SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
   Sep 30, 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
   Postal Code
   1227
8. Issuer's telephone number, including area code
   (+632)833-0769
9. Former name or former address, and former fiscal year, if changed since last report
   -
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (•) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange
12. Indicate by check mark whether the registrant:

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

(•) Yes ( ) No

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

◉ Yes ○ No

Bright Kindle Resources & Investments Inc.
BKR

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

For the period ended	Sep 30, 2018
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2018	Dec 31, 2017
Current Assets	65,316,067	67,306,638
Total Assets	2,754,101,053	2,753,943,887
Current Liabilities	1,710,211,589	1,710,231,567
Total Liabilities	1,710,211,589	1,710,231,567
Retained Earnings/(Deficit)	196,455,235	196,278,091
Stockholders' Equity	1,043,889,464	1,043,712,320
Stockholders' Equity - Parent	-	-
Book Value per Share	0.68	0.66

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	313	100,860	877	108,655
Gross Expense	1,118,234	1,392,600	4,124,488	5,155,325
Non-Operating Income	2,306,779	50,810,700	4,300,755	58,763,636
Non-Operating Expense	-	-	-	-
Income/(Loss) Before Tax	1,188,858	49,518,960	177,144	53,716,966
Income Tax Expense	-	-	-	-
Net Income/(Loss) After Tax	1,188,858	49,518,960	177,144	53,716,966

Net Income Attributable to Parent Equity Holder	-	-	-	-
Earnings/(Loss) Per Share (Basic)	0	0.03	0	0.04
Earnings/(Loss) Per Share (Diluted)	0	0.03	0	0.04

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.03	0.05
Earnings/(Loss) Per Share (Diluted)	0.03	0.05

Other Relevant Information
None.

Filed on behalf by:

Name	Raquel Frondoso
Designation	Compliance officer

COVER SHEET

0 0 0 0 1 0 2 1 6 5

S.E.C. Registration Number

BRIGHT KINDLE RESOURCES &
INVESTMENTS, INC.
(formerly Bankard, Inc.)

(Company's Full Name)

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

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

ROLANDO S. SANTOS

Contact Person

817-6046/817-4183

Company Telephone Number

1 2 | 3 1

Month *Day*

Fiscal Year

SEC 17-Q

FORM TYPE

Last Thursday of May

Month *Day*

Annual Meeting

N/A

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

632

Total No. of Stockholders

nil

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2) (b) THEREUNDER

1. For the quarterly period ended **September 30, 2018**

2. Commission Identification Number **102165**

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

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

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: [ ] (SEC Use Only)

7. **16th Floor Citibank Tower, 8741 Paseo de Roxas, Makati City 1226**
   Address of issuer's principal office Postal Code

8. **632 / 8176046/48**
   Registrant's telephone number, including area code

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, 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 Stock, P0.55 par value	**1,528,474,000 (as of 09/30/18)**

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

    Yes [x] No [ ]

12. Indicate by check mark whether the registrant:

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. – Financial Statements

The Unaudited Financial Statements of Bright Kindle Resources & Investments, Inc. as at September 30, 2018 (with comparative Audited Statements of Financial Position as at December 31, 2017) and for the three months and nine months ended September 30, 2018 and 2017 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of statements of financial position as at September 30, 2018 and December 31, 2017:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	Increase (decrease)	
			Amount	Percentage
	(₱'000)	(₱'000)	(₱'000)	
Current assets	**₱65,316**	₱67,307	(₱1,991)	(2.96%)
Noncurrent assets	**2,688,785**	2,686,637	2,148	0.08%
Total Assets	**₱2,754,101**	₱2,753,944	₱157	0.01%
Current Liabilities	**₱1,710,212**	₱1,710,232	(₱20)	(0.001%)
Equity	**1,043,889**	1,043,712	177	0.02%
Total Liabilities and Equity	**₱2,754,101**	₱2,753,944	₱157	0.01%

Summary of unaudited statements of comprehensive income for the three months and nine months period ended September 30, 2018 and 2017:

	For the three months ended September 30,		**For the nine months ended September 30,**	
	2018	2017	**2018**	2017
	(₱'000)	(₱'000)	**(₱'000)**	(₱'000)
Revenues	**₱0**	₱101	**₱1**	₱109
General and administrative expenses	**(1,118)**	(1,393)	**(4,124)**	(5,155)
Share in net income of an associate	**2,307**	50,811	**4,301**	58,764
Income	**₱1,189**	₱49,519	**₱177**	₱53,717

