

BHI HOLDINGS, INC.

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of BHI Holdings, Inc. is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2021, 2020, and 2019, in accordance with the prescribed financial reporting framework indicated therein and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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


MANUEL N. TANKIANSEE

Chairman of the Board


JUANITA U. TAN

Chief Executive Officer/President


MARIVIC U. ISLA

Chief Financial Officer

03 NOV 2022

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

<u>Name</u>	<u>/</u>	<u>TIN NUMBER</u>
MANUEL N. TANKIANSEE		126-197-981-000
JUANITA U. TAN		126-197-593-000
MARIVIC U. ISLA		245-404-543-000

Notary Public

ELISEO S. CALMA, JR.
ATTY. ELISEO S. CALMA, JR.
Notary Public for Quezon City Until Dec. 31, 2023
Roll No. 50183
PTR No. 24543590, 01/03/, 2022/Q.C.
IBP No. 183888 Jan. 31, 2022
MCLE Comp. No. VII-0006924/until April 14, 2025
ADM. Matter No. NP-067 / (2022-2023)
20 Kamagong St., Sapamanai Village
East Fairview, Quezon City
TIN: 138-541-197-00000

Doc. No. 463
Page No. 04
Book No. CU
Series of 2022

MANAGEMENT REPORT

BUSINESS AND GENERAL INFORMATION

1) Business Development

a) Form and date of organization

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

b) Any bankruptcy, receivership or similar proceedings

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

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

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

2) Business of Issuer

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

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

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

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

Not Applicable

Distribution methods of products or services

Not Applicable

Competition

Not Applicable

Sources and availability of raw materials and names of principal suppliers

Not Applicable

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

Not Applicable

Transactions with and/or dependence on related parties.

Not Applicable

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

Not Applicable

Need for government approval of principal products or services

Not Applicable

Effect of existing or probable governmental regulations on the business

Not Applicable

Costs and effects of compliance with environmental laws

Not Applicable

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

2021

The company has not started its operation. Due related parties accounts which are 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, 2021 and 2020, the carrying amount of the original loan amounting to P46,000,000, excluding interest receivable, is presented as part of Due from a Related Party account in the statements of financial position.

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

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

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

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

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

Corresponding periodic renewals were agreed by both parties upon maturity of the loan under the same terms and conditions, which resulted in the current and non-current classification of such loan as of December 31, 2021 and 2020, respectively.

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

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

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

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

REVENUES**INTEREST INCOME/OTHER INCOME**

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

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

OPERATING EXPENSES**2021**

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

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

2020

Operating expenses for 2020 amounted to P3,504,828 which is P417,508 over compared to 2019. Expenses for 2020 were as follows:

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

2019

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

Salaries & Wages	P	1,164,000
Professional fess		1,193,000
Rent Expense		300,000
Membership fess		250,000
Utilities		81,600
Office supplies		43,502
Taxes & licenses		31,257
Director's 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:

Salaries & Wages	P	1,164,000
Professional fess		1,196,268
Rent Expense		300,000
Membership fees		256,000
Utilities		81,600
Office supplies		44,886
Taxes and licenses		31,257
Director's fee		22,000
Miscellaneous		50,688
Total	P	<u>3,146,699</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, 2021</u>	<u>December 31, 2020</u>	<u>Difference %</u>
Revenues	P3,000,336	P3,142,192	(P141,856)
Earnings per share	P0.78	(P0.85)	P1.63
Return on Equity	0.0040	(0.0043)	0.0083
Debt ratio	0.0480	0.0513	(0.0033)

		10	
Market Valuation	4.81	4.60	0.21

Revenues decrease in 2021 by P141,856 due to the effect of remeasurement of loan and interest income from bank and miscellaneous income.

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 stockholder's 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.

INTERIM UNAUDITED FINANCIAL STATEMENTS

Quarterly Ended September 30, 2022 compared to Quarterly Ended September 30, 2021

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, 2022</u>	<u>September 30, 2021</u>	<u>Difference %</u>
Revenues	P2,243,836	P1,742,644	P501,370
Earnings per share	P0.643	P0.703	(P0.061)
Return on Equity	0.0033	0.0036	(0.0003)
Debt ratio	0.0444	0.0485	(0.0041)
Market Valuation	3.36	4.81	(1.45)

Revenues increase in 2022 by P501,370 due to the effect of remeasurement of loan and interest income from the bank and miscellaneous income.

