

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
Dec 31, 2022
2. SEC Identification Number
102165
3. BIR Tax Identification No.
000-803-498-000
4. Exact name of issuer as specified in its charter
Bright Kindle Resources & Investments, Inc.
5. Province, country or other jurisdiction of incorporation or organization
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)
[REDACTED]
7. Address of principal office
16th floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati
City
Postal Code
1227
8. Issuer's telephone number, including area code
(02) 88330769
9. Former name or former address, and former fiscal year, if changed since last report
-
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	1,528,474,000

11. Are any or all of registrant's securities listed on a Stock Exchange?
 Yes No
 If yes, state the name of such stock exchange and the classes of securities listed therein:
 Philippine Stock Exchange
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

(b) has been subject to such filing requirements for the past ninety (90) days

Yes No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

PHP 537,456,017

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

-

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

-

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Bright Kindle Resources
& Investments, Inc.

Bright Kindle Resources & Investments Inc.

BKR

PSE Disclosure Form 17-1 - Annual Report
*References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules*

For the fiscal year ended	Dec 31, 2022
Currency	PHP

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Current Assets	89,844,566	95,568,370
Total Assets	2,877,827,743	2,843,263,702
Current Liabilities	1,684,439,011	1,682,997,183
Total Liabilities	1,684,439,011	1,682,997,183
Retained Earnings/(Deficit)	344,891,351	312,701,646
Stockholders' Equity	1,193,388,732	1,160,266,519
Stockholders' Equity - Parent	-	-
Book Value Per Share	0.78	0.76

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Gross Revenue	556,581	758
Gross Expense	8,675,251	12,835,716
Non-Operating Income	40,313,575	150,532,128
Non-Operating Expense	-	-
Income/(Loss) Before Tax	32,194,905	137,697,170
Income Tax Expense	5,200	-
Net Income/(Loss) After Tax	32,189,705	137,697,170
Net Income/(Loss) Attributable to Parent Equity Holder	-	-
Earnings/(Loss) Per Share (Basic)	0.02	0.09
Earnings/(Loss) Per Share (Diluted)	0.02	0.09

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2022	Dec 31, 2021
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.05	0.06
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	0.04	0.05
Solvency Ratio	Total Assets / Total Liabilities	1.71	1.69
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.59	0.59
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	1.41	1.45
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	-	360
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	2.41	2.45
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	-	-
Net Profit Margin	Net Profit / Sales	-	-
Return on Assets	Net Income / Total Assets	0.01	0.05
Return on Equity	Net Income / Total Stockholders' Equity	0.03	0.13
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	75	18.89

Other Relevant Information

NONE

Filed on behalf by:

Name	Kenneth Peter Molave
Designation	Corporate Secretary, Data Privacy Officer and Compliance Officer

COVER SHEET

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S.E.C. Registration Number

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I	N	V	E	S	T	M	E	N	T	S	,			I	N	C	.											
(f	o	r	m	e	r	l	y		B	a	n	k	a	r	d	,		I	n	c	.)					

(Company's Full Name)

1	6	t	h		F	l	o	o	r		B	D	O		T	o	w	e	r	s							
V	a	l	e	r	o		(	f	o	r	m	e	r	l	y		C	i	t	i	b	a	n	k			
T	o	w	e	r	)		8	7	4	1		P	a	s	e	o		d	e		R	o	x	a	s		
M	a	k	a	t	i		C	i	t	y																	

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

KENNETH PETER D. MOLAVE

Contact Person

8821-2202/8833-0769

Company Telephone Number

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Month *Day*
Fiscal Year

SEC FORM 17-A

FORM TYPE

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Month *Day*
Annual Meeting

N/A

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles
Number/Section

628

Total No. of Stockholders

Total Amount of Borrowings	
nil	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE
AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2022
2. SEC Identification Number 102165
3. BIR Tax Identification No. 000-803-498
4. Exact name of issuer as specified in its charter BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. (formerly Bankard, Inc.)
5. Metro Manila
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 16th Floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City 1227
Address of principal office Postal Code
8. (632) 833-0769
Issuer's telephone number, including area code
9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱0.55 par value	1,528,474,000

11. Are any or all of these securities listed on a Stock Exchange?

Yes No
Common stock
Philippine Stock Exchange

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes No

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

Yes No

13. The aggregate market value of the voting stock held by non-affiliates is Php537,456,017 computed on the basis of 358,304,011 representing 23.44% of the outstanding common shares at the closing price as of December 31, 2022 of Pesos 1.50 per share.

Table of Contents

PART I - BUSINESS AND GENERAL INFORMATION	4
Item 1. BUSINESS.....	4
Item 2. DESCRIPTION OF PROPERTY	7
Item 3. LEGAL PROCEEDINGS	7
Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	8
PART II –OPERATIONAL AND FINANCIAL INFORMATION.....	8
Item 5. MARKET PRICE FOR ISSUER’S COMMON EQUITY AND RELATED STOCKHOLDERS’ MATTERS	8
ITEM 6. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION	9
Item 7. FINANCIAL STATEMENTS	15
Item 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS	15
PART III–CONTROL AND COMPENSATION INFORMATION	15
Item 9.DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT	15
Item 10. EXECUTIVE COMPENSATION	21
Item 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT.....	23
Item 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS	23
PART IV – CORPORATE GOVERNANCE	24
Item 13. CORPORATE GOVERNANCE	24
PART V - EXHIBITS AND SCHEDULES.....	24
Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C.....	24
SIGNATURES.....	25

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

A. Description of Business

1. Business Development

(a) Form and year of organization

Bright Kindle Resources & Investments, Inc. (formerly Bankard, Inc.) (the "Company") was incorporated in the Philippines on December 4, 1981 as a credit card corporation. On March 21, 1995, the Company listed its shares with the Philippine Stock Exchange, Inc. Prior to December 27, 2013, the Company was a subsidiary of Rizal Commercial Banking Corporation (RCBC).

On October 18, 2013, the Board of Directors (BOD) of RCBC approved the sale of its 89.98% collective stake in the Company. In order to consummate the sale, a block sale was made between RCBC and RYM Business Management Corp. (the "Parent Company" or "RYM") together with other investors. As a result, RYM acquired 81.77% interest in the Company.

In view of the change in its ownership and management, the Company has changed the nature of its principal business. In November 2013, the Company's BOD approved the amendment in the Company's Articles of Incorporation to change its corporate name to Bright Kindle Resources & Investments, Inc. and primary business purpose to a holding Company. This matter was submitted and approved by the shareholders during the Special Stockholders' meeting held on December 9, 2013. The Philippine Securities and Exchange Commission (SEC) approved the Company's Amended Articles of Incorporation on January 30, 2014. Assets and liabilities related to the Company's credit card servicing operation were transferred to RCBC Bankard Services Corporation (RBSC) and RCBC on December 12, 2013. Effective December 16, 2013, the Company ceased acting as the administrator of RCBC's credit card business.

Consequently, the Company is now engaged in the purchase, exchange, assignment, and holding of investments and any and all properties, including, but not limited to, bonds, debentures, promissory notes, shares of stocks, or other securities without however engaging in the business of an investment company under the Investment Company Act or a finance company or a broker or dealer in securities.

The Company's registered office is located at 16th Floor, BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City.

(b) Any bankruptcy, receivership or similar proceeding?

There were no bankruptcy, receivership or similar proceedings for the Company.

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

In 2014, RCBC sold its collective stake of 89.98% in the Company in favor of RYM Business Management Corp. (RYM) and other investors. As a result, it transferred all or substantially all of its assets and certain liabilities to RCBC and RCBC

Bankard Service Corporation (RBSC) (refer to Note 1 of the 2021 Audited Financial Statements).

2. Business of Issuer

(a) Description of Registrant

(i) Principal Products or Services

From 2007 to December 2013, the Company was a credit card servicing company whose primary customer was RCBC and indirectly the RCBC Bankard cardholders, to whom the cards are issued, and its accredited merchants. As a servicing entity, the Corporation provided RCBC marketing, selling and distribution assistance, technical, collection services and all transaction processing requirements arising from its credit cardholder and merchant transactions.

On October 18, 2013, the Board of Directors of RCBC approved the sale of its 89.98% collective ownership in Bankard, Inc. to RYM and other investors through Philippine Business Bank, Inc. – Trust and Investment Center (PBB). The sale of shares was consummated on December 27, 2013. In view of the foregoing, RCBC's credit card operations were transferred to a related party, RBSC, and the Company ceased to operate any credit card related business as of December 16, 2013.

Considering the sale, the Company changed its primary purpose and now engages in the purchase, exchange, assignment, gift or otherwise, and hold, own and use for investment or otherwise, and sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, deal in and with and otherwise operate, use and dispose of, any and all properties of every kind and description and wherever situated, as and to the extent permitted by law, including, but not limited to, bonds, debentures, promissory notes, shares of capital stock, or other securities and obligations, created, negotiated or issued by any corporation, association, or other entity, foreign or domestic and while the owner, holder, or possessor thereof, to exercise all the rights and powers, and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all dividends, interests and income, derived therefrom, and the right to vote on any proprietary or other interest, on any shares of capital stock, and upon any bonds, debentures, or other securities, having voting power, so owned or held, without however engaging in the business of an investment company under the Investment Company Act or a finance company or a broker or dealer in securities of stocks.

Target Market/Segments of Business

The Company was previously engaged in providing services to credit cardholders of RCBC and targeted cardable customers across all segments. The Company tapped merchants in different geographical locations in the country in order to acquire transactions of both credit and debit card transactions. As a service entity, the Company provided business process outsourcing to interested clients given its expertise in credit card payment processing.

At present, the Company has no operating segment other than being a holding company. It holds 600,000,000 shares of Marcventures Holdings Inc. (MHI) representing 19.9% equity interest as of December 31, 2022. The Company is continuously looking for other viable investments which will provide attractive returns to its shareholders.

Accredited Establishments

None.

(ii) Foreign Sales

None.

(iii) Distribution methods of the products or services

None.

(iv) Status of any publicly announced new product or service

None.

(v) Competition

None.

(vi) Disclose dependencies on single or limited number of suppliers for essential raw materials, energy or other items

In as much as the Company ceased to provide credit card services and considering the current business of the Company as a holding company, it will have very limited need for raw materials. The Company is not dependent on single or limited number of suppliers and it sources materials from various suppliers as necessary.

(0) Disclose dependencies on single customer

Prior to the block sale last December 27, 2013, the Company only provided services to RCBC. The service fee derived from servicing the principal client, RCBC, was the main revenue source of the Company.

Now, as a holding company, the Company is no longer dependent on a single customer/client.

(0) Transactions with and/or dependence on related parties

Refer to note 13 of the Audited Financial Statements.

(ix) Summarize principal terms & expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions & royalty agreements

Prior to the sale last December 27, 2013, the Company had licenses from MasterCard International (Mastercard), Visa International (Visa), JCB International Co. (JCB), and Union Pay International (UPI), which allowed the Company to issue credit cards and acquire transactions of merchants carrying said brands.

In view of the block sale and change in ownership and management, the Company had terminated its licenses from MasterCard, Visa, JCB and UPI.

(x) Need for any government approval of principal products or services

The Company has no principal products or services that need government approval.

(xi) Effect of existing or probable government regulations on the business

The Company's business is not affected by existing or probable government regulations.

(xii) Indicate amount spent on research & development

The Company did not incur any research and development costs from 2012 to 2022.

(xiii) Cost & effects of compliance with environmental laws

The Company intends to continue the implementation of cost-efficient methods to save paper and encourage recycling within the organization.

(xiv) State the number of the registrant's present employees

Employees

Starting 2014, aside from the key management officers, all of the Company's personnel performing the daily operations are being outsourced or seconded.

(xv) Discuss the major risk/s involved in each of the businesses of the company. Include a disclosure of the procedures being undertaken to identify, assess & manage such risks

Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The Company is not exposed to price risk.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligation. The Company's exposure to credit risk arises primarily from cash in banks and due from related parties.

The Company's maximum exposure to credit risk on the financial assets as at amortized cost is the carrying amount of those assets as at the reporting date.

Item 2. DESCRIPTION OF PROPERTY

The Company acquired a Condominium Unit (the "unit") at Unit 16 B BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City last August 2014 to be utilized as the Company's office space.

The unit's book value amounted to ₱37.28 million (see note 6 of the AFS).

Item 3. LEGAL PROCEEDINGS

Please refer to note 15 of the Audited Financial Statements. The case referred to in the note 15 was filed in the Los Angeles Superior Court, California, USA.

Except for the above, all legal proceedings involving the Company were transferred to RBSC.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

In 2022, the following matters were submitted for approval of Shareholders:

1. Approval of Minutes of the previous meeting
2. Approval of Management Report and Audited Financial Statements ending December 31, 2021
3. Ratification of Management's Acts
4. Election of Directors
5. Appointment of External Auditor

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. MARKET PRICE FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

1. Market Information

The Company's shares of stock are being traded at the Philippine Stock Exchange (PSE) under Banks and Financial Institutions and classified as Financials.

Stock Prices

			<u>High</u>		<u>Low</u>
<u>2022</u>					
	First Quarter	₱	2.21	₱	1.55
	Second Quarter		2.78		1.90
	Third Quarter		2.04		1.40
	Fourth Quarter		1.59		1.15
<u>2021</u>					
	First Quarter	₱	2.37	₱	0.85
	Second Quarter		1.87		1.21
	Third Quarter		1.65		0.89
	Fourth Quarter		1.98		0.88
<u>2020</u>					
	First Quarter	₱	1.07	₱	0.51
	Second Quarter		0.90		0.52
	Third Quarter		0.92		0.66
	Fourth Quarter		1.15		0.72

2. Holders

The number of stockholders of record as of December 31, 2022 is 628. Common shares outstanding as of this date is 1,528,474,000. The percentage of shares of stocks owned by the public is 23.4% of the total outstanding shares.

Top twenty (20) stockholders as December 31, 2022:

1	PCD Nominee Corporation (Filipino)	1,522,716,285	99.62%
2	PCD Nominee Corporation (Non-Filipino)	1,946,803	00.13%
3	William R. Cu-Unjieng &/or Cynthia C.U.Bunag	200,000	00.01%
4	Jardine CMG Life	146,000	00.01%
5	Ric Castaneda &/or Hector Uy	100,000	00.01%

6	Salazar, Ernesto B.	100,000	00.01%
7	AMA Rural Bank of Mandaluyong, Inc.	100,000	00.01%
8	William R. Cu Unjieng	100,000	00.01%
9	Borres, Jun M.	90,000	00.01%
10	Roldan, Marian D.	83,000	00.01%
11	Jardine CMG Value	80,000	00.01%
12	Jun M. Borres &/or Buenaventura Casenas	60,000	00.00%
13	Gili Jr., Guillermo F.	50,000	00.00%
14	Lopez, Oscar M.	50,000	00.00%
15	Vilar, Antonio T.	50,000	00.00%
16	Torres, Roberto Belarmino S.	50,000	00.00%
17	Punzalan, Larry A.	43,500	00.00%
18	Sy, Victor Gan	40,000	00.00%
19	Kairuz, Peter M	40,000	00.00%
20	Tan Bin Yan &/or Carina C. Titterington	33,000	00.00%

3. Dividends

No dividends have been declared and paid for the year ended December 31, 2022.

4. Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

None.

ITEM 6. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes as of December 31, 2022 and 2021 prepared in conformity with the Philippine Financial Reporting Standards (PFRS) hereto attached in the Exhibits.

