CR06182-2017

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
   Jun 30, 2017
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
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   16th floor, Citibank Tower, Paseo de Roxas, Makati City Postal Code
   Postal Code
   1227

8. Issuer's telephone number, including area code
   (+632)833-0769
9. Former name or former address, and former fiscal year, if changed since last report
   (+632)833-0769
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

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

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

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

(•) Yes ( ) No

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

(•) Yes ( ) No

BKR
Bright Kindle Resources & Investments, Inc.

Bright Kindle Resources & Investments Inc.
BKR

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

For the period ended	Jun 30, 2017
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2017	Dec 31, 2016
Current Assets	158,400,630	214,941,283
Total Assets	2,834,932,611	2,880,729,793
Current Liabilities	1,800,234,345	1,850,229,534
Total Liabilities	1,800,234,345	1,850,229,534
Retained Earnings/(Deficit)	191,633,815	187,435,808
Stockholders' Equity	1,034,698,266	1,030,500,259
Stockholders' Equity - Parent	0	-
Book Value per Share	0.68	0.67

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	3,114	263,095	7,795	566,605
Gross Expense	1,990,566	1,394,744	3,762,725	2,696,300

Non-Operating Income	31,727,957	0	7,952,936	0
Non-Operating Expense	0	-38,795,099	0	-63,441,576
Income/(Loss) Before Tax	29,740,505	-39,926,748	4,198,007	-65,571,271
Income Tax Expense	0	0	0	0
Net Income/(Loss) After Tax	29,740,505	-39,926,748	4,198,007	-65,571,271
Net Income Attributable to Parent Equity Holder	0	0	0	0
Earnings/(Loss) Per Share (Basic)	0.19	-0.03	0	0.04
Earnings/(Loss) Per Share (Diluted)	0.19	-0.03	0	0.04

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.04	0.63
Earnings/(Loss) Per Share (Diluted)	0.04	0.63

Other Relevant Information
None.

Filed on behalf by:

Name	Raquel Frondoso
Designation	Compliance officer

COVER SHEET

0	0	0	0	1	0	2	1	6	5

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
Contact Person

817-6046/817-4183
Company Telephone Number

Fiscal Year: **12** (*Month*) **31** (*Day*)

FORM TYPE: **SEC 17-Q**

Annual Meeting: Last Thursday of May — **05** (*Month*) **27** (*Day*)

Secondary License Type, If Applicable: **N/A**

Dept. Requiring this Doc.:

Amended Articles Number/Section:

Total No. of Stockholders: **636**

Total Amount of Borrowings

Domestic	Foreign
nil	

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

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

1. For the quarterly period ended **June 30, 2017**

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, P0.55 par value	**1,528,474,000 (as of 06/30/17)**

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 [ ]

Table of Contents

PART I – FINANCIAL INFORMATION

Item 1. – Financial Statements

The unaudited Financial Statement of Bright Kindle Resources & Investments, Inc. as of June 30, 2017 with comparative audited figure as of December 31, 2016 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 Sheets as of June 30, 2017 and December 31, 2016

	June 30, 2017 Unaudited	Dec. 31, 2016 Audited	June 30, 2017 vs. Dec. 31, 2016	
			Amount Increase (decrease)	Percentage Increase (decrease)
	(₱'000)	(₱'000)	(₱'000)	
Current assets	**₱158,401**	₱214,941	(₱56,540)	(26.04%)
Noncurrent assets	**2,676,532**	2,665,789	10,743	0.40%
Total Assets	**₱2,834,933**	₱2,880,730	(₱45,797)	(1.59%)
Current Liabilities	**₱1,800,235**	₱1,850,230	(₱50,000)	(2.70%)
Total Stockholders' Equity	**1,034,698**	1,030,500	4,198	2.24%
Total Liabilities and Stockholders' Equity	**₱2,834,933**	₱2,880,730	(₱45,797)	(1.59%)

Summary of Income Statements for the Six months period ended June 30, 2017 and June 30, 2016.

	For the Six months ending June 30	
	2017	2016
	(₱'000)	(₱'000)
Revenues	**₱8**	₱567
Cost and expenses	**(3,763)**	(2,696)
Share in net income (loss) of an associate	**7,953**	(63,442)
Income (Loss)	**₱4,198**	(₱65,571)

Summary of Income Statements for the Three months period ended June 30, 2017 and June 30, 2016.

