuel N. Tankiansee	Chairman of the Board	Not receiving	Not receiving	Not receiving
Juanita U. Tan	Chief Executive Officer/President	P67,000/mos. Beginning Jan. 1, 2014	Not receiving	Not receiving
Rosalie A. Esteibar	Chief Financial Officer/Vice-President	Not receiving	Not receiving	Not receiving
Atty. Helen C. De Leon-Manzano	Corporate Secretary	Not receiving	Not receiving	Not receiving
	TOTAL	P804,000		

Note: Per current corporate structure, there is only one (1) highly compensated officer, the CEO.

Directors:

Name	Salary(P)	Bonus (P)	Other Annual Compensation
Manuel N. Tankiansee	Not receiving	Not receiving	-
Juanita U. Tan	P67,000/mos. Beginning Jan. 1, 2014	Not receiving	-
Rosalie A. Esteibar	Not receiving	Not receiving	-
Atty. Helen C. De Leon-Manzano	Not receiving	Not receiving	-
Jemie U. Tan	Not receiving	Not receiving	-
Miguel Ocampo Tan	Not receiving	Not receiving	-
Emma Keng Ocampo Tan	Not receiving	Not receiving	-
Rudin A. Gonzales, Jr.	Not receiving	Not receiving	-
Marilou U. Pua	Not receiving	Not receiving	-
Julie C. Dela Cruz	Not receiving	Not receiving	-
Felisa P. Escudero	Not receiving	Not receiving	-
Jalane Christie U. Tan	52,000/mos. Beginning Jan. 1, 2014	Not receiving	-

Annual Compensation for the Fiscal Year 2013

Name of Principal Officers	Position	Salary (P)	Bonus (P)	Other Annual Compensation
Manuel N. Tankiansee	Chairman of the Board	Not receiving	Not receiving	Not receiving
Juanita U. Tan	Chief Executive Officer/President	P67,000/mos. Beginning Jan. 1, 2013	Not receiving	Not receiving
Rosalie A. Esteibar	Chief Financial Officer/Vice President	Not receiving	Not receiving	Not receiving
Atty. Helen C. De Leon-Manzano	Corporate Secretary	Not receiving	Not receiving	Not receiving
	TOTAL	P804,000.00		

Note: Per current corporate structure, there is only one (1) highly compensated officer, the CEO.

Directors:

Name	Salary(P)	Bonus (P)	Other Annual Compensation
Manuel N. Tankiansee	Not receiving	Not receiving	-
Juanita U. Tan	P67,000/mos. Beginning Jan. 1, 2013	Not receiving	-
Rosalie A. Esteibar	Not receiving	Not receiving	-
Atty. Helen C. De Leon-Manzano	Not receiving	Not receiving	-
Jemie U. Tan	Not receiving	Not receiving	-
Miguel Ocampo Tan	Not receiving	Not receiving	-
Emma Keng Ocampo Tan	Not receiving	Not receiving	-
Rudin A. Gonzales, Jr.	Not receiving	Not receiving	-
Marilou U. Pua	Not receiving	Not receiving	-
Julie C. Dela Cruz	Not receiving	Not receiving	-
Felisa P. escudero	Not receiving	Not receiving	-
Jalane Christie U. Tan	52,000/mos. Beginning Jan. 1, 2013	Not receiving	-

Annual Compensation for the Fiscal Year 2012

Executive Officers:

Name	Position	Salary (P)	Bonus (P)	Other Annual Compensation
Manuel N. Tankiansee	Chairman of the Board	52,000/mos. Beginning Jan. 1, 2012	Not receiving	Not receiving
Juanita U. Tan	Chief Executive Officer/President	52,000/mos. Beginning Jan. 1, 2012	Not receiving	Not receiving
Romulo A. Sigua	Chief Financial Officer/Vice President	15,000/mos. January 2012	Not receiving	Not receiving
Atty. Helen C. De Leon-Manzano	Corporate Secretary	Not receiving	Not receiving	Not receiving
	TOTAL	P1,428,000.00		

Note: Per current corporate structure, there is only three (3) most highly compensated officers, this includes already the CEO.

Directors:

Name	Salary(P)	Bonus (P)	Other Annual Compensation
Manuel N. Tankiansee	P52,000/mos. Beginning Jan. 1, 2012	Not receiving	-
Juanita U. Tan	P52,000/mos. Beginning Jan. 1, 2012	Not receiving	-
Romulo A. Sigua	P15,000/mos. January 2012	Not receiving	-
Atty. Helen D. De Leon-Manzano	Not receiving	Not receiving	-
Jemie U. Tan	Not receiving	Not receiving	-
Miguel Ocampo Tan	Not receiving	Not receiving	-
Emma Keng Ocampo Tan	Not receiving	Not receiving	-

Rudin A. Gonzales, Jr.	Not receiving	Not receiving	-
Marilou U. Pua	Not receiving	Not receiving	-
Brigido J. Dulay, Jr.	Not receiving	Not receiving	-
Nemesio Ang	Not receiving	Not receiving	-
Jalane Christie U. Tan	Not receiving	Not receiving	-

The Corporation has no standard arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein disclosed and stated. There is no bonus, profit sharing and pension/retirement plan or grant of any option, warrant or right to purchase any securities of the registrant or any other similar arrangements in favor of the directors and executive officers. There are also no outstanding warrants or options held by any of the directors and officers.

ITEM 7. Compensation Plan

No action shall be taken with respect to any plan pursuant to which cash or non-cash compensation maybe paid or distributed. Likewise, no action shall be taken with regard to any bonus, profit sharing, pension/retirement plan granting of extension of any option, warrant or right to purchase any securities.

ITEM 8. Independent Public Accountant

The Stockholders appointed Punongbayan & Araullo (P & A) as the Independent Public Accountant for the year 2013. Mr. Christopher M. Ferarezza is the engagement partner of Punongbayan & Araullo assigned to lead the audit of the Corporation's financial statement.

The audit services of P&A for the fiscal year ended December 31, 2013 included the examination of the consolidated financial statements of the Company, assistance in the preparation of the final annual income tax return and other services related to filing of reports with the Securities and Exchange Commission and the Philippine Stock Exchange.

P&A is expected to be represented in the forthcoming Annual Stockholders' Meeting with an opportunity to make statements, if they so desires, and will be available to respond to appropriate questions. The re-appointment of P&A complies with the requirement of the SEC under SRC Rules 68(3)(b)(iv) regarding the rotation of external auditors or engagement partners.

The re-appointment of Punongbayan & Araullo as Independent Public Accountant for the year 2013 will be submitted to the stockholders for their confirmation and approval. Duly authorized representatives of the firm will be present at the Annual Meeting of Stockholders to respond to appropriate questions.

The corporation's Audit Committee is composed of the following directors:

- | | |
|------------------------|-----------------------------------|
| 1. Rudin A. Gonzales | - Chairman (Independent Director) |
| 2. Juanita U. Tan | - Member |
| 3. Rosalie A. Esteibar | - Member |

OTHER MATTERS

ITEM 9. Amendments of Charter, By-Laws & Other Documents

No action relating to amendment of Charter, By-Laws and other documents will be undertaken during the meeting.

ITEM 10. Action with Respect to Reports

The following reports shall be submitted for approval at the Annual Stockholders' Meeting of the Registrant on December 19, 2014.

1. Minutes of the last Annual Stockholders' Meeting held on December 20, 2013 (copy of which is hereto attached);
2. Annual report to stockholders and audited financial statements as of and for the year ended December 31, 2013;
3. Confirmation/ratification of all acts and proceedings of the Board of Directors of the Corporation done and taken during the preceding year. The only significant items taken up by the Board were as follows:
 - Authorization for the issuance of the 2013 audited financial statements;
 - Fixing of the date of 2014 Annual Stockholders' Meeting; and
 - Appointment of the external auditors for the ensuing year.
4. Election of the Members of the Board

ITEM 11. Voting Procedures

Article VII, Section 5 of the By-Laws of the registrant provides that:

"Section 5. Vote - Voting upon all questions of all meeting of the stockholders shall be by shares of stock and not per Capita, and when electing the members of the Board of Directors, the system of cumulative voting must be adopted, as the item is used in corporate parlance."

In respect to matters to be acted upon by the stockholders, stockholders representing at least a majority of the outstanding capital stock must have voted in favor of the proposed action. Abstentions are not counted as votes cast on any matter which they relate. In the election of directors, the holders of Common Stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholders is entitled to as many votes as shall equal the number of shares held by such person at the close of business hour on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. A stockholder may withhold votes from any or all nominees by notation to that effect on the accompanying form of proxy. Except to the extent that a stockholder withholds votes from any or all nominees, the persons named in the accompanying form of proxy, in their sole discretion, will vote such proxy for, and, if necessary, exercise cumulative voting rights to secure the election of them nominees listed below as directors of the Company.

Except in cases where voting by ballot is requested, voting and counting shall be by viva voce. If by ballot, each ballot shall be signed by the stockholder voting or in his name by his proxy if there be such proxy, and shall state the number or shares voted for him. The counting shall be supervised by the Corporate Secretary, external auditors and the transfer agent.

Statement That Proxies Are Not solicited

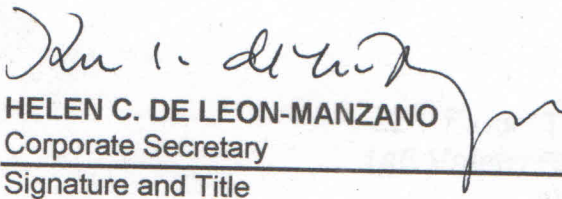
WE ARE NOT ASKING YOU FOR A PROXY AND WE ARE NOT ASKING YOU TO SEND US A PROXY

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on November 18, 2014.

BHI HOLDINGS, INC.
(Formerly Consolidated Insurance Co., Inc.)

By:


HELEN C. DE LEON-MANZANO
Corporate Secretary

Signature and Title

SEC Number 22264
File Number _____

BHI HOLDINGS, INC.
(Formerly: Consolidated Insurance
Company, Incorporated)

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

(Company's Address)

817-2083

(Telephone Number)

January 1 to December 31 of each year

(Fiscal Year Ending)
(Month and Day)

Notice of Regular Annual Stockholders Meeting

(Form Type)

Amendment Designation (If Applicable)

November 3, 2014

(Period Ended Date)

(Secondary License Type and File Number)

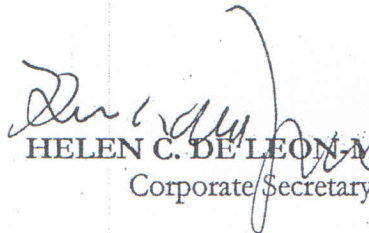
NOTICE OF REGULAR ANNUAL STOCKHOLDERS' MEETING

NOTICE IS HEREBY GIVEN that the regular annual meeting of the stockholders of BHI Holdings, Inc will be held at the 22nd Floor, The Pearlbank Centre, No. 146 Valero Street, Salcedo Village, Makati City on December 19, 2014 Friday, at 9:00 a.m.

Only the stockholders of record as of end of business day of November 19, 2014 shall be entitled to notice and to vote at the said meeting.

The agenda for the 2014 Annual Stockholders' Meeting shall be as Follows:

1. Call to Order;
2. Proof of Notice;
3. Certification by the Corporate Secretary on the sending of notices and existence of Quorum;
4. Reading and Approval of the Minutes of the Annual Stockholders' Meeting held last December 20, 2013;
5. Report of the Chairman;
6. Consideration and approval of Financial Statements for the preceding year;
7. Appointment of Punongbayan and Araullo as external auditors;
8. Election of Directors;
9. Other Matters;
10. Adjournment.


HELEN C. DE LEON-MANZANO
Corporate Secretary

**MINUTES OF THE REGULAR ANNUAL
STOCKHOLDERS MEETING OF
BHI HOLDINGS, INC.**

Held on Monday December 20, 2013, 9:00 a.m. at 22nd Floor
The Pearlbank Centre, 146 Valero Street
Salcedo Village, Makati City

CALL TO ORDER

The Chairman, MR. MANUEL TANKIANSEE called the Annual Stockholders' Meeting to order and presided over the same. The Corporate Secretary, ATTY. HELEN C. DE LEON-MANZANO, recorded the minutes thereof.

CERTIFICATION BY THE
CORPORATE SECRETARY ON THE
SENDING OF THE NOTICES
AND THE EXISTENCE OF
THE QUORUM

The Corporate Secretary certified that notices have been given to all stockholders pursuant to the requirements of the by-laws and that there were present during the meeting, in person or in proxy, stockholders representing more than two thirds (2/3) of the issued and outstanding shares, and that the meeting was therefore competent to transact the business for which it was called.

READING AND APPROVAL OF
THE MINUTES OF
THE ANNUAL REGULAR
STOCKHOLDERS' MEETING
HELD ON December 18, 2012

Upon the motion duly made and seconded, the reading of the minutes of the Annual Regular Stockholders' Meeting held on December 18, 2012 was dispensed with and the same was unanimously approved.