Summary of unaudited statements of cash flows for the three months and nine months period ended September 30, 2018 and 2017:

	For three months ended September 30,		For nine months ended September 30,	
	2018 (₱'000)	2017 (₱'000)	**2018 (₱'000)**	2017 (₱'000)
Cash provided by (used in) operating activities	**(₱420)**	(₱483)	**(₱216)**	₱44,348
Cash used in investing activities	–	(268)	–	(4,073)
Cash used in financing activities	–	–	–	(50,000)
Net decrease in cash	**(420)**	(751)	**(216)**	(9,725)
Cash at beginning of period	**814**	99,642	**610**	108,616
Cash at end of period	**₱394**	₱98,891	**₱394**	₱98,891

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

Results of Operation

Nine months ended September 30, 2018 compared with nine months ended September 30, 2017

Revenue
The Company is not yet operating, hence, revenues generated mainly comes from interest on bank deposits. The interest income for the period is lower by ₱0.11 million compared with same period last year, due to lower cash balance this period as compared last year.

General and administrative expenses

a. *Depreciation*
The company's service vehicle has been fully depreciated last February 2018. In effect, recognized depreciation for the nine months period ended September 30, 2018 is lower by ₱0.09 million or 5.82% compared with same period last year.

b. *Outside services*
More outsourced services were incurred last year than this year resulting to decline in this account by ₱0.60 million or 55.63%.

c. *Taxes and licenses*
Last year, the Company paid SEC for tender offer filing fee, resulting to higher taxes and licenses incurred compared with same period this year. No significant taxes and license fees were incurred during the period.

d. *Communication, light and water*
Communication, light and water expense this period is higher by ₱0.08 million or 69.78% compared with same period last year. The increase is attributable to occupancy of the Company's condo unit, starting early this year (this was idle last year).

e. *Director's fees*
Director's fee last year is higher than this year due to payments to board of directors for board meetings.

f. *Others*
Other general and administrative expenses this period is lower by ₱0.21 million or 46.17% compared with same period last year, due to payment for PCD maintenance fee last year.

Share in net income of an associate
Net income of Marcventures Holdings, Inc. (MARC) for the nine months period ended September 30, 2018 is lower compared with same period last year. Consequently, the company's share in the net income of MARC has declined from ₱58.76 million last year to ₱4.30 million this year. Also, the Company's equity interest in MARC has reduced to 19.9% this year (from 32.9% last year), as an effect of the merger of MARC, BHI and APMPC (see Note 1).

Three months ended September 30, 2018 compared with three months ended September 30, 2017

Revenue
The Company is not yet operating, hence, revenues generated mainly comes from interest on bank deposits. The interest income for the period is lower by ₱0.10 million compared with same period last year, due to lower cash balance this period as compared last year.

General and administrative expenses

a. *Depreciation*
The company's service vehicle has been fully depreciated last February 2018. In effect, recognized depreciation for the three months period ended September 30, 2018 is lower by ₱0.13 million or 21.35% compared with same period last year.

b. *Others*
Other general and administrative expenses this period is lower by ₱0.16 million or 63.71% compared with same period last year, due to payment for PCD maintenance fee last year.

Share in net income of an associate
Net income of Marcventures Holdings, Inc. (MARC) for the three months ended September 30, 2018 is lower compared with same period last year. Consequently, the company's share in the net income of MARC has declined from ₱50.81 million last year to ₱2.31 million this year. Also, the Company's equity interest in MARC has reduced to 19.9% this year (from 32.9% last year), as an effect of the merger of MARC, BHI and APMPC (see Note 1).

Statements of Financial Position

The significant changes in the statement of financial position accounts during the nine months ended September 30, 2018 compared with the December 31, 2017 level are as follows:

- *Cash*
  The Company's cash decreased by ₱0.22 million or 35.39%. During the period, it has collected ₱2.42 million of its receivables from related parties. Payments of operating expenses has caused the decline in the company's cash balance.

- *Due from related parties*
  The decrease in this account is mainly due to collection of receivables from related parties during the period.

- *Other current assets*
  The increase in other current assets of ₱0.64 million or 8.06% is mainly due to amortization of Deferred input VAT of ₱0.62 million (*see Deferred input VAT*). The movement is also caused by receipt of the construction deposit amounting to ₱0.25 million. The company also paid insurance premiums which resulted to increase in this account.

- *Property and equipment*
  Decrease in property and equipment by ₱1.53 million is mainly due to recognition of depreciation for the period.

- *Investment in an associate*
  The increase in investment in an associate by ₱4.30 million pertains to recognition of share in the net income of MARC.