The financial information for the three years ended December 31, 2022, 2021 and 2020 are as follows:

2022 vs. 2021

Results of operations

	Audited		Increase (Decrease)	
	2022	2021	Amount	%
	<i>(in millions)</i>			
Income	₱0.56	₱0.00	₱0.56	73,327.61%
Operating expenses	8.68	12.84	(4.16)	(32.41%)
Share in net income of an associate	40.31	150.53	(110.22)	(73.22%)
Net income	32.19	137.70	(105.50)	(76.62%)

During the year, the Company was able to generate a net income of ₱32.19 million, a decrease of ₱105.50 million compared with same period last year. Significant changes in the income statement accounts for the year ended December 31, 2022 versus the same period last year are as follows:

- Given that the Company has no active operations yet, income is derived mainly from interest on bank deposits and share of net income of an associate. The balance of the Company's income is minimal due to low level of its cash in banks.
- **General and administrative expenses** decreased by ₱4.16 million or 32.41% compared with same period last year. The movement is attributable to the following:
 - Representation expenses were incurred last year, resulting to a decrease by ₱3.81 million or 97.51% during the year.
 - Professional fees decreased by ₱0.20 million or 11.51% compared with the same period last year, primarily due to payment to Lucky Securities Inc. services last year.
 - Due to some property and equipment that became fully depreciated during the year, the Depreciation dropped by ₱0.29 million or 14.83%.
 - Comparing with same period last year, taxes and licenses during the year are lower by ₱0.54 million or 43.21%. Last year, the Company paid for a penalty to BIR relating to tax deficiency in 2017, resulting to lower balance than this year.
- **Share in net income of an associate** – An associate's declined operating performance during the year posted a share in net income of ₱40.31 million to the Company, a decreased of ₱110.22 million compared with the same period last year.

Financial Position

	Audited 2022 <i>(in millions)</i>	2021	Increase (Decrease) Amount	%
Assets	₱2,877.83	₱2,843.26	₱34.56	1.22%
Liabilities	1,684.44	1,683.00	1.44	0.09%
Stockholders' Equity	1,193.39	1,160.27	33.12	2.85%

- The Company's total **Assets** of ₱2,877.83 million is higher by ₱34.56 million or 1.22% compared with same period last year. Although the increase may seem not significant, looking into its details, this increase is the net effect of the following major transactions:
 - The Company recorded ₱78.00 million of Dividend receivable last year from MHI, an associate. This dividend was consequently collected and used in part by the Company to pay for its general and administrative expenses.
 - Property and equipment declined by ₱0.96 million compared with same period last year, mainly due to depreciation recognized during the year.
 - The increase in Investment in an associate by ₱41.25 million compared with same period last year is primarily due to recognition of the share in net income and other comprehensive income of an associate during the year.
- **Liabilities** of ₱1,684.44 million increased by ₱1.44 million comparing with same period last year. The movement is primarily due to advances from related parties, which was also used by the Company for its working capital requirements.

- Increase in **Stockholder's Equity** is the net result of the net income recognized during the year, and of the share in other comprehensive income of an associate.

Cash Flow

	Audited		Increase (Decrease)	
	2022	2021	Amount	%
	<i>(in millions)</i>			
Cash used in operating activities	(P6.52)	(P10.76)	P4.24	39.39%
Cash provided by investing activities	77.29	1.82	75.47	4,150.46%
Cash provided by financing activity	1.05	8.86	(7.81)	(88.13%)

Cash used in operating activities during the year amounted to P6.52 million, while cash used in operating activities in same period last year amounted to P10.76 million. During the year, the Company borrowed from Marcventures Mining and Development Corporation (MMDC) amounting to P1.05 million. Cash outflows made pertain to payments for general and administrative expenses.

The additions and/or acquisitions of computer software and office furniture and fixtures were made during the year amounted to P0.63 million and 0.06 million, respectively.

2021 vs. 2020

Results of operations

	Audited		Increase (Decrease)	
	2021	2020	Amount	%
	<i>(in millions)</i>			
Income	P0.00	P0.00	(P0.00)	(61.91%)
Operating expenses	12.84	6.28	6.55	104.25%
Share in net income of an associate	150.53	67.28	83.25	123.73%
Net income	137.70	61.00	76.70	125.73%

During the year, the Company was able to generate a net income of P137.70 million, an increase of P76.70 million compared with same period last year. Significant changes in the income statement accounts for the year ended December 31, 2021 versus the same period last year are as follows:

- Given that the Company has no active operations yet, income is derived mainly from interest on bank deposits and share of net income of an associate. The balance of the Company's income is minimal due to low level of its cash in banks.
- **General and administrative expenses** escalated by P6.55 million or 104.25% compared with same period last year. The movement is attributable to the following:
 - Representation expenses were incurred this year, resulting to a rise in other expense account by P4.19 million or 1,531.94%.
 - Professional fees increased by P0.71 million or 70.99% compared with the same period last year, primarily due to payment to Lucky Securities Inc. services.
 - Due to newly elected directors and more meetings during the year, the Director's fees rise by P0.28 million or 125.00%.

- Comparing with same period last year, taxes and licenses during the year is higher by ₱1.59 million or 2,797.29%. This year, the Company paid for a penalty to BIR relating to tax deficiency in 2017, resulting to higher balance than the previous year.
- **Share in net income of an associate** – An associate’s improved operating performance during the year posted a share in net income of ₱150.53 million to the Company, an increase of ₱83.25 million compared with the same period last year.

Financial Position

	Audited 2021 <i>(in millions)</i>	2020	Increase (Decrease) Amount	%
Assets	₱2,843.26	₱2,695.43	₱147.83	5.48%
Liabilities	1,683.00	1,673.66	9.34	0.56%
Stockholders’ Equity	1,160.27	1,021.77	138.50	13.55%

- The Company’s total **Assets** of ₱2,843.26 million is higher by ₱147.83 million or 5.48% compared with same period last year. Although the increase may seem not significant, looking into its details, this increase is the net effect of the following major transactions:
- The Company recorded ₱78.00 million Dividend receivable from MHI, an associate. This dividend was consequently collected and used in part by the Company to pay for its general and administrative expenses.
 - Property and equipment declined by ₱1.93 million compared with same period last year, mainly due to depreciation recognized during the year.
 - The increase in Investment in an associate by ₱72.11 million compared with same period last year is primarily due to recognition of the share in net income and other comprehensive income of an associate during the year.
- **Liabilities** of ₱1,683.00 million increased by ₱9.34 million comparing with same period last year. The movement is due to advances from Marcventures Mining and Development Corporation (MMDC), related party, which was previously used by the Company for its working capital requirements and expenses.
- Increase in **Stockholder’s Equity** is the net result of the net income recognized during the year, and of the share in other comprehensive loss of an associate

Cash Flow

	Audited 2021 <i>(in millions)</i>	2020	Increase (Decrease) Amount	%
Cash used in operating activities	(₱10.76)	(₱4.58)	₱6.18	135.23%
Cash provided by investing activity	1.82	4.63	(2.81)	(60.72%)
Cash provided by (used in) financing activity	8.86	(0.10)	8.96	8,913.07%

Cash used in operating activities during the year amounted to ₱10.76 million, while cash used in operating activities in same period last year amounted to ₱4.58 million. During the year, the Company borrowed from MMDC amounting to ₱8.86 million. Cash outflows made pertain to payments for general and administrative expenses.

No additions and/or acquisitions of equipment were made during the year.

2020 vs. 2019

Results of operations

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
	<i>(in millions)</i>			
Income	₱0.00	₱0.00	₱0.00	0.00%
Operating expenses	6.28	5.17	(1.11)	21.47%
Share in net income (loss) of an associate	67.28	7.53	59.75	793.49%
Net income (loss)	61.00	2.36	58.64	2,484.75%

During the year, the Company was able to generate a net income of ₱61.00 million, an increase of ₱58.64 million compared with same period last year. Significant changes in the income statement accounts for the year ended December 31, 2020 versus the same period last year are as follows:

- Given that the Company has no active operations yet, income is derived mainly from interest on bank deposits and share of net income of an associate. The balance of the Company's income is minimal due to low level of its cash in banks.
- **General and administrative expenses** escalated by ₱1.11 million or 21.47% compared with same period last year. The movement is attributable to the following:
 - More outsourced services were incurred in the current year than last year, resulting to an increase in Outside services account by ₱0.61 million or 89.47%. Expenses were incurred this year for the publication of notice of annual stockholders meeting for the year 2020.
 - Comparing with same period last year, taxes and licenses during the year of ₱0.06 million is higher by ₱0.02 million or 43.83%. Payments for penalties due to the failure to register the books of accounts were the major contributors for the higher expenses this year than last year.
 - Professional fee is increased by ₱0.50 million of 102.11% mainly due to the payment of the Company's sustainability report.
 - Higher Director's Fees were incurred for annual stockholders meeting resulting to an increase of 120.00%
- **Share in net income of an associate** – An associate's improved operating performance during the year posted a share in net income of ₱67.28 million to the Company, an increase of ₱59.75 million compared with the same period last year.

Financial Position

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
	<i>(in millions)</i>			
Assets	₱2,695.43	₱2,634.83	₱60.60	2.30%
Liabilities	1,673.66	1,673.67	0.00	0.00%
Stockholders' Equity	1,021.77	961.15	60.62	6.31%

- The Company's total **Assets** of ₱2,695.43 million is slightly higher by ₱60.60 million or 2.30% compared with same period last year. Although the increase may seem not significant, looking into its details, this increase is the net effect of the following major transactions:
 - The Company collected ₱4.63million as receivables from MMDC, a related party. Those collections were consequently used by the Company to pay for its general and administrative expenses.
 - Property and equipment declined by ₱1.93 million compared with same period last year, mainly due to depreciation recognized during the year.
 - The increase in Investment in an associate by ₱66.90 million compared with same period last year is primarily due to recognition of the share in net income and other comprehensive loss of an associate during the year.
- **Liabilities** of ₱1,673.66 million decreased by ₱0.00 million comparing with same period last year. The movement is due to partial settlement of advances from Prime Media Holdings Inc., another related party, which was also used by the Company for its working capital requirements. On the other hand, recognition of the current year's accrual has slightly offset the decrease in liability.
- Increase in **Stockholder's Equity** is the net result of the net income recognized during the year, and of the share in other comprehensive loss of an associate.

Cash Flow

	Audited 2020 <i>(in millions)</i>	2019	Increase (Decrease) Amount	%
Cash used in operating activities	(₱4.58)	(₱3.57)	(₱1.00)	28.03%
Cash provided by investing activities	4.63	3.00	1.62	53.94%
Cash provided by (used in) financing activities	(0.10)	0.87	0.97	(111.60%)

Cash used in operating activities during the year amounted to ₱4.58 million, while cash used in operating activities in same period last year amounted to ₱3.57 million. During the year, the Company collected ₱4.63 million of its receivables from MMDC. Cash outflows made pertain to payments for general and administrative expenses.

No additions and/or acquisitions of equipment were made during the year.

Key Performance Indicators

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Return on Asset (%)	1.13%	4.98%	2.29%
Return on Equity (%)	2.74%	12.66%	6.15%

1/Return on assets (ROA) was computed based on the ratio of net income/ (net loss) to average assets.

2/ Return on equity (ROE) was computed based on the ratio of net income/ (net loss) to average equity.

Item 7. FINANCIAL STATEMENTS

The financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A (see attached 2022 Audited Financial Statements).

Item 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

External Auditors

The Company re-appointed Reyes Tacandong & Co. (RTC) as its independent external auditor for the calendar year ended December 31, 2022. RTC is a leading professional services firm with a proven track record of high-quality work. RTC provides value-added services to clients through its client caring team of outstanding audit, tax and business professionals who utilize leading-edge systems and technology and are guided by the highest standards of quality, integrity and competence.

For the audit of the Company's Annual financial statements and services provided in connection with statutory and regulatory filings or engagements, the aggregate amounts to be billed or already billed excluding VAT and out of pocket expenses (OPE) by RTC amounts/amounted to ₱0.53 and ₱0.30 million for 2022 and 2021, respectively.

The Audit Committee recommends to the Board the selection of external auditors considering independence and effectiveness.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has no disagreements with its accountants.

Changes and adoption of new Accounting Standards are fully summarized under Note 2 to Financial Statements.

PART III—CONTROL AND COMPENSATION INFORMATION

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

1. Current Directors and key executive officers of the Company:

Board of Directors and Executive Officers

Cesar C. Zalamea	93	Chairman of the Board/Director	Filipino
Augusto Antonio C. Serafica Jr.	61	President/Director	Filipino
Rolando S. Santos	72	Director/SVP Treasurer	Filipino
Remegio C. Dayandayan Jr.	42	Director	Filipino
Minda P. de Paz	82	Director	Filipino
Hermogene H. Real	67	Director/Assistant Corporate Secretary	Filipino
Jesse H. T. Andres (resigned effective June 30, 2022)	58	Director	Filipino
Clark A. Banaag (resigned effective August 9, 2022)	26	Director	Filipino
Edgar Dennis A. Padernal	63	Director	Filipino
Kwok Yam Ian Chan	35	Independent Director	British
Rhodora L. Dapula	44	Independent Director	Filipino

Andrew Julian K. Romualdez	22	Director	Filipino
Reuben F. Alcantara <i>(resigned effective March 12, 2023)</i>	39	VP Marketing	Filipino
Maila G. De Castro <i>(resigned effective February 10, 2023)</i>	47	SVP Corporate Secretary, Compliance Officer and Data Privacy Officer	Filipino
Kenneth Peter D. Molave	33	Co-Asst. Corporate Secretary <i>(Corporate Secretary, Data Privacy Officer and Compliance Officer effective 09 March 2023)</i>	Filipino
Dale A. Tongco	58	Vice-President Risk Management/ Chief Risk Officer	Filipino

Incumbent Directors

Cesar C. Zalamea

Chairman of the Board
January 03, 2014 to present
93 years old/Filipino

Mr. Cesar C. Zalamea was elected Chairman of the Company in January 2014. He serves as Chairman of Marcventures Holdings Inc. and Chairman of Marcventures Mining and Development Corp. Currently, he is an Independent Director of Araneta Properties Inc., a company he joined as Director in December 2008. He is also a member of the Advisory Board of Campbell Lutyens & Co. Ltd., an investment advisory company based in the U.K. In 1945, Mr. Zalamea joined AIG where he started as an Investment Analyst at the Philippine American Life Insurance Company (PHILAMLIFE). He went up the corporate ladder of Philamlife and he became President of the Company in May 1969. While he was with Philamlife, he was loaned to the Program Implementation Agency (PIA) in 1964 as Deputy Director General. PIA was an economic group that reported directly to the President of the Philippines. He returned to Philamlife in 1965. In 1969, Mr. Zalamea was appointed Member of the Monetary Board of the Central Bank of the Philippines representing the private sector. In 1981, he left Philamlife to become Chairman of the Development Bank of the Philippines. He also had to resign from being a member of the Monetary Board when he went to the DBP. In 1986, he left the DBP to go back to AIG. He was then stationed in Hong Kong to be the first President of the AIG Investment Corporation (Asia) Ltd. At this time, he was elected to serve as Director in many AIG affiliated companies in Asia, like the AIA Insurance Co., Nan Shan Life Insurance Co. and Philamlife. In 2005, he left AIG to work directly with Mr. Maurice R. Greenberg at the C.V.STARR Companies. He was appointed President and CEO of the Starr Investment Co. {Asia} Ltd. In 2008, he became Chairman of this Company until he retired in 2010. He obtained his B.S. in Accounting and Banking from the Colegio de San Juan de Letran where he graduated as valedictorian. Mr. Zalamea received his MBA from New York University.

Augusto Antonio C. Serafica, Jr.

Director
January 03, 2014 to present
61 years old/Filipino

Mr. Augusto Antonio C. Serafica Jr. was elected as Director in June 2013. Mr. Serafica is currently the President and CEO of Bright Kindle Resources & Investments Corp and Armstrong Capital Holdings, Inc. He was formerly the President of Premiere Horizon Alliance Corporation and the Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings & Development Corporation. He is currently the Treasurer of Ardent Property Development Corporation and First Ardent Development Corporation.

Mr. Serafica obtained a Bachelor of Commerce in Accountancy degree from San Beda College and master's in business management from the Asian Institute of Management. Mr. Serafica is a Certified Public Accountant.

Mr. Serafica is also a member of the Board of Trustees of the AIM Scientific Research Foundation, Inc., President of the AIM Alumni Leadership Foundation, Inc., and was a former Treasurer of the Federation of AIM Alumni Associations, Inc. and Chairman and Director of the Alumni Association of AIM – Philippines, Inc. He was also a former National Chairman of the Board of Trustees as well as a former National Treasurer of the Brotherhood of Christian Businessmen and Professionals (BCBP).