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 stockholder's 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

Decrease of 47.24% from P324,234 for the year ended December 31, 2021 to P171,070 for the period ended September 30, 2022. 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 P3,707,954 for the period ended September 30, 2022 compared to P4,070,364 for the year ended December 31, 2021 decreased by 8.90.%.

Revenues

The Company's effective interest income amounted to P2,243,884 and P1,742,644 and P2,251,895 in 3rd quarter of 2022, 2021 and 2020. The actual interest income based on the terms of the loan agreements totaled to P2,243,836 for 3rd quarter of 2022 and P1,742,466 for 3rd quarter of 2021 and P2,251,404 for the 3rd quarter of 2020. On September 30, 2022 the Company achieved revenue of P2,243,836 and P1,742,644 in 3rd quarter 2021.

Other Income from Banco de Oro and Land Bank of the Philippines savings account amounted to P49.

Cost and Expenses

The Company's operating expenses as of the 3rd quarter of 2022 amounted to P1,922,581 or an increase of 38.22% compared to the 3rd quarter of the year 2021 and a decrease of 39.44% compared to the 3rd quarter of the year 2020 due to decreased 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, 2021, 2020 and 2019 and Statements of Comprehensive Income, Changes in Equity and Cash Flows for the three years then ended, together with Notes to Financial Statements, are attached to this report. Likewise, the Interim Financial Statements, are attached to this report.

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

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

	2021	2020
Cash Flows From Operating Activities		
Profit before tax	P 409,151	(P 362,636)
Adjustment for:		
Interest income from loans	(3,000,000)	(3,007,568)
Gain on derecognition of financial liabilities	-	(133,893)
Interest income from cash in bank	(336)	(731)
Operating loss before working capital changes	(2,591,185)	(3,504,828)
Increase in input value-added tax	(112,094)	(135,343)
Increase in due to a related party		
Increase in accrued expenses and other payables	(338,679)	362,413
	<hr/>	<hr/>
Cash used in operations	(3,041,958)	(3,277,758)
Interest received	3,255,131	3,008,299
Cash paid for income taxes	(12,024)	(60,297)
Net Increase (Decrease) In Cash	201,149	(329,756)
Cash Flows From Financing Activity		
Repayment of due to a stockholder	-	-
Net Increase (Decrease) In Cash	<hr/>	<hr/>
	201,149	(329,756)
Cash At Beginning of Year	123,085	452,841
Cash At End of Year	P 324,234	P 123,085

As of December 31, 2021, cash increased by 263.42%, from P324,234 in 2021 to P123,085 for the period ended December 31, 2020. For the period under review, interest received increased to P3,255,131 from P3,008,299 for the year 2020. The cash paid for income taxes decreased from P60,297 last year to P12,024 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.

Corresponding periodic renewals were agreed by both parties upon maturity of the loan under the same terms and conditions, which resulted in the non-current asset classification of such loan as of December 31, 2021 and 2020.

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

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

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

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

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

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

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

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

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

fully collected in 2021.

Deferred tax assets. The Company is subject to MCIT, which is computed at 1% in 2021, and 2% both in 2020 and 2019 of gross income, as defined under the tax regulations or to the RCIT, whichever is higher. The Company recognized MCIT amounting to P2,481 in 2021 and P60,151 in 2020 and P60,000 in 2019. The Company did not recognize the deferred tax assets arising from NOLCO and MCIT as of December 31, 2021 and 2020 since management believes that the company will not have sufficient taxable income and RCIT due, respectively, within the periods against which NOLCO and MCIT can be applied. The NOLCO can be claimed as deductions from future taxable income within three to five years from the year the NOLCO was incurred. Pursuant to the issuance of Revenue Regulations (RR) No. 25-2020 to implement Section B of the Republic Act No. 11494, the net operating loss incurred for the taxable year 2020 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss. The excess MCIT amounting to P102,056 in 2018, P87,320 in 2019 and P109,363 in 2020 were applied for the year 2021.

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

Result of Operations

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

Revenue. For the year ended December 31, 2021, the Company achieved revenue of P3,000,336 decreased by 4.728% over the P3,142,192 in 2020. This was primarily due to increase in interest income from loan and in miscellaneous income.

