COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

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

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

ROLANDO S. SANTOS	**817-6046/817-4183**
Contact Person	Company Telephone Number

Fiscal Year	FORM TYPE	Annual Meeting
1 2 (*Month*) **3 1** (*Day*)	**SEC 17-Q**	Last Thursday of May **0 5** (*Month*) **2 7** (*Day*)

N/A

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

634	**nil**	
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

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

1. For the quarterly period ended **September 30, 2016**

2. Commission Identification Number **102165**

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

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

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

6. Industry Classification Code: (SEC Use Only)

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

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

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

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, P.55 par value	**1,528,474,000 (as of 06/ 30/ 16)**

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

    Yes [x] No [ ]

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for shorter period the registrant was required to file such reports):
    Yes [x] No [ ]

    (b) has been subject to such filing requirements for the past 90 days
    Yes [x] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. – Financial Statements

The unaudited Financial Statement of Bright Kindle Resources & Investments, Inc. as of September 30, 2016 and for the Nine month period ended September 30, 2015 with comparative audited figure as of December 31, 2015 is in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Balance Sheet as of September 30, 2016 and December 31, 2015

	September 30,2016 Unaudited	Dec. 31, 2015 Audited	September 30, 2016 vs. Dec. 31, 2015	
			Amount Increase (decrease)	Percentage Increase (decrease)
	(₱'000)	(₱'000)	(₱'000)	
Current assets	**₱224,935**	₱430,393	(₱205,458)	(47.74%)
Noncurrent assets	**2,637,068**	2,652,135	(15,067)	(0.57%)
Total Assets	**₱2,862,003**	₱3,082,528	(₱220,525)	(7.15%)
Current Liabilities	**₱369**	₱200,331	₱(199,962)	(99.82%)
Noncurrent liabilities	**1,850,000**	1,850,000	–	-
Total Stockholders' Equity	**1,011,634**	1,032,197	(20,563)	(1.99%)
Total Liabilities and Stockholders' Equity	**₱2,862,003**	₱3,082,528	(₱220,525)	(7.15%)

Summary of Income Statement for the Nine months and three months period ended September 30, 2016 and 2015.

	For three months ending September 30		**For the Nine months ending. September 30,**	
	2016 (₱'000)	2015 (₱'000)	**2016 (₱'000)**	2015 (₱'000)
Revenues	**₱14**	₱124	₱326	₱386
Cost and expenses	**(949)**	(1,103)	(3,645)	(14,318)
Share in net income (loss) of an associate	**46,198**		(17,244)	
Net income (loss)	**45,263**	(979)	(20,563)	(13,932)
Realized loss on AFS Investment	–	(690,000)		(2,844,000)
Total comprehensive income (loss)	**₱45,263**	(₱690,979)	(₱20,563)	(₱2,857,932)

Summary of Statement of Cash Flows for the Nine months period ending September 30, 2016 and 2015.

	For the three months September 30,		For the nine months September 30,	
	2016 (₱'000)	2015 (₱'000)	**2016 (₱'000)**	2015 (₱'000)
Cash provided by (used in) operating activities	**(₱126)**	(₱15,634)	**(₱237,228)**	₱51,489
Cash provided by (used in) investing activities	**(3,422)**	–	**(3,422)**	(1,569)
Cash provided by (used in) financing activities	–	–	–	–
Net increase (decrease) in cash	**(3,548)**	(15,634)	**(240,650)**	49,920
Cash at the beginning of period	**119,338**	425,132	**356,440**	359,578
Cash at end of the period	**₱115,790**	₱409,498	**₱115,790**	₱409,498

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

Results of Operation

Nine months ended September 30, 2016 compared with nine months ended September 30, 2015

The results of operation for the nine months period ended September 30, 2016 and 2015 were a net loss of ₱20.56million and ₱2,857.93 million respectively or a decrease in net loss of ₱2,837.37 million mainly from the realized loss on available for sale investment amounting to ₱2,844 million.

Revenue

There was an decrease ₱0.06 million or equivalent to 15.38% in revenue from ₱0.39 million for the nine months period ended September 30, 2015 to ₱0.33 million for the nine months period ended September 30, 2016. This arises from an increase in rent income amounting to ₱0.25 million, the increase was partly netted by the decrease in interest earned of ₱0.31 million.

Share in net income (loss) of an associate

On December 15, 2014, the Company acquired 600,000,000 shares of Marcventures Holdings Inc., (Marc) representing 32.94% equity interest. The acquisition of Marc shares was initially recognized at AFS investment to investment in associate.

In May 2015, the Company has assessed that it has gained significant influence over Marc. Consequently, the Board of Directors (BOD) approved the reclassification of investment from AFS investment to investment in associate.

Marc reported a net loss for the nine-month period ended 2016 amounted to ₱52.35 million and the share in net loss of an associate is ₱17.24 million and on the same period in 2015, the Company recognized unrealized fair value loss of ₱2,844 million.

General and administrative expenses

A decreased of ₱10.67 million in general and administrative expenses or equivalent to 74.54% from ₱14.32 million in 2015 to ₱3.65 million in 2016 due to the following:

- Professional fees decreased by 23.85% due to the decrease in the annual listing fees paid to the Philippine Stock Exchange.

- Taxes and licenses decreased by ₱10.29 million or equivalent to 99.43% mainly due to ₱10.25 million payment of Documentary Stamp Tax in relation to the notes payable entered into by the Company in favour of Philippine Business Bank – Trust & Investment Center for the remaining unpaid portion of purchase price of shares of "MARC".

