CR05841-2023

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
   Jun 30, 2023
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
   Manila, Philippines
6. Industry Classification Code(SEC Use Only)
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. Indicate by check mark whether the registrant:

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

BKR
Bright Kindle Resources & Investments, Inc.

Bright Kindle Resources & Investments Inc.

BKR

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Jun 30, 2023
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2023	Dec 31, 2022
Current Assets	80,353,794	89,844,566
Total Assets	2,875,973,175	2,877,827,743
Current Liabilities	1,683,627,642	1,684,439,011
Total Liabilities	1,683,627,642	1,684,439,011
Retained Earnings/(Deficit)	343,848,152	344,891,351
Stockholders' Equity	1,192,345,533	1,193,388,732
Stockholders' Equity - Parent	-	-
Book Value per Share	0.78	0.78

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	7,409	8,336	15,683	302,587
Gross Expense	3,440,956	1,991,747	6,745,621	4,004,145
Non-Operating Income	14,551,335	43,303,621	5,686,739	42,257,036
Non-Operating Expense	-	-	-	-
Income/(Loss) Before Tax	11,117,788	41,605,925	-1,043,199	38,555,478
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	11,117,788	41,605,925	-1,043,199	38,555,478
Net Income Attributable to Parent Equity Holder	11,117,788	41,605,925	-1,043,199	38,555,478
Earnings/(Loss) Per Share (Basic)	0	0.02	-0	0.02
Earnings/(Loss) Per Share (Diluted)	0	0.02	-0	0.02

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	-0	0.14
Earnings/(Loss) Per Share (Diluted)	-0	0.14

Other Relevant Information
PLEASE SEE ATTACHED SEC FORM 17-Q.

Filed on behalf by:

Name	Joanna Alecxis Manzano
Designation	Legal Admin Supervisor

COVER SHEET

0 0 0 0 1 0 2 1 6 5
SEC Registration Number

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. (A SUBSIDIARY OF RYM BUSINESS MANAGEMENT CORP.)
(Company's Full Name)

16TH FLOOR, BDO TOWERS VALERO (FORMERLY CITIBANK TOWER), 8741 PASEO DE ROXAS, MAKATI CITY
(Business Address: No. Street City/Town/Province)

Rolando S. Santos
(Contact Person)

(02) 8831-4479
(Company Telephone Number)

1 2 **3 1**
Month *Day*
(Calendar Year)

1 7 - Q
(Form Type)

Month *Day*
(Annual Meeting)

N/A
Secondary License Type, If Applicable)

Finance Department
Dept. Requiring this Doc.

June 30, 2023
Period Ending Date

Total Amount of Borrowings

627
Total No. of Stockholders

1,671,501,723
Domestic

N/A
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: June 30, 2023

2. Commission identification number 102165

3. BIR Tax Identification No. 000-803-498-000

4. Exact name of registrant as specified in its charter: BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.

5. Province, country or other jurisdiction of incorporation or organization: PHILIPPINES

6. Industry Classification Code: (SEC Use Only)

7. Address of registrant's principal office:

   16th Floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City 1209

8. Registrant's telephone number, including area code: (63 2) 833-0769

9. Former name, former address and former fiscal year, if changed since last report. N/A

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock (P1.00 par value)	1,528,474,000 shares

11. Are any or all of the securities listed on the Philippine Stock Exchange?
    Yes. The common shares are listed on the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

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

    Yes

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

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Contents

PART I - FINANCIAL INFORMATION

Item 1. - Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discussion is based on the unaudited interim consolidated financial statements for the 2nd quarter period ended June 30, 2023, with comparative figures for the corresponding periods in 2022 and audited consolidated financial statements as of December 31, 2022, prepared in conformity with Philippine Accounting Standards 34, Interim Financial Reporting and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

