

# **BHI HOLDINGS, INC.**

## **DEFINITIVE INFORMATION STATEMENT For the Year 2020 Annual Stockholders' Meeting**

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

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**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. 22<sup>nd</sup> 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 18, 2020; 8:00 a.m.; 22<sup>nd</sup> 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 26, 2020

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	Class A	349,987
	Class B	150,000

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

Yes  No

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

Common	Class A	349,987
	Class B	150,000

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## A. GENERAL INFORMATION

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### Item 1. Date, Time and Place of Meeting of Security Holders

- |    |   |   |  |
|----|---|---|--|
| a. | Date  | : | December 18, 2020  |
|    | Time  | : | 8:00 a.m.  |
|    | Platform  | : | Virtual meeting via secure online meeting application<br>Platform<br>Meeting ID: 996 5911 3562<br>Passcode: frU5j3 |
|    | Place   | : | 22nd Floor, The Pearlbank Centre<br>146 Valero St., Salcedo Village, Makati City                                   |
| b. | Corporate mailing address<br>of the principal office of the<br>registrant | : | 22 <sup>nd</sup> Floor, The Pearlbank Centre<br>146 Valero St., Salcedo Village<br>Makati City                     |

The approximate date on which the Definitive Information Statement shall first be sent or given to security holders would be on November 26, 2020.

### Item 2. Dissenters' Right of Appraisal

Under the Revised 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 2019, 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.

**B. CONTROL AND COMPENSATION INFORMATION**

**Item 4. Voting Securities and Principal Holders Thereof**

(a) **Number of Shares Outstanding as of October 31, 2020:**

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

Each security holder shall be entitled to as many number of votes as the number of votes as the number of shares held. Foreigners do not have equity ownership in the Company.

- (b) Record Date: Only stockholders of record at the close of business hours on November 20, 2020 ("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 than 5% of any class of its common equity as of October 31, 2020, namely:

Title of Class	Name & address of record owner & relationship with issuer	Name of Beneficial owner & relationship 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 04, 2020

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	ERWIN R. DIAZ Vice-President	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	EDISON S. JAVIER 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
	HELEN C. DE LEON-MANZANO Corporate Secretary	-0-	-0-	Filipino
<b>TOTAL</b>		<b>48,400</b>	<b>0.1383%</b>	

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. 04, 2020:**

<u>Position</u>	<u>Name</u>	<u>Age</u>	<u>Citizenship</u>
<b><u>Members of the Board:</u></b>			
Director	Manuel N. Tankiansee	73	Filipino
Director	Juanita U. Tan	69	Filipino
Director	Jemie U. Tan	43	Filipino
Director	Miguel Ocampo-Tan	65	Filipino
Director	Emma Keng Ocampo-Tan	64	Filipino
Director	Marilou U. Pua	50	Filipino
Independent Director	Edison S. Javier	52	Filipino
Independent Director	Felisa P. Escudero	56	Filipino
Director	Jalane Christie U. Tan	40	Filipino
Director	Julie C. Dela Cruz	55	Filipino
Director	Erwin R. Diaz	42	Filipino

- Mr. Edison S. Javier and Ms. Felisa P. Escudero are the duly elected independent directors.

**Executive Officers:**

Chairman of the Board	Manuel N. Tankiansee	73	Filipino
President	Juanita U. Tan	69	Filipino
Vice President & Chief Financial Officer	Erwin R. Diaz	42	Filipino
Corporate Secretary	Helen C. De Leon Manzano	63	Filipino

**Brief Bio-data of Directors and Officers:**

<b>MANUEL N. TANKIANSEE</b>	-	Chairman of the Board/Director
Term of Office	:	One (1) year
Years in Office	:	December 2000 to present
Address	:	22 <sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City
Age	:	73
Citizenship	:	Filipino
Business Experience for the last five years	:	Chairman of the Board: BHI Holdings, Inc.; Pearlbank Securities, Inc.
<b>JUANITA U. TAN</b>	-	President/Director
Term of Office	:	One (1) year
Years in Office	:	December 2000 to present

Address : 22<sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street  
Salcedo Village, Makati City  
Age : 69  
Citizenship : Filipino  
Business Experience for  
the last five years : President and Director of BHI Holdings, Inc., Chairman of the  
Board of Claymore Holdings, Inc.

**ERWIN R. DIAZ** - Vice-President/Director  
Term of Office : One (1) year  
Years in Office : October 2015 to present  
Address : 22<sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street  
Salcedo Village, Makati City  
Age : 42  
Citizenship : Filipino  
Business Experience for  
the last five years : President: Poro Integrated Port Services, Inc.  
Accountant of Premiere Success Dev't. Corp.

**JEMIE U. TAN** - Director  
Term of Office : One (1) year  
Years in Office : December 2000 to present  
Address : 22<sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street  
Salcedo Village, Makati City  
Age : 43  
Citizenship : Filipino  
Business Experience  
for the last five years : Director: BHI Holdings, Inc., Bulk Handlers, Inc.,  
and Chairman of the Board of Premiere Success Dev't. Corp.

**MIGUEL OCAMPO-TAN** - Director  
Term of Office : One (1) year  
Years in Office : December 2000 to present  
Age : 65  
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 : 22<sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street  
Salcedo Village, Makati City  
Age : 64  
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 : 22<sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street  
Salcedo Village, Makati City

Age : 50  
 Citizenship : Filipino  
 Business Experience :  
 for the last five years : Director: BHI Holdings, Inc., Treasurer: Farmix Fertilizers Corporation, Grain Traders Consumers, Inc., Chairman of Clark Quay Holdings, Inc., CFO Pearl City Development Corp.

**EDISON S. JAVIER** - Independent Director  
 Term of Office : One year  
 Years in Office : December 2015 to present  
 Address : U20 Bayabas St., Westman Village, San Isidro, Parangue City  
 Age : 52  
 Citizenship : Filipino  
 Business Experience :  
 for the last five years : Managing Director: Wordcomm International; Chairman and Chief Executive: Teredja Media Philippines, Inc.; Chairman: Calchem Inc., Chairman and President: Eiggno Pjhilippines Inc., Trustee: Yujo Firipin Foundation; Anchor: DZRH (666khz); Columnist: Market Monitor

**JALANE CHRISTIE U. TAN** - Director  
 Term of Office : One (1) year  
 Years in Office : March 2004 to present  
 Address : 22<sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City  
 Age : 40  
 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 : 22<sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City  
 Age : 55  
 Citizenship : Filipino  
 Business Experience :  
 for the last five years : Director: Claymore Holdings, Inc., BHI Holdings, Inc.

**FELISA P. ESCUDERO** - Independent Director  
 Term of Office : One (1) year  
 Years in Office : December 18, 2008 to present  
 Address : 22<sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street, Salcedo Village, Makati City  
 Age : 56  
 Citizenship : Filipino  
 Business Experience :  
 for the last five years : Independent Director of BHI Holdings, Inc.

**HELEN C. DE LEON-MANZANO** - Corporate Secretary  
 Term of Office : One (1) year  
 Years in Office : December 2000 to present  
 Address : Unit 1704 & 1705 88 Corporate Center, 141 Valero Street, Salcedo Village, Makati City  
 Age : 63  
 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 Norsvin Philippines Inc.,  
Superior Baggers Stevedoring Services Inc., The Ritz Towers  
Condominium Association, Inc., Philippine Hotel Owners  
Association, Inc. and Senior Partner: Saulog and De Leon Law  
Offices.

**Messrs Erwin R. Diaz and Edison S. Javier will no longer run for re-election as Directors. The following will be nominated as Directors on December 18, 2020:**

AGRIPINA M. SERRANO : Director  
Term of Office : To be nominated and elected on December 18, 2020  
Years in Office :  
Address : 22<sup>nd</sup> Floor, The Pearlbank Centre, 146 Valero Street, Salcedo  
Village, Makati City  
Age : 47  
Citizenship : Filipino  
Business Experience  
for the last five years : Human Resource Manager, Calveston International, Inc.

PAOLO REDEMPTUS A. CAPINO: Director  
Term of Office : To be nominated and elected on December 18, 2020  
Years in Office :  
Address : Sharvd, 8<sup>th</sup> Floor, The Valero Tower, Valero St.,  
Makati City  
Age : 37  
Citizenship : Filipino  
Business Experience  
for the last five years : Chief Executive Officer: Advocate Philippines, Inc., Capino  
Advocates for Digital Media Consultancy  
Consultant for Social Media, Bases Conversion and  
Development Authority (July 2017- December 2017), Social  
Media Head of Former Senator Alan Peter Cayetano (October  
2014-June 2017), Digital Ads and Social Media Manager  
Concept New Central (September 2016-March 2017)

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

1. Manuel Tankiansee
2. Juanita U. Tan
3. 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. Agripina M. Serrano
11. Felisa P. Escudero (**Independent Director**)\*
12. Paolo Redemptus A. Capino (**Independent Director**)\*\*

\* Ms. Felisa P. Escudero was elected independent director since December 22, 2009.

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 Ms. Felisa P. Escudero (Independent Director) as Chairman, and Ms. Juanita U. Tan, Ms. Mary Jean Beira-Tan as Members. The Nomination Committee endorsed to the Board their Final List of candidates for independent directors. The nominees were the following stockholders: Mr. Paolo Redemptus A. Capino and Ms. Felisa P. Escudero. Mr. Paolo Redemptus A. Capino was nominated by Ms. Juanita U. Tan. Ms. Felisa P. Escudero was nominated by Ms. Mary Jean Beira-Tan. 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 4<sup>th</sup> civil degree, either by consanguinity or affinity, among the Directors, executive officers or persons nominated other than those already disclosed in this report.

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, 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. (See note 2.12 of the Audited Financial Statement of BHI Holdings, Inc. as of December 31, 2019.

**Involvement in Certain Legal Proceedings**

During the past five (5) years up to November 4, 2020, 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, of control persons have violated a securities or commodities law.

**Item 6. Compensation of Directors and Officers**

Informations as to the aggregate compensation paid or accrued during the last three (3) 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 2020**

**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	Not receiving	Not receiving	Not receiving
Erwin R. Diaz	Vice-President	Not receiving	Not receiving	Not receiving
Atty. Helen C. De Leon-Manzano*	Corporate Secretary	Not receiving	Not receiving	Not receiving
	<b>TOTAL</b>	<b>P</b>		

\* Atty. Helen . De Leon-Manzano never personally received any salary, bonus and per diem from subject corporation. The corporate secretarial services she is rendering to the corporation is part of the legal services that Saulog and De Leon Law Offices extends to the corporation for which the law office is paid a monthly retainer of Php 5,600.00 (inclusive of VAT).