	For the Three months ending June 30	
	2017	2016
	(₱'000)	(₱'000)
Revenues	**₱3**	₱567
Cost and expenses	**(1,991)**	(2,696)
Share in net income (loss) of an associate	**31,728**	(63,442)
Income (Loss)	**₱29,740**	(₱65,571)

Summary of Statement of Cash Flows for the Six months period ending June 30, 2017 and June 30, 2016.

	For the Six months June 30,	
	2017 (₱'000)	2016 (₱'000)
Cash provided (used) in operating activities	**₱44,831**	(₱236,847)
Cash used in investing activities	**(3,805)**	–
Cash used in financing	**(50,000)**	–
Net decrease in cash	**(8,974)**	(236,847)
Cash at the beginning of period	**108,616**	356,439
Cash at end of the period	**₱99,642**	₱119,592

Summary of Statement of Cash Flows for the Three months period ending June 30, 2017 and June 30, 2016.

	For the Three months June 30,	
	2017 (₱'000)	2016 (₱'000)
Cash provided (used) in operating activities	**₱48,831**	(₱1,073)
Cash used in financing	**(50,000)**	–
Net decrease in cash	**(1,530)**	(1,073)
Cash at the beginning of period	**101,172**	120,665
Cash at end of the period	**₱99,642**	₱119,592

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

Results of Operation

Six months ended June 30, 2017 compared with six months June 30, 2016

The results of operation for the six months ended June 30, 2017 is a net income of ₱4.20 million mainly from the 32.94% share in net income of the associate (Marc) as compared to a net loss of ₱65.57 million of the same period in 2016.

Revenue
Revenue decreased by ₱0.56 million or equivalent to 98.62% in revenue for the current period as compared to last year because there were no rental income this period.

Share in net income (loss) of an associate
Marc reported a net income for the six months period ended June 30, 2017 amounted to ₱24.14 million, the share in income of an associate for the six months period ended June 30, 2017 amounted to ₱7.96 million. In the same period in 2016, the Company incurred loss and the share is ₱63.44.

General and administrative expenses
A increased of ₱1.07 million in general and administrative expenses or equivalent to 39.55% from ₱2.70 million in 2016 to ₱3.77 million in 2017 due to the following:

- Other services increased by ₱0.53 million or equivalent to 129.5% is attributable to the services rendered by the appraiser.

- Management and professional fee increased by ₱0.03 million or equivalent to 6.49% due to increase in audit fee.

- Depreciation expense increased by ₱0.18 million or equivalent to 22.10% is attributable to the office improvement done in condo unit at Citibank Tower and purchases of furniture and fixtures.

- Taxes and licenses increased by ₱0.23 million or 1,970.27% attributable to SEC payment

- Other operating expenses increased by ₱0.18 million or 136.49% pertains mainly for PCD maintenance fee.

- Directors fees decreased by ₱0.014 million or equivalent to 15.00% due to lesser attendee of Director this period compared last year.

Three months ended June 30, 2017 compared with three months June 30, 2016

The results of operation for the quarter period ended June 30, 2017 is a net income of ₱29.74 million mainly from the 32.94% share in net income of the associate (Marcventures Holdings Inc) as compared to a net loss of ₱39.93 million of the same period in 2016.

Revenue
Revenue decreased by ₱0.30 million or equivalent to 98.82% in revenue for the current period as compared to last year because there were no rental income this period.

Share in net income (loss) of an associate
Marc reported a net income for the three-month period ended June 30, 2017 amounted to ₱96.32 million, the share in income of an associate for the three months period ended June 30, 2017 amounted to ₱31.73 million. In the same period in 2016, the Company incurred loss and the share is ₱38.80.

General and administrative expenses
A increased of ₱0.60 million in general and administrative expenses or equivalent to 42.72% from ₱1.40 million in 2016 to ₱1.99 million in 2017 due to the following:

- Other services increased by ₱0.44 million or equivalent to 129.59% is attributable to the services rendered by the appraiser.

- Management and professional fee decrease by ₱0.05 million or equivalent to 48.25% due to higher audit fee paid last year in same period.

- Depreciation expense increased by ₱0.18 million or equivalent to 44.20% is attributable to the office improvement made in condo unit at Citibank Tower and purchases of furniture and fixtures.

- Other operating expenses increased by ₱0.04 million or 113.03% is attributable to the insurance paid and for PCD maintenance fee.

- Directors fees decreased by ₱0.014 million or equivalent to 15.00% due to lesser attendee of Director this period compared last year.