- Director's Fee decreased by ₱0.13million or equivalent to54.58% due to decrease in number of board meetings.

- Outside services increased by ₱0.02 million or equivalent to 5.62% due to expenses incurred in connection with the stockholders' meeting.

- Communication, Light and Water decreased by ₱0.015 million, equivalent to 11.33% .

- Other operating expenses decrease by ₱0.13 million mainly due to the decreased in PCD maintenance fee in relation to Marc shares of stocks.

<u>Three months ended September 30, 2016 compared with three months September 30, 2015</u>

The results of operation for the quarter period ended September 30, 2016 is a net income of ₱45.24 million mainly the 32.94% share in net income of the associate (Marcventures Holdings Inc) as compared to a net loss of ₱690.98 million of the same period in 2015.

<u>Revenue</u>
There is a decrease ₱0.11 million or equivalent to 88.52% in revenue for the current period as compared to last year these are purely interest income.

<u>Share in net income (loss) of an associate</u>
Marc reported a net income for the three-month period ended 2016 amounted to ₱140.25 million, the share in net income of an associate for the three months period ended September 2016 amounted to ₱46.20 million. In the same period in 2015, the Company recognized unrealized fair value loss of ₱690 million.

<u>General and administrative expenses</u>
A decreased of ₱0.15 million in general and administrative expenses or equivalent to 13.96% from ₱1.10 million in 2015 to ₱0.95 million in 2016 due to the following:

- Other services decreased by ₱0.03 million or equivalent to 39.50%.

- Depreciation expenses decreased by ₱0.04 million or equivalent to 9.50%.

- Taxes and licenses increased by ₱0.04 million or equivalent to 1,234.70% attributable to the real property tax of the condominium unit at Citibank tower for office space.

- Communication, Light and Water decreased by ₱0.01 million,or equivalent to 25.86%.

- Other operating expenses decreased by ₱0.11 million or equivalent to 68.69%.

<u>Statements of Financial Position</u>

The significant changes in the Statement of Financial Position accounts during the nine months ended September 30, 2016 versus the December 31, 2015 level are as follows:

Total assets stood at ₱2,862.00 million which is ₱220.52 million or 7.15% lower than the December 31, 2015 level. Significant changes were mainly due to the following:

- Cash decreased by ₱240.65 million or 67.5% from ₱356.44 million as of December 31, 2015 to ₱115.79 million as of September 30, 2016. The decrease was primarily due to payment of the current due on loans payable.

- Receivable increased by ₱34.28 million or equivalent to 50.97% was mainly from the advances made by affiliates.

- Other current assets increased by ₱0.91 million or equivalent to 13.63% mainly due to accumulated Vat input tax and refundable construction bond for the construction of office space at Cititower Condominium.

- Property and Equipment increased by ₱2.8 million or equivalent to 6.30% the increase of ₱3.4 million was from the cost of construction in progress for office space and partially offsetted by the decrease in office equipment due to depreciation.

Total liabilities stood at ₱1,850.40 million which is ₱200.0 million or 9.75% lower than the December 31, 2015 level, the decrease is attributable to the payment of the current portion on the loan payable amounting to ₱200 million.

Stockholders' equity decreased by ₱20.56 million due to the net loss for the nine months period ended September 30, 2016.

Statements of Cash Flows

The net cash used in operating activities amounted to ₱237.23 million for the nine months ended September 30, 2016 as compared to net cash provided in the same period last year amounted to ₱51.49 million. The decrease in cash from operating activities is the net result of the following:

- Higher net loss generated in the current period, due to share in net loss of an associate.
- Advances to related parties
- Partial payment of loan payable

Net cash used in investing activities amounted to ₱3.42 million as of September 30, 2016 as compared to ₱1.57 million for the same period in 2015.

The net effect of the foregoing operating, investing and investing activities is a decrease of ₱240.65 million and a balance of ₱115.79 million in cash as of September 30, 2016 as compared to an increase of ₱49.92 million and a balance of ₱409.50 million as of September 30, 2015.

Horizontal and Vertical Analysis

	Unaudited 2016	Audited 2015	Increase (Decrease) Amount	Percentage
ASSETS				
Current Assets				
Cash	**₱115,789,756**	₱356,439,709	(₱240,649,953)	(67.51%)
Receivables	**101,538,077**	67,258,077	34,280,000	50.97%
Other current assets	**7,607,396**	6,694,993	912,403	13.63%
Total Current Assets	**224,935,229**	430,392,779	(205,457,550)	(47.74%)
Noncurrent Assets				
Property and equipment	**36,724,068**	34,547,773	2,176,295	6.30%
Investment in an associate	**2,600,343,352**	2,617,586,939	(17,243,587)	(0.66%)
Total Noncurrent Assets	**2,637,067,420**	2,652,134,712	(15,067,292)	(0.57%)
	₱2,862,002,649	₱3,082,527,491	(₱220,524,842)	(7.15%)

LIABILITIES AND EQUITY				
Current Liabilities				
Accrued and other current liabilities	**₱368,540**	₱200,330,928	(₱199,962,388)	(99.82%)
Noncurrent Liabilities				
Payable to PBB - net of current portion	**1,850,000,000**	1,850,000,000	–	–
	1,850,368,540	2,050,330,928	(199,962,388)	(9.75%)
Equity				
Capital stock	**840,660,700**	840,660,700	–	–
Retained earnings	**169,588,988**	190,151,442	(20,562,454)	(10.81%)
Other comprehensive income	**1,384,421**	1,384,421	–	–
Total Equity	**1,011,634,109**	1,032,196,563	(20,562,454)	(1.99%)
	₱2,862,002,649	₱3,082,527,491	(₱220,524,842)	(7.15%)

