CR05651-2024

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
   Jun 30, 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)
7. Address of principal office
   16th floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City
   Postal Code
   1227
8. Issuer's telephone number, including area code
   (02) 88330769
9. Former name or former address, and former fiscal year, if changed since last report
   -
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

11. Are any or all of registrant's securities listed on a Stock Exchange?
    - (●) Yes
    - ( ) No

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange
12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

- (•) Yes
- ( ) No

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

- (•) Yes
- ( ) No

BKR
Bright Kindle Resources & Investments, Inc.

Bright Kindle Resources & Investments Inc.
BKR

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

For the period ended	Jun 30, 2024
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2024	Dec 31, 2023
Current Assets	123,727,957	125,971,400
Total Assets	2,889,724,964	2,897,418,349
Current Liabilities	1,671,786,447	1,672,082,019
Total Liabilities	1,671,786,447	1,672,082,019
Retained Earnings/(Deficit)	370,568,502	377,966,315
Stockholders' Equity	1,217,938,517	1,225,336,330
Stockholders' Equity - Parent	1,229,059,741	1,230,605,230
Book Value per Share	0.8	0.8

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,040,715	7,409	2,186,797	15,683
Gross Expense	2,546,642	3,440,956	4,826,294	6,745,621

Non-Operating Income	13,588,164	14,551,335	-4,620,478	5,686,739
Non-Operating Expense	-	-	-	-
Income/(Loss) Before Tax	12,082,237	11,117,788	-7,259,975	-1,043,199
Income Tax Expense	-	-	137,838	-
Net Income/(Loss) After Tax	12,082,237	11,117,788	-7,397,813	-1,043,199
Net Income Attributable to Parent Equity Holder	11,498,287	11,863,388	-8,545,488	843,438
Earnings/(Loss) Per Share (Basic)	0	0	-0	-0
Earnings/(Loss) Per Share (Diluted)	0	0	-0	-0

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.01	-0
Earnings/(Loss) Per Share (Diluted)	0.01	-0

Other Relevant Information
PLEASE SEE ATTACHED SEC FORM 17-Q

Filed on behalf by:

Name	Joanna Alecxis Manzano
Designation	Legal Admin Supervisor

COVER SHEET

0	0	0	0	1	0	2	1	6	5

SEC Registration Number

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. (A SUBSIDIARY OF RYM BUSINESS MANAGEMENT CORP.)

(Company's Full Name)

16TH FLOOR, BDO TOWERS VALERO (FORMERLY CITIBANK TOWER), 8741 PASEO DE ROXAS, MAKATI CITY

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

Rolando S. Santos
(Contact Person)

(02) 8831-4479
(Company Telephone Number)

12 **31**
Month *Day*
(Calendar Year)

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

N/A
Secondary License Type, If Applicable)

Finance Department
Dept. Requiring this Doc.

June 30, 2024
Period Ending Date

Total Amount of Borrowings

626
Total No. of Stockholders

1,671,501,723
Domestic

N/A
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

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

   16th 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

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 shares

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

12. Indicate by check mark whether the registrant:

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

    Yes

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

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PART I - FINANCIAL INFORMATION

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

The following discussion and analysis are based on the unaudited consolidated financial statements as of June 30, 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 Financial Reporting Standards (PFRS) and accompanying notes to the financial statements and should be read in conjunction with the audited financial statements.

Financial Condition as of June 30, 2024 and December 31, 2023 and Results of Operation for the Three Months and Six Months ended June 30, 2024 and June 30, 2023

STATEMENT OF COMPREHENSIVE INCOME

Three months ended June 30, 2024 compared with three months ended June 30, 2023

Share in Net Income of an Associate

The Corporation's share in net income of an associate amounted to ₱13.59 million during this period. Marcventures Holdings, Inc. (MARC), an associate, has a declined operating performance during the period, resulting in a lower income of ₱0.96 million or 6.62%, as opposed to the same period last year.

Other Income

Other income amounted to ₱1.03 million during the period is derived from the office rental and premium income from affiliates.

Expenses

Total expenses during the period amounted to ₱2.55 million, lower by ₱0.89 million compared with the same period last year. This represents a decrease of 25.99% compared with the same period last year. The decrease was mainly accounted for by the following:

- Taxes and Licenses decreased by ₱1.17 million or 93.89% compared with the same period last year, mainly due to the payment of transfer tax of properties for shares to Brightstar Holdings and Development, Inc. (BHDI), a subsidiary, during the same period last year.
- Membership Dues and Other Fees decreased by ₱0.36 million or 99.04% compared with the same period last year, due to the transfer of properties to BHDI.
- Other Expenses such as transportation and travel, meals, and other miscellaneous expenses decreased by ₱0.23 million or 44.18% compared with the same period last year.