**Directors:**

Name	Salary(P)	Bonus (P)	Other Annual Compensation
Manuel N. Tankiansee	Not receiving	Not receiving	P2,000/ASM
Juanita U. Tan	Not receiving	Not receiving	P2,000/ASM
Erwin R. Diaz	Not receiving	Not receiving	P2,000/ASM
Atty. Helen C. De Leon-Manzano	Not receiving	Not receiving	Not receiving
Jemie U. Tan	Not receiving	Not receiving	P2,000/ASM
Miguel Ocampo Tan	Not receiving	Not receiving	P2,000/ASM
Emma Keng Ocampo Tan	Not receiving	Not receiving	P2,000/ASM
	Not receiving	Not receiving	P2,000/ASM
Marilou U. Pua	Not receiving	Not receiving	P2,000/ASM
Julie C. Dela Cruz	Not receiving	Not receiving	P2,000/ASM
Felisa P. Escudero	Not receiving	Not receiving	P2,000/ASM
Jalane Christie U. Tan	Not receiving	Not receiving	P2,000/ASM
<b>TOTAL</b>	<b>0</b>		<b>P22,000.00</b>

**Estimated Annual Compensation  
For the Fiscal year 2019**

**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	Not receiving	Not receiving	Not receiving
Erwin R. Diaz	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
	<b>TOTAL</b>	<b>P -</b>		

Note: Per current corporate structure, there are no compensation for the officers

**Directors:**

Name	Salary(P)	Bonus (P)	Other Annual Compensation
Manuel N. Tankiansee	Not receiving	Not receiving	P2,000/ASM
Juanita U. Tan	Not receiving	Not receiving	P2,000/ASM
Erwin R. Diaz	Not receiving	Not receiving	P2,000/ASM
Atty. Helen C. De Leon-Manzano	Not receiving	Not receiving	Not receiving
Jemie U. Tan	Not receiving	Not receiving	P2,000/ASM
Miguel Ocampo Tan	Not receiving	Not receiving	P2,000/ASM
Emma Keng Ocampo Tan	Not receiving	Not receiving	P2,000/ASM
Edison S. Javier	Not receiving	Not receiving	P2,000/ASM

Marilou U. Pua	Not receiving	Not receiving	P2,000/ASM
Julie C. Dela Cruz	Not receiving	Not receiving	P2,000/ASM
Felisa P. Escudero	Not receiving	Not receiving	P2,000/ASM
Jalane Christie U. Tan	Not receiving	Not receiving	P2,000/ASM
<b>TOTAL</b>			<b>P22,000.00</b>

**Annual Compensation for the Fiscal Year 2018**

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	Not receiving	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
	<b>TOTAL</b>	<b>P -</b>		

Note: Per current corporate structure, there are no compensation for the officers.

**Directors:**

Name	Salary(P)	Bonus (P)	Other Annual Compensation
Manuel N. Tankiansee	Not receiving	Not receiving	P2,000/ASM
Juanita U. Tan	Not receiving	Not receiving	P2,000/ASM
Rosalie A. Esteibar	Not receiving	Not receiving	P2,000/ASM
Atty. Helen C. De Leon-Manzano	Not receiving	Not receiving	Not receiving
Jemie U. Tan	Not receiving	Not receiving	P2,000/ASM
Miguel Ocampo Tan	Not receiving	Not receiving	P2,000/ASM
Emma Keng Ocampo Tan	Not receiving	Not receiving	P2,000/ASM
Rudin A. Gonzales, Jr.	Not receiving	Not receiving	P2,000/ASM
Marilou U. Pua	Not receiving	Not receiving	P2,000/ASM
Julie C. Dela Cruz	Not receiving	Not receiving	P2,000/ASM
Felisa P. Escudero	Not receiving	Not receiving	P2,000/ASM
Jalane Christie U. Tan*	Not receiving	Not receiving	P2,000/ASM
<b>TOTAL</b>	<b>P</b>		<b>P22,000.00</b>

\*Ms. Jalane U. Tan only received Php 2,000.00 for the year 2018

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. Independent Public Accountant**

The independent auditors or in the case of an audit firm, the signing partners of the aforementioned regulated entities shall be rotated after every five (5) years of engagement. A two-year cooling off period shall be observed in the re-engagement of the signing partner or individual auditor.

The Stockholders appointed Punongbayan & Araullo (P & A) as the Independent Public Accountant for the year 2019. Ms. Mailene S. Bisnar is the new 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, 2019 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 2020 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 Board of Directors recommends Punongbayan & Araullo as the Principal Accountant and Ms. Mailene S. Bisnar as the partner-in-charge for the ensuing year.

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

- |                       |   |                                 |
|-----------------------|---|---------------------------------|
| 1. Felisa P. Escudero | - | Chairman (Independent Director) |
| 2. Juanita U. Tan     | - | Member                          |
| 3. Julie C. dela Cruz | - | Member                          |

#### **Item 8. 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.

### **C. OTHER MATTERS**

#### **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.

#### **Action with Respect to Reports**

The following reports shall be submitted for approval at the Annual Stockholders' Meeting of the Registrant on December 18, 2020.

1. Minutes of the last Annual Stockholders' Meeting held on December 18, 2019 (copy of which is hereto attached);
2. Annual report to stockholders and audited financial statements as of and for the year ended December 31, 2019;
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 2019 audited financial statements;
- Fixing of the date of 2020 Annual Stockholders' Meeting; and
- Appointment of the external auditors for the ensuing year.

#### 4. Election of the Members of the Board

### 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. The Chairman of the Board and the Audit Committee shall be responsible for the validation of the votes.

In order to comply with existing IATF regulations prohibiting mass gathering and/or requiring social distancing to prevent the spread of COVID-19 pandemic and to ensure the safety and welfare of the stockholders, the corporation shall allow attendance by remote communication and voting in absentia or through proxy. Stockholders who intend to participate in the virtual meeting should follow the procedure stated in the Notice of Regular Annual Stockholders' Meeting.

Stockholders who intend to participate or be represented in the virtual meeting shall first submit the following:

1. Letter of intent (LOI) to participate by remote communication and vote absentia;
2. Duly accomplished proxy instrument for a representative to the virtual meeting, as applicable; and
3. Copy of proof of identity, ownership and other certification/information for validation purposes

via email to [bhiholdings@thegreenmail.net](mailto:bhiholdings@thegreenmail.net) not later than December 03, 2020. These documents shall be subject to validation procedure to gain access to the secured online meeting link to be posted at the corporation's website and PSE EDGE.

Once validated, a confirmation along with access credentials to the secured online meeting link shall be sent to the stockholder's email as provided. For reference and other details, please go to [bhiholdings@thegreenmail.net](mailto:bhiholdings@thegreenmail.net).

The stockholders can cast their votes through ballots or proxies submitted on or before December 09, 2020 through the following means:

1. By email to the Corporate Secretary at [helen.manzano2013@gmail.com](mailto:helen.manzano2013@gmail.com);
2. By ordinary mail to the Office of the Corporate Secretary at Saulog and De Leon Law Offices, Unit 1704-1705 88 Corporate Center, 141 Valero St., Salcedo Village, Makati City;
3. By online submission through the company website via this link:  
[www.bhi-holdings.com](http://www.bhi-holdings.com);

In the case of an individual stockholder, his/her ballot or proxy must be accompanied by a valid government-issued ID with a photo. The proxy of a corporate stockholder must be accompanied by its corporate secretary's certification stating the representative's authority to represent the corporation in the meeting. The validation of ballots and proxies will be on December 10, 2020 at 1:30 p.m. at the Office of Corporation's Corporate Secretary.

The stockholders may send their queries and/or comments prior to or during the meeting to [bhiholdings@thegreenmail.net](mailto:bhiholdings@thegreenmail.net)

The proceeding of the annual stockholders' meeting shall be duly recorded.

All votes will be counted by the Office of the Corporate Secretary to be assisted by the corporation's transfer agent and validated by its external auditor, Punongbayan and Araullo.

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**

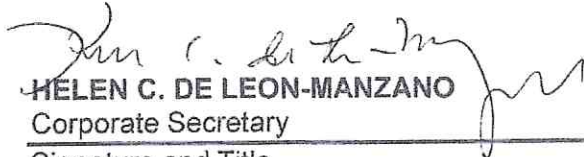


**SIGNATURE**

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 25, 2020.

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

By:

  
**HELEN C. DE LEON-MANZANO**  
Corporate Secretary  
Signature and Title

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## 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 on December 18, 2020, Friday, at 8:00 a.m. In the light of the COVID-19 pandemic and to ensure the safety and welfare of our stockholders, the meeting will be conducted virtually via zoom to pass upon the following matters:

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 18, 2019;
5. Report of the Chairman;
6. Consideration and approval of Financial Statements for the preceding year;
7. Confirmation of all Acts of the Board of Directors, Management and all Committees;
8. Appointment of Punongbayan and Araullo as external auditors;
9. Election of Directors;
10. Other Matters; and
11. Adjournment.

Only the stockholders of record as of November 20, 2020 shall be entitled to vote at the said meeting.

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Stockholders who intend to participate or be represented in the virtual meeting shall first submit the following:

1. Letter of intent (LOI) to participate by remote communication and vote absentia;
2. Duly accomplished proxy instrument for a representative to the virtual meeting, as applicable; and
3. Copy of proof of identity, ownership and other certification/information for validation purposes

via email to [bhiholdings@thegreenmail.net](mailto:bhiholdings@thegreenmail.net) not later than December 03, 2020. These documents shall be subject to validation procedure to gain access to the secured online meeting link to be posted at the corporation's website and PSE EDGE.

Once validated, a confirmation along with access credentials to the secured online meeting link shall be sent to the stockholder's email as provided. For reference and other details, please go to [bhiholdings@thegreenmail.net](mailto:bhiholdings@thegreenmail.net).

The Information Statement (IS) containing the attendance/voting (via remote communication) and nomination/election procedures, along with the Notice and Agenda, Proxy and other ASM-related information can be accessed through any of the following options:

1. Go to the BHI Holdings website via this link: [www.bhi-holdings.com](http://www.bhi-holdings.com)
2. Go to the PSE EDGE portal via <https://edge.pse.com.ph>
3. Request for a copy by sending an email to [bhiholdings@thegreenmail.net](mailto:bhiholdings@thegreenmail.net)

  
HELEN C. DE LEON-MANZANO  
Corporate Secretary

## EXPLANATION AND RATIONALE OF AGENDA ITEMS

### 1. Call to Order

The Chairman, Mr. Manuel N. Tankiansee, shall welcome the stockholders to formally commence the 2020 Annual Stockholders' Meeting of BHI Holdings, Inc.

### 2. Certification on Notice and Quorum

The Corporate Secretary, Atty. Helen C. De Leon-Manzano, shall certify that the Notice of Meeting has been duly sent and circulated via appropriate disclosures and postings pursuant to the regulations of the Securities and Exchange Commission (SEC) for the purpose of advising the stockholders of record as of November 15, 2020. The Corporate Secretary will further declare whether or not a quorum is present constituting two-thirds of the outstanding capital stock.