Key Performance Indicators

	September 30, 2016	September 30, 2015
Net Loss	₱ (20,562,454)	₱ (2,857,932,452)
Quick assets	217,327,833	409.498.807
Current assets	224,935,229	431.161.530
Total Assets	2,862,002,649	1.642.081.046
Current liabilities	368,540	2.050.260.363
Total liabilities	1,850,368,540	2.051.638.542
Stockholders' Equity	1,011,634,109	(409,557,496)
Number of common shares outstanding	1,528,474,000	1,528,474,000

Liquidity ratios:		
Current ratio (1)	571.65:1	0.21:1
Quick ratio (2)	554.44:1	0.20:1
Solvency Ratios:		
Debt ratio (3)	0.66:1	1.25:1
Debt to Equity ratio (4)	1.91:1	(5.01):1
Profitability ratios:		
Return on equity (5)	(0.07)	(2.80)
Return on assets (6)	(0.02)	(0.82)
Earnings (loss) per share (7)	(0.04)	(0.013)

Other Information

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

   Nothing to disclose

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

   Nothing to disclose

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

   Nothing to disclose

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

   Nothing to disclose

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

   Nothing to disclose

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

Nothing to disclose

PART II - OTHER INFORMATION

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

PART III - FINANCIAL SOUNDNESS INDICATORS

	September 30, 2016	September 30, 2015
Liquidity Ratio	**571.65**	0.21
Current Ratio		
Current assets	**₱229,163,674**	₱431,161,530
Current liabilities	**400,883**	2,050,260,363
Quick Ratio	**554.44**	0.20
Quick asset	**222,265,680**	409,498,807
Current liabilities	**400,883**	2,050,260,363
Solvency Ratio		
Debt Ratio	**0.66**	1.25
Total liabilities	**1,850,400,883**	2,051,638,542
Total assets	**2,817,026,175**	1,642,081,046
Debt-to-equity Ratio	**1.91**	5.01
Total liabilities	**₱1,850,400,883**	2,051,638,397
Total equity	**966,625,292**	(409,557,496)
Profitability Ratio		
Asset-to-equity Ratio	**2.91**	(4.01)
Total assets	**₱2,817,026,175**	₱1,642,081,046
Total equity	**966,625,292**	(409,557,496)
Return on Equity Ratio	**(0.07)**	(2.80)
Net income (loss)	**(65,571,271)**	(2,857,932,452)
Average shareholder's equity	**999,410,928**	1,019,408,728
Return on Assets	**(0.02)**	(0.82)
Net income (loss)	**(65,571,271)**	(2,857,932,452)
Average total assets	**2,949,776,833**	3,476,174,303

SIGNATURES

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

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

Date: November 18, 2016

ROLANDO S. SANTOS
VP – Finance/Treasurer

LESTER LAURENCE S. BAGUEC
Accountant

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

STATEMENTS OF FINANCIAL POSITION

	Note	**Unaudited September 30, 2016**	Audited December 31, 2015
ASSETS			
Current Assets			
Cash	6	**₱115,789,756**	₱356,439,709
Receivables	7	**101,538,077**	67,261,777
Other current assets	8	**7,607,396**	6,691,293
Total Current Assets		**224,935,229**	430,392,779
Noncurrent Assets			
Property and equipment	9	**36,724,068**	34,547,773
Investment in an associate	10	**2,600,343,352**	2,617,586,939
Total Noncurrent Assets		**2,637,067,420**	2,652,134,712
		₱2,862,002,649	₱3,082,527,491
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	12	**₱368,540**	₱200,330,928
Noncurrent Liabilities			
Payable to PBB - net of current portion	12	**1,850,000,000**	1,850,000,000
Total Liabilities		**1,850,368,540**	2,050,330,928
Equity			
Capital stock	13	**840,660,700**	840,660,700
Retained earnings		**169,588,988**	190,151,442
Other comprehensive income		**1,384,421**	1,384,421
Total Equity		**1,011,634,109**	1,032,196,563
		₱2,862,002,649	₱3,082,527,491

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

	Note	**Nine Months Period Ended September 30, 2016**	2015
REVENUES			
Rent income		**₱254,464**	₱-
Interest income		**71,910**	385,678
		326,374	385,678
GENERAL AND ADMINISTRATIVE EXPENSES	14	**3,645,241**	14,318,130
SHARE IN NET EARNINGS (LOSS) OF AN ASSOCIATE	10	**(17,243,587)**	-
NET INCOME (LOSS)		**(20,562,454)**	(13,932,452)
OTHER COMPREHENSIVE LOSS			
To be reclassified to profit or loss:			
Unrealized fair value gain (loss) on AFS investments	11	**-**	(2,844,000,000)
TOTAL COMPREHENSIVE LOSS		**(₱20,562,454)**	(₱2,857,932,452)
Basic/diluted earnings (loss) per share		**(₱0.013)**	(₱0.013)

