

# 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  
Mar 31, 2024
2. SEC Identification Number  
102165
3. BIR Tax Identification No.  
000-803-498-000
4. Exact name of issuer as specified in its charter  
Bright Kindle Resources & Investments, Inc.
5. Province, country or other jurisdiction of incorporation or organization  
Metro Manila, Philippines
6. Industry Classification Code(SEC Use Only)  
[REDACTED]
7. Address of principal office  
16th floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati  
City  
Postal Code  
1227
8. Issuer's telephone number, including area code  
(02) 88330769
9. Former name or former address, and former fiscal year, if changed since last report  
-
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

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

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

For the period ended	Mar 31, 2024
Currency (indicate units, if applicable)	PHP

#### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2024	Dec 31, 2023
<b>Current Assets</b>	125,297,882	125,971,400
<b>Total Assets</b>	2,878,133,406	2,897,418,348
<b>Current Liabilities</b>	1,672,139,288	1,672,082,019
<b>Total Liabilities</b>	1,672,139,288	1,672,082,019
<b>Retained Earnings/(Deficit)</b>	358,624,103	377,966,314
<b>Stockholders' Equity</b>	1,205,994,118	1,225,336,329
<b>Stockholders' Equity - Parent</b>	1,210,561,456	1,230,605,231
<b>Book Value per Share</b>	0.79	0.8

#### Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
<b>Gross Revenue</b>	1,146,082	8,274	1,146,082	8,274
<b>Gross Expense</b>	2,279,652	3,304,665	2,279,652	3,304,665
<b>Non-Operating Income</b>	-18,208,642	-8,864,596	-18,208,642	-8,864,596
<b>Non-Operating Expense</b>	-	-	-	-
<b>Income/(Loss) Before Tax</b>	-19,342,212	-12,160,987	-19,342,212	-12,160,987
<b>Income Tax Expense</b>	-	-	-	-

<b>Net Income/(Loss) After Tax</b>	-19,342,212	-12,160,987	-19,342,212	-12,160,987
<b>Net Income Attributable to Parent Equity Holder</b>	-20,043,775	-11,019,950	-20,043,775	-11,019,950
<b>Earnings/(Loss) Per Share (Basic)</b>	-0.01	-0.01	-0.01	-0.01
<b>Earnings/(Loss) Per Share (Diluted)</b>	-0.01	-0.01	-0.01	-0.01

	<b>Current Year (Trailing 12 months)</b>	<b>Previous Year (Trailing 12 months)</b>
<b>Earnings/(Loss) Per Share (Basic)</b>	0.02	0.02
<b>Earnings/(Loss) Per Share (Diluted)</b>	0.02	0.02

**Other Relevant Information**

PLEASE SEE ATTACHED SEC FORM 17-Q

**Filed on behalf by:**

<b>Name</b>	Joanna Alecxis Manzano
<b>Designation</b>	Legal Admin Supervisor

# COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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

<b>Rolando S. Santos</b>
--------------------------

(Contact Person)

<b>(02) 8831-4479</b>
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(Company Telephone Number)

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Month Day  
(Calendar Year)

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(Form Type)

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Month Day  
(Annual Meeting)

<b>N/A</b>
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Secondary License Type, If Applicable)

<b>Finance Department</b>
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Dept. Requiring this Doc.

<b>March 31, 2024</b>
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Period Ending Date

Total Amount of Borrowings

<b>627</b>
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Total No. of Stockholders

<b>1,671,501,723</b>
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Domestic

<b>N/A</b>
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Foreign

To be accomplished by SEC Personnel concerned

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**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: **March 31, 2024**
2. Commission identification number **102165**
3. BIR Tax Identification No. **000-803-498-000**
4. Exact name of registrant as specified in its charter: **BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
6. Industry Classification Code:  (SEC Use Only)
7. Address of registrant's principal office:  
  
**16<sup>th</sup> Floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City 1227**
8. Registrant's telephone number, including area code: **(63 2) 833-0769**
9. Former name, former address and former fiscal year, if changed since last report. **N/A**
10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
<b>Common Stock (P0.55 par value)</b>	<b>1,528,474,000 shares</b>

11. Are any or all of the securities listed on the Philippine Stock Exchange?  
**Yes. The common shares are listed on the Philippine Stock Exchange.**
12. Indicate by check mark whether the registrant:
  - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule (11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)  
  
Yes
  - (b) has been subject to such filing requirements for the past 90 days.  
Yes