Six months ended June 30, 2016 compared with six months ended June 30, 2015

The results of operation for the six months period ended June 30, 2016 and 2015 were a net loss of ₱65.57 million and ₱2,166.95 million respectively or a decrease in net loss of ₱2,101.38 million due to the following significant changes:

Revenue
There was an increase of 116.54% in revenue from ₱0.26 million for the six months period ended June 30, 2015 to ₱0.57 million for the six months period ended June 30, 2016. This arises from rent income amounting to ₱0.51 million, the increase was partly netted by the decrease in interest earned of ₱0.20 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) the reclassification of investment from AFS investment to investment in associate.

Marc reported a net loss for the six-month period ended 2016 and 2015 amounted to ₱192.60 million and ₱165.02 million, respectively. The share in net loss of an associate for the six months period ended June 2016 amounted to ₱63.44 million. In the same period in 2015, the Company recognized unrealized fair value loss of ₱2.15 billion.

General and administrative expenses
A decreased of ₱10.52 million in general and administrative expenses or equivalent to 79.60% from ₱13.22 million in 2015 to ₱2.70 million in 2016 due to the following:

- Professional fees decreased by 23.86% due to the decrease in the annual listing fees paid to the Philippine Stock Exchange.

- Taxes and licenses decreased by ₱10.33 million or equivalent to 99.9% 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".

- Other operating expenses decrease by ₱0.04 million mainly due to the decreased in director's fee by ₱0.13 million or equivalent to 54.6%. The decrease was partly netted by the increase in depreciation and outside services.

Three months ended June 30, 2016 compared with three months June 30, 2015

The results of operation for the quarter period ended June 30, 2016 and 2015 were a net loss of ₱39.93 million and ₱1,135.43 million respectively or a decrease in net loss of ₱1,095.50 million due to the following significant changes:

Revenue
There is an increase of 44.6% in revenue for the current period as compared to last year. This arises from rent income amounting to ₱0.25 million, the increase was partly offsetted by the decrease in interest earned of ₱0.17 million.

Marc reported a net loss for the six-month period ended 2016 and 2015 amounted to ₱117.78 million and ₱102.47 million, respectively. The share in net loss of an associate for the six months period ended June 2016 amounted to ₱38.80 million. In the same period in 2015, the Company recognized unrealized fair value loss of ₱1.13 billion.

General and administrative expenses
A decreased of ₱0.21 million in general and administrative expenses or equivalent to 13.4% from ₱1.61 million in 2015 to ₱1.40 million in 2016 due to the following:

- Management and professional fees increased by ₱0.07 million or equivalent to 186.2%.

- Taxes and licenses decreased by ₱0.02 million or equivalent to 87.46%.

- Other operating expenses decreased by ₱0.26 million mainly due to decrease in director's fee and rental the decrease was partly offsetted by the increase in other services.

Statements of Financial Position

The significant changes in the Statement of Financial Position accounts during the six months ended June 30, 2017 versus the December 31, 2016 level are as follows:

Total assets stood at ₱2,834.9 million which is ₱45.80 million or 1.59% lower than the December 31, 2016 level. Significant changes were mainly due to the following:

- Cash decreased by ₱8.97 million or 8.26% from ₱108.62 million as of December 31, 2016 to ₱99.64 million as of June 30, 2017. The decrease was primarily due to the office improvement of the office.

- Other current assets increased by ₱0.98 million or 15.83% mainly due to accumulated Vat input tax.

- Property and Equipment increased by ₱2.79 million or 6.44% pertains to the improvement done to the condo unit.

- Account receivable decreased by ₱48.55 million or 48.50% is mainly due to assignment of accounts receivable to settle partially the loan payable.

Total liabilities stood at ₱1,800.23 million which is no significant change compared to December 31, 2016 level.

Stockholders' equity increased by ₱4.20 million due to the net income for the six months period ended June 30, 2017.

Statements of Cash Flows

The net cash provided in operating activities amounted to ₱44.83 million for the six months ended June 30, 2017 as compared to net cash used in the same period last year amounted to ₱236.85 million. The decrease in cash from operating activities is the net result of the following:

- Net income generated in the current period, due to share in net income of an associate.
- Payment of obligations

Net cash used in investing activities amounted to ₱3.8 million as of June 30, 2017 as compared to nil for the same period in 2016.

Net cash used in financing activities amounted to ₱50.00 million as of June 30, 2017 as compared to nil for the same period in 2016.

The net effect of the foregoing operating, investing and financing activities is a decrease of ₱8.97 million and a balance of ₱99.64 million in cash as of June 30, 2017 as compared to a decrease of ₱ 236.85 million and a balance of ₱119.59 million as of June 30, 2016.