### 3. Approval of the Minutes of the Annual Stockholders' Meeting held on December 18, 2019

The Stockholders will be requested to approve the Minutes of the Annual Stockholders' Meeting held last December 18, 2019, which embody among others, the a.) Approval of Audited Financial Statements as of the period ended December 31, 2019, b.) Confirmation of all Acts of the Board of Directors, Management and Committees, c.) Election of the Members of the Board of Directors, and d.) Appointment of External Auditor

**Resolution to be Adopted:** Stockholders will vote for the adoption of a resolution approving the Minutes of the December 18, 2019 Annual Stockholders' Meeting.

### 4. Presentation and Approval of the Chairman's Report and BHI Holdings, Inc. Audited Financial Statements (AFS) as of December 31, 2019

The Chairman will present his Annual Report on BHI Holdings, Inc. activities, business and financial performance for the year ended 2019. It includes the summary of the AFS which is incorporated in the Definitive Information Statement for dissemination to stockholders of record within the prescribed period and in a manner pursuant to the SEC rules and regulations. In view of the logistical limitations of the meeting to be conducted virtually, voting and open forum/discussions shall not be possible during the said meeting. However, a stockholder, once validated/registered, will be given an opportunity to raise any relevant questions or express an appropriate comment limited to the agenda items by sending an email to [bhiholdings@thegreenmail.net](mailto:bhiholdings@thegreenmail.net) not later than December 12, 2020 to be properly noted and addressed accordingly.

**Resolution to be Adopted:** Stockholders will vote for the adoption of a resolution approving the Chairman's Annual Report for 2019 and BHI Holdings, Inc. Audited Financial Statements as of the period ended December 31, 2019.

### 5. Ratification/Confirmation of all Acts of the Board of Directors, Management and All Committees in 2019

The Stockholders will be requested to ratify/confirm all acts, transactions and resolutions of the Board of Directors, Management and all Committees during the year 2019.

**Resolution to be Adopted:** Stockholders will vote for the adoption of a resolution ratifying/confirming the acts of the Board of Directors and all Committees during the year 2019.

**6. Election of the Members of the Board of Directors**

The Chairman of the Corporate Governance Committee will present the nominees for the election of the Board of Directors, including independent directors. This is in compliance with regulatory requirements of the Securities and Exchange Commission (SEC) on the nomination of directors, and after the Corporate Governance Committee's review and evaluation of the qualifications of all persons nominated to the Board.

**7. Appointment of the External Auditor**

The stockholders will have to confirm the appointment of the External Auditor for the year 2020. The proposed External Auditor has been screened and endorsed by the Audit Committee and approved by the Board of Directors.

**Resolution to be Adopted:** Stockholders will vote for the adoption of a resolution for the appointment of said auditing firm as independent external auditor of BHI Holdings, Inc. for the year 2020.

**8. Other Matters**

The other relevant matters or issues may also be taken up during the meeting. Any relevant questions or comments received by the Office of the Secretary via email within the prescribed period given to registered stockholders shall be properly acknowledged, noted and addressed accordingly.

**9. Adjournment**

After determining that there are no other matters to be taken up, the Chairman shall declare the meeting adjourned. The meeting proceedings shall be recorded in audio and video format to be safekept by the Office of the Corporate Secretary and be made available in a secured manner to stockholders upon request by sending an email to [bhiholdings@thegreenmail.net](mailto:bhiholdings@thegreenmail.net).

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BHI HOLDINGS, INC.

PROXY

The undersigned stockholder of BHI HOLDINGS, INC. (the "Company") hereby appoints \_\_\_\_\_ or in his/her absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to present and vote all shares registered in my/the Corporation's name as proxy of the undersigned stockholder, at the Annual General Stockholders' Meeting of the Corporation on December 18, 2020 and at any of the adjournments thereof for the purpose of acting on the following matters:

- 1. Approval of Minutes of the Annual Stockholders' Meeting held on December 18, 2019
[] Yes [] No [] Abstain
2. Approval of Annual Report of Officers and Audited Financial Statements
[] Yes [] No [] Abstain
3. Ratification of All Acts and Resolutions of the Board of Directors and Management Adopted During the Preceding Year
[] Yes [] No [] Abstain

4. Election of Directors (including the Independent Directors)
Table with 2 columns: Name, No. of Votes. Rows include Manuel Tankiansee, Juanita U. Tan, Jamie U. Tan, Jalane Christie U. Tan, Miguel Ocampo Tan, Emma Keng Ocampo-Tan, Marilou U. Pua, Julie C. Dela Cruz, Agripina M. Serrano, Felisa Escudero (Independent), Paolo Redemptus A. Capino (Independent).

- 5. Election of Independent Auditors
[] Yes [] No [] Abstain

- 6. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.
[] Yes [] No [] Abstain

Printed Name of Stockholder

Signature of Stockholder/
Authorized Signatory

Date

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE DECEMBER 09, 2020, THE DEADLINE FOR SUBMISSION OF PROXIES. FOR CORPORATE STOCKHOLDERS, PLEASE ATTACH TO THIS PROXY FORM THE SECRETARY'S CERTIFICATE ON THE AUTHORITY OF THE SIGNATORY TO APPOINT THE PROXY AND SIGN THIS FORM.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED

# BHI HOLDINGS, INC.

## BALLOT (VOTING IN ABSENTIA)

1. Approval of Minutes of the Annual Stockholders' Meeting held on December 18, 2019 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain																								
2. Approval of Annual Report of Officers and Audited Financial Statements <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain																								
3. Ratification of All Acts and Resolutions of the Board of Directors and Management Adopted During the Preceding Year <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain																								
4. Election of Directors (including the Independent Directors) <table><thead><tr><th></th><th>No. of Votes</th></tr></thead><tbody><tr><td>Manuel Tankiansee</td><td>_____</td></tr><tr><td>Juanita U. Tan</td><td>_____</td></tr><tr><td>Jemie U. Tan</td><td>_____</td></tr><tr><td>Jalane Christie U. Tan</td><td>_____</td></tr><tr><td>Miguel Ocampo Tan</td><td>_____</td></tr><tr><td>Emma Keng Ocampo-Tan</td><td>_____</td></tr><tr><td>Marilou U. Pua</td><td>_____</td></tr><tr><td>Julie C. Dela Cruz</td><td>_____</td></tr><tr><td>Agripina M. Serrano</td><td>_____</td></tr><tr><td>Felisa Escudero (Independent)</td><td>_____</td></tr><tr><td>Paolo Redemptus A. Capino (Independent)</td><td>_____</td></tr></tbody></table>		No. of Votes	Manuel Tankiansee	_____	Juanita U. Tan	_____	Jemie U. Tan	_____	Jalane Christie U. Tan	_____	Miguel Ocampo Tan	_____	Emma Keng Ocampo-Tan	_____	Marilou U. Pua	_____	Julie C. Dela Cruz	_____	Agripina M. Serrano	_____	Felisa Escudero (Independent)	_____	Paolo Redemptus A. Capino (Independent)	_____
	No. of Votes																							
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Agripina M. Serrano	_____																							
Felisa Escudero (Independent)	_____																							
Paolo Redemptus A. Capino (Independent)	_____																							
5. Election of Independent Auditors <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain																								

\_\_\_\_\_  
Printed Name of Stockholder

\_\_\_\_\_  
Signature of Stockholder/  
Authorized Signatory

\_\_\_\_\_  
Date

*Note: Please submit this ballot form on or before December 09, 2020.*



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

Held on Monday December 18, 2019, 8:00 a.m. at 22<sup>nd</sup> 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

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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, 2018

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Upon the motion duly made and seconded, the reading of the minutes of the Annual Regular Stockholders' Meeting held on December 18, 2018 was dispensed with and the same was unanimously approved.

PRESIDENT'S REPORT ON  
OPERATION AND APPROVAL  
OF ANNUAL REPORT

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Upon motion duly made seconded, the Chairman rendered his report on the financial statements for the year ended December 31, 2018, and the Chairman submitted the Annual Report of the Corporation for the year 2018 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, 2018, 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, 2018, 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, 2018 to December 18, 2019, 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. MR. ERWIN R. DIAZ
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. EDISON S. JAVIER
10. MS. JULIE C. DELA CRUZ
11. MS. FELISA 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  
ARAULLO 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 TANKIANS EE  
Chairman of the Meeting

## CERTIFICATION OF INDEPENDENT DIRECTORS

I, **PAOLO REDEMPTUS A. CAPINO**, Filipino, of legal age and a resident of Sharvd, 8<sup>th</sup> Floor, The Valero Tower, Valero Street, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am nominated as independent director of BHI Holdings Inc. for the annual Stockholders' meeting on Dec. 18, 2020
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Services
CAPINO ADVOCATES FOR DIGITAL MEDIA CONSULTANCY	CEO	2017 - present
OFFICE OF SEN. ALAN PETER CAYETANO	Social Media Manager	2014 - 2017
BUSINESS CONVERSION AND DEV'T. AUTHORITY	Social Media Consultant	2017
CONCEPT NEW CENTRAL	Digital Marketing Manager	2016 - 2017

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 am not connected with any government agencies or its instrumentalities.
6. 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 18 NOV 2020 day of NOVEMBER at QUEZON CITY

*Paolo*  
**PAOLO REDEMPTUS A. CAPINO**

Affiant

**SUBSCRIBED AND SWORN** to before me this 18 NOV 2020 day of NOVEMBER at QUEZON CITY,  
affiant personally appeared before me and exhibited to me his/her Community Tax Certificate  
No. 07556123 issued at Manila City on January 09, 2020.

Doc. No. 218 ;  
Page No. 73 ;  
Book No. XV X ;  
Doc. No. 222 ;  
Series of \_\_\_\_\_ ;

*Elisio S. Calma, Jr.*  
**ELISIO S. CALMA, JR.**  
Notary Public

Until Dec. 31, 2021

ADM Matter No. NF-067 (2020-2021)

Attorney's Roll No. 50183

PTR No. 9521290C, Jan. 21, 2020

IBP No. 095280 - Nov. 20, 2019

MCLE Comp. No. VI-0012817 until April 14, 2022

20 Kamagong St., Sapamanai Village

East District, Quezon City

## CERTIFICATION OF INDEPENDENT DIRECTORS

I, **FELISA P. ESCUDERO**, Filipino, of legal age and a resident of 22<sup>nd</sup> 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 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.
3. I shall faithfully and diligently comply with my duties and responsibilities as independent directors under the Securities Regulation Code.
4. I am not connected with any government agencies or its instrumentalities.
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 04 NOV 2020 at QUEZON CITY.

  
**FELISA P. ESCUDERO**  
Affiant

**SUBSCRIBED AND SWORN** to before me this 04 NOV 2020 at QUEZON CITY,  
affiant personally appeared before me and exhibited to me his/her Community Tax Certificate  
No. 07556085 issued at Manila City on January 09, 2020.

