

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, 2018
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, Citibank Tower, Paseo de Roxas, Makati City
Postal Code
1227
8. Issuer's telephone number, including area code
8330769
9. Former name or former address, and former fiscal year, if changed since last report
Bankard Inc.
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

337,003,534

**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, 2018
Currency	PHP

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2018	Dec 31, 2017
Current Assets	26,025,183	68,131,382
Total Assets	2,632,607,791	2,753,943,887
Current Liabilities	1,672,959,629	1,710,231,567
Total Liabilities	1,672,959,629	1,710,231,567
Retained Earnings/(Deficit)	111,641,092	196,278,091
Stockholders' Equity	959,648,162	1,043,712,320
Stockholders' Equity - Parent	-	-
Book Value Per Share	0.63	0.68

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2018	Dec 31, 2017
Gross Revenue	1,098	147,973
Gross Expense	7,265,480	6,880,122
Non-Operating Income	-77,372,617	15,574,432
Non-Operating Expense	-	-
Income/(Loss) Before Tax	-84,636,999	8,842,283
Income Tax Expense	-	-
Net Income/(Loss) After Tax	-84,636,999	8,842,283
Net Income/(Loss) Attributable to Parent Equity Holder	-	-
Earnings/(Loss) Per Share (Basic)	-0.06	0.01
Earnings/(Loss) Per Share (Diluted)	-0.06	0.01

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2018	Dec 31, 2017
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.02	0.04
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	0.01	0.03
Solvency Ratio	Total Assets / Total Liabilities	1.57	1.61
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.64	0.62
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	1.74	1.64
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	-	-
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	2.74	2.64
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	-6,616.	-45.5
Net Profit Margin	Net Profit / Sales	-77,083	59.76
Return on Assets	Net Income / Total Assets	-0.03	0
Return on Equity	Net Income / Total Stockholders' Equity	-0.09	0.01
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	33.82	505

Other Relevant Information
NONE

Filed on behalf by:

Name	Raquel Frondoso
Designation	Compliance officer

COVER SHEET

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S.E.C. Registration Number

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 .)

(Company's Full Name)

1 6 t h F l o o r 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)

ROLANDO S. SANTOS

Contact Person

833-0769

Company Telephone Number

Last Thursday of May

1 2 3 1 Month Day Fiscal Year

SEC 17-A FORM TYPE

0 5 2 4 Month Day Annual Meeting

N/A

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Dept. Requiring this Doc.

Amended Articles Number/Section

Amended Articles Number/Section

Total Amount of Borrowings

631 Total No. of Stockholders

₱1,671,501,723.00 Domestic

₱ Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

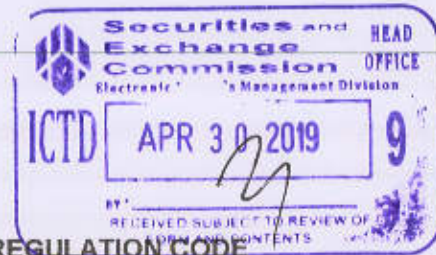
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STAMPS

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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, 2018
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. Manila
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 16th Floor Citibank Tower, 8741 Paseo de Roxas, Makati City 1209
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 ₱337,003,534 computed on the basis of 263,284,011 representing 17.2% of the outstanding common shares at the closing price as of April 17, 2019 of Pesos 1.28 per share.

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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 is 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) 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. Effective December 16, 2013, the Company has ceased acting as the administrator of RCBC's credit card 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 hold investments 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, 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 2018 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 InvestmentCenter (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, Bankard provides business process outsourcing to interested clients given its expertise in credit card payment processing.

At present, the Company holds 600 million shares or 19.90% of Marcventures Holdings Inc. (MARC). 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 has licenses from MasterCard International, Visa International, JCB International Co. and Union Pay International which allows 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 has 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 needs 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 2018.

(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 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 default 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 at Unit 16 B Citibank Tower, 8741 Paseo de Roxas, Makati City last August 2014 to be utilized as the Company's office space.

The unit's the book value amounted to ₱42.02 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 proceeding involving the Company were transferred to RBSC.

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

In 2018, 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, 2018
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 under Banks and Financial Institutions and classified as Financials.

Stock Prices

			High		Low
<u>2018</u>					
	First Quarter	₱	2.08	₱	1.55
	Second Quarter		1.83		1.27
	Third Quarter		2.22		1.46
	Fourth Quarter		1.86		1.28
<u>2017</u>					
	First Quarter	₱	1.55	₱	1.15
	Second Quarter		1.61		1.05
	Third Quarter		3.24		1.24
	Fourth Quarter		3.03		1.90
<u>2016</u>					
	First Quarter	₱	1.62	₱	1.11
	Second Quarter		2.05		1.30
	Third Quarter		1.93		1.30
	Fourth Quarter		1.75		1.25

2. Holders

The number of stockholders of record as of December 31, 2018 is 631. Common shares outstanding as of this date is 1,528,474,000. The percentage of shares of stocks owned by the public is 17.22% of the total outstanding shares

Top twenty (20) stockholders as December 31, 2018:

1	PCD Nominee Corporation (Filipino)	1,517,355,785	99.27%
2	PCD Nominee Corporation (Non-Filipino)	7,204,803	00.47%
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	Chua, Catherine Angsionga S.	75,000	00.00%
13	Jun M. Borres &/or Buenaventura Casenas	60,000	00.00%
14	Gili Jr., Guillermo F.	50,000	00.00%
15	Lopez, Oscar M.	50,000	00.00%
16	Vilar, Antonio T.	50,000	00.00%
17	Torres, Roberto Belarmino S.	50,000	00.00%
18	Punzalan, Larry A.	43,500	00.00%
19	Sy, Victor Gan	40,000	00.00%
20	Kairuz, Peter M	40,000	00.00%

3. Dividends

No dividends has been declared and paid for the year ended December 31, 2018.

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, 2018 and 2017 prepared in conformity with PFRS hereto attached in the Exhibits.

The financial information for the three years ended December 31, 2018, 2017 and 2016 are as follows:

2018 vs. 2017

Results of operations

	Audited		Increase(Decrease)	
	2018 <i>(in millions)</i>	2017	Amount	%
Revenues	₱0.00	₱0.15	(₱0.15)	(99.26)
Operating expenses	7.27	6.88	0.39	5.60
Share in net income (loss) of an associate	(77.37)	15.57	(92.95)	(596.79)
Net income (loss)	(₱84.64)	₱8.84	(₱93.48)	(1,057.18)

The Company incurred a net loss of ₱84.64 million during the year, a decrease of ₱93.48 million compared with last year's net income of ₱8.84 million. Significant changes in the income statement accounts for the year ended December 31, 2018 versus the same period last year are as follows:

- **Revenues** are derived mainly from interest on bank deposits. Revenues declined by ₱0.15 million compared with same period last year, due to lower level of cash this year than that of prior year.
- **General and administrative expenses** increased by ₱0.39 million or 5.60% compared with same period last year. The increase is attributable to movements of the following accounts:
 - More outsourced services were incurred this year than last year, resulting to increase in Outside services account by ₱0.87 million or 75.72%.
 - The Company's service vehicle has been fully depreciated last February 2018 (the same vehicle has been disposed in April 2018). Consequently, depreciation expenses dropped by ₱0.28 million or 12.03% compared with same period last year.
 - Professional fees increased by ₱0.07 million or 11.14% compared with same period last year, mainly due to increase in annual listing fee and RSA token fee paid to PSE from ₱0.26 million last year to ₱0.31 million this year.
 - Communication, light and water of ₱0.29 million, increased by ₱0.08 million as compared with last year of same period.
 - Other expenses this year is lower by ₱0.25 million or 29.50%, mainly due to payment for PCD maintenance fee made last year.
- **Share in net income (loss) of an associate** – The Company's share in net loss of an associate this year amounted to ₱77.37 million – a decline of ₱92.95 million from last year's share in net income amounting to ₱15.57 million.

Financial Position

	Audited 2018 <i>(in millions)</i>	2017	Increase(Decrease) Amount	%
Assets	P2,632.61	P2,753.94	(121.34)	(4.41%)
Liabilities	1,672.96	1,710.23	(37.27)	(2.18%)
Stockholders' Equity	959.65	1,043.71	(84.06)	(8.05%)

- **Assets** during the year of P2,632.61 million is lower by P121.34 million or 4.41% compared with same period last year. Significant movements in the following accounts caused the decline in assets:
- Due from related parties dropped by P42.26 million compared with same period last year (from P58.72 million last year to P16.46 million this year). The Company collected P2.0 million from MMDC, an entity under common control. MMDC also advanced the Company's operating expenses totaling P1.34 million, which was offset from the Company's outstanding receivable. Lastly, the Company assigned the receivable from the Parent Company to TMEE, to offset with the note payable amounting to P38.5 million.
 - Property and equipment decreased by P1.96 million or 4.34% compared with same period last year, primarily due to depreciation recognized during the year.
 - Investment in an associate is lower by P76.80 million compared with same period last year. The decline in this account is mainly due to recognition of the share in net loss of an associate during the year (*see Share in net income (loss) of an associate above*).
- **Liabilities** of P1,672.96 million is lower by P37.27 million comparing with same period last year, mainly due to assignment of receivable amounting to P38.5 million from Parent Company to TMEE, which was offset with the note payable.
- The movement in **Stockholder's Equity** is attributable to the net loss during the year amounting to P84.64 million. This was slightly offset by the share in other comprehensive income of an associate recognized this year, amounting to P0.57 million.