PRESIDENT'S REPORT ON
OPERATION AND APPROVAL OF
ANNUAL REPORT

Upon motion duly made seconded, the Chairman rendered her report on the financial statements for the year ended December 31, 2012, and the Chairman submitted the Annual Report of the Corporation for the year 2012 for stockholders' approval and the same was unanimously approved as reflected in the following resolution:

“RESOLVED, That the Annual Report of the Board of Directors of the Corporation for the calendar year ended December 31, 2012, together with financial statements of the Corporation, inclusive of the Balance Sheet, the Statement of Income and Retained Earnings and the Statement of Changes in Financial Position, as of December 31, 2012, as audited by the Corporation's independent auditors, Messrs. Punongbayan and Araullo, and their certification and the supplementary notes be as they are hereby, noted and approved.”

RATIFICATION OF ACTIONS TAKEN
BY THE BOARD OF DIRECTORS AND
OFFICERS SINCE THE LAST ANNUAL
STOCKHOLDERS' MEETING

Upon motion duly made and seconded, the stockholders unanimously approved the following resolution:

“RESOLVED, That all resolutions, contracts and other corporate acts made or taken by the Board of Directors and /or the officers of the Corporation as set forth in the minutes of the meetings of the Board of Directors from December 18, 2012 to December 20, 2013, and all proceedings performed or taken pursuant thereto, be as they are hereby approved, ratified and confirmed.”

ELECTION OF NEW DIRECTORS

Upon motion duly made and seconded, the nominations for new directors was opened. Since there were eleven (11) directors to be elected and only eleven (11) candidates have been nominated, the Secretary of the Meeting was hereby ordered to cast all votes in favor of all those nominated.

Thus the following are elected as members of the Board of Directors:

1. MR. MANUEL TANKIANSEE
2. MS. JUANITA U. TAN
3. MS. ROSALIE A. ESTEIBAR
4. MS. JEMIE U. TAN
5. MS. JALANE CHRISTIE U. TAN
6. MR. MIGUEL OCAMPO-TAN
7. MS. EMMA KENG OCAMPO-TAN
8. MS. MARILOU U. PUA
9. MR. RUDIN A. GONZALES, JR.
10. MS. JULIE C. DELA CRUZ
11. MS. FELISA P. ESCUDERO

The Chairman congratulated the newly elected directors, and informed them that an organizational meeting of the newly elected directors shall be held immediately after the meeting.

APPOINTMENT OF
PUNONGBAYAN AND
ARAULO AS EXTERNAL
AUDITORS

“RESOLVED, as it is hereby resolved, that the Corporation appoints the auditing firm PUNONGBAYAN AND ARAULLO, as external auditor of the Corporation.”

ADJOURNMENT

Thereafter, it was moved and seconded that the meeting be adjourned. As there were no other matters to be taken and, in the absence of any objections, the Chairman declared the meeting adjourned.

HELEN C. DE LEON-MANZANO
Secretary of the Meeting

ATTEST:

MANUEL TANKIANSEE
Chairman of the Meeting

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **RUDIN A. GONZALES, JR.**, Filipino, of legal age and a resident of No. 34 Ramona Tirona Street, Phase I BF Homes, Paranaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of BHI Holdings Inc.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Services
BHI Holdings. Inc	Director	August 2001 to present
Eagle Steel Trade Resources, Inc.	CEO and Chairman	September 1997 to present
National Steel Trade Resources, Inc.	Vice-President	July 1996 to July 1997
National Steel Corporation	Vice-President	July 1996 to July 1997
Algon Exclusive Farms & Resort	President	March 1993 to Present
One Algon Place Foundation	Chairman	September 2004 to present


3. I possess all the qualifications and none of the disqualifications to serve as an independent Director of BHI Holdings Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent directors under the Securities Regulation Code.
5. I shall inform the corporate secretary of BHI Holdings Inc. of any changes in the abovementioned information within five days from site occurrence.

Done, this _____ day of _____ at _____.


RUDIN A. GONZALES, JR.
 Affiant

SUBSCRIBED AND SWORN to before me this 29 day of OCT 29 2014 at CITY OF MAKATI affiant personally appeared before me and exhibited to me his/her Community Tax Certificate No. 01392661 issued at Manila City on January 02, 2014

Doc. No. 115 ;
 Page No. 24 ;
 Book No. 111 ;
 Doc. No. 2014 ;
 Series of _____ :


ATTY. GERVACIO B. ORTIZ JR.
 NOTARY Public, City of Makati
 Until December 31, 2014
 IBP No. 656155-Lifetime Member
 MCLE Compliance No. III-0014282
 Appointment No. M-199-(2013-2014)
 PTR No. 4225505 Jan. 2, 2014/Makati
 Makati City Roll No. 40091
 101 Urban Ave., Brgy. Pio del Pilar,
 Makati City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **FELISA P. ESCUDERO**, Filipino, of legal age and a resident of 22nd Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of BHI Holdings Inc.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Services
Quality Grains and Feeds Corp.	Director	October 16, 2002 to present
-	-	-
-	-	-
-	-	-
-	-	-

3. I possess all the qualifications and none of the disqualifications to serve as an independent Director of BHI Holdings Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent directors under the Securities Regulation Code.
5. I shall inform the corporate secretary of BHI Holdings Inc. of any changes in the abovementioned information within five days from site occurrence.

Done, this _____ day of _____ at _____.

Fapsandy

FELISA P. ESCUDERO
Affiant

SUBSCRIBED AND SWORN to before me this ___ day of _____ at **CITY OF MAKATI** affiant personally appeared before me and exhibited to me his/her Community Tax Certificate No. 01392662 issued at Manila City on January 02, 2014 .

ATTY. GERVACIO B. ORTIZ JR.
NOTARY Public City of Makati
Until December 31, 2014
IBP No. 656156-Lifetime Member
MCLE Compliance No. III-0014282
Appointment No. M-199-(2013-2014)
PTR No. 4225505 Jan. 2, 2014/Makati
Makati City Roll No. 40091
101 Urban Ave., Brgy. Pio del Pilar,
Makati City

Doc. No. 119 ;
Page No. 2A ;
Book No. L11 ;
Doc. No. 16 ;
Series of 2014 ;

BHI HOLDINGS, INC.

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of BHI Holdings, Inc. is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2013, 2012, and 2011, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in circumstances.

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

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


MANUEL N. TANKIANSEE

Chairman of the Board


JUANITA U. TAN

Chief Executive Officer/President


ROSALIE A. ESTEIBAR

Chief Financial Officer/Vice-President

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2014
affiant(s) exhibiting to me his/her Residence Certificate as follows:

<u>Name</u>	<u>/ Comm. Tax Certificate No. /</u>	<u>Date /</u>	<u>Place of Issue</u>
MANUEL N. TANKIANSEE	01392655	01/02/14	Manila
JUANITA U. TAN	00153821	01/17/14	Makati
ROSALIE A. ESTEIBAR	01392651	02/10/14	Manila

Notary Public

Doc. No. 407
Page No. 11
Book No. 210
Series of 2014

Kuyper
ATTY. DELFIN R. ACCACILI JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
PTR NO. 2415105 / 2014 MLA
IBP NO. 943985 / 2014 MLA
ROLL NO. 246557 / TIN NO. 144-518-096
MCLE III - 0013521
COMMISSION NO. 2013-023

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

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.

The accompanying financial statement have been prepared assuming that the Company will continue as a going concern. As an investment holdings company, the Company's target is to acquire ownerships in shares of stock of profitable corporations. However, due to the present economic conditions, the Company has not been very active in any investing activity and is only receiving interest income from loans granted to a related party and a third party. These factors, among others, raised substantial doubt about the Company's ability to continue as a going concern. The Company's management, however, continues to assess possible investment opportunities that it may undertake in the future. The financial statements do not include any adjustments on the recoverability and classifications of the assets or the amounts and classification of the liabilities arising from these uncertainties.

- a) The registrant can satisfy its cash requirements through interest income earned of its due from a related party and third 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

2013

The company has not started its operation. Due related parties accounts which is consist of deposits made in 1999 by the company for the acquisition of interest were converted to loans with an annual interest of 3% which will become due within six (6) months from the expiration date of December 9, 2000. The Company's loan agreement with Bulk Handlers was terminated on June 30, 2003. However, as of July 01, 2003 the Company entered into a new loan agreement to a third party , Takeda Holdings, Inc. with an annual interest rate of 3%.

On January 1, 2005, the Company adopted the new accounting standards particularly PAS 32 and 39, Financial Instruments: Disclosure and Presentation and Recognition and Measurement, which became effective on that date. Prior to 2005, the Company measured these receivables at the amounts provided to the debtors.

The Company's adoption of the new accounting standard result in the measurement of loans and receivables at amortized cost using the effective interest rate method. The discount rates used for due from related party and loan receivables of 5.72% and 5.50%, respectively,

were determined by reference to the market interest rates at the time of the recognition of receivables.

In 2011, before the maturity of the loan, the contracting parties both agreed to renew the loan for another two years with maturity date of August 31, 2013 with the same terms and conditions. Upon renewal of the loan, it was again remeasured resulting in a day one loss of P 6,996,811 which is presented as Finance Costs in the 2011 statement of comprehensive income.

In 2013, before the 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 renewal of the loan, it was again remeasured resulting in a day one loss of P2,303,788 which is presented as Finance Costs in the 2013 statement of comprehensive income.

On top of the P1,380,000 actual annual interest income earned in 2013, 2012 and 2011, the Company also recognized additional interest income amounting to P2,837,572, P3,432,398 and P1,739,305, respectively, representing the amortization of the discount.

The company has uncollected interest amounting to a total of P117,206 as at Decemebr 31, 2013 and nil as at December 31, 2012 and 2011.

As at December 31, 2013, the carrying amount of the loan (excluding interest receivable), is presented under Non-current assets in the statement of financial position.

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

Aqua Rich, Inc	P 100,000,000
Discount On Due From Related Party	(2,570,310)
Interest receivable	<u>254,795</u>
Total	<u><u>P 97,684,485</u></u>

REVENUES**INTEREST INCOME/OTHER INCOME**

The Company's effective interest income in excess of actual rates recognized on loan receivable and due to related party, as a result of transitioning to PFRS amounting to P4,083,838 P5,219,524 and P4,016,132 in 2013, 2012, and 2011, respectively, were considered nontaxable income. The actual interest income based on the terms of the loan agreements amounted to P3,000,000 for 2013, 2012 and 2011.

Other income from Banco de Oro & Land Bank of the Philippines savings account amounted to P1,671

OPERATING EXPENSES**2013**

Operating expenses for 2013 amounted to P5,229,995 which is P150,548 under compared to 2012. Expenses for 2013 were as follows:

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

2012

Operating expenses for 2012 amounted to P 5,380,543 which is P4,516,537 under compared to 2011. Expenses for 2012 were as follows:

Rent Expense	P	300,000
Salaries & Wages		1,968,000
Membership fees		250,000
Professional fees		223,500
Utilities		81,600
Taxes and Licenses		24,490
Directors' fee		22,000
Office supplies		34,547
Finance Cost		2,492,532
Miscellaneous		13,874
Total	P	<u>5,380,543</u>

2011

Operating expenses for 2011 amounted to P 9,897,080 which is P2,440,606 over compared to 2010. Expenses for 2011 were as follows:

Rent Expense	P	300,000
Salaries & Wages		1,968,000
Membership fees		250,000
Professional fees		205,000
Utilities		81,600
Taxes and Licenses		19,440
Directors' fee		22,000
Office supplies		34,533
Finance Cost		6,996,811
Miscellaneous		19,696
Total	P	<u>9,897,080</u>

Key Performance Indicators (KPI's)

The Company's and its majority owned subsidiaries' top five (5) key performance indicators are shown below.

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>Difference %</u>
Revenues	P7,085,509	P8,220,958	(P1,135,449)
Earnings per share	P3.59	P5.56	(P1.97)
Return on Equity	.0187	.0297	(.011)
Debt ratio	.03459	.03125	.00334
Market Valuation	2.84	2.26	.58

Revenues decrease in 2013 by P 1,135,449 due to the effect of remeasurement of loan and interest income from bank.

Earnings per share are calculated by dividing the net income over the shares outstanding.

Return on equity is computed by dividing net income over average stockholders equity.

Debt ratio measures the share of company's liabilities to total assets.

Market valuation is computed by dividing market value per share over book value per share.

Key Performance Indicators (KPI's)

The Company's and its majority owned subsidiaries' top five (5) key performance indicators are shown below.

	<u>September 30, 2014</u>	<u>September 30, 2013</u>	<u>Difference %</u>
Revenues	P1,285,393	(P326,183)	P1,611,576
Earnings per share	P1.88	(P5.0)	P6.68
Return on Equity	(.00978)	(.02668)	.0169
Debt ratio	.03950	.03394	.00556
Market Valuation	3.65	2.30	1.35

Revenues decrease in 2014 by P1,611,576 due to the effect of remeasurement of loan and interest income from bank.

Earnings per share is calculated by dividing the net income over the shares outstanding.

Return on equity is computed by dividing net income over average stockholders equity.

Debt ratio measures the share of company's liabilities to total assets.

Market valuation is computed by dividing market value per share over book value per share.

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.

Interim Periods

Cash

Increased of 70.68% from P605,727 for the year ended December 31, 2013 to P1,033,831 for the period ended September 30, 2014. This was due mainly to high level of net cash provided in operating activities.

Loans Receivable

Decrease by 3.37% from P53,614,985 to P51,810,697 due to loans receivable pertains to the loan granted to Takeda Holdings, Inc., a third party.