Doc. No. VB ;  
Page No. 13 ;  
Book No. X41X ;  
Doc. No. DN ;  
Series of \_\_\_\_\_ ;

  
**ELISEO S. CALMA, JR.**  
Notary Public  
Until Dec. 31, 2021  
ADM Matter No. NP-067 (2020-2021)  
Attorney's Roll No. 50183  
PTR No. 9521280C, Jan. 21, 2020  
IBP No. 095280 - Nov. 20, 2019  
MCLE Comp. No. VI-0012817 until April 14, 2022  
20 Kamagong St., Sapamanai Village  
East Fairview, Quezon City

# BHI HOLDINGS, INC.

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

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of BHI Holdings, Inc. is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2019, 2018, and 2017, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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


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

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

SUBSCRIBED AND SWORN to before me this 04 NOV 2020 day of \_\_\_\_\_, 2020  
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	07556097	01/09/20	Manila
JUANITA U. TAN	04357431	01/27/20	Makati
ERWIN R. DIAZ	07556087	01/09/20	Manila

\_\_\_\_\_  
Notary Public

  
**ELISEO S. CALMA, JR.**  
Notary Public  
Until Dec. 31, 2021  
ADM Matter No. NP-067 (2020-2021)  
Attorney's Roll No. 50183  
PTR No. 9521280C, Jan. 21, 2020  
IBP No. 095280 - Nov. 20, 2019  
MCLE Comp. No. VI-0012817 until April 14, 2022  
20 Kamagong St., Sapamanai Village  
East Fairview, Quezon City

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Page No. 13  
Book No. 2021  
Series of 2019

## 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

#### 2019

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.

**Original Loan -** As of December 31, 2019 and 2018, the carrying amount of the original loan amounting to P46,000,000, excluding interest receivable, is presented as part of Due from a Related Party account in the statements of financial position.

The original loan initially consisted of deposits made by the Company for

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

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

Actual annual interest income earned in 2019, 2018 and 2017 related to this loan amounted to P1,380,000, which is presented as part of Interest Income from loans under the Revenues section of the statements of comprehensive income.

The interest receivable amounting to P117,205 as of December 31, 2019 and 2018 is presented as part of Due from a Related Party account in the statements of financial position.

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

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

The carrying amount of assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2019 and 2018 and is presented as Due from a Related Party in the statement of financial position.

Actual annual interest income earned in 2019, 2018 and 2017 related to the assumed loans amounted to P1,620,000, and is presented as Interest Income from loans under the Revenues section in the statements of comprehensive income.

The interest receivable amounting to P137,590 in 2019 and 2018 is presented as part of Due From a Related Party account in the statements of financial position.

Management believes that the loans and the related interest receivable are fully collectible; hence, no allowance for impairment is required as of December 31, 2019 and 2018

**REVENUES****INTEREST INCOME/OTHER INCOME**

The actual interest income based on the terms of the loan agreements amounted to P3,000,000 for 2019, 2018 and 2017.

Other income from Banco de Oro & Land Bank of the Philippines savings account amounted to P812

**OPERATING EXPENSES****2019**

Operating expenses for 2019 amounted to P3,087,320 which is P59,379 under compared to 2018. Expenses for 2019 were as follows:

Professional fees	P	1,193,000
Salaries & Wages		1,164,000
Rent Expense		300,000
Membership fees		250,000
Utilities		81,600
Office Supplies		43,502
Taxes and licenses		31,257
Directors fee		22,000
Miscellaneous		1,961
Total	P	<u>3,087,320</u>

**2018**

Operating expenses for 2018 amounted to P 3,146,699 which is P27,550 over compared to 2017. Expenses for 2018 were as follows:

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

**2017**

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

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

**2016**

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

Salaries & Wages	P	1,566,000
Professional fess		783,268
Rent Expense		300,000
Membership fees		253,000
Utilities		81,600
Office supplies		39,598
Taxes and licenses		26,592
Directors fee		22,000
Miscellaneous		45,382
Total	P	<u>3,117,440</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, 2019</u>	<u>December 31, 2018</u>	<u>Difference %</u>
Revenues	P3,000,812	P3,000,569	P243
Earnings per share	(P0.29)	(P0.41)	(P0.05)
Return on Equity	(.0015)	(.0021)	(.0003)
Debt ratio	.0490	.0453	.0037
Market Valuation	6.49	6.35	0.14

Revenues increase in 2019 by P 243 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, 2020</u>	<u>September 30, 2019</u>	<u>Difference %</u>
Revenues	P2,251,896	P2,244,494	P7,402
Earnings per share	(P0.09)	P0.05	(P0.04)
Return on Equity	(.00046)	.00025	(.00021)
Debt ratio	.05041	.04690	.00351
Market Valuation	4.68	8.73	(4.05)

Revenues increase in 2020 by P7,402 due to the effect of remeasurement of loan and interest income from the 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 5.24% from P452,841 for the year ended December 31, 2019 to P476,556 for the period ended September 30, 2020. This was due mainly to high level of net cash provided in operating activities.

### **Loans Receivable**

Amounted to P54,000,000. Loans receivable pertains to the loan granted to Takeda Holdings, Inc., a third party.

### **Accrued expenses and other payables**

Amounted to P5,214,349 for the period ended September 30, 2020 compared to P5,062,762 for the year ended December 31, 2019 increased by 2.99%.

### **Revenues**

The Company's effective interest income amounted to P2,251,895 and P2,244,494 and P2,244,291 in 3rd quarter of 2020, 2019 and 2018. The actual interest income based on the terms of the loan agreements totaled to P2,251,404 for 3<sup>rd</sup> quarter of 2020 and P2,243,836 for 3rd quarter of 2019 and 2018. On September 30, 2020 the Company achieved revenue of P2,251,404 and P2,243,836 in 3<sup>rd</sup> quarter 2019.

Other Income from Banco de Oro and Land Bank of the Philippines savings account amounted to P492.



## Cost and Expenses

The Company's operating expenses as of the 3<sup>rd</sup> quarter of 2020 amounted to P2,296,847 or an increase of 3.47% compared to the 3<sup>rd</sup> quarter of the year 2019 and a decrease of 2.62% compared to the 3<sup>rd</sup> quarter of the year 2018 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, 2019, 2018 and 2017 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, 2019 and 2018.

	2019	2018
<b>Cash Flows From Operating Activities</b>		
Profit before tax	(P 86,508)	(P 146,130)
Adjustment for:		
Interest income from loans	(3,000,000)	(3,000,000)
Interest income from cash in bank	(813)	(569)
Operating loss before working capital changes	(3,087,321)	(3,146,699)
Increase in input value added tax	(97,920)	(99,392)
Increase in accrued expenses and other payables	388,644	395,899
Decrease in due to a stockholder		
	<hr/>	<hr/>
Cash used in operations	(2,796,597)	(2,850,192)
Interest received	3,000,813	3,000,569
Cash paid for income taxes	(60,162)	(60,114)
Net Increase (Decrease) In Cash	144,054	90,263
<b>Cash Flows From Financing Activity</b>		
Repayment of due to a stockholder	-	(100,000)
<b>Net Increase (Decrease ) In Cash</b>	<hr/> 144,054 <hr/>	<hr/> (9,737) <hr/>
Cash At Beginning of Year	308,787	318,524
Cash At End of Year	<hr/> P 452,841 <hr/>	<hr/> P 308,787 <hr/>

As of December 31, 2019, cash increased by 46.52%, from P308,787 in 2018 to P452,841 for the period ended December 31, 2019. For the period under review, interest received increased to P813 from P569 for the year 2018. The cash paid for income taxes increased, from P60,114 last year to P60,162 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 statement of comprehensive income.

**Loan Receivable.** In 2003, the Company granted loan to Takeda Holdings, Inc. 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.

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

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

The carrying amount of assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2019 and 2018 and is presented as Due from a Related Party in the statements of financial position.

Actual annual interest income earned in 2019, 2018 and 2017 related to the assumed loans amounted to P1,620,000, and is presented as Interest Income from Loans under the Revenues section in the statements of comprehensive income.

The interest receivable amounting to P137,590 in 2019 and 2018 is presented as part of Due From a Related Party account in the statements of financial position.

Management believes that the loans and the related interest receivable are fully collectible; hence, no allowance for impairment is required as of December 31, 2019 and 2018

**Original Loan -** As of December 31, 2019 and 2018, the carrying amount of the original loan amounting to P46,000,000, excluding interest receivable, is presented as part of Due from a Related Party account in the statements of financial position.

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

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

Actual annual interest income earned in 2019, 2018 and 2017 related to this loan amounted to P1,380,000, which is presented as part of Interest Income from Loans under the Revenues section of the Statements of comprehensive income

The interest receivable amounting to P117,205 as of December 31, 2019 and 2018 is presented as part of Due from a Related Party account in the statements of financial position.

**Deferred tax assets.** The Company is subject to MCIT, which is computed at 2% of gross income net of allowable deductions, as defined under the tax regulations or RCIT, whichever is higher. In 2019, 2018 and 2017, the Company's MCIT amounted to P60,000. The Company did not recognize any deferred tax asset arising from MCIT and NOLCO as at December 31, 2019, 2018, 2017 since management believes that the company will not have sufficient taxable income 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 P99,222 for 2015 can no longer be used as deduction from the Company's future RCIT since it has expired in 2018. The excess MCIT of P60,000 in 2018 can be applied against the regular income tax due up to 2021. The computed MCIT of P60,000 for 2017 and 2016 can be applied against the RCIT due up to 2020 and 2019, respectively.

**Accrued expenses and other payables.** Increased to P4,180,523 from P3,791,879 in 2018 by 10.25%, the lease contract is for one year renewable upon mutual agreement of both parties.

## Result of Operations

### Year Ended December 31, 2019 compared to Year Ended December 31, 2018

**Revenue.** For the year ended December 31, 2019, the Company achieved revenue of P3,000,812 increased by .008% over the P3,000,569 in 2018. This was primarily due to increase in interest income from loan.

**Operating Expenses.** Total expenses decreased by 1.89% from P3,146,699 in 2018 to P3,087,320 this year due to increase in other operating expenses.

**Financial Costs.** There are no financial cost recognized for the year 2018 and 2019.

**Tax Expenses.** Increase by .080% from P60,114 for the twelve months ended December 31, 2018, to P60,162 for the period ended December 31, 2019.

**Net Income.** Net loss of the Company were P206,244 for 2018 and P146,670 for 2019.

**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, 2019 and 2018.

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

The following table shows the Company's cash flows on a consolidated basis of and for the years ended December 31, 2018 and 2017.

