

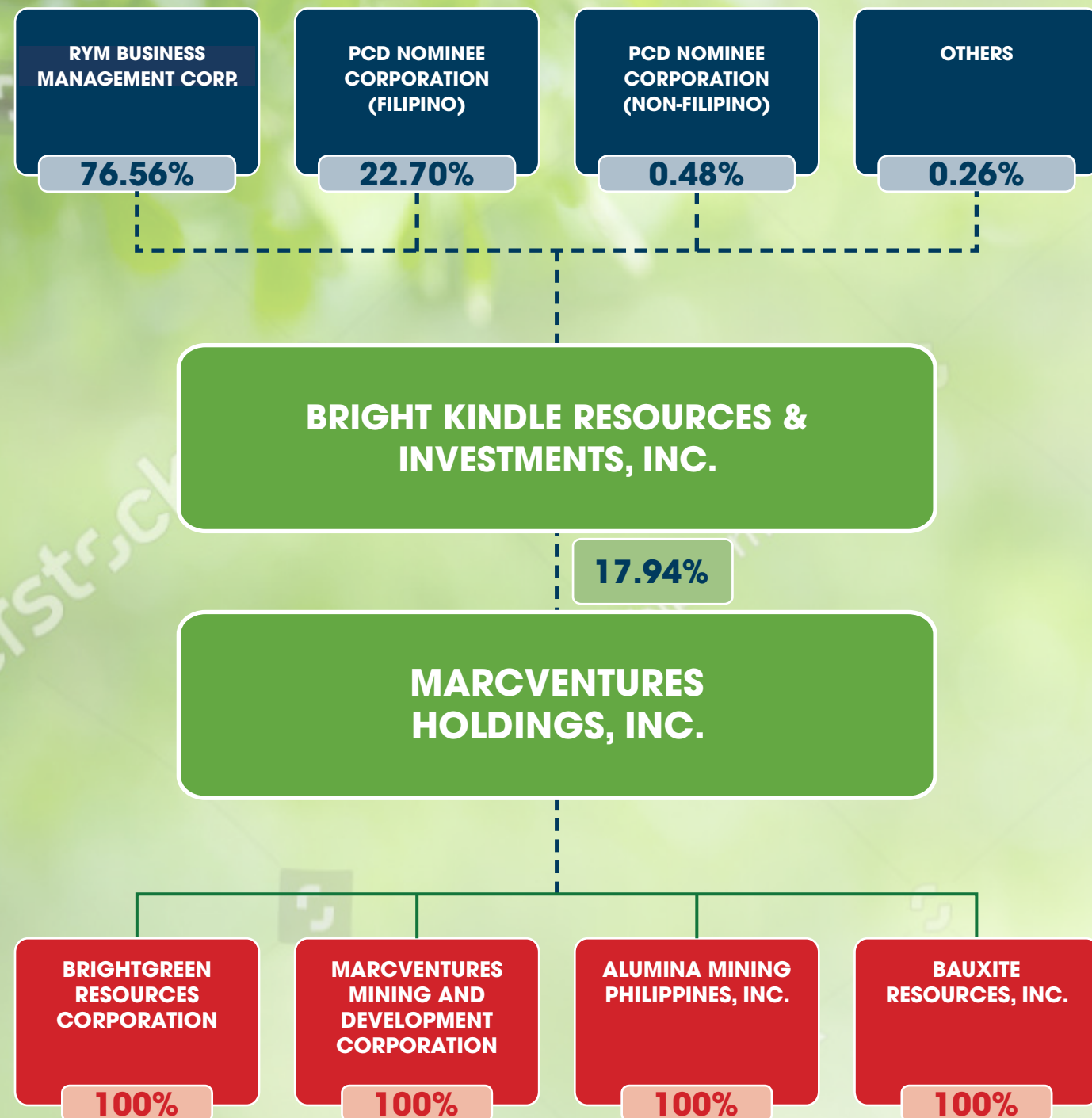


BRIGHT KINDLE RESOURCES  
& INVESTMENTS, INC.