Horizontal and Vertical Analysis

	Unaudited	Audited	Increase (Decrease)	
	June 30, 2017	June 30, 2016	Amount	Percentage
ASSETS				
Current Assets				
Cash	**₱99,642,218**	₱108,615,791	(₱8,973,573)	(8.26%)
Receivables	**51,560,040**	100,110,840	(48,550,800)	(48.50%)
Other current assets	**7,198,372**	6,214,652	983,720	15.83%
Total Current Assets	**158,400,630**	214,914,283	(56,540,653)	(26.31%)
Noncurrent Assets				
Property and equipment	**46,102,298**	43,311,763	2,790,535	6.44%
Investment in an associate	**2,628,252,908**	2,620,299,972	7,952,936	0.30%
Deferred input VAT	**2,176,775**	2,176,775	–	–
Total Noncurrent Assets	**2,676,531,981**	2,665,788,510	10,743,471	0.40%
	₱2,834,932,611	₱2,880,729,793	(₱45,797,182)	(1.59%)

LIABILITIES AND EQUITY				
Current Liabilities				
Accrued and other current liabilities	**₱1,800,234,345**	₱1,850,229,534	(₱49,995,189)	(2.70%)
Equity				
Capital stock	**840,660,700**	840,660,700	–	–
Retained earnings	**191,633,815**	187,435,808	4,198,007	2.24%
Other comprehensive income	**2,403,751**	2,403,751	–	–
Total Equity	**1,034,698,266**	1,030,500,259	4,198,007	0.41%
	₱2,834,932,611	₱2,880,729,793	(₱45,797,182)	(1.59%)

Key Performance Indicators

	June 30, 2017	June 30, 2016
Net Income (Loss)	**₱4,198,007**	(₱65,571,271)
Quick assets	**151,201,495**	222,265,680
Current assets	**158,400,630**	229,163,674
Total assets	**2,834,932,611**	2,817,026,175
Current liabilities	**1,800,253,092**	400,883
Total liabilities	**1,800,253,092**	1,850,400,883
Stockholders' equity	**1,034,698,266**	966,625,292
Number of common shares outstanding	**1,528,474,000**	1,528,474,000
Liquidity ratios:		
Current ratio (1)	**0.09:1**	571.65:1
Quick ratio (2)	**0.08:1**	554.44:1
Solvency Ratios:		
Debt ratio (3)	**0.64:1**	0.0001:1
Debt to Equity ratio (4)	**1.74:1**	1.91:1
Profitability ratios:		
Return on equity (5)	**0.004**	(0.07)
Return on assets (6)	**0.001**	(0.05)
Earnings (loss) per share (7)	**0.003**	(0.04)

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

	June 30, 2017	June 30, 2016
Liquidity Ratio		
Current Ratio	**0.09**	571.65
Current assets	**158,400,630**	₱229,163,674
Current liabilities	**1,850,234,345**	400,883
Quick Ratio	**0.08**	554.44
Quick asset	**151,201,495**	222,265,680
Current liabilities	**1,850,234,345**	400,883
Debt Ratio	**0.64**	0.66
Total liabilities	**1,800,234,345**	1,850,400,883
Total assets	**2,834,932,611**	2,817,026,175
Debt-to-equity Ratio	**1.74**	1.91
Total liabilities	**1,800,234,345**	₱1,850,400,883
Total equity	**1,034,698,266**	966,625,292
Profitability Ratio		
Asset-to-equity Ratio	**2.74**	2.91
Total assets	**2,834,932,611**	₱2,817,026,175
Total equity	**1,034,698,266**	966,625,292
Return on Equity Ratio	**0.004**	(0.07)
Net income (loss)	**4,198,007**	(65,571,271)
Average shareholder's equity	**1,032,599,263**	967,141,391
Return on Assets	**0.001**	(0.05)
Net income (loss)	**4,198,007**	(65,571,271)
Average total assets	**2,882,831,202**	1,410,054,352

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: August 18, 2017

ROLANDO S. SANTOS
VP – Finance/Treasurer

LESTER LAURENCE S. BAGUEC
Accountant

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.