	2018	2017
<b>Cash Flows From Operating Activities</b>		
Profit before tax	(P 146,130)	(P 118,145)
Adjustment for:		
Interest income from loan	(3,000,000)	(3,000,000)
Interest income from cash in bank	<u>(569)</u>	<u>(1,004)</u>
Operating loss before working capital changes	(3,146,699)	(3,119,149)
Increase in input value-added tax	(99,392)	(202,961)
Increase in accrued expenses and other payable	395,899	416,176
Decrease in due to a stockholder	<u>(2,850,192)</u>	<u>(2,905,934)</u>
Cash used in operations	(2,850,192)	(2,905,934)
Interest received	3,000,569	3,001,004
Cash paid for income taxes	<u>(60,114)</u>	<u>(60,160)</u>
Net Increase (Decrease) In Cash	90,263	34,910
<b>Cash Flows From Financing Activity</b>		
Repayment of due to a stockholder	<u>(100,000)</u>	<u>                    </u>
Cash At Beginning of Year	<u>(9,737)</u>	<u>34,910</u>
Cash At Beginning of Year	<u>318,524</u>	<u>283,614</u>
Cash At End of Year	<u>P 308,787</u>	<u>P 318,524</u>

As of December 31, 2018, cash decreased by 3.06%, from P318,524 in 2017 to P308,787 for the period ended December 31, 2018. This was due to lower level of net cash used in operating activities amounting to P2,850,192 compared to the last year's net cash used in operating activities amounting P2,905,934. For the period under review, interest received decreased to P3,000,569 from P3,001,004 for the year 2017. The cash paid for income taxes decreased, from P60,160 last year to P60,114 this year. Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the

year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the statement of comprehensive income.

**Loan Receivable.** Amounted to P54,254,795. 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 2018 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.

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

**Due from a related party.** Decreased from P46,254,795 to P46,000,000 in 2017. 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 P3,791,879 in 2018 compared to P3,395,980 in 2017 increased by 11.66%, the lease contract stipulated an annual escalation rate of 10%.

## Result of Operations

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

**Revenue.** For the year ended December 31, 2018, the Company achieved revenue of P3,000,569, decreased by 0.0145% over the P3,001,004 in 2016. 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 increased by 0.88% from P3,119,149 in 2017 to P3,146,699 this year due to increased in other operating expenses.

**Financial Costs.** There are no financial cost recognized for the year ended December 31, 2018 and 2017.

**Tax Expenses.** Decrease by .145% from P60,201 for the twelve months ended December 31, 2017, to P60,114 for the period ended December 31, 2018.

**Net Income.** The net loss of the Company were P206,244 and P178,346 for 2018 and 2017 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 decreased by 13.89% from (P0.36) in 2017 to (P0.41) in 2018, the Company has no dilutive potential common shares, hence no disclosure of diluted earnings per share is made in the financial statements.

## **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, 2017 and 2016.

	2017	2016
<b>Cash Flows From Operating Activities</b>		
Profit before tax	P (118,145)	P (116,387)
Adjustment for:		
Interest income from loan	(3,000,000)	(3,000,000)
Interest income from cash in bank	(1,004)	(1,053)
Operating loss before working capital changes	(3,119,149)	(3,117,440)
Increase in input value-added tax	(202,961)	(147,653)
Increase in accrued expenses and other payable	416,176	416,753
Decrease in due to a stockholder	(2,905,934)	(2,848,340)
Cash used in operations	3,001,004	3,001,053
Interest received	(60,160)	(60,252)
Cash paid for income taxes	34,910	92,461
Net Increase (Decrease) In Cash	283,614	191,153
Cash At Beginning of Year	P 318,524	P 283,614
Cash At End of Year		

## **MATERIAL ITEMS UNDER OPERATING EXPENSES**

### **OPERATING EXPENSES**

#### **2019**

Operating expenses for 2019 amounted to P3,087,320 which is P59,379 under compared to 2018. Expenses for 2019 were as follows:

Professional fees	P 1,193,000
Salaries & Wages	1,164,000
Rent Expense	300,000
Membership fees	250,000
Utilities	81,600
Office Supplies	43,502

Taxes and licenses	31,257
Directors fee	22,000
Miscellaneous	1,961
Total	P 3,146,699

**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 October 31, 2020.

**HOLDERS**

Class	No. of Stockholders
Common A	326
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 2018 to 3<sup>rd</sup> Quarter of 2020.

<u>2020</u>	<u>1st Quarter Date Price</u>	<u>2nd Quarter Date Price</u>	<u>3rd Quarter Date Price</u>	<u>4<sup>th</sup> Quarter Date Price</u>
HIGH	1250	960	920	
LOW	800	800	800	
<u>2019</u>	<u>1st Quarter Date Price</u>	<u>2nd Quarter Date Price</u>	<u>3rd Quarter Date Price</u>	<u>4<sup>th</sup> Quarter Date Price</u>
HIGH	1260	1481	1718	1300
LOW	1253	1251	1251	1250
<u>2018</u>	<u>1st Quarter Date Price</u>	<u>2nd Quarter Date Price</u>	<u>3rd Quarter Date Price</u>	<u>4<sup>th</sup> Quarter Date Price</u>
HIGH	2990	2150	1401	1800
LOW	1051	1401	1400	1100

Last transaction date was July 17, 2020 and the closing price was at P920 per share.

#### OTHER SECURITIES

None

#### TOP TWENTY STOCKHOLDERS

As of October 31, 2020

#### CLASS A

<u>RANK</u>	<u>STOCKHOLDER</u>	<u>NO. OF SHARE</u>	<u>PERCENTAGE</u>
1	BULK HANDLERS, INC.	449,424	89.89%
2	PCD NOMINEE CORPORATION	11,237	2.25%
3	TAN, MIKO PAOLO	8,631	1.73%
4	TAN, TRUMAN A.	5,000	1.00%
5	CALIGAGAN, JACKELYN P.	2,883	0.58%



6	RITA LEGARDA, INC.	588	0.12%
7	MALANOG, ALMA TERESA R.	400	0.08%
8	REYNO III, ALFONSO VICTORIO G.	350	0.07%
9	REYNO JR., ALFONSO R.	350	0.07%
10	REYNO, CHRISTOPHER G.	350	0.07%
11	REYNO, PATRICK G.	350	0.07%
12	REYNO, YOLANDA G.	350	0.07%
13	ROBLES, EXEQUIEL D.	314	0.06%
14	SANTOS, VICENTE R.	314	0.06%
15	TAN, MARIZA SANTOS	314	0.06%
16	ASIS, LUIS R.	313	0.06%
17	ANDRES, ANDREA R.	309	0.06%
18	ANDRES, ROLLAND	309	0.06%
19	JOSEPH, EXALTACION R.	309	0.06%
20	JOSEPH, ALEXANDER	309	0.06%

#### 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
- d. 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 2019 & 2018 were P105,000.00 & P105,000.00 respectively. The Board approves the services rendered.
- (b) There is no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.
- (c) There are no tax fees.
- (d) There are no all other fees.
- (e) There audit committee pre-approves and recommends to the Board of Directors all audit services rendered by external auditors as well as the engagement fees to be paid. The Audit Committee actively engages in dialogue with external auditor to ensure that audit services rendered shall not impair the independence of the external auditor. The Audit Committee is composed of three directors and chaired by one of the directors. They are Mr. Edison Javier, chairman, Ms. Juanita U. Tan and Mr. Erwin R. Diaz, as members.

## 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 18, 2019	Election of Directors & Officers	The following were elected as directors: <ol style="list-style-type: none"> <li>1) Manuel N. Tankiansee</li> <li>2) Juanita U. Tan</li> <li>3) Erwin R. Diaz</li> <li>4) Jemie U. Tan</li> <li>5) Marilou U. Pua</li> <li>6) Jalane Christie U. Tan</li> <li>7) Julie C. Dela Cruz</li> <li>8) Miguel Ocampo Tan</li> <li>9) Emma Keng Ocampo-Tan</li> <li>10) Edison S. Javier *</li> <li>11) Felisa P. Escudero *</li> </ol>
		*Independent Directors

Elected Officers are the following:

Chairman of the Board	- Mr. Manuel N. Tankiansee
President	- Ms. Juanita U. Tan
Vice-President & Treasurer	- Mr. Erwin R. Diaz
Corporate Secretary	- Atty. Helen C. De Leon Manzano

**UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC 17-A FREE OF CHARGE. SUCH REQUEST SHOULD BE DIRECTED TO THE BHI HOLDINGS, INC'S. MANAGEMENT, 22/F THE PEARLBANK CENTRE, 146 VALERO STREET, SALCEDO VILLAGE, MAKATI CITY.**

ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:

**MR. ERWIN R. DIAZ**  
 Vice President  
 BHI Holdings, Inc.  
 22<sup>nd</sup> 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 \_\_\_<sup>th</sup> day of \_\_\_\_\_, 2020.

By:

  
**JUANITA U. TAN**

Chief Executive Officer/President

  
**ERWIN R. DIAZ**

Chief Financial Officer/Vice-President

  
**HELEN DE LEON-MANZANO**

Corporate Secretary

SUBSCRIBED AND SWORN to before me this 04 NOV 2020 day of \_\_\_\_\_, 2020 affiant(s) exhibiting to me his/their Residence Certificate as follows:

Name /	Comm. Tax Certificate No./TIN No.	Date /	Place of Issue
JUANITA U. TAN	04357431	01/27/20	Makati
ERWIN R. DIAZ	07556087	01/09/20	Manila
HELEN DE LEON-MANZANO	107-270-115-000		

  
**ELISEO S. CALMA, JR.**

**Notary Public**

Until ~~Notary Public~~

**ADM Matter No. NP-667 (2020-2021)**

**Attorney's Roll No. 59183**

**PTR No. 9521200C, Jan. 21, 2020**

**IBF No. 095280 - Nov. 20, 2019**

**MCLE Comp. No. VI-0012817 until April 14, 2022**

**20 Kamagong St., Sapaanang Village**

**East Fairview, Quezon City**

Doc. No. 19  
Page No. 13  
Book No. X-1x  
Series of 2019

# Report of Independent Auditors

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

## Report on the Audit of the Financial Statements

### ***Opinion***

We have audited the financial statements of BHI Holdings, Inc. (the Company), which comprise the statements of financial position as at December 31, 2019 and 2018, 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, 2019, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2019 in accordance with the Philippine Financial Reporting Standards (PFRS).

### ***Basis for Opinion***

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

### ***Key Audit Matters***

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

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

##### *Description of the Matter*

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

As of December 31, 2019, the Company has loans receivable, shown as due from a related party, amounting to P100.0 million, which represents 97% of the Company's total assets. The Company's management exercises significant judgment and use subjective estimates in determining when and how much to recognize impairment loss on loans receivable. These judgements and estimates, which are detailed in the Company's significant accounting policies, judgements and estimates in Notes 2 and 3 to the financial statements, include the approach applied by the Company in assessing the impairment of assets. Based on management's statements as the amount of adjustments were identified by management to be immaterial to the Company. The disclosures of the Company on Due from a related party and the related credit risk are included in Notes 4 and 12 to the financial statements.