## Table of Contents

### Contents

SECURITIES AND EXCHANGE COMMISSION .....	2
SEC FORM 17-Q.....	2
PART I - FINANCIAL INFORMATION.....	3
Item 1. - Management’s Discussion and Analysis of Financial Condition and Results of Operation.....	3
Financial Condition as of September 30, 2023 and December 31, 2022 and Results of Operation for the Three Months and Nine Months ended September 30, 2023 and September 30, 2022 .....	3
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	3
CONSOLIDATED STATEMENT OF CASH FLOWS .....	4
Item 2 - Financial Statements .....	4
Horizontal and Vertical Analysis:.....	5
Other Information.....	6
Key Performance Indicators (KPIs) .....	7
PART II - OTHER INFORMATION.....	8
PART III - FINANCIAL SOUNDNESS INDICATORS.....	8
SIGNATURES .....	9

## PART I - FINANCIAL INFORMATION

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

The following discussion is based on the unaudited interim consolidated financial statements for the 1<sup>st</sup> quarter period ended March 31, 2024, with comparative figures for the corresponding periods in 2023 and audited consolidated financial statements as of December 31, 2023, prepared in conformity with Philippine Accounting Standards 34, Interim Financial Reporting and included herein, and should be read in conjunction with those unaudited interim consolidated financial statements.

#### Financial Condition as of March 31, 2024 and December 31, 2023 and Results of Operation for the Three Months ended March 31, 2024 and March 31, 2023

#### STATEMENT OF COMPREHENSIVE INCOME

##### Share in Net Loss of an Associate

The Corporation's share in net loss of an associate amounted to ₱18.21 million during this period. Marcventures Holdings, Inc. (MARC), an associate, has declined operating performance during the period, resulting to a higher loss of ₱9.34 million or 105.41%, as opposed to the same period last year.

##### Other Income

Other income for the current period of ₱1.14 million is derived from the office rental and premium income from affiliates during the period.

##### Expenses

Total expenses during the period amounted to ₱2.28 million, lower by ₱1.03 million compared with the same period last year. This represents a decrease of 31.02% compared with the same period last year. The decrease was mainly accounted for by the following:

- **Taxes and Licenses** decreased by ₱1.08 million or 93.47% compared with the same period last year, primarily due to the payment of documentary stamp tax for the deed of assignment of properties during the same period last year.
- **Directors' Fees** decreased by ₱0.02 million or 13.33% compared with the same period last year, due to a decrease in Directors' attendees in board meetings held during the period.
- **Other Expenses** such as transportation and travel, meals, and other miscellaneous expenses decreased by ₱0.04 million or 14.52% compared with the same period last year.

#### STATEMENT OF FINANCIAL POSITION

##### Assets

The total assets of the Corporation decreased by ₱17.54 million from ₱2,897.42 million as of December 31, 2023 to ₱2,878.13 million as of March 31, 2024. The 0.67% decrease was mainly due to the following:

- **Dividend receivable** decreased by ₱60.00 million or 100.00% due to the collection of dividends receivable from MARC.
- **Property and equipment** decreased by ₱0.40 million or 1.16% from ₱34.78 million in 2023 to ₱34.38 million in 2024 due to fully depreciated office furniture and fixtures during the period. There were also additions of office furniture and fixtures made during the period amounted to

₱0.03 million.

- **Investment in an associate** decreased by ₱18.21 million or 0.67% from ₱2,736.66 million in 2023 to ₱2,718.45 million in 2024 due to share in net loss of an associate recognized during the period.

The above decreases were partly offset by the following:

- **Cash** increased by ₱51.71 million or 161.82% from ₱31.96 million in 2023 to ₱83.67 million in 2024, mainly due to the collection of dividend receivable from MARC. The dividend was consequently used in part by the Corporation to pay for its current obligations and projects.
- **Due from related parties** increased by ₱6.41million or 31.38% from ₱20.42 million in 2023 to ₱26.83 million in 2024 to support the working capital requirements of the related parties.
- **Other current assets** increased by ₱1.21 million or 8.87% from ₱13.59 million in 2023 to ₱14.80 million in 2024, mainly due to rent receivable to be collected from the lessee.

### Liabilities

The total liabilities of the Corporation increased by ₱0.06 million from ₱1,672.08 million in 2023 to ₱1,672.14 million in 2024 due to unpaid withholding tax payables during the period.

### Equity

The stockholders' equity of the Corporation decreased by ₱19.34 million or 1.58% from ₱1,225.34 million in 2023 to ₱1,205.99 million in 2024, due to the net loss recognized during the period.

## **STATEMENT OF CASH FLOWS**

Cash used in operating activities decreased by ₱2.36 million or 56.11% compared with the same period last year mainly due to the payment of documentary stamp tax for the deed of assignment of properties during the same period last year.

Cash provided by investing activities increased by ₱58.97 million or 1,089.36% compared with the same period last year mainly due to the collection of dividend receivable from MARC.

Cash provided by financing activity decreased by ₱6,788 pertains to collection of advances from related parties.