Accrued expenses and other payables

Amounted to P3,939,336 for the period ended September 30, 2014 compared to P3,465,846 for the year ended December 31, 2013 increased by 13.66%.

Revenues

The Company's effective interest income amounted to P1,284,782 and (P325,200) and P1,902,437 in 3rd quarter of 2014, 2013 and 2012. Of this amount (P959,054) (P2,571,002) and (P349,618) respectively, pertains to interest income in excess of actual rates recognized on loan receivable and due from related party, as a result of transitioning to PFRS. The actual interest income based on the terms of the loan agreements totaled to P2,243,836, P2,243,836 and P2,252,055 for 3rd quarter of 2014, 2013 and 2012. On September 30, 2014 the Company achieved revenue of P1,284,782 increase compare to (P325,200) in 3rd quarter 2013. This was primarily due to the interest income in excess of actual rates recognized on loan receivable and due from related party, as a result of PFRS application, was considered non taxable income.

Other Income from Banco de Oro and Land Bank of the Philippines savings account amounted to P611

Cost and Expenses

The Company's operating expenses as of the 3rd quarter of 2014 amounted to P2,226,495 or a increase of 2.45% compared to the 3rd quarter of the year 2013 and a increase of 2.13% compared to 3rd quarter of 2012 due to increased in office supplies and other operating expenses.

Financial Statements

The audited financial statements of BHI consisting of Statements of Financial Position as of December 31, 2013, 2012 and 2011 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, 2013 and 2012.

	2013	2012
Cash Flows From Operating Activities		
Income before tax	P 1,855,514	P 2,840,415
Adjustment for:		
Interest income from cash in bank	(1,671)	(1,434)
Finance costs (income)	(1,780,050)	(2,726,992)
Operating loss before working capital changes	73,793	111,989
Increase in due from a related party	(52,368,720)	
Decrease in loan receivable	52,113,924	
Increase in input value-added tax	(85,620)	(87,150)
Increase (decrease) in accrued expenses and other payables	403,353	421,910
Cash generated from (used) in operations	136,730	446,749
Interest received	1,671	1,434
Cash paid for income taxes	(60,170)	(60,541)
Net Increase (Decrease) In Cash	78,231	387,642
Cash At Beginning of Year	527,496	139,854
Cash At End of Year	P 605,727	P 527,496

As of December 31, 2013, cash increased by 14.83%, from P527,496 in 2012 to P605,727 for the period ended December 31, 2013. For the period under review, interest received increased to P1,671 from P1,434 for the year 2012. The cash paid for income taxes decreased, from P60,541 last year to P60,170 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 the income statement.

Loan Receivable. In 2003, the Company granted loan to Takeda Holdings, Inc.(THI) a third party, amounting to P54,000,000 collectible in lump-sum cash in June 2008 and bears interest of 3% per annum. The Company, measured this loan at amortized cost using the effective interest method at the prevailing interest rate applicable to similar transaction on the date of grant.

In July 2008, the parties agreed to renew the loan agreement extending the loan for another two years up to June 2010 subject to the same interest rate per annum and also collectible in lump-sum cash at maturity. A few days before the maturity of the loan in June 2010, the parties agreed to renew the loan again for another two years up to June 2012. Upon renewal of the loan, it was again remeasured resulting in a day one loss (i.e. the excess of the face value over the fair value of the loan or discount) of P4,553,654.

On July 1, 2012, the parties agreed to renew the loan for another two years, maturing on June 30, 2014 with the same terms and conditions. Such agreement was only formalized on October 12, 2012. At the date of the renewal of the loan, the Company remeasured the loan and recognized a day one loss of P2,492,532 and is shown as Finance Costs in the 2012 statement of comprehensive income. The amortization of the discount amounted to P1,246,266 in 2013, P1,787,126 in 2012, and P2,276,827 in 2011 and is presented as part of the Effect of remeasurement of loan under the Revenues section of the statements of comprehensive income.

However during the year, THI assigned the loan receivable of the Company to Aqua Rich, Inc., a related party under common ownership and interlocking directors and officers. As such, the carrying amount of the loan amounting to P53,360,190 as at December 31, 2013, was reclassified to Due from a related party account under Current assets in the 2013 statement of financial position.

The interest income representing the agreed rate of 3% per annum amounting to P1,620,000 in all the years presented is shown as Actual Interest Income under Revenues in the statement of comprehensive income. The company has uncollected interest amounting to P137,589 relating to this loan as at December 31, 2013 and nil as at December 31, 2012.

Due from a related party. This loan initially consisted of deposit made by the Company for the acquisition of equity interest in an entity that has the same stockholders as that of the Company. On December 9, 2000 upon the expiration of the conversion period of the deposits into equity, the deposits were automatically converted into an unsecured, interest-bearing loan.

The initial term of the loan is five years up to 2006 with an annual interest of 3% per annum. The loan was remeasured by reference to the market interest rate at the time of the inception of the loan.

In 2011, before the maturity of the loan, the contracting parties both agreed to renew the loan for another two years with maturity date of August 31, 2013 with the same terms and conditions. Upon renewal of the loan, it was again remeasured resulting in a day one loss of P6,996,811 which is presented as Finance Costs in the 2011 statement of comprehensive income.

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 renewal of the loan, it was again remeasured resulting in a day one loss of P2,303,788 which is presented as Finance Costs in the 2013 statement of comprehensive income.

On top of the P1,380,000 actual annual interest income received in 2013, 2012 and 2011, the Company also recognized additional interest income amounting to P2,837,572, P3,432,398 and P1,739,305, respectively, representing the amortization of the discount. The Company has uncollected interest amounting to P117,206 as at December 31, 2013 and nil as at December 31, 2012 and 2011. As at December 31, 2013 there are no discussions yet between the Company and the related party as to the renewal of the loan after maturity in August 2015. Nevertheless, management believes that the loan is fully collectible at the time of maturity; hence, no allowance for impairment is required as at December 31, 2013 and 2012.

Deferred tax assets. The Company is subject to MCIT, which is computed at 2% of gross income as defined under the tax regulations or RCIT, whichever is higher. In 2013, 2012 and 2011, the Company's MCIT amounted to P60,000 which is higher than RCIT of P22,138 in 2013, P33,597 in 2012 and P29,919 in 2011. The Company did not recognize any deferred tax asset arising from MCIT as at December 31, 2013, 2012, 2011 since management believes that the company will not have sufficient RCIT due against which MCIT can be applied. The MCIT can be claimed as deduction against regular corporate income tax within three years. The MCIT amounting to P30,846 for 2010 can no longer be used as deduction from the Company's future RCIT since it has expired in 2013. The excess MCIT of P37,862 in 2013 can be applied against the regular income tax due up to 2016. The computed MCIT of P26,403 for 2012 and P30,081 for 2011 can be applied against the RCIT due up to 2015 and 2014, respectively.

Accrued expenses and other payables. Increased to P1,978,673 from P1,575,156 in 2012 by 25.62%, the lease contract is for one year renewable upon mutual agreement of both parties.

Result of Operations

Year Ended December 31, 2013 compared to Year Ended December 31, 2012

Revenue. For the year ended December 31, 2013, the Company achieved revenue of P7,085,509 decreased by 13.81% over the P8,220,958 in 2012. This was primarily due to a lesser interest income in excess of actual rates recognized on loan receivable and due from a related party as a result of PFRS application, was considered non-taxable income.

Operating Expenses. Total expenses increased by 1.32% from P2,888,011 in 2012 to P2,926,207 this year due to increase in salaries and wages.

Financial Costs. Decrease by 7.57% from P2,492,532 in 2012 to P2,303,788 in 2013.

Tax Expenses. Increase by .078% from P60,287 for the twelve months ended December 31, 2012, to P60,334 for the period ended December 31, 2013.

Net Income. Net income of the Company were P1,795,180 for 2013 and net loss of P2,780,128 for 2012.

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, 2013 and 2012.

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, 2012 and 2011.

	2012	2011
Cash Flows From Operating Activities		
Income before tax	P 2,840,415	P (2,879,447)
Adjustment for:		
Interest expense (income)	(5,726,992)	(19,321)
Interest income from cash in bank	(1,434)	(1,501)
Operating loss before working capital changes	(2,888,011)	(2,900,269)
Increase in other asset	(87,150)	(85,012)
Increase (decrease) in accrued expenses and other payables	421,910	158,870
Cash used in operations	(2,553,251)	(2,826,411)
Interest received	3,001,434	3,001,501
Cash paid for income taxes	(60,541)	(60,300)
Net Increase (Decrease) In Cash	387,642	114,790
Cash At Beginning of Year	139,854	25,064
Cash At End of Year	P 527,496	P 139,854

As of December 31, 2012, cash increased by 277.18%, from P139,854 in 2011 to P527,496 for the period ended December 31, 2012. This was due mainly to lower level of net cash used in operating activities amounting to P2,553,251 compared to the last year's net cash used in operating activities amounting P2,826,411. For the period under review, interest received decreased to P3,001,434 from P3,001,501 for the year 2011. The cash paid for income taxes increased, from P60,300 last year to P60,541 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 the income statement.

Loan Receivable. Decreased to P52,113,924 from P52,819,330 in 2011 due to the loan receivable pertains to the loan granted to Takeda Holdings, Inc., a third party. The term of the loan agreement is for two years up to 2014 with 3% interest rate due and payable annually. Under PFRS, the loan was remeasured by reference to the market interest rate at the time of the inception of the loan.

Due from a related party. Increased from P40,103,317 to P43,535,715 in 2012. This account initially consisted of deposit made by the Company for the acquisition of equity interest in an entity that has the same stockholders as that of the Company. Upon the expiration of the conversion period of the deposits into equity, the deposits were automatically converted to loans.

Accrued expenses and other payables. Amounted to P3,047,370 in 2012 compared to P2,625,460 in 2011 increased by 16.07%, the lease contract stipulated an annual escalation rate of 10%.

Result of Operations

Year Ended December 31, 2012 compared to Year Ended December 31, 2011

Revenue. For the year ended December 31, 2012, the Company achieved revenue of P8,220,958, increased by 17.15% over the P7,017,633 in 2011. This was primarily due to the additional interest income in excess of actual rates recognized on loan receivable and due from a related party, as a result of PFRS application, was considered non-taxable income.

Operating Expenses. Total expenses decreased by .42% from P2,900,269 in 2011 to P2,888,011 this year due to decreased in salaries and employee benefits.

Financial Costs. Decrease by 64.38% from P6,996,811 in 2011 to P2,492,532 in 2012.

Tax Expenses. Decrease by .022% from P60,300 for the twelve months ended December 31, 2011, to P60,287 for the period ended December 31, 2012.

Net Income. The net income and net loss of the Company were P2,780,128 and P2,939,747 for 2012 and 2011 respectively.

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. The EPS increased by 194.56% from P5.88 negative in 2011 to P5.56 in 2012, the Company has no dilutive potential common shares, hence no disclosure of diluted earnings per share is made in the financial statements.

MATERIAL ITEMS UNDER OPERATING EXPENSES

Operating expenses for 2013 amounted to P5,229,995 which is P150,548 under compared to 2012. Expenses for 2013 were as follows:

Rent Expense	P	300,000
Salaries & Wages		1,953,000
Membership fees		250,000
Professional fees		242,133
Utilities		81,600
Taxes and Licenses		24,490

Directors' fee	22,000
Office supplies	35,266
Finance Cost	2,303,788
Miscellaneous	17,718
Total	<u>P 5,229,995</u>

Significant Employees

Not Applicable

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

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.

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 September 30, 2014.

HOLDERS

<u>Class</u>	<u>No. of Stockholders</u>
Common A	336
Common B	1

MARKET INFORMATION FOR SECURITIES OTHER THAN COMMON EQUITY

The principal market of the common equity of the issuer is the Philippine Stock Exchange. From the table below, the trading price indicate the high & low sales prices of the common equity of the registrant from 2012 to 3rd Quarter of 2014.

<u>2014</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>
	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>
HIGH	No trading	825	1390
LOW	No trading	720	700

<u>2013</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>
HIGH	630	645	550	No trading
LOW	420	600	550	No trading

<u>2012</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>
HIGH	280	630	430	430
LOW	280	420	422	430

Last transaction date was September 01, 2014 and the closing price was at P700 per share.

OTHER SECURITIES

None

TOP TWENTY STOCKHOLDERS

As of October 28, 2014

CLASS A

<u>RANK</u>	<u>STOCKHOLDER</u>	<u>NO. OF</u>	<u>PERCENTAGE</u>
		<u>SHARE</u>	
1	BULK HANDLERS, INC.	299,424	85.55%
2	PCD NOMINEE CORPORATION	10,777	3.08%
3	TAN, MIKO PAOLO	8,631	2.47%
4	TRINIDAD, MARILOU I.	5,000	1.43%
5	CALIGAGAN, JACKELYN P.	2,883	0.82%

6	RITA LEGARDA, INC.	588	0.17%
7	MALANOG, ALMA TERESA R.	400	0.11%
8	REYNO III, ALFONSO VICTORIO G.	350	0.10%
9	REYNO JR., ALFONSO R.	350	0.10%
10	REYNO, CHRISTOPHER G.	350	0.10%
11	REYNO, PATRICK G.	350	0.10%
12	REYNO, YOLANDA 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	ROBLES, ANTONIO	309	0.09%
18	SANTOS, DOMINGA	309	0.09%
19	SANTOS, LEODEGARIO	309	0.09%
20	ANDRES, ROLLAND	309	0.09%

CLASS B

<u>RANK</u>	<u>STOCKHOLDER</u>	<u>NO. OF SHARE</u>	<u>PERCENTAGE</u>
1	BULK HANDLERS, INC.	150,000	100.00%

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
- c. Dividends may be declared from the surplus net profit of the company at such time or times, and in such percentage as the Board of Directors may deem proper. No dividend shall be declared that will impair the capital of the company. Stock dividends shall be declared in accordance with law.