<u>Financial Condition as of June 30, 2023 and December 31, 2022 and Results of Operation for the Six months ended June 30, 2023 and June 30, 2022</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Six-months Ended June 30						
		2023 (Unaudited)		2022 (Unaudited)		Increase (Decrease)	%Change
SHARE IN NET INCOME OF AN ASSOCIATE	₱	**5,686,739**	₱	42,257,036	₱	(36,570,297)	(86.5%)
INTEREST INCOME		**15,683**		16,873		(1,190)	(7.1%)
OTHER INCOME		**–**		285,714		(285,714)	(100.0)
EXPENSES		**(6,745,621)**		(4,004,145)		2,741,476	68.5%
INCOME (LOSS) BEFORE INCOME TAX	₱	**(1,043,199)**	₱	38,555,478	₱	(39,598,677)	(102.7%)
PROVISION FOR INCOME TAX		**–**		–		–	–
NET INCOME (LOSS)	₱	**(1,043,199)**	₱	38,555,478	₱	(39,598,677)	(102.7%)
OTHER COMPREHENSIVE INCOME		**–**		–		–	–
TOTAL COMPREHENSIVE INCOME (LOSS)	₱	**(1,043,199)**	₱	38,555,478	₱	(39,598,677)	(102.7%)

<u>Share in Net Income of an Associate</u>
The Company's share in net income of an associate amounted to ₱5.69million this period. Marcventures Holdings, Inc. (MARC), an associate, has a declined operating performance during the year, resulting to a decreased of ₱36.57million or 86.5%, as opposed to same period last year.

<u>Interest Income</u>
The Company's interest income for the current period in the amount of ₱15,683 has decreased by ₱1,190 compared with the same period last year. This represents a decrease of 7.1%.

<u>Expenses</u>
Total expenses during the period amounted to ₱6.75million, higher by ₱2.74million compared with the same period last year. This represents an increase of 68.5% compared with same period last year. The increase was mainly accounted for by the following:

- Professional Fees increased by ₱0.69million or 208.8% from ₱0.33million to ₱1.03million primarily due to payment of management fees incurred during the period.
- Taxes and Licenses increased by ₱2.39million or 197,760.9% from ₱1,210 to ₱2.39million due to transfer/assignment and registration of properties to Brightstar Holdings and Development Inc. (BHDI), a Subsidiary.

- **Depreciation** increased by ₱0.03million or 3.0% from ₱0.84million to ₱0.87 million due to newly acquired accounting system (NAYSA) during the period.
- **Other Expenses** increased by ₱0.20million or equivalent to 35.0% from ₱0.57 million to ₱0.77million such as transportation and travel, meals, accommodation, and other miscellaneous expenses due to meetings with potential investors.

The above cost increases were partly offset by the following:

- **Membership and Dues and Other Fees** decreased by ₱0.22million or equivalent to 23.4% from ₱0.93million to ₱0.72million.
- **Outside Services** decreased by ₱0.40million or equivalent to 54.0% from ₱0.73million to ₱0.34million.
- **Directors' Fees** decreased by ₱0.31million or equivalent to 67.0% from ₱0.46million to ₱0.15million.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

The total assets of the Company decreased by ₱1.85million from ₱2,877.83million as of December 31, 2022 to ₱2,876.0million as of June 30, 2023. The 0.1% decreased was mainly due to the following:

- **Cash** decreased by ₱16.66million or 23.1% from ₱72.24million in 2022 to ₱55.59million in 2023, mainly due to payment of current obligations and projects.
- **Property and equipment** decreased by ₱0.82million or 2.2% from ₱36.39million in 2022 to ₱35.57million in 2023 due to full depreciation of most of the office furniture and fixtures.

The above decreases were partly offset by the following:

- **Due from related parties** increased by ₱6.67million or 94.9% from ₱7.03million in 2022 to ₱13.69million in 2023 to support the working capital requirements of the related parties.
- **Other current assets** increased by ₱0.50million or 4.7% from ₱10.57million in 2022 to ₱11.07million in 2023 due to unliquidated cash advances to employees.
- **Investment in an associate** increased by ₱5.69million or 0.2% from ₱2,751.59million in 2022 to ₱2,757.28million in 2023 due to share in net income of an associate recognized during the period.

Liabilities

The total liabilities of the Company decreased by ₱0.81million or 0.05% from ₱1,684.44million in 2022 to ₱1,683.63million in 2023 due to the decreased of accrued expenses and other current liabilities.