- *Deferred input VAT*
  Movement in this account is attributable to amortization of input VAT for the period.

- *Retained earnings*
  The increase in retained earnings by ₱0.18 million pertains to the net income during the nine months period ended September 30, 2018.

Statements of Cash Flows

Net cash used in operating activities for the nine months ended September 30, 2018 amounts to ₱0.22 million, while the cash provided by operating activities amounted to ₱44.35 million in same period last year.

Significant movement in cash during the period is attributed to collection of ₱2.42 million from related parties and payments of the company's operating expenses.

HORIZONTAL AND VERTICIAL ANALYSIS

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	Increase (Decrease) Amount	Percentage
ASSETS				
Current Assets				
Cash	**₱394,166**	₱610,059	(₱215,893)	(35.39%)
Due from related parties	**56,299,477**	58,717,477	(2,418,000)	(4.12%)
Other current assets	**8,622,424**	7,979,102	643,322	8.06%
Total Current Assets	**65,316,067**	67,306,638	(1,990,571)	(2.96%)
Noncurrent Assets				
Property and equipment	**43,561,478**	45,093,324	(1,531,846)	(3.40%)
Investment in an associate	**2,644,544,937**	2,640,244,182	4,300,755	0.16%
Deferred input VAT	**678,571**	1,299,743	(621,172)	(47.79%)
Total Noncurrent Assets	**2,688,784,986**	2,686,637,249	2,147,737	0.08%
	₱2,754,101,053	₱2,753,943,887	₱157,166	0.01%
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other current liabilities	**₱211,589**	₱231,567	(₱19,978)	(8.63%)
Note payable	**1,710,000,000**	1,710,000,000	–	–
Total Current Liabilities	**1,710,211,589**	1,710,231,567	(19,978)	(0.001%)
Equity				
Capital stock	**840,660,700**	840,660,700	–	–
Retained earnings	**196,455,235**	196,278,091	177,144	0.09%
Other comprehensive income	**6,773,529**	6,773,529	–	–
Total Equity	**1,043,889,464**	1,043,712,320	177,144	0.02%
	₱2,754,101,053	₱2,753,943,887	₱157,166	0.01%

Key Performance Indicators

	September 30, 2018	September 30, 2017
Net Income	**₱177,144**	₱53,716,966
Quick assets	**56,684,643**	151,201,495
Current assets	**65,316,067**	157,450,040
Total Assets	**2,754,101,053**	2,884,448,291
Current liabilities	**1,710,211,589**	1,800,231,066
Total liabilities	**1,710,211,589**	1,800,231,066
Stockholders' Equity	**1,043,889,464**	1,084,217,225
Number of common shares outstanding	**1,528,474,000**	1,528,474,000
Liquidity ratios:		
Current ratio (1)	**0.04:1**	0.09:1
Quick ratio (2)	**0.03:1**	0.08:1
Solvency Ratios:		
Debt ratio (3)	**0.62:1**	0.62:1
Debt to Equity ratio (4)	**1.64:1**	1.66:1
Profitability ratios:		
Return on equity (5)	**0.0002**	0.051
Return on assets (6)	**0.0001**	0.019
Income per share (7)	**0.0001**	0.035

Other Information

a. Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

   Nothing to disclose

b. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

   Nothing to disclose

c. All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

   Nothing to disclose

d. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

   Nothing to disclose

e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

   Nothing to disclose

f. Any significant elements of income or loss that did not arise from the issuer's continuing operations.

Nothing to disclose

PART II - OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

PART III - FINANCIAL SOUNDNESS INDICATORS

	September 30, 2018	September 30, 2017
Liquidity Ratio		
Current Ratio	**0.04**	0.09
Current assets	**65,316,067**	157,450,040
Current liabilities	**1,710,211,589**	1,800,231,066
Quick Ratio	**0.03**	0.08
Quick asset	**56,684,643**	151,201,495
Current liabilities	**1,710,211,589**	1,800,231,066
Solvency Ratio		
Debt Ratio	**0.62**	0.62
Total liabilities	**1,710,211,589**	1,800,231,066
Total assets	**2,754,101,053**	2,884,448,291
Debt-to-equity Ratio	**1.64**	1.66
Total liabilities	**1,710,211,589**	1,800,231,066
Total equity	**1,043,889,464**	1,084,217,225
Profitability Ratio		
Asset-to-equity Ratio	**2.64**	2.66
Total assets	**2,754,101,053**	2,884,448,291
Total equity	**1,043,889,464**	1,084,217,225
Return on Equity Ratio	**0.0002**	0.051
Net income	**177,144**	53,716,966
Average shareholder's equity	**1,043,800,892**	1,057,358,742
Return on Assets	**0.0001**	0.019
Net income	**177,144**	53,716,966
Average total assets	**2,754,022,470**	2,882,589,042