Cash Flow

	Audited 2018 <i>(in millions)</i>	2017	Increase(Decrease) Amount	%
Cash used in operating activities	P0.29	P13.93	(P13.64)	(97.91)
Cash used in investing activities	0.06	4.07	(4.01)	(98.52)
Cash used in financing activities	-	90.00	(90.00)	(100.00)

The cash used in operating activities this year is lower by P13.64 million or 97.91% versus same period last year. No major disbursements were made during the year, except for the Company's operating expenses.

There was a minimal addition in property and equipment this year, compared with last year, resulting to decrease in cash used in investing activities by P4.01 million or 98.52%.

In 2017, the Company paid P90.0 million of its notes payable. No payment has been made this year, hence, a decrease in cash used in financing activities by 100%.

2017 vs. 2016

Results of operations

	Audited		Increase(Decrease)	
	2017	2016	Amount	%
	<i>(in millions)</i>			
Revenues	₱0.15	₱0.24	(₱0.09)	(37.50)
Operating expenses	6.88	4.65	2.23	47.96
Share in net income of an associate	15.57	1.70	13.87	815.88
Net income (loss)	₱8.84	(₱2.72)	₱11.56	(426.20)

Revenues

The Company incurred a net income of ₱8.84 million for the year ended December 31, 2017 as compared to 2016 net loss of ₱2.72 million.

Significant changes in the income accounts for the year ended December 31, 2017 versus the same period last year are as follows:

- **General and administrative expenses** increased by ₱2.23 million or 47.96% due to the following accounts:
 - Taxes and licenses increased by ₱0.18 million mainly due to filling fee paid for tender offer to SEC.
 - Outside services increased by ₱0.68 million or 144.25% pertains to publication of tender offer to media, services paid to installation of server room, services for the appraisal of property and the services of agency for maintenance of the office.
 - Director's Fees increased by ₱0.03 million or equivalent to 24.59% due to lesser attendee during BOD meetings.
 - Depreciation increased by ₱0.63 million or 37.91% due to the improvement of office early this year.
 - Professional fees increased by ₱0.03 million or equivalent to 6.02% due to additional legal expense in 2017.
 - Communication, light and water increased by ₱0.05 million or equivalent to 28.25%. In 2016, the office space was vacant due to termination of lease contract to Prime Media Holdings Inc.
 - Other expenses increased by ₱0.63 million. The increase pertains to insurance paid for directors and officers liability, payment of PCD maintenance fee and office decoration in 2017.
- **Share in net income of an Associate** increased by ₱13.88 million due to increase in net income of Marcventures Holdings Inc. in 2017.

Financial Position

	Audited		Increase(Decrease)	
	2017	2016	Amount	%
	<i>(in millions)</i>			
Assets	₱2,753.94	₱2,880.73	(126.79)	(4.40%)
Liabilities	1,710.23	1,850.23	(140.00)	(7.57%)
Stockholders' Equity	1,043.71	1,030.50	13.21	1.28%

The significant changes in the Statement of Financial Position accounts during the calendar year ended December 31, 2017 versus 2016 are as follows:

- Total assets decreased by ₱126.79 million or equivalent to 4.40% from ₱2.88 billion in 2016 to ₱2.75 billion in 2017.

Significant changes were mainly due to the following:

- **Cash** decreased by ₱108.01 million or equivalent to 99.44% mainly due to payment of notes payable amounting to ₱90 million.
- **Due from related parties** decreased by ₱41.39 million or equivalent to 41.35% are due to payment made to related parties.
- **Other current assets** increased by ₱1.76 million or equivalent to 28.39% primarily from accumulated Input VAT.
- **Investment in an associate** increased by ₱19.94 million or equivalent to 0.76% the increase is attributable to the share in equity of MARC.
- **Current liabilities** decreased by ₱140.00 million or equivalent to 7.57% due to payment of ₱90.00 million and ₱50.00 assignment of receivable. Current liabilities comprise solely of ₱1,710.00 million current portion of loans with maturity date December 31, 2017. On August 4, 2016, Philippine Business Bank (PBB) assigned the note payable to Trans Middle East Philippine Equities Inc. (TMEE).
- The stockholders' equity increased by ₱13.21 million or equivalent to 1.28% from ₱1.03 billion in 2016 to ₱1.04 billion in 2017. The increase is due to the Company's comprehensive income of ₱13.21 million.

Cash Flow

	Audited		Increase(Decrease)	
	2017	2016	Amount	%
	<i>(in millions)</i>			
Cash used in operating activities	₱13.93	₱37.40	(₱23.47)	62.75
Cash used in investing activities	4.07	10.43	(6.36)	60.98
Cash used in financing activities	90.00	200.00	(110.00)	55.00

The cash provided by operating activities decreased from ₱37.40 million in 2016 to ₱13.93 million in 2017. The company incurred a net income before income tax in 2017 of ₱8.84 million as compared to 2016 net loss of ₱2.72 million.

In 2017, the company's net cash used in investing activities are the additional expenditures on the improvement of office ₱4.07 million.

In 2017, the Company paid ₱90 million of its notes payable.

2016 vs. 2015

Results of operations

	Audited		Increase(Decrease)	
	2016	2015	Amount	%
	<i>(in millions)</i>			
Revenues	₱0.24	₱1.55	(₱1.31)	(84.52)
Operating Expenses	(4.65)	(15.30)	(10.65)	(69.61)
Realized loss on AFS Investment	-	(28.41)	28.41	100.00
Share in net income of an associate	1.69	12.20	(10.51)	(86.15)
Net loss	(₱2.72)	(₱29.97)	(₱27.25)	(90.92)

Revenues

The Company incurred a net loss of ₱2.72 million for the year ended December 31, 2016 as compared to 2015 net loss of ₱29.97 million.

Significant changes in the income accounts for the year ended December 31, 2016 versus the same period last year are as follows:

- **General and administrative expenses** decreased by ₱10.65 million or 69.61% due to the following accounts:
 - Taxes and licenses decreased by ₱10.28 million or equivalent to 99.29% mainly due to ₱10.25 million payment of Documentary Stamp Tax in relation to the Notes payable entered into by the Company with Philippine Business Bank.
 - Director's Fees decreased by ₱0.14 million or equivalent to 52.83% due to lesser directors meetings.
 - Depreciation increased by ₱0.09 million or 5.54% due to the Condominium.
 - Professional fees decreased by ₱0.13 million or equivalent to 19.19% due low cost on PSE listing fee as compared to 2015.
 - Communication, light and water decreased by ₱0.02 million or equivalent to 12.77% because the office space was vacant due to termination of lease contract to Prime Media Holdings Inc.
 - Other expenses decreased by ₱0.14 million or equivalent to 40.79% the decrease pertains to shorter period on fees payment made to Philippine Central Depository fee.
- **Realized loss on AFS investments** decreased amounting to ₱28.4 million due to reclassification of AFS to Investment in an Associate in 2015.
- **Share in net income of an Associate** decreased by ₱10.51 million due to decrease in net income of Marcventures Holdings Inc. in 2016.

Financial Position

	Audited		Increase(Decrease)	
	2016	2015	Amount	%
	<i>(in millions)</i>			
Assets	₱2,880.73	₱3,082.53	(201.80)	(6.55%)
Liabilities	1,850.23	2,050.33	(200.10)	(9.76%)
Stockholders' Equity	1,030.50	1,032.20	1.70	0.16%

The significant changes in the Statement of Financial Position accounts during the calendar year ended December 31, 2016 versus 2015 are as follows:

- Total assets decreased by ₱201.80 million or equivalent to 6.55% from ₱3.08 billion in 2015 to ₱2.88 billion in 2016.

Significant changes were mainly due to the following:

- **Cash** decreased by ₱247.82 million or equivalent to 69.53% mainly due to payment of notes payable amounting to ₱200 million and advances to related parties.
 - **Receivables** increased by ₱32.85 million or equivalent to 48.84% are advances made by related parties.
 - **Other current assets** increased by ₱2.58 million or equivalent to 70.85% primarily from accumulated Input VAT and construction deposit on office improvement.
 - **Investment in an associate** increased by ₱2.71 million or equivalent to 0.10% the increase is attributable to the share in equity of MARC.
- **Current liabilities** increased by ₱1,649.90 million or equivalent to 823.59% comprise solely of ₱1,650.00 million noncurrent-portion of Loans with maturity date December 31, 2017. On August 4, 2016, Philippine Business Bank assigned the note payable to Trans Middle East Philippine Equities Inc.
 - The stockholders' equity decreased by ₱1.70 million or equivalent to 0.16% from ₱1.03 billion in 2015 to ₱1.03 billion in 2016. The decrease due to the Company's comprehensive loss of ₱1.70 million.

Consolidated Cash Flow

	Audited		Increase(Decrease)	
	2016	2015	Amount	%
	<i>(in millions)</i>			
Cash used in operating activities	₱37.40	₱1.57	35.83	2,282.17
Cash used in investing activities	10.43	1.57	8.86	564.33
Cash used in financing activities	200.00	–	200	–

The cash provided by operating activities decreased from ₱1.57 million in 2015 to ₱37.40 million in 2016. The company incurred a net loss before income tax in 2016 of ₱2.72 million as compared to 2015 of ₱29.96 million. In addition, accounts receivable increased by ₱32.85 million.