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

		Three Months Period Ended September 30,	
	Note	**2016**	2015
REVENUES			
Rent income		**₱-**	₱-
Interest income		**14,234**	124,006
		14,234	124,006
GENERAL AND ADMINISTRATIVE EXPENSES	14	**948,942**	1,102,678
SHARE IN NET EARNINGS (LOSS) OF AN ASSOCIATE	10	**46,197,989**	-
NET INCOME (LOSS)		**45,263,281**	(978,672)
OTHER COMPREHENSIVE LOSS			
To be reclassified to profit or loss:			
Unrealized fair value gain (loss) on AFS investments	11	**-**	(690,000,000)
TOTAL COMPREHENSIVE LOSS		**₱45,263,281**	(₱690,978,672)
Basic/diluted earnings (loss) per share		**₱0.030**	(₱0.001)

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CHANGES IN EQUITY

	Note	September 30, 2016	September 30, 2015
CAPITAL STOCK - ₱0.55 par	13		
Authorized - 2,000,000 shares			
Issued, subscribed and outstanding - 1,528,474,000 shares		**₱840,660,700**	₱840,660,700
RETAINED EARNINGS			
Balance at beginning of year		**190,151,442**	220,124,252
Net loss for the period		**(20,562,454)**	(13,932,452)
Balance at end of year		**169,588,988**	206,191,800
OTHER COMPREHENSIVE INCOME			
To be reclassified to profit or loss			
Cumulative fair value gain on AFS investment			
Balance at beginning of year		**1,384,421**	1,387,590,000
Unrealized fair value gain (loss) on AFS investment	11	**–**	(2,844,000,000)
Balance at end of year		**1,384,421**	(1,456,410,000)
TOTAL EQUITY		**₱1,011,634,109**	(₱409,557,500)

See accompanying Notes to Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.

STATEMENT OF CASH FLOWS

	Note	**Nine months period ended September 30, 2016**	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before tax		**(₱20,562,454)**	(₱13,932,452)
Adjustments for:			
Share in net loss of an associate		**17,243,587**	–
Interest income	10	**(71,910)**	(385,678)
Depreciation	9	**1,245,950**	1,202,377
Operating income (loss) before working capital changes		**(2,144,826)**	(13,115,753)
Decrease (Increase) in:			
Receivable		**(34,280,000)**	90,000,000
Other current assets		**(912,403)**	(15,527,012)
Increase (Decrease) in:			
Accounts payable and other current liabilities		**(199,962,388)**	(10,254,066
Cash generated from (used in) operations		**(237,299,617)**	51,103,169
Interest received		**71,910**	385,678
Income tax paid		**-**	
Net cash provided by (used in) operating activities		**(237,227,707)**	51,488,847
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisitions of property and equipment		**(3,422,246)**	(1,568,651
CASH FLOWS FROM FINANCING ACTIVITIES		**–**	–
NET INCREASE (DECREASE) IN CASH		**(240,649,953)**	49,920,196
CASH AT BEGINNING OF YEAR		**356,439,709**	359,578,611
CASH AT END OF THE PERIOD	6	**₱115,789,756**	₱409,498,807

See accompanying Notes to Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.

STATEMENT OF CASH FLOWS

	Note	Three months period ended September 30, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before tax		**₱45,263,281**	(₱978,672)
Adjustments for:			
Share in net loss of an associate		**(46,197,989)**	–
Interest income	10	**(14,234)**	(124,006)
Depreciation	9	**415,316**	458,890
Operating income loss before working capital changes		**(533,626)**	(643,788)
Decrease (Increase) in:			
Receivable		**1,131,300**	–
Other current assets		**(705,702)**	(15,114,012)
Increase (Decrease) in:			
Accounts payable and other current liabilities		**(32,342)**	(67)
Cash generated from (used in) operations		**(140,370)**	(15,757,867)
Interest received		**14,234**	124,006
Income tax paid		**-**	
Net cash provided by (used in) operating activities		**(126,136)**	(15,633,861)
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisitions of property and equipment		**(3,422,246)**	–
CASH FLOWS FROM FINANCING ACTIVITIES		**–**	–
NET INCREASE (DECREASE) IN CASH		**(3,548,382)**	(15,633,861)
CASH AT BEGINNING OF YEAR		**119,338,138**	425,132,668
CASH AT END OF THE PERIOD	6	**₱115,789,756**	₱409,498,807

See accompanying Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS
(With Comparative Information for 2015)

1. Corporate Information

Bright Kindle Resources & Investments, 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 to RYM Business Management Corp. (the Parent Company) and other investors. The Parent Company acquired 81.77% interest in the Company.

In November 2013, in view of the change in ownership and management, 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 its primary business purpose to a holding company. 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 investments and all properties, including, but not limited to, bonds, debentures, promissory notes, shares of stock, 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.

On September 10, 2015, the SEC approved the change of principal office address from 31/F, Robinsons-Equitable Tower, ADB Avenue, Ortigas Center, Pasig City to 16th Floor Citibank Tower, 8741 Paseo de Roxas, Makati City.

2. Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared using the historical cost basis, except for AFS investments which is stated at fair value. The financial statements are presented in Philippine Peso, which is also the Company's functional currency. All values represent absolute amounts except otherwise stated.

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

3. **Summary of Changes in Accounting Policies**

Adoption of New and Revised PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and revised PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2015:

- Amendments to PAS 16, *Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation,* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Amortization* – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.

- Amendment to PAS 24, *Related Party Disclosures - Key Management Personnel* – The amendment clarifies how payments to entities providing key management personnel services are to be disclosed.

- Amendment to PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables and Portfolio Exception* – The amendment clarifies that the portfolio exception in PFRS 13 - allowing an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis - applies to all contracts (including non-financial) within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* or PFRS 9, *Financial Instruments*.