Rolando S. Santos

Director/SVP Treasurer

January 03, 2014 to present

72 years old/Filipino

Mr. Rolando S. Santos was elected Director in May 2014. He has been the SVP Treasurer of the Company since January 2014 and he became Vice President from 2014 until 2016. He serves as Treasurer of Marcventures Holdings Inc., Marcventures Mining and Development Corp. and Prime Media Holdings Inc. He was previously the Branch Head/ Cluster Head for Makati Branches of Equitable PCI Bank which was eventually acquired by BDO from 2001 to 2013. He served as Branch Head in Diliman, Quezon City to Area Head for Metro and Provincial branches of the Bank of Commerce from 1984 to 2001. He also served as Branch head in West Avenue, Quezon City and Marikina branches of the Producers Bank of the Philippines from 1981 to 1984. He worked at the Far East Bank and Trust Co. From 1972 to 1981. He was also employed as a liaison officer of the Malacanang Information and Assistance Unit from 1970 to 1972. He obtained his degree in Bachelor of Science in Business Administration from the University of the East.

Remegio C. Dayandayan, Jr.

Director

March 26, 2014 to present

42 years old/Filipino

Atty. Remegio C. Dayandayan, Jr. was elected as Director of the Company in March 2014. He currently sits as Director and President of RYM Business Management Corporation and the Philippine Manila Standard Publishing Inc. He was previously an associate of Dum lao Moraleda Antonano and Tuvera Law Offices from February 2008 to March 2009. He was also a Subjective Discovery Reviewer of Escaler and Company Inc.-LPO from May 2008 to March 2009. Atty. Dayandayan obtained his degrees in Bachelor of Arts major in Political Science from the University of San Carlos in 2001 and Bachelor of Laws from San Beda College-Mendiola in 2007. He was admitted to the Philippine Bar in 2008.

Minda P. de Paz

Director

March 26, 2014 to present

82 years old/Filipino

Ms. Minda P. De Paz was elected as Director in March 2014. She serves as Director of the Company and President of Philippine Collective Media Corporation and Universal Re Condominium Corporation as well as Director and Treasurer of RYM Business Management Corporation and Lubenico Inc. She is also a Director of Sequioa Business Management Corp. And a project coordinator of CPG Joint Venture. Ms. De Paz previously worked at the Philippine National Bank (PNB)- Ormoc City from 1963 to 1977. She then became a Supervising Commission on Audit (COA) Auditor of PNB-Escolta from 1977 to 1979. She served as COA Corporate Auditor of the National Home Mortgage Finance Corporation from

1979 to 1984 and Home Mutual Development Fund from 1981 to 1982. She also became an accountant of Nieva Realty and Development Corporation, D.S. Tantuico and Associates Law Office, Almega Management and Investments Inc. from 1984 to 2005. Ms. De Paz obtained her Bachelor of Commerce in Accountancy from St. Paul's College, Tacloban City. She is a Certified Public Accountant.

Hermogene H. Real

Director/ Assistant Corporate Secretary
January 03, 2014 to present
67 years old/Filipino

Atty. Hermogene H. Real was elected Director in May 2014 and Assistant Corporate Secretary in January 2014. She serves as Director of Philippine Collective Media Corporation (2008 to present), Brightgreen Resources Corporation (2014 to present), Brightgreen Nickel, Inc. (2016 to present), Southern Alluvial Minerals and Alumina Resources Inc. (2017 to present), Mairete Asset Holdings Inc. (2017 to present), Sure Mighty Steel, Inc. (2018 to present), Crimson Bauxite Mining Development Corp. (2018 to present), Southeast Fields Bauxite Inc. (2018 to present), as Corporate Secretary of Benguet Corporation (2000 to present) and Universal Re Condominium Corporation (1997 to 2009, 2010 to present), as Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present), Benguet Corp Nickel Mines, Inc. (2009 to present). She is a lawyer in D.S. Tantuico and Associates (1998 to present). She previously held the following positions: Chairman of the Board and President of Philippine Collectivemedia Corporation (2008 to 2010); Corporate Secretary of Trans Middle East Phils. Equities, Inc. (1996 to 2006); and Assistant Corporate Secretary of Equitable PCI Bank, Inc. (2005-2006).

Jesse H. T. Andres

Director
October 23, 2020 to June 30, 2022
58 years old/Filipino

Atty. Jesse H. T. Andres was elected Director in October 2020 and resigned on June 30, 2022. Prior to resignation, he was a member of the board of BDO Leasing & Finance, Inc., Benguet Corp., One Network Bank, Inc. and Banco De Oro Savings Bank, Inc. He co-founded Andres Padernal & Paras Law Offices in 2004. He likewise served as Trustee and Chairman of the GSIS Corporate Governance Committee from 2004 to 2010. He previously occupied the position of Partner at Ponce Enrile Reyes & Manalastas Law Offices from 1996 to 2003 where he became Co-Head of the Litigation Department in 2001. Atty. Andres obtained his Bachelor of Laws in 1990 and his Bachelor of Arts in Economics (Dean's List) in 1984, both at the University of the Philippines-Diliman. While a law student, he served as Board Secretary of the Department of Trade and Industry's Garment and Textile Export Board (GTEB). He also served as Senior Manager in the Philippine Exporter's Foundation (PEF). Mr. Andres was elected as President of GTEB Employees' Association and spokesman of the Department of Trade and Industry's Confederation of Employees' Association.

Clark A. Banaag

Director
December 15, 2021 to August 9, 2022
26 years old/ Filipino

Mr. Clark Banaag was elected Director in December 15, 2021 and resigned on August 9, 2022. He graduated from University of the Philippines Diliman with a Juris Doctor degree and in UP Los Banos with a degree in Agricultural Economics. He is a director of BenguetCorp Nickel Mines, a wholly owned subsidiary of Benguet Corporation, and he sits in the board of Arrow Freight Corporation, a warehouse and logistics company based in Valenzuela City. He served

as the SK Chairperson of Sampaga, Batangas City where he held public service initiatives for the youth of Batangas Province.

Edgar Dennis A. Padernal

Director

December 15, 2021 to present

63 years old/ Filipino

Atty. Padernal was elected Director in December 15, 2021. He is a litigation lawyer and a partner in Andres Padernal & Paras Law Offices. He obtained Bachelor of Laws in 1984 from Ateneo College of Law, and his Bachelor of Arts in History Political Science in 1980 from De la Salle University. He was admitted to the Bar in 1985. Right after law school he worked with the Supreme Court at the Office of the Chief Justice, Felix V. Makasiar, and then at the Office of the Court Administrator. He then worked in the Trenas Law Offices, the Acaban Corvera del Castillo Law Offices, and the Lagustan and Mabasa Law Offices. In 1996, he joined the Ponce Enrile Reyes & Manalastas Law Offices (PECABAR) and became a partner of PECABAR in July 1998-March 2004. He was a director of Benguet Corporation from August 2018-September 2020.

Kwok Yam Ian Chan

Independent Director

December 15, 2021 to present

35 years old/ British

Mr. Chan was elected as Independent Director on December 15, 2021. He is also an Independent Director of Marcventures Holdings, Inc. since September 25, 2020. He is currently a Director of Zenith System and Heavy Equipment, Seaborne Shipping Inc., and Isky Empire Realty Inc. He is likewise a Director of Megalifters Cargo Handling Corp., King Dragon Realty Corp. and DK Ventures Inc. Previous to that, he was the Managing Director of Dunfeng Philippines International Inc. from 2010 to 2017. He was also the President of Dunfeng Shipping Inc. from 2013 to 2017 and served as a Director of Mannage Resource and Trading Inc. from 2015 to 2017. He obtained his master's degree in Economics majoring in Finance at California Polytechnic University. Mr. Chan graduated from DLSU - College of St. Benilde with a Bachelor of Science degree in Business Administration majoring in Export Management.

Rhodora L. Dapula

Independent Director

December 15, 2021 to present

44 years old/ Filipino

Atty. Dapula was elected as Independent Director in December 15, 2021. She is a Partner in Dapula, Dapula and Associates Law Offices; President/CEO of G.D. Brains and Castles, Inc. and Proficientlink Realty Corporation; and an Independent Director of Benguet Corporation. She is a CPA-Lawyer, Professional Regulation Commission (PRC) Licensed Real Estate Broker, PRC Licensed Real Estate Appraiser, PRC Licensed Real Estate Consultant, PRC Licensed Real Estate Environmental Planner and Licensed Life and Variable Life Financial Advisor. She is a PRC accredited lecturer for Real Estate Service Seminars and Trainings.

Mr. Andrew Julian K. Romualdez

Director

August 2, 2022 to present

Mr. Romualdez was elected as Director on August 2, 2022 to replace Atty. Jesse Hermogenes T. Andres who resigned effective June 30, 2022. He is currently a director of the Company's subsidiary, Brightstar Holdings and Development Inc. He is a director of *listed companies*, Benguet Corp. (BC) and Marcventures Holdings, Inc. (MHI). He is also a director

of the BC's subsidiaries, namely: Benguetcorp Resources Management Corporation (BRMC), Arrow Freight and Construction Corporation (AFCC), Benguetcorp Laboratories, Inc. (BCLI) and Benguet Management Corporation (BMC). He is also a Director of MHI's subsidiaries, namely: Marcventures Mining and Development Corporation, Alumina Mining Phils., Inc. Bauxite Resources, Inc. and Brightgreen Resources Corporation. He is currently a director of Armstrong Securities, Inc. and Armstrong Capital Holdings, Inc. Mr. Romualdez graduated from Cornell University in 2022 with a Bachelor's Degree in International Agriculture and Rural Development.

Executive Officers:

Maila Lourdes G. de Castro

SVP Corporate Secretary/ Compliance Officer and Data Privacy Officer

September 3, 2019 to February 10, 2023

47 years old/ Filipino

Atty. Maila G. de Castro was elected in September 2019 as Corporate Secretary, Compliance Officer and Data Privacy Officer. She is currently the Co-Assistant Corporate Secretary of Marcventures Holdings, Inc. and Corporate Secretary of Marcventures Mining & Development Corporation. She worked with Belo Gozon Elma Parel Law as Legal Associate and Special Projects Counsel from 2000-2006. From 2006 to 2013, she was the Corporate Counsel and Vice President/ Head of Legal and Corporate Planning of UNITEL Group of Companies. Before joining Marcventures Holdings, Inc. in August of 2019, she was in private practice handling matters for the content, technology, intellectual property, entertainment industries. Atty. de Castro holds a Master's degree in Business Administration from the Asian Institute of Management and a Juris Doctor from the Ateneo School of Law.

Kenneth Peter D. Molave

Co-Assistant Corporate Secretary

October 16, 2019 to March 2023

(Corporate Secretary, Data Privacy Officer and Compliance Officer effective 09 March 2023)

33 years old/ Filipino

Atty. Kenneth Peter Molave is a practicing lawyer with experience in civil and criminal litigation, corporate law, corporate secretarial services, and business taxation. He worked as an underbar associate assigned to the Business Tax Services division at the accounting firm, Sycip Gorres Velayo & Co starting January of 2017. Upon obtaining his license to practice law, he worked with the Legal Services Group of the Department of Finance. In 2018, he transferred to Libra Law Firm as a Junior Associate assigned to the litigation department. In August 2019, he joined Marcventures Mining and Development Corporation (MMDC) as in-house Legal Associate. Atty. Molave holds a Legal Management degree from the Ateneo de Naga University and obtained his Juris Doctor from the University of the Philippines.

Reuben F. Alcantara

Vice President for Marketing

May 26, 2016 to March 12, 2023

39 years old/Filipino

Mr. Reuben F. Alcantara was appointed Vice President for Marketing in May 2016. He currently serves as Senior Vice President for Marketing, Business Development, and Strategic Planning of Marcventures Holdings, Inc. He previously served as the Vice President for Marketing of AG Finance, Inc., as Relationship and Credit Officer for Security Bank and has had stints in Corporate Banking in Bank of Commerce and Maybank Philippines. Mr. Alcantara obtained his Executive Masters in Business Administration Degree from the Asian Institute of Management in the year 2016.

Dale A. Tongco

Vice-President Risk Management/
Chief Risk Officer

October 23, 2020 to present

58 years old/Filipino

Mr. Dale A. Tongco was appointed Vice-President for Risk Management / Chief Risk Officer in October 2020. He concurrently serves as Vice President for Controllershship of Marcventures Holdings, Inc. He is a Certified Public Accountant with extensive experience in Public Accounting Firms as External Auditor and with Corporations as an Internal Auditor and Risk Management Officer specifically in the areas of Fraud Management; ISO 9001 and 14001 Audit and Management; Process and Control Review; Policies and Procedures Documentation; Corporate Governance; and Finance and Treasury. His professional experience over 13 years includes stints in KPMG, Deloitte, Phil-Am-AIA, CP de Guzman & Co.-CPAs and Benguet Corporation.

2. Significant Employees

The Company is not highly dependent on any individual who is not an executive officer.

3. Family Relationships

None.

4. Involvement in Certain Legal Proceedings

None of the directors, officers or members of the Company's senior management have, presently or during the last five (5) years, been subject to any of the following:

- a) any bankruptcy, petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to the time;
- b) any conviction by final judgment of any offense in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities; and
- d) found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

Item 10. EXECUTIVE COMPENSATION**Summary of Compensation Table**

Information as to aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and four other most highly compensated executive officers follows:

SUMMARY OF COMPENSATION TABLE

NAMES	POSITION	SALARY	BONUS	PER DIEM
Cesar C. Zalamea Augusto Antonio C. Serafica Jr. Rolando S. Santos Maila G. De Castro Hermogene H. Real Kenneth Peter D. Molave Reuben F. Alcantara Dale A. Tongco	Chairman President Treasurer Corporate Secretary Asst. Corporate Secretary Co-Asst. Corporate Secretary VP Marketing VP Risk Management			
All above named officers as a group	2020			₱50,000.00
	2021			₱50,000.00
	2022 Estimated			₱45,000.00
All other officers and directors as group unnamed	2020			₱80,000.00
	2021			₱70,000.00
	2022 Estimated			₱70,000.00

The 2022 estimated compensation for directors and executive officers is subject to changes as the BOD through the Compensation Committee is continuously reviewing the directors' and executive officers' compensation which shall be in accordance with the parameters set by the Company's by-laws and other industry standards.

Compensation of Directors

(0) *Standard Arrangements*

Except for nominal per diem for attending board & committee meetings, there are no standard arrangements by which Directors are compensated directly or indirectly.

(b) *Other Arrangements*

None.

Employment Contract and Termination of Employment and Change-in-Control Arrangements

For the year ended December 31, 2022, the Company engaged consultants and employees from outsourcing agencies to perform its day to day transactions.

Warrants and Options Outstanding: Repricing

The above-named executive officers and directors, and all officers and directors as a group, do not hold equity warrants or options as the Company does not have any outstanding equity warrants or options.

Item 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

(1) Owners of more than 5% of voting securities as of 31 December 2022

Title of Class	Name, Address of Record and Relationship with Issuer	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	-PCD Nominee Corporation ¹ -Tower 1 – Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City -Registered owner in the books of stock transfer agent	RYM Business Management Corp./ Client	Filipino	1,170,159,989	76.56%
				1,170,159,98	76.56%

(2) Security Ownership of Management as of 31 December 2022

Title of Class	Name Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Cesar C. Zalamea	1,000/ Direct	Filipino	0.00%
Common	Rolando S. Santos	1,000/ Direct	Filipino	0.00%
Common	Remegio C. Dayandayan, Jr.	1,000/ Direct	Filipino	0.00%
Common	Minda P. de Paz	1,000/Direct	Filipino	0.00%
Common	Augusto Antonio C. Serafica, Jr.	1,000/ Direct	Filipino	0.00%
Common	Hermogene H. Real	900/ Direct	Filipino	0.00%
Common	Andrew Julian K. Romualdez	21,000/ Direct	Filipino	0.00%
Common	Edgar Dennis A. Padernal	1,000/ Direct	Filipino	0.00%
Common	Kwok Yam Ian Chan	1,000/ Direct	Filipino	0.00%
Common	Rhodora L. Dapula	1,000/ Direct	Filipino	0.00%
Common	Maila Lourdes G. De Castro	0	Filipino	0.00%
Common	Kenneth Peter D. Molave	0	Filipino	0.00%
Common	Dale A. Tongco	0	Filipino	0.00%
	Total – Directors as a group	29,900/ Direct	Filipino	0.00%
	Total – Officers as a group	0	Filipino	0%

Item 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

There are no significant transactions entered into by the Company in the normal course of business with related parties except as discussed in note 10 to the Audited Financial Statements.