Six months ended June 30, 2024 compared with six months ended June 30, 2023

Share in Net Loss of an Associate

The Corporation's share in net loss of an associate amounted to ₱4.62 million during this period. Marcventures Holdings, Inc. (MARC), an associate, has a declined operating performance during the period, resulting in decrease of ₱10.31 million or 181.25%, as opposed to the same period last year.

Other Income

Other income amounted to ₱2.17 million during the period is derived from the office rental and premium income from affiliates.

Expenses

Total expenses during the period amounted to ₱4.83 million, lower by ₱1.92 million compared with the same period last year. This represents a decrease of 28.45% compared with the same period last year. The decrease was mainly accounted for by the following:

- **Taxes and Licenses** decreased by ₱2.24 million or 93.69% compared with the same period last year, mainly due to the payment of documentary stamp and transfer tax of properties for shares to Brightstar Holdings and Development, Inc. (BHDI), a subsidiary, during the same period last year.
- **Membership Dues and Other Fees** decreased by ₱0.60 million or 83.19% compared with the same period last year, due to the transfer of properties to BHDI.
- **Other Expenses** such as transportation and travel, meals, and other miscellaneous expenses decreased by ₱0.26 million or 34.38% compared with the same period last year.

STATEMENT OF FINANCIAL POSITION

Assets

The total assets of the Corporation decreased by ₱7.69 million from ₱2,897.42 million as of December 31, 2023 to ₱2,889.72 million as of June 30, 2024. The 0.27% 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 ₱0.83 million or 2.38% from ₱34.78 million in 2023 to ₱33.95 million in 2024 due to depreciation recognized during the period. There were also additions of office furniture and fixtures made during the period amounted to ₱0.05 million.
- **Investment in an associate** decreased by ₱4.62 million or 0.17% from ₱2,736.66 million in 2023 to ₱2,732.04 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 ₱47.32 million or 148.07% from ₱31.96 million in 2023 to ₱79.28 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 ₱8.08 million or 39.59% from ₱20.42 million in 2023 to ₱28.51 million in 2024 to support the working capital requirements of the related parties.
- **Other current assets** increased by ₱2.35 million or 17.30% from ₱13.59 million in 2023 to ₱15.95 million in 2024, mainly due to rent receivable to be collected from the lessee.

Liabilities

The total liabilities of the Corporation decreased by ₱0.30 million from ₱1,672.08 million in 2023 to ₱1,671.79 million in 2024, mainly due to paid withholding tax payables during the period.

Equity

The stockholders' equity of the Corporation decreased by ₱7.40 million or 0.60% from ₱1,225.34 million in 2023 to ₱1,217.94 million in 2024, due to the net loss recognized during the period.

STATEMENT OF CASH FLOWS

Three months ended June 30, 2024 compared with three months ended June 30, 2023

Cash used in operating activities decreased by ₱0.28 million or 9.41% compared with the same period last year mainly due to the payment of transfer tax of properties for shares to BHDI during the same period last year.

Cash used in investing activities decreased by ₱2.38 million or 58.53% compared with the same period last year mainly due to the collections of advances to related parties during the period.

Cash provided by financing activity decreased by ₱0.01 million due to the collection of advances from related parties during the same period last year.

Six months ended June 30, 2024 compared with six months ended June 30, 2023

Cash used in operating activities decreased by ₱2.64 million or 36.70% compared with the same period last year mainly due to the payment of documentary stamp and transfer tax of properties for shares to BHDI during the same period last year.

Cash provided by investing activities amounted to ₱51.87 million during the period mainly due to the collection of dividend receivable from MARC.

Cash provided by financing activity decreased by ₱0.01 million due to the collection of advances from related parties during the same period last year.