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**Corporate Governance**

Discussion on Compliance with Leading Practices on Corporate Governance

- a. The evaluation system to monitor compliance with the Board of Directors is still evolving consistent with the nature of the Manual as a work in progress. However, at this time, the Corporation has adopted the Institute of Corporate Directors' on-line submission format for self evaluation in determining and measuring compliance with the Manual by the Corporation, its Board, the individual directors and high-ranking officers. This self

evaluation has been disclosed and submitted by the Corporation to the ICD.

- b. The Corporation has adopted a Manual on Corporate Governance (the Manual). It is to be noted in this regard, that the Corporation is highly regulated by several government agencies. The Corporation has not materially deviated from the Manual, and no persons have been found to have breached or violated the Manual. It has not, likewise, been found or charged to have violated any rule, regulation or law of the land.
- c. The Corporation has adopted measures to ensure compliance with international best practices on good corporate governance such as its compliance with international accounting standards and continuous review of the Manual for possible improvements.
- d. Pursuant to its Corporate Governance Manual, the Board established the Audit Committee to look into the laws and company policies and procedures and review of financial statements. In line with its Corporate Governance Manual, all financial reports are checked by the Audit Committee against compliance with internal financial management and pertinent accounting standards.

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 2013 & 2012 were P90,000.00 & P90,000.00 respectively.
- (b) There is no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.
- (c) There are no tax fees.
- (d) There are no all other fees.
- (e) There are audit committee's approval of policies and procedures for the above services. The terms of engagement and scope of services of the external auditor is reviewed and approved by the Audit Committee. The Audit Committee is composed of three directors and chaired by one of the directors. They are Mr. Rudin A. Gonzales, chairman, Ms. Juanita U. Tan and Mr. Rosalie A. Esteibar, as members.

EXHIBITS AND SCHEDULES

Exhibits and Reports on SEC Form 17-C

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

<u>Date of Report</u>	<u>Item Reported</u>	<u>Matters Reported</u>
December 20, 2013	Election of Directors & Officers	The following were elected as directors: <ol style="list-style-type: none"> 1) Manuel N. Tankiansee 2) Juanita U. Tan 3) Rosalie A. Esteibar 4) Jemie U. Tan 5) Marilou U. Pua 6) Jalane Christie U. Tan 7) Julie C. Dela Cruz 8) Miguel Ocampo Tan 9) Emma Keng Ocampo-Tan 10) Rudin Gonzales * 11) Felisa P. Escudero *

*Independent Directors

Elected Officers are the following:

Chairman of the Board	- Mr. Manuel N. Tankiansee
President	- Ms. Juanita U. Tan
Vice-President & Treasurer	- Mr. Rosalie A. Esteibar
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 THE PEARLBANK CENTRE, 146 VALERO STREET, SALCEDO VILLAGE, MAKATI CITY.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:

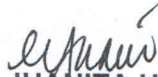
MS. ROSALIE A. ESTEIBAR

Vice President
 BHI Holdings, Inc.
 22nd Floor, The Pearlbank Centre
 146 Valero Street, 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, 2014.

By:



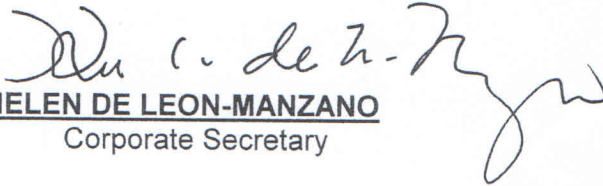
JUANITA U. TAN

Chief Executive Officer/President



ROSALIE A. ESTEIBAR

Chief Financial Officer/Vice-President



HELEN DE LEON-MANZANO

Corporate Secretary

SUBSCRIBED AND SWORN to before me this MANILA day of 17/4 APR 2014, 2014 affiant(s) exhibiting to me his/their Residence Certificate as follows:

Name	Comm. Tax Certificate No.	Date	Place of Issue
JUANITA U. TAN	00153821	01/17/14	Makati
ROSALIE A. ESTEIBAR	01392651	02/10/14	Manila
HELEN DE LEON-MANZANO	EB1537685	12/10/10	Manila

Notary Public

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Book No. 270
Series of 2014

ATTY. DILEN R. AGACILI JR.
NOTARY PUBLIC
UNTIL DECEMBER 31, 2014
PTR NO. 24/3105 / 2014 MLA
IBP NO. 5/2589 / 2014 MLA
ROLL NO. 246557 TIN NO. 144-519-036
MCLE III - 0013521
COMMISSION NO. 2013-023

Report of Independent Auditors

The Board of Directors
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 Financial Statements

We have audited the accompanying financial statements of BHI Holdings, Inc., which comprise the statements of financial position as at December 31, 2013 and 2012, 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, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BHI Holdings, Inc. as at December 31, 2013 and 2012, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

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



Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2013 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 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: **Christopher M. Ferarez**
Partner

CPA Reg. No. 0097462

TIN 184-595-975

PTR No. 4225004, January 2, 2014, Makati City

SEC Group A Accreditation

Partner - No. 1185-A (until Jan. 18, 2015)

Firm - No. 0002-FR-3 (until Jan. 18, 2015)

BIR AN 08-002511-34-2011 (until Sept. 21, 2014)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 12, 2014

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012
(Amounts in Philippine Pesos)

	Notes	2013	2012
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	2	P 605,727	P 527,496
Due from a related party	5	53,614,985	43,535,715
Other asset	15	1,897,029	1,811,409
Total Current Assets		56,117,741	45,874,620
NON-CURRENT ASSETS			
Due from a related party	5	44,069,500	=
Loan receivable	4	-	52,113,924
Total Non-current Assets		44,069,500	52,113,924
TOTAL ASSETS		P 100,187,241	P 97,988,544
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accrued expenses and other payables	6	P 1,963,550	P 1,560,197
Due to a stockholder	5	1,487,173	1,487,173
Income tax payable		15,123	14,959
Total Liabilities		3,465,846	3,062,329
EQUITY			
Capital stock	9	50,000,000	50,000,000
Additional paid-in capital		7,520,755	7,520,755
Retained earnings		39,200,640	37,405,460
Total Equity		96,721,395	94,926,215
TOTAL LIABILITIES AND EQUITY		P 100,187,241	P 97,988,544

See Notes to Financial Statements.

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012	2011
REVENUES				
Interest income from loans:				
Effect of remeasurement of loan	4, 5	P 4,083,838	P 5,219,524	P 4,016,132
Actual interest income	4, 5	3,000,000	3,000,000	3,000,000
Interest income from cash in bank		<u>1,671</u>	<u>1,434</u>	<u>1,501</u>
		<u>7,085,509</u>	<u>8,220,958</u>	<u>7,017,633</u>
OPERATING EXPENSES				
Salaries and employee benefits	5	1,953,000	1,938,000	1,968,000
Rent	11	300,000	300,000	300,000
Other operating expenses	7	<u>673,207</u>	<u>650,011</u>	<u>632,269</u>
		<u>2,926,207</u>	<u>2,888,011</u>	<u>2,900,269</u>
OPERATING PROFIT		4,159,302	5,332,947	4,117,364
FINANCE COSTS	13	<u>2,303,788</u>	<u>2,492,532</u>	<u>6,996,811</u>
PROFIT (LOSS) BEFORE TAX		1,855,514	2,840,415	(2,879,447)
TAX EXPENSE	8	<u>60,334</u>	<u>60,287</u>	<u>60,300</u>
NET PROFIT (LOSS)		1,795,180	2,780,128	(2,939,747)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>P 1,795,180</u>	<u>P 2,780,128</u>	<u>(P 2,939,747)</u>
Basic and Diluted Earnings (Loss) Per Share	10	<u>P 3.59</u>	<u>P 5.56</u>	<u>(P 5.88)</u>

See Notes to Financial Statements.

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	<u>Note</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
CAPITAL STOCK	9	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		37,405,460	34,625,332	37,565,079
Net profit (loss) during the year		<u>1,795,180</u>	<u>2,780,128</u>	(<u>2,939,747</u>)
Balance at end of year		<u>39,200,640</u>	<u>37,405,460</u>	<u>34,625,332</u>
TOTAL EQUITY		P 96,721,395	P 94,926,215	P 92,146,087

See Notes to Financial Statements.

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	<u>2013</u>	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before tax	P	1,855,514	P 2,840,415	(P 2,879,447)
Adjustments for:				
Interest expense (income)	(5)	(4,780,051)	(5,726,992)	(19,321)
Interest income from cash in bank		(1,671)	(1,434)	(1,501)
Operating profit (loss) before working capital changes		(2,926,208)	(2,888,011)	(2,900,269)
Increase in other asset		(85,620)	(87,150)	(85,012)
Increase in accrued expenses and other payables		403,353	421,910	158,870
Cash generated from (used in) operations		(2,608,475)	(2,553,251)	(2,826,411)
Interest received		2,746,876	3,001,434	3,001,501
Cash paid for income taxes		(60,170)	(60,541)	(60,300)
NET INCREASE IN CASH		78,231	387,642	114,790
CASH AT BEGINNING OF YEAR		527,496	139,854	25,064
CASH AT END OF YEAR		P 605,727	P 527,496	P 139,854

Supplemental Information on Non-cash Investing Activity

In 2013, the Company's loan agreement with Takeda Holdings, Inc., a third party, was assigned to Aqua Rich, Inc., a related party, and as such the balance of the loan was reclassified from the Loan Receivable account to the Due from a Related Party account (see Notes 4 and 5).

See Notes to Financial Statements.

BHI HOLDINGS, INC.
NOTES TO FINANCIAL STATEMENTS
(A Subsidiary of Bulk Handlers, Inc.)
DECEMBER 31, 2013, 2012 AND 2011
(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; i.e. from that of a non-life insurance company to an investment holding company.

The Company's shares of stock are listed for trading at the Philippine Stock Exchange (PSE). Bulk Handlers, Inc. (the parent company), a domestic corporation, owns 89.88% of the Company's capital stock.

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

The registered office of the Company, which is also its principal place of business, is located at 22nd Floor, The Pearl Bank Centre, 146 Valero Street, Salcedo Village, Makati City. The parent company's registered office, which is also its principal place of business, is located at 146 Valero Street, Salcedo Village, Makati City.

The financial statements of the Company for the year ended December 31, 2013 (including the comparatives for the years ended December 31, 2012 and 2011) were authorized for issue by the Company's Board of Directors (BOD) on April 12, 2014.

1.2 Status of Operations

As an investment holding company, the Company's main thrust is to acquire ownerships in profitable corporations. However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years now. Its present source of revenue is limited to the interest income generated from its loans granted to a related party (see Notes 4 and 5). As such, the Company has only three employees handling mainly administrative functions due to limited transactions of the Company as of December 31, 2013 (see Note 2.8). 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, from the pronouncements issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared using the measurement bases specified by PFRS for each type of assets, liabilities, 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 in a single statement of comprehensive income.

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2013 that are Relevant to the Company

In 2013, the Company adopted for the first time the following new PFRS, revisions and amendments thereto that are relevant to the Company and effective for financial statements for the annual period beginning on or after July 1, 2012 or January 1, 2013:

PAS 1 (Amendment)	:	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
PAS 19 (Revised)	:	Employee Benefits
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
PFRS 13	:	Fair Value Measurement
Annual Improvements	:	Annual Improvements to PFRS (2009-2011 Cycle)

Discussed below are the relevant information about these new, revised and amended standards.

- (i) PAS 1 (Amendment), *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income* (effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss; and, (b) will be reclassified subsequently to profit or loss when specific conditions are met. The amendment has no significant impact on the Company's financial statements as the Company has no other comprehensive income.
- (ii) PAS 19 (Revised 2011), *Employee Benefits* (effective from January 1, 2013). This revised standard made a number of changes to the accounting for employee benefits. The most significant changes relate to defined benefit plans as follows:
 - eliminates the corridor approach and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
 - changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit liability or asset; and,
 - enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The amendment has no significant impact on the Company's financial statements as the Company has not established a formal retirement plan yet, nor is it covered by the provisions of Republic Act (RA) No. 7641, *The Retirement Pay Law*, with respect to the recognition of post-employment benefit obligation because it has only three employees.

- (iii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's statement of financial position. The amendment has no significant impact on the Company's financial statements as it does not have financial assets and financial liabilities that are subject to offsetting, enforceable master netting agreements or similar arrangements.
- (iv) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This new standard clarifies the definition of fair value and provides guidance and enhanced disclosures about fair value measurements. The requirements under this standard do not extend the use of fair value accounting but provide guidance on how it should be applied to both financial instrument items and non-financial items for which other PFRS require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. This new standard applies prospectively from annual period beginning January 1, 2013, hence, disclosure requirements need not be presented in the comparative information in the first year of application.