## **Item 2 - Financial Statements**

The unaudited Consolidated Financial Statements of Bright Kindle Resources & Investments, Inc. and Subsidiary as of March 31, 2024, and for the three months ended March 31, 2023 with a comparative audited figure as of December 31, 2023 complies with generally accepted accounting principles, and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.



## Horizontal and Vertical Analysis:

			Horizontal Analysis		Vertical Analysis	
	March 31, 2024 (Unaudited)	Dec. 31, 2023 (Audited)	Change	% Change	2024	2023
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	₱ 83,669,169	₱ 31,956,612	₱ 51,712,557	161.82%	2.91%	1.10%
Due from related parties	26,828,384	20,420,211	6,408,173	152.51%	0.93%	0.70%
Dividend receivable	-	60,000,000	(60,000,000)	(100.00%)	0.00%	2.07%
Other current assets	14,800,330	13,594,577	1,205,753	8.87%	0.51%	0.47%
<b>Total Current Assets</b>	<b>125,297,882</b>	<b>125,971,400</b>	<b>(23,457,012)</b>	<b>(0.53%)</b>	<b>4.35%</b>	<b>4.35%</b>
<b>Non-current Assets</b>						
Investment in an associate	2,718,454,090	2,736,662,732	(18,208,642)	(0.67%)	94.46%	94.45%
Property and equipment	34,381,434	34,784,217	(402,783)	(1.16%)	1.19%	1.20%
<b>Total Noncurrent Assets</b>	<b>2,752,835,524</b>	<b>2,771,446,949</b>	<b>(18,611,425)</b>	<b>(0.67%)</b>	<b>95.65%</b>	<b>95.65%</b>
	₱ 2,878,133,406	₱ 2,897,418,349	₱ (19,284,943)	(0.67%)	100.0%	100.0%
<b>LIABILITIES &amp; CAPITAL DEFICIENCY</b>						
<b>Current Liabilities</b>						
Note payable	₱ 1,671,501,723	₱ 1,671,501,723	₱ -	-	58.08%	57.69%
Accrued expenses and other current liabilities	632,415	575,146	57,269	9.96%	0.02%	0.02%
Due to related parties	5,150	5,150	-	-	0.00%	0.00%
<b>Total Current Liabilities</b>	<b>1,672,139,288</b>	<b>1,672,082,019</b>	<b>57,269</b>	<b>0.00%</b>	<b>58.10%</b>	<b>57.71%</b>
<b>Equity</b>						
Capital stock	840,660,700	840,660,700	-	-	29.21%	29.01%
Retained earnings	358,624,103	377,966,315	(19,342,212)	(5.12%)	12.46%	13.04%
Other comprehensive income	6,709,315	6,709,315	-	-	0.23%	0.23%
<b>Total Equity</b>	<b>1,205,994,118</b>	<b>1,225,336,330</b>	<b>(19,342,212)</b>	<b>(1.58%)</b>	<b>41.90%</b>	<b>42.29%</b>
	₱ 2,878,133,406	₱ 2,897,418,349	₱ (19,284,943)	(0.67%)	100.0%	100.0%
<b>For the Three Months Ended March 31</b>						
			Variance			
	2024 (Unaudited)	2023 (Unaudited)	Increase (Decrease)	%Change		
SHARE IN NET LOSS OF AN ASSOCIATE	₱ (18,208,642)	₱ (8,864,596)	₱ 9,344,046	105.41%		
EXPENSES	(2,279,652)	(3,304,665)	(1,025,013)	(31.02%)		
OTHER INCOME	1,137,097	-	1,137,097	0.00%		
INTEREST INCOME	8,985	8,274	711	8.59%		
LOSS BEFORE INCOME TAX	(19,342,212)	(12,160,987)	7,181,225	59.05%		
PROVISION FOR INCOME TAX	-	-	-	-		
NET LOSS	(19,342,212)	(12,160,987)	7,181,225	59.05%		
OTHER COMPREHENSIVE INCOME	-	-	-	-		
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>₱ (19,342,212)</b>	<b>₱ (12,160,987)</b>	<b>₱ 7,181,225</b>	<b>59.05%</b>		

## Other Information

- a. There are no known trends or any known demands, commitments, events, or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.
- b. There are no events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.
- c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Corporation with unconsolidated entities or other persons created during the reporting period.
- d. Aside from the volatile prices of ore in the market and USD exchange rate, there are no other known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- e. The causes for the material changes from period to period in the financial accounts were explained in the Management's discussion and analysis of financial condition and results of operation.
- f. There are no significant elements of income or loss that did not arise from the registrant's continuing operations.
- g. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.
- h. There are no new issuances, repurchases, and repayments of debt and equity securities.
- i. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- j. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
- k. There are no contingent liabilities or contingent assets since the last annual balance sheet date.
- l. There are no material contingencies and other material events or transactions during the interim period.
- m. There are no events that will trigger direct or contingent financial obligation that is material to the Corporation, including any default or acceleration of an obligation.