In 2016, the company's net cash used in investing activities are the acquisition of property and equipment worth ₱10.43 million.

In 2016, the Company paid ₱200 million of its notes payable.

Key Performance Indicators

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Return on Asset (%)	(0.00%)	0.00%	(0.03%)
Return on Equity (%)	(0.00%)	0.01%	(0.08%)

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 2018 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, 2018. RTC is a leading professional services firm with a proven track record of high quality work. They provide value-added services to clients through their 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 ₱0.30 million and ₱0.25 million for 2018 and 2017, 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 3 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	89	Chairman of the Board/Director	Filipino
Isidro C. Alcantara, Jr.	64	President/Director	Filipino
Macario U. Te	88	Director	Filipino
Augusto C. Serafica, Jr.	56	Director	Filipino
Carlos Alfonso T. Ocampo	53	Independent Director	Filipino
Vicente V. Mendoza	85	Independent Director	Filipino
Remegio C. Dayandayan Jr.	38	Director	Filipino
Minda P. de Paz	78	Director	Filipino
Hermogene H. Real	64	Director/Assistant Corporate Secretary	Filipino
Rolando S. Santos	68	Director/Vice President and Treasurer	Filipino
Leddie D. Gutierrez	56	VP Internal Audit	Filipino
Reuben F. Alcantara	35	VP Marketing	Filipino
Diane Madelyn C. Ching	36	Corporate Secretary	Filipino

Incumbent Directors

Cesar C. Zalamea

Chairman of the Board
January 03, 2014 to present
89 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 validectorian. Mr. Zalamea received his MBA from New York University.

Isidro C. Alcantara, Jr.
Director and President
January 03, 2014 to present
64 years old/Filipino

Mr. Isidro C. Alcantara, Jr. was elected as President and Director of the Company in January 2014. Mr. Alcantara is the President of Financial Risk Resolution Advisory, Inc. He also serves as Director and President of Marcventures Holdings Inc. and Vice Chairman and Director of Marcventures Mining and Development Corporation. He has been a Director of Benguet Corp. since November 2008. He served as Senior Vice President & Head of Corporate & Institutional Banking at Hongkong and Shanghai Corporation (HSBC). He was elected President and Chief Executive Officer of Philippine Bank of Communications (PBCOM), Manila, Philippines from 2000 to 2004. In addition, he served as Executive Vice President of Corporate Banking Group of Equitable PCI Bank (EPCIB) from 1981 to 2000. He served as Director of Bankers Association of the Philippines from 2000 to 2003. Mr. Alcantara also served at Bancom Finance Corporation, PCI Bank & Insular Bank of Asia & America (a Bank of America Affiliate) from 1975 to 1981. He is a Certified Public Accountant. He obtained his BSC Accounting and BS Economics degrees from De la Salle University graduating Magna cum Laude. He also attended the Special Studies in International Banking at the Wharton School, University of Pennsylvania.

Macario U. Te
Director
January 03, 2014 to present
88 years old/Filipino

Mr. Macario U. Te was elected as Director of the Company in January 2014. He is the current Director of Marcventures Holdings Inc. He was the previous President of Macte International Corp. and Linkwealth Construction Corp, Chairman of Autobus Industries Corporation and CEO of M.T. Holdings Inc. He previously sat as Director in the following companies: Bulawan Mining Corp., PAL Holdings Inc., Philippine National Bank, Oriental Petroleum and Minerals Corp., Gotesco Land Inc., PNB Capital and Investment Corp., PNB General Insurers Co. Inc., PNB Holdings Corp., PNB Remittance Center, PNB Securities Inc., PNB-IFL, PNB Italy SPA, Balabac Resources and Holdings, Nissan North EDSA, Beneficial- PNB Life and Insurance Co., Inc., Waterfront Phils., Fontana Golf Club, Inc., Baguio Gold Holding Corp., Traders Royal Bank, Traders Hotel, Pacific Rim Oil Resources Corporation, Link World Construction Development Corporation, Suricon Resources Corporation, Alcorn Petroleum & Minerals Corp., Associated Devt Corp., and Palawan Consolidated Mining Corporation. Mr. Te obtained his Bachelor of Science in Commerce from Far Eastern University.

Augusto C. Serafica, Jr.
Director
January 03, 2014 to present
56 years old/Filipino

Mr. Augusto C. Serafica, Jr. was elected as Independent Director of the Company in January 2014. He sits as Chairman of Board in the following companies: Premiere Horizon Alliance Corporation, Digiwave Solutions Inc., AOB Management Corporation, TLC Manna Consulting Inc., Global Ideology Corporation. He is also the Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings and Development Corp. He is currently the Treasurer of Sinag Energy Philippines Inc., Ardent Property Development Corporation. He serves as Director of Marcventures Holdings Inc. and Investment House Association of the Philippines. He is the Chairman of the AIM Alumni Association, Treasurer of the AIM Leadership Foundation Inc., and Chapter Head of the Brotherhood of Christian Businessmen and Professionals- Makati Chapter. He was previously connected with Sycip, Gorres, Velayo & Co. from 1985-1989. He obtained his Bachelor of Commerce in Accountancy from San Beda

College and Master in Business Management from Asian Institute of Management. Mr. Serafica is a Certified Public Accountant.

Carlos Alfonso T. Ocampo

Director

January 03, 2014 to present

53 years old/Filipino

Atty. Carlos Alfonso T. Ocampo was elected as Independent Director of the Company in January 2014. He is also an Independent Director of Marcventures Holdings, Inc. He is the founder of Ocampo & Manalo law firm. Atty. Ocampo is a member of the Board in various corporations, including MAA General Assurance Phils Inc., Columbian Autocar Corporation, Asian Carmakers Corp., Jam Transit Inc., Prestige Cars Inc., Autohaus Quezon City Inc., Timebound Trading Corp., and Subic Air, Inc. He is the Corporate Secretary of PSI Healthcare Development Services Corp., PSI Prescription Solutions Corp., Adrianse Phils. Inc., Bluelion Motors Corp., First Charters and Tours Transport Corp., Brycl Resorts and International Inc., AVK Philippines Inc., Jam Liner Inc., and Manila Golf and Country Club. He previously served as Vice President and General Counsel of Air Philippines Corporation. Atty. Ocampo obtained his Bachelor of Laws from the University of the Philippines. Upon graduation from college, he was admitted into the honor societies of Phi Kappa Phi and Pi Gamma Mu. He completed an Executive Management Program at the Asian Institute of Management in 1997, and previously taught business law at the College of St. Benilde at De La Salle University. In 2013, he was named as a leading adviser as well as a commercial law expert by Acquisition International and Global Law Experts, respectively. In 2014, AsiaLaw named him as one of the leading lawyers in the Philippines primarily for his contributions in commercial law. He was awarded a certificate of completion for the Mastering Negotiation: Building Agreements Across Boundaries Program, April 2016, from the John F. Kennedy School of Government at Harvard University, Executive Education.

Justice Vicente V. Mendoza

Director

April 10, 2018 to present

85 years old/Filipino

Justice Vicente V. Mendoza was elected Independent Director in April 2018. He was as an Associate Justice of the Supreme Court from 1994 to 2003. In 1980, he served as an Associate Justice of the Court of Appeals until his appointment as its Presiding Justice in 1994. He was a member of the Presidential Electoral Tribunal from 1994-2003 and of the House of Representatives Electoral Tribunal from 1999-2003. He served in the office of the Solicitor General, Department of Justice, first as a Solicitor from 1971-1973 and later as Assistant Solicitor General from 1973 to 1980, successfully handling constitutional litigation for the Government. He has been a Faculty member at the University of the Philippines College of Law since 1967 to the present and gave bar review classes from 1978 to 1994.

Justice Mendoza was admitted to the Philippine Bar in 1958 and was a visiting scholar at the Harvard Law School in the fall term in 1976. He has authored several law books and has written several articles published in law journals. He was conferred an LLM degree by Yale Law School in 1971 and graduated from the UP College of Law in 1957.

Remegio C. Dayandayan, Jr.

Director

March 26, 2014 to present

38 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 Iao 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

78 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.

Rolando S. Santos

Director/Vice President and Treasurer

January 03, 2014 to present

68 years old/Filipino

Mr. Rolando S. Santos was elected Director in May 2014. He has been the 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.

Hermogene H. Real

Director/ Assistant Corporate Secretary

January 03, 2014 to present

64 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 Collectivemedia 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).

Diane Madelyn C. Ching

Director/ Corporate Secretary

January 03, 2014 to present

36 years old/Filipino

Atty. Diane Madelyn C. Ching was elected Director in December 2018, and as Corporate Secretary in January 2014. She serves as General Counsel and Assistant Corporate Secretary of Marcventures Holdings Inc. and its subsidiary, Marcventures Mining and Development Corp. She sits as Director of Prime Media Holdings Inc. where she was previously appointed as Corporate Secretary in 2013. She provides legal consultancy services to PLDT Global (Philippines) Corp. Atty. Ching was an associate of Ocampo & Manalo Law Firm from March 2010 to June 2013. She obtained her degrees in Bachelor of Secondary Education major in Economics and Bachelor of Arts major in Psychology from De La Salle University-Manila graduating Honorable Mention. She passed the Licensure Examination for Teachers in 2004. She worked as a Research Analyst of the Mergers and Acquisitions, Asia Pacific Region Division of Thomson (Philippines) Inc. (now Thomson Reuters). She obtained her Bachelor of Laws from San Beda College-Mendiola in 2009 and was admitted to the Philippine bar in 2010.