- **Accrued Expenses and Other Current Liabilities** decreased by ₱0.82 million or 65.3% from ₱1.26 million in 2022 to ₱0.44 million in 2023, due to paid accrued expenses.

Equity

The stockholders' equity of the Company decreased by ₱1.04million or 0.1% from ₱1,193.39million in 2022 to ₱1,192.35million as of June 30, 2023, due to the net loss incurred during the period.

CONSOLIDATED STATEMENT OF CASH FLOWS

As of June 30, 2023, the net cash used in operating activities amounting to ₱7.20million was mainly due to the payment of current obligations and projects.

Net cash used in investing activities amounting to ₱9.48million was mainly used to support the working capital requirements of the related parties.

Cash provided by financing activity amounting to ₱0.01million was for working capital requirements of the Company.

The net effect of the foregoing operating, investing, and financing activities is a decrease of ₱16.66million in cash, leaving a balance of ₱55.59million in cash as of June 30, 2023.

Item 2 - Financial Statements

The unaudited Consolidated Financial Statement of Bright Kindle Resources & Investments, Inc. and Subsidiary as of June 30, 2023, and for the six-month period ended June 30, 2023 with comparative audited figure as of December 31, 2022 is in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Horizontal and Vertical Analysis:

	June 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)	Horizontal Analysis Change	Horizontal Analysis % Change	Vertical Analysis 2023	Vertical Analysis 2022
ASSETS						
Current Assets						
Cash	₱ 55,588,398	₱ 72,244,400	₱ (16,656,002)	(23.1%)	1.9%	2.5%
Due from related parties	13,692,875	7,025,670	6,667,205	94.9%	0.5%	0.2%
Other current assets	11,072,521	10,574,496	498,025	4.7%	0.4%	0.4%
Total Current Assets	₱ 80,353,794	₱ 89,844,566	₱ (9,490,772)	(10.6%)	2.8%	3.1%
Non-current Assets						
Investment in an associate	₱ 2,757,281,672	₱ 2,751,594,933	₱ 5,686,739	0.2%	95.9%	95.6%
Property and equipment	35,569,875	36,388,244	(818,369)	(2.2%)	1.2%	1.3%
Deferred exploration costs	2,767,834	-	2,767,834	0.0%	0.1%	0.0%
Total Noncurrent Assets	₱ 2,795,619,381	₱ 2,787,983,177	₱ 7,636,204	0.3%	97.2%	96.9%
	₱ 2,875,973,175	₱ 2,877,827,743	₱ (1,854,568)	(0.1%)	100.0%	100.0%

	June 30, 2023 (Unaudited)	Dec. 31, 2022 (Audited)	Horizontal Analysis Change	Horizontal Analysis % Change	Vertical Analysis 2023	Vertical Analysis 2022
LIABILITIES & CAPITAL DEFICIENCY						
Current Liabilities						
Note payable	₱ 1,671,501,723	₱ 1,671,501,723	₱ -	0.0%	58.1%	58.1%
Due to related parties	11,687,076	11,673,899	13,177	0.1%	0.4%	0.4%
Accrued expenses and other current liabilities	438,843	1,263,389	(824,546)	(65.3%)	0.02%	0.04%
Total Current Liabilities	₱ 1,683,627,642	₱ 1,684,439,011	₱ (811,369)	(0.05%)	58.5%	58.5%
Equity						
Capital stock	₱ 840,660,700	₱ 840,660,700	₱ -	0.0%	29.2%	29.2%
Retained earnings	343,848,152	344,891,351	(1,043,199)	(0.3%)	12.0%	12.0%
Other comprehensive income	7,836,681	7,836,681	-	0.0%	0.3%	0.3%
Total Equity	₱ 1,192,345,533	₱ 1,193,388,732	₱ (1,043,199)	(0.1%)	41.5%	41.5%
	₱ 2,875,973,175	₱ 2,877,827,743	₱ (1,854,568)	(0.1%)	100.0%	100.0%

Other Information

a. There are no known trends or any known demands, commitments, events, or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

b. There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

d. Aside from the volatile prices of ore in the market and USD exchange rate, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

e. The causes for the material changes from period to period in the financial accounts were explained in the Management's discussion and analysis of financial condition and results of operation.