## Key Performance Indicators (KPIs)

Management uses the following KPIs for the Corporation:

	March 31, 2024	December 31, 2023
Net income	<b>(₱19,342,212)</b>	₱33,074,964
Quick assets	<b>114,178,198</b>	112,507,398
Current assets	<b>125,297,882</b>	125,971,400
Total assets	<b>2,878,133,406</b>	2,897,418,349
Current liabilities	<b>1,672,139,288</b>	1,672,082,019
Total liabilities	<b>1,672,139,288</b>	1,672,082,019
Stockholders' Equity	<b>1,205,994,118</b>	1,225,336,330
Number of common shares outstanding	<b>1,528,474,000</b>	1,528,474,000

	March 31, 2024	December 31, 2023
Liquidity ratios:		
Current ratio <sup>(1)</sup>	<b>0.07:1</b>	0.08:1
Quick ratio <sup>(2)</sup>	<b>0.07:1</b>	0.07:1
Solvency Ratios:		
Debt ratio <sup>(3)</sup>	<b>0.58:1</b>	0.58:1
Debt to Equity ratio <sup>(4)</sup>	<b>1.39:1</b>	1.36:1
Profitability ratios:		
Income (loss) per share <sup>(5)</sup>	<b>(0.01):1</b>	0.02:1
Book value per share <sup>(6)</sup>	<b>0.79:1</b>	0.80:1

Notes:

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

## PART II - OTHER INFORMATION

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

NONE.

## PART III - FINANCIAL SOUNDNESS INDICATORS

### Liquidity Ratio

a. Current Ratio

Total Current Assets/ Total Current Liabilities = 0.07:1

b. Quick Ratio

Quick asset / Total Current Liabilities = 0.07:1

### Solvency Ratio

a. Debt Ratio

Total liabilities / Total assets = 0.58:1

b. Debt to Equity Ratio

Total liabilities / Shareholder's Equity = 1.39:1

### Profitability Ratio

a. Return on Equity Ratio

Net Income (Loss) / Average shareholder's equity = (0.02):1

b. Return on Assets

Net Income (Loss)/ Average Total assets = (0.01):1

c. Asset to Equity Ratio:

Total Assets / Stockholders' Equity = 2.39:1


d. Asset Turnover:

Revenue/Total Assets = 0.0004

## SIGNATURES

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

Issuer: BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.

Signature and Title:   
ROLANDO S. SANTOS  
SVP and Treasurer

Date: May 7, 2024

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

Date: May 7, 2024

**BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY**  
**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	4	₱83,669,169	₱31,956,612
Due from related parties	10	26,828,384	20,420,211
Dividend receivable	10	–	60,000,000
Other current assets	5	14,800,330	10,574,496
Total Current Assets		125,297,882	125,971,400
<b>Noncurrent Assets</b>			
Investment in an associate	7	2,718,454,090	2,736,662,732
Property and equipment	6	34,381,434	34,784,217
Total Noncurrent Assets		2,752,835,524	2,771,446,949
		₱2,878,133,406	₱2,897,418,349
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Note payable	9	₱1,671,501,723	₱1,671,501,723
Accrued expenses and statutory payables	8	632,415	575,146
Due to related parties	10	5,150	5,150
Total Current Liabilities		1,672,139,288	1,672,082,019
<b>Equity</b>			
Capital stock	11	840,660,700	840,660,700
Retained earnings		358,624,103	377,966,315
Other comprehensive income		6,709,315	6,709,315
Total Equity		1,205,994,118	1,225,336,330
		₱2,878,133,406	₱2,897,418,349

*See accompanying Notes to Consolidated Financial Statements.*

**BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY**  
**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	Three Months Ended March 31	
		2024	2023
<b>SHARE IN NET LOSS OF AN ASSOCIATE</b>	7	<b>(₱18,208,642)</b>	<b>(₱8,864,596)</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	12	<b>(2,279,652)</b>	<b>(3,304,665)</b>
<b>OTHER INCOME</b>		<b>1,137,097</b>	<b>-</b>
<b>INTEREST INCOME</b>	4	<b>8,985</b>	<b>8,274</b>
<b>LOSS BEFORE INCOME TAX</b>		<b>(19,342,212)</b>	<b>(12,160,987)</b>
<b>PROVISION FOR INCOME TAX</b>	13	<b>-</b>	<b>-</b>
<b>NET LOSS</b>		<b>(19,342,212)</b>	<b>(12,160,987)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Not to be reclassified to profit or loss in subsequent period -</i>		<b>-</b>	<b>-</b>
Share in other comprehensive income of an associate	7		
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(₱19,342,212)</b>	<b>(₱12,160,987)</b>
<b>LOSS PER SHARE - BASIC AND DILUTED</b>	14	<b>(₱0.01)</b>	<b>(₱0.01)</b>