SIGNATURES

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

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

Date: November 9, 2018

ROLANDO S. SANTOS
VP – Finance/Treasurer

Jvalenzuela

JACKY-LYN S.VALENZUELA
Accountant

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

STATEMENTS OF FINANCIAL POSITION

	Note	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
ASSETS			
Current Assets			
Cash	4	**₱394,166**	₱610,059
Due from related parties	12	**56,299,477**	58,717,477
Other current assets	5	**8,622,424**	7,979,102
Total Current Assets		**65,316,067**	67,306,638
Noncurrent Assets			
Property and equipment	6	**43,561,478**	45,093,324
Investment in an associate	7	**2,644,544,937**	2,640,244,182
Deferred input VAT		**678,571**	1,299,743
Total Noncurrent Assets		**2,688,784,986**	2,686,637,249
		₱2,754,101,053	₱2,753,943,887
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other current liabilities	8	**₱211,589**	₱231,567
Note payable	9	**1,710,000,000**	1,710,000,000
Total Current Liabilities		**1,710,211,589**	1,710,231,567
Equity			
Capital stock	10	**840,660,700**	840,660,700
Retained earnings		**196,455,235**	196,278,091
Other comprehensive income		**6,773,529**	6,773,529
Total Equity		**1,043,889,464**	1,043,712,320
		₱2,754,101,053	₱2,753,943,887

See accompanying Notes to Financial Statements.

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

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	**2018**	2017	**2018**	2017
REVENUE					
Interest income	4	**₱313**	₱100,860	**₱877**	₱108,655
Rent income	14	–	–	–	–
		313	100,860	**877**	108,655
GENERAL & ADMINISTRATIVE EXPENSES	11	**(1,118,234)**	(1,392,600)	**(4,124,488)**	(5,155,325)
SHARE IN NET INCOME OF AN ASSOCIATE	7	**2,306,779**	50,810,700	**4,300,755**	58,763,636
INCOME		**₱1,188,858**	₱49,518,960	**₱177,144**	₱53,716,966
INCOME PER SHARE - BASIC AND DILUTED	13	**₱0.001**	₱0.03	**₱0.0001**	₱0.04

See accompanying Notes to Financial Statements.

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

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Note	September 30, 2018	September 30, 2017
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
RETAINED EARNINGS			
Balance at beginning of period		**196,278,091**	187,435,808
Net income (loss)		**177,144**	53,716,966
Balance at end of period		**196,455,235**	241,152,774
Share in other comprehensive income of an associate:		**6,773,529**	2,403,751
TOTAL EQUITY		**₱1,043,889,464**	₱1,084,217,225

See accompanying Notes to Financial Statements.

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

UNAUDITED STATEMENTS OF CASH FLOWS

	Note	Nine Months Ended September 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		**₱177,144**	₱53,716,966
Adjustments for:			
Share in net income of an associate	7	**(4,300,755)**	(58,763,636)
Depreciation	6	**1,531,846**	1,626,498
Interest income	4	**(877)**	(108,655)
Operating loss before working capital changes		**(2,592,642)**	(3,528,827)
Decrease (increase) in:			
Receivables		**2,418,000**	48,556,563
Other current assets		**(22,150)**	(789,770)
Increase (decrease) in accrued expenses and other current liabilities		**(19,978)**	1,532
Net cash (used in) provided by operations		**(216,770)**	44,239,498
Interest received		**877**	108,655
Net cash (used in) provided by operating activities		**(215,893)**	44,348,153
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	6	–	(4,072,603)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of note payable	9	–	(50,000,000)
NET DECREASE IN CASH		**(215,893)**	(9,724,450)
CASH AT BEGINNING OF PERIOD		**610,059**	108,615,791
CASH AT END OF PERIOD		**₱394,166**	₱98,891,341

See accompanying Notes to Financial Statements.

