

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-A, AS AMENDED

### ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended  
Dec 31, 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  
(+632) 8833-0769
9. Former name or former address, and former fiscal year, if changed since last report  
-
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

11. Are any or all of registrant's securities listed on a Stock Exchange?

☒ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

☒ Yes ☐ No

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

☒ Yes ☐ No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

Php 354,720,971

### **APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

☒ Yes ☐ No

### **DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

-

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

-

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



Bright Kindle Resources  
& Investments, Inc.

# Bright Kindle Resources & Investments Inc.

## BKR

**PSE Disclosure Form 17-1 - Annual Report**  
**References: SRC Rule 17 and**  
**Section 17.2 and 17.8 of the Revised Disclosure Rules**

For the fiscal year ended	Dec 31, 2024
Currency	PHP

### Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
<b>Current Assets</b>	121,997,897	125,971,400
<b>Total Assets</b>	2,914,785,381	2,897,418,349
<b>Current Liabilities</b>	1,672,605,588	1,672,082,019
<b>Total Liabilities</b>	1,672,605,588	1,672,082,019
<b>Retained Earnings/(Deficit)</b>	395,269,491	377,966,315
<b>Stockholders' Equity</b>	1,242,179,793	1,225,336,330
<b>Stockholders' Equity - Parent</b>	1,325,175,669	1,230,605,231
<b>Book Value Per Share</b>	0.81	0.8

### Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
<b>Gross Revenue</b>	4,267,110	2,551,291
<b>Gross Expense</b>	10,469,265	15,664,528
<b>Non-Operating Income</b>	23,505,331	46,195,165
<b>Non-Operating Expense</b>	-	-
<b>Income/(Loss) Before Tax</b>	17,303,176	33,081,928
<b>Income Tax Expense</b>	-	6,964
<b>Net Income/(Loss) After Tax</b>	17,303,176	33,074,964
<b>Net Income/(Loss) Attributable to Parent Equity Holder</b>	95,030,151	36,861,536
<b>Earnings/(Loss) Per Share (Basic)</b>	0.01	0.02
<b>Earnings/(Loss) Per Share (Diluted)</b>	0.01	0.02

**Financial Ratios**

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2024	Dec 31, 2023
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.07	0.08
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	0.07	0.07
Solvency Ratio	Total Assets / Total Liabilities	1.74	1.73
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.57	0.58
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	1.35	1.36
Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	-	-
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	2.35	2.36
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	-	-
Net Profit Margin	Net Profit / Sales	-	-
Return on Assets	Net Income / Total Assets	0.01	0.01
Return on Equity	Net Income / Total Stockholders' Equity	0.01	0.03
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	99	71

**Other Relevant Information**

Please see attached SEC Form 17-A.

**Filed on behalf by:**

<b>Name</b>	Ana Maria Margarita Katigbak
<b>Designation</b>	Corporate Secretary



COVER SHEET

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S.E.C. Registration Number

B	R	I	G	H	T		K	I	N	D	L	E		R	E	S	O	U	R	C	E	S		&			
I	N	V	E	S	T	M	E	N	T	S	,		I	N	C	.											
(	f	o	r	m	e	r	l	y		B	a	n	k	a	r	d	,		I	n	c	.	)				

(Company's Full Name)

1	6	t	h		F	l	o	o	r		B	D	O		T	o	w	e	r	s						
V	a	l	e	r	o		(	f	o	r	m	e	r	l	y		C	i	t	i	b	a	n	k		
T	o	w	e	r	)		8	7	4	1		P	a	s	e	o		d	e		R	o	x	a	s	
M	a	k	a	t	i		C	i	t	y																

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

ROLANDO S. SANTOS

Contact Person

8821-2202/8833-0769

Company Telephone Number

1	2	3	1
Month		Day	
Fiscal Year			

SEC FORM 17-A  
(ANNUAL REPORT)

FORM TYPE

Month		Day	
Annual Meeting			

N/A

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles  
Number/Section

626

Total No. of Stockholders

P1,671,501,723

Total Amount of Borrowings  
Domestic

nil

Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

LCU

Cashier


STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2024**
2. SEC Identification Number **102165**
3. BIR Tax Identification No. **000-803-498**
4. Exact name of issuer as specified in its charter **BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. (formerly Bankard, Inc.)**
5. **Metro Manila**  
Province, Country or other jurisdiction  
of incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **16<sup>th</sup> Floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City 1227**  
Address of principal office Postal Code
8. **(632) 833-0769**  
Issuer's telephone number, including area code
9. **Not applicable**  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Common Stock, ₱0.55 par value</b>	<b>1,528,474,000</b>

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

Yes ☒ No ☐  
Common stock  
Philippine Stock Exchange

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes ☒ No ☐

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

Yes ☒ No ☐

13. The aggregate market value of the voting stock held by non-affiliates is ₱354,720,971 computed on the basis of 358,304,011 representing 23.44% of the outstanding common shares at the closing price as of December 31, 2024 of ₱0.99 per share.

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## **PART I - BUSINESS AND GENERAL INFORMATION**

### **Item 1. BUSINESS**

#### **A. Description of Business**

##### **1. Business Development**

##### **(a) Form and year of organization**

**Bright Kindle Resources & Investments, Inc.** (formerly Bankard, Inc.) (the "Company") was incorporated in the Philippines on December 4, 1981 as a credit card corporation. On March 21, 1995, the Company listed its shares with the Philippine Stock Exchange, Inc. Prior to December 27, 2013, the Company was a subsidiary of Rizal Commercial Banking Corporation (RCBC).

On October 18, 2013, the Board of Directors (BOD) of RCBC approved the sale of its 89.98% collective stake in the Company. In order to consummate the sale, a block sale was made between RCBC and RYM Business Management Corp. (the "Parent Company" or "RYM") together with other investors. As a result, RYM acquired 81.77% interest in the Company.

In view of the change in its ownership and management, the Company has changed the nature of its principal business. In November 2013, the Company's BOD approved the amendment in the Company's Articles of Incorporation to change its corporate name to Bright Kindle Resources & Investments, Inc. and primary business purpose to a holding Company. This matter was submitted and approved by the shareholders during the Special Stockholders' meeting held on December 9, 2013. The Philippine Securities and Exchange Commission (SEC) approved the Company's Amended Articles of Incorporation on January 30, 2014. Assets and liabilities related to the Company's credit card servicing operation were transferred to RCBC Bankard Services Corporation (RBSC) and RCBC on December 12, 2013. Effective December 16, 2013, the Company ceased acting as the administrator of RCBC's credit card business.

Consequently, the Company is now engaged in the purchase, exchange, assignment, and holding of investments and any and all properties, including, but not limited to, bonds, debentures, promissory notes, shares of stocks, or other securities without however engaging in the business of an investment company under the Investment Company Act or a finance company or a broker or dealer in securities.

The Company's registered office is located at 16<sup>th</sup> Floor, BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City.

##### **(b) Any bankruptcy, receivership or similar proceeding?**

There were no bankruptcy, receivership or similar proceedings for the Company.

##### **(c) Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business?**

In 2014, RCBC sold its collective stake of 89.98% in the Company in favor of RYM Business Management Corp. (RYM) and other investors. As a result, it transferred

all or substantially all of its assets and certain liabilities to RCBC and RBSC (refer to Note 1 of the 2019 Audited Financial Statements).

## **2. Business of Issuer**

### **(a) Description of Registrant**

#### ***(i) Principal Products or Services***

From 2007 to December 2013, the Company was a credit card servicing company whose primary customer was RCBC and indirectly the RCBC Bankard cardholders, to whom the cards are issued, and its accredited merchants. As a servicing entity, the Corporation provided RCBC marketing, selling and distribution assistance, technical, collection services and all transaction processing requirements arising from its credit cardholder and merchant transactions.

On October 18, 2013, the Board of Directors of RCBC approved the sale of its 89.98% collective ownership in Bankard, Inc. to RYM and other investors through Philippine Business Bank, Inc. – Trust and Investment Center (PBB). The sale of shares was consummated on December 27, 2013. In view of the foregoing, RCBC's credit card operations were transferred to a related party, RBSC, and the Company ceased to operate any credit card related business as of December 16, 2013.

Considering the sale, the Company changed its primary purpose and now engages in the purchase, exchange, assignment, gift or otherwise, and hold, own and use for investment or otherwise, and sell, assign, transfer, exchange, lease, let, develop, mortgage, pledge, deal in and with and otherwise operate, use and dispose of, any and all properties of every kind and description and wherever situated, as and to the extent permitted by law, including, but not limited to, bonds, debentures, promissory notes, shares of capital stock, or other securities and obligations, created, negotiated or issued by any corporation, association, or other entity, foreign or domestic and while the owner, holder, or possessor thereof, to exercise all the rights and powers, and privileges of ownership or any other interest therein, including the right to receive, collect and dispose of, any and all dividends, interests and income, derived therefrom, and the right to vote on any proprietary or other interest, on any shares of capital stock, and upon any bonds, debentures, or other securities, having voting power, so owned or held, without however engaging in the business of an investment company under the Investment Company Act or a finance company or a broker or dealer in securities of stocks.

#### **Target Market/Segments of Business**

The Company was previously engaged in providing services to credit cardholders of RCBC and targeted cardable customers across all segments. The Company tapped merchants in different geographical locations in the country in order to acquire transactions of both credit and debit card transactions. As a service entity, the Company provided business process outsourcing to interested clients given its expertise in credit card payment processing.

At present, the Company has no operating segment other than being a holding company. It holds 600,000,000 shares of Marcventures Holdings Inc. (MHI) representing 19.9% equity interest as of December 31, 2023. The Company is continuously looking for other viable investments which will provide attractive returns to its shareholders.

**Accredited Establishments**

None.

***(ii) Foreign Sales***

None.

***(iii) Distribution methods of the products or services***

None.

***(iv) Status of any publicly announced new product or service***

None.

***(v) Competition***

None.

***(vi) Sources and availability of raw materials and the names of principal suppliers***

None.

***(vii) Disclose dependencies on single or limited number of suppliers for essential raw materials, energy or other items***

In as much as the Company ceased to provide credit card services and considering the current business of the Company as a holding company, it will have very limited need for raw materials. The Company is not dependent on single or limited number of suppliers and it sources materials from various suppliers as necessary.

***(viii) Disclose dependencies on single customer***

Prior to the block sale last December 27, 2013, the Company only provided services to RCBC. The service fee derived from servicing the principal client, RCBC, was the main revenue source of the Company.

Now, as a holding company, the Company is no longer dependent on a single customer/client.

***(ix) Transactions with and/or dependence on related parties***

Refer to note 11 of the Audited Financial Statements.

***(x) Summarize principal terms & expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions & royalty agreements***

Prior to the sale last December 27, 2013, the Company had licenses from MasterCard International (Mastercard), Visa International (Visa), JCB International Co. (JCB), and Union Pay International (UPI), which allowed the Company to issue credit cards and acquire transactions of merchants carrying said brands.

In view of the block sale and change in ownership and management, the Company had terminated its licenses from MasterCard, Visa, JCB and UPI and presently does

not hold any patents, trademarks, copyrights, licenses, franchises, concessions & royalty agreements.

***(x) Need for any government approval of principal products or services***

The Company has no principal products or services that need government approval.

***(xi) Effect of existing or probable government regulations on the business***

The Company's business is not affected by existing or probable government regulations.

***(xii) Indicate amount spent on research & development***

The Company did not incur any research and development costs for year 2024.

***(xiii) Cost & effects of compliance with environmental laws***

The Company intends to continue the implementation of cost-efficient methods to save paper and encourage recycling within the organization.

***(xiv) State the number of the registrant's present employees***

**Employees**

Starting 2014, aside from the key management officers, all of the Company's personnel performing the daily operations are being outsourced or seconded.

***(xv) Discuss the major risk/s involved in each of the businesses of the company. Include a disclosure of the procedures being undertaken to identify, assess & manage such risks***

**Equity Price Risk**

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The Company is not exposed to price risk.

**Credit Risk**

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

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

***Item 2. DESCRIPTION OF PROPERTY***

The Company acquired a Condominium Unit with parking slots at Unit 16 B BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City (the "Office Condo Unit") last August 2014 which is being utilized as the Company's office space.

On January 20, 2023, the Company and its wholly-owned subsidiary, Brightstar Holdings and Development Inc. (BHDI) executed a Deed of Assignment whereby BKR assigned the Office Condo Unit in favor of BHDI in exchange for issuance of 1,121,505,000 new common shares with a par value of P0.10 per share out of the authorized capital stock of BHDI. The Company filed with the Securities and Exchange Commission a confirmation of valuation for the property-for-share swap. On September 12, 2024, the SEC approved the confirmation of valuation of the property for the share swap between the Parent Company and the Subsidiary. The unit's book value amounted to ₱34.12 million (see Note 6 of the AFS).

On September 12, 2024, the Office Condo Unit was reclassified from property and equipment to investment property as a result of an operating lease agreement entered into by BHDI with a third party (see Note 7 of the AFS)

**Item 3. LEGAL PROCEEDINGS**

All legal proceedings involving the Company were transferred to RBSC.

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

In 2024, the following matters were submitted for approval of Shareholders:

- 1. Approval of Minutes of the previous Stockholder’s meeting
- 2. Approval of Management Report and Audited Financial Statements ending December 31, 2023
- 3. Ratification of All Acts of the Board of Directors and Management
- 4. Election of Directors
- 5. Appointment of External Auditor
- 6. Other Matters
- 7. Adjournment

**PART II –OPERATIONAL AND FINANCIAL INFORMATION**

**Item 5. MARKET PRICE FOR ISSUER’S COMMON EQUITY AND RELATED STOCKHOLDERS’ MATTERS**

**1. Market Information**

The Company’s shares of stock are being traded at the Philippine Stock Exchange (PSE) under Banks and Financial Institutions and classified as Financials.

**Stock Prices**

			High		Low
2024					



	First Quarter	₱	1.41	₱	0.99
	Second Quarter		1.55		1.08
	Third Quarter		1.35		0.87
	Fourth Quarter		1.00		0.60
<b>2023</b>					
	First Quarter	₱	1.58	₱	1.30
	Second Quarter		1.74		1.30
	Third Quarter		1.56		1.10
	Fourth Quarter		1.59		1.36
<b>2022</b>					
	First Quarter	₱	2.21	₱	1.55
	Second Quarter		2.78		1.90
	Third Quarter		2.04		1.40
	Fourth Quarter		1.59		1.15

## 2. Holders

The number of stockholders of record as of December 31, 2024 is 626. Common shares outstanding as of this date is 1,528,474,000. The percentage of shares of stocks owned by the public is 23.4% of the total outstanding shares.

Top twenty (20) stockholders as December 31, 2024:

1	PCD Nominee Corporation (Filipino)	1,523,766,085	99.69%
2	PCD Nominee Corporation (Non-Filipino)	906,003	00.06%
3	William R. Cu-Unjieng &/or Cynthia C.U.Bunag	200,000	00.01%
4	Jardine CMG Life	146,000	00.01%
5	AMA Rural Bank of Mandaluyong, Inc.	100,000	00.01%
6	Ric Castaneda &/or Hector Uy	100,000	00.01%
7	Salazar, Ernesto B.	100,000	00.01%
8	William R. Cu Unjieng	100,000	00.01%
9	Borres, Jun M.	90,000	00.01%
10	Roldan, Marian D.	83,000	00.01%
11	Jardine CMG Value	80,000	00.01%
12	Jun M. Borres &/or Buenaventura Casenas	60,000	00.00%
13	Gili Jr., Guillermo F.	50,000	00.00%
14	Torres, Roberto Belarmino S.	50,000	00.00%
15	Vilar, Antonio T.	50,000	00.00%
16	Lopez, Oscar M.	50,000	00.00%
17	Punzalan, Larry A.	43,500	00.00%
18	Sy, Victor Gan	40,000	00.00%
19	Kairuz, Peter M	40,000	00.00%
20	Tan Bin Yan &/or Carina C. Titterington	33,000	00.00%

## 3. Dividends

On September 8, 2023, the Board approved a property dividend of 509,491,063 common shares with par value of Php 0.10 per share, or an aggregate value of P50.95 million, of the Parent Company's subsidiary, BHDl, 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 P0.0037 per share or a total of P5.66 million to cover the withholding taxes and expenses of the property dividend.

On September 12, 2024, the SEC approved the confirmation of valuation of the property for the share swap between the Parent Company and the Subsidiary. On 29 November 2024, the Parent Company filed an application for property dividend declaration with the SEC. However, as of date, the Parent Company has not yet implemented the declaration of property dividends as the application is pending with the SEC.

#### 4. Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

None.

### ITEM 6. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 prepared in conformity with the Philippine Financial Reporting Standards (PFRS) hereto attached in the Exhibits.

The financial information for the three years ended December 31, 2024, 2023 and 2022 are as follows:

#### 2024 vs. 2023

##### Results of operations

	Audited (in million Pesos)		Increase (Decrease)	
	2024	2023	Amount	%
Revenue	<b>₱4.27</b>	₱2.55	₱1.72	67.25%
General and admin expenses	<b>10.47</b>	15.66	(5.19)	(33.17%)
Share in net income of an associate	<b>23.47</b>	46.20	(22.73)	(49.19%)
Net Income	<b>17.27</b>	33.07	(15.80)	(47.78%)

During the year, the Company was able to generate a net income of ₱17.27 million, a decrease of ₱15.80 million compared with the same period last year. Significant changes in the income statement accounts for the year ended December 31, 2024 versus the same period last year are as follows:

- **Revenue** increased by ₱1.72 million or 67.25% compared with the same period last year, mainly due to the rental income earned from investment property.
- **General and administrative expenses** decreased by ₱5.19 million or 33.17% compared with the same period last year. The movement is attributable to the following:

- **Professional fees** decreased by ₱0.35 million or 10.44% compared with the same period last year, mainly due to the consultancy fees related to the Company's project incurred in 2023.
  - **Outside services** decreased by ₱1.25 million or 45.28% compared with the same period last year, mainly due to the outsourced services related to the Company's project incurred in 2023.
  - **Taxes and licenses** decreased by ₱1.96 million or 81.90% compared with the same period last year, mainly due to the payment of documentary stamp tax related to the deed of assignment of properties.
  - **Repairs and maintenance** decreased by ₱0.61 million or 97.35% compared with the same period last year, mainly due to the replacement of the air handling unit in the office incurred in 2023.
- **Share in net income of an associate** – An associate's declined operating performance during the year posted a share in net income of ₱23.47 million to the Company, a decrease of ₱22.73 million or 49.19% compared with the same period last year.

## Financial Position

	Audited (in million Pesos)		Increase (Decrease)	
	2024	2023	Amount	%
Assets	<b>₱2,914.75</b>	₱2,897.42	₱17.33	0.60%
Liabilities	<b>1,672.61</b>	1,672.08	0.53	0.03%
Stockholders' Equity	<b>1,242.15</b>	1,225.34	16.81	1.37%

- The Company's total **Assets** of ₱2,914.75 million is higher by ₱17.33 million or 0.60% compared with the 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:
- **Cash** increased by ₱40.11 million or 125.52% compared with the same period last year, mainly due to the collection of the dividend receivable from MHI.
  - **Due from related parties** increased by ₱11.03 million or 54.01% compared with the same period last year, mainly due to support the working capital requirements of the related parties.
  - **Dividend receivable** amounting to ₱60.00 million were collected during the year. This dividend was consequently collected and used in part by the Company to pay for its general and administrative expenses.
  - **Property and equipment** decreased by ₱34.25 million or 98.45% compared with the same period last year, mainly due to the reclassification of condominium unit and parking slots to investment property.

- **Investment in an associate** increased by ₱23.01 million or 0.84% compared with the same period last year, mainly due to the share in net income from an associate during the year.
- **Liabilities** increased by ₱0.52 million compared with the same period last year, mainly due to the accrued audit fee during the year.
- **Equity** increased by ₱16.81 million or 1.37% compared with the same period last year, mainly due to the net income recognized during the year.

## Cash Flow

	Audited (in million Pesos)		Increase (Decrease)	
	2024	2023	Amount	%
Cash provided by operating activities	(₱8.83)	(₱15.10)	(₱6.27)	(41.51%)
Cash provided by (used) in investing activities	48.92	(13.52)	62.44	461.75%
Cash used in financing activities	0.02	(11.67)	11.69	100.17%

Net cash used in **operating activities** decreased from ₱15.10 million in 2023 to ₱8.83 million in 2024 was mainly due to the expenses of the project last year.

Net cash provided by **investing activities** amounted to ₱48.92 million during the year, mainly due to the collection of dividend receivable from MHI.

Cash provided by a **financing activity** amounted to ₱0.02 million during the year, due to the collection of advances to related parties.

## 2023 vs. 2022

### Results of operations

	Audited (in million Pesos)		Increase (Decrease)	
	2023	2022	Amount	%
Revenue	₱2.55	₱0.56	₱1.99	358.39%
General and admin expenses	15.66	8.68	6.99	80.57%
Share in net income of an associate	46.20	40.31	5.88	14.59%
Net Income	33.08	32.19	0.89	2.76%

During the year, the Company was able to generate a net income of ₱33.08 million, an increase of ₱0.89 million compared with same period last year. Significant changes in the income statement accounts for the year ended December 31, 2023 versus the same period last year are as follows:

- **Income** is derived mainly from interest income and share of net income of an associate. The balance of the Company's income is minimal due to the low level of its cash in banks.
- **General and administrative expenses** increased by ₱6.99 million or 80.57% compared with same period last year. The movement is attributable to the following:

- **Repairs and maintenance** increased by ₱0.62 million or 7,259.66% compared with the same period last year, primarily due to the replacement of the air handling unit in the office incurred during the year.
  - **Outside services** increased by ₱1.56 million or 129.52% due to the amplified rate of some service providers.
  - **Professional fees** increased by ₱1.85 million or 122.98% compared with the same period last year, primarily due to management fees incurred during the year.
  - **Taxes and licenses** increased by ₱1.68 million or 235.12% due to processing the transfer and registration of properties.
- **Share in net income of an associate** – An associate's improved operating performance during the year posted a share in net income of ₱46.20 million to the Company, an increase of ₱5.88 million compared with the same period last year.