*See accompanying Notes to Consolidated Financial Statements.*

**BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Unaudited)
<b>CAPITAL STOCK - ₱0.55 par value</b>			
Authorized - 2,000,000,000 shares			
Issued and outstanding -			
1,528,474,000 shares	11	<b>₱840,660,700</b>	<b>₱840,660,700</b>
<b>RETAINED EARNINGS</b>			
Balance at beginning of year		<b>377,966,315</b>	344,891,351
Net Income (loss)		<b>(19,342,212)</b>	33,074,964
Balance at end of year		<b>358,624,103</b>	377,966,315
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Accumulated share in other comprehensive income of an associate</b>			
Balance at beginning of year		<b>6,709,315</b>	7,836,681
Share in other comprehensive loss of an associate	7	-	(1,127,366)
Balance at end of year		<b>6,709,315</b>	6,709,315
		<b>₱1,205,994,118</b>	<b>₱1,225,336,330</b>

*See accompanying Notes to Consolidated Financial Statements.*



**BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

		<b>Three Months Ended March 31</b>	
	Note	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(₱19,342,212)</b>	(₱12,160,987)
Adjustments for:			
Share in net loss of an associate	7	<b>18,208,642</b>	8,864,596
Depreciation	6	<b>438,783</b>	432,563
Interest income	4	<b>(8,985)</b>	(8,274)
Operating loss before working capital changes		<b>(703,772)</b>	(2,872,102)
Increase in other current assets		<b>(1,205,752)</b>	(1,066,607)
Increase (decrease) in accrued expenses and statutory payables		<b>57,269</b>	(269,618)
Net cash used for operations		<b>(1,852,255)</b>	(4,208,327)
Interest received		<b>8,985</b>	8,274
Income tax paid		–	–
Net cash used in operating activities		<b>(1,843,270)</b>	(4,200,053)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Advances to related parties	10	<b>(6,408,173)</b>	(5,379,585)
Additions to property and equipment	6	<b>(36,000)</b>	(33,600)
Dividend received		<b>60,000,000</b>	–
Net cash provided by (used in) investing activities		<b>53,555,827</b>	(5,413,185)
<b>CASH FLOW FROM A FINANCING ACTIVITY</b>			
Advances from related parties		–	6,788
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>51,712,557</b>	(9,606,450)
<b>CASH AT BEGINNING OF YEAR</b>		<b>31,956,612</b>	72,244,400
<b>CASH AT END OF YEAR</b>		<b>₱83,669,169</b>	₱62,637,950

*See accompanying Notes to Consolidated Financial Statements.*

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**BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

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**1. Corporate Information**

**General Information**

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

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

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

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

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

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**2. Summary of Significant Accounting Policies**

**Basis of Preparation and Statement of Compliance**

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

**Measurement Bases**

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

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

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

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

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

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

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

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

#### **Adoption of Amended PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS beginning January 1, 2023:

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

period, or the profit or loss of both the current and future periods.

The adoption of the amended PFRS did not materially affect the consolidated financial statements of the Group, except for the Amendments to PAS 1, Presentation of Financial Statements, and PFRS Practice Statement 2, Making Materiality Judgments – Disclosure Initiative – Accounting Policies. Additional disclosures were included in the consolidated financial statements, as applicable.

#### **Amended PFRS in Issue But Not Yet Effective or Adopted**

Relevant amended PFRS which are not yet effective as of December 31, 2023 and have not been applied in preparing the financial statements, are summarized below.

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

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to consolidated financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

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

#### **Basis of Consolidation**

The consolidated financial statements of the Group as at March 31, 2024 and for the year ended December 31, 2023 was prepared effective May 27, 2022, the date of incorporation of the Parent Company's wholly-owned subsidiary.

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

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

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

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

#### **Financial Assets and Liabilities**

The Group recognizes a financial asset or a financial liability in the consolidated 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 trade date accounting.

Financial asset or liability is 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).

Financial assets are measured at amortized cost if 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 expected credit loss (ECL), if any. ECL is assessed based on potential liquidity of counterparties based on available financial information. Financial assets are derecognized when the right to receive cash flows from the asset has expired.

As at March 31, 2024 and December 31, 2023, the Group's cash, due from related parties, and dividend receivable is classified as financial assets at amortized cost.

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

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

As at March 31, 2024 and December 31, 2023, the Group's note payable, accrued expenses, and due to related parties are classified as financial liabilities at amortized cost.