The adoption of the foregoing new and revised PFRS did not have any material effect on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

New and Revised PFRS Not Yet Adopted
Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2015 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2016:

- Amendments to PAS 1, *Presentation of Financial Statements* – The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendments to PAS 16 - *Clarification of Acceptable Methods of Depreciation,* and PAS 38 - *Clarification of Acceptable Methods of Amortization* – The amendments add guidance and clarify that (i) the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset, and (ii) revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset; however, this presumption can be rebutted in certain limited circumstances.

- Amendment to PFRS 7, *Financial Instruments: Disclosures* - The amendment adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

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

- PFRS 9 – This standard will replace PAS 39 (and all the previous versions of PFRS 9). It provides requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition.

  PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

  For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

  For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract; it will be no longer necessary for objective evidence of impairment before a credit loss is recognized.

  For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.

  The derecognition provisions are carried over almost unchanged from PAS 39.

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

4. Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Fair Value Measurement

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.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

<u>Financial Assets and Liabilities</u>

a. Recognition

Financial instruments are recognized in the statements of financial position when the Company becomes a party to the contractual provision of the instruments. Financial instruments are initially recognized at fair value. In the case of regular way purchase or sale of financial asset, recognition and derecognition, as applicable, is done using trade date accounting. The initial measurement of the financial instruments, except for those classified at fair value through profit or loss (FVPL), includes transaction costs.

"Day 1" Differences. Where the transaction in a non–active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the statement of comprehensive income. In cases where there is no observable data on inception, the Company deemed the transactions 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.

b. Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) AFS investments. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market.

As at September 30, 2016 and December 31, 2015 the Company does not have financial assets and liabilities at FVPL and HTM investments.

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

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

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

This category includes cash in banks and receivables.

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

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

This category includes accounts and other payables (excluding statutory liabilities) and due to Parent Company.

c. Derecognition

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized by the Company when:

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

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

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

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

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

d. Offsetting

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

e. Impairment of Financial Assets

Loans and Receivables. The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

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

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

Other Current Assets

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

CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs 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 that are expected to be realized for no more than twelve months after the reporting date are classified as other current assets. Otherwise, these are classified as other noncurrent assets.

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

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the taxation authority is included as part of "Other current assets".

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 entities. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting rights of the 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.

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

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

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable purchase taxes after deducting trade discounts and rebates and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

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

Asset Type	Years
Condominium unit	31
Office furniture and fixtures	3 to 5
Service vehicle	3

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

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.

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 all current and prior period operating results, less any cash or property dividends declared in the current and prior periods.

Revenue Recognition

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

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

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

Service fees. Revenue is recognized when services are rendered. The amount of service fees recognized is equivalent to the Company's monthly operating costs for processing RCBC's credit card transactions.

Discount carried. Revenue is recognized as income upon presentation by member establishments of charges arising from credit card availments.

Other income. Income from other sources is recognized when earned during the period.

Costs and Expenses Recognition

Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably. Cost and expenses are presented using the nature of expense method.

General and administrative expenses. General and administrative expenses constitute cost of administering the business and costs incurred to sell and market goods and services. These are expensed as incurred.

Operating Leases

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

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

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

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

d. there is a substantial change to the asset.

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

Operating Lease - Company as a Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Fixed lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

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

Income Taxes

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

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

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

The carrying 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 other comprehensive income.

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

<u>Earnings (Loss) Per Share (EPS)</u>
Basic EPS is computed by dividing net income (loss) for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared and stock split.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Where the EPS effect of potential dilutive ordinary shares would be anti-dilutive, basic and diluted EPS are stated at the same amount.

<u>Operating Segment</u>
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.

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

significant influence.

Provisions

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

Contingencies

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

Events after the Reporting Period

Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements when material. Post year-end events that are non-adjusting are disclosed in the notes to financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

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

Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso, which is the currency of the primary economic environment in which the Company operates.

Operating Lease Commitments

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

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

Rent income amounted to ₱0.3 million and nil for the period ended September 30, 2016 and 2015 respectively. (see Note 18).

Company as a Lessee. The Company, as a lessee, has an operating lease agreement for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease.

Classification of Financial Instruments. The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

In 2014, although the Company owns more than 20% interest in Marcventures Holdings, Inc. (MARC), the Company classified its quoted equity instruments as AFS investments because of the absence of significant influence as demonstrated by the following:

- Although there are interlocking directors, the BOD acts on their own personal capacity.
- The Company is not participating in policy-making processes of MARC, including participation in decisions about dividends or other distributions.
- There are no material transactions between the Company and MARC.
- The shares of MARC were acquired for the sole purpose of capital appreciation.

In May 2015, the Company classified its quoted equity instruments as investment in an associate since the Company obtained significant influence through participation in policy-making process of MARC, including decisions about dividends and intercompany advances.

Determination of Operating Segments. The Company determines and presents operating segments based on the information that is internally provided to the BOD. As at December 31, 2015 and 2014, being a holding company, the Company has not determined an operating segment.

Estimates

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

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

No allowance for impairment of receivables was recognized in for the quarter ended September 30, 2016, and 2015. Receivables amounted to ₱101.8 million and ₱67.3 million as at September 30, 2016 and December 31, 2015, respectively (see Note 7).

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

There is no change in the estimated useful life of the Company's property and equipment in 2016 and 2015. Carrying value of property and equipment amounted to ₱36.7 million and ₱34.5 million as at September 30, 2016 and December 31, 2015, respectively (see Note 9).