## Financial Position

	Audited (in million Pesos)		Increase (Decrease)	
	2023	2022	Amount	%
Assets	₱2,897.42	₱2,877.83	₱19.59	0.68%
Liabilities	1,672.08	1,684.44	(12.36)	(0.73%)
Stockholders' Equity	1,225.34	1,193.39	31.95	2.68%

- The Company's total **Assets** of ₱2,897.42 million is higher by ₱19.59 million or 0.68% 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:
- **Cash** decreased by ₱40.29 million or 55.77% mainly due to the settlement of current obligations and projects.
  - The Company recorded ₱60.00 million of **dividend receivable** during the year from MHI, an associate. This dividend was consequently collected and used in part by the Company to pay for its general and administrative expenses.
  - **Due from related parties** increased by ₱13.39 million or 190.65% to support the working capital requirements of the related parties.
  - **Property and equipment** decreased by ₱1.60 million compared with the same period last year, mainly due to depreciation expense recognized during the year.
  - **Investment in an associate** decreased by ₱14.93 million compared with the same period last year, mainly due to the recognition of dividends from an associate during the year.
- **Liabilities** decreased by ₱12.36 million compared with the same period last year, mainly due to the settlement of various obligations from related parties.
- **Equity** increased by ₱31.95 million compared with the same period last year, mainly due to the net income recognized during the year.

## Cash Flow

	Audited (in million Pesos)		Increase (Decrease)	
	2023	2022	Amount	%
Cash provided by operating activities	(P15.10)	(P6.52)	(P8.57)	(131.41%)
Cash provided by (used) in investing activities	(13.52)	77.29	(90.81)	(117.50%)
Cash used in financing activities	(11.67)	1.05	(12.72)	(1,209.73%)

The cash used in **operating activities** increased from P6.52 million in 2022 to P15.10 million in 2023 was mainly due to payment of suppliers and projects.

Net cash used in **investing activities** amounting to P13.52 million was mainly used to support the working capital requirements of the related parties.

Net cash used in **financing activity** amounting to P11.67 million was mainly due to settlement of various obligations from related parties.

## Key Performance Indicators

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Return on Asset (%)	0.59%	1.15%	1.13%
Return on Equity (%)	1.40%	2.73%	2.74%

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

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

## **Item 7. FINANCIAL STATEMENTS**

The financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A (see attached 2024 Audited Financial Statements).

## **Item 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS**

### **External Auditors**

The Company re-appointed Reyes Tacandong & Co. (RTC) as its independent external auditor for the calendar year ended December 31, 2024. RTC is a leading professional services firm with a proven track record of high-quality work. RTC provides value-added services to clients through its client caring team of outstanding audit, tax and business professionals who utilize leading-edge systems and technology and are guided by the highest standards of quality, integrity and competence.

For the audit of the Company's Annual financial statements and services provided in connection with statutory and regulatory filings or engagements, the aggregate amounts to be

billed or already billed excluding VAT and out-of-pocket expenses (OPE) by RTC amounts/amounted to ₱0.64 and ₱0.57 million for 2024 and 2023, respectively.

The Audit Committee recommends to the Board the selection of external auditors considering independence and effectiveness.

### **Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

The Company has no disagreements with its accountants.

Changes and adoption of new Accounting Standards are fully summarized under Note 2 to Financial Statements.

## **PART III—CONTROL AND COMPENSATION INFORMATION**

### **Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

#### **1. Current Directors and key executive officers of the Company:**

##### **Board of Directors and Executive Officers**

Cesar C. Zalamea	95	Chairman of the Board/Director	Filipino
Augusto Antonio C. Serafica, Jr.	63	Director/ President/CEO	Filipino
Rolando S. Santos	74	Director/ SVP and Treasurer	Filipino
Remegio C. Dayandayan Jr.	44	Director	Filipino
Minda P. De Paz	84	Director	Filipino
Hermogene H. Real	69	Director/ Assistant Corporate Secretary	Filipino
Dale A. Tongco (elected on September 20, 2024 to fill the vacant seat in the Board)	60	Director	Filipino
Kwok Yam Ian Chan	37	Independent Director	British
Rhodora L. Dapula	46	Independent Director	Filipino
Andrew Julian K. Romualdez	24	Director	Filipino
Lester C. Yee	36	Director	Filipino
Edgar Dennis A. Padernal (resigned effective September 20, 2024)	66	Director	Filipino
Ana Maria A. Katigbak	56	Corporate Secretary	Filipino
Rommel T. Casipe	37	Co-Assistant Corporate Secretary, Data Privacy Officer, Compliance Officer, and Corporate Information Officer	Filipino

#### **Incumbent Directors**

##### **Cesar C. Zalamea**

Chairman of the Board  
January 03, 2014 to present  
95 years old/Filipino

Mr. Cesar C. Zalamea was elected Chairman of the Company in January 2014. He serves as Chairman of Marcventures Holdings Inc. and Chairman of Marcventures Mining and Development Corp. Currently, he is an Independent Director of Araneta Properties Inc., a company he joined as Director in December 2008. He is also a member of the Advisory Board

of Campbell Lutyens & Co. Ltd., an investment advisory company based in the U.K. In 1945, Mr. Zalamea joined AIG where he started as an Investment Analyst at the Philippine American Life Insurance Company (PHILAMLIFE). He went up the corporate ladder of Philamlife and he became President of the Company in May 1969. While he was with Philamlife, he was loaned to the Program Implementation Agency (PIA) in 1964 as Deputy Director General. PIA was an economic group that reported directly to the President of the Philippines. He returned to Philamlife in 1965. In 1969, Mr. Zalamea was appointed Member of the Monetary Board of the Central Bank of the Philippines representing the private sector. In 1981, he left Philamlife to become Chairman of the Development Bank of the Philippines. He also had to resign from being a member of the Monetary Board when he went to the DBP. In 1986, he left the DBP to go back to AIG. He was then stationed in Hong Kong to be the first President of the AIG Investment Corporation (Asia) Ltd. At this time, he was elected to serve as Director in many AIG affiliated companies in Asia, like the AIA Insurance Co., Nan Shan Life Insurance Co. and Philamlife. In 2005, he left AIG to work directly with Mr. Maurice R. Greenberg at the C.V.STARR Companies. He was appointed President and CEO of the Starr Investment Co. {Asia} Ltd. In 2008, he became Chairman of this Company until he retired in 2010. He obtained his B.S. in Accounting and Banking from the Colegio de San Juan de Letran where he graduated as valedictorian. Mr. Zalamea received his MBA from New York University.

**Augusto Antonio C. Serafica, Jr.**

Director/ President and CEO

January 03, 2014 to present

63 years old/Filipino

Mr. Augusto Antonio C. Serafica Jr. was elected as Director in June 2013. Mr. Serafica is currently the President and CEO of Bright Kindle Resources & Investments Corp., Armstrong Capital Holdings, Inc., and Marcventures Holdings Inc. He was formerly the President of Premiere Horizon Alliance Corporation and the Managing Director of Asian Alliance Investment Corporation and Asian Alliance Holdings & Development Corporation. He is currently the Treasurer of Ardent Property Development Corporation and First Ardent Development Corporation.

Mr. Serafica obtained a Bachelor of Commerce in Accountancy degree from San Beda College and Master's in Business Management from the Asian Institute of Management. Mr. Serafica is a Certified Public Accountant.

Mr. Serafica is also a member of the Board of Trustees of the AIM Scientific Research Foundation, Inc., President of the AIM Alumni Leadership Foundation, Inc., and was a former Treasurer of the Federation of AIM Alumni Associations, Inc. and Chairman and Director of the Alumni Association of AIM – Philippines, Inc. He was also a former National Chairman of the Board of Trustees as well as a former National Treasurer of the Brotherhood of Christian Businessmen and Professionals (BCBP).

**Rolando S. Santos**

Director/SVP and Treasurer

January 03, 2014 to present

74 years old/Filipino

Mr. Rolando S. Santos was elected Director in May 2014. He has been the SVP Treasurer of the Company since January 2014 and he became Vice President from 2014 until 2016. He serves as Treasurer of Marcventures Holdings Inc., Marcventures Mining and Development Corp., and Prime Media Holdings Inc. He was previously the Branch Head/ Cluster Head for



Makati Branches of Equitable PCI Bank which was eventually acquired by BDO from 2001 to 2013. He served as Branch Head in Diliman, Quezon City to Area Head for Metro and Provincial branches of the Bank of Commerce from 1984 to 2001. He also served as Branch head in West Avenue, Quezon City and Marikina branches of the Producers Bank of the Philippines from 1981 to 1984. He worked at the Far East Bank and Trust Co. From 1972 to 1981. He was also employed as a liaison officer of the Malacanang Information and Assistance Unit from 1970 to 1972. He obtained his degree in Bachelor of Science in Business Administration from the University of the East.

**Remegio C. Dayandayan, Jr.**

Director

March 26, 2014 to present

44 years old/Filipino

Atty. Remegio C. Dayandayan, Jr. was elected as Director of the Company in March 2014. He currently sits as Director and President of RYM Business Management Corporation and the Philippine Manila Standard Publishing Inc. He was previously an associate of Dum lao Moraleda Antonano and Tavera Law Offices from February 2008 to March 2009. He was also a Subjective Discovery Reviewer of Escaler and Company Inc.-LPO from May 2008 to March 2009. Atty. Dayandayan obtained his degrees in Bachelor of Arts major in Political Science from the University of San Carlos in 2001 and Bachelor of Laws from San Beda College-Mendiola in 2007. He was admitted to the Philippine Bar in 2008.

**Minda P. de Paz**

Director

March 26, 2014 to present

84 years old/Filipino

Ms. Minda P. De Paz was elected as Director in March 2014. She serves as Director of the Company and President of Philippine Collective Media Corporation and Universal Re Condominium Corporation as well as Director and Treasurer of RYM Business Management Corporation and Lubenico Inc. She is also a Director of Sequioa Business Management Corp. and a project coordinator of CPG Joint Venture. Ms. De Paz previously worked at the Philippine National Bank (PNB)- Ormoc City from 1963 to 1977. She then became a Supervising Commission on Audit (COA) Auditor of PNB-Escolta from 1977 to 1979. She served as COA Corporate Auditor of the National Home Mortgage Finance Corporation from 1979 to 1984 and Home Mutual Development Fund from 1981 to 1982. She also became an accountant of Nieva Realty and Development Corporation, D.S. Tantuico and Associates Law Office, Almega Management and Investments Inc. from 1984 to 2005. Ms. De Paz obtained her Bachelor of Commerce in Accountancy from St. Paul's College, Tacloban City. She is a Certified Public Accountant.

**Hermogene H. Real**

Director/ Assistant Corporate Secretary

January 03, 2014 to present

69 years old/Filipino

Atty. Hermogene H. Real was elected Director in May 2014 and Assistant Corporate Secretary in January 2014. She serves as Director of Philippine Collective Media Corporation (2008 to present), Brightgreen Resources Corporation (2014 to present), Brightgreen Nickel, Inc. (2016 to present), Southern Alluvial Minerals and Alumina Resources Inc. (2017 to present), Mairete Asset Holdings Inc. (2017 to present), Sure Mighty Steel, Inc. (2018 to present), Crimson Bauxite Mining Development Corp. (2018 to present), Southeast Fields Bauxite Inc. (2018 to

present), as Corporate Secretary of Benguet Corporation (2000 to present) and Universal Re Condominium Corporation (1997 to 2009, 2010 to present), as Assistant Corporate Secretary of Doña Remedios Trinidad Romualdez Medical Foundation, Inc. (1996 to present), Benguet Corp Nickel Mines, Inc. (2009 to present). She is a lawyer in D.S. Tantuico and Associates (1998 to present). She previously held the following positions: Chairman of the Board and President of Philippine Collectivemedia Corporation (2008 to 2010); Corporate Secretary of Trans Middle East Phils. Equities, Inc. (1996 to 2006); and Assistant Corporate Secretary of Equitable PCI Bank, Inc. (2005-2006).

**Dale A. Tongco**

Director / Vice-President for Risk Management / Chief Risk Officer  
September 20, 2024 to present  
60 years old/Filipino

Mr. Dale A. Tongco was appointed Director in September 2024. He is the Vice-President for Risk Management / Chief Risk Officer and Vice President for Controllershship of Marcventures Holdings, Inc. He is a Certified Public Accountant with extensive experience in Public Accounting Firms as External Auditor and with Corporations as an Internal Auditor and Risk Management Officer specifically in the areas of Fraud Management; ISO 9001 and 14001 Audit and Management; Process and Control Review; Policies and Procedures Documentation; Corporate Governance; and Finance and Treasury. His professional experience over 13 years includes stints in KPMG, Deloitte, Phil-Am-AIA, CP de Guzman & Co.-CPAs and Benguet Corporation.

**Kwok Yam Ian Chan**

Independent Director  
December 15, 2021 to present  
37 years old/ British

Mr. Kwok Yam Ian Chan was elected as Independent Director on December 15, 2021. He is also an Independent Director of Marcventures Holdings, Inc. since September 25, 2020. He is currently a Director of Zenith System and Heavy Equipment, Seaborne Shipping Inc., and Isky Empire Realty Inc. He is likewise a Director of Megalifters Cargo Handling Corp., King Dragon Realty Corp. and DK Ventures Inc. Previous to that, he was the Managing Director of Dunfeng Philippines International Inc. from 2010 to 2017. He was also the President of Dunfeng Shipping Inc. from 2013 to 2017 and served as a Director of Mannage Resource and Trading Inc. from 2015 to 2017. He obtained his master's degree in Economics majoring in Finance at California Polytechnic University. Mr. Chan graduated from DLSU - College of St. Benilde with a Bachelor of Science degree in Business Administration majoring in Export Management.

**Rhodora L. Dapula**

Independent Director  
December 15, 2021 to present  
46 years old/ Filipino

Atty. Rhodora L. Dapula was elected as Independent Director in December 15, 2021. She is a Partner in Dapula, Dapula and Associates Law Offices; President/CEO of G.D. Brains and Castles, Inc. and Proficientlink Realty Corporation; and an Independent Director of Benguet Corporation. She is a CPA-Lawyer, Professional Regulation Commission (PRC) Licensed Real Estate Broker, PRC Licensed Real Estate Appraiser, PRC Licensed Real Estate Consultant, PRC Licensed Real Estate Environmental Planner and Licensed Life and Variable Life Financial Advisor. She is a PRC accredited lecturer for Real Estate Service Seminars and Trainings.

**Mr. Andrew Julian K. Romualdez**

Director

August 2, 2022 to present

24 years old/ Filipino

Mr. Andrew Julian K. Romualdez was elected as Director on August 2, 2022 to replace Atty. Jesse Hermogenes T. Andres who resigned effective June 30, 2022. He is currently a director of the Company's subsidiary, Brightstar Holdings and Development Inc. He is a director of *listed companies*, Benguet Corp. (BC) and Marcventures Holdings, Inc. (MHI). He is also a director of the BC's subsidiaries, namely: Benguetcorp Resources Management Corporation (BRMC), Arrow Freight and Construction Corporation (AFCC), Benguetcorp Laboratories, Inc. (BCLI) and Benguet Management Corporation (BMC). He is also a Director of MHI's subsidiaries, namely: Marcventures Mining and Development Corporation, Alumina Mining Phils., Inc. Bauxite Resources, Inc. and Brightgreen Resources Corporation. He is currently a director of Armstrong Securities, Inc. and Armstrong Capital Holdings, Inc. Mr. Romualdez graduated from Cornell University in 2022 with a Bachelor's Degree in International Agriculture and Rural Development.

**Mr. Lester C. Yee**

Director

March 9, 2023 to present

36 years old/ Filipino

Mr. Lester C. Yee was elected Director on March 9, 2023. He graduated Magna Cum Laude from the Ateneo de Manila University in 2009, with a Bachelor of Science Degree in Applied Mathematics, Major in Mathematical Finance, Minor in Economics, and finished his Master's Degree in Applied Mathematics, also at the Ateneo de Manila University in 2010.

Mr. Yee was an Assistant Vice President – Head of Corporate Planning and Investor Relations of Marcventures Holdings Inc. (July 2020 to December 2021). He was also a Director in Benguet Corporation (September 2020 to March 2021). He is a Director of Filcon Ventures Inc., and Director and Treasurer of VNF and Sons, Inc. He also once shared his competence in other companies/institutions where he served as Assistant Vice President, Investment Banking Group, and Licensed Fixed Income Salesman, Philippine Commercial Capital Inc. (April 2019 to May 2020); Senior Analyst, Maybank ATR Kim Eng Capital Partners Inc. (Feb. 2017 to April 2019).

**Edgar Dennis A. Padernal**

Director

December 15, 2021 to September 20, 2024

66 years old/ Filipino

Atty. Edgar Dennis A. Padernal was elected Director in December 15, 2021 and resigned September 20, 2024. He is a litigation lawyer and a partner in Andres Padernal & Paras Law Offices. He obtained Bachelor of Laws in 1984 from Ateneo College of Law, and his Bachelor of Arts in History Political Science in 1980 from De la Salle University. He was admitted to the Bar in 1985. Right after law school he worked with the Supreme Court at the Office of the Chief Justice, Felix V. Makasiar, and then at the Office of the Court Administrator. He then worked in the Trenas Law Offices, the Acaban Corvera del Castillo Law Offices, and the Lagustan and Mabasa Law Offices. In 1996, he joined the Ponce Enrile Reyes & Manalastas Law Offices (PECABAR) and became a partner of PECABAR in July 1998-March 2004. He was a director of Benguet Corporation from August 2018-September 2020.

### **Executive Officers:**

#### **Ana Maria A. Katigbak**

Corporate Secretary

September 8, 2023 to present

56 years old/ Filipino

Atty. Ana Maria A. Katigbak was appointed on September 8, 2023 as Corporate Secretary. She is a Senior Partner in Castillo Laman Tan Pantaleon & San Jose Law Firm. She is a member of the Integrated Bar of the Philippines and a graduate of the University of the Philippines with a B.A. in Comparative Literature and Bachelor of Laws. Over the past five years, she has served as director, corporate secretary of and assistant corporate secretary in various publicly-listed companies and clients of the law firm.

#### **Rommel T. Casipe**

Co-Assistant Corporate Secretary, Data Privacy

Officer, Compliance Officer and Corporate

Information Officer

May 5, 2023 to present

37 years old/ Filipino

Atty. Rommel T. Casipe was appointed as Co-Assistant Corporate Secretary on May 5, 2023, as Data Privacy Officer and Compliance Officer on September 8, 2023 and as Corporate Information Officer on November 21, 2023. He has been a member of the Integrated Bar of the Philippines since 2019. Before joining the Company, Atty. Casipe served as the Compliance Officer of D.M. Wenceslao & Associates, Inc., a real estate company. He also worked as an associate lawyer in OPCN Law Offices specializing in Labor Law and Trademark Law. He obtained his Bachelor's Degree in Sport Science from the University of the Philippines and Law degree from the Far Eastern University.

## **2. Significant Employees**

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

## **3. Family Relationships**

None.

## **4. Involvement in Certain Legal Proceedings**

None of the directors, officers or members of the Company's senior management have, presently or during the last five (5) years, been subject to any of the following:

- a) any bankruptcy, petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to the time;
- b) any conviction by final judgment of any offense in any pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities; and
- d) found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or

electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated.

**Item 10. EXECUTIVE COMPENSATION**

**Summary of Compensation Table**

Information as to aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the Company’s Chief Executive Officer and four other most highly compensated executive officers follows:

**SUMMARY OF COMPENSATION TABLE**

NAMES	POSITION	SALARY	BONUS	OTHERS
Cesar C. Zalamea	Chairman			
Augusto Antonio C. Serafica Jr.	President and CEO			
Rolando S. Santos	SVP and Treasurer			
Ana Maria A. Katigbak	Corporate Secretary			
Hermogene H. Real	Asst. Corporate Secretary			
Rommel T. Casipe	Co-Asst. Corporate Secretary			
Dale A. Tongco	Director and Vice-President for Risk Management / Chief Risk Officer			
All above named officers as a group	2022			₱240,000.00
	2023			₱204,444.44
	2024			₱340,000.00
All other officers and directors as group unnamed	2022			₱440,000.00
	2023			₱300,444.44
	2024			₱380,000.00

The 2024 compensation for directors and executive officers is subject to changes as the BOD through the Compensation Committee is continuously reviewing the directors’ and executive officers’ compensation which shall be in accordance with the parameters set by the Company’s by-laws and other industry standards.

**Compensation of Directors**

**(0) Standard Arrangements**

Except for nominal per diem for attending board & committee meetings, there are no standard arrangements by which Directors are compensated directly or indirectly.

**(b) Other Arrangements**

None.

## Employment Contract and Termination of Employment and Change-in-Control Arrangements

For the year ended December 31, 2024, the Company engaged consultants and employees from outsourcing agencies to perform its day-to-day transactions.

### Warrants and Options Outstanding: Repricing

The above-named executive officers and directors, and all officers and directors as a group, do not hold equity warrants or options as the Company does not have any outstanding equity warrants or options.

## Item 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

### (1) Owners of more than 5% of voting securities as of 31 December 2024

Title of Class	Name, Address of Record and Relationship with Issuer	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	-PCD Nominee Corporation1 -Tower 1 – Ayala Triangle Makati Avenue cor. Paseo de Roxas Makati City -Registered owner in the books of stock transfer agent	-RYM Business Management Corp./ Client	Filipino	970,159,989	63.47%
		Armstrong Capital Holdings Corp./ Client	Filipino	200,026,000	13.09%
Total				1,170,185,989	76.56%

### (2) Security Ownership of Management as of 31 December 2024

Title of Class	Name Beneficial Owner	Amount and Nature of beneficial ownership	Citizenship	Percent of Class
Common	Cesar C. Zalamea	1,000/ Direct	Filipino	0.00%
Common	Rolando S. Santos	1,000/ Direct	Filipino	0.00%
Common	Remegio C. Dayandayan, Jr.	1,000/ Direct	Filipino	0.00%
Common	Minda P. de Paz	1,000/Direct	Filipino	0.00%
Common	Augusto Antonio C. Serafica, Jr.	1,000/ Direct	Filipino	0.00%
Common	Hermogene H. Real	900/ Direct	Filipino	0.00%
Common	Andrew Julian K. Romualdez	21,000/ Direct	Filipino	0.00%
Common	Dale A. Tongco	1,000/ Direct	Filipino	0.00%
Common	Kwok Yam Ian Chan	1,000/ Direct	Filipino	0.00%
Common	Rhodora L. Dapula	1,000/ Direct	Filipino	0.00%
Common	Lester C. Yee	1,000/ Direct	Filipino	0.00%

Common	Ana Maria A. Katigbak	0	Filipino	0.00%
Common	Rommel T. Casipe	0	Filipino	0.00%
	<b>Total – Directors as a group</b>	30,900/ Direct	Filipino	0.00%
	<b>Total – Officers as a group</b>	0	Filipino	0%

## **Item 12. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS**

There are no significant transactions entered into by the Company in the normal course of business with related parties except as discussed in note 11 to the Audited Financial Statements.

<sup>1</sup> PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD") is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on behalf of their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

## **PART IV – CORPORATE GOVERNANCE**

### **Item 13. CORPORATE GOVERNANCE**

This portion has been deleted pursuant to SEC Memorandum Circular No. 5, Series of 2013.