#### **Impairment Policy on Financial Assets at Amortized Cost**

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

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial instruments measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there is 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 indicative of significant increases in credit risk since initial recognition.

#### **Investment in an Associate**

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

equity method.

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

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

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

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

### **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 a deduction from equity, net of tax.

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

*OCI.* OCI comprises of items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. OCI of the Group pertains to accumulated share in OCI of an associate. This is not reclassified to profit or loss in subsequent period.

### **Income Taxes**

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

#### **Basic and Diluted Earnings Per Share**

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

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

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

#### **Related Party Relationship and Transactions**

Related party relationships exist 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.

A related party transaction is a transfer of resources, services, or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Related party transactions are considered material and/or significant if these transactions amount to a significant portion of the Group's total assets or there are several transactions or a series of transactions over an extended period with the same related party. Details of transactions entered into by the Group with related parties are reviewed by independent directors in accordance with the Group's related party transactions policy.

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### **3. Significant Judgments, Accounting Estimates and Assumptions**

The preparation of the Group's consolidated financial statements in compliance with PFRS requires

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

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

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

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

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

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

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

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

Based on management assessment, the estimated recoverable amount of the Group's investment in an associate is higher than its carrying amount and a reasonably possible change in the key assumptions would not result in the recognition of impairment loss. The estimated recoverable amount was determined based on the cash flow projections of the associate using the discounted cash flow method. Accordingly, no impairment loss was recognized as of March 31, 2024 and December 31, 2023, respectively. The carrying amount of investment in an associate is disclosed in Note 7 to the financial statements.

*Estimating the Useful Lives of Property and Equipment.* The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The Group annually reviews the estimated useful lives of property and equipment based on



factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

There were no changes in the estimated useful lives of the Group's property and equipment as of March 31, 2024 and in 2023. The carrying amount of property and equipment is disclosed in Note 6.

*Assessing the Realizability of Deferred Tax Assets.* The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

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

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#### 4. Cash

This account consists of:

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
Cash in banks	<b>₱83,639,169</b>	₱31,942,402
Cash on hand	<b>30,000</b>	14,210
	<b>₱83,669,169</b>	₱31,956,612

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱8,985 and ₱27,097 as of March 31, 2024 and December 31, 2023, respectively.

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#### 5. Other Current Assets

This account consists of:

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
Input VAT	<b>₱10,186,399</b>	₱10,186,399
Prepayments	<b>3,549,538</b>	2,480,597
CWT	<b>597,806</b>	597,806
Others	<b>389,200</b>	329,775
	<b>₱14,800,329</b>	₱13,594,577

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#### 6. Property and Equipment

Details and movements in this account are as follows:

	March 31, 2024 (Unaudited)			
	Condominium Unit	Office Furniture and Fixtures	Computer Equipment	Total
Note				
<b>Cost</b>				
Balance at beginning of year	<b>₱47,788,569</b>	<b>₱1,893,169</b>	<b>₱716,277</b>	<b>₱50,398,015</b>
Additions	-	<b>36,000</b>	-	<b>36,000</b>
Balance at end of year	<b>47,788,569</b>	<b>1,929,169</b>	<b>716,277</b>	<b>50,434,015</b>

<b>Accumulated Depreciation</b>					
Balance at beginning of year		<b>13,677,859</b>	<b>1,809,434</b>	<b>136,505</b>	<b>15,613,798</b>
Depreciation	12	<b>394,786</b>	<b>12,647</b>	<b>31,350</b>	<b>438,783</b>
Balance at end of year		<b>14,062,645</b>	<b>1,822,081</b>	<b>167,855</b>	<b>16,052,581</b>
<b>Carrying Amount</b>		<b>₱33,725,924</b>	<b>₱107,088</b>	<b>₱548,422</b>	<b>₱34,381,434</b>

December 31, 2023 (Audited)					
	Note	Condominium Unit	Office Furniture and Fixtures	Computer Equipment	Total
<b>Cost</b>					
Balance at beginning of year		₱47,788,569	₱1,852,968	₱627,000	₱50,268,537
Additions		–	40,201	89,277	129,478
Balance at end of year		47,788,569	1,893,169	627,000	50,398,015
<b>Accumulated Depreciation</b>					
Balance at beginning of year		12,088,718	1,791,575	–	13,880,293
Depreciation	12	1,579,141	17,859	136,505	1,733,505
Balance at end of year		13,667,859	1,809,434	136,505	15,613,798
<b>Carrying Amount</b>		<b>₱34,120,710</b>	<b>₱83,735</b>	<b>₱579,772</b>	<b>₱34,784,217</b>

The condominium unit is being used as an office space of the Group. As at March 31, 2024 and December 31, 2023, the cost of fully-depreciated property and equipment still in use amounted to ₱1.8 million.