##### *How the Matter was Addressed in the Audit*

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

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2019 but does not include the financial statements and our auditor's report thereon. The Definitive Information Statement and SEC Form 17-A for the year December 31, 2019 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

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

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



As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2019 required by the Bureau of Internal Revenue as disclosed in Note 17 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS; neither is it required by the Revised Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is John Endel S. Mata.

### PUNONGBAYAN & ARAULLO

  
By: John Endel S. Mata  
Partner

CPA Reg. No. 0121347  
TIN: 257-622-627  
PTR No. 8116549, January 2, 2020, Makati City  
SEC Group A Accreditation  
Partner – No. 121347 – SEC (until Dec. 31, 2023)  
Firm – No. 0002-FR-5 (until Mar. 26, 2020)  
BIR AN 08-002551-040-2019 (until Dec. 15, 2020)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 25, 2020

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>		<u>2019</u>		<u>2018</u>
<b><u>ASSETS</u></b>					
<b>CURRENT ASSETS</b>					
Cash	2	P	452,841	P	308,787
Due from a related party	4		46,254,795		46,254,795
Input value-added tax	17	-	<u>2,619,707</u>	-	<u>2,521,787</u>
Total Current Assets			49,327,343		49,085,369
<b>NON-CURRENT ASSET</b>					
Due from a related party	4	-	<u>54,000,000</u>	-	<u>54,000,000</u>
<b>TOTAL ASSETS</b>		<b><u>P</u></b>	<b><u>103,327,343</u></b>	<b><u>P</u></b>	<b><u>103,085,369</u></b>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>CURRENT LIABILITIES</b>					
Accrued expenses and other payables	5	P	4,180,523	P	3,791,879
Due to a stockholder	4		867,116		867,116
Income tax payable		-	<u>15,123</u>	-	<u>15,123</u>
Total Liabilities			<u>5,062,762</u>		<u>4,674,118</u>
<b>EQUITY</b>					
Capital stock	8		50,000,000		50,000,000
Additional paid-in capital	2		7,520,755		7,520,755
Retained earnings		-	<u>40,743,826</u>	-	<u>40,890,496</u>
Total Equity			<u>98,264,581</u>		<u>98,411,251</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P</u></b>	<b><u>103,327,343</u></b>	<b><u>P</u></b>	<b><u>103,085,369</u></b>

*See Notes to Financial Statements.*

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017**  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>				
Interest income from loans	4	P 3,000,000	P 3,000,000	P 3,000,000
Interest income from cash in bank	-	<u>812</u>	<u>569</u>	<u>1,004</u>
	-	<u>3,000,812</u>	<u>3,000,569</u>	<u>3,001,004</u>
<b>OPERATING EXPENSES</b>				
Salaries and employee benefits	4	1,164,000	1,164,000	1,164,000
Rent	4, 11	300,000	300,000	300,000
Other operating expenses	6	<u>1,623,320</u>	<u>1,682,699</u>	<u>1,655,149</u>
	-	<u>3,087,320</u>	<u>3,146,699</u>	<u>3,119,149</u>
<b>LOSS BEFORE TAX</b>		( 86,508 )	( 146,130 )	( 118,145 )
<b>TAX EXPENSE</b>	7	<u>60,162</u>	<u>60,114</u>	<u>60,201</u>
<b>NET LOSS</b>		( 146,670 )	( 206,244 )	( 178,346 )
<b>OTHER COMPREHENSIVE INCOME</b>		-	-	-
<b>TOTAL COMPREHENSIVE LOSS</b>		( <u>P 146,670</u> )	( <u>P 206,244</u> )	( <u>P 178,346</u> )
<b>Basic and Diluted Loss Per Share</b>	9	( <u>P 0.29</u> )	( <u>P 0.41</u> )	( <u>P 0.36</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, 2019, 2018, AND 2017**  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	-	<u>2019</u>	-	<u>2018</u>	-	<u>2017</u>
<b>CAPITAL STOCK</b>	8	P	50,000,000	P	50,000,000	P	50,000,000
<b>ADDITIONAL PAID-IN CAPITAL</b>	2	-	7,520,755	-	7,520,755	-	7,520,755
<b>RETAINED EARNINGS</b>							
Balance at beginning of year			40,890,496		41,096,740		41,275,086
Total comprehensive loss during the year		( -	<u>146,670</u> )	( -	<u>206,244</u> )	( -	<u>178,346</u> )
Balance at end of year		-	40,743,826	-	40,890,496	-	41,096,740
<b>TOTAL EQUITY</b>		P	<u>98,264,581</u>	P	<u>98,411,251</u>	P	<u>98,617,495</u>

*See Notes to Financial Statements.*

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019, 2018, AND 2017**  
*(Amounts in Philippine Pesos)*

	<u>Notes</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before tax		(P 86,508)	(P 146,130)	(P 118,145)
Adjustments for:				
Interest income from loans	4	( 3,000,000 )	( 3,000,000 )	( 3,000,000 )
Interest income from cash in bank	2	( 813 )	( 569 )	( 1,004 )
Operating loss before working capital changes		( 3,087,321 )	( 3,146,699 )	( 3,119,149 )
Increase in input value-added tax		( 97,920 )	( 99,392 )	( 202,961 )
Increase in accrued expenses and other payables		388,644	395,899	416,176
Cash used in operations		( 2,796,597 )	( 2,850,192 )	( 2,905,934 )
Interest received		3,000,813	3,000,569	3,001,004
Cash paid for income taxes		( 60,162 )	( 60,114 )	( 60,160 )
 Net Cash from Operating Activities		 144,054	 90,263	 34,910
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>				
Repayment of due to a stockholder	4	=	( 100,000 )	=
 NET INCREASE (DECREASE) IN CASH		 144,054	 ( 9,737 )	 34,910
 CASH AT BEGINNING OF YEAR		 <u>308,787</u>	 <u>318,524</u>	 <u>283,614</u>
 CASH AT END OF YEAR		 <b>P 452,841</b>	 <b>P 308,787</b>	 <b>P 318,524</b>

*See Notes to Financial Statements.*

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019, 2018 AND 2017**  
*(Amounts in Philippine Pesos)*

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

***1.1 Corporate Information***

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

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

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

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

The financial statements of the Company as of and for the year ended December 31, 2019 (including the comparative financial statements as of December 31, 2018 and for the years ended December 31, 2018 and 2017) were authorized for issue by the Company's Board of Directors (BOD) on March 25, 2020.

***1.2 Status of Operations***

As an investment holding company, the Company's main thrust is to acquire ownerships in profitable corporations. However, due to certain economic factors, the Company has been inactive in pursuing investment activities for a number of years. As indicated in Note 1.1, its present source of revenue is limited to interest income generated from its loans granted to a related party (see Note 4). As such, the Company has only two employees handling mainly administrative functions due to limited transactions of the Company as of December 31, 2019 (see Note 2.9). The Company's management, however, continues to assess possible investment opportunities that it can embark on.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 *Basis of Preparation of Financial Statements*

#### (a) *Statement of Compliance with Philippine Financial Reporting Standards*

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

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

#### (b) *Presentation of Financial Statements*

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

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

#### (c) *Functional and Presentation Currency*

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

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



## 2.2 Adoption of New and Amended PFRS

### (a) Effective in 2019 that are Relevant to the Company

The Company adopted for the first time the following PFRS, amendments, interpretations and annual improvement to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PFRS 9 (Amendments)	:	Financial Instruments – Prepayment Features with Negative Compensation
PFRS 16	:	Leases
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty Over Income Tax Treatments
Annual Improvements to PFRS (2015-2017 Cycle)	:	
PAS 12 (Amendments)	:	Income Taxes – Tax Consequences of Dividends

Discussed below and in the succeeding page are the relevant information about these standards.

- (i) PAS 19 (Amendments), *Employee Benefits - Plan Amendment, Curtailment or Settlement*. The amendments clarify that past service cost and gain or loss on settlement is calculated by measuring the net defined benefit liability or asset using updated actuarial assumptions and comparing the benefits offered and plan assets before and after the plan amendment, curtailment or settlement but ignoring the effect of the asset ceiling that may arise when the defined benefit plan is in a surplus position. Further, the amendments now require that if an entity remeasures its net defined benefit liability or asset after a plan amendment, curtailment or settlement, it should also use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the change to the plan. The application of these amendments had no significant impact on the Company's financial statements
- (ii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation*. The amendments clarify that prepayment features with negative compensation attached to financial assets may still qualify under the “solely payments of principal and interests” (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at fair value through other comprehensive income (FVOCI). The application of these amendments had no significant impact on the Company's financial statements.
- (iii) PFRS 16, *Leases*. The new standard replaced PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, Standard Interpretations Committee (SIC) 15, *Operating Leases – Incentives* and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. For lessees, it requires an entity to account for leases “on-balance sheet” by recognizing a “right-of-use” asset and lease liability arising from contract that is, or contains, a lease.

For lessors, the definitions of the type of lease (i.e., finance and operating leases) and the supporting indicators of a finance lease are substantially the same with the provisions under PAS 17. In addition, basic accounting mechanics are also similar but with some different or more explicit guidance related to variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The Company has adopted PFRS 16 using the modified retrospective approach as allowed under the transitional provisions of the standard. Accordingly, comparative information were not restated. The adoption of the standard does not have a material impact on the financial statements of the Company as its sole lease agreement, where the Company is a lessee, has a remaining lease term of 12 months from transition date (i.e., January 1, 2019). The Company has applied the optional exemption to not recognize right-of-use assets but to account for the lease expense on a straight-line bases over the remaining lease term.

Nevertheless, the accounting policies of the Company as a lessee were updated to fully conform with PFRS 16, which are disclosed in Note 2.10.

- (iv) IFRIC 23, *Uncertainty Over Income Tax Treatments*. This interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Company to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Company has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above. The interpretation had no significant impact on the Company's financial statements.
- (v) Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, only PFRS 12 (Amendments), *Income Tax – Tax Consequences of Dividends* is identified by management to be relevant to the Company but had no significant impact on the Company's financial statements. The amendments clarify that an entity should recognize the income tax consequence of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits.

(b) *Effective in 2019 that are not Relevant to the Company*

The following amendments to existing standards, and improvements are mandatorily effective for annual periods beginning on or after January 1, 2019 but are not relevant to the Company's financial statements:

PAS 28 (Amendments)	:	Investment in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures
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Annual Improvements to PFRS (2015-2017 Cycle)	
PAS 23 (Amendments)	: Borrowing Costs – Eligibility for Capitalization
PFRS 3 and PFRS 11 (Amendments)	: Business Combination and Joint Arrangements – Remeasurement of Previously Held Interests in Joint Operation

(c) *Effective Subsequent to 2019 but not Adopted Early*

There are amendment and revisions to existing standards effective for annual periods subsequent to 2019, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements*, and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency.
- (ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. The Company has initially assessed that its accounting policies are still appropriate under the revised framework.