Other than the additional disclosures presented in Note 13, the application of this new standard had no significant impact on the amounts recognized in the financial statements.

- (v) 2009 – 2011 Annual Improvements to PFRS. Annual Improvement to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following are relevant to the Company.
 - (a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information*. The amendment clarifies that a statement of financial position as at the beginning of the preceding period (third statement of financial position) is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the third statement of financial position. The amendment specifies that other than disclosure of certain specified information in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, related notes to the third statement of financial position are not required to be presented.

The amendment did not have a significant impact on the Company's financial statements since it did not apply an accounting policy retrospectively, or made a retrospective restatement or reclassification of items in its financial statements.

- (b) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments*. The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity instrument and to transaction costs of an equity instrument shall be accounted for in accordance with PAS 12. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity. This amendment had no effect on the Company's financial statements as it has been recognizing the effect of distributions to holders of equity instruments and transaction costs of an equity transaction in accordance with PAS 12.

(b) *Effective in 2013 that are not Relevant to the Company*

The following amendments, annual improvements and interpretation to PFRS are mandatory for accounting periods beginning on or after January 1, 2013 but are not relevant to the Company's financial statements:

PFRS 1 (Amendment)	: First-time Adoption of PFRS – Government Loans
Consolidation Standards	
PFRS 10	: Consolidated Financial Statements
PFRS 11	: Joint Arrangements
PFRS 12	: Disclosure of Interests in Other Entities
PAS 27(Revised)	: Separate Financial Statements
PAS 28 (Revised)	: Investments in Associate and Joint Venture
PFRS 10, 11 and 12 (Amendments)	: Amendments to PFRS 10, 11 and 12 – Transition Guidance to PFRS 10, 11 and 12
Annual Improvements	
PAS 16	: Property, Plant and Equipment – Classification of Servicing Equipment
PAS 34 (Amendment)	: Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities
PFRS 1 (Amendment)	: First-time Adoption of PFRS – Repeated Application of PFRS 1 and Borrowing Cost
Philippine Interpretation International Financial Reporting Interpretations Committee 20	: Stripping Costs in the Production Phase of a Surface Mine

(c) *Effective Subsequent to 2013 but not Adopted Early*

There are new PFRS, amendments and annual improvements and interpretation to existing standards that are effective for periods subsequent to 2013. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

- (i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from January 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. Management has initially determined that this amendment will have no impact on the Company's financial statements.
- (ii) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to be legally enforceable, in the normal course of business; in the event of default; and in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies the principle behind net settlement and provided characteristics of a gross settlement system that would satisfy the criterion for net settlement. The Company does not expect this amendment to have a significant impact on its financial statements.
- (iii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets* (effective from January 1, 2014). The amendment clarifies that the requirements for the disclosure of information about the recoverable amount of assets or cash-generating units is limited only to the recoverable amount of impaired assets that is based on fair value less cost of disposal. It also introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less cost of disposal is determined using a present value technique. Management will reflect in its subsequent years' financial statements the changes arising from this relief on disclosure requirements, if the impact of the amendment will be applicable.
- (iv) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (effective from January 1, 2014). The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Company neither enters into transactions involving derivative instruments nor does it apply hedge accounting, the amendment will not have an impact on the financial statements.

- (v) PFRS 9, *Financial Instruments: Classification and Measurement*. This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. The first phase of the standard was issued on November 2009 and October 2010 and contains new requirements and guidance for the classification, measurement and recognition of financial assets and financial liabilities. It requires financial assets to be classified into two measurement categories: amortized cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows that represent solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt instruments and equity instruments are measured at fair value. In addition, PFRS 9 allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

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

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the liability's credit risk is recognized in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2013, the IASB has published amendments to International Financial Reporting Standard (IFRS) 9 that contain new chapter and 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. The amendment also now requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather in profit or loss. It also includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

To date, the remaining chapter of IFRS/PFRS 9 dealing with impairment methodology is still being completed. Further, the IASB is currently discussing some limited modifications to address certain application issues regarding classification of financial assets and to provide other considerations in determining business model.

The Company does not expect to implement and adopt PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

- (vi) Annual Improvements to PFRS. Annual Improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. Among those improvements, the following amendments are relevant to the Company but management does not expect a material impact on the Company's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

- (a) PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the key management entity to its employees or directors.
- (b) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment, through a revision only in the basis of conclusion of PFRS 13, clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments, did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

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

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

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

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

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

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated 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.

All income and expenses, except those arising from operating activities, relating to financial assets that are recognized in profit or loss are presented as part of Revenues or Finance Costs in the statement of comprehensive income.

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

The financial assets 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.

2.4 Financial Liabilities

Financial liabilities of the Company, which include Accrued Expenses and Other Payables and Due to a Stockholder, are recognized when the Company becomes a party to the contractual terms of the instrument. These are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for 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.

2.5 Offsetting Financial Instruments

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

2.6 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.

2.7 Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably.

Interest income is recognized as the interest accrues taking into account the effective yield on the asset.

Expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis.

2.8 Employee Benefits

The Company has not established a formal retirement plan yet. It is not also covered by the provisions of RA No. 7641 since it employs not more than ten employees (see also Note 1.2).

2.9 Leases

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.

2.10 Income Taxes

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

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

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

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

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

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

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

2.11 Related Party Relationships and Transactions

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

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

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

2.12 Equity

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

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

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

2.13 Earnings (Loss) Per Share

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

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

2.14 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) *Accounting for Renewal of Loan Receivable and Due from a Related Party*

When the Company undergoes renewal of its existing loan agreements with related and third parties, the management opts to treat such accounting transaction as an extinguishment of the loans receivable.

The Company chose to adopt extinguishment accounting having considered its appropriateness in the borrowers' point of view and regardless of how substantial is the difference between the present value of the cash flows under the new terms against the present value of the cash flows under the existing liability.

The Company, as the lender, accounted for the renewal of the loan receivable and due from a related party during 2013 and 2012 as extinguishments of the financial assets (see Notes 4 and 5).

(b) *Distinguishing 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 properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As at December 31, 2013 and 2012, 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 2.6 and relevant disclosures of commitments and contingencies are presented in Note 11.

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 financial year:

(a) *Impairment of Loan Receivable and Due from a Related Party*

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

Based on management assessment, no impairment loss on these financial assets is required to be recognized in the financial statements in 2013 and 2012 (see Notes 4 and 5).

(b) *Determining Realizable Amount of Deferred Tax Asset*

The Company reviews its deferred tax asset, which arises only from minimum corporate income tax (MCIT), 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 asset was 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 benefit can be applied (see Note 8).

4. LOAN RECEIVABLE

The details of this account as at December 31, 2012 (nil as at December 31, 2013) are shown below.

Loan receivable	P 54,000,000
Unamortized discount on loan receivable	(<u>1,886,076</u>)
	<u>P 52,113,924</u>

In 2003, the Company granted an unsecured loan to Takeda Holdings, Inc. (THI), a third party, amounting to P54,000,000 collectible in lump-sum cash in June 2008 and bears interest of 3% per annum. The Company measured this loan at amortized cost using the effective interest method at the prevailing interest rate applicable to similar transaction on the date of grant.

In July 2008, the parties agreed to renew the loan agreement extending the loan for another two years up to June 2010 subject to the same interest rate per annum and also collectible in lump-sum cash at maturity. A few days before the maturity of the loan in June 2010, the parties agreed to renew the loan again for another two years up to June 2012. Upon renewal of the loan, it was again remeasured resulting in a day one loss (i.e., the excess of the face value over the fair value of the loan or discount) of P4,553,654.

On July 1, 2012, the parties agreed to renew the loan for another two years, maturing on June 30, 2014 with the same terms and conditions; thus, classified under Non-current Assets in the 2012 statement of financial position. Such agreement was only formalized on October 12, 2012. At the date of the renewal of the loan, the Company remeasured the loan and recognized a day one loss of P2,492,532 and is shown as Finance Costs in the 2012 statement of comprehensive income. The amortization of the discount amounted to P1,246,266 in 2013, P1,787,126 in 2012 and P2,276,827 in 2011 and is presented as part of the Effect of Remeasurement of Loan under the Revenues section of the statements of comprehensive income.

However on January 2, 2013, THI assigned its loan payable to the Company to Aqua Rich, Inc., a related party of the Company under common ownership and interlocking directors and officers. As such, the carrying amount of the loan, amounting to P52,113,924, was reclassified to the Due from a Related Party account under the Current Assets section of the 2013 statement of financial position (see Note 5).

Interest income representing the agreed rate of 3% per annum amounting to P1,620,000 in all the years presented is shown as part of Actual Interest Income under Revenues in the statements of comprehensive income.

5. RELATED PARTY TRANSACTIONS

The Company's related parties include its parent company, stockholders, other related entities through common ownership and key management personnel as described in Note 2.11. A summary of the Company's related party transactions is presented below.

	Note	Amounts of Transactions			Outstanding Balance	
		2013	2012	2011	2013	2012
Stockholder –						
Accommodation of expenses	5.3	P	P	P	P 1,487,173	P 1,487,173
Related parties under common ownership and with interlocking directors and officers:						
Original loan receivable, net of unamortized discount	5.1(a)	-	-	-	44,186,705	43,535,715
Interest on original loan – actual	5.1(a)	1,360,000	1,380,000	1,380,000	117,206	-
Assumed portion of loan receivable, net of unamortized discount	5.1(b)	52,113,924	-	-	53,497,780	-
Interest on assumed loan –actual	5.1(b)	1,620,000	-	-	137,590	-
Lease of office space	5.2	300,000	300,000	300,000	300,000	300,000
Key management personnel –						
Salaries and other benefits	5.4	1,953,000	1,938,000	1,968,000	-	-

5.1 Due from a Related Party

The movement in this account is shown below.

	<u>Note</u>	<u>2013</u>	<u>2012</u>
Balance at beginning of year		P 43,535,715	P 40,103,317
Assumption of loan from THI	4	52,113,924	-
Recognition of day 1 loss on remeasurement of loan		(2,303,788)	-
Amortization of discount		4,083,838	3,432,398
Interest receivable		<u>254,796</u>	<u>-</u>
		<u>P 97,684,485</u>	<u>P 43,535,715</u>

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

	<u>2013</u>	<u>2012</u>
Current	P 53,614,985	P 43,535,715
Non-current	<u>44,069,500</u>	<u>-</u>
	<u>P 97,684,485</u>	<u>P 43,535,715</u>

(a) Original Loan

The details of the original loan as of December 31, 2013 and 2012 follow.

	<u>2013</u>	<u>2012</u>
Face value	P 46,000,000	P 46,000,000
Unamortized discount	(1,930,501)	(2,464,285)
Interest receivable	<u>117,206</u>	<u>-</u>
	<u>P 44,186,705</u>	<u>P 43,535,715</u>

The original loan initially consisted of deposits made by the Company for the acquisition of equity interest in an entity that has the same stockholders as that of the Company. On December 9, 2000, upon the expiration of the conversion period of the deposits into equity, the deposits were automatically converted into an unsecured, interest-bearing loan.

The initial term of the loan is five years up to 2006 with an interest rate of 3% per annum. The loan was remeasured by reference to the market interest rate at the time of the inception of the loan.

In 2011, before the maturity of the loan, the contracting parties both agreed to renew the loan for another two years with maturity date of August 31, 2013 with the same terms and conditions. Upon renewal of the loan, it was again remeasured resulting in a day one loss of P6,996,811 which is presented as Finance Costs in the 2011 statement of comprehensive income.

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 renewal of the loan, it was again remeasured resulting in a day one loss of P2,303,788 which is presented as Finance Costs in the 2013 statement of comprehensive income.

On top of the P1,380,000 actual annual interest income earned in 2013, 2012 and 2011, the Company also recognized additional interest income amounting to P2,837,572, P3,432,398 and P1,739,305, respectively, representing the amortization of the discount. The Company has uncollected interest amounting to P117,206 as at December 31, 2013 and nil as at December 31, 2012 and 2011.

As of December 31, 2013, the carrying amount of the loan (excluding interest receivable), is presented under Non-current assets in the statement of financial position.

(b) Assumed Loan

On January 2, 2013, THI assigned to Aqua Rich, Inc. its loan payable of the Company under the same terms and conditions (see Note 4). Accordingly, the carrying amount of the loan as at that date was reclassified to the Due from a Related Party account under the Current Assets section of the 2013 statement of financial position.

As of December 31, 2013, the details of the loan follow.

Face value	P 54,000,000
Unamortized discount	(639,810)
Interest receivable	<u>137,590</u>
	<u>P 53,497,780</u>

Aside from the actual annual interest income earned on this loan amounting to P1,620,000, the Company also recognized additional interest income amounting to P1,246,266 representing amortization of the discount in 2013 (see Note 4). As of December 31, 2013, the carrying amount of the loan is presented under Current assets in the statement of financial position.

As at December 31, 2013, there are no discussions yet between the Company and the related party as to the renewal of the loan which matures in June 2014. The loan is payable in cash upon maturity.

Management believes that the loans are fully collectible when they mature; hence, no allowance for impairment is required as at December 31, 2013 and 2012.