#### **Deed of Assignment to BHDl**

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

To date, the Parent Company has yet to receive the approval of SEC on the property-for-share swap transaction.

## **7. Investment in an Associate**

Movements in this account are as follows:

	<b>March 31, 2024 (Unaudited)</b>	December 31, 2023 (Audited)
<b>Acquisition Cost</b>	<b>₱2,604,000,000</b>	₱2,604,000,000
<b>Accumulated Earnings</b>		
Balance at beginning of year	<b>125,953,417</b>	139,758,252
Share in net income	<b>(18,208,642)</b>	46,195,165
Dividends	–	(60,000,000)
Balance at end of year	<b>107,744,775</b>	125,953,417
<b>Accumulated Share in OCI</b>		

Balance at beginning of year	6,709,315	7,836,681
Share in other comprehensive income - Remeasurement loss on retirement benefit liability	-	(1,127,366)
Balance at end of year	6,709,315	6,709,315
<b>Carrying Amount</b>	<b>₱2,718,454,090</b>	<b>₱2,736,662,732</b>

The Parent Company has 600,000,000 shares of Marcventures Holdings, Inc. (MARC) representing 19.90% equity interest as at March 31, 2024 and December 31, 2023. MARC has investments in mining companies located in Surigao del Sur and in the province of Samar. MARC's principal office address is at Unit 4-3 BDO Towers Paseo, Paseo de Roxas, Makati City.

## 8. Accrued Expenses and Statutory Payables

This account consists of:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Accrued expenses	₱221,536	₱310,262
Statutory payables	410,879	264,884
	<b>₱634,415</b>	<b>₱575,146</b>

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

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

## 9. Note Payable

The Group's note payable amounting to ₱1,671.5 million as at March 31, 2024 and December 31, 2023 pertains to a due and demandable, noninterest-bearing loan from Trans Middle East Philippine Equities, Inc. (TMEE), a related party. The proceeds of the loan were used to finance the acquisition of investment in MARC.

## 10. Related Party Transactions

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

Note	Nature of Transactions	Amount of Transactions			Outstanding Balances	
		2024	2023	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	
<b>Dividends Receivable</b>						
<i>Associate -</i>						
MARC	7	Dividends	(₱60,000,000)	₱60,000,000	₱-	₱60,000,000
<b>Premium Income</b>						
<i>Entity under common management -</i>						
MMDC		Collection of Premium	₱107,143	₱464,286	₱-	₱-

<b>Due from Related Parties</b>					
Parent Company	Advances for working capital	₱-	₱-	₱7,000,000	₱7,000,000
Entities under common management	working capital	6,408,173	13,394,541	19,828,384	13,420,211
		<b>₱6,408,173</b>	<b>₱545,670</b>	<b>₱26,828,384</b>	<b>₱20,420,211</b>
<b>Due to Related Parties</b>					
<i>Entity under common management -</i>					
MMDC	Advances for working capital	₱-	₱33,727	₱5,150	₱5,150
<b>Note Payable</b>					
<i>Entity under common management -</i>					
TMEE	9	Note payable	₱-	₱-	₱1,671,501,723
					₱1,671,501,723

### **Due from/Due to Related Parties**

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

### **Other Income**

The Group has other income amounting to ₱0.11 million and ₱0.5 million as at March 31, 2024 and in 2023 pertaining to the consideration received from MMDC for the use of its condominium properties as collateral for loan facility, which is equivalent to 2% of monthly principal amortization of the loan. This is presented as part of "Other income" account in the consolidated statements of comprehensive income.

### **Compensation of Key Management Personnel**

The Group has not paid any compensation to its key management personnel. The accounting and administrative functions of the Group are being handled by the entities under common management at no cost to the Group.

## **11. Equity**

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

The Group's listed shares in the Philippine Stock Exchange (PSE) are 1,528,474,000 as at March 31, 2024 and December 31, 2023.

The following summarizes the information on the Parent Company's issued and subscribed shares as at March 31, 2024 and December 31, 2023:

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

\*Shareholdings represent 0.0007% of the total shares.

The total number of shareholders of the Parent Company is 627 as at March 31, 2024 and December 31, 2023.

On September 8, 2023, the Board approved a property dividend of 509,491,063 common shares with par value of ₱0.10 per share, or an aggregate value of ₱50.95 million, of the Parent Company's subsidiary, BHD, to be paid at a ratio of one (1) BHD share for every three (3) common shares of the Parent Company held.

The BOD also declared a cash dividend of ₱0.0037 per share or a total of P5.66 million to cover the withholding taxes and expenses of the property dividend.

The Parent Company set the declaration date on October 16, 2023.

To date, the Parent Company has not yet implemented the declaration of dividends as it is waiting for SEC approval of the confirmation of valuation of the property for share swap between the Parent Company and the Subsidiary. Thereafter, the Parent Company shall apply for property dividends with the SEC.