Executive Officers:

Mr. Reuben F. Alcantara

Vice President for Marketing

May 26, 2016 to present

35 years old/Filipino

Mr. Reuben F. Alcantara was appointed Vice President for Marketing in May 2016. He currently serves as Vice President for Marketing, Business Development, and Strategic Planning of Marcventures Holdings, Inc. He is also the Company's Investor Relations Officer. 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.

Mr. Leddie D. Gutierrez

Vice President for Internal Audit

May 26, 2016 to present

56 years old/Filipino

Mr. Leddie Gutierrez was appointed as Vice President for Internal Audit in May 2016. He is a Certified Public Accountant and has held key positions in internal audit, corporate services and compliance and control since 1995. Mr. Gutierrez is currently the Vice President for Audit and Risk Management of Marcventures Mining and Development Corp. (MMDC). He previously served as Vice President for Internal Audit of AG Finance, Inc., as Division Head (Assistant Vice President) of Strategic Support Division under Institutional Banking Sector of Metropolitan Bank and Trust Company, where, since joining in November 2011 as Compliance and Control Officer (Senior Manager), he oversaw IBS's compliance to policies, procedures and regulations set by the Bank, BSP and regulatory agencies and led in systems and process

improvements for the Group. From April 2005 to October 2011, Mr. Gutierrez served as Head of Internal Audit of PLDT Global Corporation (PGC), a subsidiary and international marketing firm of PLDT Co. In this role, he carried out operational, information technology, financial, network and compliance audits of PGC. Mr. Gutierrez is a graduate of the University of the East.

2. Significant Employees

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

3. Family Relationships

Isidro C. Alcantara, Jr., President, is the father of Reuben F. Alcantara, VP for Marketing

0. 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 Isidro C. Alcantara, Jr. Rolando S. Santos Diane Madelyn Ching Hermogene H. Real	Chairman President Treasurer Corporate Secretary Asst. Corporate Secretary			
Reuben F. Alcantara Leddie D. Gutierrez	VP Marketing VP Internal Audit			
All above named officers as a group	2017			₱100,000.00
	2018			₱50,000.00
	2019 Estimated			₱100,000.00

NAMES	POSITION	SALARY	BONUS	PER DIEM
All other officers and directors as group unnamed	2017			₱80,000.00
	2018			₱60,000.00
	2019 Estimated			₱140,000.00

The 2019 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, 2018, 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 2018

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%
				1,170,159,989	76.56%

(2) Security Ownership of Management as of 31 December 2018

Title of Class	Name Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Cesar C. Zalamea	1000/ Direct	Filipino	0.00%
Common	Isidro C. Alcantara, Jr.	1000/ Direct 43,919,000/Indirect	Filipino	2.87%
Common	Macario U. Te	16,001,000/Direct; 35,000,000/Indirect	Filipino	3.33%
Common	Remegio C. Dayandayan, Jr.	1000/ Direct	Filipino	0.00%
Common	Augusto C. Serafica, Jr.	1000/ Direct	Filipino	0.00%
Common	Hermogene H. Real	1000/ Direct	Filipino	0.00%
Common	Rolando S. Santos	1000/ Direct	Filipino	0.00%
Common	Minda de Paz	1000/Direct	Filipino	0.00%
Common	Carlos Alfonso T. Ocampo	1000/Direct	Filipino	0.00%
Common	Vicente V. Mendoza	1000/Direct	Filipino	0.00%
Common	Diane Madelyn C. Ching	159,000/ Indirect	Filipino	0.00%
Common	Leddie D. Gutierrez	0	Filipino	0.00%
Common	Reuben F. Alcantara	0	Filipino	0.00%
	Total – Directors as a group	95,088,000	Filipino	6.2%
	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 13 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

See accompanying Index to Exhibits.

The following exhibits are filed as a separate section of this report:

(9) Material Contracts

The other exhibits, as indicated in the Index to Exhibits are either not applicable to the Company or require no answer.

(b) Reports on SEC Form 17-C

Items reported under SEC Form 17-C for the year 2018:

	Date of Report	Event Reported
(1)	January 10, 2018	Cancellation of Annual Meeting 2018
(2)	April 10, 2018	Results of Board Meeting

	Date of Report	Event Reported
(3)	April 11, 2018	Election of Justice Vicente Mendoza as Independent Director
(4)	April 11, 2018	Postponement of Annual Stockholders' Meeting
(5)	September 14, 2018	Notice of Annual Stockholders' Meeting
(6)	October 3, 2018	Amended 1-Notice of Annual Stockholders' Meeting
(7)	October 12, 2018	Amended 2-Notice of Annual Stockholders' Meeting
(8)	November 13, 2018	Amended 3-Notice of Annual Stockholders' Meeting
(9)	December 4, 2018	Results of Annual Stockholders' Meeting
(10)	December 4, 2018	Results of Organizational Meeting
(11)	December 6, 2018	Non-Compliance with the SEC Prescribed Website Template

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 29 April, 2019.

By:


ISIDRO C. ALCANTARA, JR.
President


ROLANDO S. SANTOS
Treasurer

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>
Isidro C. Alcantara Jr.	TIN 123-371-185	
Rolando S. Santos	TIN 127-551-084	

known to me and to me known as the same persons who executed the foregoing **2018 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.

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

Doc. No. 33
Page No. 7
Book No. V
Series of 2019.




Atty. Michael S. Macabata
Notary Public for the City of Makati
Until December 31, 2019
Roll of Atty. No. 58554
PTR No. 7347887-01/14/2019-Makati City
IBP No. 011366-01/09/13-Lifetime PPLM
1/F Citibank Center, 8741 Paseo de Roxas
Makati City, Philippines



Bright Kindle Resources
& Investments, Inc.

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, 2018 and 2017**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative 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, 2018 and 2017**, 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

ISIDRO C. ALCANTARA, JR.
President

ROLANDO S. SANTOS
Treasurer

APR 12 2019

Signed this _____ day of _____



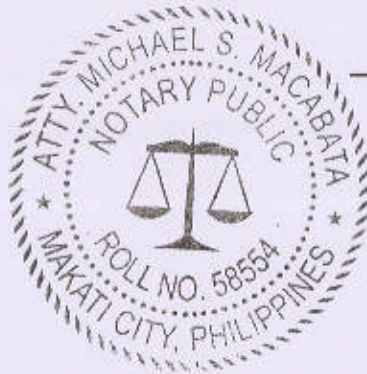
Bright, Kinde Resources
& Investments, Inc.

APR 29 2019

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		
Isidro C. Alcantara, Jr.	123-371-185		
Rolando S. Santos	127-551-054		

Doc. No. 26 ;
Page No. 6 ;
Book No. V ;
Series of 2019.



Michael S. Macabata

Atty. Michael S. Macabata
Notary Public for the City of Makati
Notary Public

Until December 31, 2019
Roll of Atty. No. 58554
PTR No. 7347887-01/14/2019-Makati City
IBP No. 011366-01/09/13-Lifetime PPLM
4/F Citibank Center, 8741 Paseo de Roxas
Makati City, Philippines

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/Borangay/City/Town/Province)

1	6	t	h		F	L	O	O	R		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	I		C	I	T																

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

service@brightkindle.com

Company's Telephone Number/s

(02) 817-6046

Mobile Number

-

No. of Stockholders

631

Annual Meeting (Month / Day)

Last Thursday of May

Calendar 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/s

826-8609/856-7976

Mobile Number

-

CONTACT PERSON'S ADDRESS

16th Floor Citibank Tower, 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.
16th Floor Citibank Tower
8741 Paseo de Roxas, Makati City

Opinion

We have audited the accompanying financial statements of Bright Kindle Resources & Investments, Inc. (the Company), a subsidiary of RYM Business Management Corp., which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2018, 2017 and 2016, and notes to financial statements, including a summary of significant accounting policies.

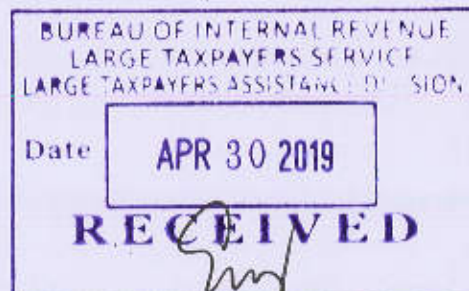
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018, 2017 and 2016 in accordance with Philippine Financial Reporting 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 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 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.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which discusses that Marcventures Mining and Development Corporation (MMDC), a subsidiary of the Company's associate, Marcventures Holdings, Inc., received an order from the Department of Environment and Natural Resources on February 13, 2017 but dated February 8, 2017 cancelling its Mineral Production Sharing Agreement No. 016-93-X (MPSA). The management of the Company believes that the order has no basis and the outcome of legal actions taken will not have a material adverse effect on MMDC's operations, as described in Note 1 to the financial statements. MMDC has continued its mining operations in the areas covered by the MPSA.