# SPROUTING GROWTH, SPROUTING HOPE

2020 ANNUAL REPORT

# CONGLOMERATE MAP



## VISION

We envision to become a leading and trusted holding company with particular focus on building a portfolio of sustainable investments

## MISSION

BKR seeks to maximize shareholder value by participating in sustainable investments and by observing good corporate practices particularly through the responsible stewardship of the Company's various investments revolving around the values of integrity and transparency in all shareholder dealings



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



# CHAIRMAN'S MESSAGE



**Bright Kindle Investment (BKR) marked 2020 with a net income of Php 61 Million, a significant of Php 58.64 Million increase compared to its P2.4 Million net income in the previous year.**

The solid financial performance is backed by its affiliated holding company Marcventures Holdings, Inc (MHI) through its subsidiary Marcventures Mining and Development Corporation (MMDC) whose operational efficiencies, which includes changes in operational management and continuous rehabilitation of mine facilities, contributed greatly to the improved performance. The increase in the ore volume shipped and the continuous rise in nickel prices, also helped push for better revenues.

We look forward to the developments of the other ventures of MHI. The two Bauxite Mines - Alumina Mining Philippines, Inc. (AMPI) and Bauxite Resources, Inc. (BARI) and BrightGreen

Resources Corporation, another nickel mine in Surigao, have completed the public scoping and technical scoping stages of the Environment Impact Assessment (EIA) process. All three mining projects are now in the process of obtaining their Environmental Compliance Certificate (ECC) and Declaration of Mining Project Feasibility (DMPF).

The encouraging trend in the Nickel market and the combined volume of MMDC and BRC will no doubt push profitability for MHI and consequently BKR.

We continue to actively look into investment opportunities for BKR, despite the limitations of caused by the pandemic. There are potentials projects, and even areas other than mining that are currently being explored.

We thank the Shareholders for all the support and Divine Providence for the continued guidance.

Respectfully,

**CESAR C. ZALAMEA**  
*Chairman of the Board/ Director*

**AUGUSTO C. SERAFICA**  
*Chairman Executive Committee/Director*

# 2020 OPERATIONAL & FINANCIAL HIGHLIGHTS

## RESULT OF OPERATIONS

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
Income	1,990	694	1,296	186.74%
Net Income (Loss)	61,001,576	2,361,808	58,639,768	2482.83%
Comprehensive Income	60,614,250	1,506,481	59,107,769	3923.57%

During the year, the Company was able to generate a net income of Php61.00 million, an increase of Php58.64 million compared to last year. The Company has no active operations and income is derived mainly from bank deposit interest and the share of net income of an investment in associate (MHI). The improved operating performance posted an increase of Php59.75 million in the share of net income.

## FINANCIAL POSITION

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
Asset	2,695,427,619	2,634,827,849	60,599,770	2.30%
Liabilities	1,673,658,726	1,673,673,206	(14,480)	-0.001%
Capital Deficiency	1,021,768,893	961,154,643	60,614,250	6.31%

The Company’s total Assets of Php2,695.43 million is slightly higher by Php60.60 million compared to last year. It may seem insignificant, because it is a result of a Php4.63 million receivables from MMDC, a related party. The collection was consequently used by the Company to pay for general and administrative expenses. The increase in asset can likewise be attributed to the Php66.90 million increase in the investment in associate compared to last year. Lastly, the increase in equity is the net result of the net income recognized during the year, and of the share in the investment in associate’s other comprehensive loss.

# BOARD OF DIRECTORS

**Cesar C. Zalamea**  
Chairman of the Board/  
Director

**Isidro C. Alcantara, Jr.**  
President/Director

**Macario U. Te**  
Director

**Remegio C. Dayandayan, Jr.**  
Director

**Augusto C. Serafica, Jr.**  
Director

**Hermogene H. Real**  
Director

**Rolando S. Santos**  
Director

**Minda de Paz**  
Director

**Carlos Alfonso T. Ocampo**  
Independent Director

**Vicente V. Mendoza**  
Independent Director

## EXECUTIVE OFFICERS

**Diane Madelyn C. Ching**  
Corporate Secretary

**Leddie D. Gutierrez**  
Vice President for Audit

Reuben F. Alcantara  
Vice President for Marketing

# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes as of December 31, 2020 and 2019 prepared in conformity with PFRS hereto attached in the Exhibits.