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## 12. General and Administrative Expenses

This account consists of:

	Note	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Professional fees		<b>₱503,700</b>	₱480,000
Depreciation	6	<b>438,783</b>	432,563
Outside services		<b>399,581</b>	220,854
Communication, light and water		<b>282,622</b>	37,767
Director's fees		<b>130,000</b>	150,000
Membership dues and other fees		<b>116,860</b>	350,579
Taxes and licenses		<b>75,309</b>	1,153,185
Fines and penalties		<b>50,000</b>	70,000
Representation		<b>31,405</b>	155,712
Transportation		<b>26,277</b>	–
Repairs and maintenance		<b>8,000</b>	–
Others		<b>217,115</b>	254,005
		<b>₱2,279,652</b>	₱3,304,665

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## 13. Income Tax

Provision for current income tax of ₱6,964 in 2023 pertains to excess MCIT. The Group's unrecognized deferred tax assets are as follows:

	2023
NOLCO	₱8,691,698
Excess MCIT	12,164
	<b>₱8,703,862</b>

Management has assessed that there may be no sufficient future taxable profits against which the

deferred tax asset can be utilized.

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

	2023
Provision for income tax computed at	
statutory tax rate	₱8,270,482
Change in unrecognized deferred tax assets	2,989,297
Effects of consolidation	189,546
Add (deduct) tax effects of:	
Share in net income of an associate	(11,548,791)
Nondeductible expenses	113,204
Interest income subjected to final tax	(6,774)
Expired NOLCO	–
	₱6,964

As at December 31, 2023, 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
2023	₱–	₱12,687,516	₱–	₱12,687,516	2026
2022	8,075,626	–	–	8,075,626	2025
2021	7,719,361	–	–	7,719,361	2026
2020	6,284,288	–	–	6,284,288	2025
	₱22,079,275	₱12,687,516	₱–	₱34,766,791	

As at December 31, 2023, excess MCIT are as follows:

Year	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Year of Expiry
2023	₱–	₱6,964	₱–	₱6,964	2026
2022	5,200	–	–	5,200	2025
	₱5,200	₱6,964	₱–	₱12,164	

Under Republic Act No. 11494, otherwise known as “Bayanihan to Recover as OneAct” and Revenue Regulations No 25-2020, the Group is allowed to carry-over its net operating losses incurred for taxable years 2021 and 2022 for the next five (5) years immediately following the year of such loss.

#### 14. Basic and Diluted Earnings per Share

Basic and diluted earnings per share are computed as follows:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Net income	(₱17,592,860)	(₱12,160,987)

Weighted average number of common shares outstanding	<b>1,528,474,000</b>	1,528,474,000
Earnings per share - basic and diluted	<b>(₱0.01)</b>	(₱0.01)

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

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## 15. Financial Risk Management Objectives and Policies

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

### **Financial Risk Management Objectives and Policies**

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

#### **Credit Risk**

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

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

#### *Financial Assets at Amortized Cost*

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

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

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

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash in banks	₱83,639,169	₱31,942,402
Dividend receivable	–	60,000,00
Due from related parties	26,828,384	20,420,211
	<b>₱110,467,553</b>	<b>₱112,362,613</b>

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

### **Liquidity Risk**

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

The tables below summarize the maturity profile of the Group's financial liabilities at amortized cost as at March 31, 2024 and December 31, 2023 based on contractual undiscounted cash flows.

	March 31, 2024				Total
	On Demand	Less than One Month	One Month to One Year	More than One Year	
Accrued expenses	₱–	₱221,536	₱–	₱–	₱221,536
Due to related parties	5,150	–	–	–	5,150
Note payable	1,671,501,723	–	–	–	1,671,501,723
	<b>₱1,671,506,873</b>	<b>₱221,536</b>	<b>₱–</b>	<b>₱–</b>	<b>₱1,671,728,409</b>

	December 31, 2023				Total
	On Demand	Less than One Month	One Month to One Year	More than One Year	
Accrued expenses	₱–	₱310,262	₱–	₱–	₱310,262
Due to related parties	5,150	–	–	–	5,150
Note payable	1,671,501,723	–	–	–	1,671,501,723
	<b>₱1,671,506,873</b>	<b>₱310,262</b>	<b>₱–</b>	<b>₱–</b>	<b>₱1,671,817,135</b>

### **Fair Value of Financial Assets and Financial Liabilities**

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

There are no transfers between levels of fair value hierarchy in 2023.

## **16. Capital Management Objectives, Policies and Procedures**

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

The Group considers its total equity amounting to ₱1,205.99 million and ₱1,225.34 million as at March 31, 2024 and December 31, 2023, respectively, as capital.