f. There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

g. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

h. There are no new issuances, repurchases, and repayments of debt and equity securities.

i. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

j. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

k. There are no contingent liabilities or contingent assets since the last annual balance sheet date.

l. There are no material contingencies and other material events or transactions during the interim period.

m. There are no events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Key Performance Indicators (KPIs)

Management uses the following KPIs for the Company:

	June 30, 2023	June 30, 2022
Net Loss	**(1,043,199)**	38,555,478
Quick assets	**69,281,273**	82,872,382
Current assets	**80,353,794**	93,173,644
Total assets	**2,875,973,175**	2,882,342,079
Current liabilities	**1,683,627,642**	1,683,520,082
Total liabilities	**1,683,627,642**	1,683,520,082
Stockholders' Equity	**1,192,345,533**	1,198,821,997
Number of common shares outstanding	**1,528,474,000**	1,528,474,000

Liquidity ratios:	June 30, 2023	June 30, 2022
Current ratio (1)	0.05:1	0.06:1
Quick ratio (2)	0.04:1	0.05:1
Solvency Ratios:		
Debt ratio (3)	0.59:1	0.58:1
Debt to Equity ratio (4)	1.41:1	1.40:1
Profitability ratios:		
Loss per share (5)	(0.001):1	0.025:1
Book value per share (6)	0.78:1	0.78:1

Notes:
1. Current Assets / Current Liabilities
2. Quick Assets / Current Liabilities
3. Total Liabilities / Total Assets
4. Total Liabilities / Shareholders' Equity
5. Net Income (Loss) / Common Shares Outstanding
6. Stockholders' Equity / Common Shares Outstanding

PART II - OTHER INFORMATION

Any information not previously reported in a report on SEC Form 17-C.

NONE.

PART III - FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

a. Current Ratio

   Total Current Assets/ Total Current Liabilities = 0.05:1

b. Quick Ratio

   Quick asset / Total Current Liabilities = 0.04:1

Solvency Ratio

a. Debt Ratio

   Total liabilities / Total assets = 0.59:1

b. Debt to Equity Ratio

   Total liabilities / Shareholder's Equity = 1.41:1

Profitability Ratio

a. Return on Equity Ratio

   Net Income (Loss) / Average shareholder's equity = (0.001):1

b. Return on Assets

   Net Income (Loss)/ Average Total assets = (0.0004):1

c. Asset to Equity Ratio:

   Total Assets / Stockholders' Equity = 2.41:1

d. Asset Turnover:

   Revenue/Total Assets = 0.00001

SIGNATURES

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

Issuer: **BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.**

Signature and Title: ROLANDO S. SANTOS
SVP and Treasurer

Date: August 11, 2023

Signature and Title: DALE A. TONGCO
VP - Risk Management and Chief Risk Officer

Date: August 11, 2023

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**June 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
ASSETS			
Current Assets			
Cash	4	**₱55,588,398**	₱72,244,400
Due from related parties	10	**13,692,875**	7,025,670
Other current assets	5	**11,072,521**	10,574,496
Total Current Assets		**80,353,794**	89,844,566
Noncurrent Assets			
Investment in an associate	7	**2,757,281,672**	2,751,594,933
Property and equipment	6	**35,569,875**	36,388,244
Deferred exploration costs		**2,767,834**	–
Total Noncurrent Assets		**2,795,619,381**	2,787,983,177
		₱ 2,875,973,175	₱2,877,827,743
LIABILITIES AND EQUITY			
Current Liabilities			
Note payable	9	**₱1,671,501,723**	₱1,671,501,723
Due to related parties	10	**11,687,076**	11,673,899
Accrued expenses and statutory payables	8	**438,843**	1,263,389
Total Liabilities		**1,683,627,642**	1,684,439,011
Equity			
Capital stock	11	**840,660,700**	840,660,700
Retained earnings		**343,848,152**	344,891,351
Other comprehensive income		**7,836,681**	7,836,681
Total Equity		**1,192,345,533**	1,193,388,732
		₱ 2,875,973,175	₱2,877,827,743