### 2.3 *Financial Assets*

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

#### (a) *Classification and Measurement of Financial Assets*

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

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

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

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

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

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

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

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

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

(b) *Impairment of Financial Assets*

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

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

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

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

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.
- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

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

(c) *Derecognition of Financial Assets*

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

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

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

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

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

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

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

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

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

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

#### ***2.7 Provisions and Contingencies***

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

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

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

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

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

## ***2.9 Employee Benefits***

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

### ***(a) Post-employment Defined Contribution Plan***

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

(b) *Compensated Absences*

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

**2.10 Leases – Company as Lessee**

(a) *Accounting for Leases in Accordance with PFRS 16 (2019)*

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

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

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

(b) *Accounting for Leases in Accordance with PAS 17 (2018 and 2017)*

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

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



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

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

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

### ***2.12 Income Taxes***

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

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

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

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

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

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

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

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

### ***2.13 Related Party Transactions and Relationships***

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

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

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

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

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

### ***2.14 Equity***

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

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

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

### **2.15 Loss Per Share**

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

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

### **2.16 Events After the End of the Reporting Period**

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements (see Note 10).

## **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

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

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

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

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

#### **(b) Distinction Between Operating and Finance Leases (2018 and 2017)**

The Company has entered into a lease agreement as a lessee. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the property covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Based on management's judgment, such lease was determined to be 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 Note 2.7 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 reporting period:

(a) *Estimation of Allowance for ECL*

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

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

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

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

(c) *Impairment of Non-financial Assets*

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

Based on management's assessment, there are no impairment losses required to be recognized on the Company's non-financial assets as of December 31, 2019 and 2018.

#### 4. RELATED PARTY TRANSACTIONS

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

	Note	Amounts of Transactions			Outstanding Balance	
		2019	2018	2017	2019	2018
<b>Stockholder:</b>						
Accommodation of expenses	4.3(a)	P -	(P 100,000)	P -	P 867,116	P 867,116
Consultancy fees	4.3(b)	804,000	504,000	504,000	-	-
<b>Related party under common ownership and with interlocking directors and officers:</b>						
Original loan receivable	4.1 (a)	-	-	-	46,000,000	46,000,000
Interest on original loan – actual	4.1 (a)	1,380,000	1,380,000	1,380,000	117,205	117,205
Assumed portion of loan receivable	4.1 (b)	-	-	-	54,000,000	54,000,000
Interest on assumed loan – actual	4.1 (b)	1,620,000	1,620,000	1,620,000	137,590	137,590
Rental and utilities	4.2	381,600	381,600	381,600	3,506,682	3,527,682
<b>Key management personnel –</b>						
Salary and employee benefits	4.4	1,164,000	1,164,000	1,164,000	-	-

Details of the foregoing transactions and balances follows.

##### 4.1 Due from a Related Party

The components of Due from a Related Party account as of December 31, 2019 and 2018 are as follows:

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

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

	<u>2019</u>	<u>2018</u>
Current	P 46,254,795	P 46,254,795
Non-current	<u>54,000,000</u>	<u>54,000,000</u>
	<u>P 100,254,795</u>	<u>P 100,254,795</u>

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

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	P 254,795	P 254,795
Accruals during the year	3,000,000	3,000,000
Collections during the year	<u>(3,000,000)</u>	<u>(3,000,000)</u>
Balance at end of year	<u>P 254,795</u>	<u>P 254,795</u>

(a) *Original Loan*

As of December 31, 2019 and 2018, the carrying amount of the original loan amounting to P46,000,000, excluding interest receivable, is presented as part of the Due from a Related Party account in the statements of financial position.

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

On September 1, 2013, upon maturity of the loan, the contracting parties both agreed to renew the loan for another two years with maturity date of August 31, 2015 with the same terms and conditions. Upon maturity, the loan agreement was again renewed by both parties for another two years in 2019, 2017 and 2015 with the same terms and conditions.

Actual annual interest income earned in 2019, 2018 and 2017 related to this loan amounted P1,380,000, which is presented as part of Interest Income From Loans under the Revenues section of the statements of comprehensive income.

The interest receivable amounting to P117,205 as of December 31, 2019 and 2018 is presented as part of Due from a Related Party account in the statements of financial position.

(b) *Assumed Loan*

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

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

The carrying amount of the assumed loan, excluding interest receivable, amounted to P54,000,000 as of December 31, 2019 and 2018 and is presented as part of Due from a Related Party in the statements of financial position.

Actual annual interest income earned in 2019, 2018 and 2017 related to the assumed loans amounted to P1,620,000, and is presented as part of Interest Income From Loans under the Revenues section in the statements of comprehensive income.

The interest receivable amounting to P137,590 as of December 31, 2019 and 2018 is presented as part of Due from a Related Party account in the statements of financial position.

The Company's loans and related interest receivable, which are subject to credit risk exposure (see Note 12.1), have been reviewed for impairment. Based on such review, management determines that the related losses are immaterial to the financial statements.

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

The Company currently leases its office premises from a related party under common ownership (see Note 11.1). The lease agreement is renewable every year upon mutual consent of the parties. Annual rental of P300,000 and utilities expenses of P81,600 incurred from this transaction in each of the three years presented are shown as Rent and as part of Other Operating Expenses account, respectively, under the Operating Expenses section of the statements of comprehensive income (see Note 6). Outstanding balance, which is unsecured, noninterest-bearing and payable in cash to the related party, is shown as part of Accrued rental and utilities under Accrued Expenses and Other Payables account in the statements of financial position (see Note 5).

#### **4.3 Transaction with Stockholder**

##### *(a) Accommodation of expenses*

Certain expenses were paid by a stockholder on behalf of the Company in previous years, while there were no similar transactions occurred in 2019, 2018 and 2017. The outstanding liability to the stockholder, which is noninterest-bearing and payable in cash upon demand, amounted to P867,116 as of December 31, 2019 and 2018 and is presented as Due to a Stockholder in the statements of financial position.

##### *(b) Consultancy fees*

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

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

The compensation and benefits provided to key management personnel, which consist of short-term employee benefits, amounted to P1,164,000 in 2019, 2018, and 2017. These are presented as Salaries and employee benefits under the Operating Expenses section of the statements of comprehensive income. The Company does not provide any other form of benefits to its key management personnel. There was no outstanding balance related to this transaction as of end of both years.

5. ACCRUED EXPENSES AND OTHER PAYABLES

This account includes the following:

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Accrued rental and utilities	4.2	P 3,916,326	P 3,527,682
Accrued professional fees		117,600	117,600
Accrued taxes and licenses		12,704	12,704
Other payables		<u>133,893</u>	<u>133,893</u>
		<u>P 4,180,523</u>	<u>P 3,791,879</u>

6. OTHER OPERATING EXPENSES

Details of other operating expenses are as follows:

	<u>Notes</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Professional fees	4.3(b)	P 1,093,000	P 1,096,268	P 1,119,000
PSE membership fees		250,000	256,000	258,000
Trainings and seminars		100,000	100,000	100,000
Utilities	4.2	81,600	81,600	81,600
Postage and messengerial expense		32,477	32,511	-
Taxes and licenses	17(f)	31,257	31,257	31,257
Directors' fee		22,000	22,000	22,000
Office supplies		11,025	12,375	36,233
Miscellaneous		<u>1,961</u>	<u>50,688</u>	<u>7,059</u>
		<u>P 1,623,320</u>	<u>P 1,682,699</u>	<u>P 1,655,149</u>

7. TAXES

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
MCIT at 2%	P 60,000	P 60,000	P 60,000
Final tax at 20%	<u>162</u>	<u>114</u>	<u>201</u>
	<u>P 60,162</u>	<u>P 60,114</u>	<u>P 60,201</u>



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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax on pretax loss at 30%	(P 25,952)	(P 43,839)	(P 35,444)
Adjustment for income subjected to lower tax rate	( 82)	( 57)	( 100)
Tax effects of:			
Unrecognized deferred tax assets arising from:			
MCIT	60,000	60,000	60,000
NOLCO	26,196	30,617	35,745
Non-deductible expense	<u>-</u>	<u>13,393</u>	<u>-</u>
	<u><b>P 60,162</b></u>	<u><b>P 60,114</b></u>	<u><b>P 60,201</b></u>

The Company is subject to MCIT, which is computed at 2% of gross income, net of allowable deductions, as defined under the tax regulations, or RCIT, whichever is higher. The Company recognized MCIT amounting to P60,000 in 2019, 2018 and 2017.

As discussed in Note 3.2(b), the Company did not recognize deferred tax assets arising from MCIT and NOLCO as of December 31, 2019 and 2018 since management believes that the Company will not have sufficient taxable income within the periods against which the NOLCO and MCIT can be applied.

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

<u>Year</u>	<u>Original Amount</u>	<u>Expired Amount</u>	<u>Remaining Balance</u>	<u>Valid Until</u>
2019	P 87,320	P -	P 87,320	2022
2018	102,056	-	102,056	2021
2017	119,149	-	119,149	2020
2016	<u>117,440</u>	<u>( 117,440)</u>	<u>-</u>	
	<u><b>P 425,965</b></u>	<u><b>(P 117,440)</b></u>	<u><b>P 308,525</b></u>	

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>
2019	P 60,000	P -	P 60,000	2022
2018	60,000	-	60,000	2021
2017	60,000	-	60,000	2020
2016	<u>60,000</u>	<u>( 60,000)</u>	<u>-</u>	
	<u><b>P 240,000</b></u>	<u><b>(P 60,000)</b></u>	<u><b>P 180,000</b></u>	

In 2019, 2018 and 2017 the Company opted to claim itemized deductions in computing for its income tax due.

## 8. CAPITAL STOCK

### 8.1 Capital Stock

Capital stock as of December 31, 2019 and 2018 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.

### 8.2 Track Record of Registration of Securities

The Company's shares of stock were initially listed for trading with the PSE on April 2, 1973. As of December 31, 2019 and 2018, there are 499,987 listed shares which are held by 336 holders. Such listed shares closed at P1,275 per share and P1,251 per share as of December 31, 2019 and 2018, respectively.

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

## 9. LOSS PER SHARE

Basic and diluted loss per share for the years ended December 31, 2019, 2018 and 2017 are computed as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net loss	P 146,670	P 206,244	P 178,346
Weighted average number of outstanding common shares	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Basic and diluted loss per share	<u>P 0.29</u>	<u>P 0.41</u>	<u>P 0.36</u>

The Company has no potentially dilutive common shares as of December 31, 2019, 2018 and 2017; accordingly, its basic and diluted loss per share are equal.