## **PART V - EXHIBITS AND SCHEDULES**

### **Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C**

#### **(a) Exhibits**

Please see accompanying Index to Financial Statements.

#### **(b) Reports on SEC Form 17-C**

Items reported under SEC Form 17-C during the last six months covered by this report: \_\_

	Date of Report	Event Reported
(1)	July 19, 2024	(a) Notice of 2024 Annual Stockholders' Meeting
(2)	August 12, 2024	(a) Results of the Annual Stockholders' Meeting of Bright Kindle Resources and Investment, Inc. held on August 12, 2024
(3)	August 13, 2024	(a) Results of the Organizational Meeting of the Board of Directors held on August 13, 2024
(4)	August 21, 2024	(a) Reply to the Exchange dated 31 May 2024 with disclosure date of 03 June 2024 regarding the Company's disclosure where the Board of Directors of Brightstar Holdings and Development Inc. ("BHDI"), a subsidiary of BKR, approved the acquisition of Strong Built (Mining) Development Corporation ("SBMDC") for and in consideration of BHDI's issuance of new common shares and assets of up to Php5,000,000,000.00.
(5)	September 20, 2024	a) Resignation of Atty. Edgar Dennis A. Padernal as Director of Bright Kindle Resources & Investments, Inc.

		<p>("BKR") and Election of Mr. Dale A. Tongco as replacement regular director of the Board of Directors of BKR to serve the unexpired term of his predecessor for CY2024-2025.</p> <p>(b) Re-composition of Audit, Risk Oversight and Related Party Transactions Committee</p>
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## SIGNATURES

Pursuant to the requirements of the Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on APR 30 2025, 2025.

By:

  
\_\_\_\_\_  
**AUGUSTO C. SERAFICA, JR.**  
President/CEO

  
\_\_\_\_\_  
**ROLANDO S. SANTOS**  
SVP Treasurer

  
\_\_\_\_\_  
**ANA MARIA A. KATIGBAK**  
Corporate Secretary


BEFORE ME, Notary Public for and in the above-named locality, personally appeared the following, with their respective residence certificates and competent evidence of identity, to wit:

<u>Name</u>	<u>Competent Evidence of Identity</u>	<u>Place Issued/Valid Until</u>
Augusto C. Serafica, Jr.	TIN 102-097-338	Makati City
Rolando S. Santos	TIN 127-551-084	Makati City
Ana Maria A. Katigbak	TIN 173-182-955	Makati City

known to me and to me known as the same persons who executed the foregoing **2024 SEC Form 17-A Annual Report**, and they acknowledge to me that the same is their free and voluntary act and deed as well as of the corporations they respectively represent.

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

Doc. No. 16  
Page No. 5  
Book No. I  
Series of 2025.

  
**ATTY. REUBEN CARLO O. GENERAL**  
Notary Public for Makati City  
Appt. No. M-223 Until 31 Dec. 2026  
Roll of Attorneys No. 59087  
IBP Membership No. 480027; 12/01/2024  
PTR No. MKT-10476980MN; 01/13/2025  
MCLE Compliance No. VII-0018681;  
3F ALPAP I Building, #140 Leviste Street  
Salcedo Village, Makati City

**INDEX TO FINANCIAL STATEMENTS**

Annex A:	Audited Financial Statement of the Company for the years ended December 31, 2024, 2023, and 2022
Annex B:	2024 Sustainability Report

# COVER SHEET

## for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 1 0 2 1 6 5

**COMPANY NAME**

B	R	I	G	H	T		K	I	N	D	L	E		R	E	S	O	U	R	C	E	S		&		I	N	V	E	S	T	M	E	N	T	S	,	
I	N	C	.		(	A		S	u	b	s	i	d	i	a	r	y		o	f		R	Y	M		B	u	s	i	n	e	s	s		M	a	n	a
g	e	m	e	n	t		C	o	r	p	.	)																										

**PRINCIPAL OFFICE** (No./Street/Barangay/City/Town/ Province)

1	6	t	h		F	l	o	o	r		B	D	O		T	o	w	e	r	s		V	a	l	e	r	o	,		8	7	4	1		P	a	s	e
o	d	e		R	o	x	a	s	,		M	a	k	a	t	i		C	i	t	y																	

Form Type

A A F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

**COMPANY INFORMATION**

Company's Email Address

ana.katigbak@citpsj.com.ph

Company's Telephone Number

(02) 8856-7976

Mobile Number

0920-928-6552

No. of Stockholders

626

Annual Meeting (Month / Day)

Last Thursday of May

Fiscal Year (Month / Day)

December 31

**CONTACT PERSON INFORMATION**The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Mr. Rolando S. Santos

Email Address

rolly.santos@marcventures.com.ph

Telephone Number

(02) 8831-4479

Mobile Number

0998-985-0229

**CONTACT PERSON'S ADDRESS**

16th Floor, BDO Towers Paseo, 8741 Paseo de Roxas, Makati City

**NOTE 1:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2:** All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.



## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

We have audited the separate financial statements of Bright Kindle Resources & Investments, Inc. (the Company), a subsidiary of RYM Business Management Corp., which comprise the separate statements of financial position as at December 31, 2024 and 2023, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2024, 2023, and 2022, and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024, 2023, and 2022, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audits of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



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

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

*Auditors' Responsibilities for the Audit of the Separate Financial Statements*

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

**REYES TACANDONG & Co.**

  
CAROLINA P. ANGELES  
Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10467120

Issued January 2, 2025, Makati City

April 7, 2025

Makati City, Metro Manila

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

**SEPARATE STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Note	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	4	P69,191,499	P15,233,155
Due from related parties	11	7,017,262	7,170,233
Dividend receivable	11	—	60,000,000
Other current assets	5	11,192,401	10,995,074
Total Current Assets		87,401,162	93,398,462
<b>Noncurrent Assets</b>			
Property and equipment	6	537,567	34,784,217
Investment in an associate	7	2,759,708,350	2,736,662,732
Investment in a subsidiary	8	149,650,500	37,500,000
Total Noncurrent Assets		2,909,896,417	2,808,946,949
		<b>P2,997,297,579</b>	<b>P2,902,345,411</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accrued expenses and statutory payables	9	P620,187	P238,457
Note payable	10	1,671,501,723	1,671,501,723
Total Current Liabilities		1,672,121,910	1,671,740,180
<b>Equity</b>			
Capital stock	12	840,660,700	840,660,700
Retained earnings		478,265,367	383,235,216
Other comprehensive income		6,249,602	6,709,315
Total Equity		1,325,175,669	1,230,605,231
		<b>P2,997,297,579</b>	<b>P2,902,345,411</b>

*See accompanying Notes to Separate Financial Statements.*

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

**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**

		Years Ended December 31		
	Note	2024	2023	2022
SHARE IN NET INCOME OF AN ASSOCIATE	7	₱23,505,331	₱46,195,165	₱40,313,575
GAIN ON PROPERTY-FOR-SHARES EXCHANGE	6	79,214,147	—	—
GENERAL AND ADMINISTRATIVE EXPENSES	13	(7,725,183)	(9,813,695)	(7,189,505)
INTEREST INCOME	4	35,856	22,744	33,164
OTHER INCOME	11	—	464,286	520,000
INCOME BEFORE INCOME TAX		95,030,151	36,868,500	33,677,234
PROVISION FOR CURRENT INCOME TAX	14	—	(6,964)	(5,200)
NET INCOME		95,030,151	36,861,536	33,672,034
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Not to be reclassified to profit or loss in subsequent period -</i>				
Share in other comprehensive income (loss) of an associate	7	(459,713)	(1,127,366)	932,508
TOTAL COMPREHENSIVE INCOME		₱94,570,438	₱35,734,170	₱34,604,542
EARNINGS PER SHARE - BASIC AND DILUTED	15	₱0.062	₱0.024	₱0.022

*See accompanying Notes to Separate Financial Statements.*



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

**SEPARATE STATEMENTS OF CHANGES IN EQUITY**

		Years Ended December 31		
	Note	2024	2023	2022
<b>CAPITAL STOCK</b> - ₱0.55 par value				
Authorized - 2,000,000,000 shares				
Issued and outstanding -				
1,528,474,000 shares	12	<b>₱840,660,700</b>	₱840,660,700	₱840,660,700
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		<b>383,235,216</b>	346,373,680	312,701,646
Net income		<b>95,030,151</b>	36,861,536	33,672,034
Balance at end of year		<b>478,265,367</b>	383,235,216	346,373,680
<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	6,904,173
Share in other comprehensive income (loss) of an associate	7	<b>(459,713)</b>	(1,127,366)	932,508
Balance at end of year		<b>6,249,602</b>	6,709,315	7,836,681
		<b>₱1,325,175,669</b>	₱1,230,605,231	₱1,194,871,061

*See accompanying Notes to Separate Financial Statements.*

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

**SEPARATE STATEMENTS OF CASH FLOWS**

		Years Ended December 31		
	Note	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before tax		₱95,030,151	₱36,868,500	₱33,677,234
Adjustments for:				
Gain on property for share exchange	6	(79,214,147)	—	—
Share in net income of an associate	7	(23,505,331)	(46,195,165)	(40,313,575)
Depreciation	6	1,357,241	1,733,505	1,642,287
Interest income	4	(35,856)	(22,744)	(33,164)
Operating loss before working capital changes		(6,367,942)	(7,615,904)	(5,027,218)
Increase in other current assets		(197,327)	(432,478)	(419,782)
Increase (decrease) in accrued expenses and statutory payables		381,730	(918,932)	284,338
Net cash used for operations		(6,183,539)	(8,967,314)	(5,162,662)
Interest received		35,856	22,744	33,164
Income tax paid		—	(6,964)	(5,200)
Net cash used in operating activities		(6,147,683)	(8,951,534)	(5,134,698)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Collections of dividends receivable		60,000,000	—	78,000,000
Collections from related parties		152,971	1,246,583	152,971
Additions to property and equipment	6	(46,944)	(129,478)	(684,049)
Payment of subscription payables	8	—	(28,125,000)	—
Investment in a subsidiary	8	—	—	(9,375,000)
Advances made to related parties		—	—	(1,416,816)
Net cash provided by investing activities		60,106,027	1,117,105	66,524,135
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>				
Advances from (payments to) a related party	11	—	(11,673,899)	1,051,490
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>53,958,344</b>	<b>(47,633,328)</b>	<b>62,440,927</b>
<b>CASH AT BEGINNING OF YEAR</b>		<b>15,233,155</b>	<b>62,866,483</b>	<b>425,556</b>
<b>CASH AT END OF YEAR</b>		<b>₱69,191,499</b>	<b>₱15,233,155</b>	<b>₱62,866,483</b>
<b>NONCASH FINANCIAL INFORMATION</b>				
Additional investment in a subsidiary through property-for-share exchange	8	₱112,150,500	₱—	₱—
Dividends receivable from associate	7	—	60,000,000	—
Acquisition of investment in a subsidiary through subscription payable	8	—	—	28,125,000

See accompanying Notes to Separate Financial Statements.

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

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**NOTES TO SEPARATE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2024 AND 2023 AND**  
**FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

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**1. Corporate Information**

**General Information**

Bright Kindle Resources & Investments, Inc. (the Company) is a holding company, incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 4, 1981. On March 21, 1995, the Company listed its shares with Philippine Stock Exchange, Inc. (PSE).

The Company is a subsidiary of RYM Business Management Corp. (the Parent Company), a holding company registered and domiciled in the Philippines.

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

**Approval of Separate Financial Statements**

The accompanying separate financial statements of the Company as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022 were approved and authorized for issuance by the Board of Directors (BOD) of the Company on April 7, 2025.

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**2. Summary of Material Accounting Policy Information**

The material accounting policy information that have been used in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

**Basis of Preparation and Statement of Compliance**

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

**Measurement Bases**

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

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

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

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

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

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

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

Further information about the assumptions made in measuring fair value is included in Note 16, *Financial Risk Management Objectives and Policies*.

#### **Adoption of Amended PFRS Accounting Standards**

The accounting policies adopted are consistent with those of the previous financial year. Relevant amendments to PFRS Accounting Standards effective beginning January 1, 2024 did not have any material effect on the financial statements of the Company.

#### **New and Amended PFRS Accounting Standards in Issue but Not Yet Effective**

Relevant new and amended PFRS Accounting Standards, which are not yet effective as at December 31, 2024, are not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

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

The Company recognizes a financial asset or a financial liability in the separate 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. Financial assets are derecognized when the right to receive cash flows from the asset has expired.

As at December 31, 2024 and 2023, the Company's cash, due from related parties, and dividend receivable is considered 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 Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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

As at December 31, 2024 and 2023, the Company's accrued expenses and note payable are classified as financial liabilities at amortized cost.

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

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

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

The reporting date of the associate and that of the Company are identical and the associate's accounting policies conform to those used by the Company 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 Company.

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

The Company determines at the end of each reporting 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.

#### **Investment in a Subsidiary**

The Company's investment in a subsidiary is accounted for in the separate financial statements at cost less any impairment in value.

Under the cost method, the Company recognizes income from the investment only to the extent that the Company received distributions from accumulated profits of the subsidiary after the date of acquisition. Distributions received in excess of such profits are regarded as a reduction of the cost of the investment.

A subsidiary is an entity in which the Company has control. Specifically, the Company controls an investee if it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

An assessment of the carrying amount of the investment in subsidiary is performed when there is an indication that the investment has been impaired.

### **Equity**

*Capital Stock.* Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

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

*Other Comprehensive Income (OCI).* OCI comprises of items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS Accounting Standards. OCI of the Company 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 Company 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 Transactions and Related Parties**

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability to directly or indirectly, control or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled, or under common control with the Company; (b) associates; (c) individuals owning directly or indirectly, an interest in the voting power of the Company that give them significant influence over the Company and close members of the family of any such individual; and (d) members of the key management personnel of the Company.

In considering each possible related party relationship, attention is directly to the substance of the relationship and not merely on the legal form.

#### **Provisions and Contingencies**

Provisions are recognized when a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

### **Events after the Reporting Date**

Post year-end events that provide additional information about the Company's financial position at the financial reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

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

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

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

*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 Company 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.

The Company's investment in an associate qualifies this criteria despite not having 20% or more of the voting power on the investee.

*Assessing the Impairment of Investment in an Associate.* The Company assesses the impairment of investment in an associate whenever events or changes in circumstances indicate that the carrying amount of investment in an associate may not be recoverable. The Company 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 Company's proportionate share in the carrying amounts of the associate's net assets in the separate financial statements.



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

Based on management assessment, the estimated recoverable amount of the Company's investment in an associate is higher than its carrying amount. 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 in 2024, 2023 and 2022. The carrying amount of investment in an associate is disclosed in Note 7.

*Assessing the Realizability of Deferred Tax Assets.* The Company 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. Management has assessed that there may be no sufficient future taxable profits against which the deferred tax assets can be utilized.

The Company's unrecognized deferred tax assets is disclosed in Note 14.

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#### 4. Cash

This account consists of:

	2024	2023
Cash on hand	<b>P20,000</b>	P14,210
Cash in bank	<b>69,171,499</b>	15,218,945
	<b>P69,191,499</b>	P15,233,155

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to P35,856, P22,744, and P33,164 in 2024, 2023, and 2022, respectively.

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#### 5. Other Current Assets

This account consists of:

	2024	2023
Input VAT	<b>P10,390,651</b>	P10,093,192
Prepaid tax	<b>597,806</b>	597,806
Prepayments	<b>179,194</b>	173,501
Others	<b>24,750</b>	130,575
	<b>P11,192,401</b>	P10,995,074

## 6. Property and Equipment

Balances and movements in this account are as follows:

	2024			
	Condominium Units	Office Furniture and Fixtures	Computer Equipment	Total
<b>Cost</b>				
Balances at beginning of year	₱47,788,569	₱1,893,169	₱716,277	₱50,398,015
Additions	—	36,000	10,944	46,944
Transfers	(47,788,569)	—	—	(47,788,569)
Balance at end of year	—	1,929,169	727,221	2,656,390
<b>Accumulated Depreciation</b>				
Balances at beginning of year	13,667,859	1,809,434	136,505	15,613,798
Depreciation	1,184,357	28,910	143,974	1,357,241
Transfers	(14,852,216)	—	—	(14,852,216)
Balance at end of year	—	1,838,344	280,479	2,118,823
<b>Carrying Amount</b>	<b>₱—</b>	<b>₱90,825</b>	<b>₱446,742</b>	<b>₱537,567</b>

	2023			
	Condominium Units	Office Furniture and Fixtures	Computer Equipment	Total
<b>Cost</b>				
Balances 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
<b>Accumulated Depreciation</b>				
Balances at beginning of year	12,088,718	1,791,575	—	13,880,293
Depreciation	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>

Depreciation expense charged to operations amounted to ₱1.4 million, ₱1.7 million, and ₱1.6 million in 2024, 2023 and 2022, respectively (see Note 13).

As at December 31, 2024 and 2023, the cost of fully-depreciated property and equipment still in use amounted to ₱1.8 million.

### **Deed of Assignment to Brightstar Holdings and Development Inc. (BHDI)**

On January 20, 2023, the Company and BHDI executed a Deed of Assignment under which the 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 a share from the authorized capital stock of BHDI. The transaction is pursuant to the approval by the 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).

On September 12, 2024, the Company obtained the certificate of approval of valuation from the SEC. On the same date, the subject property was also transferred to BHDI in exchanges for BHDI's shares valued at ₱112.2 million (see Note 8). The exchange resulted to a gain of ₱79.2 million recognized in the separate statements of comprehensive income.

## 7. Investment in an Associate

Movements in this account are as follows:

	2024	2023
<b>Acquisition Cost</b>	<b>₱2,604,000,000</b>	<b>₱2,604,000,000</b>
<b>Accumulated Earnings</b>		
Balance at beginning of year	125,953,417	139,758,252
Share in net income	23,505,331	46,195,165
Dividend income	—	(60,000,000)
Balance at end of year	149,458,748	125,953,417
<b>Accumulated Share in OCI</b>		
Balance at beginning of year	6,709,315	7,836,681
Share in OCI -		
Remeasurement loss on retirement benefit liability	(459,713)	(1,127,366)
Balance at end of year	6,249,602	6,709,315
<b>Carrying Amount</b>	<b>₱2,759,708,350</b>	<b>₱2,736,662,732</b>

The Company has 600,000,000 shares of Marcventures Holdings, Inc. (MARC) representing 19.90% equity interest as at December 31, 2024 and 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.

Summarized financial information of MARC follows:

	2024	2023
Total current assets	₱813,509,424	₱898,183,945
Total noncurrent assets	4,992,779,805	5,151,631,057
Total current liabilities	284,253,113	598,565,310
Total noncurrent liabilities	608,855,399	653,876,102
Revenue	1,716,215,975	2,050,416,186
Net income	118,117,244	232,136,506
Other comprehensive income (loss)	(2,310,118)	(5,665,156)
Total comprehensive income	115,807,127	226,471,350

The reconciliation of the share in the net assets of MARC and the carrying amount of the investment in an associate as at December 31, 2024 and 2023 are as follows:

	2024	2023
Net assets as at beginning of year	₱4,797,373,590	₱4,872,384,270
Net income	118,117,244	232,136,506
Dividend declaration	—	(301,482,030)
Other comprehensive loss	(2,310,118)	(5,665,156)
Net assets as at end of year	4,913,180,716	4,797,373,590
Equity interest*	19.9%	19.9%
Share in net assets of associate	977,718,245	954,672,627
Goodwill on acquisition and others	1,781,990,105	1,781,990,105
Carrying amount	₱2,759,708,350	₱2,736,662,732

\*rounded

## 8. Investment in a Subsidiary

Movement in this account follows:

	2024	2023
Balance at beginning of year	<b>₱37,500,000</b>	₱37,500,000
Additions	<b>112,150,500</b>	–
Balance at end of year	<b>₱149,650,500</b>	₱37,500,000

In 2022, the Company subscribed to 375,000,000 common shares of BHDl for a consideration of ₱37,500,000 equivalent to a full ownership interest. The Company has initially paid ₱9.4 million of the total subscription. Subscription payable amounting to ₱28.1 million as at December 31, 2022 was paid in full in 2023.

In January 20, 2023, the Company subscribed to additional 1,121,505,000 common shares of BHDl at ₱0.1 par through a property-for-share swap transaction. On September 12, 2024, upon receipt of the certificate approval of valuation from the SEC, the Company transferred the subject property to BHDl in exchange for BHDl's shares valued at ₱112.2 million (see Note 6).

BHDl was incorporated and registered with the SEC on May 27, 2022. It is primarily engaged in dealing with all kinds of property, including but not limited to bonds, debentures, promissory notes, shares of stock, or other securities or obligations without engaging in the business of an investment company under the Investment Company Act or a finance company or a broker or dealer in securities.

BHDl's registered office address is at 16th Floor BDO Towers Valero, 8741 Paseo de Roxas, Makati City.

The summarized financial information of BHDl is as follows:

	2024	2023
Current assets	<b>₱34,596,736</b>	₱32,578,939
Noncurrent assets	<b>110,804,694</b>	–
Current liabilities	<b>483,678</b>	347,839
Equity	<b>144,917,752</b>	32,231,100
Net income (loss)	<b>536,152</b>	(3,786,571)

## 9. Accrued Expenses and Statutory Payables

This account consists of:

	2024	2023
Accrued expenses	<b>₱596,501</b>	₱226,262
Statutory payables	<b>23,686</b>	12,195
	<b>₱620,187</b>	₱238,457

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.

## 10. Note Payable

The Company's note payable amounting to ₱1,671.5 million as at December 31, 2024 and 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.

## 11. Related Party Transactions

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

	Note	Nature of Transactions	Amount of Transactions		Outstanding Balances	
			2024	2023	2024	2023
Dividend receivable						
		Share in dividend declared of the				
Associate	7	associate	P—	P60,000,000	P—	P60,000,000
Other income						
Entity under common control		Other income	P—	P464,286	P—	P464,286
Due from related parties						
Parent Company		Advances for working capital	P—	P—	P7,000,000	P7,000,000
Entities under common management		Advances for working capital	—	144,563	17,262	170,233
					P7,017,262	P7,170,233
Due to related parties						
Entity under common control		Advances for working capital	P—	P23,177	P—	P—
Note payable						
Entities under common management	10	Note payable	P—	P—	P1,671,501,723	P1,671,501,723

### 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

Other income in 2023 and 2022 amounted to ₱0.5 million and pertains to the consideration for the use of the Company's condominium properties as collateral for MMDC's loan facility equivalent to 2% of monthly principal amortization of the loan.

### Compensation of Key Management Personnel

The Company has not paid any compensation to its key management personnel in 2024 and 2023. The accounting and administrative functions of the Company are being handled by the affiliate companies at no cost.