5.2 Rental Expense

The Company currently leases its office premises from a related party under common ownership (see Note 11.1). Annual rent expense incurred from this transaction amount to P300,000 in each of the three years, and is presented as Rent under Operating Expenses in the statements of comprehensive income. Outstanding balance payable to the related party is shown as part of the Accrued Expenses and Other Payables account in the statements of financial position (see Note 6).

5.3 Due to a Stockholder

Certain expenses were paid by a stockholder on behalf of the Company in prior years; there were no similar transactions during the years presented. The outstanding liability to the stockholder, which is payable in cash upon demand, amounts to P1,487,173 as at December 31, 2013 and 2012.

5.4 Key Management Personnel Compensation

The compensation and benefits provided to key management personnel, which generally consist of short-term employee benefits, amounted to P1,953,000 in 2013, P1,938,000 in 2012 and P1,968,000 in 2011. These are presented as Salaries and Employee Benefits under the Operating Expenses in the statements of comprehensive income. The Company does not provide any other form of benefits to its key management personnel (see Note 2.8)

6. ACCRUED EXPENSES AND OTHER PAYABLES

This account includes the following:

	Note	2013	2012
Accrued rent	5.2	P 1,504,635	P 1,102,035
Other payables		325,245	16,900
Accrued audit fees		115,920	115,920
Accrued taxes and licenses		<u>17,650</u>	<u>325,342</u>
		<u>P 1,963,450</u>	<u>P 1,560,197</u>

7. OTHER OPERATING EXPENSES

The details of this account are as follows:

	Note	2013	2012	2011
Membership fees		P 250,000	P 250,000	P 250,000
Professional fees		242,133	223,500	205,000
Utilities		81,600	81,600	81,600
Office supplies		35,266	34,547	34,533
Taxes and licenses	15.1(f)	24,490	24,490	19,440
Directors' fee		22,000	22,000	22,000
Miscellaneous		<u>17,718</u>	<u>13,874</u>	<u>19,696</u>
		<u>P 673,207</u>	<u>P 650,011</u>	<u>P 632,269</u>

8. TAXES

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Regular corporate income tax (RCIT) at 30%	P 22,138	P 33,597	P 29,919
Excess MCIT at 2%	37,862	26,403	30,081
Final tax at 20%	<u>334</u>	<u>287</u>	<u>300</u>
	<u>P 60,334</u>	<u>P 60,287</u>	<u>P 60,300</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Tax on pretax profit (loss) at 30%	P 556,654	P 852,125	(P 863,834)
Adjustment for income subjected to lower tax rates	(167)	(143)	(150)
Tax effects of:			
Nontaxable interest income	(1,225,151)	(1,565,857)	(1,204,840)
Nondeductible finance costs	691,136	747,759	2,099,043
Unrecognized deferred tax asset on excess MCIT	<u>37,862</u>	<u>26,403</u>	<u>30,081</u>
Tax expense	<u>P 60,334</u>	<u>P 60,287</u>	<u>P 60,300</u>

The Company is subject to MCIT, which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. In 2013, 2012 and 2011, the Company's MCIT amounted to P60,000 which is higher than RCIT of P22,138 in 2013, P33,597 in 2012, and P29,919 in 2011.

As discussed in Note 3.2(b), the Company did not recognize deferred tax asset arising from MCIT as at December 31, 2013, 2012 and 2011 since management believes that the Company will not have sufficient RCIT due against which the MCIT can be applied.

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

<u>Year</u>	<u>Original Amount</u>	<u>Expired Amount</u>	<u>Remaining Balance</u>	<u>Valid Until</u>
2013	P 37,862	P -	P 37,862	2016
2012	26,403	-	26,403	2015
2011	30,081	-	30,081	2014
2010	<u>30,846</u>	<u>30,846</u>	<u>-</u>	2013
	<u>P 125,192</u>	<u>P 30,846</u>	<u>P 94,346</u>	

In 2013, 2012, and 2011 the Company opted to claim itemized deductions in computing for its income tax due.

9. CAPITAL STOCK

9.1 Capital Stock

Capital stock as at December 31, 2013, 2012 and 2011 consists of:

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

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

9.2 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 at December 31, 2013, there are 20,000 listed shares and 336 holders of the listed shares equivalent to 99.99% of the Company's total outstanding shares. Such listed shares closed at P550 per share as at December 31, 2013.

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

10. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share for the years ended December 31, 2013, 2012 and 2011 are computed as follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net profit (loss)	P 1,795,180	P 2,780,128	(P 2,939,747)
Weighted average number of outstanding common shares	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Basic and diluted earnings (loss) per share	<u>P 3.59</u>	<u>P 5.56</u>	<u>(P 5.88)</u>

The Company has no potentially dilutive common shares as at December 31, 2013, 2012 and 2011; accordingly, its basic and diluted earnings per share are equal.

11. COMMITMENTS AND CONTINGENCIES

11.1 Operating Lease Commitments – Company as Lessee

On December 31, 2009, the Company entered into lease agreement with a related party under common ownership covering certain office space for a period of one year starting January 1, 2010. Upon expiration of the lease period, the Company and the lessor shall amicably decide and agree to extend the lease under such terms and conditions as may be mutually agreed upon by the parties (see Note 5.2). The most recent lease renewal was effective January 1, 2013 to December 31, 2013; hence, as at December 31, 2013, the Company has no future minimum lease payments. Rent expense charged to profit or loss amounted to P300,000 and presented as Rent in the statements of comprehensive income.

11.2 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.

12. 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 most significant financial risks to which the Company is exposed to are described in the succeeding page.

12.1 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.

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

	<u>Notes</u>	<u>2013</u>	<u>2012</u>
Cash		P 605,727	P 527,496
Loan receivable	4	-	52,113,924
Due from a related party	5	<u>97,684,485</u>	<u>43,535,715</u>
		<u>P 98,290,212</u>	<u>P 96,177,135</u>

None of the Company's financial assets are secured by collateral or other credit enhancements.

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 RA No. 9576, *Amendment to Charter of PDIC*, are still subjected to credit risk.

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

The Company considers that all of the financial assets are not impaired as at the end of the reporting periods under review and are of good credit quality. Also, there are no unimpaired financial assets that are past due as at December 31, 2013 and 2012.

12.2 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 at December 31, 2013 and 2012, the Company's financial liabilities amounting to P3,433,070 and P3,030,470, respectively, have a maximum contractual maturities of 12 months. The fair value of financial liabilities is not individually determined as the carrying amount is a reasonable approximation of fair value.

13. FAIR VALUE MEASUREMENT AND DISCLOSURES

13.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and 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:

- a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- b) 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,
- c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

The Company does not have financial assets or financial liabilities that are carried at fair value or that are not carried at fair value but are required to be disclosed. Management determined that the carrying amounts of its financial assets and liabilities are equal to or approximate their fair values as at December 31, 2013 and 2012. Accordingly, it no longer presented a comparison of their carrying amounts and fair values, as well as an analysis of the hierarchy of their fair values. Nevertheless, the fair values of the Company's Due from a Related Party amounting to P97,684,485 and P43,535,715 as at December 31, 2013 and 2012, respectively, and Loan Receivable amounting to P52,113,924 as at December 31, 2012 (nil as at December 31, 2013) measured at amortized cost is determined based on the expected cash flows of the underlying net asset and is categorized in the fair value hierarchy as Level 3.

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 under review is summarized below.

	<u>2013</u>	<u>2012</u>
Total liabilities	P 3,465,846	P 3,062,329
Total equity	<u>96,721,395</u>	<u>94,926,215</u>
Debt-to-equity ratio	<u>0.04 : 1.00</u>	<u>0.03 : 1.00</u>

15. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

15.1 Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 issued on November 25, 2010 are as follows:

(a) Output Value-added Tax (VAT)

The Company does not have output VAT in 2013 since it does not have any transactions which are subject to output VAT during the year.

(b) Input VAT

The movements in input VAT in 2013 are summarized below.

Balance at beginning of year	P	1,811,409
Services lodged under other accounts		<u>85,620</u>
Balance at end of year	<u>P</u>	<u>1,897,029</u>

The balance of input VAT is presented as Other Asset in the statements of financial position.

(c) Taxes on Importation

The Company did not have any importations during the year.

(d) Excise Tax

The Company does not have excise tax in 2013 since it did not have any transactions which are subject to excise tax during the year.

(e) Documentary Stamp Tax

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

(f) Taxes and Licenses

The details of taxes and licenses are shown below (see Note 7).

Municipal license and permits	P	18,940
SEC filing fees		5,050
Annual VAT registration		<u>500</u>
	<u>P</u>	<u>24,490</u>

(g) *Withholding Taxes*

The details of total withholding taxes paid and accrued for the year ended December 31, 2013 are shown below.

Compensation and benefits	P	195,300
Expanded		<u>27,000</u>
	P	<u>222,300</u>

The Company has no income payments subject to final withholding tax in 2013.

(h) *Deficiency Tax Assessment and Tax Cases*

As at December 31, 2013, the Company does not have any final deficiency tax assessments with the BIR nor tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

15.2 Requirements under RR 19-2011

RR 19-2011 requires schedules of taxable revenues and other non-operating income, deductible cost of services, itemized deductions and other significant tax information to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2013 statement of comprehensive income.

(a) *Taxable Revenues*

The Company's taxable revenues subject to regular tax rate for the year ended December 31, 2013 pertains to actual interest income from loans amounting to P3,000,000.

(b) *Deductible Cost of Services*

The Company does not have any deductible cost of services for the year ended December 31, 2013.

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

The Company does not have any taxable non-operating and other income for the year ended December 31, 2013.

(d) *Itemized Deductions*

The amounts of itemized deductions for the year ended December 31, 2013 are as follows:

Salaries and allowances	P	1,953,000
Rent		300,000
Membership fee		250,000
Professional fees		242,133
Communication, light and water		81,600
Office supplies		35,266
Taxes and licenses		24,490
Directors' fee		22,000
Miscellaneous		<u>17,718</u>
	P	<u>2,926,207</u>



Punongbayan & Araullo

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

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The Board of Directors and Stockholders
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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, 2013, on which we have rendered our report dated April 12, 2014. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Christopher M. Ferareza**
Partner

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PTR No. 4222743, January 2, 2014, Makati City

SEC Group A Accreditation

Partner - No. 1185-A (until Jan. 18, 2015)

Firm - No. 0002-FR-3 (until Jan. 18, 2015)

BIR AN 08-002511-34-2011 (until Sept. 21, 2014)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

April 12, 2014

Certified Public Accountants

P&A is a member firm within Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002

SEC Group A Accreditation No. 0002-FR-3

BHI HOLDINGS, INC.
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2013

Statement of Management's Responsibility for Financial Statements

Report of Independent Auditors on Supplementary Schedules Filed Separately
from the Basic Financial Statements

- (1) Supplementary Schedules to Financial Statements
(Annex 68-E, SRC Rule 68)

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

- (2) Reconciliation of Deficit

- (3) List of Standards and Interpretations under Philippine Financial Reporting Standards
as of December 31, 2013

BHI HOLDINGS, INC.
 SCHEDULE A - FINANCIAL ASSETS
 DECEMBER 31, 2013
 (Amounts in Philippine Pesos)

Name of issuing entity and association of each issue (1)	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Valued based on the market quotation at end of reporting period	Income received and accrued
--	--	-----------------------------------	---	-----------------------------

-nothing to report-

BHI HOLDINGS, INC.
 SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
 DECEMBER 31, 2013
 (Amounts in Philippine Pesos)

Name and designation of debtor	Balance at beginning of period	Additions	Deductions		Ending Balance		Balance at end of period
			Amounts collected	Amounts written off	Current	Non-current	
<i>Amounts Due from Related Parties:</i>	P 43,535,715	P 54,148,770	-	P -	P 53,614,985	P 44,069,500	P 97,684,485
<i>Total</i>	P 43,535,715	P 54,148,770	-	P -	P 53,614,985	P 44,069,500	P 97,684,485

BHI HOLDINGS, INC.
SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2013
(Amounts in Philippine Pesos)

<i>Name and designation of debtor</i>		<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at end of period</i>
			<i>Amounts collected</i>	<i>Amounts written off</i>	<i>Current</i>	<i>Not current</i>	

-nothing to report-

BHI HOLDINGS, INC.
SCHEDULE D - INTANGIBLE ASSETS - OTHER ASSETS
DECEMBER 31, 2013
(Amounts in Philippine Pesos)

<i>Description</i>	<i>Beginning balance</i>	<i>Additions at cost</i>	<i>Charged to cost and expenses</i>	<i>Charged to other accounts</i>	<i>Other changes additions (deductions)</i>	<i>Ending balance</i>
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-nothing to report-

BHI HOLDINGS, INC.
SCHEDULE E - LONG-TERM DEBT
DECEMBER 31, 2013
(Amounts in Philippine Pesos)

<i>Title of issue and type of obligation</i>	<i>Amount authorized by indenture</i>	<i>Amount shown under caption "Current portion of long-term debt" in related balance sheet</i>	<i>Amount shown under caption "Long-Term Debt" in related balance sheet</i>
--	---------------------------------------	--	---

- nothing to report -

BHI HOLDINGS, INC.
SCHEDULE F - INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2013
(Amounts in Philippine Pesos)

<i>Name of related party</i>	<i>Balance at beginning of period</i>	<i>Balance at end of period</i>
<i>Due to Juanita U. Tan</i>	P 1,487,173	P 1,487,173
Total	P 1,487,173	P 1,487,173