The financial information for the three years ended December 31, 2020, 2019 and 2018 are as follows:

## 2020 vs. 2019

### Results of operations

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
<i>(in millions)</i>				
Income	P0.00	P0.00	P0.00	0.00%
Operating expenses	6.28	5.17	(1.11)	21.47%
Share in net income (loss) of an associate	67.28	7.53	59.75	793.49%
Net income (loss)	61.00	2.36	58.64	2,484.75%

During the year, the Company was able to generate a net income of P61.00 million, an increase of P58.64 million compared with same period last year. Significant changes in the income statement accounts for the year ended December 31, 2020 versus the same period last year are as follows:

- Given that the Company has no active operations yet, income is derived mainly from interest on bank deposits and share of net income of an associate. The balance of the Company’s income is minimal due to low level of its cash in banks.
- **General and administrative expenses** escalated by P1.11 million or 21.47% compared with same period last year. The movement is attributable to the following:
  - More outsourced services were incurred in the current year than last year, resulting to an increase in Outside services account by P0.61 million or 89.47%. Expenses were incurred this year for the publication of notice of annual stockholders meeting for the year 2020.
  - Comparing with same period last year, taxes and licenses during the year of P0.06 million is higher by P0.02 million or 43.83%. Payments for penalties due to the failure to register the books of accounts were the major contributors for the higher expenses this year than last year.
  - Professional fee is increased by P0.50 million of 102.11% mainly due to the payment of the Company’s sustainability report.
  - Higher Director’s Fees were incurred for annual stockholders meeting resulting to an increase of 120.00%
- **Share in net income (loss) of an associate** – An associate’s improved operating performance during the year posted a share in net income of P67.28 million to the Company, an increase of P59.75 million compared with the same period last year.

# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

## Financial Position

	Audited		Increase (Decrease)	
	2020	2019	Amount	%
	<i>(in millions)</i>			
Assets	P2,695.43	P2,634.83	P60.60	2.30%
Liabilities	1,673.66	1,673.67	0.00	0.00%
Stockholders' Equity	1,021.77	961.15	60.62	6.31%

➤ The Company's total **Assets** of P2,695.43 million is slightly higher by P60.60 million or 2.30% compared with same period last year. Although the increase may seem not significant, looking into its details, this increase is the net effect of the following major transactions:

- The Company collected P4.63million as receivables from MMDC, a related party. Those collections were consequently used by the Company to pay for its general and administrative expenses.
- Property and equipment declined by P1.93 million compared with same period last year, mainly due to depreciation recognized during the year.
- The increase in Investment in an associate by P66.90 million compared with same period last year is primarily due to recognition of the share in net income and other comprehensive loss of an associate during the year.

➤ **Liabilities** of P1,673.66 million decreased by P0.00 million comparing with same period last year. The movement is due to partial settlement of advances from Prime Media Holdings Inc., another related party, which was also used by the Company for its working capital requirements. On the other hand, recognition of the current years accrual has slightly offset the decrease in liability.

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

## Cash Flow

	Audited		Increase(Decrease)	
	2020	2019	Amount	%
	<i>(in millions)</i>			
Cash provided by (used in) operating activities	(P4.58)	(P3.57)	(P1.00)	28.03%
Cash provided by investing activities	4.63	3.00	1.62	53.94%
Cash provided by (used in) financing activities	(0.10)	0.87	0.97	(111.60%)

Cash used in operating activities during the year amounted to P4.58 million, while cash used in operating activities in same period last year amounted to P3.57 million. During the year, the Company collected P4.63 million of its receivables from MMDC. Cash outflows made pertain to payments for general and administrative expenses.