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.

Determination of Indicator of Impairment of Investment in an Associate

The investment in an associate is accounted for using the equity method in accordance with PAS 28, *Investment in Associates and Joint Ventures*. The Company is required to assess at each reporting date whether there is any objective evidence that the investment is impaired. This matter is significant to our audit because the investment in associate represents 97% of the Company's total assets.

We performed the necessary procedures by verifying the historical accuracy of management's estimates along with the latest estimate of recoverable reserves and evaluated whether a reasonable change in assumptions could cause the carrying amount to exceed the estimated recoverable amounts.

Further disclosures are included in Note 3, *Significant Judgments, Accounting Estimates and Assumptions* and Note 7, *Investment in an Associate*.

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, 2018, 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, 2018 are expected to be made available to us after the date of this Auditors' report.

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

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

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

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

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





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

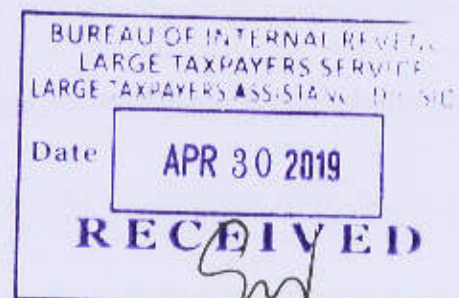
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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





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.

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 0658-AR-3 Group A

Valid until May 17, 2020

BIR Accreditation No. 08-005144-007-2017

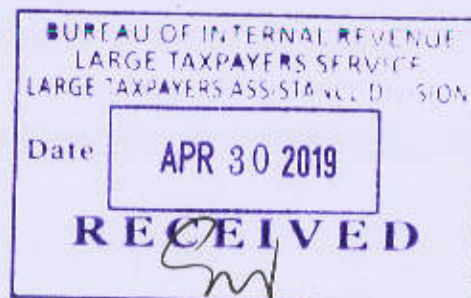
Valid until January 13, 2020

PTR No. 7334336

Issued January 3, 2019, Makati City

April 12, 2019

Makati City, Metro Manila



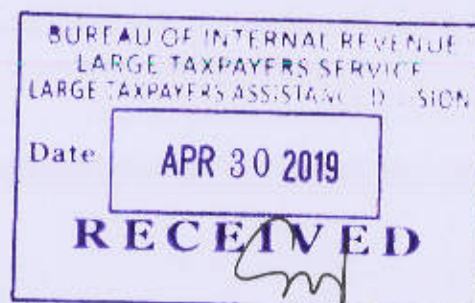
BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF FINANCIAL POSITION



		December 31	
	Note	2018	2017
ASSETS			
Current Assets			
Cash	4	P258,845	P610,059
Due from related parties	13	16,455,581	58,717,477
Other current assets	5	9,310,757	8,803,846
Total Current Assets		26,025,183	68,131,382
Noncurrent Assets			
Property and equipment	6	43,138,202	45,093,324
Investment in an associate	7	2,563,444,406	2,640,244,182
Deferred input VAT - net of current portion		-	474,999
Total Noncurrent Assets		2,606,582,608	2,685,812,505
		P2,632,607,791	P2,753,943,887
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	8	P457,906	P231,567
Due to a related party	13	1,000,000	-
Note payable	9	1,671,501,723	1,710,000,000
Total Current Liabilities		1,672,959,629	1,710,231,567
Equity			
Capital stock		840,660,700	840,660,700
Retained earnings		111,641,092	196,278,091
Other comprehensive income		7,346,370	6,773,529
Total Equity		959,648,162	1,043,712,320
		P2,632,607,791	P2,753,943,887

See accompanying Notes to Financial Statements.

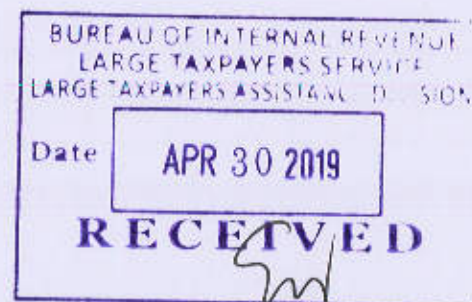


BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2018	2017	2016
GENERAL AND ADMINISTRATIVE EXPENSES	11	(P7,265,480)	(P6,880,122)	(P4,649,767)
SHARE IN NET INCOME (LOSS) OF AN ASSOCIATE	7	(77,372,617)	15,574,432	1,693,703
INTEREST INCOME	4	1,098	147,973	240,430
INCOME (LOSS) BEFORE TAX		(84,636,999)	8,842,283	(2,715,634)
PROVISION FOR INCOME TAX	12	-	-	-
NET INCOME (LOSS)		(84,636,999)	8,842,283	(2,715,634)
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss -</i>				
Share in other comprehensive income of an associate	7	572,841	4,369,778	1,019,330
TOTAL COMPREHENSIVE INCOME (LOSS)		(P84,064,158)	P13,212,061	(P1,696,304)
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED	14	(P0.055)	P0.006	(P0.002)

See accompanying Notes to Financial Statements.

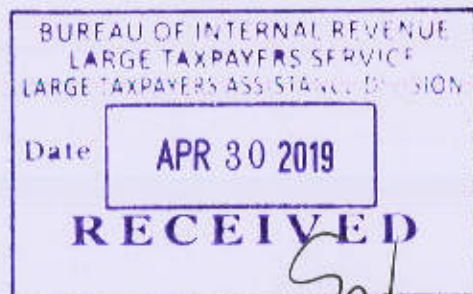


BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2018	2017	2016
CAPITAL STOCK - ₱0.55 par value	10			
Authorized - 2,000,000,000 shares				
Issued, subscribed and outstanding - 1,528,474,000 shares		₱840,660,700	₱840,660,700	₱840,660,700
RETAINED EARNINGS				
Balance at beginning of year		196,278,091	187,435,808	190,151,442
Net income (loss)		(84,636,999)	8,842,283	(2,715,634)
Balance at end of year		111,641,092	196,278,091	187,435,808
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss</i>				
Share in other comprehensive income of an associate:	7			
Balance at beginning of year		6,773,529	2,403,751	1,384,421
Remeasurement gain		572,841	4,369,778	1,019,330
Balance at end of year		7,346,370	6,773,529	2,403,751
		₱959,648,162	₱1,043,712,320	₱1,030,500,259

See accompanying Notes to Financial Statements.

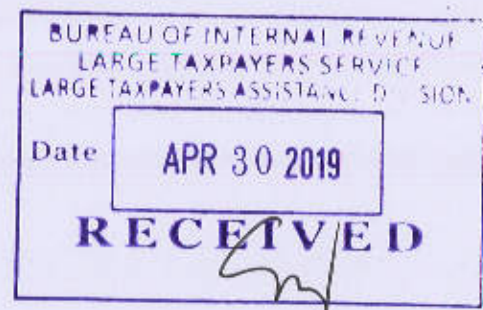


BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax		(P84,636,999)	P8,842,283	(P2,715,634)
Adjustments for:				
Share in net loss (income) of an associate	7	77,372,617	(15,574,432)	(1,693,703)
Depreciation	6	2,015,422	2,291,043	1,661,267
Interest income	4	(1,098)	(147,973)	(240,430)
Operating loss before working capital changes		(5,250,058)	(4,589,079)	(2,988,500)
Decrease (increase) in:				
Due from related parties		3,763,619	(8,606,637)	(32,849,063)
Other assets		(31,912)	(887,418)	(1,700,134)
Increase (decrease) in:				
Accrued expenses and other current liabilities		226,339	2,033	(101,394)
Due to related party		1,000,000	-	-
Net cash used in operations		(292,012)	(14,081,101)	(37,639,091)
Interest received		1,098	147,973	240,430
Net cash used in operating activities		(290,914)	(13,933,128)	(37,398,661)
CASH FLOW FROM AN INVESTING ACTIVITY				
Acquisitions of property and equipment	6	(60,300)	(4,072,604)	(10,425,257)
CASH FLOW FROM A FINANCING ACTIVITY				
Payment of note payable	9	-	(90,000,000)	(200,000,000)
DECREASE IN CASH		(351,214)	(108,005,732)	(247,823,918)
CASH AT BEGINNING OF YEAR		610,059	108,615,791	356,439,709
CASH AT END OF YEAR		P258,845	P610,059	P108,615,791
NONCASH FINANCIAL INFORMATION				
Assignment of receivables to offset with note payable	9	P38,498,277	P50,000,000	P-

See accompanying Notes to Financial Statements.



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

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

General Information

Bright Kindle Resources & Investments, Inc. (the Company), formerly Bankard, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 4, 1981 as a credit card corporation. On March 21, 1995, the Company listed its shares with The Philippine Stock Exchange, Inc. (PSE).

On October 18, 2013, the Board of Directors (BOD) of Rizal Commercial Banking Corporation (RCBC) approved the sale of its 89.98% collective stake in the Company to RYM Business Management Corp. (the Parent Company) and other investors. The Parent Company acquired 76.56% interest in the Company.

In November 2013, the BOD approved the amendment to change the corporate name to Bright Kindle Resources & Investments, Inc. and primary business purpose to a holding company.

The Company's principal office address is at 16th Floor Citibank Tower, 8741 Paseo de Roxas, Makati City.