(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF FINANCIAL POSITION

	Note	**Unaudited June 30, 2017**	Audited December 31, 2016
ASSETS			
Current Assets			
Cash	4	**₱99,642,218**	₱108,615,791
Receivables	5	**51,560,040**	100,110,840
Other current assets	6	**7,198,372**	6,214,652
Total Current Assets		**158,400,630**	214,941,283
Noncurrent Assets			
Property and equipment	7	**46,102,298**	43,311,763
Investment in an associate	8	**2,628,252,908**	2,620,299,972
Deferred input VAT		**2,176,775**	2,176,775
Total Noncurrent Assets		**2,676,531,981**	2,665,788,510
		₱2,834,932,611	₱2,880,729,793
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	9	**₱234,345**	₱229,534
Current portion of note payable	10	**1,800,000,000**	1,850,000,000
Total Current Liabilities		**1,800,234,345**	1,850,229,534
Equity			
Capital stock	11	**840,660,700**	840,660,700
Retained earnings		**191,633,815**	187,435,808
Other comprehensive income	8	**2,403,751**	2,403,751
Total Equity		**1,034,698,266**	1,030,500,259
		₱2,834,932,611	₱2,880,729,793

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

		Six Months Ended June 30,	
	Note	**Unaudited June 30, 2017**	Unaudited June 30, 2016
REVENUE			
Interest income	4	**₱7,795**	₱57,676
Rent income	16	–	508,929
		7,795	566,605
GENERAL AND ADMINISTRATIVE EXPENSES	12	**3,762,724**	2,696,300
SHARE IN NET INCOME (LOSS) OF AN ASSOCIATE	8	**7,952,936**	(63,441,576)
INCOME (LOSS) BEFORE TAX		**4,198,007**	(65,571,271)
PROVISION FOR INCOME TAX		–	–
INCOME (LOSS)		**4,198,007**	(₱65,571,271)
BASIC AND DILUTED INCOME (LOSS) PER SHARE	15	**₱0.003**	(₱0.04)

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

		Three Months Ended June 30,	
	Note	**Unaudited June 30, 2017**	Unaudited June 30, 2016
REVENUE			
Interest income	4	₱3,114	₱8,631
Rent income	16	–	254,464
		3,114	263,095
GENERAL AND ADMINISTRATIVE EXPENSES	12	1,990,566	1,394,744
SHARE IN NET INCOME (LOSS) OF AN ASSOCIATE	8	31,727,957	(38,795,099)
INCOME (LOSS) BEFORE TAX		29,740,505	(39,926,748)
PROVISION FOR INCOME TAX		–	–
NET INCOME (LOSS)		₱29,740,505	(₱39,926,748)
BASIC AND DILUTED INCOME (LOSS) PER SHARE	15	₱0.19	(₱0.03)

See accompanying Notes to Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.

(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CHANGES IN EQUITY

	Note	**Unaudited June 30, 2017**	Unaudited June 30, 2016
CAPITAL STOCK - ₱0.55 par value	11		
Authorized - 2,000,000,000 shares			
Issued, subscribed and outstanding -			
1,528,474,000 shares		**₱840,660,700**	₱840,660,700
RETAINED EARNINGS			
Balance at beginning of year		**187,435,808**	191,535,863
Net income (loss)		**4,198,007**	(65,571,271)
Balance at end of year		**191,633,815**	125,964,592
Share in other comprehensive income of an associate:		**2,403,751**	–
TOTAL EQUITY		**₱1,034,698,266**	₱966,625,292

See accompanying Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS

		Six Months Ended June 30	
	Note	**Unaudited June 30, 2017**	Unaudited June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before tax		**₱4,198,007**	(₱25,644,523)
Adjustments for:			
Share in net income (loss) of an associate	8	**(7,952,936)**	24,646,477
Depreciation	7	**1,014,211**	415,317
Interest income	4	**(7,795)**	(49,045)
Operating loss before working capital changes		**(2,748,514)**	(631,774)
Decrease (increase) in:			
Receivables		**48,550,800**	(35,132,500)
Other current assets		**(983,720)**	(99,502)
Increase (decrease) in:			
` Accounts and other payables		**4,812**	40,299
Net cash used in operations		**(44,823,377)**	(35,823,477)
Interest received		**7,795**	49,045
Net cash used in operating activities		**(44,831,173)**	(35,774,432)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment	7	**(3,804,746)**	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of note payable	10	**(50,000,000)**	(200,000,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(8,973,573)**	(235,774,432)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**108,615,791**	356,439,709
CASH AT END OF PERIOD		**₱99,642,218**	₱120,665,277

See accompanying Notes to Financial Statements.

BRIGHT KINDLE RESOURCES & INVESTMENTS, INC.

(A Subsidiary of RYM Business Management Corp.)