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

UNAUDITED STATEMENTS OF CASH FLOWS

		Three Months Ended September 30,	
	Note	**2018**	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		**₱1,188,858**	₱49,518,959
Adjustments for:			
Share in net income of an associate	7	**(2,306,779)**	(50,810,700)
Depreciation	6	**481,566**	612,287
Interest income	4	**(313)**	(100,860)
Operating loss before working capital changes		**(636,668)**	(780,314)
Decrease (increase) in:			
Receivables		**373,000**	5,763
Other current assets		**(156,999)**	193,950
Increase (decrease) in accrued expenses and other current liabilities		**214**	(3,279)
Net cash used in operations		**(420,453)**	(583,880)
Interest received		**313**	100,860
Net cash used in operating activities		**(420,140)**	(483,020)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	6	**–**	(267,857)
NET DECREASE IN CASH		**(420,140)**	(750,877)
CASH AT BEGINNING OF PERIOD		**814,306**	99,642,218
CASH AT END OF PERIOD		**₱394,166**	₱98,891,341

See accompanying Notes to Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.
(A Subsidiary of RYM Business Management Corp.)
NOTES TO UNAUDITED FINANCIAL STATEMENTS

1. Corporate Information

General Information

Bright Kindle Resources & Investments, Inc. (the Company) 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.

With the change in ownership and management, the Company amended its Articles of Incorporation to change its corporate name to Bright Kindle Resources & Investments, Inc. and its primary business purpose to a holding company. The SEC approved the Company's amendments 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. The Company is now engaged in dealing with all kinds of properties, including investment in bonds and shares of capital stock, without engaging in the business of an investment company under the Investment Company Act or a finance company or a broker or dealer in securities.

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

Investment in Marcventures Holdings, Inc. (MARC)

On December 15, 2014, the Company acquired 600,000,000 shares of MARC representing 33% equity interest for ₱2,700.0 million from Philippine Business Bank - Trust and Investment Center (PBB).

In May 2015, the Company has assessed that it has gained significant influence over MARC. Consequently, the BOD approved the reclassification of investment from AFS financial assets to investment in an associate.

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 a Notice of Appeal to Office of the President.

On December 29, 2017, the SEC approved the application of 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 reduction of the Company's equity interest in MARC to 20%.

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 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 markets 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 January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax where an asset is measured at fair value and the fair value is below the asset's tax base (e.g. deferred tax asset related to unrealized losses on debt instruments measured at fair value), as well as certain other aspects of accounting for deferred tax assets.

- Amendment to PFRS 12, *Disclosures of Interests in Other Entities – Clarification of the Scope of the Standard* - The amendment is part of the Annual Improvements to PFRS 2014-2016 Cycle and clarifies that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

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 in Issue But Not Yet Effective
Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2017 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2018:

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting 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 they are held and their 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" model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognized.

  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.

- PFRS 15, *Revenue from Contract with Customers* - The new standard replaces 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.).

- Amendment to PFRS 15 - *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, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Effective for annual periods beginning January 1, 2019:

- PFRS 16, *Leases* – This standard replaces PAS 17, *Leases* and its related interpretations. The most significant change introduced by the new standard is that almost all leases will be brought onto lessees' statement of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

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

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the statements of financial position when the Company becomes a party to the contractual provision of a financial instrument. Financial instruments are initially recognized at fair value. In the case of regular way purchase or sale of financial asset, recognition and derecognition, as applicable, is done using trade date accounting.

Initial Recognition of Financial Instruments. Financial assets and liabilities 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" Differences. 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 the statement of comprehensive income. In cases where there is no observable data on inception, the Company deemed 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 of Financial Instruments. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) AFS financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market.

As at September 30, 2018 and December 31, 2017, the Company does not have financial assets and liabilities at FVPL, AFS and HTM investments.

AFS Financial Assets. AFS financial assets are nonderivative financial assets that are either designated in this category or not classified in any of the other categories. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. These include equity investments, money market papers and other debt instruments. The unrealized gains and losses arising from the fair valuation of AFS financial assets, except for the foreign exchange fluctuations on AFS debt securities and the related effective interest, are excluded, net of tax, from reported earnings, and are reported in the statements of comprehensive income and in the equity section of the statements of financial position. These changes in fair values are recognized in equity until the investment is sold, collected, or otherwise disposed of or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity are included in profit or loss.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and any transaction cost which are directly attributable in the acquisition of the financial instrument. The amortization is included in profit or loss.

This category includes cash in banks and due from related parties.

Other Financial Liabilities. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as when there is amortization process.

This category includes accrued expenses and other current liabilities (excluding statutory payables) and note payable.

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 by the Company when:

- the right to receive cash flows from the asset has expired; or

- the Company retains the right to receive cash flows from the 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 asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risk and rewards of the assets, but has transferred control over the asset.

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

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where 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 the new liability, and the difference in the respective carrying value is recognized in profit or loss.