Assessing Impairment Losses of Property, Plant and Equipment. The Company assesses impairment on property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset 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; or
- significant negative industry or economic trends.

No impairment loss was recognized in 2016 and 2015.

Assessing Impairment of AFS Investment. The impairment losses of AFS investment comprise the difference between their cost and their current fair value. The Company treats AFS investment as impaired when there has been a significant and prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Company treats "significant" generally as 20% or more and "prolonged" as greater than 12 months for quoted equity securities. In addition, the Company evaluates other factors, including normal volatility in share price for quoted instruments and the future cash flows and the discount factors for unquoted instruments.

Assessing Realizability of Deferred Tax Assets. The Company reviews its deferred tax asset 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 asset to be utilized.

No deferred tax assets were recognized on NOLCO and MCIT as at December 31, 2015 and 2014 because management believes that it may not be probable in the near future that taxable profit will be available against which deferred tax assets can be utilized (see Note 15).

6. Cash

This account consists of:

	September 30, 2016 Unaudited	December 31, 2015 Audited
Cash on hand	**₱5,000**	₱5,000
Cash in banks	**115,584,756**	356,434,709
	₱115,789,756	₱356,439,709

Cash in banks earn interest at the prevailing bank deposit rates.

7. Receivables

This account consists of:

	Note	September 30, 2016 Unaudited	December 31, 2015 Audited
Advances to related parties	17	**₱101,253,077**	₱66,406,777
Rent receivable	17	**285,000**	855,000
		₱102,826,077	₱67,261,777

8. Other Current Assets

This account consists of:

	September 30, 2016 Unaudited	December 31, 2015 Audit
Input VAT	**₱6,741,419**	₱6,079,016
Creditable withholding tax	**565,675**	565,675
Prepaid taxes	**39,108**	39,108
Others	**261,194**	7,494
	₱7,607,396	₱6,691,293

9. Property and Equipment

The movements of this account follow:

	September 30, 2016				
	Construction in Progress	**Condominium Unit**	**Office Furniture and Fixtures**	**Service Vehicle**	**Total**
Cost					
Balance at beginning of year	**₱-**	**₱34,975,635**	**₱50,692**	**₱1,568,650**	**₱36,594,977**
Additions	**3,422,246**	**–**	**–**	**–**	**3,422,246**
Balance at end of year	**3,422,246**	**34,975,635**	**50,692**	**1,568,650**	**40,017,223**
Accumulated Depreciation					
Balance at beginning of year	–	**1,598,349**	**13,119**	**435,736**	**2,047,204**
Depreciation	–	**846,185**	**7,603**	**392,162**	**1,245,950**
Balance at end of year	–	**2,444,534**	**20,722**	**827,898**	**3,293,154**
Net Carrying Value	**₱3,422,246**	**₱32,531,101**	**₱29,970**	**₱740,752**	**₱36,724,069**

	2015			
	Condominium Unit	Office Furniture and Fixtures	Service Vehicle	Total
Cost				
Balance at beginning of year	₱34,975,635	₱50,692	₱–	₱35,026,327
Additions	–	–	1,568,650	1,568,650
Balance at end of year	34,975,635	50,692	1,568,650	36,594,977
Accumulated Depreciation				
Balance at beginning of year	470,103	2,981	–	473,084
Depreciation	1,128,246	10,138	435,736	1,574,120
Balance at end of year	1,598,349	13,119	435,736	2,047,204
Net Carrying Value	₱33,377,286	₱37,573	₱1,132,914	₱34,547,773

10. Investment in an Associate

This account represents 32.94% ownership interest in Marc.

Movements on this account follows:

	September 30, 2016 Unaudited	December 31, 2015 Audited
Beginning balance	**₱2,617,586,939**	₱2,604,000,000
Accumulated share in equity of an associate:		
Share in:		
Net income (loss)	**(17,243,587)**	12,202,518
Other comprehensive income	**1,384,421**	1,384,421
Balance at end of year	**(15,859,166)**	13,586,939
Carrying value	**₱2,601,727,773**	₱2,617,586,939

Summarized financial information of MARC follows:

	September 30, 2016 Unaudited	December 31, 2015 Audited
Total assets	**₱3,369,600,304**	₱3,426,868,202
Total liabilities	**457,813,003**	462,732,429
Revenue	**1,455,615,172**	2,048,568,510
Net income (Loss)	**(52,348,472)**	12,202,518
Other comprehensive income (loss)*	**–**	1,384,421

11. AFS Investment

On December 15, 2014, the Company acquired 600,000,000 shares of MARC representing 33% equity interest for ₱2,700.0 million from Philippine Business Bank - Trust and Investment Center (PBB), which includes dividends of ₱0.15 a share or ₱90.0 million. The Company incurred transaction costs amounting to ₱22.4 million. Transaction costs include incidental expenses such as professional fees and nonrefundable taxes incurred in relation to the acquisition of shares. On May 8, 2015, the Company has assessed that significant influence is obtained (see Note 10).

The movement of this account follows:

	September 30, 2016 Unaudited	December 31, 2015 Audited
Cost	**₱–**	₱2,632,410,000
Unrealized fair value gain (loss)		
Balance at beginning of year	–	1,387,590,000
Change in fair value	–	(1,416,000,000)
Share in equity loss	–	
Balance at the end of year	–	(28,410,000)
Net carrying value before reclassification	–	2,604,000,000
Reclassification to investment in an associate	–	(2,604,000,000)
Net carrying value	**₱–**	**₱–**

As at September 30, 2016 and December 31, 2015, the unpaid portion of purchase price amounted to ₱1,850.0 million (see Note 12).