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

## 2019 vs. 2018

### Results of operations

	Audited		Increase (Decrease)	
	2019	2018	Amount	%
	<i>(in millions)</i>			
Income	P0.00	P0.00	P0.00	(36.79%)
Operating expenses	5.17	7.27	(2.10)	(28.85%)
Share in net income (loss) of an associate	7.53	(77.37)	84.90	(109.73%)
Net income (loss)	2.36	(84.64)	87.00	(102.79%)

During the year, the Company has able to generate a net income of P2.36 million, an increase of P87.00 million compared with same period last year. Significant changes in the income statement accounts for the year ended December 31, 2019 versus the same period last year are as follows:

- Given that the Company has no active operations yet, income is derived mainly from interest on bank deposits. The balance of the Company's income is minimal due to low level of its cash in banks.
- **General and administrative expenses** declined by P2.10 million or 28.85% compared with same period last year. The movement is attributable to the following:
  - More outsourced services were incurred last year than this year, resulting to a drop in Outside services account by P1.35 million or 66.48%.
  - Comparing with same period last year, taxes and licenses during the year of P0.04 million is lower by P0.26 million or 86.64%. Last year, the Company paid for the real property tax relating to its condominium unit, resulting to higher balance than the current year.
  - Other expenses this year is lower by P0.32 million or 54.66% compared with same period last year. Payments for penalties due to late filing and/or non-compliance with regulatory requirements were major contributors for the higher expenses last year than this year.
- **Share in net income (loss) of an associate** – An associate's improved operating performance during the year posted a share in net income of P7.53 million to the Company, an increase of P84.90 million compared with the same period last year.

### Financial Position

	Audited		Increase (Decrease)	
	2019	2018	Amount	%
	<i>(in millions)</i>			
Assets	P2,634.83	P2,632.61	P2.22	0.08%
Liabilities	1,673.67	1,672.96	0.71	0.04%
Stockholders' Equity	961.15	959.65	1.51	0.16%



# MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

- The Company's total **Assets** of P2,634.83 million is slightly higher by P2.22 million or 0.08% compared with same period last year. Although the increase may seem not significant, looking into its details, this increase is the net effect of the following major transactions:
  - The Company collected P3.0 million as receivables from MMDC, a related party. Those collections were consequently used by the Company to pay for its general and administrative expenses.
  - Property and equipment declined by P1.94 million compared with same period last year, mainly due to depreciation recognized during the year.
  - The increase in Investment in an associate by P6.22 million compared with same period last year is primarily due to recognition of the share in net income and other comprehensive loss of an associate during the year.
- **Liabilities** of P1,673.67 million increased by P0.71 million comparing with same period last year. The movement is due to additional advances from Prime Media Holdings Inc., another related party, which was also used by the Company for its working capital requirements. On the other hand, payments for previous year's accrual has slightly offset the increase in liability.
- Increase in **Stockholder's Equity** is the net result of the net income recognized during the year, and of the share in other comprehensive loss of an associate.

## Cash Flow

	Audited		Increase(Decrease)	
	2019	2018	Amount	%
	(in millions)			
Cash used in operating activities	(P3.57)	(P5.05)	P1.48	(29.30%)
Cash provided investing activities	3.00	3.70	0.70	(18.79%)
Cash provided by financing activities	0.87	1.00	0.13	(13.40%)

Cash used operating activities during the year amounted to P3.57 million, while cash used in operating activities in same period last year amounted to P5.05 million. During the year, the Company collected P3.0 million of its receivables from MMDC. Cash outflows made pertain to payments for general and administrative expenses.

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

## 2018 vs. 2017

### Results of operations

	Audited		Increase(Decrease)	
	2018	2017	Amount	%
	(in millions)			
Income	P0.00	P0.15	(P0.15)	(99.26%)
Operating expenses	7.27	6.88	0.39	5.60%
Share in net income (loss) of an associate	(77.37)	15.57	(92.95)	(596.79%)
Net income (loss)	(P84.64)	P8.84	(P93.48)	(1,057.18%)

The Company incurred a net loss of P84.64 million during the year, a decrease of P93.48 million compared with last year's net income of P8.84 million. Significant changes in the income statement accounts for the year ended December 31, 2018 versus the same period last year are as follows:

- **Income** is derived mainly from interest on bank deposits. Revenues declined by P0.15 million compared with same period last year, due to lower level of cash this year than that of prior year.
- **General and administrative expenses** increased by P0.39 million or 5.60% compared with same period last year. The increase is attributable to movements of the following accounts:
  - More outsourced services were incurred this year than last year, resulting to increase in Outside services account by P0.87 million or 75.72%.
  - The Company's service vehicle has been fully depreciated last February 2018 (the same vehicle has been disposed in April 2018). Consequently, depreciation expenses dropped by P0.28 million or 12.03% compared with same period last year.
  - Professional fees increased by P0.07 million or 11.14% compared with same period last year, mainly due to increase in annual listing fee and RSA token fee paid to PSE from P0.26 million last year to P0.31 million this year.
  - Communication, light and water of P0.29 million, increased by P0.08 million as compared with last year of same period.
  - Other expenses this year is lower by P0.25 million or 29.50%, mainly due to payment for PCD maintenance fee made last year.
- **Share in net income (loss) of an associate** – The Company's share in net loss of an associate this year amounted to P77.37 million – a decline of P92.95 million from last year's share in net income amounting to P15.57 million.

## Financial Position

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

- **Assets** during the year of P2,632.61 million is lower by P121.34 million or 4.41% compared with same period last year. Significant movements in the following accounts caused the decline in assets:
  - Due from related parties dropped by P42.26 million compared with same period last year (from P58.72 million last year to P16.46 million this year). The Company collected P2.0 million from MMDC, an entity under common control. MMDC also advanced the Company's operating expenses totaling P1.34 million, which was offset from the Company's outstanding receivable. Lastly, the Company assigned the receivable from the Parent Company to TMEE, to offset with the note payable amounting to P38.5 million.

## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

- Property and equipment decreased by P1.96 million or 4.34% compared with same period last year, primarily due to depreciation recognized during the year.
  - Investment in an associate is lower by P76.80 million compared with same period last year. The decline in this account is mainly due to recognition of the share in net loss of an associate during the year (*see Share in net income (loss) of an associate above*).
- **Liabilities** of P1,672.96 million is lower by P37.27 million comparing with same period last year, mainly due to assignment of receivable amounting to P38.5 million from Parent Company to TMEE, which was offset with the note payable.
- The movement in **Stockholder's Equity** is attributable to the net loss during the year amounting to P84.64 million. This was slightly offset by the share in other comprehensive income of an associate recognized this year, amounting to P0.57 million.

### Cash Flow

	Audited		Increase(Decrease)	
	2018	2017	Amount	%
	<i>(in millions)</i>			
Cash provided by (used in) operating activities	(P5.05)	P13.93	(P18.98)	(136.25%)
Cash provided by investing activities	3.70	4.07	(0.37)	(9.09%)
Cash provided by financing activities	1.00	90.00	(89.00)	(98.89%)

The cash used in operating activities this year is lower by P18.98 million or 136.25% versus same period last year. No major disbursements were made during the year, except for the Company's operating expenses.

There was a minimal addition in property and equipment this year, compared with last year, resulting to decrease in cash used in investing activities by P0.37 million or 9.09%.

In 2017, the Company paid P90.0 million of its notes payable. Payment of P1.0 million has been made this year to a related party, hence, a decrease in cash used in financing activities by 98.89%.

### Key Performance Indicators

	2020	2019	2018
Return on Asset (%)	2.29%	0.09%	(0.03%)
Return on Equity (%)	6.15%	0.25%	(0.08%)

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

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

Bright Kindle Resources & Investments, Inc.  
(A Subsidiary of RYM Business Management Corp.)

## STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2020	2019
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	4	P512,720	P558,722
Due from related parties	13	8,818,398	13,448,152
Other current assets	5	9,805,566	9,498,400
Total Current Assets		19,136,684	23,505,274
<b>Noncurrent Assets</b>			
Investment in an associate	7	2,637,016,266	2,570,119,718
Property and equipment	6	39,274,669	41,202,857
Total Noncurrent Assets		2,676,290,935	2,611,322,575
		P2,695,427,619	P2,634,827,849

### LIABILITIES AND EQUITY

#### Current Liabilities

Accrued expenses and other current liabilities	8	391,469	305,452
Due to a related party	13	1,765,534	1,866,031
Note payable	9	1,671,501,723	1,671,501,723
Total Current Liabilities		1,673,658,726	1,673,673,206

#### Equity

Capital stock	10	840,660,700	840,660,700
Retained earnings		175,004,476	114,002,900
Other comprehensive income		6,103,717	6,491,043
Total Equity		1,021,768,893	961,154,643
		P2,695,427,619	P2,634,827,849

See accompanying Notes to Financial Statements.

## STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2020	2019	2018
GENERAL AND ADMINISTRATIVE EXPENSES	11	(P6,284,288)	(P5,169,525)	(P7,265,480)
SHARE IN NET INCOME (LOSS) OF AN ASSOCIATE	7	67,283,874	7,530,639	(77,372,617)
INTEREST INCOME	4	1,990	694	1,098
NET INCOME (LOSS)		61,001,576	2,361,808	(84,636,999)
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Not to be reclassified to profit or loss -</i>				
Share in other comprehensive income (loss) of an associate	7	(387,326)	(855,327)	572,841
TOTAL COMPREHENSIVE INCOME (LOSS)		P60,614,250	1,506,481	(84,064,158)
EARNINGS (LOSS) PER SHARE - BASIC AND DILUTED	14	P0.040	P0.002	(P0.055)

See accompanying Notes to Financial Statements.

## STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2020	2019	2018
CAPITAL STOCK - P0.55 par value	10			
Authorized - 2,000,000,000 shares				
Issued and outstanding - 1,528,474,000 shares		P840,660,700	P840,660,700	P840,660,700
RETAINED EARNINGS				
Balance at beginning of year		114,002,900	111,641,092	196,278,091
Net income (loss)		61,001,576	2,361,808	(84,636,999)
Balance at end of year		175,004,476	114,002,900	111,641,092
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss</i>				
Accumulated share in other comprehensive income of an associate				
Balance at beginning of year		6,491,043	7,346,370	6,773,529
Share in other comprehensive income (loss) of an associate	7	(387,326)	(855,327)	572,841
Balance at end of year		6,103,717	6,491,043	7,346,370
		P1,021,768,893	P961,154,643	P959,648,162

See accompanying Notes to Financial Statements.



Bright Kindle Resources & Investments, Inc.  
(A Subsidiary of RYM Business Management Corp.)

# STATEMENTS OF CASH FLOWS

Years Ended December 31				
	Note	2020	2019	2018
<strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong>				
Net income (loss)		<strong>₱61,001,576</strong>	₱2,361,808	(₱84,636,999)
Adjustments for:				
Share in net loss (income) of an associate	7	<strong>(67,283,874)</strong>	(7,530,639)	77,372,617
Depreciation	6	<strong>1,928,188</strong>	1,935,345	2,015,422
Interest income	4	<strong>(1,990)</strong>	(694)	(1,098)
Operating loss before working capital changes		<strong>(4,356,100)</strong>	(3,234,180)	(5,250,058)
Increase in other current assets		<strong>(307,166)</strong>	(187,643)	(31,912)
Increase (decrease) in accrued expenses and other current liabilities		<strong>86,017</strong>	(152,454)	226,339
Net cash used for operations		<strong>(4,577,249)</strong>	(3,574,277)	(5,055,631)
Interest received		<strong>1,990</strong>	694	1,098
Net cash used in operating activities		<strong>(4,575,259)</strong>	(3,573,583)	(5,054,533)
<strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong>				
Decrease in due from related parties		<strong>4,629,754</strong>	3,007,429	3,763,619
Acquisitions of property and equipment	6	<strong>—</strong>	—	(60,300)
Net cash provided by investing activities		<strong>4,629,754</strong>	3,007,429	3,703,319
<strong>CASH FLOWS FROM A FINANCING ACTIVITY</strong>				
Increase (decrease) in due to a related party		<strong>(100,497)</strong>	866,031	1,000,000
<strong>NET INCREASE (DECREASE) IN CASH</strong>		<strong>(46,002)</strong>	299,877	(351,214)
<strong>CASH AT BEGINNING OF YEAR</strong>		<strong>558,722</strong>	258,845	610,059
<strong>CASH AT END OF YEAR</strong>		<strong>₱512,720</strong>	558,722	258,845
<strong>NONCASH FINANCIAL INFORMATION</strong>				
Assignment of receivables to offset with note payable	9	<strong>₱—</strong>	₱—	₱38,498,277

See accompanying Notes to Financial Statements.



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

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