PART IV – CORPORATE GOVERNANCE

Item 13. CORPORATE GOVERNANCE

This portion has been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013.

PART V - EXHIBITS AND SCHEDULES

Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

(a) Exhibits

Please see attached Audited Financial Statements of the Company for the years ended December 31, 2022, 2021 and 2020, and its 2022 Sustainability Report.

(b) Reports on SEC Form 17-C

Items reported under SEC Form 17-C during the last six months covered by this report:

	<u>Date of Report</u>	<u>Event Reported</u>
(1)	July 12, 2022	Resignation of Atty. Jesse Hermogenes T. Andres
(2)	August 2, 2022	<ul style="list-style-type: none">• Results of the Board Meeting held on August 2, 2022• Election of Mr. Andrew Julian K. Romualdez
(3)	August 9, 2022	Resignation of Mr. Clark A. Banaag
(4)	August 26, 2022	<ul style="list-style-type: none">• Amended Results of the Annual Stockholders' Meeting held on December 15, 2021• Results of the Annual Stockholders' Meeting held on May 26, 2022

SIGNATURES

Pursuant to the requirements of the 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 APR 28 2023 2023.

By:


AUGUSTO C. SERAFICA, JR.
 President/CEO


ROLANDO S. SANTOS
 SVP Treasurer


KENNETH PETER D. MOLAVE
 Corporate Secretary

BEFORE ME, Notary Public for and in the above-named locality, personally appeared the following, with their respective residence certificates and competent evidence of identity, to wit:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Place Issued/Valid Until</u>
Augusto C. Serafica, Jr.	TIN 102-097-338	
Rolando S. Santos	TIN 127-551-084	
Kenneth Peter D. Molave	TIN 309-148-842	

known to me and to me known as the same persons who executed the foregoing **2022 SEC Form 17-A Annual Report**, and they acknowledge to me that the same is their free and voluntary act and deed as well as of the corporations they respectively represent.

APR 28 2023

WITNESS MY HAND AND SEAL on the date and in the place above written.

Doc. No. 188
 Page No. 29
 Book No. 7
 Series of 2023.


ATTY. JOY L. REYES FLORES
 NOTARY PUBLIC - MAKATI CITY
 UNTIL DECEMBER 31, 2025 (2013-2024)
 JUVENILES DIV. 3, MTC
 ROLL NO. 53078/ATL (DEMP)
 PERM. NO. 172-05-01, 2023 / M. MAKATI CITY
 1701-05-01511 / PNL 03, 2023 / PASIG CITY
 1997 D. PAVANES ST., GUADALUPE NUEVO, MAKATI CITY



Jermaine Ejan <jermaine.ejan@marcventures.com.ph>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph>

Mon, Apr 17, 2023 at 10:05 PM

To: JERMAINE.EJAN@marcventures.com.ph

Cc: VALENZUELAJACKYLYN@yahoo.com

Hi BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.,

Valid files

- EAFS000803498ITRTY122022.pdf
- EAFS000803498AFSTY122022.pdf
- EAFS000803498RPTTY122022.pdf
- EAFS000803498OTHTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-P2RMXZQ30QP1TVRMWN4QRMTZN04MQZRQ SX**

Submission Date/Time: **Apr 17, 2023 10:05 PM**

Company TIN: **000-803-498**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 0 2 1 6 5

COMPANY NAME

B	R	I	G	H	T		K	I	N	D	L	E		R	E	S	O	U	R	C	E	S		&		I	N	V	E	S	T	M	E	N	T	S	,		
I	N	C	.		(	A		S	u	b	s	i	d	i	a	r	y		o	f		R	Y	M		B	u	s	i	n	e	s	s		M	a	n	a
g	e	m	e	n	t		C	o	r	p	.)																											

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/ Province)

1	6	t	h		F	l	o	o	r		B	D	O		T	o	w	e	r	s		V	a	l	e	r	o	,		8	7	4	1		P	a	s	e	
o	d	e		R	o	x	a	s	,		M	a	k	a	t	i		C	i	t	y																		

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

kenneth.molave@marcventures.com.ph

Company's Telephone Number

(02) 8856-7976

Mobile Number

0919-488-7884

No. of Stockholders

631

Annual Meeting (Month / Day)

Last Thursday of May

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mr. Rolando S. Santos

Email Address

rolly.santos@marcventures.com.ph

Telephone Number

(02) 8831-4479

Mobile Number

0998-985-0229

CONTACT PERSON'S ADDRESS

4th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

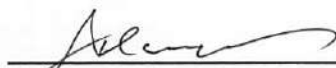
The Management of **Bright Kindle Resources & Investments, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2022 and 2021**, in accordance with the prescribed financial reporting framework 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 but to do so.

The Board of Directors is responsible in 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 or members.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended **December 31, 2022 and 2021**, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



CESAR C. ZALAMEA
Chairman of the Board



AUGUSTO C. SERAFICA, JR.
President/CEO



ROLANDO S. SANTOS
SVP Treasurer

Signed this 13th day of April 2023



Bright Kindle Resources & Investments, Inc.


APR 13 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____ affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity (TIN)	DATE OF ISSUE	PLACE OF ISSUE
Cesar C. Zalamea	137-712-551		
Augusto C. Serafica, Jr.	102-097-338		
Rolando S. Santos	127-551-054		

Doc. No. 85;
Page No. 18;
Book No. 3;
Series of 2023.

Notary Public


ATTY. JOEL FERRER FLORES
 NOTARY PUBLIC FOR MAKATI CITY
 UNTIL DECEMBER 31, 2023 (2023-2024)
 APPOINTMENT NO. M-415
 ROLL NO. 77376 / MCLE (EXEMPT)
 PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY
 IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
 1107 Q. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Bright Kindle Resources & Investments, Inc.
16th Floor BDO Towers Valero
8741 Paseo de Roxas, Makati City

Opinion

We have audited the separate financial statements of Bright Kindle Resources & Investments, Inc. (the Company), a subsidiary of RYM Business Management Corp., which comprise the separate statements of financial position as at December 31, 2022 and 2021, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2022, 2021, and 2020, and notes to separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021, and 2020, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate 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 the audit of the separate 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.

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

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



In preparing the separate 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 Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate 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 separate 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 separate 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 separate financial statements, including the disclosures, and whether the separate 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 audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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 separate 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, in 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.

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 9564562

Issued January 3, 2023, Makati City

March 9, 2023

Makati City, Metro Manila

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A Subsidiary of RYM Business Management Corp.)

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2022	2021
ASSETS			
Current Assets			
Cash	4	₱62,866,483	₱425,556
Due from related parties	11	8,416,816	7,000,000
Dividends receivable	11	–	78,000,000
Other current assets	5	10,562,596	10,142,814
Total Current Assets		81,845,895	95,568,370
Noncurrent Assets			
Investment in an associate	7	2,751,594,933	2,710,348,850
Investment in a subsidiary	8	37,500,000	–
Property and equipment	6	36,388,244	37,346,482
Total Noncurrent Assets		2,825,483,177	2,747,695,332
		₱2,907,329,072	₱2,843,263,702
LIABILITIES AND EQUITY			
Current Liabilities			
Note payable	10	₱1,671,501,723	₱1,671,501,723
Subscription payable	8	28,125,000	–
Due to related parties	11	11,673,899	10,622,409
Accrued expenses and statutory payables	9	1,157,389	873,051
Total Current Liabilities		1,712,458,011	1,682,997,183
Equity			
Capital stock	12	840,660,700	840,660,700
Retained earnings		346,373,680	312,701,646
Other comprehensive income		7,836,681	6,904,173
Total Equity		1,194,871,061	1,160,266,519
		₱2,907,329,072	₱2,843,263,702

See accompanying Notes to Separate Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A Subsidiary of RYM Business Management Corp.)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2022	2021	2020
SHARE IN NET INCOME OF AN ASSOCIATE	7	₱40,313,575	₱150,532,128	₱67,283,874
GENERAL AND ADMINISTRATIVE EXPENSES	13	(7,189,505)	(12,835,716)	(6,284,288)
OTHER INCOME	11	520,000	–	–
INTEREST INCOME	4	33,164	758	1,990
INCOME BEFORE INCOME TAX		33,677,234	137,697,170	61,001,576
PROVISION FOR INCOME TAX	14	(5,200)	–	–
NET INCOME		33,672,034	137,697,170	61,001,576
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss in subsequent period -</i>				
Share in other comprehensive income (loss) of an associate	7	932,508	800,456	(387,326)
TOTAL COMPREHENSIVE INCOME		₱34,604,542	₱138,497,626	₱60,614,250
EARNINGS PER SHARE - BASIC AND DILUTED	15	₱0.022	₱0.090	₱0.040

See accompanying Notes to Separate Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A Subsidiary of RYM Business Management Corp.)

SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	2022	2021	2020
CAPITAL STOCK - ₱0.55 par value				
Authorized - 2,000,000,000 shares				
Issued and outstanding -				
1,528,474,000 shares	12	₱840,660,700	₱840,660,700	₱840,660,700
RETAINED EARNINGS				
Balance at beginning of year		312,701,646	175,004,476	114,002,900
Net income		33,672,034	137,697,170	61,001,576
Balance at end of year		346,373,680	312,701,646	175,004,476
OTHER COMPREHENSIVE INCOME				
Accumulated share in other comprehensive income of an associate				
Balance at beginning of year		6,904,173	6,103,717	6,491,043
Share in other comprehensive income (loss) of an associate	7	932,508	800,456	(387,326)
Balance at end of year		7,836,681	6,904,173	6,103,717
		₱1,194,871,061	₱1,160,266,519	₱1,021,768,893

See accompanying Notes to Separate Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A Subsidiary of RYM Business Management Corp.)

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		₱33,677,234	₱137,697,170	₱61,001,576
Adjustments for:				
Share in net income of an associate	7	(40,313,575)	(150,532,128)	(67,283,874)
Depreciation	6	1,642,287	1,928,187	1,928,188
Interest income	4	(33,164)	(758)	(1,990)
Operating loss before working capital changes		(5,027,218)	(10,907,529)	(4,356,100)
Increase in other current assets		(419,782)	(337,248)	(307,166)
Increase in accrued expenses and statutory payables		284,338	481,583	86,017
Net cash used for operations		(5,162,662)	(10,763,194)	(4,577,249)
Interest received		33,164	758	1,990
Income tax paid	14	(5,200)	–	–
Net cash used in operating activities		(5,134,698)	(10,762,436)	(4,575,259)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend received	11	78,000,000	–	–
Investment in a subsidiary	8	(9,375,000)	–	–
Advances made to related parties	11	(1,416,816)	–	–
Additions to property and equipment	6	(684,049)	–	–
Payments from related parties		–	1,818,397	4,629,754
Net cash provided by investing activities		66,524,135	1,818,397	4,629,754
CASH FLOWS FROM A FINANCING ACTIVITY				
Advances from related parties	11	1,051,490	8,856,875	–
Payments to related parties		–	–	(100,497)
Cash provided by (used in) financing activities		1,051,490	8,856,875	(100,497)
NET INCREASE (DECREASE) IN CASH		62,440,927	(87,164)	(46,002)
CASH AT BEGINNING OF YEAR		425,556	512,720	558,722
CASH AT END OF YEAR		₱62,866,483	₱425,556	₱512,720
NONCASH FINANCIAL INFORMATION				
Acquisition of investment in a subsidiary through subscription payable	8	(₱28,125,000)	₱–	₱–

See accompanying Notes to Separate Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A Subsidiary of RYM Business Management Corp.)

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Corporate Information

General Information

Bright Kindle Resources & Investments, Inc. (the Company) is a holding company, incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 4, 1981. On March 21, 1995, the Company listed its shares with Philippine Stock Exchange, Inc. (PSE).

The Company is a subsidiary of RYM Business Management Corp. (the Parent Company), a company registered and domiciled in the Philippines.

The Company's principal office address is at 16th Floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City.

Approval of Separate Financial Statements

The accompanying separate financial statements of the Company as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issuance by the BOD of the Company on March 9, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The separate financial statements are presented in Philippine Peso, which is also the Company's functional currency. All amounts represent absolute values except otherwise indicated.

The separate financial statements have been prepared using the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in Note 16, *Financial Risk Management Objectives and Policies*.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS beginning January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendment to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of the amended PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amended PFRS in Issue But Not Yet Effective or Adopted

Relevant amended PFRS which are not yet effective as at December 31, 2022 and have not been applied in preparing the separate financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Classification and Subsequent Measurement. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at December 31, 2022 and 2021, the Company does not have financial assets and liabilities at FVPL, and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit loss (ECL). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Company's cash, dividends receivable and due from related parties are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2022 and 2021, the Company's note payable, subscription payable, due to related parties, accrued expenses are classified under this category.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment on Financial Assets at Amortized Cost

The Company records an allowance for ECL based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting period. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Other Current Assets

Other current assets include input value-added tax (VAT), creditable withholding taxes (CWT), and prepayments.

VAT. Expenses and assets are recognized net of the amount of VAT, except for payables that are stated with the amount of VAT included. The net amount of input VAT recoverable from the taxation authority is included as part of "Other current assets" account in the separate statements of financial position.

CWT. CWTs are amounts withheld from income subject to expanded withholding taxes. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Prepayments. Prepayments represent expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as other current assets. Otherwise, these are classified as other noncurrent assets.

Investment in an Associate

Investment in an associate is recognized initially at cost and subsequently accounted for using the equity method.

An associate is an entity in which the Company has significant influence but not control, over the financial and operating policies of such entity. The Company's share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The reporting date of the associate and that of the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances. When necessary, adjustments are made to conform the associate's accounting policies in line with those of the Company.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Company determines at the end of each reporting period whether there is any evidence that the investment is impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investment and recoverable amount.

Investments in a Subsidiary

The Company's investments in subsidiary is accounted for in the separate financial statements at cost less any impairment in value.

Under the cost method, the Company recognizes income from the investment only to the extent that the Company received distributions from accumulated profits of the subsidiary after the date of acquisition. Distributions received in excess of such profits are regarded as a reduction of the cost of the investment.

A subsidiary is an entity in which the Company has control. Specifically, the Company controls an investee if it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

An assessment of the carrying amount of the investment in subsidiary is performed when there is an indication that the investment has been impaired.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including non-refundable purchase taxes after deducting trade discounts and rebates and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	<u>Number of Years</u>
Condominium units	31
Office furniture and fixtures	3-5
Computer equipment	5

The estimated useful lives and method of depreciation are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss net of any dividend declaration.

Other Comprehensive Income (OCI). OCI comprises of items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. OCI of the Company pertains to accumulated share in OCI of an associate.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The following specific recognition criteria must be met before revenue is recognized:

Interest Income. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset, net of final tax.

Other Income. Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability that can be measured reliably.

Expenses Recognition

Expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably.

General and Administrative Expenses. General and administrative expenses constitute cost of administering the business. These are expensed as incurred.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of any unused net operating loss carryover (NOLCO), excess minimum corporate income tax (MCIT) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced 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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as OCI.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Basic and Diluted Earnings Per Share

Basic earnings per share is computed by dividing net income for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split and excluding common shares purchased by the Company and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential dilutive common shares. Where the earnings per share effect of potential dilutive common shares would be anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Operating Segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components.

The Company has no operating segment other than being a holding company.