12. Accounts and Other Payables

This account consists of:

	Note	September 30, 2016 Unaudited	December 31, 2015 Audited
Statutory payable		**₱140,626**	₱103,014
Accrued expenses		**853**	853
Payable to PBB - current portion	18	**-**	200,000,000
Others		**227,061**	227,061
		368,540	200,330,928
Noncurrent portion of payable to PBB	18	**1,850,000,000**	1,850,000,000
		₱1,850,368,540	₱2,050,330,928

On December 15, 2014, the Company acquired 600,000,000 shares of MARC representing 33% equity interest for ₱2,700.0 million from PBB, payable in one year, which includes dividends of ₱0.15 a share or ₱90.0 million (see Note 11). The unpaid portion of purchase price amounting to ₱2,050.0 million is originally payable within one year. On December 14, 2015, PBB agreed to extend the maturity of the liability from December 31, 2015 to on or before January 31, 2016 for the ₱200.0 million portion and December 31, 2017 for the ₱1,850.0 million remaining portion. On March 16, 2016 the company pay the ₱200 million due to PBB.

Statutory payables include withholding taxes, output VAT, fringe benefit taxes and other taxes that are remitted to the government within the next reporting period.

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

13. **Equity**

Capital Stock

The Company's authorized share capital of ₱1,100.0 million consists of 2,000,000,000 ordinary shares with par value of ₱0.55 per share, of which 1,528,474,000 are subscribed. All subscribed shares have been fully paid, issued and outstanding as at September 30, 2016 and December 31, 2015.

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

On March 21, 1995, the SEC approved the listing of the Company's 118.0 million shares at an offer price of ₱1.0 per share. As at December 31, 2015 and 2014, 1,528,474,000 shares of the Company's shares of stock are listed in the PSE.

The following summarizes the information on the Company's issued and subscribed shares as at December 31, 2015:

	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	103,388,000	6.74%
c. Others	254,926,011	16.68%
Total	1,528,474,000	100.00%

The total number of shareholders of the Company is 634 and 650 as at September 30, 2016 and December 31, 2015.

14. **General and Administrative Expenses**

This account consists of:

		Nine Months	
	Note	**2016**	2015
Depreciation	9	**₱1,245,950**	₱1,202,377
Membership dues and other fees		**1,051,736**	1,078,546
Professional fees		**462,018**	606,754
Outside services		**456,134**	431,860
Director's fees		**111,765**	246,078
Communication, light and water		**120,835**	136,240
Taxes and licenses		**59,132**	10,350,418
Transportation and travel		**8,817**	6,825
Others		**128,854**	259,032
		₱3,645,241	**₱14,318,130**

General and Administrative Expenses

	Note	Three Months **2016**	2015
Depreciation	9	**₱415,317**	₱458,891
Membership dues and other fees		**350,579**	354,398
Outside services		**48,125**	79,549
Communication, light and water		**35,978**	48,530
Taxes and licenses		**47,382**	3,550
Transportation and travel		**2,700**	1,703
Others		**48,861**	156,057
		₱948,942	**₱1,102,678**

15. **Income Tax**

As at September 30, 2016 and December 31, 2015, no deferred tax asset was recognized as it is not probable that sufficient taxable profit will be available to allow the benefit of the deferred tax assets to be utilized in the future.

Details of unrecognized deferred tax assets are as follows:

	2016	2015
NOLCO	**₱–**	₱5,324,180
MCIT	**–**	23,475
	₱–	₱5,347,655

As at December 31, 2015, unused NOLCO that can be claimed as deduction from future taxable income are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2015	2018	₱3,245,846	₱–	₱–	₱3,245,846
2014	2017	14,501,421	–	–	14,501,421
		₱17,747,267	₱–	₱–	₱17,747,267

As at December 31, 2015, unused MCIT that can be claimed as deduction from future taxable liability are as follows:

Year Incurred	Expiry Date	Amount	Applied	Expired	Balance
2015	2018	₱15,981	₱–	₱–	₱15,981
2014	2017	7,494	–	–	7,494
		₱23,475	₱–	₱–	₱23,475

16. **Related Party Transactions**

The Company has the following transaction with its related parties:

	Nature of	Amounts of Transactions		Outstanding Balances	
	Transactions	**September 30, 2016**	Dec. 31, 2015	**September 30, 2016**	December 31, 2015
Advances to related parties					
Parent Company -					
RYM	Advances for working capital	**₱34,800,000**	₱65,000,000	**₱98,421,821**	₱63,621,821
Officers	Advances		2,536,600	**2,536,600**	2,536,600
Under common control:					
AG Finance, Incorporated	Advances for working capital	**50,000**	244,656	**254,656**	244,656
Others		**900,000**	3,700	**–**	3,700
Associate -					
MARC	Advances for working capital	**–**	147,570,000	**–**	–
		35,750,000	215,354,956	**₱101,213,077**	₱66,406,777
Rent receivable					
Under common control -					
Prime Media Holdings, Inc.(PMHI)	Rent and related taxes	**₱285,000**	₱855,000	**₱285,000**	₱855,000

17. **Earnings (Loss) Per Share**

Earnings (loss) per share is calculated by dividing the net income attributable to stockholders of the Company by the weighted average number of ordinary shares issued during the year. Estimated earnings per share for the six month period ended September 30, 2016 and 2015 are as follows:

	2016	2015
Net loss	**(₱20,562,456)**	(₱12,953,780)
Weighted average number of common shares	**1,528,474,000**	1,528,474,000
Earnings (loss) per share	**(₱0.01)**	(₱0.01)

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

18. Lease Commitments and Contingencies

Lease Commitments
On April 1, 2015, the Company entered into a cancellable lease agreement with PMHI for its office space. Rental income amounted to ₱0.8 million.