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

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the separate 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 value is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
Financial assets and 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 an 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 where the related assets and liabilities are presented gross in the statements of financial position.

Impairment of Financial Assets
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The carrying value of the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss. If in a subsequent period, the amount of accumulated impairment losses has decreased because of an event occurring after impairment was recognized, the decline is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Time value is generally not considered when the effect of discounting is not material. The carrying value of the asset shall be reduced directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets. For equity investments classified as AFS financial assets, impairment would include a significant and prolonged decline in the fair value of the investments below their cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, is removed from equity and recognized in profit or loss. Impairment losses on equity investments are not reversed through income. Increases in fair value after impairment are recognized directly in the other comprehensive income and presented in the statements of changes in equity.

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

VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current 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 and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

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:

Asset Type	Years
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.

Construction in progress (CIP) pertains to properties under construction and is stated at cost. Costs include costs of construction, labor and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and available for operational use.

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 consisting of property and equipment and other 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 is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is recognized as follows:

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

Rent income. Rent income is recognized using the straight-line method over the term of the lease.

Costs and Expenses Recognition
Costs and 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.

Operating Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b) above.

Operating Lease - Company as a Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which these are earned.

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.

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.

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 Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, 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

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.

Judgments

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

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.

Accounting for Lease Commitments – Company as a Lessor. Management exercises judgment in determining whether substantially all the significant risks and benefits of ownership of the assets held for lease are retained by the Company. Lease contracts where the Company retains substantially all the risks and benefits incidental to ownership of the leased item are accounted for as operating leases. Otherwise, these are considered as finance leases.

The Company, as a lessor, has entered into property leases where it has determined that it retains all the significant risks and benefits of ownership of those properties. As such, the lease agreements are accounted for as operating leases.

Rent income amounted to ₱0.8 million in 2015 (see Note 14).

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 it exercises significant influence over 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 September 30, 2018 and December 31, 2017, the Company has determined that it has no operating segment other than being a holding company.

Estimates and Assumptions

The key estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that has a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year, are described below.

Estimating Allowance for Impairment of Due from Related Parties. The Company maintains allowance for impairment at a level considered adequate to provide for potential uncollectible due from related parties. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the debtor, the debtor's payment behaviour and known market factors. The Company identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

No allowance for impairment of due from related parties was recognized in September 30, 2018 and 2017. Carrying value of receivables amounted to ₱56.3 million and ₱58.7 million as at September 30, 2018 and December 31, 2017, respectively (see Note 12).

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on property and equipment and investment in an associate 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 it 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 September 30, 2018 and 2017.

The carrying value of the Company's investment in an associate and property and equipment are as follows:

	Note	**September 30, 2018 (Unaudited)**	December 31, 2017 (Audited)
Investment in an associate	7	**₱2,644,544,937**	₱2,640,244,182
Property and equipment	6	**43,561,478**	45,093,324
		₱2,688,106,415	₱2,685,337,506

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 September 30, 2018, and 2017. Carrying value of property and equipment amounted to ₱43.6 million and ₱45.1 million as at September 30, 2018 and December 31, 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 MCIT as at December 31, 2017 and 2016 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 ₱7.8 million and ₱6.7 million as at December 31, 2017 and 2016, respectively.

4. Cash

This account consists of:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Cash on hand	**₱4,435**	₱5,000
Cash in banks	**389,731**	605,059
	₱394,166	₱610,059

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱877 and ₱108,655 in 2018 and 2017, respectively.

5. Other Current Assets

This account consists of:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Input VAT	**₱7,890,547**	₱7,113,281
CWT	**600,685**	600,685
Others	**131,192**	265,136
	₱8,622,424	₱7,979,102

6. Property and Equipment

Movements in this account are as follows:

	September 30, 2018 (Unaudited)			
	Condominium Unit	**Office Furniture and Fixtures**	**Service Vehicle**	**Total**
Cost				
Balance at beginning of period	**₱47,788,569**	**₱1,735,619**	**₱1,568,650**	**₱51,092,838**
Additions	–	–	–	–
Balance at end of period	**47,788,569**	**1,735,619**	**1,568,650**	**51,092,838**
Accumulated Depreciation				
Balance at beginning of period	**4,193,012**	**324,999**	**1,481,503**	**5,999,514**
Depreciation	**1,184,356**	**260,343**	**87,147**	**1,531,846**
Balance at end of period	**5,377,368**	**585,342**	**1,568,650**	**7,531,360**
Net Carrying Value	**₱42,411,201**	**₱1,150,277**	**₱–**	**₱43,561,478**