Related Party Transactions and Related Parties

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

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

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

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingencies

Contingent liabilities are not recognized in the separate financial statements. These are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Events after the reporting period that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the separate financial statements. Events after the reporting period that are non-adjusting are disclosed in the notes to separate financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Company's separate financial statements in compliance with PFRS requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the separate financial statements. The judgment, accounting estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The following are the significant judgments, accounting estimates and assumptions made by the Company:

Determining Significant Influence over an Associate. When an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed that the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The existence of significant influence by the Company is evidenced by the following:

- representation on the BOD or equivalent governing body of the investee;
- participation in the policy-making process, including participation in decisions about dividends or other distributions; or
- material transactions between the entity and the investee; interchange of managerial personnel.

Assessing the Impairment of Financial Assets at Amortized Cost. The Company determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL are provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Company's financial assets at amortized cost are considered to have low credit risk, and therefore the loss allowance is determined as 12-month ECL. The Company has assessed that the ECL for other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and related parties with good credit standing and relatively low risk of defaults. The Company also considered the available liquid assets of the related parties. Accordingly, no impairment loss was recognized in 2022, 2021 and 2020.

The carrying amounts of cash in bank, due from related parties and dividend receivable are disclosed in Notes 4 and 11.

Assessing the Impairment of Investment in an Associate. The Company assesses the impairment of investment in an associate whenever events or changes in circumstances indicate that the carrying amount of investment in an associate may not be recoverable. The Company considered the following as indicators of impairment, and therefore, performed an impairment review:

- The carrying amount of the net assets of the associate is more than its market capitalization; and
- The carrying amount of the investment exceeds the Company's proportionate share in the carrying amounts of the associate's net assets in the separate financial statements.

In determining the recoverable amount, the Company is required to make estimates and assumptions such as commodity prices, discount rates, and foreign currency exchange rates that can materially affect the separate financial statements. Commodity prices and foreign exchange rate are based on the current and forecast in different banks. Discount rate estimate is computed using the weighted average cost of capital

Based on management assessment, the estimated recoverable amount of the Company's investment in an associate is higher than its carrying amount. The estimated recoverable amount was determined based on the cash flow projections of the associate using the discounted cash flow method. Accordingly, no impairment loss was recognized in 2022, 2021 and 2020. The carrying amount of investment in an associate is disclosed in Note 7.

Assessing the Impairment of Other Nonfinancial Assets. The Company assesses impairment on other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value-in-use approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Determining such amount requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets.

No impairment loss was recognized in 2022, 2021 and 2020. The carrying amount of the other current assets and property and equipment are disclosed in Notes 5 and 6.

Estimating the Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

There were no changes in the estimated useful lives of the Company's property and equipment in 2022, 2021 and 2020. The carrying amount of property and equipment are disclosed in Note 6 to the separate financial statements.

Assessing the Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date 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 assets to be utilized.

The Company's unrecognized deferred tax assets is disclosed in Note 14.

4. Cash

This account consists of:

	2022	2021
Cash in banks	P62,861,483	P420,556
Cash on hand	5,000	5,000
	P62,866,483	P425,556

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to P33,164, P758, and P1,990 in 2022, 2021, and 2020, respectively.

5. Other Current Assets

This account consists of:

	2022	2021
Input VAT	P9,660,230	P9,424,279
CWT	595,485	600,685
Prepayments	175,745	101,714
Others	131,136	16,136
	P10,562,596	P10,142,814

6. Property and Equipment

Balances and movements in this account are as follows:

	Note	2022			Total
		Condominium Units	Office Furniture and Fixtures	Computer Equipment	
Cost					
Balances at beginning of year		P47,788,569	P1,795,919	P-	P49,584,488
Additions		-	57,049	627,000	684,049
Balance at end of year		47,788,569	1,852,968	627,000	50,268,537
Accumulated Depreciation					
Balances at beginning of year		10,509,577	1,728,429	-	12,238,006
Depreciation	13	1,579,141	63,146	-	1,642,287
Balances at end of year		12,088,718	1,791,575	-	13,880,293
Carrying Amount		P35,699,851	P61,393	P627,000	P36,388,244

	Note	2021		Total
		Condominium Unit	Office Furniture and Fixtures	
Cost				
Balances at beginning and end of year		₱47,788,569	₱1,795,919	₱49,584,488
Accumulated Depreciation				
Balances at beginning of year		8,930,436	1,379,383	10,309,819
Depreciation	13	1,579,141	349,046	1,928,187
Balances at end of year		10,509,577	1,728,429	12,238,006
Carrying Amount		₱37,278,992	₱67,490	₱37,346,482

The condominium unit is being used as an office space of the Company. As at December 31, 2022 and 2021, the cost of fully-depreciated property and equipment still in use amounted to ₱1.7 million.

Deed of Assignment to BHD

On January 20, 2023, the Company and BHD executed a Deed of Assignment under which the Company assigned in favor of BHD its one (1) condominium unit and four (4) parking slots in exchange for 1,121,505,000 common shares with ₱0.10 par value a share from the authorized capital stock of BHD. The transaction is pursuant to the approval by the Company of a property-for-share swap wherein the property will be exchanged for shares in the subsidiary, and subject to the confirmation of valuation by the SEC and tax-free exchange application with the Bureau of Internal Revenue (BIR).

7. Investment in an Associate

Movements in this account are as follows:

	2022	2021
Acquisition Cost	₱2,604,000,000	₱2,604,000,000
Accumulated Earnings		
Balance at beginning of year	99,444,677	26,912,549
Share in net income	40,313,575	150,532,128
Dividends	–	(78,000,000)
Balance at end of year	139,758,252	99,444,677
Accumulated Share in OCI		
Balance at beginning of year	6,904,173	6,103,717
Share in other comprehensive income - Remeasurement gain on retirement benefit liability	932,508	800,456
Balance at end of year	7,836,681	6,904,173
Carrying Amount	₱2,751,594,933	₱2,710,348,850

The Company has 600,000,000 shares of Marcventures Holdings, Inc. (MARC) representing 19.90% equity interest as at December 31, 2022 and 2021. MARC has investments in mining companies located in Surigao del Sur and in the province of Samar. MARC's principal office address is at Unit 4-3 BDO Towers Paseo, Paseo de Roxas, Makati City.

Summarized financial information of MARC follows:

	2022	2021
Total current assets	₱917,911,835	₱1,484,580,441
Total noncurrent assets	5,022,731,586	5,025,052,654
Total current liabilities	395,260,891	1,096,737,200
Total noncurrent liabilities	672,998,260	747,778,375
Revenue	3,067,485,008	3,891,592,774
Net income	202,580,780	756,442,856
Other comprehensive gain	4,685,970	4,022,392
Total comprehensive income	207,266,750	760,465,248

The reconciliation of the share in the net assets of MARC and the carrying amount of the investment in an associate as at December 31, 2022 and 2021 are as follows:

	2022	2021
Net assets as at beginning of year	₱4,665,119,324	₱4,296,580,716
Net income	202,580,780	756,442,856
Other comprehensive gain	4,685,970	4,022,392
Dividends	-	(391,926,640)
Net assets as at end of year	4,872,386,074	4,665,119,324
Equity interest	19.90%	19.90%
Share in net assets of associate	969,604,828	928,358,745
Goodwill on acquisition and others	1,781,990,105	1,781,990,105
Carrying amount	₱2,751,594,933	₱2,710,348,850

8. Investment in a Subsidiary and Subscription Payable

In 2022, the Company subscribed to 37,500,000 common shares of Brightstar Holdings and Development Inc. (BHDI) at ₱1 par value and is equivalent to a full ownership interest.

The Company paid ₱9,375,000 upon subscription with the balance of ₱28.1 million presented as subscription payable in the statement of financial position.

BHDI was incorporated and registered with the SEC on May 27, 2022. It is primarily engaged in dealing with all kinds of property, including but not limited to bonds, debentures, promissory notes, shares of stock, or other securities or obligations without engaging in the business of an investment company under the Investment Company Act or a finance company or a broker or dealer in securities.

BHDI's registered office address is at 16th Floor BDO Towers Valero, 8741 Paseo de Roxas, Makati City.

The summarized financial information of BHDI is as follows:

	2022
Current assets	₱9,389,817
Current liabilities	1,497,146
Equity	7,892,671
Net loss	1,482,328

9. Accrued Expenses and Statutory Payables

This account consists of:

	2022	2021
Accrued expenses	P1,075,486	P873,051
Statutory payables	81,903	-
	P1,157,389	P873,051

Accrued expenses pertain to accrual of outside services, professional fees, and electricity, among others, which are expected to be settled in the next reporting period.

Statutory payables pertain to withholding taxes that are to be remitted to the government within the next reporting period.

10. Note Payable

The Company's note payable amounting to P1,671.5 million as at December 31, 2022 and 2021 pertains to a due and demandable, noninterest-bearing loan from Trans Middle East Philippine Equities, Inc. (TMEE), a related party. The proceeds of the loan were used to finance the acquisition of investment in MARC.

11. Related Party Transactions

The Company has the following transactions with its Parent Company and other related parties:

	Note	Nature of Transactions	Amount of Transactions		Outstanding Balances	
			2022	2021	2022	2021
Dividends Receivable						
<i>Associate -</i>						
MARC		Dividends	P-	P78,000,000	P-	P78,000,000
Premium Income						
<i>Affiliates -</i>						
MMDC		Collection of Premium	P520,000	P-	P-	P-
Due from Related Parties						
<i>Parent Company</i>						
		Advances for working capital	P-	P-	P7,000,000	P7,000,000
<i>Subsidiary</i>						
		Advances for working capital	1,391,146	-	1,391,146	-
<i>Affiliates -</i>						
<i>Others</i>						
		Advances for working capital	25,670	-	25,670	-
					P8,416,816	P7,000,000
Due to Related Parties						
<i>Affiliates -</i>						
<i>MMDC</i>						
		Advances for working capital	P1,013,490	P8,856,875	P9,870,365	P8,856,875
<i>Prime Media Holdings, Inc.</i>						
		Advances for working capital	38,000	-	1,803,534	1,765,534
					P11,673,899	P10,622,409
Note Payable						
<i>Affiliate -</i>						
TMEE	10	Note payable	P-	P-	P1,671,501,723	P1,671,501,723

Due from/Due to Related Parties

These amounts represent working capital advances which are unimpaired, unsecured and collectible in cash. Working capital advances are noninterest-bearing and collectible on demand.

Other Income

Other income amounting to ₱0.5 million pertains to the consideration for the use of the Company's condominium properties as collateral for MMDC's loan facility equivalent to 2% of monthly principal amortization of the loan.

Compensation of Key Management Personnel

The Company has no key management personnel. The accounting and administrative functions of the Company are being handled by the affiliate companies at no cost.

12. Equity

On March 21, 1995, the SEC approved the listing of the Company's 118,000,000 shares at an offer price of ₱1 per share. Accordingly, on the same date, the Parent Company listed its shares with PSE. Subsequently, the par value of the Company's common stock was reduced from ₱1 per share to ₱0.55 per share as approved by the SEC on October 17, 2012.

As at December 31, 2022 and 2021, 1,528,474,000 shares are listed in the PSE.

The following summarizes the information on the Company's issued and subscribed shares as at December 31, 2022:

	Number of Shares Issued and Subscribed	Percentage of Shares
Non-public shareholdings		
a. Related parties	1,170,159,989	76.56%
b. Affiliates, directors and officers*	10,000	0%
Public shareholdings	358,304,011	23.44%
	<u>1,528,474,000</u>	<u>100.00%</u>

**Shareholdings represent 0.0007% of the total shares.*

The total number of shareholders of the Company is 631 as at December 31, 2022 and 2021.

13. General and Administrative Expenses

This account consists of:

	Note	2022	2021	2020
Depreciation	6	₱1,642,287	₱1,928,187	₱1,928,188
Membership dues and other fees		1,519,175	1,354,426	1,333,345
Professional fees		1,397,084	1,703,106	996,000
Outside services		938,375	1,244,927	962,401
Director's fees		685,000	495,000	220,000
Communication, light and water		274,549	143,964	187,694
Representation		71,334	3,904,200	–
Taxes and licenses		4,151	47,136	56,706
Fines and penalties		1,000	1,212,155	–
Others		656,550	802,615	599,954
		₱7,189,505	₱12,835,716	₱6,284,288

Interest expense on fines and penalties amounting to ₱0.01 million and ₱0.4 million was recognized as part of other expenses as at December 31, 2022 and 2021, respectively.

14. Income Tax

Provision for current income tax of ₱5,200 in 2022 pertains to MCIT, which can be claimed as deduction to income tax payable until 2025. The Company has no current income tax expense in 2021 due to its net taxable loss position.

The Company's unrecognized deferred tax assets are as follows:

	2022	2021
NOLCO	₱5,148,382	₱4,793,294
Excess MCIT	5,200	–
	₱5,153,582	₱4,793,294

Management has assessed that there may be no sufficient future taxable profits against which the deferred tax asset can be utilized.

The reconciliation of provision for income tax at the statutory income tax to the provision for income tax shown in the statements of comprehensive income follows:

	2022	2021	2020
Provision for income tax computed at statutory tax rate	₱8,419,309	₱34,424,293	₱18,300,473
Change in unrecognized deferred tax assets	360,288	132,220	(178,450)
Add (deduct) tax effects of:			
Share in net income of an associate	(10,078,394)	(37,633,032)	(20,185,162)
Expired NOLCO	1,292,381	1,797,620	2,063,736
Nondeductible expenses	19,907	1,279,089	–
Interest income subjected to final tax	(8,291)	(190)	(597)
	₱5,200	₱–	₱–

As at December 31, 2022, unused NOLCO that can be claimed as deduction from future taxable income are as follows:

Year	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Year of Expiry
2022	₱-	₱6,589,880	₱-	₱6,589,880	2025
2021	7,719,361	-	-	7,719,361	2026
2020	6,284,288	-	-	6,284,288	2025
2019	5,169,525	-	5,169,525	-	2022
	₱19,173,174	₱6,589,880	₱5,169,525	₱20,593,529	

On September 30, 2020, the BIR issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of the Republic Act No. 11494, otherwise known as “Bayanihan to Recover as One Act”. This RR provides that net operating loss of a business or enterprise for taxable years 2020 and 2021 are to be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, Republic Act No. 11354, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE” was approved and signed into law by the Philippine President. Under the CREATE, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three years. The changes in the income tax rates retrospectively became effective beginning July 1, 2020.

Accordingly, the income tax rate used in preparing the separate financial statements as at and for the year ended December 31, 2022 and 2021 is 25% for RCIT and 1% for MCIT, respectively. The change in income tax rates does not have any financial impact on the Company due to its taxable loss position.

15. Basic and Diluted Earnings per Share

Basic and diluted earnings per share are computed as follows:

	2022	2021	2020
Net income	₱33,672,034	₱137,697,170	₱61,001,576
Weighted average number of common shares outstanding	1,528,474,000	1,528,474,000	1,528,474,000
Earnings per share - basic and diluted	₱0.022	₱0.090	₱0.040

There has been no transaction involving common shares or potential common shares that occurred subsequent to the reporting dates.

16. Financial Risk Management Objectives and Policies

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash, dividends receivable, due from related parties, accrued expenses, due to related parties and note payable. The primary purpose of these financial instruments is to finance the Company's operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty defaults on its obligation. The Company's exposure to credit risk arises primarily from cash in banks and due from related parties.

The Company's maximum exposure to credit risk on the financial assets at amortized cost is the carrying amount of those assets as at the reporting date.

Financial Assets at Amortized Cost

The Company limits its credit risk from balances with banks by depositing its cash with highly reputable and pre-approved financial institutions. For due from related parties, credit risk is low since the Company only transacts with related parties with strong capacity to meet its contractual cash flow obligations in the near term.

The Company considers credit risk in measuring ECL of financial assets at amortized cost. Since the financial assets at amortized cost of the Company are considered to have low credit risk, impairment loss is limited to 12-month ECL.

Generally, financial assets at amortized cost are written-off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

The table below presents high grade credit quality of the Company's financial assets at amortized cost.

	2022	2021
Cash in banks	₱62,861,483	₱420,556
Dividends receivable	–	78,000,000
Due from related parties	8,416,816	7,000,000
	₱71,278,299	₱85,420,556

High grade credit quality represents settlements which are obtained from counterparty following the terms of the contracts without much collection effort.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The tables below summarize the maturity profile of the Company's financial liabilities at amortized cost as at December 31, 2022 and 2021 based on contractual undiscounted cash flows.