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Three Months Ended June 30	
	Note	**2023**	2022
SHARE IN NET INCOME OF AN ASSOCIATE	7	**14,551,335**	43,303,621
GENERAL AND ADMINISTRATIVE EXPENSES	12	**(3,440,956)**	(1,991,747)
OTHER INCOME	10	**–**	285,714
INTEREST INCOME	4	**7,409**	8,336
INCOME (LOSS) BEFORE INCOME TAX		**11,117,788**	41,605,925
PROVISION FOR INCOME TAX	13	**–**	–
NET INCOME (LOSS)		**11,117,788**	41,605,925
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss in subsequent period -			
Share in other comprehensive income (loss) of an associate	7	**–**	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**11,117,788**	41,605,925
EARNINGS PER SHARE - BASIC AND DILUTED	14	**₱0.007**	₱0.027

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six Months Ended June 30	
		2023	2022
SHARE IN NET INCOME OF AN ASSOCIATE	7	**5,686,739**	42,257,036
GENERAL AND ADMINISTRATIVE EXPENSES	12	**(6,745,621)**	(4,004,145)
OTHER INCOME	10	**–**	285,714
INTEREST INCOME	4	**15,683**	16,873
INCOME (LOSS) BEFORE INCOME TAX		**(1,043,199)**	38,555,478
PROVISION FOR INCOME TAX	13	**–**	–
NET INCOME (LOSS)		**(1,043,199)**	38,555,478
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss in subsequent period -			
Share in other comprehensive income (loss) of an associate	7	**–**	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**(1,043,199)**	38,555,478
EARNINGS PER SHARE - BASIC AND DILUTED	14	**(₱0.001)**	₱0.025

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Six Months Ended June 30	
	Note	**2023**	2022
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
RETAINED EARNINGS			
Balance at beginning of year		**344,891,351**	312,701,646
Net Income (loss)		**(1,043,199)**	38,555,478
Balance at end of year		**343,848,152**	351,257,124
OTHER COMPREHENSIVE INCOME			
Accumulated share in other comprehensive income of an associate			
Balance at beginning of year		**7,836,681**	6,904,173
Share in other comprehensive income of an associate	7	**–**	–
Balance at end of year		**7,836,681**	6,904,173
		₱ 1,192,345,533	₱ 1,198,821,997

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

		Six Months Ended June 30	
	Note	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(₱1,043,199)**	₱38,555,478
Adjustments for:			
Share in net income of an associate	7	**(5,686,739)**	(42,257,036)
Depreciation	6	**866,246**	840,982
Interest income	4	**(15,683)**	(16,873)
Operating loss before working capital changes		**(5,879,375)**	(2,877,449)
Decrease (increase) in other current assets		**(498,025)**	(62,373)
Increase in accrued expenses and statutory payables		**(824,546)**	(431,940)
Net cash used for operations		**(7,201,946)**	(3,371,762)
Interest received		**15,683**	16,873
Income tax paid		**–**	–
Net cash used in operating activities		**(7,186,263)**	(3,354,889)
CASH FLOWS FROM INVESTING ACTIVITIES			
Due from related parties	10	**(6,667,205)**	(10,151,405)
Additions to deferred exploration costs		**(2,767,834)**	–
Additions to property and equipment	6	**(47,877)**	(57,049)
Dividend received		**–**	78,000,000
Net cash provided by (used in) investing activities		**(9,482,916)**	67,791,546
CASH FLOWS FROM A FINANCING ACTIVITY			
Due to related parties	10	**13,177**	954,839
NET INCREASE (DECREASE) IN CASH		**(16,656,002)**	68,746,385
CASH AT BEGINNING OF YEAR		**72,244,400**	425,556
CASH AT END OF YEAR		**₱55,588,398**	₱69,171,941

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

General Information

Bright Kindle Resources and Investments, lnc. (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 located at the 16th Floor, BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City.

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 byre-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) orcan 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 financialliability (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 eitherthe 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 of 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 materialityof 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 anentity 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 of June 30, 2023 and December 31, 2022and for the period ended was prepared effective May 27, 2022, the date of incorporation of the Parent Company's wholly- owned subsidiary.