The accompanying financial statements of the Company as at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 were approved and authorized for issuance by the BOD on April 12, 2019.

Investment in Marcventures Holdings, Inc. (MARC)

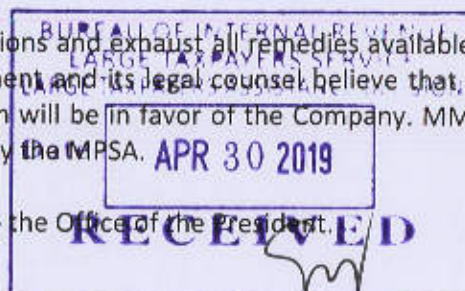
On December 15, 2014, the Company acquired 600,000,000 shares of MARC representing 33% equity interest for ₱2,604.0 million from the Philippine Business Bank - Trust and Investment Center (PBB) (see Note 7).

On December 29, 2017, the SEC approved the application of the merger of MARC, Brightgreen Resources Holdings Inc. (BHI) and Asia Pilot Mining Phils. Corp. (APMPC), with MARC as the surviving entity. MARC issued 1,125,000,000 shares to BHI and APMPC resulting to a reduction of the Company's equity interest in MARC to 20%. In 2018, MARC issued 45,731,706 shares at ₱1.64 shares or a total of ₱75 million to a major stockholder resulting to a reduction of the Company's equity interest in MARC to 19.90%.

On February 13, 2017, Marcventures Mining and Development Corporation (MMDC), a subsidiary of MARC, received an order dated February 8, 2017 from the Department of Environment and Natural Resources cancelling its Mineral Production Sharing Agreement (MPSA). The management and its legal counsel believe that the order has no basis and the outcome of legal actions taken will not have a material adverse effect on the MMDC's operations.

MMDC's management will take all the necessary legal actions and exhaust all remedies available to prevent the implementation of the order. The management and its legal counsel believe that the order has no basis and the outcome of legal actions taken will be in favor of the Company. MMDC has continued its mining operations in the areas covered by the MPSA.

On February 22, 2017, MMDC has filed Notice of Appeal to the Office of the President.



2. Summary of Significant Accounting Policies

Basis of Preparation

The 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 of issuances by the International Financial Reporting Interpretations Committee, issued by the 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 Company's functional and presentation currency. All values represent absolute amounts except otherwise stated.

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 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 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 New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments* – This standard replaces PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” (ECL) model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be an objective evidence of impairment.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

Based on the Company’s analysis of its business model and the contractual cash flow characteristics of its financial assets and liabilities as at January 1, 2018, the Company has concluded that all of its financial assets and liabilities shall continue to be measured on the same basis as under PAS 39 but shall be classified under PFRS 9. The Company has adopted PFRS 9 retrospectively.

Financial assets classified as loans and receivables under PAS 39 are classified as financial assets at amortized cost under PFRS 9. These financial assets include cash in banks and due from related parties. Accordingly, there were no changes in the carrying amount of the financial assets upon adoption of PFRS 9.

The Company assessed that the adoption of PFRS 9, specifically on determining impairment loss using general approach, has no impact on the carrying amounts of the Company’s financial assets carried at amortized cost.

There is no material impact on the basic and diluted earnings per share as a result of the Company’s adoption of PFRS 9.

- PFRS 15, *Revenue from Contract with Customers* – The new standard replaced PAS 11, *Construction Contracts*, PAS 18, *Revenue* and related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g. the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.).

The Company's revenue mainly arises from interest income from cash in banks and share in net income from an associate. Accordingly, the adoption of PFRS 15 has no significant impact on the financial statements of the Company.

- Amendments to PFRS 15, *Revenue from Contract with Customers - Clarification to PFRS 15* – The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.
- Amendments to PAS 28, *Investments in Associates and Joint Ventures - Measuring an Associate or Joint Venture at Fair Value* – The amendments are part of the Annual Improvements to PFRS 2014-2016 Cycle and clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, mutual fund, unit trust or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The adoption of the foregoing new and amended PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2018 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2019:

- Amendments to PFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation* – The amendments allow entities to measure particular prepayable financial assets with negative compensation at amortized cost or at fair value through other comprehensive income (instead of at fair value through profit or loss) if a specified condition is met. It also clarifies the requirements in PFRS 9, *Financial Instruments* for adjusting the amortized cost of a financial liability when a modification or exchange does not result in its derecognition (as opposed to adjusting the effective interest rate).
- Amendments to PAS 28, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures* – The amendments clarify that long-term interests in an associate or joint venture that, in substance, form part of the entity's net investment but to which the equity method is not applied, are accounted for using PFRS 9, *Financial Instruments*.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company.

Financial Assets and Liabilities

Date of Recognition. The Company 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 and 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 Policies. 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 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, 2018 and 2017, 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 allowance for ECL, if any. 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, 2018 and 2017, the Company’s cash in banks 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, 2018 and 2017, the Company's accrued expenses, due to a related party and note payable 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 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 Policy on Financial Assets at Amortized Cost

The Company records an allowance for ECL. ECL is 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 instruments 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 date. 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 the statements of comprehensive income.

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 value of the original liability and fair value of the new liability is recognized in the statements of comprehensive income.

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 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), current portion of deferred input VAT, creditable withholding tax (CWT) and prepayments.

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

Deferred input VAT. In accordance with the Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT represents the unamortized amount of input VAT on capital goods. Deferred input VAT that are expected to be claimed against output VAT for no more than 12 months after the reporting date are classified as current assets. Otherwise these are classified as noncurrent assets.

CWT. CWT 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 twelve months after the reporting date 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 value of the investment.

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 year 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 value 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 import duties, 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. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, 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. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying value of the replaced component is derecognized.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) 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 unit	31
Office furniture and fixtures	3-5
Service vehicle	3

The estimated useful lives and method for 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.

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 value of an asset may not be recoverable. If any such indication exists and where the carrying value 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 the statements of comprehensive income.

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 value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying value 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 value, 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 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 Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also 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.

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 tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward benefits of unused MCIT 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 value 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 other comprehensive income.

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 (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) 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 (loss) 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 (loss) per share effect of potential dilutive common shares would be anti-dilutive, basic and diluted earnings (loss) 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 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 Company and its related parties, regardless whether a price is charged.

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 financial statements. They 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

Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events 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 Company's financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements. The judgment, 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 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:

Classifying Investment Property and Owner-occupied Property. The Company considers a property as an investment property when the property generates cash flows which are largely independent of other assets held by the Company and a property as owner-occupied property when cash flows generated by it pertains not only to the property but also to other assets used for operations or administrative purposes.

A property may comprise of portions held for capital appreciation and portions used in operation or administrative purpose. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in operation or for administrative purpose.

The Company classified its condominium unit under property and equipment.

Determining Significant Influence over MARC. 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 an entity is usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process, including participation in decisions about dividends or other distributions;
- material transactions between the entity and the investee; interchange of managerial personnel; or
- provision of essential technical information

The Company has determined that the decrease in ownership interest in MARC in 2018 resulting to a less than 20% ownership interest would not affect its significant influence by virtue of the existence of the above indicators in the Company's dealings with MARC.

Assessing Modification on the Terms of the Note Payable. The Company considers its note payable to be substantially modified 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. Such modification will result to derecognition of original liability and the recognition of a new liability.

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 value is adjusted by the costs or fees paid or received in the restructuring.

The Company assessed that there is no substantial modification on the terms of the note payable.

Determining Operating Segments. The Company determines and presents operating segments based on the information that is internally provided to the BOD. As at December 31, 2018 and 2017, the Company has determined that it has no operating segment other than being a holding company.

Assessment of 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 months 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 counterparties with good credit standing and relatively low risk of defaults. Accordingly, no impairment loss was recognized in 2018, 2017 and 2016.

The carrying amounts of the Company's financial assets at amortized cost are as follows:

	Note	2018	2017
Cash in banks	4	₱253,845	₱605,059
Due from related parties	13	16,455,581	58,717,477

Assessment of 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. Factors that the Company considered in deciding when to perform impairment review include the following, among others:

- significant decline in business and operating performance in relation to expectations; and
- significant changes in the business operations and strategies of the Company and its associate.

Based on management assessment, there are no indicators for impairment that will warrant impairment assessment. The management and its legal counsel believe that the order for the cancellation of MMDC's MPSA will not have a material adverse effect on MMDC's operations (see Note 1). Accordingly, no impairment loss was recognized in 2018, 2017 and 2016. The carrying amount of investment in associates amounted to ₱2,563.4 million and ₱2,640.2 million as at December 31, 2018 and 2017 (see Note 7).

Assessing Impairment of Other Nonfinancial Assets. The Company assesses impairment on other nonfinancial assets whenever events or changes in circumstances indicate that the carrying value 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 value 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 2018, 2017 and 2016.

The carrying amount of the Company's other nonfinancial assets are as follows:

	Note	2018	2017
Other current assets	5	₱9,310,757	₱8,803,846
Property and equipment	6	43,138,202	45,093,324
Deferred input VAT - net of current portion		-	474,999

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 is no change in the estimated useful life of the Company's property and equipment in 2018, 2017 and 2016. Carrying value of property and equipment amounted to ₱43.1 million and ₱45.1 million as at December 31, 2018 and 2017, respectively (see Note 6).

Assessing Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying value 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.