### Cash Flows from Financing Activities

In 2023 and 2022, the Company paid its advances from related parties amounting to ₱11.7 million and received advances from related parties amounting to ₱1.1 million, respectively. The Company has no transactions with related parties in 2024.

## 12. Equity

On March 21, 1995, the SEC approved the listing of the 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 Company's common stock was reduced from ₱1 per share to ₱0.55 per share as approved by the SEC on October 17, 2012.

As at December 31, 2024 and 2023, the Company has ₱840.7 million capital stock. The Company's listed shares in the PSE are 1,528,474,000 shares.

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

	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 Company is 626 and 627 as at December 31, 2024 and 2023, respectively.

## 13. General and Administrative Expenses

This account consists of:

	Note	2024	2023	2022
Professional fees		<b>₱2,809,625</b>	₱2,131,805	₱1,397,084
Outside services		<b>1,469,280</b>	1,121,331	938,375
Depreciation	6	<b>1,357,241</b>	1,733,505	1,642,287
Director's fees		<b>635,000</b>	504,889	685,000
Taxes and licenses		<b>346,104</b>	740,175	4,151
Advertising and promotions		<b>238,711</b>	271,829	77,000
Communication, light and water		<b>126,625</b>	159,619	274,549
Membership dues and other fees		<b>120,360</b>	1,427,565	1,519,175
Fines and penalties		<b>50,000</b>	239,226	1,000
Repairs and maintenance		<b>16,657</b>	627,705	8,529
Representation		<b>3,285</b>	213,591	71,334
Insurance		<b>2,250</b>	360,737	286,435
Others		<b>550,045</b>	281,718	284,586
		<b>₱7,725,183</b>	<b>₱9,813,695</b>	<b>₱7,189,505</b>

#### 14. Income Taxes

The Company has no income tax expense in 2024 due to its taxable loss position. The provision for current income tax of ₱6,964 and ₱5,200 in 2023 and 2022, respectively, pertains to MCIT.

The Company's unrecognized deferred tax assets are as follows:

	2024	2023
NOLCO	<b>₱9,290,505</b>	₱7,372,530
Excess MCIT over RCIT	<b>12,164</b>	12,164
	<b>₱9,302,669</b>	₱7,384,694

Management has assessed that there may be no sufficient future taxable profits against which the deferred tax assets 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:

	2024	2023	2022
Provision for income tax computed at statutory tax rate	<b>₱23,757,538</b>	₱9,217,125	₱8,419,309
Change in unrecognized deferred tax assets	<b>1,917,975</b>	2,231,112	360,288
Add (deduct) tax effects of:			
Share in net income of an associate	<b>(5,876,333)</b>	(11,548,791)	(10,078,394)
Nontaxable income	<b>(19,803,537)</b>	—	—
Nondeductible expenses	<b>13,321</b>	113,204	19,907
Interest income subjected to final tax	<b>(8,964)</b>	(5,686)	(8,291)
Expired NOLCO	—	—	1,292,381
	<b>₱—</b>	₱6,964	₱5,200

As at December 31, 2024, 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
2024	₱—	₱7,671,898	₱—	₱7,671,898	2027
2023	8,896,592	—	—	8,896,592	2026
2022	6,589,880	—	—	6,589,880	2025
2021	7,719,361	—	—	7,719,361	2026
2020	6,284,288	—	—	6,284,288	2025
	<b>₱29,490,121</b>	<b>₱7,671,898</b>	<b>₱—</b>	<b>₱37,162,019</b>	

Under Republic Act No. 11494, also 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 2020 and 2021 for the next five (5) years immediately following the year of such loss.

As at December 31, 2024, excess MCIT over RCIT 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
	<b>₱12,164</b>	<b>₱—</b>	<b>₱—</b>	<b>₱12,164</b>	

Under Republic Act No. 11494, also 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 2020 and 2021 for the next five (5) years immediately following the year of such loss.

The income tax rates used in preparing the financial statements as at and for the year ended December 31, 2024 and 2023 are 25% for RCIT and 2% and 1.5% for MCIT, respectively.

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

Basic and diluted earnings per share are computed as follows:

	2024	2023	2022
Net income	<b>₱95,030,151</b>	₱36,861,536	₱33,672,034
Weighted average number of common shares outstanding	<b>1,528,474,000</b>	1,528,474,000	1,528,474,000
Earnings per share - basic and diluted	<b>₱0.062</b>	₱0.024	₱0.022

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

#### 16. Financial Risk Management Objectives and Policies

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



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

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

### **Credit Risk**

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

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

### ***Financial Assets at Amortized Cost***

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

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

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 Company's financial assets at amortized cost.

	2024	2023
Cash in banks	<b>₱69,171,499</b>	₱15,218,945
Due from related parties	<b>7,017,262</b>	7,170,233
Dividends receivable	–	60,000,000
	<b>₱76,188,761</b>	₱82,389,178

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 Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

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

2024			
	On Demand	Less Than One Year	More than One Year
Accrued expenses	P–	P596,501	P–
Note payable	1,671,501,723	–	–
	<b>P1,671,501,723</b>	<b>P596,501</b>	<b>P–</b>
			<b>P1,672,098,224</b>

2023			
	On Demand	Less Than One Year	More than One Year
Accrued expenses	P–	P226,262	P–
Note payable	1,671,501,723	–	–
	<b>P1,671,501,723</b>	<b>P226,262</b>	<b>P–</b>
			<b>P1,671,727,985</b>

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

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

There were no transfers of fair value hierarchy in 2024, 2023 and 2022.

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

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

The Company considers its total equity amounting to P1,325.2 million and P1,230.6 million as at December 31, 2024 and 2023, respectively, as its capital.

There has been no change in the objectives, policies, processes in 2024, 2023, and 2022.



Jordan Bajamonde <jordan.bajamonde@marcventures.com.ph>

## Fwd: Your BIR AFS eSubmission uploads were received

1 message

Elaine Gesmundo <elaine.gesmundo@marcventures.com.ph>

Wed, Apr 30, 2025 at 8:08 AM

To: Jordan Bajamonde <jordan.bajamonde@marcventures.com.ph>, "Catrese Ma. Lian Nadal" <catrese.nadal@marcventures.com.ph>

Cc: Joanna Manzano <joana.manzano@marcventures.com.ph>, Legal Department <legal.department@marcventures.com.ph>

Hi, Sir Jordan.

Forwarding the confirmation email from BIR. Thank you.

Regards,  
Elaine

**JEANETTE ELAINE I. GESMUNDO**

*Legal Assistant*



4th Floor Citibank Center, 8742 Paseo De Roxas, Makati City

Tel. No. 8-831-4479

Mobile No. +63 906 940 6721

Email: elaine.gesmundo@marcventures.com.ph

----- Forwarded message -----

From: <eafs@bir.gov.ph>

Date: Tue, Apr 29, 2025 at 4:21 PM

Subject: Your BIR AFS eSubmission uploads were received

To: <JERMAINE.EJAN@marcventures.com.ph>

Cc: <VALENZUELAJACKLYN@yahoo.com>

Hi BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.,

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Transaction Code: **AFS-0-QM3QXRZ307CBG9D78NNYRVXQQ0232T3MVN**

Submission Date/Time: **Apr 29, 2025 04:21 PM**

Company TIN: **000-803-498**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

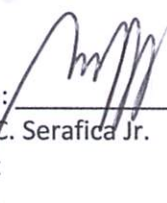
The management of Bright Kindle Resources & Investments, Inc. (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

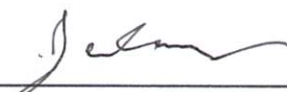
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

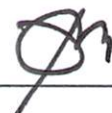
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature:   
Augusto C. Serafica Jr.  
President

Signature:   
Cesar C. Zalamea  
Chairman of the Board

Signature:   
Rolando S. Santos  
SVP Treasurer

Signed this \_\_\_\_\_

APR 11 2025

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_  
affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	COMPETENT Evidence of Identity (TIN)	DATE OF ISSUE	PLACE OF ISSUE
Augusto C. Serafica Jr.	102-097-338		
Cesar C. Zalamea	137-712-551		
Rolando S. Santos	127-551-054		

DOC NO. 394  
PAGE NO. 80  
BOOK NO. 12  
SERIES OF 2025

ATTY. ROMEO M. MONFORT  
Notary Public City of Makati  
Until December 31, 2025  
Appointment No. M-032 (2024-2025)  
PTR No. 10466008 Jan. 2, 2025/Makati City  
IBP No. 488534 Dec. 27, 2024  
MCLE NO. VII-0027570 Roll No. 27932  
101 Urban Ave. Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City





## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
Bright Kindle Resources & Investments, Inc. and Subsidiary  
16th Floor BDO Towers Valero (formerly Citibank Tower)  
8741 Paseo de Roxas, Makati City

### *Opinion*

We have audited the consolidated financial statements of Bright Kindle Resources & Investments, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2024, 2023, and 2022, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024, 2023, and 2022 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the consolidated financial statements of the current period. These matters were addressed in the context of our audits of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Assessment of Impairment of Investment in an Associate

The Group's investment in an associate with a carrying amount of ₱2,759.5 billion as at December 31, 2024, comprising 95% of the Group's total assets, is required to be assessed at reporting date if there are indicators of impairment. As discussed in Note 3, there are indicators that the investment in an associate may be impaired. This is a key audit matter because of the significant judgment and estimate required in the computation of the recoverable amount of the investment to determine if impairment exists.

We reviewed the discounted cash flows used by management to compute the recoverable amount of the investment in an associate. We validated the reasonableness of the discount rates and other assumptions used in the computation, which include, among others, production levels, commodity prices, sales forecasts, and foreign currency exchange rate by comparing to historical performance, external data and industry benchmarks. We also reviewed the disclosures as presented in Notes 3 and 8 to consolidated financial statements.

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) and Annual Report distributed to stockholders for the year ended December 31, 2024, but does not include the consolidated financial statements and our Auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report distributed to stockholders for the year ended December 31, 2024 are expected to be made available to us after the date of this Auditors' report.

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

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

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

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

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

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





*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



- 4 -

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Carolina P. Angeles.

**REYES TACANDONG & Co.**

  
CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10467120

Issued January 2, 2025, Makati City

April 7, 2025

Makati City, Metro Manila

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

		December 31	
	Note	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	4	P72,070,102	P31,956,612
Due from related parties	11	31,449,785	20,420,211
Dividend receivable	11	–	60,000,000
Other current assets	5	18,478,010	13,594,577
Total Current Assets		121,997,897	125,971,400
<b>Noncurrent Assets</b>			
Investment in an associate	8	2,759,708,350	2,736,662,732
Investment property	7	32,541,567	–
Property and equipment	6	537,567	34,784,217
Total Noncurrent Assets		2,792,787,484	2,771,446,949
		P2,914,785,381	P2,897,418,349
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Note payable	10	P1,671,501,723	P1,671,501,723
Accrued expenses and statutory payables	9	1,079,215	575,146
Due to related parties	11	24,650	5,150
Total Current Liabilities		1,672,605,588	1,672,082,019
<b>Equity</b>			
Capital stock	12	840,660,700	840,660,700
Retained earnings		395,269,491	377,966,315
Other comprehensive income		6,249,602	6,709,315
Total Equity		1,242,179,793	1,225,336,330
		P2,914,785,381	P2,897,418,349

*See accompanying Notes to Consolidated Financial Statements.*

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

		Years Ended December 31		
	Note	2024	2023	2022
SHARE IN NET INCOME OF AN ASSOCIATE	8	₱23,505,331	₱46,195,165	₱40,313,575
GENERAL AND ADMINISTRATIVE EXPENSES	13	(10,469,265)	(15,664,528)	(8,675,251)
RENTAL INCOME	7	4,119,816	2,059,908	—
INTEREST INCOME	4	40,151	27,097	36,581
OTHER INCOME	11	107,143	464,286	520,000
INCOME BEFORE INCOME TAX		17,303,176	33,081,928	32,194,905
PROVISION FOR INCOME TAX	14	—	(6,964)	(5,200)
NET INCOME		17,303,176	33,074,964	32,189,705
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Not to be reclassified to profit or loss in subsequent period -</i>				
Share in other comprehensive income (loss) of an associate	8	(459,713)	(1,127,366)	932,508
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱16,843,463</b>	<b>₱31,947,598</b>	<b>₱33,122,213</b>
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	15	<b>₱0.011</b>	<b>₱0.022</b>	<b>₱0.021</b>

*See accompanying Notes to Consolidated Financial Statements.*

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

		Years Ended December 31		
	Note	2024	2023	2022
<b>CAPITAL STOCK - ₱0.55 par value</b>				
Authorized - 2,000,000,000 shares				
Issued and outstanding -				
1,528,474,000 shares	12	₱840,660,700	₱840,660,700	₱840,660,700
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		377,966,315	344,891,351	312,701,646
Net income		17,303,176	33,074,964	32,189,705
Balance at end of year		395,269,491	377,966,315	344,891,351
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Accumulated Share in Other Comprehensive</b>				
<b>Income of an Associate</b>				
Balance at beginning of year		6,709,315	7,836,681	6,904,173
Share in other comprehensive income (loss) of				
an associate	8	(459,713)	(1,127,366)	932,508
Balance at end of year		6,249,602	6,709,315	7,836,681
		<b>₱1,242,179,793</b>	<b>₱1,225,336,330</b>	<b>₱1,193,388,732</b>

*See accompanying Notes to Consolidated Financial Statements.*

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

		Years Ended December 31		
	Note	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		<b>₱17,303,176</b>	₱33,081,928	₱32,194,905
Adjustments for:				
Share in net income of an associate	8	<b>(23,505,331)</b>	(46,195,165)	(40,313,575)
Depreciation	6	<b>1,752,027</b>	1,733,505	1,642,287
Interest income	4	<b>(40,151)</b>	(27,097)	(36,581)
Operating loss before working capital changes		<b>(4,490,279)</b>	(11,406,829)	(6,512,964)
Increase in other current assets		<b>(4,883,433)</b>	(3,020,081)	(431,682)
Increase (decrease) in accrued expenses and statutory payables		<b>504,069</b>	(688,243)	390,338
Net cash used for operations		<b>(8,869,643)</b>	(15,115,153)	(6,554,308)
Interest received		<b>40,151</b>	27,097	36,581
Income tax paid		<b>—</b>	(6,964)	(5,200)
Net cash used in operating activities		<b>(8,829,492)</b>	(15,095,020)	(6,522,927)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividend received		<b>60,000,000</b>	—	78,000,000
Advances to related parties	11	<b>(11,029,574)</b>	(13,394,541)	(25,670)
Additions to property and equipment	6	<b>(46,944)</b>	(129,478)	(684,049)
Net cash provided by (used in) investing activities		<b>48,923,482</b>	(13,524,019)	77,290,281
<b>CASH FLOW FROM A FINANCING ACTIVITY</b>				
Advances from (payments to) related parties		<b>19,500</b>	(11,668,749)	1,051,490
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>40,113,490</b>	(40,287,788)	71,818,844
<b>CASH AT BEGINNING OF YEAR</b>		<b>31,956,612</b>	72,244,400	425,556
<b>CASH AT END OF YEAR</b>		<b>₱72,070,102</b>	<b>₱31,956,612</b>	<b>₱72,244,400</b>
<b>NONCASH FINANCIAL INFORMATION</b>				
Transfer of property and equipment to investment property at carrying amount	6	<b>₱32,936,353</b>	₱—	₱—
Dividend receivable from an associate	8	<b>—</b>	60,000,000	—

See accompanying Notes to Consolidated Financial Statements.

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****AS AT DECEMBER 31, 2024 AND 2023****AND FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022**

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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 the Philippine Stock Exchange, Inc. (PSE).

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

**Approval of the Consolidated Financial Statements**

The consolidated financial statements of the Group as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022 were approved and authorized for issuance by the Board of Directors (BOD) on April 7, 2025, and was reviewed and recommended for approval by the Audit Committee on the same date.

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**2. Summary of Material Accounting Policy Information****Basis of Preparation and Statement of Compliance**

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee issued by the Philippine Financial and Sustainability 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 consolidated 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 16, *Financial Risk Management Objectives and Policies*.

#### **Adoption of Amended PFRS Accounting Standards**

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024. The amendments did not materially affect the consolidated financial statements of the Group.

#### **Amended to to PFRS Accounting Standards in Issue but Not Yet Effective**

Relevant and new amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024, 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 December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022 was prepared effective May 27, 2022, the date of incorporation of the 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 continue to be consolidated until the date such control ceases.

The financial statements of the subsidiary is 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 December 31, 2024 and 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 December 31, 2024 and 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 which is 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 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 Group 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.

#### **Investment Properties**

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes. These are stated at cost less accumulated depreciation and amortization and any impairment in value.

Depreciation is calculated on a straight-line basis over 20 years as the estimated useful lives of the investment properties.

Transfers are made to investment properties when there are changes in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when there are changes in use, evidenced by commencement of owner-occupation, ending of operating lease or commencement of development with a view to sale.

Transfers between investment property, owner-occupied property and inventories do not change the carrying value of the property transferred and they do not change the cost of that property for measurement or disclosure purposes on the date of reclassification.

#### **Property and Equipment**

Property and equipment, except land, are initially measured at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Cost also includes any asset retirement obligation and capitalized interest on borrowed funds used in the case of a qualifying asset.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expense in the period in which these are incurred.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Office furniture and fixtures	2-5
Computer equipment	5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation are credited or charged to current operations.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

#### **Equity**

*Capital Stock.* Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

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

*OCI.* OCI comprises of items of income and expense that are not recognized in profit or loss in accordance with PFRS Accounting Standards. 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), and excess minimum corporate income tax (MCIT) over regular corporate income tax to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused NOLCO and excess MCIT 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 relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

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.

### **Provisions and Contingencies**

Provisions are recognized when a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

### **Events after the Reporting Date**

Post year-end events that provide additional information about the Group's financial position at the financial reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

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

The preparation of the Group's consolidated financial statements in compliance with PFRS Accounting Standards requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the consolidated financial statements. The judgment, accounting estimates and assumptions used in the consolidated 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.

*Classification of a Property.* The Group determines whether a property is classified as investment property or property and equipment as follows:

- Investment properties comprise land and building which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental revenue and capital appreciation.
- Property and equipment comprises property that is held for use in the ordinary course of business.

The carrying amounts of investment properties and property and equipment as December 31, 2024 and 2023 are disclosed in Notes 6 and 7.

*Classification of Operating Lease Commitments - Company as a Lessor.* The Group has entered into various lease agreements as a lessor. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the Group retains all the significant risks and rewards of ownership of these properties which are leased out on operating lease.

Rental income earned in 2024 and 2023 are disclosed in Note 7.

*Assessing the Impairment of Investment in an 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 rate that can materially affect the consolidated financial statements. Commodity prices and foreign exchange rate are based on the current and forecast in different banks. Discount rate estimate is computed using the weighted average cost of capital.

The estimated recoverable amount of the investment pertains to its value in use which was determined based on the cash flow projections of the associate using the discounted cash flow method. 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 to the recognition of impairment loss. Accordingly, no impairment loss was recognized in 2024, 2023, and 2022. The carrying amount of investment in an associate is disclosed in Note 8.

*Estimating the Useful Lives of Property and Equipment and Investment Property.* The Group estimates the useful lives of property and equipment and investment property 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 and investment property 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 in 2024, 2023, and 2022. The carrying amounts of property and equipment and investment property are disclosed in Note 6 and Note 7, respectively .

*Assessing the Impairment of Other Nonfinancial Assets.* The Group assesses impairment on other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business;
- or
- significant negative industry or economic trends.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

Recoverable amount of an asset is the higher of its fair value less costs to sell or value in use. Value in use is determined as the present value of estimated future cash flows expected to be generated from the Group's expected mining operations. The estimated cash flows are discounted using pre-tax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset.

Based on management assessment, there are no impairment indicators on the Group's nonfinancial assets. Accordingly, no impairment loss was recognized in 2024, 2023 and 2022.

*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. Management has assessed that there may be no sufficient future taxable profits against which the deferred tax assets can be utilized.

The Group's unrecognized deferred tax assets are disclosed in Note 14.

#### 4. Cash

This account consists of:

	2024	2023
Cash on hand	<b>₱30,000</b>	₱14,210
Cash in banks	<b>72,040,102</b>	31,942,402
	<b>₱72,070,102</b>	<b>₱31,956,612</b>

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱40,151, ₱27,097, and ₱36,581 in 2024, 2023, and 2022, respectively.

#### 5. Other Current Assets

This account consists of:

	2024	2023
Input Value-Added Tax	<b>₱10,390,650</b>	₱10,186,399
Prepayments	<b>7,100,485</b>	2,480,597
Creditable Withholding Tax	<b>597,806</b>	597,806
Others	<b>389,069</b>	329,775
	<b>₱18,478,010</b>	<b>₱13,594,577</b>

#### 6. Property and Equipment

Details and movements in this account are as follows:

		2024		
	Note	Condominium Unit	Office Furniture and Fixtures	Computer Equipment
<b>Cost</b>				<b>Total</b>
Balance at beginning year		<b>₱47,788,569</b>	<b>₱1,893,169</b>	<b>₱716,277</b>
Additions		-	36,000	10,944
Reclassification	7	(47,788,569)	-	-
Balance at end of year		-	1,929,169	727,221
<b>Accumulated Depreciation</b>				
Balance at beginning of year		<b>13,667,859</b>	<b>1,809,434</b>	<b>136,505</b>
Depreciation		<b>1,184,357</b>	<b>28,910</b>	<b>143,974</b>
Reclassification	7	(14,852,216)	-	-
Balance at end of year		-	1,838,344	280,479
<b>Carrying Amount</b>		<b>₱-</b>	<b>₱90,825</b>	<b>₱446,742</b>



	2023			
	Condominium Unit	Office Furniture and Fixtures	Computer Equipment	Total
<b>Cost</b>				
Balance at beginning 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
<b>Accumulated Depreciation</b>				
Balance at beginning of year	12,088,718	1,791,575	—	13,880,293
Depreciation	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>

As at December 31, 2024 and 2023, the cost of fully-depreciated property and equipment still in use amounted to ₱1.8 million.

Depreciation and amortization of property and equipment is as follows:

	Note	2024	2023	2022
Property and equipment		<b>₱1,357,241</b>	₱1,733,505	₱1,642,287
Investment property	7	<b>394,786</b>	—	—
		<b>₱1,752,027</b>	<b>₱1,733,505</b>	<b>₱1,642,287</b>

#### **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 a 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).

On September 12, 2024, the Group obtained the certificate of approval of valuation from the SEC. On the same date, the subject property was also reclassified from property and equipment to investment property as a result of an operating lease agreement entered into by BHDl with a third party (see Note 7).