	2022			Total
	On Demand	Less Than One Year	More than One Year	
Accrued expenses	P-	P1,075,486	P-	P1,075,486
Due to related parties	11,673,899	-	-	11,673,899
Note payable	1,671,501,723	-	-	1,671,501,723
Subscriptions payable	28,125,000	-	-	28,125,000
	P1,711,300,622	P1,075,486	P-	P1,712,376,108

	2021			Total
	On Demand	Less Than One Year	More than One Year	
Accrued expenses	P-	P873,051	P-	P873,051
Due to related parties	10,622,409	-	-	10,622,409
Note payable	1,671,501,723	-	-	1,671,501,723
	P1,682,124,132	P873,051	P-	P1,682,997,183

Fair Value of Financial Assets and Financial Liabilities

The carrying amount of cash, dividends receivable, due from related parties, due to related parties, accrued expenses and notes payable approximate their fair values due to their short-term maturities and demand nature.

17. Capital Management Objectives, Policies and Procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares. Also, the Company is not subject to any externally imposed capital requirements.

The Company considers its total equity amounting to P1,194.9 million and P1,160.3 million as at December 31, 2022 and 2021, respectively, as its capital.

There has been no change in the objectives, policies, processes in 2022, 2021, and 2020.

COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 0 2 1 6 5

COMPANY NAME

B	R	I	G	H	T		K	I	N	D	L	E		R	E	S	O	U	R	C	E	S		&		I	N	V	E	S	T	M	E	N	T	S	,	
I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	Y																				

PRINCIPAL OFFICE (No./Street/Barangay/City/Town/ Province)

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C	i	t	i	b	a	n	k		T	o	w	e	r)	,		8	7	4	1		P	a	s	e	o		d	e		R	o	x	a	s	,	M
a	k	a	t	i		C	i	t	y																												

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Group's Email Address

kenneth.molave@marcventures.com.ph

Group's Telephone Number

(02) 8856-7976

Mobile Number

0919-488-7884

No. of Stockholders

631

Annual Meeting (Month / Day)

Last Thursday of May

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mr. Rolando S. Santos

Email Address

rolly.santos@marcventures.com.ph

Telephone Number

(02) 8831-4479

Mobile Number

0998-985-0229

CONTACT PERSON'S ADDRESS

4th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Bright Kindle Resources & Investments, Inc. and Subsidiary
16th Floor BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas, Makati City

Opinion

We have audited the financial statements of Bright Kindle Resources & Investments, Inc. (the Parent Company) and Subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the Parent Company's statement of financial position as at December 31, 2021 and statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2021 and 2020, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and its consolidated financial performance and cash flows for the year then ended, and the Parent Company's financial position as at December 31, 2021 and its financial performance and cash flows for the years ended December 31, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Assessment of Impairment of Investment in an Associate

The Group's investment in an associate with a carrying amount of ₱2.8 billion as at December 31, 2022, which comprise 96% of the total assets of the Group, is required to be assessed at reporting date if there are indicators of impairment. As discussed in Note 3, there are indicators that the investment in an associate may be impaired. This is a key audit matter because of the significant judgment and estimate required in the computation of the recoverable amount of the investment to determine if impairment exists.

We have reviewed the discounted cash flows used by management to compute the recoverable amount of the investment in associate. We validated the reasonableness of the discount rates and other assumptions used in the computation, which include, among others, production levels, commodity prices, sales forecasts, and foreign currency exchange rate by comparing to historical performance, external data and industry benchmarks. We also assessed the adequacy of the disclosures in Notes 3 and 7 to financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) and Annual Report distributed to stockholders for the year ended December 31, 2022, but does not include the financial statements and our Auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report distributed to stockholders for the year ended December 31, 2022 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 audit 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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, these 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 Group'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 Group'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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



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 audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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, in 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.

The engagement partner on the audit resulting in this independent auditors' report is Carolina P. Angeles.

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 9564562

Issued January 3, 2023, Makati City

March 9, 2023

Makati City, Metro Manila

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at December 31, 2022 and
PARENT COMPANY FINANCIAL STATEMENTS as at December 31, 2021

		December 31	
	Note	2022*	2021
ASSETS			
Current Assets			
Cash	4	₱72,244,400	₱425,556
Due from related parties	10	7,025,670	7,000,000
Dividends receivable	10	–	78,000,000
Other current assets	5	10,574,496	10,142,814
Total Current Assets		89,844,566	95,568,370
Noncurrent Assets			
Investment in an associate	7	2,751,594,933	2,710,348,850
Property and equipment	6	36,388,244	37,346,482
Total Noncurrent Assets		2,787,983,177	2,747,695,332
		₱2,877,827,743	₱2,843,263,702
LIABILITIES AND EQUITY			
Current Liabilities			
Note payable	9	₱1,671,501,723	₱1,671,501,723
Due to related parties	10	11,673,899	10,622,409
Accrued expenses and statutory payables	8	1,263,389	873,051
Total Liabilities		1,684,439,011	1,682,997,183
Equity			
Capital stock	11	840,660,700	840,660,700
Retained earnings		344,891,351	312,701,646
Other comprehensive income		7,836,681	6,904,173
Total Equity		1,193,388,732	1,160,266,519
		₱2,877,827,743	₱2,843,263,702

See accompanying Notes to Consolidated Financial Statements.

*Consolidated financial statement was prepared effective May 27, 2022, the date of incorporation of the Parent Company's wholly-owned subsidiary.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the Year Ended
December 31, 2022 and PARENT COMPANY STATEMENTS OF COMPREHENSIVE
INCOME for the Years Ended December 31, 2021 and 2020

	Note	Years Ended December 31		
		2022*	2021	2020
SHARE IN NET INCOME OF AN ASSOCIATE	7	₱40,313,575	₱150,532,128	₱67,283,874
GENERAL AND ADMINISTRATIVE EXPENSES	12	(8,675,251)	(12,835,716)	(6,284,288)
OTHER INCOME	10	520,000	–	–
INTEREST INCOME	4	36,581	758	1,990
INCOME BEFORE INCOME TAX		32,194,905	137,697,170	61,001,576
PROVISION FOR INCOME TAX	13	(5,200)	–	–
NET INCOME		32,189,705	137,697,170	61,001,576
OTHER COMPREHENSIVE INCOME <i>Not to be reclassified to profit or loss in subsequent period -</i>				
Share in other comprehensive income (loss) of an associate	7	932,508	800,456	(387,326)
TOTAL COMPREHENSIVE INCOME		₱33,122,213	₱138,497,626	₱60,614,250
EARNINGS PER SHARE - BASIC AND DILUTED	14	₱0.021	₱0.090	₱0.040

See accompanying Notes to Consolidated Financial Statements.

*Consolidated financial statement was prepared effective May 27, 2022, the date of incorporation of the Parent Company's wholly-owned subsidiary.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the Year Ended
December 31, 2022 and PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
for the Years Ended December 31, 2021 and 2020

		Years Ended December 31		
	Note	2022*	2021	2020
CAPITAL STOCK - ₱0.55 par value				
Authorized - 2,000,000,000 shares				
Issued and outstanding -				
1,528,474,000 shares	11	₱840,660,700	₱840,660,700	₱840,660,700
RETAINED EARNINGS				
Balance at beginning of year		312,701,646	175,004,476	114,002,900
Net income		32,189,705	137,697,170	61,001,576
Balance at end of year		344,891,351	312,701,646	175,004,476
OTHER COMPREHENSIVE INCOME				
Accumulated share in other comprehensive income of an associate				
Balance at beginning of year		6,904,173	6,103,717	6,491,043
Share in other comprehensive income (loss) of an associate	7	932,508	800,456	(387,326)
Balance at end of year		7,836,681	6,904,173	6,103,717
		₱1,193,388,732	₱1,160,266,519	₱1,021,768,893

See accompanying Notes to Consolidated Financial Statements.

*Consolidated financial statement was prepared effective May 27, 2022, the date of incorporation of the Parent Company's wholly-owned subsidiary.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS for the Year Ended
December 31, 2022 and PARENT COMPANY STATEMENTS OF CASH FLOWS
for the Years Ended December 31, 2021 and 2020

		Years Ended December 31		
	Note	2022*	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax		₱32,194,905	₱137,697,170	₱61,001,576
Adjustments for:				
Share in net income of an associate	7	(40,313,575)	(150,532,128)	(67,283,874)
Depreciation	6	1,642,287	1,928,187	1,928,188
Interest income	4	(36,581)	(758)	(1,990)
Operating loss before working capital changes		(6,512,964)	(10,907,529)	(4,356,100)
Increase in other current assets		(431,682)	(337,248)	(307,166)
Increase in accrued expenses and statutory payables		390,338	481,583	86,017
Net cash used for operations		(6,554,308)	(10,763,194)	(4,577,249)
Interest received		36,581	758	1,990
Income tax paid		(5,200)	–	–
Net cash used in operating activities		(6,522,927)	(10,762,436)	(4,575,259)
CASH FLOWS FROM AN INVESTING ACTIVITIES				
Dividend received	10	78,000,000	–	–
Additions to property and equipment	6	(684,049)	–	–
Advances to related parties	10	(25,670)	–	–
Payments from related parties		–	1,818,397	4,629,754
Net cash provided by investing activities		77,290,281	1,818,397	4,629,754
CASH FLOWS FROM A FINANCING ACTIVITIES				
Advances from related parties	10	1,051,490	8,856,875	–
Payments to related parties		–	–	(100,497)
Cash provided by (used in) financing activities		1,051,490	8,856,875	(100,497)
NET INCREASE (DECREASE) IN CASH		71,818,844	(87,164)	(46,002)
CASH AT BEGINNING OF YEAR		425,556	512,720	558,722
CASH AT END OF YEAR		₱72,244,400	₱425,556	₱512,720

See accompanying Notes to Consolidated Financial Statements.

*Consolidated financial statement was prepared effective May 27, 2022, the date of incorporation of the Parent Company's wholly-owned subsidiary.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS as at and for the Year Ended
December 31, 2022 and PARENT COMPANY FINANCIAL STATEMENTS
as at and for the Years Ended December 31, 2021 and 2020

1. Corporate Information

General Information

Bright Kindle Resources and Investments, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on December 4, 1981. On March 21, 1995, the Parent Company listed its shares with Philippine Stock Exchange, Inc. (PSE).

The Parent Company is a subsidiary of RYM Business Management Corporation (the Parent Company), a company registered and domiciled in the Philippines.

On May 27, 2022, the Parent Company incorporated Brightstar Holdings and Development Inc. (BHDI) (the Subsidiary) in the Philippines and registered with the SEC as a wholly-owned subsidiary. Its primary purpose is to operate as a holding and investment company.

The Parent Company and Subsidiary are collectively referred herein as “the Group”.

The Group’s principal office address is at 16th Floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City.

Approval of the Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the year ended December 31, 2022 and the Parent Company financial statements as at December 31, 2021 and for the years ended December 31, 2021 and 2020 were approved and authorized for issuance by the BOD on March 9, 2023, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council) and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The financial statements are presented in Philippine Peso, which is also the Group’s functional currency. All amounts represent absolute values except otherwise indicated.

The financial statements have been prepared using the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group uses market observable data to a possible extent when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active market for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in Note 15, *Financial Risk Management Objectives and Policies*.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS beginning January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of the amended PFRS did not materially affect the financial statements of the Group. Additional disclosures were included in the financial statements, as applicable.

Amended PFRS in Issue But Not Yet Effective or Adopted

Relevant amended PFRS which are not yet effective as at December 31, 2022 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the financial statements of the Group. Additional disclosures will be included in the financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements of the Group as at and for the year ended December 31, 2022 was prepared effective May 27, 2022, the date of incorporation of the Parent Company's wholly-owned subsidiary. The Parent Company financial statements as at and for the years ended December 31, 2021 and 2020 were also presented for comparative purposes.

Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting year as that of the Parent Company using uniform accounting policies. Significant intercompany transactions and balances, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest in a subsidiary, without a change in control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, the Group: (a) derecognizes the assets and liabilities of the subsidiary; (b) derecognizes the carrying amounts of any non-controlling interest; (c) derecognizes the cumulative translation differences recorded in equity; (d) recognizes the fair value of consideration received; (e) recognizes the fair value of any investment retained; (f) recognizes any surplus or deficit in profit or loss; and (g) reclassifies the Group's share of components previously recognized in other comprehensive income (OCI) to profit or loss.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Classification and Subsequent Measurement. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group’s business model and its contractual cash flow characteristics.

As at December 31, 2022 and 2021, the Group does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit loss (ECL). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Group’s cash, dividends receivable and due from related parties are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2022 and 2021, the Group's note payable, due to related parties and accrued expenses are classified under this category.

Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

Impairment on Financial Assets at Amortized Cost

The Group records an allowance for ECL based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting period. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Other Current Assets

Other current assets include input value-added tax (VAT), creditable withholding taxes (CWT), and prepayments.

VAT. Expenses and assets are recognized net of the amount of VAT, except for payables that are stated with the amount of VAT included. The net amount of input VAT recoverable from the taxation authority is included as part of "Other current assets" account in the statements of financial position.

CWT. CWTs are amounts withheld from income subject to expanded withholding taxes. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

Prepayments. Prepayments represent expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as other current assets. Otherwise, these are classified as other noncurrent assets.

Investment in an Associate

Investment in an associate is recognized initially at cost and subsequently accounted for using the equity method.

An associate is an entity in which the Group has significant influence but not control, over the financial and operating policies of such entity. The Group's share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in reserves is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The reporting date of the associate and that of the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. When necessary, adjustments are made to conform the associate's accounting policies in line with those of the Group.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealized gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group determines at the end of each reporting period whether there is any evidence that the investment is impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investment and recoverable amount.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including non-refundable purchase taxes after deducting trade discounts and rebates and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Condominium unit	31
Office furniture and fixtures	3-5
Computer equipment	5

The estimated useful lives and method of depreciation are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss net of any dividend declaration.

Other Comprehensive Income (OCI). OCI comprises of items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. OCI of the Group pertains to accumulated share in OCI of an associate.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The following specific recognition criteria must be met before revenue is recognized:

Interest Income. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset, net of final tax.

Other Income. Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Group through an increase in asset or reduction in liability that can be measured reliably.

Expenses Recognition

Expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of any unused net operating loss carryover (NOLCO), excess minimum corporate income tax (MCIT) to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced 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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as OCI.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Basic and Diluted Earnings Per Share

Basic earnings per share is computed by dividing net income for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split and excluding common shares purchased by the Group and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential dilutive common shares.

Where the earnings per share effect of potential dilutive common shares would be anti-dilutive, basic and diluted earnings per share are stated at the same amount.

Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components.

The Group has no operating segment other than being a holding company.

Related Party Relationship and Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Events after the reporting period that provide additional information about the Group's financial position at the end of reporting period (adjusting events) are reflected in the financial statements. Events after the reporting period that are non-adjusting are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's financial statements in compliance with PFRS requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the financial statements. The judgment, accounting estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The following are the significant judgments, accounting estimates and assumptions made by the Group:

Determining Significant Influence over an Associate. When an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed that the investor has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

The existence of significant influence by the Group is evidenced by the following:

- representation on the BOD or equivalent governing body of the investee;
- participation in the policy-making process, including participation in decisions about dividends or other distributions; or
- material transactions between the entity and the investee; interchange of managerial personnel.

Assessing the Impairment of Financial Assets at Amortized Cost. The Group determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL are provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group's financial assets at amortized cost are considered to have low credit risk, and therefore the loss allowance is determined as 12-month ECL. The Group has assessed that the ECL for other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and related parties with good credit standing and relatively low risk of defaults. The Group also considered the available liquid assets of the related parties. Accordingly, no impairment loss was recognized in 2022, 2021, and 2020.

The carrying amounts of cash in bank, due from related parties, and dividend receivable are disclosed in Notes 4 and 10 to the financial statements.