Item 2 - Financial Statements

The unaudited Consolidated Financial Statements of Bright Kindle Resources & Investments, Inc. and Subsidiary as of June 30, 2024, and for the three months and six months ended June 30, 2023 with a comparative audited figure as of December 31, 2023 is in compliance with generally accepted accounting principles, and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Horizontal and Vertical Analysis:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	Horizontal Analysis Change	Horizontal Analysis % Change	Vertical Analysis 2024	Vertical Analysis 2023
ASSETS						
Current Assets						
Cash	₱ 79,276,180	₱ 31,956,612	₱ 47,319,568	148.07%	2.74%	1.10%
Due from related parties	28,505,114	20,420,211	8,084,903	39.59%	0.99%	0.70%
Dividend receivable	–	60,000,000	(60,000,000)	(100.00%)	0.00%	2.07%
Other current assets	15,946,663	13,594,577	2,352,086	17.30%	0.55%	0.47%
Total Current Assets	123,727,957	125,971,400	(2,243,443)	(1.78%)	4.28%	4.35%
Non-current Assets						
Investment in an associate	2,732,042,254	2,736,662,732	(4,620,478)	(0.17%)	94.54%	94.45%
Property and equipment	33,954,753	34,784,217	(829,464)	(2.38%)	1.18%	1.20%
Total Noncurrent Assets	2,765,997,007	2,771,446,949	(5,449,942)	(0.20%)	95.72%	95.65%
	₱ 2,889,724,964	₱ 2,897,418,349	₱ (7,693,385)	(0.27%)	100.00%	100.00%

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)	Change	% Change	2024	2023
LIABILITIES & CAPITAL DEFICIENCY						
Current Liabilities						
Note payable	₱ 1,671,501,723	₱ 1,671,501,723	₱ –	–	57.84%	57.69%
Accrued expenses and other current liabilities	279,574	575,146	(295,572)	(51.39%)	0.01%	0.02%
Due to related parties	5,150	5,150	–	–	0.00%	0.00%
Total Current Liabilities	1,671,786,447	1,672,082,019	(295,572)	0.02%	57.85%	57.71%
Equity						
Capital stock	840,660,700	840,660,700	–	–	29.09%	29.01%
Retained earnings	370,568,502	377,966,315	(7,397,813)	(1.96%)	12.83%	13.04%
Other comprehensive income	6,709,315	6,709,315	–	–	0.23%	0.23%
Total Equity	1,217,938,517	1,225,336,330	(7,397,813)	(0.60%)	42.15%	42.29%
	₱ 2,889,724,964	₱ 2,897,418,349	₱ (7,693,385)	(0.27%)	100.00%	100.00%

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:

	June 30, 2024	December 31, 2023
Net income	(₱7,397,813)	₱33,074,964
Quick assets	107,781,294	112,507,398
Current assets	123,727,957	125,971,400
Total assets	2,889,724,964	2,897,418,349
Current liabilities	1,671,786,447	1,672,082,019
Total liabilities	1,671,786,447	1,672,082,019
Stockholders' Equity	1,217,938,517	1,225,336,330
Number of common shares outstanding	1,528,474,000	1,528,474,000

Liquidity ratios:	June 30, 2024	December 31, 2023
Current ratio (1)	0.07:1	0.08:1
Quick ratio (2)	0.06:1	0.07:1
Solvency Ratios:		
Debt ratio (3)	0.58:1	0.58:1
Debt to Equity ratio (4)	1.37:1	1.36:1
Profitability ratios:		
Income (loss) per share (5)	(0.005):1	0.022:1
Book value per share (6)	0.80:1	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 = 0.06:1

Solvency Ratio

a. Debt Ratio

   Total liabilities / Total assets = 0.58:1

b. Debt to Equity Ratio

   Total liabilities / Shareholder’s Equity = 1.37:1

Profitability Ratio

a. Return on Equity Ratio

   Net Income (Loss) / Average shareholder’s equity = (0.006):1

b. Return on Assets

   Net Income (Loss)/ Average Total assets = (0.003):1

c. Asset to Equity Ratio:

   Total Assets / Stockholders’ Equity = 2.37:1

d. Asset Turnover:

   Revenue/Total Assets = 0.001

SIGNATURES

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

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

Signature and Title: **ROLANDO S. SANTOS**
SVP and Treasurer

Date: August 13, 2024

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

Date: August 13, 2024

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

	Note	**June 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
ASSETS			
Current Assets			
Cash	4	**₱79,276,180**	₱31,956,612
Due from related parties	10	**28,505,114**	20,420,211
Dividend receivable	10	**–**	60,000,000
Other current assets	5	**15,946,663**	13,594,577
Total Current Assets		**123,727,957**	125,971,400
Noncurrent Assets			
Investment in an associate	7	**2,732,042,254**	2,736,662,732
Property and equipment	6	**33,954,753**	34,784,217
Total Noncurrent Assets		**2,765,997,007**	2,771,446,949
		₱2,889,724,964	₱2,897,418,349
LIABILITIES AND EQUITY			
Current Liabilities			
Note payable	9	**₱1,671,501,723**	₱1,671,501,723
Accrued expenses and statutory payables	8	**279,574**	575,146
Due to related parties	10	**5,150**	5,150
Total Current Liabilities		**1,671,786,447**	1,672,082,019
Equity			
Capital stock	11	**840,660,700**	840,660,700
Retained earnings		**370,568,502**	377,966,315
Other comprehensive income		**6,709,315**	6,709,315
Total Equity		**1,217,938,517**	1,225,336,330
		₱2,889,724,964	₱2,897,418,349