BHI HOLDINGS, INC.
SCHEDULE G - GUARANTEE OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2013
(Amounts in Philippine Pesos)

<i>Name of issuing entity of securities guaranteed by the company for which this statement is filed</i>	<i>Title of issue of each class of securities guaranteed</i>	<i>Total amount of guaranteed and outstanding</i>	<i>Amount owned by person for which statement is filed</i>	<i>Nature of guarantee</i>
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- nothing to report -

BHI HOLDINGS, INC.
SCHEDULE H - CAPITAL STOCK
DECEMBER 31, 2013

<i>Title of Issue</i>	<i>Number of Shares Authorized</i>	<i>Number of Shares Issued and Outstanding under Related Balance Sheet Caption</i>	<i>Number of Shares Reserved for Options, Warrants, Conversions and Other Rights</i>	<i>Number of Shares Held By</i>		
				<i>Related Parties (Parent, Affiliates)</i>	<i>Directors, Officers and Employees</i>	<i>Others</i>
<i>Common Shares</i>						
<i>Class A</i>	700,000	350,000	-	299,424	485	50,091
<i>Class B</i>	300,000	150,000	-	150,000	-	-
Total	1,000,000	500,000	-	449,424	485	50,091

BHI HOLDINGS, INC.
(A Subsidiary of Bulk Handlers, Inc.)
22nd Floor, The Pearl Bank Centre, 146 Valero Street, Salcedo Village, Makati City

**Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2013**

Unappropriated Retained Earnings at Beginning of Year	P 37,405,460
Prior Years' Outstanding Reconciling Items	<u> -</u>
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted	<u>37,405,460</u>
Net Profit Realized during the Year	
Net profit per audited financial statements	1,795,180
Non-actual/unrealized income	
PFRS adjustment - interest income on accretion of loans receivables	(<u>4,083,838</u>)
	(<u>2,288,658</u>)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	<u>P 35,116,802</u>

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, 2013**

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			✓	
<i>Philippine Financial Reporting Standards (PFRS)</i>				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment 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	✓		
	Amendment to PFRS 1: Government Loans	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee 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	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* (deferred application)			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments* (deferred application)			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures* (deferred application)			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendment to PFRS 10: Transition Guidance			✓
	Amendment to PFRS 10: Investment Entities* (effective January 1, 2014)			✓
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Transition Guidance			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendment to PFRS 12: Transition Guidance			✓
	Amendment to PFRS 12: Investment Entities* (effective January 1, 2014)			✓
PFRS 13	Fair Value Measurement	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
<i>Philippine Accounting Standards (PAS)</i>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits, (Revised)	✓		
	Amendment to PAS 19: Defined Benefit Plans – Employee Contributions* (effective January 1, 2014)	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendment to PAS 27: Investment Entities* (effective January 1, 2014)			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
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	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities* (effective January 1, 2014)			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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* (effective January 1, 2014)			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	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 Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting* (effective January 1, 2014)			
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
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**	✓		
IFRIC 10	Interim Financial Reporting and Impairment	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
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 18	Transfers of Assets from Customers**			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Taxes* (effective January 1, 2014)			✓

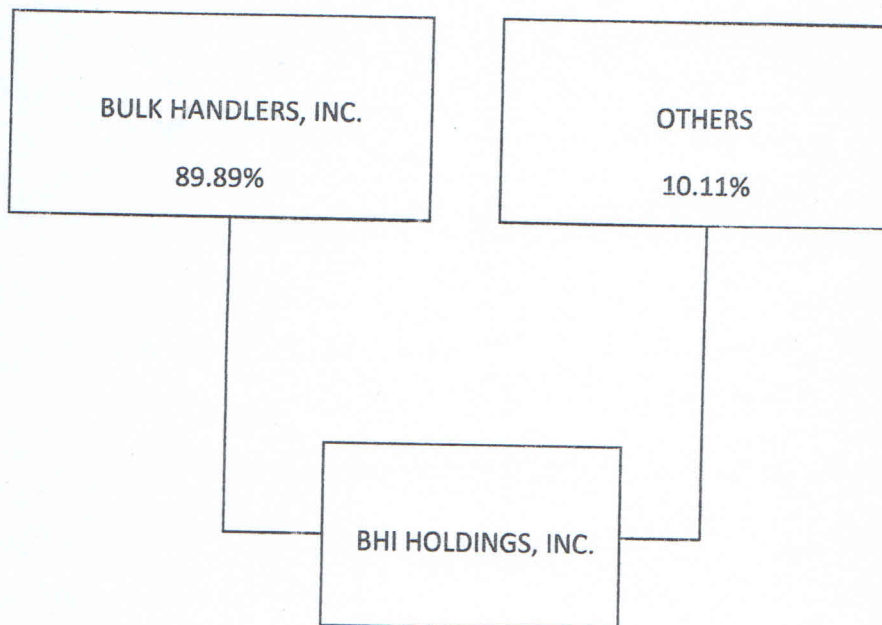
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
<i>Philippine Interpretations - Standing Interpretations Committee (SIC)</i>				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC 12: Scope of SIC 12			✓
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 2013 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.

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP,
ITS ULTIMATE PARENT COMPANY AND SUBSIDIARY



BHI Holdings, Inc.
Schedule of Financial Indicators for December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Liquidity Ratio ¹	1619.2%	1498.0%
Debt to Equity Ratio ²	3.6%	3.2%
Asset to Equity Ratio ³	103.6%	103.2%
Return on Assets ⁴	1.8%	3.6%
Return on Equity ⁵	1.9%	3.0%
Cost to Income Ratio ⁶	41.3%	35.1%
Earnings per Share ⁷	PHP 3.59	PHP 5.56

^{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*

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATION CODE SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **SEPTEMBER 30, 2014**
2. Commission Identification Number **22264** 3. BIR Tax Identification No. **000-446-527**
4. Exact name of registrant as specified in its charter

BHI HOLDINGS, INC.

5. **PHILIPPINES**

Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7. **22nd Floor, The Pearlbank Centre, 146 Valero Street
Salcedo Village, Makati City**

1227

Address of Principal Office

Postal Code

8. **(2) 840-29-61**
Registrant'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 Code, or Section 4 and 8 of the RSA.

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Class A	350,000 Shares
Common Class B	150,000 Shares

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

Yes [/] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

Common Stock Class A and Class B

12. Indicate by check mark whether the registrant.

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

Yes [x] No []

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

Yes [x] No []

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attachments consisting the following:

Annex A - Statements of Financial Position

Annex B - Statements of Comprehensive Income and Retained Earnings

Annex C - Statements of Cash Flows as of September 30, 2014

Annex D - Statements of Changes in Equity

The interim financial statements have been prepared in accordance with the accounting principles generally accepted in the Philippines.

- a) The same accounting policies and methods of computation are followed in the interim financial statements as compared with 2013 financial statements.
- b) There is no actual operation. The source of other income is only from the interest income earned from a related company and a third party.
- c) We are not aware of any unusual items that affect assets, liabilities, equity, net income and cash flows because of their nature, size or incident. Should we be aware of such items, we will include a disclosure in next quarter's report discussing such items.
- d) There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.
NOT APPLICABLE
- e) There were no issuance, repurchases, repayments of debt and equity securities
NOT APPLICABLE
- f) There were no dividends paid separately for ordinary shares and other shares.
NOT APPLICABLE
- g) Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting.
NOT APPLICABLE
- h) There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
NOT APPLICABLE
- i) There were no changes in the composition of the issuer during the interim period, including the business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations.
NOT APPLICABLE
- j) There were no changes in contingent liabilities or contingent assets since the last annual balance sheet date.
NOT APPLICABLE
- k) There were no material contingencies and any other events or transactions that are material to an understanding of the current interim period.
NOT APPLICABLE

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

- a. 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.
- b. There are no material commitments for capital expenditures. Should we become aware of such commitments, we will include a disclosure discussing such commitments in subsequent quarterly reports.
- c. The Company is still in the process of finalizing its business plans and has not made an active investment. Hence, there are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/ income from continuing operations.
- d. The Company's effective interest income in excess of actual rates recognized on loan receivable and due to related party, as result of transitioning to Philippine Financial Reporting Standards (PFRS).
- e. The causes for material changes of loans and receivable due to adoption of new accounting standards particularly PAS 32 and 39, Financial Instruments: Disclosure and Presentation and Recognition and Measurement, which became effective on January 1, 2005.
- f. We are not aware of any seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Should we become aware of such aspects, we will include a disclosure discussing such aspects in Item 2 of subsequent quarterly reports.
- g. There are no material changes in General & Administrative expenses. Should we become aware of such transaction, we will include a disclosure discussing such transaction in subsequent quarterly reports.

The Income Statement of BHI Holdings, Inc. as of September 30, 2014 showed a net loss of P941,102 using the effective interest rate on loans granted as required by PFRS. However, based on the terms of loan agreements, it would show a net income of P17,952

REVENUES

- The Company effective interest income amounted to P1,285,393 as of 3rd quarter of 2014. Of this amount (P959,054) pertains to interest income in excess of actual rates recognized on loan receivable and due from related party, as a result of transitioning to PFRS. The actual interest income based on the terms of the loan agreements totaled to P2,243,836 and P2,243,836 both for 3rd quarter of 2014 and 2013.
- Other Income from Banco de Oro & Land Bank of the Philippines savings account amounted to P611

COST AND EXPENSES

- The Company's operating expenses as of the 3rd quarter of 2014 amounted to P2,226,495 or a increase of 2.45% compared to the 3rd quarter of the year 2013. Material expenses came from office supplies, rental, salaries and wages, light and water, legal & audit fees and from membership fee.

OPERATIONAL ASPECT

- 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 succeeding periods. 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. Related effects will be reported in the financial statements as they became known and estimated.

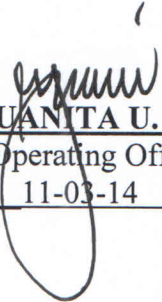
PART II - OTHER INFORMATION


Effective February 16, 2002, our stock transfer agent shall be the Rizal Commercial Banking Corporation Stock Transfer Agency.

SIGNATURES

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

Registrant : **BHI HOLDINGS, INC.**


JUANITA U. TAN
Principal Operating Officer/President
Date : 11-03-14


ROSALIE A. ESTEIBAR
Principal Financial Officer
Date: 11-03-14

PART III - FINANCIAL INFORMATION

- 1) The Company is still in the process of finalizing its business plan of operation.
 - a) The registrant can satisfy its cash requirements through interest income earned of its due from a related party and third party. There is no need to raise additional funds in the next nine (9) 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) b) For the year 2013 - The registrant satisfy its cash requirement through interest income earned of its due from related parties. There is no need to raised additional funds in the next twelve (12) months.

For the year 2014 - The registrant satisfy its cash requirement through interest income earned of its due from related party and other party. There is no need to raised additional funds in the next three (3) months.

For the year 2013 - The company has no product research and development because it has not finalized its operation plan.

For the year 2014 - The company has no product research and development because it has not finalized its operation plan.

For the year 2013 - The company has no expected purchase or sale of plant and equipment.

For the year 2014 - The company has no expected purchase or sale of plant and equipment.

For the year 2013 - The company has no expected significant changes in the number of employees.

For the year 2014 - The company has no expected significant changes in the number of employees.

Key Performance Indicators (KPI's)

The Company's and its majority owned subsidiaries' top five (5) key performance indicators are shown below.

	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>Difference %</u>
Revenues	P7,085,509	P8,220,958	(P1,135,449)
Earnings per share	3.59	P5.56	(P1.97)
Return on Equity	.0187	.0297	(.011)
Debt ratio	.03459	.03125	.00334
Market Valuation	2.84	2.30	.58

Revenues decrease in 2013 by P 1,135,449 due to the effect of remeasurement of loan and interest income from bank.

Earnings per share is calculated by dividing the net income over the shares outstanding.

Return on equity is computed by dividing net income over average stockholders equity.

Debt ratio measures the share of company's liabilities to total assets.

Market valuation is computed by dividing market value per share over book value per share.

Key Performance Indicators (KPI's)

The Company's and its majority owned subsidiaries' top five (5) key performance indicators are shown below.

	<u>September 30, 2014</u>	<u>September 30, 2013</u>	<u>Difference %</u>
Revenues	P1,285,393	(P326,183)	P1,611,576
Earnings per share	P1.88	(P5.0)	P6.88
Return on Equity	(.00978)	(.02668)	.0169
Debt ratio	.03950	.03394	.00556
Market Valuation	3.65	2.30	1.35

Revenues decrease in 2014 by P1,611,576 due to the effect of remeasurement of loan and interest income from bank.

Earnings per share is calculated by dividing the net income over the shares outstanding.

Return on equity is computed by dividing net income over average stockholders equity.

Debt ratio measures the share of company's liabilities to total assets.

Market valuation is computed by dividing market value per share over book value per share.

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 September 30, 2014.

HOLDERS

<u>Class</u>	<u>No. of Stockholders</u>
Common A	336
Common B	1

MARKET INFORMATION FOR SECURITIES OTHER THAN COMMON EQUITY

The principal market of the common equity of the issuer is the Philippine Stock Exchange. From the table below, the trading price indicate the high & low sales prices of the common equity of the registrant from 2012 to 3rd Quarter of 2014.