STATEMENTS OF CASH FLOWS

		Three Months Ended June 30	
	Note	**Unaudited June 30, 2017**	**Unaudited June 30, 2016**
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before tax		**₱29,740,505)**	(₱39,926,748)
Adjustments for:			
Share in net loss of an associate	8	**(31,727,957)**	38,795,099
Depreciation	7	**598,894**	(8,631)
Interest income	4	**(3,114)**	415,317
Operating loss before working capital changes		**(1,391,672)**	(724,963)
Decrease (increase) in:			
Receivables		**49,995,000**	(278,800)
Other current assets		**(117,305)**	(107,199)
Increase (decrease) in:			
` Accounts and other payables		**(18,747)**	29,656
Net cash used in operations		**48,467,276**	(1,081,306)
Interest received		**3,114**	8,631
Net cash used in operating activities		**48,470,390**	(1,072,675)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of note payable	10	**50,000,000**	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**101,171,828**	120,665,277
CASH AT END OF PERIOD		**₱99,642,218**	₱119,592,602

See accompanying Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information**

General Information

Bright Kindle Resources & Investments, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 4, 1981 as a credit card corporation. On March 21, 1995, the Company listed its shares with The Philippine Stock Exchange, Inc. (PSE). 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 76.56% 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. 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 dealing with all kinds of properties, including investment in bonds and shares of capital stock, 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.

On June 10, 2015, the SEC approved the change of the Company's 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.

The financial statements of the Company as at and for the years ended December 31, 2016 and 2014 were approved and authorized for issuance by the BOD on April 7, 2017.

Investment in Marcventures Holdings, Inc. (MARC)

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).

In May 2015, the Company has assessed that it has gained significant influence over MARC. Consequently, the BOD approved the reclassification of investment from AFS financial assets to investment in an associate.

On February 13, 2017, Marcventures Mining and Development Corporation (MMDC), a wholly owned subsidiary of MARC, received an order dated February 8, 2017 from the Department of Environment and Natural Resources cancelling its Mineral Production Sharing Agreement. The management and its legal counsel believe that the order has no basis and the outcome of legal actions taken will not have a material adverse effect on the MMDC's operations. MMDC's management has assessed that the Company will continue on a going concern basis.

MMDC's management will take all the necessary legal actions and exhaust all remedies available to prevent the implementation of the order.

On February 22, 2017, MMDC has filed Notice of Appeal to Office of the President.

2. **Summary of Significant Accounting Policies**

Basis of Preparation

The 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 of issuances by the International Financial Reporting Interpretations Committee, issued by the Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases

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 have been prepared using the historical cost basis, except for AFS financial assets which is stated at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset.

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 markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the 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 17, Financial Risk Management Objectives and Policies.

Adoption of New and Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS which the Company adopted effective for annual periods beginning on or after January 1, 2016:

- Amendments to PAS 1, *Presentation of Financial Statements: Disclosure Initiative* – 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, *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.

The adoption of the foregoing new and amended 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 Amended PFRS Not Yet Adopted
Relevant new and amended PFRS which are not yet effective for the year ended December 31, 2016 and have not been applied in preparing the financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2017:

- Amendments to PAS 7, *Statement of Cash Flows - Disclosure Initiative* – The amendments require entities to provide information that enable the users of financial statements to evaluate changes in liabilities arising from their financing activities.

- Amendments to PAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses* – The amendments clarify the accounting for deferred tax assets related to unrealized losses on debt instruments measured at fair value, to address diversity in practice.

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

- PFRS 9, *Financial Instruments* – This standard will replace PAS 39, *Financial Instruments: Recognition and Measurement* (and all the previous versions of PFRS 9). It contains 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 no longer be necessary for there to be 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.

Effective for annual periods beginning on or after January 1, 2019 –

- PFRS 16, *Leases* – Significant change introduced by the new standard is that almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance lease is retained.

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

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the statements of financial position when the Company becomes a party to the contractual provision of a financial instrument. 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.

Initial Recognition of Financial Instruments. Financial assets and liabilities 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 and loss (FVPL), includes transaction cost.

Classification of Financial Instruments. 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 financial assets. 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 June 30, 2017 and December 31, 2016, the Company does not have financial assets and liabilities at FVPL, AFS and HTM investments.

"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.

AFS Financial Assets. AFS financial assets 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 financial assets 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. 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 note payable.

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 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.

When 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 value of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. 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 value 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 value of the original liability and fair value of the new liability is recognized in the separate statements of comprehensive income.

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 value is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities
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.

Impairment of Financial Assets
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.

Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Time value is generally not considered when the effect of discounting is not material. The carrying value of the asset shall be reduced directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets. For equity investments classified as AFS financial assets, 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.