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Three Months Ended June 30	
	Note	**2024**	2023
SHARE IN NET INCOME OF AN ASSOCIATE	7	**₱13,588,164**	₱14,551,335
GENERAL AND ADMINISTRATIVE EXPENSES	12	**(2,546,642)**	(3,440,956)
OTHER INCOME		**1,029,954**	–
INTEREST INCOME	4	**10,761**	7,409
INCOME BEFORE INCOME TAX		**12,082,237**	11,117,788
PROVISION FOR INCOME TAX	13	**–**	–
NET INCOME		**12,082,237**	11,117,788
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss in subsequent period -		**–**	–
Share in other comprehensive income of an associate	7		
TOTAL COMPREHENSIVE INCOME		**₱12,082,237**	₱11,117,788
INCOME PER SHARE - BASIC AND DILUTED	14	**₱0.008**	₱0.007

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Six Months Ended June 30	
	Note	**2024**	2023
SHARE IN NET INCOME (LOSS) OF AN ASSOCIATE	7	**(₱4,620,478)**	₱5,686,739
GENERAL AND ADMINISTRATIVE EXPENSES	12	**(4,826,294)**	(6,745,621)
OTHER INCOME		**2,167,051**	–
INTEREST INCOME	4	**19,746**	15,683
LOSS BEFORE INCOME TAX		**(7,259,975)**	(1,043,199)
PROVISION FOR INCOME TAX	13	**137,838**	–
NET LOSS		**(7,397,813)**	(1,043,199)
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss in subsequent period -		**–**	–
Share in other comprehensive income of an associate	7		
TOTAL COMPREHENSIVE LOSS		**(₱7,397,813)**	(₱1,043,199)
LOSS PER SHARE - BASIC AND DILUTED	14	**(₱0.005)**	(₱0.001)

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Unaudited)
CAPITAL STOCK - ₱0.55 par value			
Authorized - 2,000,000,000 shares			
Issued and outstanding -			
1,528,474,000 shares	11	**₱840,660,700**	₱840,660,700
RETAINED EARNINGS			
Balance at beginning of period		**377,966,315**	344,891,351
Net Income (loss)		**(7,397,813)**	33,074,964
Balance at end of period		**370,568,502**	377,966,315
OTHER COMPREHENSIVE INCOME			
Accumulated share in other comprehensive income of an associate			
Balance at beginning of period		**6,709,315**	7,836,681
Share in other comprehensive loss of an associate	7	**–**	(1,127,366)
Balance at end of period		**6,709,315**	6,709,315
		₱1,217,938,517	₱1,225,336,330

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three Months Ended June 30	
	Note	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax		**12,082,237**	11,117,788
Adjustments for:			
Share in net income of an associate	7	**(13,588,164)**	(14,551,335)
Depreciation	6	**437,625**	433,683
Interest income	4	**(10,761)**	(7,409)
Operating loss before working capital changes		**(1,079,063)**	(3,007,273)
Decrease (increase) in other current assets		**(1,146,334)**	568,582
Decrease in accrued expenses and statutory payables		**(352,841)**	(554,928)
Net cash used for operations		**(352,841)**	(554,928)
Income tax paid		**(137,838)**	–
Interest received		**10,761**	7,409
Net cash used in operating activities		**(2,705,315)**	(2,986,210)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to related parties	10	**(1,676,730)**	(4,055,454)
Additions to property and equipment	6	**(10,944)**	(14,277)
Net cash used in investing activities		**(1,687,674)**	(4,069,731)
CASH FLOW FROM A FINANCING ACTIVITY			
Advances from a related party		**–**	6,389
NET DECREASE IN CASH		**(4,392,989)**	(7,049,552)
CASH AT BEGINNING OF PERIOD		**83,669,169**	62,637,950
CASH AT END OF PERIOD		**79,276,180**	55,588,398