Deferred tax assets were not recognized on NOLCO and excess of MCIT over RCIT as at December 31, 2018 and 2017 because the management believes that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

The Company's unrecognized deferred tax assets amounted to ₱5.6 million and ₱7.8 million as at December 31, 2018 and 2017, respectively (see Note 12).

4. Cash

This account consists of:

	2018	2017
Cash on hand	₱5,000	₱5,000
Cash in banks	253,845	605,059
	₱258,845	₱610,059

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱1,098, ₱147,973 and ₱240,430 in 2018, 2017 and 2016, respectively.

5. Other Current Assets

This account consists of:

	2018	2017
Input VAT	₱8,141,414	₱7,113,281
CWT	600,685	600,685
Current portion of deferred input VAT	474,999	824,744
Prepayments	74,523	—
Others	19,136	265,136
	₱9,310,757	₱8,803,846

6. Property and Equipment

Balances and movements in this account are as follows:

		2018			
	Note	Condominium Unit	Office Furniture and Fixtures	Service Vehicle	Total
Cost					
Balance at beginning of year		P47,788,569	P1,735,619	P1,568,650	P51,092,838
Additions		-	60,300	-	60,300
Disposals		-	-	(1,568,650)	(1,568,650)
Balance at end of year		47,788,569	1,795,919	-	49,584,488
Accumulated Depreciation					
Balance at beginning of year		4,193,012	324,999	1,481,503	5,999,514
Depreciation	11	1,579,141	349,134	87,147	2,015,422
Disposals		-	-	(1,568,650)	(1,568,650)
Balance at end of year		5,772,153	674,133	-	6,446,286
Carrying Amount		P42,016,416	P1,121,786	P-	P43,138,202

		2017				
	Note	Condominium Unit	Office Furniture and Fixtures	Service Vehicle	Construction In Progress	Total
Cost						
Balance at beginning of year		P34,975,635	P209,212	P1,568,650	P10,266,737	P47,020,234
Additions		-	1,526,407	-	2,546,197	4,072,604
Reclassification		12,812,934	-	-	(12,812,934)	-
Balance at end of year		47,788,569	1,735,619	1,568,650	-	51,092,838
Accumulated Depreciation						
Balance at beginning of year		2,726,595	23,257	958,619	-	3,708,471
Depreciation	11	1,466,417	301,742	522,884	-	2,291,043
Balance at end of year		4,193,012	324,999	1,481,503	-	5,999,514
Carrying Amount		P43,595,557	P1,410,620	P87,147	P-	P45,093,324

In 2017, the construction in progress was completed and reclassified to condominium unit.

On April 20, 2018, a fully-depreciated service vehicle was sold; subsequently, no gain or loss on the disposal of the asset was recognized.

7. Investment in an Associate

Movements in this account are as follows:

	2018	2017
Acquisition cost	P2,604,000,000	P2,604,000,000
Accumulated share in equity:		
Balance at beginning of year	36,244,182	16,299,972
Share in:		
Net income (loss)	(77,372,617)	15,574,432
Other comprehensive income	572,841	4,369,778
Balance at end of year	(40,555,594)	36,244,182
Carrying amount	P2,563,444,406	P2,640,244,182

The Company has 600,000,000 shares of MARC representing 19.90% and 20.00% equity interest as at December 31, 2018 and 2017, respectively (see Note 1). MARC's principal place of business is at Unit E, One Luna Place, E. Luna St., Butuan City, Agusan del Norte.

Summarized financial information of MARC follows:

	2018	2017
Total current assets	₱551,145,763	₱645,861,140
Total noncurrent assets	5,278,237,211	4,670,252,221
Total current liabilities	1,140,620,272	444,607,449
Total noncurrent liabilities	798,616,529	663,580,769
Revenue	987,255,064	2,040,859,226
Net income (loss)	(388,807,119)	47,281,213
Other comprehensive income	2,878,596	13,265,870

8. Accrued Expenses and Other Current Liabilities

This account consists of:

	2018	2017
Accrued expenses	₱455,220	₱227,303
Statutory payables	2,686	4,264
	₱457,906	₱231,567

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

Movements in this account are as follows:

	Note	2018	2017
Balance at beginning of year		₱1,710,000,000	₱1,850,000,000
Assignment of receivables	13	(38,498,277)	(50,000,000)
Payment during the year		-	(90,000,000)
Balance at end of year		₱1,671,501,723	₱1,710,000,000

The noninterest-bearing note was assigned by PBB to Trans Middle East Philippines Equities, Inc. (TMEE). This liability represents the unpaid portion of the purchase price of the investment in an associate. The note's original maturity date was December 31, 2015 but was extended. Latest extension is until December 31, 2019.

10. Equity

On March 21, 1995, the SEC approved the listing of the Company's 118,000,000 shares at an offer price of ₱1.00 per share. As at December 31, 2018 and 2017, 1,528,474,000 shares are listed in the PSE.

11. General and Administrative Expenses

This account consists of:

	Note	2018	2017	2016
Outside services		₱2,029,603	₱1,155,011	₱472,876
Depreciation	6	2,015,422	2,291,043	1,661,267
Membership dues and other fees		1,285,456	1,402,640	1,402,315
Professional fees		649,129	584,089	550,929
Taxes and licenses		295,017	248,609	73,159
Communication, light and water		290,668	206,616	161,100
Director's fees		110,000	155,000	124,412
Others		590,185	837,114	203,709
		₱7,265,480	₱6,880,122	₱4,649,767

12. Provision for Income Tax

There is no provision for income tax in 2018, 2017 and 2016 due to the Company's taxable loss position.

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:

	2018	2017	2016
Provision for income tax computed at statutory tax rate	(₱25,391,100)	₱2,652,685	(₱814,690)
Change in unrecognized deferred tax assets	(2,209,263)	1,082,489	1,394,930
Add (deduct) tax effects of:			
Share in net income (loss) of an associate, not subject to tax	23,211,785	(4,672,330)	(508,111)
Expired NOLCO and excess of MCIT over RCIT	4,366,407	981,248	-
Nondeductible expenses	22,500	300	-
Interest income already subjected to final tax	(329)	(44,392)	(72,129)
	₱-	₱-	₱-

Details of unrecognized deferred tax assets are as follows:

	2018	2017
NOLCO	P5,615,811	P7,809,093
Excess of MCIT over RCIT	-	15,981
	P5,615,811	P7,825,074

Deferred tax assets on NOLCO and excess of MCIT over RCIT were not recognized as at December 31, 2018 and 2017 because the management believes that there may be no sufficient future taxable profits against which deferred tax assets can be utilized.

As at December 31, 2018, 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
2018	P-	P7,190,480	P-	P7,190,480	2021
2017	6,879,122	-	-	6,879,122	2020
2016	4,649,767	-	-	4,649,767	2019
2015	14,501,420	-	14,501,420	-	2018
	P26,030,309	P7,190,480	P14,501,420	P18,719,369	

MCIT incurred in 2015 amounting to P15,981 expired in 2018.

13. Related Party Transactions

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

	Nature of Transactions	Amount of Transactions		Outstanding Balances	
		2018	2017	2018	2017
Due from Related Parties					
<i>Parent Company -</i>					
RYM	Advances for working capital	P-	P42,931,456	P8,000,000	P46,553,277
<i>Under common control:</i>					
MMDC	Advances for working capital	3,455,581	-	8,455,581	5,000,000
Others	Advances for working capital	-	237	-	4,000
<i>Officers</i>	Advances	-	-	-	7,160,200
				P16,455,581	P58,717,477
Due to a Related Party					
<i>Affiliate -</i>					
Prime Media Holdings, Inc.	Advances for working capital	P1,000,000	P-	P1,000,000	P-

Due from related parties are noninterest-bearing, collectible on demand, not impaired and to be settled in cash. Due to a related party is noninterest-bearing, unsecured, payable on demand and to be settled in cash.

The Company assigned the receivable from the Parent Company to TMEE to offset with the note payable amounting to P38.5 million and P50.0 million in 2018 and 2017, respectively (see Note 9).

Compensation of Key Management Personnel

Compensation of key management personnel on short term employee benefits amounted to ₱0.05 million, ₱0.1 million, ₱0.035 million in 2018, 2017 and 2016, respectively.

14. Basic and Diluted Earnings (Loss) Per Share

Basic and diluted loss per share is computed as follow:

	2018	2017	2016
Net income (loss)	(₱84,636,999)	₱8,842,283	(₱2,715,634)
Weighted average number of common shares outstanding	1,528,474,000	1,528,474,000	1,528,474,000
Earnings (loss) per share - basic and diluted	(₱0.055)	₱0.006	(₱0.002)

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

15. Contingencies

Legal Claims and Assignment of Litigation Cases

The Company is a co-defendant in a collection case for US\$1.5 million filed in the Los Angeles Superior Court by a foreign merchant and its Philippine affiliate in 2012. The plaintiffs have alleged that they were not paid the charge cards availments that the Company processed under a Tripartite Merchants Agreements (TMA). Based on Company's records, however, payments due to the foreign merchant were wired to the latter's designated agent. The Company did not breach any regulatory or trade standards in complying with the TMA. The Company's management and its counsel believe that the collection case is legally defensible, and any ultimate liability resulting therefrom will not materially affect the Company's financial position and results of operations. Moreover, under the Share Purchase Agreement dated October 18, 2013, RCBC will indemnify the Company should the court adjudge the Company liable.