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".

CWT. CWT 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 twelve months after the reporting date 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 has determined that it exercises significant influence over MARC. When the Company holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the Company has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the Company 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 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 value 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 value 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 value 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.

Construction in-progress (CIP) pertains to properties under construction and is stated at cost. Costs include costs of construction, labor and other direct costs. CIP is not depreciated until such time that the relevant assets are completed and available for operational use.

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 consisting of property and equipment and other nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and where the carrying value 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 the statements of comprehensive income.

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 value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying value 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 value, 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 cumulative fair value gain on AFS financial assets and share in OCI of an associate.

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.

Other income. Income from other sources is recognized when earned.

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.

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 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 value 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, carry-forward 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 carry-forward 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 value 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.

Earnings (Loss) Per Share

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

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

The Company has no dilutive potential common shares.

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 Parties

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.

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

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.

3. Significant Judgments, Accounting Estimates and Assumptions

PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements. The judgments, estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the 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.

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.

Determining Significant Influence over MARC. The Company has determined that it exercises significant influence over MARC. When the Company holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the Company has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the Company 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 usually evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in the policy-making process, including participation in decisions about dividends or other distributions;
- material transactions between the entity and the investee; interchange of managerial personnel; or
- provision of essential technical information

Assessing Modification on the Terms of the Note Payable. The Company considers its note payable to be substantially modified 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. Such modification will result to derecognition of original liability and the recognition of a new liability.

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 value is adjusted by the costs or fees paid or received in the restructuring.

The Company assessed that there is no substantial modification on the terms of the note payable.

Accounting for 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.

Estimates and Assumptions
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 values 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 June 30, 2017 and 2016. Carrying value of receivables amounted to ₱101.6 and ₱100.1 million as at June 30, 2017 and December 31, 2016, respectively (see Note 5).

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 is no change in the estimated useful life of the Company's property and equipment in June 30, 2017, and 2016. Carrying value of property and equipment amounted to ₱46.1 million and ₱43.3 million as at June 30, 2017 and December 31, 2016, respectively (see Note 7).

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on investment in an associate and property and equipment whenever events or changes in circumstances indicate that the carrying value 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 value of an asset exceeds it 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 June 30, 2017 and 2016.

The carrying value of the Company's investment in an associate and property and equipment are as follows:

	Note	**June 30, 2017**	December 31, 2016
Investment in an associate	8	**₱2,628,252,908**	₱2,620,299,972
Property and equipment	7	**46,102,297**	43,311,763
		₱2,674,355,206	₱2,663,611,735

Assessing Realizability of Deferred Tax Assets. The Company reviews its deferred tax assets at each reporting date and reduces the carrying value 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.

Deferred tax assets were not recognized on NOLCO and MCIT as at December 31, 2016 because the management believes that there will be no sufficient taxable profits against which deferred tax assets can be utilized.

The Company's unrecognized deferred tax assets amounted to ₱6.7 million as at December 31, 2016. (see Note 13).

4. Cash

This account consists of:

	June 30, 2017	December 31, 2016
Cash on hand	**₱5,000**	₱5,000
Cash in banks	**99,637,418**	108,610,791
	₱99,637,218	₱108,615,791

Cash in banks earn interest at prevailing bank deposit rates. Interest income earned amounted to ₱0.007 million and ₱0.2 million in June 30, 2017 and 2016, respectively.

5. Receivables

This account consists of:

	Note	**June 30, 2017**	December 31, 2016
Advances to related parties	14	**₱51,560,040**	₱100,110,840
Rent receivable	14	**–**	–
		₱51,560,040	₱100,110,840

6. Other Current Assets

This account consists of:

	June 30, 2017	December 31, 2016
Input VAT	**₱6,064,694**	₱5,350,100
CWT	**593,191**	593,191
Others	**540,487**	271,361
	₱7,198,372	₱6,214,652

7. **Property and Equipment**

The movements of this account follow:

	June 30, 2017				
	Condominium Unit	**Office Furniture and Fixtures**	**Service Vehicle**	**Construction In Progress**	**Total**
Cost					
Balance at beginning of year	**₱34,975,635**	**₱209,212**	**₱1,568,650**	**₱10,266,737**	**₱47,020,234**
Additions	**12,812,933**	**1,258,550**	**–**	**2,546,196**	**16,637,679**
Balance at end of year	**47,788,568**	**1,467,762**	**1,568,650**	**12,812,933**	**63,637,913**
Accumulated Depreciation					
Balance at beginning of year	**2,726,595**	**23,257**	**958,619**	**–**	**3,708,471**
Depreciation	**676,847**	**75,922**	**261,442**	**12,812,933**	**13,827,144**
Balance at end of year	**3,403,442**	**99,179**	**1,220,061**	**12,812,933**	**17,535,615**
Net Carrying Value	**₱44,385,126**	**₱1,368,583**	**₱348,589**	**₱–**	**₱46,102,298**