Operating Expenses. Total expenses decreased by 26.068% from P3,504,828 in 2020 to P2,591,185 this year due to decrease in other operating expenses.

Financial Costs. There are no financial cost recognized for the year 2020 and 2021.

Tax Expenses. Decrease by 71.743% from P60,297 for the twelve months ended December 31, 2020, to P17,038 for the period ended December 31, 2021.

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

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

MATERIAL 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, 2020 and 2019.

	2020	2019
Cash Flows From Operating Activities		
Profit before tax	(P 362,636)	(P 86,508)
Adjustment for:		
Interest income from loan	(3,007,568)	(3,000,000)
Gain on derecognition of financial liabilities	(133,893)	-
Interest income from cash in bank	(731)	(813)
Operating loss before working capital changes	(3,504,828)	(3,087,321)
Increase in input value-added tax	(135,343)	(97,920)
Increase in accrued expenses and other payable	362,413	388,644
Decrease in due to a stockholder	-	-
Cash used in operations	(3,277,758)	(2,796,597)
Interest received	3,008,299	3,000,813
Cash paid for income taxes	(60,297)	(60,162)
Net Increase (Decrease) In Cash	(329,756)	144,054
Cash Flows From Financing Activity		
Repayment of due to a stockholder	-	-
Cash At Beginning of Year	(329,756)	144,054
Cash At Beginning of Year	452,841	308,787
Cash At End of Year	P 123,085	P 452,841

As of December 31, 2020, cash decreased by 27.18%, from P123,085 in 2020 to P452,841 for the period ended December 31, 2019. For the period under review, interest received increased to P3,008,299 from P3,000,813 for the year 2020. The cash paid for income taxes increased, from P60,162 last year to P60,297 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 P54,000,000. 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 2024 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. Amounted to P46,000,000. 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 P4,409,043 in 2020 compared to P4,180,523 in 2019 increased by 5.47%, the lease contract stipulated an annual escalation rate of 10%.

Result of Operations

Year Ended December 31, 2020 compared to Year Ended December 31, 2019

Revenue. For the year ended December 31, 2020, the Company achieved revenue of P3,142,192, increased by 4.711% over the P3,000,812 in 2019. 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 13.52% from P3,087,320 in 2019 to P3,504,828 in year 2020 due to increase in other operating expenses.

Financial Costs. There is no financial cost recognized for the year ended December 31, 2020 and 2019.

Tax Expenses. Increase by 0.224% from P60,162 for the twelve months ended December 31, 2019, to P60,297 for the period ended December 31, 2020.

Net Income. The net loss of the Company was P422,933 and P146,670 for 2020 and 2019 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 193.10% from (P0.29) in 2019 to (P0.85) in 2020, 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, 2019 and 2018.

	2019	2018
Cash Flows From Operating Activities		
Profit before tax	P (86,508)	P (146,130)
Adjustment for:		
Interest income from loan	(3,000,000)	(3,000,000)
Interest income from cash in bank	<u>(813)</u>	<u>(569)</u>
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 payable	388,644	395,899
Decrease in due to a stockholder	<u> </u>	<u> </u>
Cash used in operations	(2,796,597)	(2,850,192)
Interest received	3,000,813	3,000,569
Cash paid for income taxes	<u>(60,162)</u>	<u>(60,114)</u>
Net Increase (Decrease) In Cash	144,054	90,263
 Cash Flows From Operating Activities		
Repayment of due to a stockholder	<u>-</u>	<u>(100,000)</u>
Cash At Beginning of Year	<u>144,054</u>	<u>(9,737)</u>
 Cash At Beginning of Year	 <u>308,787</u>	 <u>318,524</u>
Cash At End of Year	<u>P 452,841</u>	<u>P 308,787</u>

MATERIAL ITEMS UNDER OPERATING EXPENSES**OPERATING EXPENSES****2021**

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

Professional fees	P 808,750
Salaries & Wages	1,164,000
Rent Expense	180,000
Membership fees	250,000
Utilities	31,200
Taxes and licenses	40,598

Director's fee	22,000
Miscellaneous	94,637
Total	<u>P 2,591,185</u>

Significant Employees

Not Applicable

Family Relationship

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

Involvement in Certain Legal Proceedings

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

OPERATIONAL AND FINANCIAL INFORMATION

Market for Issuer's Common Equity and Related Stockholder Matters

MARKET INFORMATION

The principal market for the Company's Common Equity is the Philippine Stock Exchange as of October 31, 2022.