	December 31, 2017 (Audited)				
	Condominium Unit	Office Furniture and Fixtures	Service Vehicle	Construction In Progress	Total
Cost					
Balance at beginning of year	₱34,975,635	₱209,212	₱1,568,650	₱10,266,737	₱47,020,234
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	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
Net Carrying Value	₱43,595,557	₱1,410,620	₱87,147	₱–	₱45,093,324

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

7. Investment in an Associate

Movements in this account are as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Acquisition cost	**₱2,604,000,000**	₱2,604,000,000
Accumulated share in equity of an associate:		
Balance at beginning of period	**36,244,182**	16,299,972
Share in:		
Net income	**4,300,755**	15,574,432
Other comprehensive income	–	4,369,778
Balance at end of period	**40,544,937**	36,244,182
Carrying value	**₱2,644,544,937**	₱2,640,244,182

The Company has 600,000,000 shares of MARC representing 20% equity interest as at September 30, 2018 and December 31, 2017 (see Note 1).

Summarized financial information of MARC follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Total assets	**₱6,480,454,682**	₱5,316,113,361
Total liabilities	**2,175,919,534**	1,108,188,218
Revenue	**978,640,743**	2,040,859,226
Net income	**21,610,007**	47,281,213
Other comprehensive income	–	13,265,870

8. Accrued Expenses and Other Current Liabilities

This account consists of:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Accrued expenses	**₱207,923**	₱227,303
Statutory payables	**3,666**	4,264
	₱211,589	₱231,567

Accrued expenses primarily pertain to professional fees which are expected to be settled in the next reporting year.

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

9. Note Payable

Movements in this account are as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Balance at beginning of period	**₱1,710,000,000**	₱1,850,000,000
Payment during the period	–	(90,000,000)
Assignment of receivables (see Note 12)	–	(50,000,000)
Balance at end of period	**₱1,710,000,000**	₱1,710,000,000

The noninterest-bearing note which was issued to PBB 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 then extended by both parties until December 31, 2017.

On August 4, 2016, PBB assigned the note to Trans Middle East Philippine Equities, Inc. (TMEE). TMEE has signified its intention to convert the remaining balance of the note to Company's shares of stock.

10. Equity

The following summarizes the information on the Company's registration of securities under the Securities Regulation Code:

On March 21, 1995, the SEC approved the listing of the Company's 118,000,000 million shares at an offer price of ₱1.0 per share. As at September 30, 2018 and December 31, 2017, 1,528,474,000 shares are listed in the PSE.

The following summarizes the information on the Company's issued and subscribed shares as at September 30, 2018:

	Number of shares issued and subscribed	Percentage of shares
Non-public shareholdings:		
a. Related parties	1,170,159,989	76.56%
b. Affiliates, directors and officers	95,088,000	6.22%
Public shareholdings	263,226,011	17.22%
Total	1,528,474,000	100.00%

The total number of shareholders of the Company is 632 and 636 as at September 30, 2018 and December 31, 2017, respectively.

The principal market for the Company's capital stock is the PSE. The high and low trading prices of the Company's shares are as follows:

Quarter	High	Low
January to September 2018		
First	**₱2.08**	**₱1.55**
Second	**1.83**	**1.27**
Third	**2.22**	**1.46**
January to December 2017		
First	₱1.55	₱1.15
Second	1.61	1.05
Third	3.24	1.24
Fourth	3.03	1.90

11. General and Administrative Expenses

This account consists of:

		(Unaudited)	
	Note	**September 30, 2018**	September 30, 2017
Depreciation	6	**₱1,531,846**	₱1,626,498
Membership dues and other fees		**1,051,736**	1,052,061
Professional fees		**540,829**	492,000
Outside services		**480,758**	1,083,478
Communication, light and water		**193,788**	114,140
Taxes and licenses		**73,507**	247,509
Director's fees		**10,000**	90,000
Others		**242,024**	449,639
		₱4,124,488	₱5,155,325

12. Related Party Transactions

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

Parent Company and Other Related Parties

	Nature of Transactions	Amount of Transactions 2018 (Unaudited)	2017 (Audited)	Outstanding Balances September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Due from Related Parties					
Parent Company -					
RYM	Advances for working capital	**(₱55,000)**	₱42,931,456	**₱46,498,277**	₱46,553,277
Under common control:					
MMDC	Advances for working capital	**(2,000,000)**	–	**3,000,000**	5,000,000
Others	Advances for working capital	**7,000**	237	**11,000**	4,000
Officers	Advances	**(370,000)**	–	**6,790,200**	7,160,200
				₱56,299,477	₱58,717,477

Outstanding balance is noninterest-bearing, payable on demand and settlement occurs in cash.