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 designatedat 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 of June 30, 2023 and December 31, 2022, 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 iswithin 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As of June 30, 2023 and December 31, 2022, 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 of June 30, 2023 and December 31, 2022, 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 fromequity 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.

<u>Other Current Assets</u>
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 financialposition.

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 morethan 12 months after the reporting period are classified as other current assets. Otherwise, these are classified as other noncurrent assets.

<u>Investment in an Associate</u>
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 lossis 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 benefitswill 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 as of June 30, 2023 and in 2022.

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 as of June 30, 2023 and in 2022. 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 as of June 30, 2023 and in 2022. The carrying amount of the other current assets and property and equipment is 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 as of June 30, 2023 and in 2022. 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 are disclosed in Note 13.

4. Cash

This account consists of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash in banks	**₱55,568,398**	₱72,239,400
Cash on hand	**20,000**	5,000
	₱55,588,398	₱72,244,400

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱15,683 and ₱16,873 for the period ended June 30, 2023 and in 2022, respectively.

5. Other Current Assets

This account consists of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Input VAT	**₱9,952,400**	₱9,660,230
CWT	**595,485**	595,485
Prepayments	**347,000**	175,745
Others	**177,636**	143,036
	₱11,072,521	₱10,574,496

6. Property and Equipment

Details and movements in this account are as follows:

		June 30, 2023 (Unaudited)			
	Note	**Condominium Unit**	**Office Furniture and Fixtures**	**Computer Equipment**	**Total**
Cost					
Balance at beginning of year		**₱47,788,569**	**₱1,852,968**	**₱627,000**	**₱50,268,537**
Additions		**–**	**47,877**	**–**	**47,877**
Balance at end of year		**47,788,569**	**1,900,845**	**627,000**	**50,316,414**
Accumulated Depreciation					
Balance at beginning of year		**12,088,718**	**1,791,575**	**–**	**13,880,293**
Depreciation	12	**789,571**	**8,270**	**68,405**	**866,246**
Balance at end of year		**12,878,289**	**1,799,845**	**68,405**	**14,746,539**
Carrying Amount		**₱34,910,280**	**₱101,000**	**₱558,595**	**₱35,569,875**

	Note	December 31, 2022 (Audited) Condominium Unit	Office Furniture and Fixtures	Computer Equipment	Total
Cost					
Balance at beginning 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					
Balance at beginning of year		10,509,577	1,728,429	–	12,238,006
Depreciation	12	1,579,141	63,146	–	1,642,287
Balance 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

The condominium unit is being used as an office space of the Group. As of June 30, 2023, the cost of fully-depreciated property and equipment still in use amounted to ₱1.7 million.

Deed of Assignment to BHDI

On January 20, 2023, the Parent Company and BHDI executed a Deed of Assignment under which the Parent Company assigned in favor of BHDI its one (1) condominium unit and four (4) parking slots in exchange for 1,121,505,000 common shares with ₱0.10 par value per share from the authorized capital stock of BHDI. 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:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Acquisition Cost	**₱2,604,000,000**	₱2,604,000,000
Accumulated Earnings		
Balance at beginning of year	**139,758,252**	99,444,677
Share in net income (loss)	**5,686,739**	40,313,575
Dividends	**–**	–
Balance at end of year	**145,444,991**	139,758,252
Accumulated Share in OCI		
Balance at beginning of year	**7,836,681**	6,904,173
Share in other comprehensive income -		

Remeasurement gain on retirement benefit liability	**7,836,681**	932,508
Balance at end of year	**7,836,681**	7,836,681
Carrying Amount	**₱2,757,281,672**	₱2,751,594,933

The Parent Company has 600,000,000 shares of Marcventures Holdings, Inc. (MARC) representing 19.90% equity interest as of June 30, 2023 and December 31, 2022. 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.