HOLDERS

Class	No. of Stockholders
-----	-----
Common A	327
Common B	1

MARKET INFORMATION FOR SECURITIES OTHER THAN COMMON EQUITY

The principal market of the common equity of the issuer is the Philippine Stock Exchange. From the table below, the trading price indicate the high & low sales prices of the common equity of the registrant from 2020 to 3rd Quarter of 2022.

<u>2022</u>	<u>1st Quarter Date Price</u>	<u>2nd Quarter Date Price</u>	<u>3rd Quarter Date Price</u>	<u>4th Quarter Date Price</u>
HIGH	1351	945	945	
LOW	662	662	662	
<u>2021</u>	<u>1st Quarter Date Price</u>	<u>2nd Quarter Date Price</u>	<u>3rd Quarter Date Price</u>	<u>4th Quarter Date Price</u>
HIGH	901	1351	1351	1351
LOW	900	945	945	945
<u>2020</u>	<u>1st Quarter Date Price</u>	<u>2nd Quarter Date Price</u>	<u>3rd Quarter Date Price</u>	<u>4th Quarter Date Price</u>
HIGH	1250	960	920	901
LOW	800	800	900	900

Last transaction date was May 06, 2022 and the stock of the Corporation opened at P662 per share, had a high of P945 per share and a low of P662 per share. The stock closed at P662 per share.

OTHER SECURITIES

None

TOP TWENTY STOCKHOLDERS

As of October 31, 2022

CLASS A

<u>RANK</u>	<u>STOCKHOLDER</u>	<u>NO. OF SHARE</u>	<u>PERCENTAGE</u>
1	BULK HANDLERS, INC.	288,624	82.46%
2	PCD NOMINEE CORPORATION	10,747	03.07%
3	TAN, MIKO PAOLO	8,631	02.47%

4	TAN, TRUMAN A.	5,000	01.43%
5	NERCO S. BALAGAS	4,500	01.28%
6	JACKELYN P. CALIGAGAN	2,883	00.82%
7	MELANI R. MASANGCAY	1,700	00.48%
8	FERNANDO P. SANTIAGO JR	860	00.25%
9	JEMIE UY TAN	850	00.24%
10	ARMANDO B. BUSANO	800	00.23%
11	RITA LEGARDA, INC.	588	00.17%
12	EDGAR C. SERRANO	560	00.16%
13	GERRY B. RABINO	500	00.14%
14	MARILYN C. BRAVO	500	00.14%
15	AILYHNE R. BALABA	500	00.14%
16	MALANOG, ALMA TERESA R.	400	00.12%
17	VIVIAN MAUREEN G. PROTACIO	380	00.11%
18	REYNO III, ALFONSO VICTORIO G	350	00.10%
19	REYNO JR., ALFONSO R.	350	00.10%
20	REYNO, CHRISTOPHER	350	00.10%

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 2021 & 2020 were P105,000.00 respectively. The Board approves the services rendered.
- (b) There is no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.
- (c) There are no tax fees.
- (d) There are no 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 Ms. Felisa P. Escudero, chairman, Ms. Juanita U. Tan and Ms. Julie C. Dela Cruz, 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, 2021	Election of Directors & Officers	The following were elected as directors: <ol style="list-style-type: none"> 1) Manuel N. Tankiansee 2) Juanita U. Tan 3) Agripina M. Serrano 4) Jemie U. Tan 5) Marilou U. Pua 6) Jalane Christie U. Tan 7) Julie C. Dela Cruz 8) Miguel Ocampo Tan 9) Emma Keng Ocampo-Tan 10) Paolo Redemptus Capino * 11) Felisa P. Escudero * <p style="text-align: center;">*Independent Directors</p>

Elected Officers are the following:

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

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

ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:

MS. JULIE C. DELA CRUZ

Vice President
 BHI Holdings, Inc.
 22nd Floor, The Pearlbank Centre
 146 Valero Street, Salcedo Village,
 Makati City