<u>2014</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	
	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>	
HIGH	No trading	825	1390	
LOW	No trading	720	700	
<u>2013</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>
HIGH	630	645	550	No trading
LOW	420	600	550	No trading
<u>2012</u>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>	<u>Date Price</u>
HIGH	280	630	430	430
LOW	280	420	422	430

Last transaction date was September 01, 2014 and the closing price was at P700 per share.

OTHER SECURITIES

None

BHI HOLDINGS, INC.
(formerly Consolidated Insurance Company, Inc.)
EXPLANATORY PAGE IN LIEU OF THE
SCHEDULE OF AGING OF ACCOUNTS RECEIVABLE
QUARTERLY REPORT ENDING SEPTEMBER 30, 2014

The Company opted to attach this explanatory page in the absence of accounts classified under Trade Receivable and the inapplicability of its Non-Trade Receivable.

The Company's adoption of the new accounting standard result in the measurement of loans and receivables at amortized cost using the effective interest rate method. The discount rates used for due from related party and loan receivables of 5.72% and 5.50%, respectively, were determined by reference to the market interest rates at the time of the recognition of receivables.

As of September 30, 2014, the amortized cost of loan receivable and due from related parties are as follows:

DUE FROM RELATED PARTY

This consists of deposits made in 1999 by the Company for the acquisition of interest in the following company:

Aqua Rich, Inc	P	46,000,000
Discount on Due From Related Party		<u>1,085,266</u>
	P	<u>44,914,734</u>
Aqua Rich, Inc.	P	54,000,000
Discount on Due From Related Party		<u>2,189,303</u>
	P	<u>51,810,697</u>
Total	P	<u>96,725,431</u>

The Company converted these deposits to loans with an annual interest rate of 3%, as provided in the respective memoranda of agreement.

A) **MANAGEMENT ASSESSMENT OF THE FINANCIAL RISK EXPOSURES OF THE COMPANY:**

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the parent company, in close cooperation with the BDO, 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 financial risks to which the Company is exposed to are describe below:

1. Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. At September 30, 2014, exposures to changes in market interest rates refer to Company's cash in bank, which are subject to variable interest rates. The balance of cash in bank, however is not material.

2. Credit Risk

Generally, the maximum credit risk exposure of the financial assets is the carrying amount of the financial assets. To mitigate the risk, the Company's policy is to deal only with creditworthy counterparties. The Company has granted an unsecured loan to a third party amounting to P54,000,000 which has a net carrying value of P51,810,697 as of September 30, 2014. As such, the carrying value represents the Company's maximum credit risk exposure. Accordingly, credit risk, as assessed by management, is low. As to cash, the Company's bank accounts are maintained in highly reputable bank.

3. 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. Funding for expenditures are advanced by a stockholder of the Company.

As of September 30, 2014 and 2014, the Company's current financial liabilities amounting to P3,939,336 and P3,247,773 respectively.

B) MANAGEMENT DISCUSSIONS REGARDING ITS FINANCIAL INSTRUMENTS:

Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held to maturity investments and available for sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investment were acquired.

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

Currently, all of the Company's financial assets are recognized 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 the current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non current assets.

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

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivable. The amount of impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated 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 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 risk and rewards of ownership have been transferred to another property.

Financial Liabilities

Financial liabilities of the Company, which include Accrued Expenses and Other Payables and Due to a Stockholder, are recognized when the Company becomes a party to the contractual terms of the instrument. These are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for 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.

MANAGEMENT'S DISCUSSION AND STATUS OF OPERATIONS

The company presently derives revenue mainly from interest on loan and advances to a related party, which is considered its main business segment. Accordingly, no business segment information is presented in its financial statements.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the accounting policies.

The company as an investment holding company, the Company's target is to acquire ownerships in shares of profitable corporations. However, due to the present economic condition, the Company has not been very active in any investing activity and is only receiving interest income from loans granted to a related party and a third party. These factors, among others, raised substantial doubt about the Company's ability to continue as a going concern. The Company's management, however, continues to assess possible investment opportunities that it may undertake in the future. The financial statements do not include any adjustments on the recoverability and classifications of the assets or the amounts and classification of the liabilities arising from these uncertainties.

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.

Accounts that changed compared to quarter ending September 30, 2013 financial statement are as follows:

As of September 30, 2014, cash increased from P723,388 in 2013 to P1,033,831 for the period ended September 30, 2014. This was due mainly to high level of net cash provided in operating activities amounting to P428,104 in 2014. For the period under review, interest received are P2,243,836 and P2,243,836 for the 3rd quarter 2014 and 2013.

Loan Receivable. Decreased by 3.69%, from P53,800,416 to P51,810,697 due to loan receivable pertains to the loan granted to Takeda Holdings, Inc., a third party. The term of the loan agreement is for two years up to June 2016, with 3% interest rate due and payable annually. Under PFRS, the loan is remeasured by reference to the market interest rate at the time of the inception of the loan.

Due from a related party. This account initially consisted of deposit made by the Company for the acquisition of equity interest in an entity that has common stockholders as the Company. Upon the expiration of the conversion period of the deposit into equity, the deposits were automatically converted into an unsecured loan.

Accrued expenses and other payables. Amounted to P3,939,336 period ended September 30, 2014 compared to P3,247,773 in 2013 increased by 21.29%, the lease contract is from January 1, 2014 to December 31, 2014.

Result of Operations

Revenue. On September 30, 2014, the Company achieved revenue of P1,285,393 increased compare to (P326,183) in 3rd quarter 2013. This was primarily due to the interest income in excess of actual rates recognized on loan receivable and due from a related party, as a result of PFRS application, was considered non-taxable income.

Operating Expenses. Total expenses decreased from P2,173,339 in 3rd quarter 2013 to P2,226,495 this quarter due to increased in salaries and wages and other operating expenses.

BHI HOLDINGS, INC.

(formerly Consolidated Insurance Corporation, Incorporated)

COMPARATIVE STATEMENTS OF FINANCIAL POSITION

ANNEX 'A'

	30-Sep 2014	Audited 31-Dec 2013	INCREASE / (DECREASE)	
			PESOS	PERCENT
ASSETS				
CURRENT ASSETS:				
CASH	1,033,831	605,727	428,104	70.68%
INPUT VAT -ADDED TAXES	1,960,367	1,897,029	63,338	3.34%
DUE FROM A RELATED PARTY	44,914,734	44,069,500	845,234	1.92%
LOANS RECEIVABLE	54,303,228	53,614,985	688,243	1.28%
TOTAL ASSETS	102,212,161	100,187,241	2,024,920	2.02%
LIABILITIES & STOCKHOLDER'S EQUITY				
LIABILITIES:				
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	2,437,040	1,963,550	473,490	24.11%
DUE TO A RELATED PARTY	1,487,173	1,487,173	-	0.00%
INCOME TAX PAYABLE	15,123	15,123	-	0.00%
TOTAL LIABILITIES	3,939,336	3,465,846	473,490	13.66%
STOCKHOLDER'S EQUITY :				
AUTHORIZED CAPITAL STOCK				
CLASS A OF 700,000 SHARES @ P100.00 PAR				
ISSUED & OUTSTANDING - 350,000 SHARES	35,000,000	35,000,000	-	0.00%
CLASS A OF 300,000 SHARES @ P100.00 PAR				
ISSUED & OUTSTANDING - 150,000 SHARES	15,000,000	15,000,000	-	0.00%
CONTRIBUTED SURPLUS	7,520,755	7,520,755	-	0.00%
RETAINED EARNINGS	40,752,070	39,200,640	1,551,430	3.96%
TOTAL STOCKHOLDER'S EQUITY	98,272,825	96,721,395	1,551,430	1.60%
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	102,212,161	100,187,241	2,024,919	2.02%

BHI HOLDINGS, INC.

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STATEMENTS OF COMPREHENSIVE INCOME AND RETAINED EARNINGS FOR NINE MONTHS ENDING SEPTEMBER 30, 2014

ANNEX 'B'

	Nine-Months Period Ending		Three-Months Period Ending	
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
OTHER INCOME				
EFFECTIVE INTEREST INCOME IN EXCESS OF ACTUAL RATE	1,533,477	(2,571,002)	588,532	(5,515,373)
INTEREST-FUNDS HELD BY LOANS	2,243,836	2,243,836	756,164	756,164
BANK DEPOSITS	611	983	190	357
TIME DEPOSITS/SSD/COMMERCIAL PAPERS	-	-	-	-
GOVERNMENT SECURITIES	-	-	-	-
OTHER SOURCES/TAX CREDITS/EARNED DISCOUNTS	-	-	-	-
DIVIDEND INCOME	-	-	-	-
GAIN/(LOSS) ON FOREIGN EXCHANGE	-	-	-	-
MISCELLANEOUS	-	-	-	-
	3,777,924	(326,183)	1,344,886	(4,758,852)
INTEREST INCOME	3,777,924	(326,183)	1,344,886	(4,758,852)
GENERAL AND ADMINISTRATIVE EXPENSES	2,226,495	2,173,339	650,753	638,349
INCOME/(LOSS) BEFORE INCOME TAX	1,551,429	(2,499,522)	694,133	(5,397,201)
PROVISION FOR INCOME TAX	-	-	-	-
NET INCOME/(LOSS)	1,551,429	(2,499,522)	694,133	(5,397,201)
RETAINED EARNINGS AT BEGINNING OF YEAR	39,200,640	37,406,827	39,200,640	37,406,827
AS PREVIOUS REPORTED EFFECT OF TRANSITION TO PFRS				
AS RESTATED	39,200,640	37,406,827	39,200,640	37,406,827
RETAINED EARNINGS AT END OF THE YEAR	40,752,070	34,907,305	39,894,773	32,009,626
TOTAL NUMBER OF SHARES OUTSTANDING	500,000	500,000	500,000	500,000
EARNINGS PER SHARE	3.10	(5.00)	1.39	(10.79)

Note: 1) No dividends was declared applicable to common stock.

2) Earnings Per Share was computed by dividing net income/(loss) by the weighted average number of common shares subscribed and issued during the year outstanding.

BHI HOLDINGS, INC.

(formerly Consolidated Insurance Corporation, Incorporated)

STATEMENTS OF CASH FLOWS FOR NINE MONTHS ENDING SEPTEMBER 30, 2014

ANNEX 'C'

	Nine-Months Period Ending		Three-Months Period Ending	
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
CASH FLOWS FROM OPERATING ACTIVITIES				
NET INCOME / (LOSS)	P 1,551,430	P (2,499,522)	P 694,133	P 1,599,611
Adjustment to reconcile net income / (loss) to net	(1,533,477)	2,571,002	(588,532)	(1,481,439)
Cash Provided by (used in) Operating Activities:				
Adjustment for Interest Income				
Depreciation and Amortization				
Reserve for Fluctuation of Investment in Shares of Stock				
Provision for Deferred Income Tax				
Loss on Disposal of Insurance Business				
(Increase)/Decrease in:				
Accrued Interest Receivable				
Other Assets	(63,338)	(62,400)	(10,800)	(10,800)
Increase/(Decrease) in:				
Accounts Payable and Accrued Expenses	473,490	185,444	99,315	(179,803)
Advances from Stockholders				
Net Cash Provided by / (Used In) Operating Activities	P 428,105	P 194,524	P 194,116	(72,431)
Cash Flow from Investing Activities				
Acquisition of Investments in:				
Government Securities				
Shares of Stocks				
Property and Equipment				
Proceeds from:				
Retirement of Investment in Government Papers				
Retirement of Investment in Commercial Papers				
Decrease/(Increase) In Other Assets				
Net Cash Provided by / (Used In) Investing Activities	-	-	-	-
Additional Paid-In Capital During the Year	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	P 428,105	P 194,524	P 194,116	(72,431)
Cash and Cash Equivalents at Beginning of the Year	605,727	528,863	605,727	528,863
Cash and Cash Equivalents at End of the Year	P 1,033,832	P 723,388	P 799,843	P 456,433

BHI HOLDINGS, INC.

(formerly Consolidated Insurance Corporation, Incorporated)

STATEMENTS OF CHANGES IN EQUITY

FOR NINE MONTHS ENDING SEPTEMBER 30, 2014

ANNEX 'D'

	Nine-Months Period Ending		Three-Months Period Ending	
	30-Sep-14	30-Sep-13	30-Sep-14	30-Sep-13
CAPITAL STOCK - P100 par value				
Class A				
Authorized - 700,000 shares				
Issued - 350,000 shares	35,000,000	35,000,000	35,000,000	35,000,000
Class B				
Authorized - 300,000 shares				
Issued - 150,000 shares	15,000,000	15,000,000	15,000,000	15,000,000
Balance	50,000,000	50,000,000	50,000,000	50,000,000
ADDITIONAL PAID-IN CAPITAL	7,520,755	7,520,755	7,520,755	7,520,755
RETAINED EARNINGS				
Balance at beginning of the year	39,200,640	37,406,827	39,200,640	37,406,827
As previous reported Effect of Transition to PFRS				
As restated	39,200,640	37,406,827	39,200,640	37,406,827
Net income (loss)	1,551,430	(2,499,522)	694,133	(5,397,200)
Balance at end of the year	40,752,070	34,907,305	39,894,773	32,009,627
TOTAL EQUITY	98,272,825	92,428,060	97,415,528	89,530,382