Legal Claims and Assignment of Litigation Cases
The Company is a co-defendant in a collection case filed in the Los Angeles Superior Court by a foreign Merchant and its Philippine affiliate in 2012. The matter involves a claim of $1.5 million U.S. dollars which the plaintiffs alleged was not paid to them from the charge cards availments that the Company processed under the Tripartite Merchants Agreements (TMA). The Company's records, however, reveal that all payments due to the Foreign Merchant were properly wired to the latter's designated agent. The Company did not breach any regulatory or trade standards in handling the TMAs being sued upon by the Foreign Merchant and its Philippine affiliate. The Company's management and its counsel believe that the collection case is legally defensible, and any ultimate liability resulting therefrom will not materially affect the Company's financial position and results of operations.

Notably, the previous management of the Company, namely RCBC and RCBC Capital, undertook to indemnify the new management in the event that the court adjudged the Company liable under the Share Purchase Agreement dated October 18, 2013.

19. Financial Risk Management Objectives and Policies

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

Financial Risk Management Objectives and Policies
The Company's principal financial instruments consist of cash in banks, receivables, AFS investment, due to parent company and accounts and other payables. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as receivable, trade and other payables and related party receivables and payables, which arise directly from its operations. The main risks arising from the use of these financial instruments are equity price risk, credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

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's exposure to equity price risk relates primarily to its AFS investments listed in the PSE classified under financial assets at OCI.

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on the Company's financial position.

The Company's assessment of reasonably possible change, based on its expectations, was determined to be an increase of 11% in the index resulting to a possible impact on the equity of ₱442.2 million in 2014.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The Company's exposure to credit risk arises primarily from cash (excluding cash on hand), loans and receivables, and AFS financial assets.

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

Credit Quality. The credit quality of the Company's financial assets that are neither past due nor impaired are considered to be of high grade and expected to be collectible without incurring any credit losses.

High grade financial assets are those financial assets from counterparties with good financial condition and with relatively low defaults.

The aging analyses of financial assets as at September 30, 2016 and December 31, 2015 are as follows:

	2016				
	Neither Past Due Nor Impaired	**Past Due But Not Impaired**			
		Less Than 30 Days	**31-60 Days**	**Past Due and Impaired**	**Total**
Cash in banks	**₱115,789,756**	₱–	₱–	₱–	**₱115,789,756**
Receivables	**101,538,077**	–	–	–	**101,538,077**
	₱217,327,833	₱–	₱–	₱–	**₱217,327,833**

	2015				
	Neither Past Due Nor Impaired	Past Due But Not Impaired			
		Less Than 30 Days	31-60 Days	Past Due and Impaired	Total
Cash in bank	₱356,434,709	₱–	₱–	₱–	₱356,434,709
Receivables	67,261,777	–	–	–	67,261,777
	₱423,696,486	₱–	₱–	₱–	₱423,696,486

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

Liquidity risk

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

The tables below summarize the maturity profile of the Company's financial liabilities as at September 30, 2016 and December 31, 2015 based on contractual undiscounted cash flows.

	2016			
	Less than One Month	**One Month to One Year**	**More than One Year**	**Total**
Accounts and other payables*	**₱227,914**	**₱–**	**₱1,850,000,000**	**₱1,850,227,061**

Excluding statutory liabilities

	2015			
	Less than One Month	One Month to One Year	More than One Year	Total
Accounts and other payables*	₱200,227,914	₱-	₱1,850,000,000	₱2,050,227,914
	₱200,227,914	₱-	₱1,850,000,000	₱2,050,227,914

Excluding statutory liabilities

Fair Value of Financial Assets and Financial Liabilities

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidated sale.

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

	September 30, 2016		December 31, 2015	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash in banks	**₱115,789,756**	**₱115,789,756**	₱356,434,709	₱356,434,709
Receivables	**101,538,077**	**101,538,077**	67,261,777	67,261,777
AFS Investment	**–**	**–**	–	–
	₱217,327,833	**₱217,327,833**	₱423,696,486	₱423,696,486
Financial Liabilities				
Accounts and other payables*	**₱1,850,227,914**	**₱1,850,227,914**	₱2,050,227,914	₱2,050,227,914
Due to Parent Company	**–**	**–**	–	–
	₱1,850,227,914	**₱1,850,227,914**	₱2,050,227,914	₱2,050,227,914

Excluding statutory liabilities

Cash in Banks, Receivables, Accounts and Other Payables (excluding Statutory Liabilities) and Due to Parent Company. The carrying amounts of cash in banks, receivables, accounts and other payables (excluding statutory liabilities) and due to Parent Company approximate their fair values due to the short-term nature of the transactions. The fair value measurement of current financial assets and liabilities is classified as Level 3 (significant unobservable inputs).

AFS Investment. The fair value measurement of AFS investment is classified as Level 1 (quoted price in an active market).

20. **Capital Management Objectives, Policies and Procedures**

Capital Management

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 by pricing products and services commensurate with the level risk. 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, issue new shares or convert related party advances to an equity component item.

The Company monitors its capital using the debt to equity ratio, which is the total debt divided by the total equity. The Company includes total liabilities within the total debt.