## **7. Investment Property**

The Group's investment property pertains to a condominium unit and parking slots. The movements in this account are as follows:

	Note	2024
<b>Cost</b>		
Balance at beginning of year		₱—
Reclassification	6	47,788,569
Balance at end of year		47,788,569
<b>Accumulated Depreciation</b>		
Balance at beginning of year		—
Reclassification	6	14,852,216
Depreciation		394,786
Balance at end of year		15,247,002
<b>Carrying Amount</b>		<b>₱32,541,567</b>

The Group's investment property pertains to a condominium unit and parking slots under an operating lease agreement with a third party. The lease agreement has a term of one (1) year and renewable for a period of another year under the same terms and conditions. Considering that there will be no transfer of ownership of the leased property to the lessee, the Group has determined that it retains all the significant risks and benefits of ownership of the property. Accordingly, the lease is accounted for as an operating lease.

As at December 31, 2024, the fair value of the investment property amounted to ₱112.2 million based on the latest zonal valuation.

Rental income earned from investment property amounted to ₱4.1 million, ₱2.1 million, and nil in 2024, 2023, and 2022, respectively.

## 8. Investment in an Associate

Movements in this account are as follows:

	2024	2023
<b>Acquisition Cost</b>	<b>₱2,604,000,000</b>	<b>₱2,604,000,000</b>
<b>Accumulated Share in Net Income</b>		
Balance at beginning of year	125,953,417	139,758,252
Share in net income	23,505,331	46,195,165
Dividends	—	(60,000,000)
Balance at end of year	149,458,748	125,953,417
<b>Accumulated Share in OCI</b>		
Balance at beginning of year	6,709,315	7,836,681
Share in remeasurement loss on retirement benefit liability	(459,713)	(1,127,366)
Balance at end of year	6,249,602	6,709,315
<b>Carrying Amount</b>	<b>₱2,759,708,350</b>	<b>₱2,736,662,732</b>

The Group has 600,000,000 shares of Marcventures Holdings, Inc. (MARC) representing 19.90% equity interest as at December 31, 2024 and 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.

Summarized financial information of MARC follows:

	2024	2023
Total current assets	₱813,509,424	₱898,183,945
Total noncurrent assets	4,992,779,804	5,151,631,057
Total current liabilities	284,253,113	598,565,310
Total noncurrent liabilities	608,855,399	653,876,102
Revenue	1,716,215,975	2,050,416,186
Net income	118,117,245	232,136,506
Other comprehensive income loss	(2,310,118)	(5,665,156)
Total comprehensive income	115,807,127	226,471,350

The reconciliation of the share in the net assets of MARC and the carrying amount of the investment in an associate as at December 31, 2024 and 2023 are as follows:

	2024	2023
Net assets as at beginning of year	<b>₱4,797,373,590</b>	₱4,872,384,270
Net income	<b>118,117,245</b>	232,136,506
Other comprehensive loss	<b>(2,310,118)</b>	(5,665,156)
Dividend declaration	<b>—</b>	(301,482,030)
Net assets as at end of year	<b>4,913,180,717</b>	4,797,373,590
Equity interest*	<b>19.90%</b>	19.90%
Share in net assets of associate	<b>977,718,245</b>	954,672,627
Goodwill on acquisition and others	<b>1,781,990,105</b>	1,781,990,105
Carrying amount	<b>₱2,759,708,350</b>	₱2,736,662,732

\*Rounded

#### 9. Accrued Expenses and Statutory Payables

This account consists of:

	2024	2023
Accrued expenses	<b>₱706,261</b>	₱310,262
Statutory payables	<b>372,954</b>	264,884
	<b>₱1,079,215</b>	₱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 within the next reporting period.

#### 10. Note Payable

The Group's note payable amounting to ₱1,671.5 million as at December 31, 2024 and 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.

## 11. Related Party Transactions

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

		Nature of Transactions	Amount of Transactions		Outstanding Balances	
	Note		2024	2023	2024	2023
<b>Dividend Receivable</b>						
<i>Associate -</i>						
MARC	8	Dividends	P—	P60,000,000	P—	P60,000,000
<b>Due from Related Parties</b>						
Parent Company		Advances for working capital	P—	P—	P7,000,000	P7,000,000
Entities under common management		Advances for working capital	11,029,574	13,394,541	24,449,785	13,420,211
					P31,449,785	P20,420,211
<b>Note Payable</b>						
<i>Entity under common management -</i>						
TMEE	10	Note payable	P—	P—	P1,671,501,723	P1,671,501,723
<b>Due to Related Parties</b>						
<i>Entity under common management:</i>						
Marcventures Mining and Development Corporation (MMDC)		Advances for working capital	P19,500	P33,727	P24,650	P5,150
<b>Other Income</b>						
<i>Entity under common management -</i>						
MMDC		Other income	P—	P464,286	P107,143	P464,286

### 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 P0.5 million in 2023 pertaining to the consideration received from MMDC for the use of the Group's condominium properties as collateral for its loan facility. The income earned by the Group is equivalent to 2% of monthly principal amortization of the loan, which is presented as part of "Other income" account in the consolidated statements of comprehensive income.

In 2024, the Group has ceased the arrangement with MMDC.

### 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.

### Changes in Financing Liabilities

The changes in liabilities arising from financing activities as at December 31, 2024 and 2023, which relate solely to its due to related parties, are as follows:

	2024	2023
Balance at beginning of year	P5,150	P11,673,899
Net changes from financing cash flows	19,500	(11,668,749)
Balance at end of year	P24,650	P5,150

## 12. Equity

On March 21, 1995, the SEC approved the listing of the Parent Company's 118,000,000 shares at an offer price of ₱1.00 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 ₱1.00 per share to ₱0.55 per share as approved by the SEC on October 17, 2012.

The Group's listed shares in the PSE is 1,528,474,000 as at December 31, 2024 and 2023, respectively.

The following summarizes the information on the Parent Company's issued and subscribed shares as at December 31, 2024 and 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 626 and 627 as at December 31, 2024 and 2023, respectively.

## 13. General and Administrative Expenses

This account consists of:

	Note	2024	2023	2022
Professional fees		<b>₱3,009,725</b>	₱3,360,480	₱1,507,084
Depreciation	6	<b>1,752,027</b>	1,733,505	1,642,287
Outside services		<b>1,508,404</b>	2,756,815	1,201,106
Membership dues and other fees		<b>1,405,816</b>	1,427,565	1,519,175
Director's fees		<b>790,000</b>	544,889	735,000
Taxes and licenses		<b>433,717</b>	2,396,426	715,097
Transportation		<b>222,126</b>	441,174	193,043
Communication, light and water		<b>182,641</b>	161,719	274,549
Fines and penalties		<b>66,000</b>	239,226	1,000
Representation		<b>34,834</b>	278,826	97,111
Repairs and maintenance		<b>16,657</b>	627,705	8,529
Insurance		<b>2,250</b>	360,737	286,435
Advertising and promotions		<b>—</b>	271,829	77,000
Others		<b>1,045,068</b>	1,063,632	417,835
		<b>₱10,469,265</b>	<b>₱15,664,528</b>	<b>₱8,675,251</b>

#### 14. Income Taxes

The provision for current income tax amounting to ₱6,964 and ₱5,200 in 2023 and 2022, respectively, pertains to MCIT. The Group has no current income tax expense in 2024 due to its gross and net taxable loss position.

The Group's unrecognized deferred tax assets are as follows:

	2024	2023
NOLCO	<b>₱10,472,708</b>	₱8,427,864
Excess MCIT	<b>12,164</b>	12,164
	<b>₱10,484,872</b>	<b>₱8,440,028</b>

The management has assessed that there may be no sufficient future taxable profits against which the deferred tax assets can be utilized.

As at December 31, 2024, unused NOLCO that can be claimed as deduction from future taxable income are as follows:

Year	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Year of Expiry
2024	₱—	₱7,671,898	₱—	₱—	₱7,671,898	2027
2023	12,687,516	—	—	—	12,687,516	2026
2022	8,075,626	—	(547,857)	—	7,527,769	2025
2021	7,719,361	—	—	—	7,719,361	2026
2020	6,284,288	—	—	—	6,284,288	2025
	<b>₱34,766,791</b>	<b>₱7,671,898</b>	<b>(₱547,857)</b>	<b>₱—</b>	<b>₱41,890,832</b>	

As at December 31, 2024, 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
	<b>₱12,164</b>	<b>₱—</b>	<b>₱—</b>	<b>₱12,164</b>	

Under Republic Act No. 11494, also 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.

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

	2024	2023	2022
Provision for income tax at the statutory tax rate	<b>₱4,325,794</b>	<b>₱8,270,482</b>	<b>₱8,048,727</b>
Changes in unrecognized deferred tax assets	<b>2,044,844</b>	<b>2,989,297</b>	<b>657,437</b>
Change in tax rate	<b>(263,834)</b>	<b>—</b>	<b>—</b>
Add (deduct) tax effects of:			
Share in net income of an associate not subject to income tax	<b>(5,876,333)</b>	<b>(11,548,791)</b>	<b>(10,078,394)</b>
Nondeductible expenses	<b>116,017</b>	<b>113,204</b>	<b>19,907</b>
Interest income subjected to final tax	<b>(10,037)</b>	<b>(6,774)</b>	<b>(9,146)</b>
Expired NOLCO	<b>—</b>	<b>—</b>	<b>1,292,381</b>
Effects of consolidation	<b>(336,451)</b>	<b>189,546</b>	<b>74,288</b>
	<b>₱—</b>	<b>₱6,964</b>	<b>₱5,200</b>

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

Basic and diluted earnings per share are computed as follows:

	2024	2023	2022
Net income	<b>₱17,270,742</b>	<b>₱33,074,963</b>	<b>₱32,189,705</b>
Weighted average number of common shares outstanding	<b>1,528,474,000</b>	<b>1,528,474,000</b>	<b>1,528,474,000</b>
Earnings per share - basic and diluted	<b>₱0.011</b>	<b>₱0.022</b>	<b>₱0.021</b>

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

#### 16. 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, dividend receivable due from related parties, accrued expenses, note payable and due to related parties. 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 defaults on its obligation. The Group's exposure to credit risk arises primarily from cash in banks, dividend receivable 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 dividend receivable and due from related parties, credit risk is low since the Group only transacts with related parties with 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 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 the Group's financial assets at amortized cost which are categorized as high grade credit quality.

	2024	2023
Cash in banks	<b>₱72,040,102</b>	₱31,942,402
Due from related parties	<b>31,449,785</b>	20,420,211
Dividend receivable	—	60,000,000
	<b>₱103,489,887</b>	₱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 cost as at December 31, 2024 and 2023 based on contractual undiscounted cash flows.

	2024				
	On Demand	Less than One Month	One Month to One Year	More than One Year	Total
Accrued expenses	₱—	₱706,261	₱—	₱—	₱706,261
Due to related parties	24,650	—	—	—	24,650
Note payable	1,671,501,723	—	—	—	1,671,501,723
	<b>₱1,671,526,373</b>	<b>₱706,261</b>	<b>₱—</b>	<b>₱—</b>	<b>₱1,672,232,634</b>



	2023				Total
	On Demand	Less than One Month	One Month to One Year	More than One Year	
Accrued expenses	P—	P310,262	P—	P—	P310,262
Due to related parties	5,150	—	—	—	5,150
Note payable	1,671,501,723	—	—	—	1,671,501,723
	P1,671,506,873	P310,262	P—	P—	P1,671,817,135

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

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

There are no transfers between levels of fair value hierarchy in 2024 and 2023.

#### **17. 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 P1,242.5 million and P1,225.3 million as at December 31, 2024 and 2023, respectively, as its capital.



**REPORT OF INDEPENDENT AUDITORS  
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors  
Bright Kindle Resources & Investments, Inc. and Subsidiary  
16th Floor BDO Towers Valero (formerly Citibank Tower)  
8741 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bright Kindle Resources & Investments, Inc. (the Parent Company) and Subsidiary (the Group) as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022, and have issued our report thereon dated April 7, 2025. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules for submission to the Securities and Exchange Commission are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration for the year ended December 31, 2024
- Schedules Required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 as at and for the year ended December 31, 2024
- Conglomerate Map as at December 31, 2024

These schedules are presented for purposes of complying with the Revised SRC Rule 68, and are not part of the consolidated financial statements. This information have been subjected to the auditing procedures applied in the audits of the consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

**REYES TACANDONG & Co.**

  
CAROLINA P. ANGELES  
Partner

CPA Certificate No. 86981  
Tax Identification No. 205-067-976-000  
BOA Accreditation No. 4782/P-007; Valid until June 6, 2026  
BIR Accreditation No. 08-005144-007-2022  
Valid until October 16, 2025  
PTR No. 10467120  
Issued January 2, 2025, Makati City

April 7, 2025  
Makati City, Metro Manila

**PARENT COMPANY'S RECONCILIATION OF  
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION  
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024**

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

16th Floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City

	Amount
<b>Unappropriated retained earnings, beginning of reporting period available for dividend declaration</b>	<b>P197,281,799</b>
Add: Net income for the current year	95,030,151
Add/less:	
Equity in net income of an associate, net of dividend received	36,494,669
Gain on property for share exchange	(79,214,147)
<b>Adjusted net income</b>	<b>52,310,673</b>
<b>Total retained earnings, end of the reporting period available for dividend declaration</b>	<b>P249,592,472</b>

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

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**SCHEDULES REQUIRED UNDER ANNEX 68-J OF  
REVISED SECURITIES REGULATION CODE RULE 68  
FOR THE YEAR ENDED DECEMBER 31, 2024****Table of Contents**

<i>Schedule</i>	<i>Description</i>	<i>Page</i>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>1</u>
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>N/A</u>
D	Long-Term Debt	<u>N/A</u>
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)	<u>N/A</u>
F	Guarantees of Securities of Other Issuers	<u>N/A</u>
G	Capital Stock	<u>2</u>

*Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)*

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Year
<i>Parent Company of the Group -</i>							
RYM Business Management Corp.	₱7,000,000	₱—	₱—	₱—	₱7,000,000	₱—	₱7,000,000
<i>Entities under common management -</i>							
Marcventures Holdings, Inc.	60,000,000	—	60,000,000	—	—	—	—
Strong Built (Mining) Development Corp.	13,249,978	11,182,545	—	—	24,432,523	—	24,432,523
Others	170,233	—	152,971	—	17,262	—	17,262
	₱80,420,211	₱11,182,545	₱60,152,971	₱—	₱31,449,785	₱—	₱31,449,785

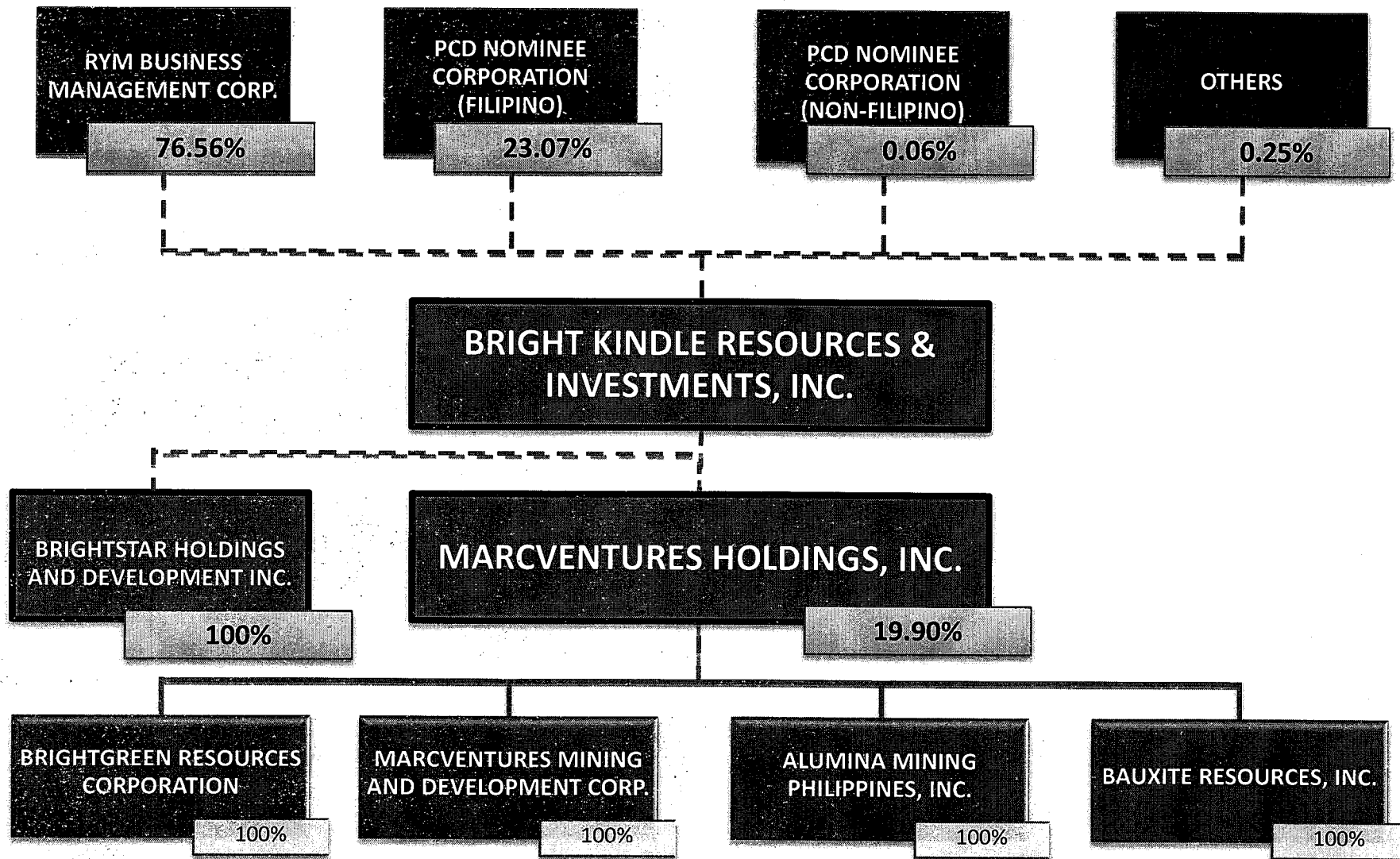
Schedule G. Capital Stock

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at shown under related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and other Rights	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common Stock	2,000,000,000	1,528,474,000	—	1,170,159,989	10,000	358,304,011

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

**CONGLOMERATE MAP**

**AS AT DECEMBER 31, 2024**





**REPORT OF INDEPENDENT AUDITORS  
ON SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors  
Bright Kindle Resources & Investments, Inc. and Subsidiary  
16<sup>th</sup> Floor BDO Towers Valero (formerly Citibank Tower)  
8741 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bright Kindle Resources & Investments, Inc. (the Parent Company) and Subsidiary (the Group) as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022, and have issued our report thereon dated April 7, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023, and 2022, and no material exceptions were noted.

**REYES TACANDONG & Co.**

  
CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782/P-007; Valid until June 6, 2026

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10467120

Issued January 2, 2025, Makati City

April 7, 2025  
Makati City, Metro Manila



**BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY**  
**SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
**AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Ratio	Formula	2024	2023
Current/Liquidity ratio	Total current assets	<b>₱121,997,897</b>	₱125,971,400
	Divided by: Total current liabilities	<b>1,672,605,588</b>	1,672,082,019
	Current/Liquidity ratio	<b>0.07:1</b>	0.08:1
Solvency ratio	Net income	<b>₱17,303,176</b>	₱33,074,964
	Add: Depreciation	<b>1,752,027</b>	1,733,505
	Income tax expense	<b>–</b>	6,964
		<b>19,055,203</b>	34,815,433
	Divided by: Total liabilities	<b>1,672,605,588</b>	1,672,082,019
	Solvency ratio	<b>0.01:1</b>	0.02:1
Debt-to-equity ratio	Total liabilities	<b>₱1,672,605,588</b>	₱1,672,082,019
	Divided by: Total equity	<b>1,242,179,793</b>	1,225,336,330
	Debt-to-equity ratio	<b>1.35:1</b>	1.36:1
Asset-to-equity ratio	Total assets	<b>₱2,914,785,381</b>	₱2,897,418,349
	Divided by: Total equity	<b>1,242,179,793</b>	1,225,336,330
	Asset-to-equity ratio	<b>2.35:1</b>	2.36:1
Interest rate coverage ratio	Net income	<b>₱17,303,176</b>	₱33,074,964
	Add: Interest expense	<b>–</b>	40,374
	Income tax expense	<b>–</b>	6,964
		<b>17,303,176</b>	33,122,302
	Divided by: Interest expense	<b>–</b>	40,374
	Interest Rate Coverage ratio	<b>0:1</b>	820.39:1
Return on asset	Net income	<b>₱17,303,176</b>	₱33,074,964
	Divide by: Total average assets	<b>2,906,101,865</b>	2,887,623,046
	Return on asset ratio	<b>0.01:1</b>	0.01:1
Return on equity	Net income	<b>₱17,303,176</b>	₱33,074,964
	Divided by: Total average equity	<b>1,233,758,062</b>	1,209,362,531
	Return on equity ratio	<b>0.01:1</b>	0.03:1

**BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY**  
**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE RELATED INFORMATION**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
Total Audit Fees	P640,000	P570,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-Audit Fees	—	—
Total Audit and Non-audit Fees	P640,000	P570,000

**Audit and Non-audit Fees of Other Related Entities**

	2024	2023
Audit Fees	P—	P—
Non-audit services fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Audit and Non-audit Fees of Other Related Entities	P—	P—

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS**

The management of Bright Kindle Resources & Investments, Inc. and Subsidiary (the Group) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: \_\_\_\_\_

Augusto C. Serafica Jr.  
President

Signature: \_\_\_\_\_

Cesar C. Zalamea  
Chairman of the Board

Signature: \_\_\_\_\_

Rolando S. Santos  
SVP Treasurer

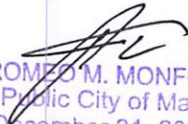
Signed this \_\_\_\_\_

APR 11 2025

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_  
affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	COMPETENT Evidence of Identity (TIN)	DATE OF ISSUE	PLACE OF ISSUE
Augusto C. Serafica Jr.	102-097-338		
Cesar C. Zalamea	137-712-551		
Rolando S. Santos	127-551-054		

DOC NO. 393  
PAGE NO. 80  
BOOK NO. 12  
SERIES OF 2025

  
ATTY. ROMEO M. MONFORT  
Notary Public City of Makati  
Until December 31, 2025  
Appointment No. M-032 (2024-2025)  
PTR No. 10466008 Jan. 2, 2025/Makati City  
IBP No. 488534 Dec. 27, 2024  
MCLE NO. VII-0027570 Roll No. 27932  
101 Urban Ave. Campos Rueda Bldg.  
Brgy. Pio Del Pilar, Makati City





## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Bright Kindle Resources and Investments, Inc. and Subsidiary (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

  
\_\_\_\_\_  
**CESAR C. ZALAMEA**  
Chairman of the Board

  
\_\_\_\_\_  
**AUGUSTO C. SERAFICA, JR.**  
President/CEO

  
\_\_\_\_\_  
**ROLANDO S. SANTOS**  
SVP Treasurer

Signed this APR 15 day of 2024



Bright Kindle Resources  
& Investments, Inc.