Assessing the Impairment of Investment in an Associate. The Group assesses the impairment of investment in an associate whenever events or changes in circumstances indicate that the carrying amount of investment in an associate may not be recoverable. The Group considered the following as indicators of impairment, and therefore, performed an impairment review:

- The carrying amount of the net assets of the associate is more than its market capitalization; and
- The carrying amount of the investment exceeds the Group's proportionate share in the carrying amounts of the associate's net assets in the consolidated financial statements.

In determining the recoverable amount, the Group is required to make estimates and assumptions such as commodity prices, discount rates, and foreign currency exchange rates that can materially affect the financial statements. Commodity prices and foreign exchange rate are based on the current and forecast in different banks. Discount rate estimate is computed using the weighted average cost of capital.

Based on management assessment, the estimated recoverable amount of the Group's investment in an associate is higher than its carrying amount. The estimated recoverable amount was determined based on the cash flow projections of the associate using the discounted cash flow method. Accordingly, no impairment loss was recognized in 2022, 2021 and 2020. The carrying amount of investment in an associate is disclosed in Note 7 to the financial statements.

Assessing the Impairment of Other Nonfinancial Assets. The Group assesses impairment on other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value-in-use approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Determining such amount requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets.

No impairment loss was recognized in 2022, 2021, and 2020. The carrying amount of the other current assets and property and equipment are disclosed in Notes 5 and 6.

Estimating the Useful Lives of Property and Equipment. The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The Group annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

There were no changes in the estimated useful lives of the Group's property and equipment in 2022, 2021, and 2020. The carrying amount of property and equipment are disclosed in Note 6.

Assessing the Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date 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 assets to be utilized.

The Group's unrecognized deferred tax assets is disclosed in Note 13.

4. Cash

This account consists of:

	2022	2021
Cash in banks	₱72,239,400	₱420,556
Cash on hand	5,000	5,000
	₱72,244,400	₱425,556

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱36,581, ₱758, and ₱1,990 in 2022, 2021, and 2020, respectively.

5. Other Current Assets

This account consists of:

	2022	2021
Input VAT	₱9,660,230	₱9,424,279
CWT	595,485	600,685
Prepayments	175,745	101,714
Others	143,036	16,136
	₱10,574,496	₱10,142,814

6. Property and Equipment

Details and movements in this account are as follows:

	Note	2022			Total
		Condominium Unit	Office Furniture and Fixtures	Computer Equipment	
Cost					
Balances at beginning and end of year		₱47,788,569	₱1,795,919	₱-	₱49,584,488
Additions		-	57,049	627,000	684,049
Balance at end of year		47,788,569	1,852,968	627,000	50,268,537
Accumulated Depreciation					
Balances at beginning of year		10,509,577	1,728,429	-	12,238,006
Depreciation	12	1,579,141	63,146	-	1,642,287
Balances at end of year		12,088,718	1,791,575	-	13,880,293
Carrying Amount		₱35,699,851	₱61,393	₱627,000	₱36,388,244

	Note	2021			Total
		Condominium Unit	Office Furniture and Fixtures		
Cost					
Balances at beginning and end of year		₱47,788,569	₱1,795,919		₱49,584,488
Accumulated Depreciation					
Balances at beginning of year		8,930,436	1,379,383		10,309,819
Depreciation	12	1,579,141	349,046		1,928,187
Balances at end of year		10,509,577	1,728,429		12,238,006
Carrying Amount		₱37,278,992	₱67,490		₱37,346,482

The condominium unit is being used as an office space of the Group. As at December 31, 2022, the cost of fully-depreciated property and equipment still in use amounted to ₱1.7 million.

Deed of Assignment to BHD

On January 20, 2023, the Parent Company and BHD executed a Deed of Assignment under which the Parent Company assigned in favor of BHD its one (1) condominium unit and four (4) parking slots in exchange for 1,121,505,000 common shares with ₱0.10 par value a share from the authorized capital stock of BHD. The transaction is pursuant to the approval by the Parent Company of a property-for-share swap wherein the property will be exchanged for shares in the subsidiary, and subject to the confirmation of valuation by the SEC and tax-free exchange application with the Bureau of Internal Revenue (BIR).

7. Investment in an Associate

Movements in this account are as follows:

	2022	2021
Acquisition Cost	₱2,604,000,000	₱2,604,000,000
Accumulated Earnings		
Balance at beginning of year	99,444,677	26,912,549
Share in net income	40,313,575	150,532,128
Dividends	-	(78,000,000)
Balance at end of year	139,758,252	99,444,677
Accumulated Share in OCI		
Balance at beginning of year	6,904,173	6,103,717
Share in other comprehensive income - Remeasurement gain on retirement benefit liability	932,508	800,456
Balance at end of year	7,836,681	6,904,173
Carrying Amount	₱2,751,594,933	₱2,710,348,850

The Parent Company has 600,000,000 shares of Marcventures Holdings, Inc. (MARC) representing 19.90% equity interest as at December 31, 2022 and 2021. MARC has investments in mining companies located in Surigao del Sur and in the province of Samar. MARC's principal office address is at Unit 4-3 BDO Towers Paseo, Paseo de Roxas, Makati City.

Summarized financial information of MARC follows:

	2022	2021
Total current assets	₱917,225,555	₱1,484,580,441
Total noncurrent assets	5,023,379,753	5,025,052,654
Total current liabilities	395,222,778	1,096,737,200
Total noncurrent liabilities	672,998,260	747,778,375
Revenue	3,067,485,008	3,891,592,774
Net income	202,580,780	756,442,856
Other comprehensive gain	4,685,970	4,022,392
Total comprehensive income	207,266,750	760,465,248

The reconciliation of the share in the net assets of MARC and the carrying amount of the investment in an associate as at December 31, 2022 and 2021 are as follows:

	2022	2021
Net assets as at beginning of year	4,665,119,324	₱4,296,580,716
Net income	202,580,780	756,442,856
Other comprehensive gain	4,685,970	4,022,392
Dividends	-	(391,926,640)
Net assets as at end of year	4,872,386,074	4,665,119,324
Equity interest	19.90%	19.90%
Share in net assets of associate	969,604,828	928,358,745
Goodwill on acquisition and others	1,781,990,105	1,781,990,105
Carrying amount	₱2,751,594,933	₱2,710,348,850

8. Accrued Expenses and Statutory Payables

This account consists of:

	2022	2021
Accrued expenses	₱1,181,486	₱873,051
Statutory payables	81,903	-
	₱1,263,389	₱873,051

Accrued expenses pertain to accrual of outside services, professional fees, and electricity, among others, which are expected to be settled in the next reporting period.

Statutory payables pertain to withholding taxes that are to be remitted to the government within the next reporting period.

9. Note Payable

The Group's note payable amounting to ₱1,671.5 million as at December 31, 2022 and 2021 pertains to a due and demandable, noninterest-bearing loan from Trans Middle East Philippine Equities, Inc. (TMEE), a related party. The proceeds of the loan were used to finance the acquisition of investment in MARC.

10. Related Party Transactions

The Group has the following transactions with its Parent Group and other related parties:

	Note	Nature of Transactions	Amount of Transactions		Outstanding Balances	
			2022	2021	2022	2021
Dividends Receivable						
<i>Associate -</i>						
MARC		Dividends	₱-	₱78,000,000	₱-	₱78,000,000
Premium Income						
<i>Affiliates -</i>						
MMDC		Collection of Premium	₱520,000	₱-	₱-	₱-
Due from Related Parties						
<i>Parent Company</i>						
		Advances for working capital	₱-	₱-	₱7,000,000	₱7,000,000
<i>Affiliates -</i>						
Others		Advances for working capital	25,670	-	25,670	-
			₱25,670	₱-	₱7,025,670	₱7,000,000
Due to Related Parties						
<i>Affiliates -</i>						
MMDC		Advances for working capital	₱1,013,490	₱8,856,875	₱9,870,365	₱8,856,875
Prime Media Holdings, Inc.		Advances for working capital	38,000	-	1,803,534	1,765,534
			₱1,051,490	₱8,856,875	₱11,673,899	₱10,622,409
Note Payable						
<i>Affiliate -</i>						
TMEE	9	Note payable	₱-	₱-	₱1,671,501,723	₱1,671,501,723

Due from/Due to Related Parties

These amounts represent working capital advances which are unimpaired, unsecured and collectible in cash. Working capital advances are noninterest-bearing and collectible on demand.

Other Income

Other income amounting to ₱0.5 million pertains to the consideration for the use of the Group's condominium properties as collateral for MMDC's loan facility equivalent to 2% of monthly principal amortization of the loan.

Compensation of Key Management Personnel

The Group has no key management personnel. The accounting and administrative functions of the Group are being handled by the affiliate companies at no cost.

11. Equity

On March 21, 1995, the SEC approved the listing of the Parent Company's 118,000,000 shares at an offer price of ₱1 per share. Accordingly, on the same date, the Parent Company listed its shares with PSE. Subsequently, the par value of the Parent Company's common stock was reduced from ₱1 per share to ₱0.55 per share as approved by the SEC on October 17, 2012.

As at December 31, 2022 and 2021, 1,528,474,000 shares are listed in the PSE.

The following summarizes the information on the Parent Company's issued and subscribed shares as at December 31, 2022 and 2021:

	Number of Shares Issued and Subscribed	Percentage of Shares
Non-public shareholdings		
a. Related parties	1,170,159,989	76.56%
b. Affiliates, directors and officers*	10,000	0%
Public shareholdings	358,304,011	23.44%
	1,528,474,000	100.00%

*Shareholdings represent 0.0007% of the total shares.

The total number of shareholders of the Parent Company is 631 as at December 31, 2022 and 2021.

12. General and Administrative Expenses

This account consists of:

	Note	2022	2021	2020
Depreciation	6	₱1,642,287	₱1,928,187	₱1,928,188
Membership dues and other fees		1,519,175	1,354,427	1,333,345
Professional fees		1,507,084	1,703,106	996,000
Outside services		1,201,106	1,244,926	962,401
Director's fees		735,000	495,000	220,000
Taxes and licenses		715,097	47,136	56,706
Communication, light and water		274,549	143,964	187,694
Representation		97,111	3,904,200	-
Fines and penalties		1,000	1,212,155	-
Others		982,842	802,615	599,954
		₱8,675,251	₱12,835,716	₱6,284,288

Others include transportation expense amounting to ₱0.2 million in 2022 and interest expense on fines and penalties amounting to ₱0.4 million in 2021.

13. Income Tax

Provision for current income tax of ₱5,200 in 2022 pertains to excess MCIT, which can be claimed as deduction to income tax payable until 2025. The Group has no current income tax expense in 2021 due to its net taxable loss position.

The Group's unrecognized deferred tax assets are as follows:

	2022	2021
NOLCO	₱5,519,819	₱4,793,294
Excess MCIT	5,200	-
	₱5,525,019	₱4,793,294

Management has assessed that there may be no sufficient future taxable profits against which the deferred tax asset can be utilized.

The reconciliation of provision for income tax at the statutory income tax to the provision for income tax shown in the statements of comprehensive income follows:

	2022	2021	2020
Provision for income tax computed at			
statutory tax rate	₱8,048,726	₱34,424,293	₱18,300,473
Change in unrecognized deferred tax assets	731,725	132,220	(178,450)
Add (deduct) tax effects of:			
Share in net income of an associate	(10,078,394)	(37,633,032)	(20,185,162)
Expired NOLCO	1,292,381	1,797,620	2,063,736
Nondeductible expense	19,907	1,279,089	-
Interest income subjected to final tax	(9,145)	(190)	(597)
	₱5,200	₱-	₱-

As at December 31, 2022, unused NOLCO that can be claimed as deduction from future taxable income are as follows:

Year	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Year of Expiry
2022	₱-	₱8,075,625	₱-	₱8,075,625	2025
2021	7,719,361	-	-	7,719,361	2026
2020	6,284,288	-	-	6,284,288	2025
2019	5,169,525	-	5,169,525	-	2022
	₱19,173,174	₱8,075,625	₱5,169,525	₱22,079,274	

On September 30, 2020, the BIR issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of the Republic Act No. 11494, otherwise known as “Bayanihan to Recover as One Act”. This RR provides that net operating loss of a business or enterprise for taxable years 2020 and 2021 are to be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On March 26, 2021, Republic Act No. 11354, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE” was approved and signed into law by the Philippine President. Under the CREATE, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three years. The changes in the income tax rates retrospectively became effective beginning July 1, 2020.

Accordingly, the income tax rate used in preparing the financial statements as at and for the year ended December 31, 2022 is 25% for RCIT and 1% for MCIT, respectively. The change in income tax rates does not have any financial impact on the Group due to its taxable loss position.

14. Basic and Diluted Earnings per Share

Basic and diluted earnings per share are computed as follows:

	2022	2021	2020
Net income	₱32,189,705	₱137,697,170	₱61,001,576
Weighted average number of common shares outstanding	1,528,474,000	1,528,474,000	1,528,474,000
Earnings per share - basic and diluted	₱0.021	₱0.090	₱0.040

There has been no transaction involving common shares or potential common shares that occurred subsequent to the reporting dates.

15. Financial Risk Management Objectives and Policies

The Group has risk management policies that systematically view the risks that could prevent the Group from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Group's objectives are achieved. The Group's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Group's established business objectives.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash, dividends receivable due from related parties, accrued expenses, due to related parties and note payable. The primary purpose of these financial instruments is to finance the Group's operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Group's exposure to credit risk arises primarily from cash in banks and due from related parties.

The Group's maximum exposure to credit risk on the financial assets at amortized cost is the carrying amount of those assets as at the reporting date.

Financial Assets at Amortized Cost

The Group limits its credit risk from balances with banks by depositing its cash with highly reputable and pre-approved financial institutions. For due from related parties, credit risk is low since the Group only transacts with related parties with strong capacity to meet its contractual cash flow obligations in the near term.

The Group considers credit risk in measuring ECL of financial assets at amortized cost. Since the financial assets at amortized cost of the Group are considered to have low credit risk, impairment loss is limited to 12-month ECL.

Generally, financial assets at amortized cost are written-off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

The table below presents high grade credit quality of the Group's financial assets at amortized cost.

	2022	2021
Cash in banks	P72,239,400	P420,556
Dividends receivable	-	78,000,000
Due from related parties	7,025,670	7,000,000
	P79,265,070	P85,420,556

High grade credit quality represents settlements which are obtained from counterparty following the terms of the contracts without much collection effort.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to settle or meet its financial obligations when they fall due. The Group aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The tables below summarize the maturity profile of the Group's financial liabilities at amortized cost as at December 31, 2022 and 2021 based on contractual undiscounted cash flows.

	2022				Total
	On Demand	Less than One Month	One Month to One Year	More than One Year	
Accrued expenses	P-	P1,181,486	P-	P-	P1,181,486
Due to related parties	11,673,899	-	-	-	11,673,899
Note payable	1,671,501,723	-	-	-	1,671,501,723
	P1,683,175,622	P1,181,486	P-	P-	P1,684,357,108

	2022				Total
	On Demand	Less than One Month	One Month to One Year	More than One Year	
Accrued expenses	P-	P873,051	P-	P-	P873,051
Due to related parties	10,622,409	-	-	-	10,622,409
Note payable	1,671,501,723	-	-	-	1,671,501,723
	P1,682,124,132	P873,051	P-	P-	P1,682,997,183

Fair Value of Financial Assets and Financial Liabilities

The carrying amount of cash, dividends receivable, due from related parties, due to related parties, accrued expenses and notes payable approximate their fair values due to their short-term maturities and demand nature.

16. Capital Management Objectives, Policies and Procedures

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. Also, the Group is not subject to any externally imposed capital requirements.

The Group considers its total equity amounting to ₱1,193.4 million and ₱1,160.3 million as at December 31, 2022 and 2021, respectively, as its capital.

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Bright Kindle Resources & Investments, Inc. and Subsidiary
16th Floor BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bright Kindle Resources & Investments, Inc. (the Parent Company) and Subsidiary (the Group) as at and for the year ended December 31, 2022 and the Parent Company financial statements as at December 31, 2021 and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated March 9, 2023. Our audits were 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 Group'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 purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the 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 Group's consolidated financial statements as at and for the year ended December 31, 2022 and the Parent Company financial statements as at December 31, 2021 and for the years ended December 31, 2021 and 2020, and no material exceptions were noted.