8. Accrued Expenses and Statutory Payables

This account consists of:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Accrued expenses	**₱333,918**	₱1,181,486
Statutory payables	**104,925**	81,903
	₱438,843	₱1,263,389

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 June 30, 2023 and December 31, 2022 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 investmentin 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 2023	Amount of Transactions 2022	Outstanding Balances June 30, 2023 (Unaudited)	Outstanding Balances December 31, 2022 (Audited)
Dividends Receivable						
Associate -						
MARC		Dividends	**₱–**	₱–	**₱–**	₱–
Premium Income						
Affiliates -						
MMDC		Collection of Premium	**₱–**	₱520,000	**₱–**	₱–
Due from Related Parties						
Parent Company		Advances for working capital	**₱–**	₱–	**₱7,000,000**	₱7,000,000
Affiliates -						
Others		Advances for working capital	**6,667,205**	25,670	**6,692,875**	25,670
			₱6,667,205	₱545,670	**₱13,692,875**	₱7,025,670
Due to Related Parties						
Affiliates -						
MMDC		Advances for working capital	**₱6,839**	₱1,013,490	**₱9,876,754**	₱9,870,365
Prime Media Holdings, Inc.		Advances for working capital	**6,788**	38,000	**1,810,322**	1,803,534
			₱13,177	₱1,051,490	**₱11,687,076**	₱11,673,899
Note Payable						
Affiliate -						
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.

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 June 30, 2023 and December 31, 2022, 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 of June 30, 2023 and 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%
	1,528,474,000	100.00%

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

The total number of shareholders of the Parent Company is 627 as of June 30, 2023 and December 31, 2022.

12. General and Administrative Expenses

This account consists of:

	Note	**June 30, 2023 (Unaudited)**	June 30, 2022 (Unaudited)
Taxes and licenses		**₱2,394,117**	₱1,210
Professional fees		**1,025,500**	332,084
Depreciation	6	**866,246**	840,982
Membership dues and other fees		**716,158**	934,877
Outside services		**337,135**	732,785
Fines and penalties		**238,226**	1,000
Representation		**176,967**	–
Director's fees		**150,000**	455,000
Communication, light and water		**72,513**	136,813
Others		**768,759**	569,394
		₱6,745,621	₱4,004,145

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
NOLCO	**₱5,519,819**
Excess MCIT	**5,200**
	₱5,525,019

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
Provision for income tax computed at statutory tax rate	**₱8,418,309**
Change in unrecognized deferred tax assets	**360,288**
Add (deduct) tax effects of:	
Share in net income of an associate	**(10,078,394)**
Expired NOLCO	**1,292,381**
Nondeductible expense	**19,907**
Interest income subjected to final tax	**(8,291)**
	₱5,200

As of June 30, 2023 and 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 OneAct". This RR provides that net operating loss of a business or enterprise for taxable years 2020 and2021 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 totalamount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for aperiod 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 of 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:

	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
Net loss	**(₱1,043,199)**	₱38,555,478
Weighted average number of common shares outstanding	**1,528,474,000**	1,528,474,000
Earnings per share - basic and diluted	**(₱0.001)**	₱0.025

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 inaccordance 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 defaults 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.

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash in banks	**₱55,568,394**	₱72,239,400
Due from related parties	**13,692,875**	7,025,670
	₱69,261,269	₱79,265,070

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

<u>Liquidity Risk</u>
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 of June 30, 2023 and December 31, 2022 based on contractual undiscounted cash flows.

	June 30, 2023				
	On Demand	**Less than One Month**	**One Month to One Year**	**More than One Year**	**Total**
Accrued expenses	**₱–**	**₱333,918**	**₱–**	**₱–**	**₱333,918**
Due to related parties	**11,687,076**	**–**	**–**	**–**	**11,687,076**
Note payable	**1,671,501,723**	**–**	**–**	**–**	**1,671,501,723**
	₱1,683,188,799	**₱333,918**	**₱–**	**₱–**	**₱1,683,522,717**

	December 31, 2022				
	On Demand	Less than One Month	One Month to One Year	More than One Year	Total
Accrued expenses	₱–	₱1,181,486	₱–	₱–	₱1,181,486
Due to related parties	11,673,899	–	–	–	11,673,899
Note payable	1,671,501,723	–	–	–	1,671,501,723
	₱1,683,175,622	₱1,181,486	₱–	₱–	₱1,684,357,108

<u>Fair Value of Financial Assets and Financial Liabilities</u>
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 goingconcern 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 ₱1,192.3 million and ₱1,193.4 million as of June 30, 2023 and December 31, 2022, respectively, as capital.