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_  
affiant(s) exhibiting to their evidence of identity, as follows: **APR 15 2024**

<b>NAMES</b>	<b>Competent Evidence of Identity (TIN)</b>	<b>DATE OF ISSUE</b>	<b>PLACE OF ISSUE</b>
Cesar C. Zalamea	137-712-551		
Augusto C. Serafica, Jr.	102-097-338		
Rolando S. Santos	127-551-054		

Doc. No. 139 ;  
Page No. 29 ;  
Book No. III ;  
Series of 2024.

**Notary Public**

**KENNETH PETER D. MOLAVE**

Notary Public for Makati City  
Appt. No. M-572 valid until 31 Dec. 2024  
Roll of Atty. No. 70029  
MCLE Compliance No. VII-0018686; 04/12/2022  
IBP Membership No. 414799; 01/10/2024  
PTR No. PC 8457506; 01/03/2024  
4F BDO Towers, 8741 Paseo de Roxas, Makati City





## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
Bright Kindle Resources & Investments, Inc. and Subsidiary  
16th Floor BDO Towers Valero (formerly Citibank Tower)  
8741 Paseo de Roxas, Makati City

### *Opinion*

We have audited the consolidated financial statements of Bright Kindle Resources & Investments, Inc. (the Parent Company) and Subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022 and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the Parent Company's statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year ended December 31, 2021, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and cash flows for the years then ended, and the Parent Company's financial performance and cash flows for the year ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the consolidated financial statements of the current period. These matters were addressed in the context of our audits of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





#### Assessment of Impairment of Investment in an Associate

The Group's investment in an associate with a carrying amount of ₱2.7 billion as at December 31, 2023, which comprise 94% of the total assets of the Group, is required to be assessed at reporting date if there are indicators of impairment. As discussed in Note 3, there are no indicators that the investment in an associate may be impaired. This is a key audit matter because of the significant judgment and estimate required in the computation of the recoverable amount of the investment to determine if impairment exists.

We have reviewed the discounted cash flows used by management to compute the recoverable amount of the investment in an associate. We validated the reasonableness of the discount rates and other assumptions used in the computation, which include, among others, production levels, commodity prices, sales forecasts, and foreign currency exchange rate by comparing to historical performance, external data and industry benchmarks. We also assessed the adequacy of the disclosures as presented in Notes 3 and 7 to consolidated financial statements.

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) and Annual Report distributed to stockholders for the year ended December 31, 2023, but does not include the consolidated financial statements and our Auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report distributed to stockholders for the year ended December 31, 2023 are expected to be made available to us after the date of this Auditors' report.

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

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

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

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

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

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



*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Carolina P. Angeles.

**REYES TACANDONG & Co.**

  
CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until April 13, 2024

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10072409

Issued January 2, 2024, Makati City

March 18, 2024

Makati City, Metro Manila

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

		December 31	
	Note	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	4	₱31,956,612	₱72,244,400
Due from related parties	10	20,420,211	7,025,670
Dividend receivable	10	60,000,000	—
Other current assets	5	13,594,577	10,574,496
Total Current Assets		125,971,400	89,844,566
<b>Noncurrent Assets</b>			
Investment in an associate	7	2,736,662,732	2,751,594,933
Property and equipment	6	34,784,217	36,388,244
Total Noncurrent Assets		2,771,446,949	2,787,983,177
		₱2,897,418,349	₱2,877,827,743
<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	575,146	1,263,389
Due to related parties	10	5,150	11,673,899
Total Current Liabilities		1,672,082,019	1,684,439,011
<b>Equity</b>			
Capital stock	11	840,660,700	840,660,700
Retained earnings		377,966,315	344,891,351
Other comprehensive income		6,709,315	7,836,681
Total Equity		1,225,336,330	1,193,388,732
		₱2,897,418,349	₱2,877,827,743

*See accompanying Notes to Consolidated Financial Statements.*

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

For the Years Ended December 31, 2023 and 2022 and

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME**

For the Year Ended December 31, 2021

		Years Ended December 31		
	Note	2023	2022*	2021
<b>SHARE IN NET INCOME OF AN ASSOCIATE</b>	7	<b>₱46,195,165</b>	₱40,313,575	₱150,532,128
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	12	<b>(15,664,528)</b>	(8,675,251)	(12,835,716)
<b>OTHER INCOME</b>		<b>2,524,194</b>	520,000	–
<b>INTEREST INCOME</b>	4	<b>27,097</b>	36,581	758
<b>INCOME BEFORE INCOME TAX</b>		<b>33,081,928</b>	32,194,905	137,697,170
<b>PROVISION FOR INCOME TAX</b>	13	<b>(6,964)</b>	(5,200)	–
<b>NET INCOME</b>		<b>33,074,964</b>	32,189,705	137,697,170
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Not to be reclassified to profit or loss in subsequent period -</i>				
Share in other comprehensive income (loss) of an associate	7	<b>(1,127,366)</b>	932,508	800,456
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱31,947,598</b>	₱33,122,213	₱138,497,626
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	14	<b>₱0.022</b>	₱0.021	₱0.090

*See accompanying Notes to Consolidated Financial Statements.*

\*Consolidated financial statements were prepared effective May 27, 2022, the date of incorporation of the Parent Company's wholly-owned subsidiary.

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

For the Years Ended December 31, 2023 and 2022 and

**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY**

For the Year Ended December 31, 2021

		Years Ended December 31		
	Note	2023	2022*	2021
<b>CAPITAL STOCK</b> - ₱0.55 par value				
Authorized - 2,000,000,000 shares				
Issued and outstanding -				
1,528,474,000 shares	11	<b>₱840,660,700</b>	₱840,660,700	₱840,660,700
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		<b>344,891,351</b>	312,701,646	175,004,476
Net income		<b>33,074,964</b>	32,189,705	137,697,170
Balance at end of year		<b>377,966,315</b>	344,891,351	312,701,646
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Accumulated share in other comprehensive income of an associate</b>				
Balance at beginning of year		<b>7,836,681</b>	6,904,173	6,103,717
Share in other comprehensive income (loss) of an associate	7	<b>(1,127,366)</b>	932,508	800,456
Balance at end of year		<b>6,709,315</b>	7,836,681	6,904,173
		<b>₱1,225,336,330</b>	₱1,193,388,732	₱1,160,266,519

*See accompanying Notes to Consolidated Financial Statements.*

\*Consolidated financial statements were prepared effective May 27, 2022, the date of incorporation of the Parent Company's wholly-owned subsidiary.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2023 and 2022 and  
**PARENT COMPANY STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2021

		<b>Years Ended December 31</b>		
	Note	<b>2023</b>	2022*	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before tax		<b>₱33,081,928</b>	₱32,194,905	₱137,697,170
Adjustments for:				
Share in net income of an associate	7	<b>(46,195,165)</b>	(40,313,575)	(150,532,128)
Depreciation	6	<b>1,733,505</b>	1,642,287	1,928,187
Interest income	4	<b>(27,097)</b>	(36,581)	(758)
Operating loss before working capital changes		<b>(11,406,829)</b>	(6,512,964)	(10,907,529)
Increase in other current assets		<b>(3,020,081)</b>	(431,682)	(337,248)
Increase (decrease) in accrued expenses and statutory payables		<b>(688,243)</b>	390,338	481,583
Net cash used for operations		<b>(15,115,153)</b>	(6,554,308)	(10,763,194)
Interest received		<b>27,097</b>	36,581	758
Income tax paid		<b>(6,964)</b>	(5,200)	—
Net cash used in operating activities		<b>(15,095,020)</b>	(6,522,927)	(10,762,436)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Advances to related parties	10	<b>(13,394,541)</b>	(25,670)	—
Additions to property and equipment	6	<b>(129,478)</b>	(684,049)	—
Dividend received		—	78,000,000	—
Collections from related parties		—	—	1,818,397
Net cash provided by (used in) investing activities		<b>(13,524,019)</b>	77,290,281	1,818,397
<b>CASH FLOW FROM A FINANCING ACTIVITY</b>				
Advances from (payments to) related parties		<b>(11,668,749)</b>	1,051,490	8,856,875
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>(40,287,788)</b>	71,818,844	(87,164)
<b>CASH AT BEGINNING OF YEAR</b>		<b>72,244,400</b>	425,556	512,720
<b>CASH AT END OF YEAR</b>		<b>₱31,956,612</b>	₱72,244,400	₱425,556
<b>NONCASH FINANCIAL INFORMATION</b>				
Dividend receivable from associate	7	<b>(₱60,000,000)</b>	₱—	₱—

*See accompanying Notes to Consolidated Financial Statements.*

\*Consolidated financial statements were prepared effective May 27, 2022, the date of incorporation of the Parent Company's wholly-owned subsidiary.

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

As at and for the Years Ended December 31, 2023 and 2022 and

**NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**

As at and for the Year Ended December 31, 2021

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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 the Philippine Stock Exchange, Inc. (PSE).

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

**Approval of the Consolidated Financial Statements**

The consolidated financial statements of the Group as at and for the years ended December 31, 2023 and 2022 and the Parent Company financial statements as at and for the year ended December 31, 2021 were approved and authorized for issuance by the Board of Directors (BOD) on March 18, 2024, as reviewed and recommended for approval by the Audit Committee on the same date.

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**2. Summary of Material Accounting Policy Information****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 issued by the Philippine Financial and Sustainability 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 consolidated 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 Amendments to PFRS**

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS effective 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 amendments to 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 at December 31, 2023 and have not been applied in preparing the consolidated 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 and for the years ended December 31, 2023 and 2022 was prepared effective May 27, 2022, the date of incorporation of the Parent Company’s wholly-owned subsidiary. The Parent Company financial statements as at and for the year ended December 31, 2021 was also presented for comparative purposes.

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 continue to be consolidated until the date such control ceases.

The financial statements of the subsidiary is 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 December 31, 2023 and 2022, 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 December 31, 2023 and 2022, 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 Company records an allowance for ECL which is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For 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 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 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), and 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, unused NOLCO and excess MCIT 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 relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

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 consolidated financial statements. The judgment, accounting estimates and assumptions used in the consolidated 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 an 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 consolidated financial statements. Commodity prices and foreign exchange rate are based on the current and forecast in different banks. 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 to 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 in 2023, 2022 and 2021. The carrying amount of investment in an associate is disclosed in Note 7.

*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 in 2023, 2022 and 2021. The carrying amounts of property and equipment are 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:

	2023	2022
Cash on hand	<b>₱14,210</b>	₱5,000
Cash in banks	<b>31,942,402</b>	72,239,400
	<b>₱31,956,612</b>	<b>₱72,244,400</b>

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱27,097, ₱36,581, and ₱758 in 2023, 2022, and 2021, respectively.

## 5. Other Current Assets

This account consists of:

	2023	2022
Input VAT	<b>₱10,186,399</b>	₱9,660,230
Prepayments	<b>2,480,597</b>	175,745
CWT	<b>597,806</b>	595,485
Others	<b>329,775</b>	143,036
	<b>₱13,594,577</b>	₱10,574,496

## 6. Property and Equipment

Details and movements in this account are as follows:

		2023			
	Note	Condominium Unit	Office Furniture and Fixtures	Computer Equipment	Total
<b>Cost</b>					
Balance at beginning year		<b>₱47,788,569</b>	<b>₱1,852,968</b>	<b>₱627,000</b>	<b>₱50,268,537</b>
Additions		–	<b>40,201</b>	<b>89,277</b>	<b>129,478</b>
Balance at end of year		<b>47,788,569</b>	<b>1,893,169</b>	<b>716,277</b>	<b>50,398,015</b>
<b>Accumulated Depreciation</b>					
Balance at beginning of year		<b>12,088,718</b>	<b>1,791,575</b>	–	<b>13,880,293</b>
Depreciation	12	<b>1,579,141</b>	<b>17,859</b>	<b>136,505</b>	<b>1,733,505</b>
Balance at end of year		<b>13,667,859</b>	<b>1,809,434</b>	<b>136,505</b>	<b>15,613,798</b>
<b>Carrying Amount</b>		<b>₱34,120,710</b>	<b>₱83,735</b>	<b>₱579,772</b>	<b>₱34,784,217</b>

		2022			
	Note	Condominium Unit	Office Furniture and Fixtures	Computer Equipment	Total
<b>Cost</b>					
Balance at beginning and end of year		<b>₱47,788,569</b>	<b>₱1,795,919</b>	<b>₱–</b>	<b>₱49,584,488</b>
Additions		–	<b>57,049</b>	<b>627,000</b>	<b>684,049</b>
Balance at end of year		<b>47,788,569</b>	<b>1,852,968</b>	<b>627,000</b>	<b>50,268,537</b>
<b>Accumulated Depreciation</b>					
Balance at beginning of year		<b>10,509,577</b>	<b>1,728,429</b>	–	<b>12,238,006</b>
Depreciation	12	<b>1,579,141</b>	<b>63,146</b>	–	<b>1,642,287</b>
Balance at end of year		<b>12,088,718</b>	<b>1,791,575</b>	–	<b>13,880,293</b>
<b>Carrying Amount</b>		<b>₱35,699,851</b>	<b>₱61,393</b>	<b>₱627,000</b>	<b>₱36,388,244</b>

The condominium unit is being used as an office space of the Group. As at December 31, 2023 and 2022, the cost of fully-depreciated property and equipment still in use amounted to ₱1.8 million and ₱1.7 million, respectively.



### **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 it's one (1) condominium unit and four (4) parking slots in exchange for 1,121,505,000 common shares with ₱0.10 par value a 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:

	2023	2022
<b>Acquisition Cost</b>	<b>₱2,604,000,000</b>	<b>₱2,604,000,000</b>
<b>Accumulated Share in Net Income</b>		
Balance at beginning of year	139,758,252	99,444,677
Share in net income	46,195,165	40,313,575
Dividends	(60,000,000)	—
Balance at end of year	125,953,417	139,758,252
<b>Accumulated Share in OCI</b>		
Balance at beginning of year	7,836,681	6,904,173
Share in remeasurement gain (loss) on retirement benefit liability	(1,127,366)	932,508
Balance at end of year	6,709,315	7,836,681
<b>Carrying Amount</b>	<b>₱2,736,662,732</b>	<b>₱2,751,594,933</b>

The Parent Company has 600,000,000 shares of Marcventures Holdings, Inc. (MARC) representing 19.90% equity interest as at December 31, 2023 and 2022. 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.

Summarized financial information of MARC follows:

	2023	2022
Total current assets	₱898,183,945	₱917,225,555
Total noncurrent assets	5,151,631,057	5,023,379,753
Total current liabilities	598,565,310	395,222,778
Total noncurrent liabilities	653,876,102	672,998,260
Revenue	2,050,416,186	3,067,485,008
Net income	232,136,506	202,580,780
Other comprehensive income (loss)	(5,665,156)	4,685,970
Total comprehensive income	226,471,350	207,266,750

The reconciliation of the share in the net assets of MARC and the carrying amount of the investment in an associate as at December 31, 2023 and 2022 are as follows:

	2023	2022
Net assets as at beginning of year	<b>₱4,872,384,270</b>	₱4,665,117,520
Net income	<b>232,136,506</b>	202,580,780
Other comprehensive income (loss)	<b>(5,665,156)</b>	4,685,970
Dividend declaration	<b>(301,482,030)</b>	–
Net assets as at end of year	<b>4,797,373,590</b>	4,872,384,270
Equity interest*	<b>19.9%</b>	19.9%
Share in net assets of associate	<b>954,672,627</b>	969,604,828
Goodwill on acquisition and others	<b>1,781,990,105</b>	1,781,990,105
Carrying amount	<b>₱2,736,662,732</b>	₱2,751,594,933

\*rounded

## 8. Accrued Expenses and Statutory Payables

This account consists of:

	2023	2022
Accrued expenses	<b>₱310,262</b>	₱1,181,486
Statutory payables	<b>264,884</b>	81,903
	<b>₱575,146</b>	₱1,263,389

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 December 31, 2023 and 2022 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 was used to finance the acquisition of investment in MARC.

## 10. Related Party Transactions

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

		Nature of Transactions	Amount of Transactions		Outstanding Balances	
	Note		2023	2022	2023	2022
<b>Dividend receivable</b>						
<i>Associate -</i>						
MARC	7	Dividends	₱60,000,000	₱—	₱60,000,000	₱—
<b>Other income</b>						
<i>Entity under common management -</i>						
MMDC		Other income	₱464,286	₱520,000	₱—	₱—
<b>Due from related parties</b>						
Parent Company		Advances for working capital	₱—	₱—	₱7,000,000	₱7,000,000
Entities under common management		Advances for working capital	13,394,541	25,670	13,420,211	25,670
					₱20,420,211	₱7,025,670
<b>Due to related parties</b>						
<i>Entities under common management:</i>						
MMDC		Advances for working capital	₱33,727	₱1,013,490	₱5,150	₱9,870,365
Prime Media Holdings, Inc.		Advances for working capital	—	38,000	—	1,803,534
					₱5,150	₱11,673,899
<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 ₱0.5 million in 2023 and 2022 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.

### Changes in Financing Liabilities

The changes in liabilities arising from financing activities as at December 31, 2023 and 2022, which relate solely to its due to related parties, are as follows:

	2023	2022
Balance at beginning of year	₱11,673,899	₱10,622,409
Net changes from financing cash flows	(11,668,749)	1,051,490
Balance at end of year	₱5,150	₱11,673,899

## 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) is 1,528,474,000 as at December 31, 2023 and 2022, respectively.

The following summarizes the information on the Parent Company's issued and subscribed shares as at December 31, 2023 and 2022:

	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 and 631 as at December 31, 2023 and 2022, respectively.

## 12. General and Administrative Expenses

This account consists of:

	Note	2023	2022	2021
Professional fees		<b>₱3,360,480</b>	₱1,507,084	₱1,703,106
Outside services		<b>2,756,815</b>	1,201,106	1,244,927
Taxes and licenses		<b>2,396,426</b>	715,097	47,136
Depreciation	6	<b>1,733,505</b>	1,642,287	1,928,187
Membership dues and other fees		<b>1,427,565</b>	1,519,175	1,354,426
Repairs and maintenance		<b>627,705</b>	8,529	87,590
Director's fees		<b>544,889</b>	735,000	495,000
Transportation		<b>441,174</b>	193,043	250
Insurance		<b>360,737</b>	286,435	205,719
Representation		<b>278,826</b>	97,111	3,904,200
Advertising and promotions		<b>271,829</b>	77,000	139,120
Fines and penalties		<b>239,226</b>	1,000	1,212,155
Communication, light and water		<b>161,719</b>	274,549	143,964
Others		<b>1,063,632</b>	417,835	369,936
		<b>₱15,664,528</b>	<b>₱8,675,251</b>	<b>₱12,835,716</b>

### 13. Income Tax

The provision for current income tax of ₱6,964 and ₱5,200 in 2023 and 2022, respectively, pertains to excess MCIT. The Group has no current income tax expense in 2021 due to its net taxable loss position.

The Group's unrecognized deferred tax assets are as follows:

	2023	2022
NOLCO	<b>₱8,691,698</b>	₱5,519,819
Excess MCIT	<b>12,164</b>	5,200
	<b>₱8,703,862</b>	₱5,525,019

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 consolidated statements of comprehensive income follows:

	2023	2022	2021
Provision for income tax computed at			
statutory tax rate	<b>₱8,270,482</b>	₱8,048,727	₱34,424,293
Changes in unrecognized deferred tax assets	<b>2,989,297</b>	657,437	132,220
Effects of consolidation	<b>189,546</b>	74,288	—
Add (deduct) tax effects of:			
Share in net income of an associate not			
subject to income tax	<b>(11,548,791)</b>	(10,078,394)	(37,633,032)
Nondeductible expenses	<b>113,204</b>	19,907	1,279,089
Interest income subjected to final tax	<b>(6,774)</b>	(9,146)	(190)
Expired NOLCO	—	1,292,381	1,797,620
	<b>₱6,964</b>	₱5,200	₱—

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
	<b>₱22,079,275</b>	<b>₱12,687,516</b>	<b>₱—</b>	<b>₱34,766,791</b>	

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, also 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:

	2023	2022	2021
Net income	₱33,074,963	₱32,189,705	₱137,697,170
Weighted average number of common shares outstanding	1,528,474,000	1,528,474,000	1,528,474,000
Earnings per share - basic and diluted	₱0.022	₱0.021	₱0.090

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 in accordance with the Group’s established business objectives.

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

The Group’s principal financial instruments consist of cash, dividend 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 defaults on its obligation. The Group's exposure to credit risk arises primarily from cash in banks, dividend receivable 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 dividend receivable and due from related parties, credit risk is low since the Group only transacts with related parties with 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.

	2023	2022
Cash in banks	<b>₱31,942,402</b>	₱72,239,400
Dividend receivable	<b>60,000,000</b>	—
Due from related parties	<b>20,420,211</b>	7,025,670
	<b>₱112,362,613</b>	₱79,265,070

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 December 31, 2023 and 2022 based on contractual undiscounted cash flows.

	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
	<b>₱1,671,506,873</b>	<b>₱310,262</b>	<b>₱—</b>	<b>₱—</b>	<b>₱1,671,817,135</b>

	2022				
	On Demand	Less than One Month	One Month to One Year	More than One Year	Total
Accrued expenses	P=	P1,181,486	P=	P=	P1,181,486
Due to related parties	11,673,899	–	–	–	11,673,899
Note payable	1,671,501,723	–	–	–	1,671,501,723
	P1,683,175,622	P1,181,486	P=	P=	P1,684,357,108

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

The carrying amount of cash, dividend receivable, due from related parties, due to related parties, accrued expenses and note 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 and 2022.

#### **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 P1,225.3 million and P1,193.4 million as at December 31, 2023 and 2022, respectively, as its capital.





**REPORT OF INDEPENDENT AUDITORS  
ON SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors  
Bright Kindle Resources & Investments, Inc. and Subsidiary  
16<sup>th</sup> Floor BDO Towers Valero (formerly Citibank Tower)  
8741 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bright Kindle Resources & Investments, Inc. (the Parent Company) and Subsidiary (the Group) as at and for the years ended December 31, 2023 and 2022 and the Parent Company financial statements as at and for the year ended December 31, 2021, and have issued our report thereon dated March 18, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2023 and 2022 and the Parent Company financial statements as at December 31, 2021 and for the year ended December 31, 2021, and no material exceptions were noted.