See accompanying Notes to Consolidated Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

		Six Months Ended June 30	
	Note	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(7,259,975)**	(1,043,199)
Adjustments for:			
Share in net loss (income) of an associate	7	**4,620,478**	(5,686,739)
Depreciation	6	**876,408**	866,246
Interest income	4	**(19,746)**	(15,683)
Operating loss before working capital changes		**(1,782,835)**	(5,879,375)
Increase in other current assets		**(2,352,086)**	(498,025)
Decrease in accrued expenses and statutory payables		**(295,572)**	(824,546)
Net cash used for operations		**(4,430,493)**	(7,201,946)
Income tax paid		**(137,838)**	–
Interest received		**19,746**	15,683
Net cash used in operating activities		**(4,548,585)**	(7,186,263)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received		**60,000,000**	–
Advances to related parties	10	**(8,084,903)**	(9,435,039)
Additions to property and equipment	6	**(46,944)**	(47,877)
Net cash provided by (used in) investing activities		**51,868,153**	(9,482,916)
CASH FLOW FROM A FINANCING ACTIVITY			
Advances from a related party		**–**	13,177
NET INCREASE (DECREASE) IN CASH		**47,319,568**	(16,656,002)
CASH AT BEGINNING OF PERIOD		**31,956,612**	72,244,400
CASH AT END OF PERIOD		**79,276,180**	55,588,398

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

General Information

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

The Parent Company is a subsidiary of RYM Business Management Corporation, 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 on the 16th Floor, BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The 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 oninputs 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 June 30, 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 ofcomponents 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 June 30, 2024 and December 31, 2023, the Group's cash, due from related parties, and dividend receivable are 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 June 30, 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 exceed its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it hasincurred 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 ofany 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 partof 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.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements in compliance with PFRS requires managementto 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 arereasonable 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 investorhas significant influence unless it can be clearly demonstrated that this is not the case. If the holdingis less than 20%, the entity will be presumed not to have significant influence unless such influencecan 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 dividendsor 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 June 30, 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 June 30, 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.

4. Cash

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash in banks	**₱79,246,180**	₱31,942,402
Cash on hand	**30,000**	14,210
	₱79,276,180	₱31,956,612

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱0.02 million and ₱0.03 million as of June 30, 2024 and December 31, 2023, respectively.

5. Other Current Assets

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Input VAT	**₱10,288,233**	₱10,186,399
Prepayments	**4,974,723**	2,480,597
CWT	**597,806**	597,806
Others	**85,901**	329,775
	₱15,946,663	₱13,594,577

6. Property and Equipment

Details and movements in this account are as follows:

		June 30, 2024 (Unaudited)			
	Note	**Condominium Unit**	**Office Furniture and Fixtures**	**Computer Equipment**	**Total**
Cost					
Balance at beginning of period		**₱47,788,569**	**₱1,893,169**	**₱716,277**	**₱50,398,015**
Additions		**–**	**46,944**	**–**	**46,944**
Balance at end of period		**47,788,569**	**1,940,113**	**716,277**	**50,444,959**
Accumulated Depreciation					
Balance at beginning of period		**13,667,859**	**1,809,434**	**136,505**	**15,613,798**
Depreciation	12	**789,571**	**24,137**	**62,700**	**876,408**
Balance at end of period		**14,457,430**	**1,833,571**	**199,205**	**16,490,206**
Carrying Amount		**₱33,331,139**	**₱106,542**	**₱517,072**	**₱33,954,753**

		December 31, 2023 (Audited)			
	Note	Condominium Unit	Office Furniture and Fixtures	Computer Equipment	Total
Cost					
Balance at beginning of year		₱47,788,569	₱1,852,968	₱627,000	₱50,268,537
Additions		–	40,201	89,277	129,478
Balance at end of year		47,788,569	1,893,169	716,277	50,398,015
Accumulated Depreciation					
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
Carrying Amount		₱34,120,710	₱83,735	₱579,772	₱34,784,217

The condominium unit is being used as an office space of the Group. As at June 30, 2024 and December 31, 2023, the cost of fully-depreciated property and equipment still in use amounted to ₱1.80 million.