REYES TACANDONG & Co.



CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 9564562

Issued January 3, 2023, Makati City

March 9, 2023

Makati City, Metro Manila

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
CONSOLIDATED FINANCIAL STATEMENTS as at December 31, 2022 and
PARENT COMPANY FINANCIAL STATEMENTS as at December 31, 2021

Ratio	Formula	2022	2021
Current/Liquidity Ratio	Total Current Assets	₱89,844,566	₱95,568,370
	Divided by: Total Current Liabilities	1,684,439,011	1,682,997,183
	Current/Liquidity Ratio	0.05:1	0.06:1
Solvency Ratio	Net Income	₱32,189,705	₱137,697,170
	Add: Depreciation and Amortization	1,642,287	1,928,187
	Income Tax Expense	5,200	–
		33,837,192	139,625,357
	Divided by: Total Liabilities	1,684,439,011	1,682,997,183
	Solvency Ratio	0.02:1	0.08:1
Debt-to-equity Ratio	Total Liabilities	₱1,684,439,011	₱1,682,997,183
	Divided by: Total Equity	1,193,388,732	1,160,266,519
	Debt-to-equity Ratio	1.41:1	1.45:1
Asset-to-equity Ratio	Total Assets	₱2,877,827,743	₱2,843,263,702
	Divided by: Total Equity	1,193,388,732	1,160,266,519
	Asset-to-equity Ratio	2.41:1	2.45:1
Interest rate coverage Ratio	Net income	₱32,189,705	₱137,697,170
	Add: Interest Expense	9,975	383,645
	Income Tax Expense	5,200	–
		32,204,880	138,080,815
	Divided by: Interest Expense	9,975	383,645
	Interest Rate Coverage Ratio	3,229:1	360:1
Profitability Ratio	Net Income	₱32,189,705	₱137,697,170
	Divided by: Total Equity	1,193,388,732	1,160,266,519
	Profitability Ratio	0.027:1	0.119:1



REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Bright Kindle Resources & Investments, Inc. and Subsidiary
16th Floor BDO Towers Valero (formerly Citibank Tower)
8741 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bright Kindle Resources & Investments, Inc. (the Parent Company) and Subsidiary (the Group) as at and for the year ended December 31, 2022 and the Parent Company financial statements as at December 31, 2021 and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated March 9, 2023. Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules for submission to the Securities and Exchange Commission are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration for the year ended December 31, 2022
- Schedules Required under Annex-J of the Revised Securities Regulation Code (SRC) Rule 68 as at and for the year ended December 31, 2022
- Conglomerate Map as at December 31, 2022

These schedules are presented for purposes of complying with the Revised SRC Rule 68, and are not part of the financial statements. This information have been subjected to the auditing procedures applied in the audit of the financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves. In our opinion, the information are fairly stated in all material respects in relation to the financial statements taken as a whole.

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 9564562

Issued January 3, 2023, Makati City

March 9, 2023

Makati City, Metro Manila

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY
SUPPLEMENTARY SCHEDULE OF PARENT COMPANY'S
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2022

	Amount
Retained earnings, as adjusted to available for dividend distribution, at beginning of year	P213,256,969
<i>Net income actually earned/realized during the year:</i>	
Net income during the year closed to retained earnings	33,672,034
Less: Non-actual/unrealized income net of tax	
Share in net income of an associate	(40,313,575)
	(6,641,541)
Retained Earnings, as adjusted to available for dividend distribution, end of year	P206,615,428

Reconciliation:

Retained earnings as shown in the financial statements at end of year	P346,373,680
Accumulated share in net income of an associate	(139,758,252)
Total retained earnings available for dividend declaration at end of year	P206,615,428

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

**SCHEDULES REQUIRED UNDER ANNEX 68-J OF
REVISED SECURITIES REGULATION CODE RULE 68
FOR THE YEAR ENDED DECEMBER 31, 2022**

Table of Contents

<i>Schedule</i>	<i>Description</i>	<i>Page</i>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>1</u>
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>N/A</u>
D	Long-Term Debt	<u>N/A</u>
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)	<u>N/A</u>
F	Guarantees of Securities of Other Issuers	<u>N/A</u>
G	Capital Stock	<u>2</u>

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)

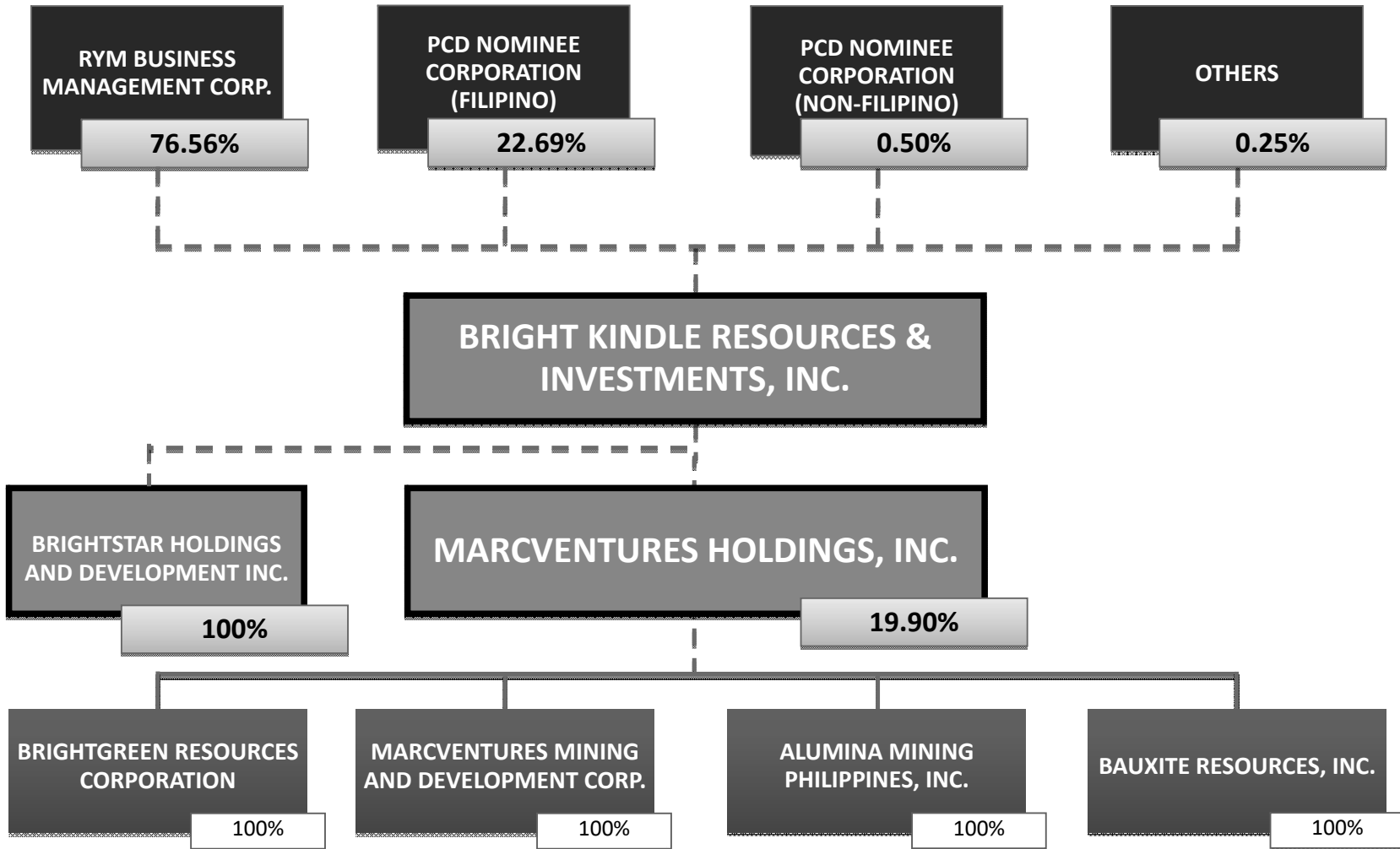
Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Year
<i>Parent Group -</i>							
RYM Business Management Corp.	₱7,000,000	₱-	₱-	₱-	₱7,000,000	₱-	₱7,000,000
<i>Affiliates -</i>							
Marcventures Holdings, Inc.	78,000,000	-	78,000,000	-	-	-	-
Others	-	25,670	-	-	25,670	-	25,670
	₱85,000,000	₱25,670	₱78,000,000	₱-	₱7,025,670	₱-	₱7,025,670

Schedule G. Capital Stock

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at shown under related Statement of Financial Position 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 Stock	2,000,000,000	1,528,474,000	–	1,170,159,989	10,000	358,304,011

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.

**CONGLOMERATE MAP
AS AT DECEMBER 31, 2022**



Annual Sustainability Report



2022

Table of Contents

- 2** Profile
- 3** Sustainable Investments
- 4** Responsible Management
Corporate Governance
- 5** Transparency
- 7** Economic Value Generated
- 8** Future Success and Sustainability
Data Privacy and Security
- 9** Materiality Assessment
- 10** Index of Material Topics

Profile

Bright Kindle Resources and Investments Inc. (BKR) supports the United Nations Sustainable Development Goals (UNSDG) as it continues to focus on building a portfolio of sustainable investments.

Name of Organization

Bright Kindle Resources and Investments, Inc. (BKR)

Principal Office

16th Floor BDO Towers Valero
8741 Paseo de Roxas, Makati City

Report Boundary

Parent Company:
RYM Business Management Corporation

Subsidiary:
Marcventures Holdings, Inc.

A holding company listed
in the Philippine Stock Exchange.

Business Model

Engaged in the purchase, exchange, and assignment of investments and properties

Reporting Period

January 1 to December 31, 2022

Sustainable Investments

The Philippine economy's growth momentum and resilience are expected to continue in 2023. The National Economic and Development Authority (NEDA) attributed the accelerated domestic demand to the significant rise in employment in the previous year.

The easing of pandemic restrictions in 2022 proved to be a catalyst, which paved the way for a promising economic recovery. The travel and tourism industry was revitalized with the return of local and foreign travelers. The encouraging growth opened new opportunities for employment, business ventures, and investments.

The Philippine Gross Domestic Product (GDP) posted a growth of 7.2 % in the fourth quarter of 2022, resulting in a 7.6 % full-year growth in 2022, exceeding the government's projection of 6.5 %. According to the NEDA report the service industry had the fastest growth of 31.8% after the government reopened the economy and lifted travel restrictions.

In the past two years, working towards achieving the United Nations Sustainable Development Goal (UNSDG) on Economic Growth, proved to be a challenge, because of COVID-19. But with the easing of restrictions and robust business recovery, countries worldwide have significantly hurdled the roadblocks and have pivoted towards strengthening the local economy.

Bright Kindle Resources and Investments Inc. (BKR) supports NEDA's Philippine Development Plan for 2023-2028. To revitalize job creation and poverty reduction, the development plan seeks to return to the high growth trajectory, after an economic slump of more than two years.



BKR has no operating activities at present, but it continues to focus on building a portfolio of sustainable investments. Through its subsidiary, Marcventures Holdings Inc. (MHI), the company supports the sustainable development goal for economic growth and productive employment. MHI has its own Sustainability Report for 2022.

BKR’s primary investment is in MHI, a publicly-listed company and the parent company of Marcventures Mining and Development Corporation (MMDC). The nickel mining tenement is located across the municipalities of Cantilan, Carrascal, and Madrid in Surigao del Sur.

BKR further contributes to sustainable development by observing good corporate practices. The company operations are anchored on the principles of accountability, transparency, honesty, integrity, fairness, and responsible stewardship of the Company’s various investments. It has no substantial operations apart from its holding investments and property ownership.

Responsible Management

Being a publicly-listed corporation, BKR ensures continuous adherence to corporate governance rules, regulations, and requirements imposed by the Philippine Securities and Exchange Commission.



Corporate Governance

BKR observes good corporate practices, through the responsible stewardship of the Company's various investments. The board is responsible for governance setting the policies for the accomplishment of the corporate objectives and providing an independent check on management.

BKR's independent directors are actively involved in the companies' key committees and their independence and expertise ensure added value to crafting corporate strategies and policies.

By keeping an autonomous and independent board of directors, BKR ensures that checks and balances are in place and that it promotes self-determination for both companies. Moreover, BKR maintains the right mix of competent and qualified directors thereby ensuring that it caters to its primary purpose, which is that of a holding company.

The Company exercises oversight functions over MHI in line with its commitment to good corporate governance. BKR sets the tone at the top as it substantively challenges MHI's management to develop its revenue sources beyond its primary nickel mining operations.



Transparency

As a publicly-listed company, BKR continues to be accountable to the public and its institutional stakeholders.

Regular stockholders' meetings are held to update stockholders about the current condition and future standing of the Company. In 2022, the Company's audited financial performance was presented to shareholders during the virtual annual stockholders' meeting held on May 26, 2022.

As in the previous year, the meeting was via remote communication format to further safeguard everyone's safety and health during the pandemic.

Company information is freely accessible online, on the official BKR which also includes, among others, the current Annual Report and Sustainability Reports.



Economic Value Generated

Currently, BKR's revenue is derived from bank deposit interests. As a non-operating company, there are no recorded employees' wages and benefits, nor dividends given to stockholders and interest payments or investments to the community in 2022.

While BKR is a holding company, with no business activities that substantially impact society outside its investment management functions, the Company's economic activities manage to generate economic value.

Based on the results for the year in review, the Company paid ₱ 251,122.13 in government benefits in the form of royalties and taxes in 2022. Expenditures for suppliers and other related operating costs amounted to ₱ 7,305,878.33.

Despite the slowdown in the global and national economy, BKR's contribution continued, and economic value was still achieved even if the impact on the economy, environment, or society is minimal.

Future Success and Sustainability

BKR further supports the UN's sustainable goal of promoting economic growth as it lays the groundwork for future investment prospects. It is currently exploring possibilities for potential investments via partnerships, acquisitions, joint ventures, and other opportunities, keeping in mind that all investments shall be made to enhance sustainable business practices.

Data Privacy and Security

Responsible stewardship is further demonstrated as it prioritizes data security. This is a vital material topic as the Company continues to search for other investment opportunities that could diversify its sources of revenue and add to shareholder value.



All assets are secure and kept confidential, with data security measures properly enforced. Corporate services are handled by MHI, with an assigned Data Privacy Officer for BKR who is in charge of implementing confidentiality measures to comply with Philippine Data Privacy Laws. MHI follows a strict policy on the Protection of Confidential Information. For 2022, there were no reported incidents of data breaches, leaks, or losses in the Company.

Materiality Assessment

For the 2022 Sustainability Report, BKR identified the material topics based on the Global Reporting Initiative (GRI) Standards. Materiality is defined as indicators that reflect the organization's significant economic, environmental, and social impacts that would substantively influence the assessments and decisions of stakeholders.

Moving forward BKR expects to further refine its sustainability reporting matrix should the Company decide to actively get involved in other investment activities.

The first BKR Sustainability Report was published in 2019, under the guidance of Atty. Teodoro Kalaw IV, a certified sustainability trainer by the Global Reporting Initiative and a certified sustainability report assurer by the Institute of Certified Sustainable Practitioners. Atty. Kalaw facilitated an extensive sustainability orientation and materiality assessment workshop for key officers and staff. For 2022, the same team updated the topics and other pertinent information for the current report.

As BKR is currently not operating, most of the prospective material topics in the economic, environmental, and social domains discussed in SEC Memorandum Circular No. 4 s. in 2019 were not significant in the current set-up. As the Company further builds its investment portfolio there will be more substantial information that will specifically demonstrate its contributions to the United Nations Sustainable Development Goals.

INDEX OF MATERIAL TOPICS

TOPIC	PAGE NUMBER IN ANNEX A OF SEC GUIDELINES	PAGE NUMBER IN THIS REPORT
Data Privacy and Security Protection	41	8
Economic Performance	19	7
UN SDG 8: Decent Work and Economic Growth	14	4