**REYES TACANDONG & Co.**

  
CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until April 13, 2024

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10072409

Issued January 2, 2024, Makati City

March 18, 2024  
Makati City, Metro Manila

**BRIGHT KINDLE RESOURCES & INVESTMENTS, INC. AND SUBSIDIARY**  
**SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS**  
**AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>Ratio</b>	<b>Formula</b>	<b>2023</b>	<b>2022</b>
Current/Liquidity ratio	Total current assets	<b>₱125,971,400</b>	₱89,844,566
	Divided by: Total current liabilities	<b>1,672,082,019</b>	1,684,439,011
	Current/Liquidity ratio	<b>0.08:1</b>	0.05:1
Solvency ratio	Net income	<b>₱33,074,964</b>	₱32,189,705
	Add: Depreciation and amortization	<b>1,733,506</b>	1,642,287
	Income tax expense	<b>6,964</b>	5,200
		<b>34,815,434</b>	33,837,192
	Divided by: Total liabilities	<b>1,672,082,019</b>	1,684,439,011
	Solvency ratio	<b>0.02:1</b>	0.02:1
Debt-to-equity ratio	Total liabilities	<b>₱1,672,082,019</b>	₱1,684,439,011
	Divided by: Total equity	<b>1,225,336,330</b>	1,193,388,732
	Debt-to-equity ratio	<b>1.36:1</b>	1.41:1
Asset-to-equity ratio	Total assets	<b>₱2,897,418,348</b>	₱2,877,827,743
	Divided by: Total equity	<b>1,225,336,330</b>	1,193,388,732
	Asset-to-equity ratio	<b>2.36:1</b>	2.41:1
Interest rate coverage ratio	Net income	<b>₱33,074,964</b>	₱32,189,705
	Add: Interest expense	<b>40,374</b>	9,975
	Income tax expense	<b>6,964</b>	5,200
		<b>33,122,302</b>	32,204,880
	Divided by: Interest expense	<b>40,374</b>	9,975
	Interest Rate Coverage ratio	<b>820.39:1</b>	3,228.56:1
Return on asset	Net income	<b>₱33,074,964</b>	₱32,189,705
	Divide by: Total average assets	<b>2,887,623,046</b>	2,860,545,723
	Return on asset ratio	<b>0.01:1</b>	0.01:1
Return on equity	Net income	<b>₱33,074,964</b>	₱32,189,705
	Divided by: Total average equity	<b>1,209,362,531</b>	1,176,827,626
	Return on equity ratio	<b>0.03:1</b>	0.03:1

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**PARENT COMPANY'S RECONCILIATION OF  
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION  
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023**

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

16th Floor BDO Towers Valero (formerly Citibank Tower), 8741 Paseo de Roxas, Makati City

	Amount
<b>Unappropriated retained earnings, beginning of reporting period</b>	
<b>available for dividend declaration</b>	<b>₱206,615,428</b>
Add: Net income for the current year	36,861,536
Less: Equity in net income of an associate	(46,195,165)
<b>Adjusted net loss</b>	<b>(9,333,629)</b>
<b>Total retained earnings, end of the reporting period available for dividend</b>	<b>₱197,281,799</b>

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## REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors  
Bright Kindle Resources & Investments, Inc. and Subsidiary  
16th Floor BDO Towers Valero (formerly Citibank Tower)  
8741 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Bright Kindle Resources & Investments, Inc. (the Parent Company) and Subsidiary (the Group) as at and for the years ended December 31, 2023 and 2022 and the Parent Company financial statements as at and for the year ended December 31, 2021, and have issued our report thereon dated March 18, 2024. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules for submission to the Securities and Exchange Commission are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration for the year ended December 31, 2023
- Schedules Required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 as at and for the year ended December 31, 2023
- Conglomerate Map as at December 31, 2023

These schedules are presented for purposes of complying with the Revised SRC Rule 68, and are not part of the consolidated financial statements. This information have been subjected to the auditing procedures applied in the audit of the consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

### REYES TACANDONG & Co.

  
CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until April 13, 2024

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 10072409

Issued January 2, 2024, Makati City

March 18, 2024  
Makati City, Metro Manila

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

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**SCHEDULES REQUIRED UNDER ANNEX 68-J OF  
REVISED SECURITIES REGULATION CODE RULE 68  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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<i>Schedule</i>	<i>Description</i>	<i>Page</i>
A	Financial Assets	<u>N/A</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>1</u>
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>N/A</u>
D	Long-Term Debt	<u>N/A</u>
E	Indebtedness to Related Parties (Long-Term Loans from Related Companies)	<u>N/A</u>
F	Guarantees of Securities of Other Issuers	<u>N/A</u>
G	Capital Stock	<u>2</u>

*Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)*

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Year
<i>Parent Company of the Group -</i>							
RYM Business Management Corp.	₱7,000,000	₱—	₱—	₱—	₱—	₱—	₱7,000,000
<i>Entities under common management -</i>							
Marcventures Holdings, Inc.	—	60,000,000	—	—	60,000,000	—	60,000,000
Strong Built (Mining) Development Corp.	—	13,249,978	—	—	13,249,978	—	13,249,978
Others	25,670	144,563	—	—	170,233	—	170,233
	₱7,025,670	₱73,394,541	₱—	₱—	₱73,420,211	₱—	₱80,420,211

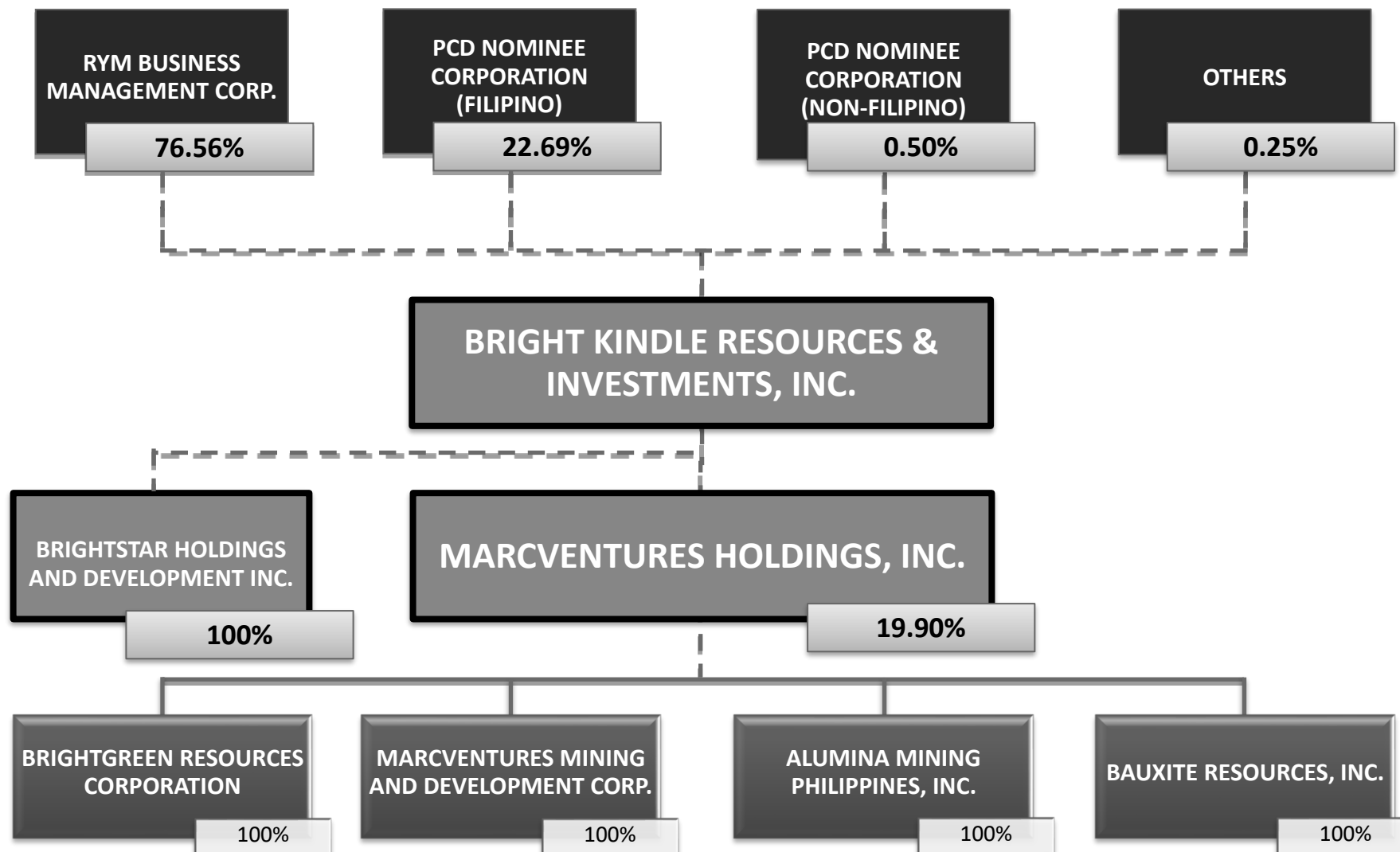
*Schedule G.* Capital Stock

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at shown under related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and other Rights	Number of Shares Held by Related Parties	Directors, Officers and Employees	Others
Common Stock	2,000,000,000	1,528,474,000	—	1,170,159,989	10,000	358,304,011

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

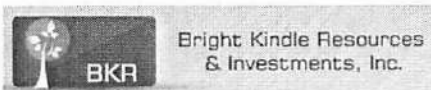
**CONGLOMERATE MAP**

AS AT DECEMBER 31, 2023









## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **Bright Kindle Resources & Investments, Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2022 and 2021**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

**Reyes Tacandong & Co.**, the independent auditor appointed by the stockholders for the years ended **December 31, 2022 and 2021**, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

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

**AUGUSTO C. SERAFICA, JR.**  
President/CEO

**ROLANDO S. SANTOS**  
SVP Treasurer

Signed this 13th day of April 2023



Bright Kindle Resources  
& Investments, Inc.


APR 13 2023

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_  
affiant(s) exhibiting to their evidence of identity, as follows:

NAMES	Competent Evidence of Identity (TIN)	DATE OF ISSUE	PLACE OF ISSUE
Cesar C. Zalamea	137-712-551		
Augusto C. Serafica, Jr.	102-097-338		
Rolando S. Santos	127-551-054		

Doc. No. 85;  
Page No. 18;  
Book No. 3;  
Series of 2023.

\_\_\_\_\_  
Notary Public

  
**ATTY. JOEL FERRER FLORES**  
NOTARY PUBLIC FOR MAKATI CITY  
UNTIL DECEMBER 31, 2023 (2023-2024)  
APPOINTMENT NO. M-115  
ROLL NO. 77376 / MCLE (EXEMPT)  
PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY  
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY  
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY



## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

We have audited the separate financial statements of Bright Kindle Resources & Investments, Inc. (the Company), a subsidiary of RYM Business Management Corp., which comprise the separate statements of financial position as at December 31, 2022 and 2021, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years ended December 31, 2022, 2021, and 2020, and notes to separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022, 2021, and 2020, in accordance with Philippine Financial Reporting Standards (PFRS).

### *Basis for Opinion*

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



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

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

*Auditors' Responsibilities for the Audit of the Separate Financial Statements*

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**REYES TACANDONG & Co.**

  
CAROLINA P. ANGELES

Partner

CPA Certificate No. 86981

Tax Identification No. 205-067-976-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 86981-SEC Group A

Issued March 24, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-007-2022

Valid until October 16, 2025

PTR No. 9564562

Issued January 3, 2023, Makati City

March 9, 2023

Makati City, Metro Manila

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

**SEPARATE STATEMENTS OF FINANCIAL POSITION**

		<b>December 31</b>	
	Note	<b>2022</b>	2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	4	<b>₱62,866,483</b>	₱425,556
Due from related parties	11	<b>8,416,816</b>	7,000,000
Dividends receivable	11	–	78,000,000
Other current assets	5	<b>10,562,596</b>	10,142,814
Total Current Assets		<b>81,845,895</b>	95,568,370
<b>Noncurrent Assets</b>			
Investment in an associate	7	<b>2,751,594,933</b>	2,710,348,850
Investment in a subsidiary	8	<b>37,500,000</b>	–
Property and equipment	6	<b>36,388,244</b>	37,346,482
Total Noncurrent Assets		<b>2,825,483,177</b>	2,747,695,332
		<b>₱2,907,329,072</b>	₱2,843,263,702
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Note payable	10	<b>₱1,671,501,723</b>	₱1,671,501,723
Subscription payable	8	<b>28,125,000</b>	–
Due to related parties	11	<b>11,673,899</b>	10,622,409
Accrued expenses and statutory payables	9	<b>1,157,389</b>	873,051
Total Current Liabilities		<b>1,712,458,011</b>	1,682,997,183
<b>Equity</b>			
Capital stock	12	<b>840,660,700</b>	840,660,700
Retained earnings		<b>346,373,680</b>	312,701,646
Other comprehensive income		<b>7,836,681</b>	6,904,173
Total Equity		<b>1,194,871,061</b>	1,160,266,519
		<b>₱2,907,329,072</b>	₱2,843,263,702

*See accompanying Notes to Separate Financial Statements.*

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

**SEPARATE STATEMENTS OF COMPREHENSIVE INCOME**

		Years Ended December 31		
	Note	2022	2021	2020
<b>SHARE IN NET INCOME OF AN ASSOCIATE</b>	7	<b>₱40,313,575</b>	₱150,532,128	₱67,283,874
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	13	<b>(7,189,505)</b>	(12,835,716)	(6,284,288)
<b>OTHER INCOME</b>	11	<b>520,000</b>	—	—
<b>INTEREST INCOME</b>	4	<b>33,164</b>	758	1,990
<b>INCOME BEFORE INCOME TAX</b>		<b>33,677,234</b>	137,697,170	61,001,576
<b>PROVISION FOR INCOME TAX</b>	14	<b>(5,200)</b>	—	—
<b>NET INCOME</b>		<b>33,672,034</b>	137,697,170	61,001,576
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Not to be reclassified to profit or loss in subsequent period -</i>				
Share in other comprehensive income (loss) of an associate	7	<b>932,508</b>	800,456	(387,326)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱34,604,542</b>	₱138,497,626	₱60,614,250
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	15	<b>₱0.022</b>	₱0.090	₱0.040

*See accompanying Notes to Separate Financial Statements.*



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

**SEPARATE STATEMENTS OF CHANGES IN EQUITY**

		Years Ended December 31		
	Note	2022	2021	2020
<b>CAPITAL STOCK</b> - ₱0.55 par value				
Authorized - 2,000,000,000 shares				
Issued and outstanding -				
1,528,474,000 shares	12	<b>₱840,660,700</b>	₱840,660,700	₱840,660,700
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		<b>312,701,646</b>	175,004,476	114,002,900
Net income		<b>33,672,034</b>	137,697,170	61,001,576
Balance at end of year		<b>346,373,680</b>	312,701,646	175,004,476
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Accumulated share in other comprehensive income of an associate</b>				
Balance at beginning of year		<b>6,904,173</b>	6,103,717	6,491,043
Share in other comprehensive income (loss) of an associate	7	<b>932,508</b>	800,456	(387,326)
Balance at end of year		<b>7,836,681</b>	6,904,173	6,103,717
		<b>₱1,194,871,061</b>	₱1,160,266,519	₱1,021,768,893

*See accompanying Notes to Separate Financial Statements.*

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

**SEPARATE STATEMENTS OF CASH FLOWS**

		Years Ended December 31		
	Note	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before tax		<b>₱33,677,234</b>	₱137,697,170	₱61,001,576
Adjustments for:				
Share in net income of an associate	7	<b>(40,313,575)</b>	(150,532,128)	(67,283,874)
Depreciation	6	<b>1,642,287</b>	1,928,187	1,928,188
Interest income	4	<b>(33,164)</b>	(758)	(1,990)
Operating loss before working capital changes		<b>(5,027,218)</b>	(10,907,529)	(4,356,100)
Increase in other current assets		<b>(419,782)</b>	(337,248)	(307,166)
Increase in accrued expenses and statutory payables		<b>284,338</b>	481,583	86,017
Net cash used for operations		<b>(5,162,662)</b>	(10,763,194)	(4,577,249)
Interest received		<b>33,164</b>	758	1,990
Income tax paid	14	<b>(5,200)</b>	—	—
Net cash used in operating activities		<b>(5,134,698)</b>	(10,762,436)	(4,575,259)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividend received	11	<b>78,000,000</b>	—	—
Investment in a subsidiary	8	<b>(9,375,000)</b>	—	—
Advances made to related parties	11	<b>(1,416,816)</b>	—	—
Additions to property and equipment	6	<b>(684,049)</b>	—	—
Payments from related parties		—	1,818,397	4,629,754
Net cash provided by investing activities		<b>66,524,135</b>	1,818,397	4,629,754
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>				
Advances from related parties	11	<b>1,051,490</b>	8,856,875	—
Payments to related parties		—	—	(100,497)
Cash provided by (used in) financing activities		<b>1,051,490</b>	8,856,875	(100,497)
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>62,440,927</b>	(87,164)	(46,002)
<b>CASH AT BEGINNING OF YEAR</b>		<b>425,556</b>	512,720	558,722
<b>CASH AT END OF YEAR</b>		<b>₱62,866,483</b>	₱425,556	₱512,720
<b>NONCASH FINANCIAL INFORMATION</b>				
Acquisition of investment in a subsidiary through subscription payable	8	<b>(₱28,125,000)</b>	₱—	₱—

*See accompanying Notes to Separate Financial Statements.*

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

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**NOTES TO SEPARATE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2022 AND 2021**  
**AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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**1. Corporate Information**

**General Information**

Bright Kindle Resources & Investments, Inc. (the Company) is a holding company, incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 4, 1981. On March 21, 1995, the Company listed its shares with Philippine Stock Exchange, Inc. (PSE).

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

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

**Approval of Separate Financial Statements**

The accompanying separate financial statements of the Company as at December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issuance by the BOD of the Company on March 9, 2023.

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**2. Summary of Significant Accounting Policies**

**Basis of Preparation and Statement of Compliance**

The separate financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations 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 separate financial statements are presented in Philippine Peso, which is also the Company's functional currency. All amounts represent absolute values except otherwise indicated.

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

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

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

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

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

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

Further information about the assumptions made in measuring fair value is included in Note 16, *Financial Risk Management Objectives and Policies*.

#### **Adoption of 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, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
  - Amendment to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

The adoption of the amended PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

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

Relevant amended PFRS which are not yet effective as at December 31, 2022 and have not been applied in preparing the separate financial statements are summarized below.

Effective for annual periods beginning on or after 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. The amendments should be applied prospectively. Earlier application is permitted.
- 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. Earlier application is permitted.

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

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

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

### **Financial Assets and Liabilities**

*Date of Recognition.* The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

*Initial Recognition and Measurement.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

*"Day 1" Difference.* Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

*Classification and Subsequent Measurement.* The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at December 31, 2022 and 2021, the Company does not have financial assets and liabilities at FVPL, and financial assets at FVOCI.

*Financial Assets at Amortized Cost.* Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit loss (ECL). Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2022 and 2021, the Company's cash, dividends receivable and due from related parties are classified under this category.

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

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2022 and 2021, the Company's note payable, subscription payable, due to related parties, accrued expenses are classified under this category.

### **Reclassification**

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

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

The Company 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 Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting period. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

#### **Derecognition of Financial Assets and Liabilities**

*Financial Assets.* A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

*Financial Liabilities.* A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.



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

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

#### **Offsetting of Financial Assets and Liabilities**

Financial assets and financial liabilities are offset and the net amount reported in the separate statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statements of financial position.

#### **Classification of Financial Instrument between Liability and Equity**

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

#### **Other Current Assets**

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

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

**CWT.** CWTs are amounts withheld from income subject to expanded withholding taxes. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation.

*Prepayments.* Prepayments represent expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the reporting period are classified as other current assets. Otherwise, these are classified as other noncurrent assets.

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

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

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

The reporting date of the associate and that of the Company are identical and the associate's accounting policies conform to those used by the Company 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 Company.

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

The Company determines at the end of each reporting 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.

#### **Investments in a Subsidiary**

The Company's investments in subsidiary is accounted for in the separate financial statements at cost less any impairment in value.

Under the cost method, the Company recognizes income from the investment only to the extent that the Company received distributions from accumulated profits of the subsidiary after the date of acquisition. Distributions received in excess of such profits are regarded as a reduction of the cost of the investment.

A subsidiary is an entity in which the Company has control. Specifically, the Company controls an investee if it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

An assessment of the carrying amount of the investment in subsidiary is performed when there is an indication that the investment has been impaired.

### **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including non-refundable purchase taxes after deducting trade discounts and rebates and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Condominium units	31
Office furniture and fixtures	3-5
Computer equipment	5

The estimated useful lives and method of depreciation are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is credited to or charged against current operations.

### **Impairment of Nonfinancial Assets**

Nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over remaining useful life.

### **Equity**

*Capital Stock.* Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issuance of new shares are treated as deduction from equity, net of tax.

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

*Other Comprehensive Income (OCI).* OCI comprises of items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. OCI of the Company pertains to accumulated share in OCI of an associate.

### **Revenue Recognition**

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The following specific recognition criteria must be met before revenue is recognized:

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

*Other Income.* Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability that can be measured reliably.

### **Expenses Recognition**

Expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably.

*General and Administrative Expenses.* General and administrative expenses constitute cost of administering the business. These are expensed as incurred.

### **Income Taxes**

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

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carry-forward benefits of any unused 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 Company 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.

### **Operating Segment**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components.

The Company has no operating segment other than being a holding company.

#### **Related Party Transactions and Related Parties**

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability to directly or indirectly, control or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled, or under common control with the Company; (b) associates; (c) individuals owning directly or indirectly, an interest in the voting power of the Company that give them significant influence over the Company and close members of the family of any such individual; and (d) members of the key management personnel of the Company.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

#### **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **Contingencies**

Contingent liabilities are not recognized in the separate financial statements. These are disclosed in the notes to separate financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the separate financial statements but are disclosed when an inflow of economic benefits is probable.

#### **Events After the Reporting Period**

Events after the reporting period that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the separate financial statements. Events after the reporting period that are non-adjusting are disclosed in the notes to separate financial statements when material.

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

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

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

*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 Company 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 Financial Assets at Amortized Cost.* The Company determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL are provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Company's financial assets at amortized cost are considered to have low credit risk, and therefore the loss allowance is determined as 12-month ECL. The Company has assessed that the ECL for other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and related parties with good credit standing and relatively low risk of defaults. The Company also considered the available liquid assets of the related parties. Accordingly, no impairment loss was recognized in 2022, 2021 and 2020.

The carrying amounts of cash in bank, due from related parties and dividend receivable are disclosed in Notes 4 and 11.