Deed of Assignment to BHDI

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

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:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Acquisition Cost	**₱2,604,000,000**	₱2,604,000,000
Accumulated Earnings		
Balance at beginning of period	**125,953,417**	139,758,252
Share in net income (loss)	**(4,620,478)**	46,195,165
Dividends	**–**	(60,000,000)
Balance at end of period	**121,332,939**	125,953,417
Accumulated Share in OCI		
Balance at beginning of period	**6,709,315**	7,836,681
Share in other comprehensive income - Remeasurement loss on retirement benefit liability	**–**	(1,127,366)
Balance at end of period	**6,709,315**	6,709,315
Carrying Amount	**₱2,732,042,254**	₱2,736,662,732

The Parent Company has 600,000,000 shares of Marcventures Holdings, Inc. (MARC) representing 19.90% equity interest as at June 30, 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:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accrued expenses	**₱–**	₱310,262
Statutory payables	**279,574**	264,884
	₱279,574	₱575,146

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 withinthe next reporting period.

9. Note Payable

The Group's note payable amounting to ₱1,671.5 million as at June 30, 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 investmentin MARC.

10. Related Party Transactions

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

	Note	Nature of Transactions	Amount of Transactions		Outstanding Balances	
			2024	2023	**June 30, 2024 (Unaudited)**	December 31, 2023 (Audited)
Dividends Receivable						
Associate -						
MARC	7	Dividends	**(₱60,000,000)**	₱60,000,000	**₱–**	₱60,000,000
Premium Income						
Entity under common management -						
MMDC		Collection of Premium	**₱107,143**	₱464,286	**₱–**	₱–
Due from Related Parties						
Parent Company		Advances for working capital	**₱–**	₱–	**₱7,000,000**	₱7,000,000
Entities under common management		working capital	**8,084,903**	13,394,541	**21,505,114**	13,420,211
			₱8,084,903	₱13,394,541	**₱28,505,114**	₱20,420,211
Due to Related Parties						
Entity under common management -						
MMDC		Advances for working capital	**₱–**	₱33,727	**₱5,150**	₱5,150
Note Payable						
Entity under common management -						
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 ₱0.50 million as at June 30, 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 June 30, 2024 and December 31, 2023.

The following summarizes the information on the Parent Company's issued and subscribed shares as at June 30, 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%
	1,528,474,000	100.00%

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

The total number of shareholders of the Parent Company is 626 as at June 30, 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, BHDI, to be paid at a ratio of one (1) BHDI 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.

12. General and Administrative Expenses

This account consists of:

	Note	**June 30, 2024 (Unaudited)**	June 30, 2023 (Unaudited)
Professional fees		**₱1,332,725**	₱3,360,480
Depreciation	6	**876,408**	1,733,505
Outside services		**841,585**	2,756,815
Communication, light and water		**564,797**	161,719
Director's fees		**310,000**	544,889
Taxes and licenses		**151,126**	2,396,426
Membership dues and other fees		**120,360**	1,427,565
Fines and penalties		**50,000**	239,226
Representation		**31,390**	278,826
Transportation		**26,801**	441,174
Repairs and maintenance		**16,657**	627,705
Others		**504,445**	1,696,198
		₱4,826,294	₱15,664,528

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
	₱8,703,862

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 One Act” 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:

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
Net income	**(₱7,397,813)**	(₱1,043,199)
Weighted average number of common shares outstanding	**1,528,474,000**	1,528,474,000
Earnings per share - basic and diluted	**(₱0.005)**	(₱0.001)

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

15. Financial Risk Management Objectives and Policies

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

Financial Risk Management Objectives and Policies

The Group’s principal financial instruments consist of cash, dividends receivable due from related parties, accrued expenses due to related parties and notes 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 thepolicies 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 reputableand 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 expectationof 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 thanone year.

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash in banks	**₱79,246,179**	₱31,942,402
Dividend receivable	**–**	60,000,00
Due from related parties	**28,505,115**	20,420,211
	₱107,751,294	₱112,362,613

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 costas at June 30, 2024 and December 31, 2023 based on contractual undiscounted cash flows.

	June 30, 2024				
	On Demand	**Less than One Month**	**One Month to One Year**	**More than One Year**	**Total**
Accrued expenses	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Due to related parties	**5,150**	**–**	**–**	**–**	**5,150**
Note payable	**1,671,501,723**	**–**	**–**	**–**	**1,671,501,723**
	₱1,671,506,873	**₱–**	**₱–**	**₱–**	**₱1,671,506,873**

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

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 maturitiesand 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 goingconcern and to provide an adequate return to shareholders. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. Also, the Group is not subject to any externally imposed capital requirements.

The Group considers its total equity amounting to ₱1,217.94 million and ₱1,225.34 million as at June 30, 2024 and December 31, 2023, respectively, as capital.