## 10. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Company and other Philippine businesses have been significantly exposed to the risks brought about by the outbreak of the new coronavirus disease, COVID-19. As the Company is a holding entity that currently has no ownerships in corporations or holdings of other investments, and remains no significant business and other economic activities as of the date of issuance of the Company's financial statements, management believes that the downside risks caused by the COVID-19 to the Company's financial condition and status operations are not significant.

## 11. COMMITMENTS AND CONTINGENCIES

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

On December 31, 2009, the Company entered into a lease agreement with a related party under common ownership covering certain office space for a period of one year starting January 1, 2010. Upon expiration of the lease period, the Company and the lessor shall amicably decide and agree to extend the lease under such terms and conditions as may be mutually agreed upon by the parties (see Note 4.2). The most recent lease renewal covered the period January 1, 2019 to December 31, 2019. As of December 31, 2018 (PAS 17), the Company has no future minimum lease payments. Rent expense charged to profit or loss in 2019, 2018 and 2017 all amounted to P300,000 and presented as Rent under Operating Expenses section of 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 and other cash flow activities. The Company's risk management is coordinated with the Parent Company, in close cooperation with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks to which the Company is exposed to are described below and in the succeeding pages.

### *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.

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

	Note	2019	2018
Cash		P 452,841	P 308,787
Due from a related party	4	<u>100,254,795</u>	<u>100,254,795</u>
		<u><b>P 100,707,636</b></u>	<u><b>P 100,563,582</b></u>

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

(i) *Cash*

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

(ii) *Due from a Related Party*

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

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

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

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

## 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 of December 31, 2019 and 2018, the Company's financial liabilities which pertain to accrued expenses and other payables (excluding tax-related liabilities) and amounts due to a stockholder, totaling P5,034,935 and P4,646,291, respectively, have contractual maturities of within 12 months. The fair value of financial liabilities is not individually determined as the carrying amount is a reasonable approximation of fair value.

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

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

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

	2019		2018	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
<b>Financial Assets</b>				
At amortized cost:				
Cash	P 452,841	P 452,841	P 308,787	P 308,787
Due from a related party	<u>100,254,795</u>	<u>100,254,795</u>	<u>100,254,795</u>	<u>100,254,795</u>
	<u>P 100,707,636</u>	<u>P 100,707,636</u>	<u>P 100,563,582</u>	<u>P 100,563,582</u>
<b>Financial Liabilities</b>				
At amortized cost:				
Accrued expenses other payables	P 4,167,819	P 4,167,819	P 3,779,175	P 3,779,175
Due to a stockholder	<u>867,116</u>	<u>867,116</u>	<u>867,116</u>	<u>867,116</u>
	<u>P 5,034,935</u>	<u>P 5,034,935</u>	<u>P 4,646,291</u>	<u>P 4,646,291</u>

See Note 2.3 and 2.5 for a description of the accounting policies for each category of financial instruments. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 12.

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

The Company has not set-off financial instruments in 2019 and 2018 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders or upon instruction by the parent company.

### 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 in the statements of financial position. Capital for the reporting periods is summarized below.

	<u>2019</u>	<u>2018</u>
Total liabilities	P 5,062,762	P 4,674,118
Total equity	<u>98,264,581</u>	<u>98,411,251</u>
Debt-to-equity ratio	<u>0.05 : 1.00</u>	<u>0.05 : 1.00</u>

## 15. FAIR VALUE MEASUREMENT AND DISCLOSURES

### 15.1 Fair Value Hierarchy

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

The fair value hierarchy has the following levels:

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

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

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

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

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

	Notes	Level 1	Level 2	Level 3	Total
<b>2019</b>					
Financial assets:					
Cash		P 452,841	P -	P -	P 452,841
Due from a related party	4.1	-	-	100,254,795	100,254,795
		<u>P 451,841</u>	<u>P -</u>	<u>P 100,254,795</u>	<u>P 100,707,636</u>
Financial liabilities:					
Accrued expenses and other payables	5	P -	P -	P 4,167,819	P 4,167,819
Due to a stockholder	4.3	-	-	867,116	867,116
		<u>P -</u>	<u>P -</u>	<u>P 5,034,935</u>	<u>P 5,034,935</u>
<b>2018</b>					
Financial assets:					
Cash		P 308,787	P -	P -	P 308,787
Due from a related party	4.1	-	-	100,254,795	100,254,795
		<u>P 308,787</u>	<u>P -</u>	<u>P 100,254,795</u>	<u>P 100,563,582</u>
Financial liabilities:					
Accrued expenses and other payables	5	P -	P -	P 3,779,175	P 3,779,175
Due to a stockholder	4.3	-	-	867,116	867,116
		<u>P -</u>	<u>P -</u>	<u>P 4,646,291</u>	<u>P 4,646,291</u>

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

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data. As of December 31, 2019 and 2018, there were no transfer of financial assets and financial liabilities within said levels.

**16. OTHER INFORMATION REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION**

R.A. No. 11232, *An Act Providing for the Revised Corporation Code of the Philippines* (the Revised Corporation Code) took effect on March 8, 2019. The new provisions of the Revised Corporation Code or any amendments thereof have no significant impact to the Company's financial statements.

17. **SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)**

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

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

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

The Company does not have output VAT in 2019.

(b) *Input VAT*

The movements in input VAT in 2019 are summarized below.

Balance at beginning of year	P	2,521,787
Services lodged under other accounts		<u>97,920</u>
Balance at end of year	<b>P</b>	<b><u>2,619,707</u></b>

(c) *Taxes on Importation*

The Company did not have any importations in 2019.

(d) *Excise Tax*

The Company does not have excise tax in 2019 since it did not have any transactions, which are subject to excise tax during the year.

(e) *Documentary Stamp Tax*

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

(f) *Taxes and Licenses*

Details of taxes and licenses in 2019 are shown below (see Note 6).

Municipal license and permits	P	23,182
SEC filing fees		7,575
Annual VAT registration		<u>500</u>
	<b>P</b>	<b><u>31,257</u></b>



(g) *Withholding Taxes*

Details of total withholding taxes paid and accrued for the year ended December 31, 2019 are shown below.

Compensation and benefits	P	116,400
Expanded		<u>55,200</u>
	<b>P</b>	<b><u>171,600</u></b>

The Company has no income payments subject to final withholding tax in 2019.

(h) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2019, the Company does not have any final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
**List of Supplementary Information**  
**December 31, 2019**

A. Statement of Management’s Responsibility for the Financial Statements

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

C. Schedule of Financial Indicators for December 31, 2019 and 2018

D. List of Supplementary Information

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

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B	Amounts Receivable from/Payable to Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	2
C	Amounts Receivable from/ Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements	3
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	Map Showing the Relationship Between the Company and its Related Entities	8



# P&A Grant Thornton

## An instinct for growth™ **Report of Independent Auditors on Components of Financial Soundness Indicators**

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146 Valero Street, Salcedo Village  
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of BHI Holdings, Inc., (the Company), for the year ended December 31, 2019 and 2018, on which we have rendered our report dated March 25, 2020. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Philippine Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2019 and 2018 and for each of the two years in the period ended December 31, 2019 and no material exceptions were noted.

### **PUNONGBAYAN & ARAULLO**

By: **John Endel S. Mata**  
Partner

CPA Reg. No. 0121347  
TIN: 257-622-627  
PTR No. 8116549, January 2, 2020, Makati City  
SEC Group A Accreditation  
Partner – No. 121347-SEC (until Dec. 31, 2023)  
Firm – No. 0002-FR-5 (until Mar. 26, 2021)  
BIR AN 08-002551-040-2019 (until Dec. 15, 2022)  
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 25, 2020

**Certified Public Accountants**  
Punongbayan & Araullo (PSA) is the Philippine member firm of Grant Thornton International Ltd

[grantthornton.com.ph](http://grantthornton.com.ph)

Offices in Cavite, Cebu, Davao  
BOA/PRC Cert of Reg. No. 0002  
SEC Accreditation No. 0002 FR 5

**BHI HOLDINGS, INC.**

**ANNEX 68-E - SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

December 31, 2019 and 2018

Ratio	Formula	Current Year	Prior Year
Current ratio	Current assets / Current liabilities	9.743	10.502
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less other current assets)	9.226	9.962
Solvency ratio	Total liabilities / Total assets	0.049	0.049
Debt-to-equity ratio	Total liabilities / Total stockholders' equity	0.052	0.047
Asset-to-equity ratio	Total assets / Total stockholders' equity	1.052	1.047
Interest rate coverage ratio	EBIT / Total interest	0.000	0.000
Return on equity	Net profit (loss) / Average total equity	-0.001	-0.002
Return on assets	Net profit (loss) / Average total assets	-0.001	-0.002
Net profit margin	Net profit (loss) / Total revenues	-0.049	-0.069



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

An instinct for growth™

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

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of BHI Holdings, Inc. for the year ended December 31, 2019, on which we have rendered our report dated March 25, 2020. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**PUNONGBAYAN & ARAULLO**

By: **John Endel S. Mata**  
Partner

CPA Reg. No. 0121347  
TIN: 257-622-627  
PTR No. 8116549, January 2, 2020, Makati City  
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March 25, 2020

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
 SEC Released Revised SRC Rule 68

Annex 68-E

**Schedule A**

**Financial Assets**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at end of reporting period	Income received and accrued
<i>Financial Assets at Amortized Cost</i>				
Cash	P	452,841	P 452,841	P 812
<i>Financial Assets at Fair Value Through Profit or Loss</i>				
	P	-	P -	P -
<i>Financial Assets at Fair Value Through Other Comprehensive Income</i>				
	P	-	P -	P -

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
 SEC Released Revised SRC Rule 68

Annex 68-E  
 Schedule B

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

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

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

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

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

**NOTHING TO REPORT**



**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
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Annex 68-E  
**Schedule D**  
**Long Term Debt**

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
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**NOTHING TO REPORT**

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
SEC Released Revised SRC Rule 68

Annex 68-E  
**Schedule E**

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

Name of related party	Balance at beginning of period	Balance at end of period
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**NOTHING TO REPORT**

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
 SEC Released Revised SRC Rule 68

Annex 68-E

**Schedule F**

**Guarantees of Securities of Other Issuers**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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**NOTHING TO REPORT**

**BHI HOLDINGS, INC.**  
*(A Subsidiary of Bulk Handlers, Inc.)*  
 SEC Released Revised SRC Rule 68

Annex 68-E

**Schedule G**

**Capital Stock**

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common Shares						
Class A Shares	700,000	350,000	-	299,424	484	50,092
Class B Shares	300,000	150,000	-	150,000	-	-
<b>Common Shares</b>	<b>1,000,000</b>	<b>500,000</b>	<b>-</b>	<b>449,424</b>	<b>484</b>	<b>50,092</b>

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

MAP SHOWING THE RELATIONSHIP BETWEEN THE COMPANY  
AND ITS RELATED ENTITIES