*Assessing the Impairment of Investment in an Associate.* The Company assesses the impairment of investment in an associate whenever events or changes in circumstances indicate that the carrying amount of investment in an associate may not be recoverable. The Company 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 Company's proportionate share in the carrying amounts of the associate's net assets in the separate financial statements.

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

Based on management assessment, the estimated recoverable amount of the Company's investment in an associate is higher than its carrying amount. 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 in 2022, 2021 and 2020. The carrying amount of investment in an associate is disclosed in Note 7.

*Assessing the Impairment of Other Nonfinancial Assets.* The Company assesses impairment on other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value-in-use approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Determining such amount requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets.

No impairment loss was recognized in 2022, 2021 and 2020. The carrying amount of the other current assets and property and equipment are disclosed in Notes 5 and 6.

*Estimating the Useful Lives of Property and Equipment.* The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.



There were no changes in the estimated useful lives of the Company's property and equipment in 2022, 2021 and 2020. The carrying amount of property and equipment are disclosed in Note 6 to the separate financial statements.

*Assessing the Realizability of Deferred Tax Assets.* The Company 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 Company's unrecognized deferred tax assets is disclosed in Note 14.

#### 4. Cash

This account consists of:

	2022	2021
Cash in banks	₱62,861,483	₱420,556
Cash on hand	5,000	5,000
	<b>₱62,866,483</b>	<b>₱425,556</b>

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱33,164, ₱758, and ₱1,990 in 2022, 2021, and 2020, respectively.

#### 5. Other Current Assets

This account consists of:

	2022	2021
Input VAT	₱9,660,230	₱9,424,279
CWT	595,485	600,685
Prepayments	175,745	101,714
Others	131,136	16,136
	<b>₱10,562,596</b>	<b>₱10,142,814</b>

#### 6. Property and Equipment

Balances and movements in this account are as follows:

		2022		
	Note	Condominium Units	Office Furniture and Fixtures	Computer Equipment
<b>Cost</b>				
Balances at beginning of year		₱47,788,569	₱1,795,919	₱—
Additions		—	57,049	627,000
Balance at end of year		47,788,569	1,852,968	627,000
<b>Accumulated Depreciation</b>				
Balances at beginning of year		10,509,577	1,728,429	—
Depreciation	13	1,579,141	63,146	—
Balances at end of year		12,088,718	1,791,575	—
<b>Carrying Amount</b>		<b>₱35,699,851</b>	<b>₱61,393</b>	<b>₱627,000</b>
				<b>₱36,388,244</b>

	Note	2021	
		Condominium Unit	Office Furniture and Fixtures
<b>Cost</b>			
Balances at beginning and end of year		₱47,788,569	₱1,795,919
			₱49,584,488
<b>Accumulated Depreciation</b>			
Balances at beginning of year		8,930,436	1,379,383
Depreciation	13	1,579,141	349,046
			1,928,187
Balances at end of year		10,509,577	1,728,429
			12,238,006
<b>Carrying Amount</b>		₱37,278,992	₱67,490
			₱37,346,482

The condominium unit is being used as an office space of the Company. As at December 31, 2022 and 2021, the cost of fully-depreciated property and equipment still in use amounted to ₱1.7 million.

#### **Deed of Assignment to BHD**

On January 20, 2023, the Company and BHD executed a Deed of Assignment under which the Company assigned in favor of BHD its one (1) condominium unit and four (4) parking slots in exchange for 1,121,505,000 common shares with ₱0.10 par value a share from the authorized capital stock of BHD. The transaction is pursuant to the approval by the 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).

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

Movements in this account are as follows:

	2022	2021
<b>Acquisition Cost</b>	<b>₱2,604,000,000</b>	₱2,604,000,000
<b>Accumulated Earnings</b>		
Balance at beginning of year	99,444,677	26,912,549
Share in net income	40,313,575	150,532,128
Dividends	—	(78,000,000)
Balance at end of year	139,758,252	99,444,677
<b>Accumulated Share in OCI</b>		
Balance at beginning of year	6,904,173	6,103,717
Share in other comprehensive income - Remeasurement gain on retirement benefit liability	932,508	800,456
Balance at end of year	7,836,681	6,904,173
<b>Carrying Amount</b>	<b>₱2,751,594,933</b>	₱2,710,348,850

The Company has 600,000,000 shares of Marcventures Holdings, Inc. (MARC) representing 19.90% equity interest as at December 31, 2022 and 2021. 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.

Summarized financial information of MARC follows:

	2022	2021
Total current assets	<b>₱917,911,835</b>	₱1,484,580,441
Total noncurrent assets	<b>5,022,731,586</b>	5,025,052,654
Total current liabilities	<b>395,260,891</b>	1,096,737,200
Total noncurrent liabilities	<b>672,998,260</b>	747,778,375
Revenue	<b>3,067,485,008</b>	3,891,592,774
Net income	<b>202,580,780</b>	756,442,856
Other comprehensive gain	<b>4,685,970</b>	4,022,392
Total comprehensive income	<b>207,266,750</b>	760,465,248

The reconciliation of the share in the net assets of MARC and the carrying amount of the investment in an associate as at December 31, 2022 and 2021 are as follows:

	2022	2021
Net assets as at beginning of year	<b>₱4,665,119,324</b>	₱4,296,580,716
Net income	<b>202,580,780</b>	756,442,856
Other comprehensive gain	<b>4,685,970</b>	4,022,392
Dividends	—	(391,926,640)
Net assets as at end of year	<b>4,872,386,074</b>	4,665,119,324
Equity interest	<b>19.90%</b>	19.90%
Share in net assets of associate	<b>969,604,828</b>	928,358,745
Goodwill on acquisition and others	<b>1,781,990,105</b>	1,781,990,105
Carrying amount	<b>₱2,751,594,933</b>	₱2,710,348,850

#### 8. Investment in a Subsidiary and Subscription Payable

In 2022, the Company subscribed to 37,500,000 common shares of Brightstar Holdings and Development Inc. (BHDI) at ₱1 par value and is equivalent to a full ownership interest.

The Company paid ₱9,375,000 upon subscription with the balance of ₱28.1 million presented as subscription payable in the statement of financial position.

BHDI was incorporated and registered with the SEC on May 27, 2022. It is primarily engaged in dealing with all kinds of property, including but not limited to bonds, debentures, promissory notes, shares of stock, or other securities or obligations without engaging in the business of an investment company under the Investment Company Act or a finance company or a broker or dealer in securities.

BHDI's registered office address is at 16th Floor BDO Towers Valero, 8741 Paseo de Roxas, Makati City.

The summarized financial information of BHDI is as follows:

	2022
Current assets	₱9,389,817
Current liabilities	1,497,146
Equity	7,892,671
Net loss	1,482,328

## 9. Accrued Expenses and Statutory Payables

This account consists of:

	2022	2021
Accrued expenses	₱1,075,486	₱873,051
Statutory payables	81,903	—
	<b>₱1,157,389</b>	<b>₱873,051</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.

## 10. Note Payable

The Company's note payable amounting to ₱1,671.5 million as at December 31, 2022 and 2021 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.

## 11. Related Party Transactions

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

		Nature of	Amount of Transactions		Outstanding Balances	
	Note	Transactions	2022	2021	2022	2021
Dividends Receivable						
Associate -						
	MARC	Dividends	₱—	₱78,000,000	₱—	₱78,000,000
Premium Income						
Affiliates -						
	MMDC	Collection of Premium	₱520,000	₱—	₱—	₱—
Due from Related Parties						
Parent Company						
		Advances for working capital	₱—	₱—	₱7,000,000	₱7,000,000
Subsidiary						
		Advances for working capital	1,391,146	—	1,391,146	—
Affiliates -						
Others						
		Advances for working capital	25,670	—	25,670	—
					₱8,416,816	₱7,000,000
Due to Related Parties						
Affiliates -						
MMDC						
		Advances for working capital	₱1,013,490	₱8,856,875	₱9,870,365	₱8,856,875
Prime Media Holdings, Inc.						
		Advances for working capital	38,000	—	1,803,534	1,765,534
					₱11,673,899	₱10,622,409
Note Payable						
Affiliate -						
	TMEE	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**

Other income amounting to ₱0.5 million pertains to the consideration for the use of the Company's condominium properties as collateral for MMDC's loan facility equivalent to 2% of monthly principal amortization of the loan.

**Compensation of Key Management Personnel**

The Company has no key management personnel. The accounting and administrative functions of the Company are being handled by the affiliate companies at no cost.

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**12. Equity**

On March 21, 1995, the SEC approved the listing of the 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 Company's common stock was reduced from ₱1 per share to ₱0.55 per share as approved by the SEC on October 17, 2012.

As at December 31, 2022 and 2021, 1,528,474,000 shares are listed in the PSE.

The following summarizes the information on the Company's issued and subscribed shares as at December 31, 2022:

	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 Company is 631 as at December 31, 2022 and 2021.

### 13. General and Administrative Expenses

This account consists of:

	Note	2022	2021	2020
Depreciation	6	<b>₱1,642,287</b>	₱1,928,187	₱1,928,188
Membership dues and other fees		<b>1,519,175</b>	1,354,426	1,333,345
Professional fees		<b>1,397,084</b>	1,703,106	996,000
Outside services		<b>938,375</b>	1,244,927	962,401
Director's fees		<b>685,000</b>	495,000	220,000
Communication, light and water		<b>274,549</b>	143,964	187,694
Representation		<b>71,334</b>	3,904,200	–
Taxes and licenses		<b>4,151</b>	47,136	56,706
Fines and penalties		<b>1,000</b>	1,212,155	–
Others		<b>656,550</b>	802,615	599,954
		<b>₱7,189,505</b>	₱12,835,716	₱6,284,288

Interest expense on fines and penalties amounting to ₱0.01 million and ₱0.4 million was recognized as part of other expenses as at December 31, 2022 and 2021, respectively.

### 14. Income Tax

Provision for current income tax of ₱5,200 in 2022 pertains to MCIT, which can be claimed as deduction to income tax payable until 2025. The Company has no current income tax expense in 2021 due to its net taxable loss position.

The Company's unrecognized deferred tax assets are as follows:

	2022	2021
NOLCO	<b>₱5,148,382</b>	₱4,793,294
Excess MCIT	<b>5,200</b>	–
	<b>₱5,153,582</b>	₱4,793,294

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:

	2022	2021	2020
Provision for income tax computed at			
statutory tax rate	<b>₱8,419,309</b>	₱34,424,293	₱18,300,473
Change in unrecognized deferred tax assets	<b>360,288</b>	132,220	(178,450)
Add (deduct) tax effects of:			
Share in net income of an associate	<b>(10,078,394)</b>	(37,633,032)	(20,185,162)
Expired NOLCO	<b>1,292,381</b>	1,797,620	2,063,736
Nondeductible expenses	<b>19,907</b>	1,279,089	–
Interest income subjected to final tax	<b>(8,291)</b>	(190)	(597)
	<b>₱5,200</b>	₱–	₱–

As at December 31, 2022, 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
2022	₱—	₱6,589,880	₱—	₱6,589,880	2025
2021	7,719,361	—	—	7,719,361	2026
2020	6,284,288	—	—	6,284,288	2025
2019	5,169,525	—	5,169,525	—	2022
	<b>₱19,173,174</b>	<b>₱6,589,880</b>	<b>₱5,169,525</b>	<b>₱20,593,529</b>	

On September 30, 2020, the BIR issued Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of the Republic Act No. 11494, otherwise known as “Bayanihan to Recover as One Act”. This RR provides that net operating loss of a business or enterprise for taxable years 2020 and 2021 are to be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

#### **Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act**

On March 26, 2021, Republic Act No. 11354, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises Act” or “CREATE” was approved and signed into law by the Philippine President. Under the CREATE, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three years. The changes in the income tax rates retrospectively became effective beginning July 1, 2020.

Accordingly, the income tax rate used in preparing the separate financial statements as at and for the year ended December 31, 2022 and 2021 is 25% for RCIT and 1% for MCIT, respectively. The change in income tax rates does not have any financial impact on the Company due to its taxable loss position.

#### **15. Basic and Diluted Earnings per Share**

Basic and diluted earnings per share are computed as follows:

	2022	2021	2020
Net income	<b>₱33,672,034</b>	₱137,697,170	₱61,001,576
Weighted average number of common shares outstanding	<b>1,528,474,000</b>	1,528,474,000	1,528,474,000
Earnings per share - basic and diluted	<b>₱0.022</b>	₱0.090	₱0.040

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

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## 16. Financial Risk Management Objectives and Policies

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

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

The Company's principal financial instruments consist of cash, 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 Company's operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

### **Credit Risk**

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

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

### *Financial Assets at Amortized Cost*

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

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

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 Company's financial assets at amortized cost.

	2022	2021
Cash in banks	<b>₱62,861,483</b>	₱420,556
Dividends receivable	—	78,000,000
Due from related parties	<b>8,416,816</b>	7,000,000
	<b>₱71,278,299</b>	₱85,420,556

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 Company will not be able to settle or meet its financial obligations when they fall due. The Company aims to maintain flexibility by maintaining sufficient cash to meet all foreseeable cash needs.

The tables below summarize the maturity profile of the Company's financial liabilities at amortized cost as at December 31, 2022 and 2021 based on contractual undiscounted cash flows.

<b>2022</b>				
	<b>On Demand</b>	<b>Less Than One Year</b>	<b>More than One Year</b>	<b>Total</b>
Accrued expenses	<b>₱—</b>	<b>₱1,075,486</b>	<b>₱—</b>	<b>₱1,075,486</b>
Due to related parties	<b>11,673,899</b>	<b>—</b>	<b>—</b>	<b>11,673,899</b>
Note payable	<b>1,671,501,723</b>	<b>—</b>	<b>—</b>	<b>1,671,501,723</b>
Subscriptions payable	<b>28,125,000</b>	<b>—</b>	<b>—</b>	<b>28,125,000</b>
	<b>₱1,711,300,622</b>	<b>₱1,075,486</b>	<b>₱—</b>	<b>₱1,712,376,108</b>

<b>2021</b>				
	<b>On Demand</b>	<b>Less Than One Year</b>	<b>More than One Year</b>	<b>Total</b>
Accrued expenses	<b>₱—</b>	<b>₱873,051</b>	<b>₱—</b>	<b>₱873,051</b>
Due to related parties	<b>10,622,409</b>	<b>—</b>	<b>—</b>	<b>10,622,409</b>
Note payable	<b>1,671,501,723</b>	<b>—</b>	<b>—</b>	<b>1,671,501,723</b>
	<b>₱1,682,124,132</b>	<b>₱873,051</b>	<b>₱—</b>	<b>₱1,682,997,183</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.

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

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

The Company considers its total equity amounting to ₱1,194.9 million and ₱1,160.3 million as at December 31, 2022 and 2021, respectively, as its capital.

There has been no change in the objectives, policies, processes in 2022, 2021, and 2020.



Bright Kindle Resources & Investments, Inc.

# Sustainability Report

# 2024



Bright Kindle Resources & Investments, Inc. was incorporated on December 4, 1981 as a credit card corporation. On 21 March 1995, the Company listed its shares with the Philippine Stock Exchange, Inc.

A subsidiary of Rizal Commercial Banking Corporation (RCBC) a block sale was made between RCBC and RYM Business Management Corp. together with other investors in 2013.

In November 2013 with the change in ownership and management, the Board of Directors changed its primary business purpose to a holding Company, engaged in the purchase, exchange, assignment, and holding of investments and any and all properties, including bonds, debentures, promissory notes, shares of stocks, and other securities.

In 2022 BKR acquired Brightstar Holdings and Development Inc. (BHDI). In May 2024, BHDI signed a Deed of Exchange to acquire 100% of the outstanding shares of Strong Built Mining Development Corp. (SBMDC), a Leyte-based iron ore mining company, using P5 billion worth of newly issued shares of BHDI. SBMDC has a 25-year term under its mineral production sharing agreement with an expiration date set for 28 July 2032.

As a holding company, it holds 600,000,000 shares of Marcventures Holdings Inc. (MHI) representing 19.9% equity interest as of 31 December 2024. The Company is continuously looking for other viable investments which will provide attractive returns to its shareholders.

Bright Kindle Resources and Investments Inc. (BKR) supports the United Nations Sustainable Development Goals (UNSDG) as it continues to focus on building a portfolio of sustainable investments.

Sustainable finance is anchored on investment decisions that prioritize environmental, social and governance (ESG) considerations. Environmental factors include climate change mitigation and adaptation, preservation of biodiversity, pollution prevention and the circular economy. Social factors refer to issues of inequality, inclusiveness, labor relations, investment in people and their skills and communities, as well as human rights issues. The governance of public and private institutions include management structures, employee relations and executive remuneration. These play a fundamental role in ensuring the inclusion of social and environmental considerations in the decision-making process.

Bright Kindle Resources and Investments Inc. seeks to maximize shareholder value by participating in sustainable investments and by observing good corporate practices particularly through the responsible stewardship of investments revolving around the values of integrity and transparency in all shareholder dealings.

Name of Organization	Bright Kindle Resources and Investments. Inc. (BKR)
Principal Office	16th Floor BDO Towers Valero 8741 Paseo de Roxas. Makati City
Business Model	Engaged in the purchase. exchange, assignment. and hold investments and all properties
Reporting Period	January 1 to December 31, 2024

# CURRENT ECONOMIC VALUE GENERATED

Currently, BKR's revenue is derived from bank deposit interests. As a non-operating company, there are no recorded employees wages and benefits, interest payments or in investments to the community in 2024.

In 2024 the company generated an economic value of Php4,267,110 with a direct distributed value of Php11,477,349. The latter translates to Php10,035,548 in operating cost and Php1,441,801 in government taxes.

While BKR is a holding company, with no business activities that substantially impact society outside its investment management functions, the Company's economic activities manage to generate economic value.

BKR's contribution continued and economic value was still achieved even if the impact on the economy, environment and society was minimal. Measuring the direct economic as revenue and distributed (costs) shows that BKR does not just create economic value for itself but also ensures that resources are flowed back to the stakeholders, the government, and the community.

# MATERIALITY ASSESSMENT

For the 2024 Sustainability Report, BKR identified the most material topics to its stakeholders based on the Global Reporting Initiative (GRI) Standards which defines "materiality" as topics and indicators that reflect the organization's significant economic, environmental and social impacts or that would substantively influence the assessments and decisions of stakeholders."

BKR expects to further refine its sustainability reporting matrix going forward particularly should it increase the pace of its investment activities. For its first Sustainability Report in 2019, the Company, engaged the services of Atty. Teodoro Kalaw IV. A certified sustainability trainer by the Global Reporting Initiative and a certified sustainability report assurer by the Institute of Certified Sustainable Practitioners, Atty. Kalaw facilitated an extensive sustainability orientation and materiality assessment workshop for key officers and staff. The same team prepared the year's Sustainability Report.

As BKR is currently not operating, most of the prospective material topics in the economic, environmental, and social domains discussed in SEC Memorandum Circular No. 4 in 2019 are presently not significant. As the Company further builds its investment portfolio there will be more substantial information that will specifically demonstrate its contributions to the United Nations Sustainable Development Goals.

# UN Sustainable Development Goals

## ECONOMIC GROWTH

BKR has no operating activities at present but continues to focus building a portfolio of sustainable investments which support UNSDG goal on economic growth. As a holding company it holds 600,000,000 shares of Marcventures Holdings Inc. (MHI) representing 19.9% equity interest as of 31 December 2024.

MHI is a publicly-listed company and the parent company Marcventures Mining and Development Corporation (MMDC). The nickel mining tenement is located across the municipalities of Cantillan, Carrascal and Madrid in Surigao del Sur. MHI prepares its own Sustainability Report which details the mining company's contribution to the United National Sustainable Development Goals.

## RESILIENT INFRASTRUCTURE AND SUSTAINABLE INDUSTRIALIZATION

In 2022 BKR acquired Brightstar Holdings and Development Inc. (BHDI) and May 2024 BHDI signed a Deed of Exchange to acquire 100% of the outstanding shares of Strong Built (Mining) Development Corp. a Leyte-based iron ore mining company, using P5 billion worth of newly issued shares of BHDI.

SBMDC has a 25-year term under its mineral production sharing agreement with an expiration date set for 28 July 2032.

## CORPORATE GOVERNANCE

BKR further contributes to sustainable development by observing good corporate practices. The company operations are anchored on the principles of accountability, transparency, honesty, integrity, fairness, and responsible stewardship of the Company's various investments. It has no substantial operations apart from its holding investments and property ownership.

# RESPONSIBLE INVESTMENT MANAGEMENT

As a publicly-listed corporation, BKR ensures continuous adherence to corporate governance rules, regulations, and requirements imposed by the Philippine Securities and Exchange Commission (Corporate Governance and Stewardship SEC).

BKR observes good corporate practices, through the responsible stewardship of the Company's various investments. The Board is responsible for the governance setting the policies for the accomplishment of the corporate objectives and provides an independent check on management.

## TRANSPARENCY

As a publicly-listed company, BKR continues to be accountable to the public and its institutional stakeholders.

Regular stockholders' meetings are held to update stockholders about the current condition and future standing of the Company. In 2024, the Company's audited financial performance was presented to shareholders during the virtual annual stockholders' meeting held on 12 August 2024. As in the previous year, the meeting was via remote communication.

Company information is freely accessible online, on the official BKR website which also includes, among others, the current Annual Report and Sustainability Reports.

## DATA PRIVACY & SECURITY

Responsible stewardship is also demonstrated as it engages in responsible data security, a vital material topic as the Company continues to search for other investment opportunities that could diversify its sources of revenue and add to shareholder value.

All assets are secure and kept confidential. with data security measures being properly enforced. Corporate services are handled by MHI and BKR has assigned a Data Privacy Officer in charge of implementing confidentiality measures to comply with Philippine Data Privacy Laws. MHI itself, BKR's subsidiary, follows a strict policy on Protection of Confidential Information.



# REVITALIZING GLOBAL PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT

As the company lays the groundwork for future investment prospects, it continues to actively looking for potential investments via partnerships, acquisitions joint ventures and other opportunities. Keeping in mind that all investments shall be made to enhance sustainable business practices.

The company supports the government in revitalizing the global partnership for sustainable development. The 2030 Agenda is universal and calls for action by all countries to ensure no one is left behind. It requires partnerships between governments, the private sector and civil society.

## MATERIAL TOPIC INDEX

As required by Annexes A (reporting template) and B (topic guide) of SEC Memorandum Circular No. 4 sustainability reporting guidelines for publicly listed companies. Stated below is the topic identified as material for the reporting period.

Material Topic	Page # in SEC Memorandum	Page # in 2024 Sustainability Report
ECONOMIC PERFORMANCE	19	5
DATA PRIVACY	41	6