In 2017, the Company assigned the receivable from the Parent Company to TMEE to offset with the note payable amounting to ₱50.0 million.

Key Management Personnel
Compensation of key management personnel amounted to ₱0.4 million in 2017 and 2016 and ₱0.3 million in 2015.

13. Earnings (Loss) Per Share

Basic and diluted loss per share is computed as follow:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Net income	**₱177,144**	₱8,842,283
Weighted average number of common shares outstanding	**1,528,474,000**	1,528,474,000
Earnings per share - basic and diluted	**₱0.0001**	₱0.006

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

14. Lease Commitments and Contingencies

Lease Commitments
The Company as lessor, entered into cancellable leases. Rent income amounted to ₱0.8 million in 2015.

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, the Sellers will indemnify the Company should the court adjudge the Company liable.

15. 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 and accrued expenses and other current liabilities (excluding statutory payables) 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 receivables.

Exposure to Credit Risk. The carrying value of cash in banks and receivables represent the Company's maximum exposure to credit risk in relation to financial assets.

Credit Quality. Credit risk arising from the inability of a counterparty to meet the terms of the Company's financial instrument is generally limited to the amount of the counterparty's obligations.

The aging analyses of financial assets as at September 30, 2018 and December 31, 2017 are as follows:

	September 30, 2018 (Unaudited)				
	Neither Past Due Nor Impaired		**Past Due But**	**Past Due and**	
	High Grade	**Standard Grade**	**Not Impaired**	**Impaired**	**Total**
Cash in banks	**₱389,731**	**₱–**	**₱–**	**₱–**	**₱389,731**
Due from related parties	**56,299,477**	**–**	**–**	**–**	**56,299,477**
	₱56,689,208	**₱–**	**₱–**	**₱–**	**₱56,689,208**

	December 31, 2017 (Audited)				
	Neither Past Due Nor Impaired		Past Due But Not	Past Due and	
	High Grade	Standard Grade	Impaired	Impaired	Total
Cash in banks	₱605,059	₱–	₱–	₱–	₱605,059
Due from related parties	58,717,477	–	–	–	58,717,477
	₱59,322,536	₱–	₱–	₱–	₱59,322,536

High grade financial assets are those financial assets from counterparties with good financial condition and with relatively low defaults. Standard grade financial assets are those financial assets that are collected on their due dates without an effort from the Company to follow them up.

Cash in banks are with reputable financial institutions duly approved by the BOD.

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 as at September 30, 2018 and December 31, 2017 based on contractual undiscounted cash flows.

	September 30, 2018 (Unaudited)			
	Less than One Month	**One Month to One Year**	**More than One Year**	**Total**
Accrued expenses and other current liabilities*	**₱207,923**	**₱–**	**₱–**	**₱207,923**
Note payable	–	**1,710,000,000**	–	**1,710,000,000**
	₱207,923	**₱1,710,000,000**	**₱–**	**₱1,710,207,923**

Excluding statutory payables

	December 31, 2017 (Audited)			
	Less than One Month	One Month to One Year	More than One Year	Total
Accrued expenses and other current liabilities*	₱227,303	₱–	₱–	₱227,303
Note payable	–	1,710,000,000	–	1,710,000,000
	₱227,303	₱1,710,000,000	₱–	₱1,710,227,303

Excluding statutory liabilities

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:

	September 30, 2018 (Unaudited)		December 31, 2017 (Audited)	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash in banks	**₱389,731**	**₱389,731**	₱606,059	₱606,059
Receivables	**56,299,477**	**56,299,477**	58,717,477	58,717,477
	₱56,689,208	**₱56,689,208**	₱59,323,536	₱59,323,536
Financial Liabilities				
Accrued expenses and other current liabilities*	**₱207,923**	**₱207,923**	₱227,303	₱227,303
Note payable	**1,710,000,000**	**1,710,000,000**	1,710,000,000	1,710,000,000
	₱1,710,207,923	**₱1,710,207,923**	₱1,710,227,303	₱1,710,227,303

Excluding statutory liabilities

Cash in Banks, Due from Related Parties and Accrued Expenses and Other Current Liabilities (excluding Statutory Payables). The carrying values of cash in banks, due from related parties and accrued expenses and other current liabilities (excluding statutory payables) 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).

Note Payable. The carrying value of payable to TMEE approximates its fair value, because the effective interest rate used for discounting the payable approximates the current market rate of interest for similar transactions.

16. **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.

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