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 in banks, due from related parties, accrued expenses, due to a related party 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 as 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

As discussed in Note 3 to the financial statements, 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.

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

	2018	2017
Cash in banks	₱253,845	₱605,059
Due from related parties	16,455,581	58,717,477
	₱16,709,426	₱59,322,536

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, 2018 and 2017 based on contractual undiscounted cash flows.

	2018			Total
	Less than One Month	One Month to One Year	More than One Year	
Accrued expenses	₱455,220	₱-	₱-	₱455,220
Due to a related party		1,000,000		1,000,000
Note payable	-	1,671,501,723	-	1,671,501,723
	₱455,220	₱1,672,501,723	₱-	₱1,672,956,943

	2017			Total
	Less than One Month	One Month to One Year	More than One Year	
Accrued expenses	₱227,303	₱-	₱-	₱227,303
Note payable	-	1,710,000,000	-	₱1,710,000,000
	₱227,303	₱1,710,000,000	₱-	₱1,710,227,303

Fair Value of Financial Assets and Financial Liabilities

Set out below is a comparison by category of carrying values and fair values of the Company's financial instruments that are carried in the financial statements:

	2018		2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets at Amortized Cost				
Cash	₱258,845	₱258,845	₱610,059	₱610,059
Due from related parties	16,455,581	16,455,581	58,717,477	58,717,477
	₱16,714,426	₱16,714,426	₱59,327,536	₱59,327,536
Financial Liabilities at Amortized Cost				
Accrued expenses	₱455,220	₱455,220	₱227,303	₱227,303
Due to a related party	1,000,000	1,000,000	-	-
Note payable	1,671,501,723	1,671,501,723	1,710,000,000	1,710,000,000
	₱1,672,956,943	₱1,672,956,943	₱1,710,227,303	₱1,710,227,303

Financial Assets and Financial Liabilities. The carrying amounts of cash, due from related parties, accrued expenses, due to a related party and note payable approximate their fair values due to the short-term nature of the transactions. The fair value measurement of current financial assets and liabilities is classified as Level 3 (significant unobservable inputs).

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.

The Company considers its total equity amounting to ₱959.6 million and ₱1,043.7 million as at December 31, 2018 and 2017, respectively, as its capital.

There has been no change in the objectives, policies and processes in 2018 and 2017.



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

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

We have audited the accompanying financial statements of Bright Kindle Resources & Investments, Inc. (the Company), a subsidiary of RYM Business Management Corp., as at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016 on which we have rendered our report dated April 12, 2019.

In compliance with Securities Regulations Code Rule 68, as amended, we are stating that the Company has 615 stockholders owning one hundred (100) or more shares each.

REYES TACANDONG & Co.


CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 0658-AR-3 Group A
Valid until May 17, 2020

BIR Accreditation No. 08-005144-007-2017
Valid until January 13, 2020

PTR No. 7334336

Issued January 3, 2019, Makati City

April 12, 2019
Makati City, Metro Manila



**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Bright Kindle Resources & Investments, Inc. (the Company), a subsidiary of RYM Business Management Corp., as at December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017 and 2016, and have issued our report thereon dated April 12, 2019. 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 Company's management. These supplementary schedules include the following:

- Adoption of Effective Accounting Standards and Interpretations
- Financial Ratios
- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedules required by Part II of SRC Rule 68, as Amended

These schedules are presented for purposes of complying with Securities Regulation Code Rule 68 Part II, as amended, and are not part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic 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 August 15, 2021

SEC Accreditation No. 0658-AR-3 Group A

Valid until May 17, 2020

BIR Accreditation No. 08-005144-007-2017

Valid until January 13, 2020

PTR No. 7334336

Issued January 3, 2019, Makati City

April 12, 2019

Makati City, Metro Manila

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

**SUPPLEMENTARY SCHEDULE OF ADOPTION OF
EFFECTIVE ACCOUNTING STANDARDS AND INTERPRETATIONS
DECEMBER 31, 2018**

Title	Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements			
Conceptual Framework Phase A: Objectives and qualitative characteristics	✓		
PFRSs Practice Statement Management Commentary			✓
PFRSs Practice Statement 2: Making Materiality Judgments			✓

Philippine Financial Reporting Standards (PFRS)

PFRS	Title	Adopted	Not Adopted	Not Applicable
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Deletion of Short-term Exemptions for First-time Adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Ventures			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, <i>Financial Instruments</i> with PFRS 4, <i>Insurance Contracts</i>			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendment to PFRS 5: Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Servicing Contracts	✓		
	Amendment to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements	✓		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments	✓		
	Amendments to PFRS 8: Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10: Transition Guidance			✓
	Amendments to PFRS 10: Investment Entities			✓

PFRS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Transition Guidance	✓		
	Amendments to PFRS 12: Investment Entities	✓		
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception	✓		
	Amendment to PFRS 12: Clarification of the Scope of the Standard	✓		
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		

Philippine Accounting Standards (PAS)

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Clarification of the Requirements for Comparative Presentation	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendments to PAS 12: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Classification of Servicing Equipment	✓		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	✓		
	Amendment to PAS 16: Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendment to PAS 16: Agriculture: Bearer Plants	✓		
PAS 17	Leases			✓
PAS 18	Revenue			✓
PAS 19 (Revised)	Employee Benefits			✓
	Amendment to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Amendment to PAS 19: Discount Rate: Regional Market Issue			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendment to PAS 24: Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception	✓		
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value	✓		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Financial Instruments: Presentation	✓		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
	Amendment to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			✓
	Amendment to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'			✓
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendment to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization			✓

PAS	Title	Adopted	Not Adopted	Not Applicable
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement			✓
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39: Financial Guarantee Contracts			✓
	Amendments to PAS 39: Reclassification of Financial Assets			✓
	Amendments to PAS 39: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendment to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-occupied Property			✓
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendment to PAS 41: Agriculture: Bearer Plants			✓

Philippine Interpretations

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓

Philippine Interpretations - SIC

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases – Incentives			✓

Interpretations	Title	Adopted	Not Adopted	Not Applicable
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

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

SUPPLEMENTARY SCHEDULE OF FINANCIAL RATIOS
DECEMBER 31, 2018

Below is a schedule showing financial soundness indicators in 2018 and 2017.

	2018	2017
Current/Liquidity Ratio	0.02	0.04
Current assets	P26,025,183	P68,131,382
Current liabilities	1,672,959,629	1,710,231,567
Solvency Ratio	(0.05)	0.01
Income (loss) before income tax, depreciation, and amortization	(P82,621,577)	P11,133,326
Total liabilities	1,672,959,629	1,710,231,567
Debt-to-equity Ratio	1.74	1.64
Total liabilities	P1,672,959,629	P1,710,231,567
Total equity	959,648,162	1,043,712,320
Asset-to-equity Ratio	2.74	2.64
Total assets	P2,632,607,791	P2,753,943,887
Total equity	959,648,162	1,043,712,320
Interest rate coverage Ratio	-	-
Pretax income (loss) before interest	(P84,636,999)	P8,842,283
Interest expense	-	-
Profitability Ratio	(0.088)	0.01
Net income (loss)	(P84,636,999)	P8,842,283
Total equity	959,648,162	1,043,712,320

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

**SUPPLEMENTARY SCHEDULE OF
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2018**

	Amount
Unappropriated retained earnings as shown in the financial statements at beginning of year	P196,278,091
Cumulative share in net income of an associate	(29,470,653)
Unappropriated retained earnings available for dividend declaration, beginning	166,807,438
Net loss during the year	(P84,636,999)
Share in net loss of an associate	77,372,617 (7,264,382)
Total retained earnings available for dividend declaration at end of year	P159,543,056

Reconciliation:

	Amount
Unappropriated retained earnings as shown in the financial statements at end of year	P111,641,092
Cumulative share in net loss of an associate	47,901,964
Total retained earnings available for dividend declaration at end of year	P159,543,056

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A subsidiary of RYM Business Management Corp.)
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II
OF SRC RULE 68, AS AMENDED
DECEMBER 31, 2018

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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	Intangible Assets - Other Assets	<u>N/A</u>
E	Long-Term Debt	<u>N/A</u>
F	Indebtedness to Related Parties	<u>N/A</u>
G	Guarantees of Securities of Other Issuers	<u>N/A</u>
H	Capital Stock	<u>2</u>
I	Conglomerate Map	<u>3</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	Amounts collected	Amounts reclassified*	Amounts assigned*	Current	Noncurrent	Balance at end of year
<i>Parent Company</i>							
RYM	₱46,553,277	(₱55,000)	₱-	(₱38,498,277)	₱8,000,000	₱-	₱8,000,000
Officers	7,160,200	(360,200)	(6,800,000)	-	-	-	-
<i>Under common control</i>							
Marcventures Mining and Development Corporation (MMDC)	5,000,000	(3,344,419)	6,800,000	-	8,455,581	-	8,455,581
Others	4,000	(4,000)	-	-	-	-	-
	₱58,717,477						₱16,455,581

*In 2018, the Company assigned the receivables from the Parent Company to TMEE to offset with the note payable amounting to ₱38.5 million and receivables from officers were absorbed by MMDC.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	No. 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	95,088,000	263,226,011

Schedule I. Conglomerate Map