	December 31, 2016				
	Condominium Unit	Office Furniture and Fixtures	Service Vehicle	Construction In Progress	Total
Cost					
Balance at beginning of year	₱34,975,635	₱50,692	₱1,568,650	₱–	₱36,594,977
Additions	–	158,520	–	10,266,737	10,425,257
Balance at end of year	34,975,635	209,212	1,568,650	10,266,737	47,020,234
Accumulated Depreciation					
Balance at beginning of year	1,598,349	13,119	435,736	–	2,047,204
Depreciation	1,128,246	10,138	522,883	–	1,661,267
Balance at end of year	2,726,595	23,257	958,619	–	3,708,471
Net Carrying Value	₱32,249,040	₱185,955	₱610,031	₱10,266,737	₱43,311,763

8. **Investment in an Associate**

Movements on this account follows:

	June 30, 2017	December 31, 2016
Acquisition cost	**₱2,620,299,972**	₱2,604,000,000
Accumulated share in equity of an associate:		
Balance at beginning		13,586,939
Share in:		
Net income	**7,952,936**	1,693,703
Other comprehensive income		1,019,330
Balance at end of year	**7,952,936**	16,299,972
Carrying value	**₱2,628,252,908**	₱2,620,299,972

Summarized financial information of MARC follows:

	June 30, 2017	December 31, 2016
Total assets	**₱3,567,396,826**	₱3,385,340,207
Total liabilities	**570,881,058**	412,968,147
Revenue	**908,585,853**	1,919,188,114
Net income(loss)	**24,143,705**	5,141,783
Other comprehensive income	–	3,094,504

On December 15, 2014, the Company acquired 600,000,000 shares of MARC representing 33% equity interest for ₱2,700.0 million from 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.

9. Accounts and Other Payables

This account consists of:

	June 30, 2017	December 31, 2016
Accrued expenses	**₱227,061**	₱227,061
Statutory payable	**7,284**	2,473
	₱234,345	₱229,534

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

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

Others primarily pertain to stale checks.

10. Note Payable

This account consists of:

	Note	**June 30, 2017**	December 31, 2016
Note payable	11	**₱1,800,000,000**	₱1,850,000,000
Less current portion of note payable		**1,800,000,000**	1,850,000,000
Note payable - net of current portion		**₱–**	₱–

As at December 31, 2015, the unpaid portion of purchase price of investment amounting to ₱2,050.0 million was originally payable within one year. On December 14, 2015, PBB agreed to extend the maturity of the liability from December 31, 2015 to January 31, 2016 for payment of ₱200.0 million portion and December 31, 2017 for the remaining ₱1,850.0 million.

On August 4, 2016, PBB assigned the note payable to Trans Middle East Philippine Equities, Inc. (TMEE). On December 5, 2016, TMEE signified its intention to convert the note payable to Company's shares of stock.

11. **Equity**

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

On March 21, 1995, the SEC approved the listing of the Company's 118,000,000 million shares at an offer price of ₱1.0 per share. As at June 30, 2017 and December 31, 2016, 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, 2016:

	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	101,169,000	6.62%
Public shareholdings	257,145,011	16.82%
Total	1,528,474,000	100.00%

The total number of shareholders of the Company is 636 as at June 30, 2017 same on December 31, 2016.

12. **General and Administrative Expenses**

This account consists of:

	Note	**June 30, 2017**	June 30, 2016
Professional fees		**₱492,000**	₱462,018
Depreciation	7	**1,014,211**	830,634
Membership dues and other fees		**701,283**	701,158
Outside services		**936,396**	408,009
Taxes and licenses		**243,259**	11,750
Communication, light and water		**81,934**	84,857
Director's fees		**90,000**	111,765
Others		**203,643**	86,110
		₱3,762,725	₱2,696,300

13. Related Party Transactions

The Company has the following transactions with its related parties:

Parent Company and Other Related Parties

	Nature of Transactions	Amount of Transactions June 30, 2017	Amount of Transactions Dec. 31, 2016	Outstanding Balances June 30, 2017	Outstanding Balances Dec. 31, 2016
Advances to related parties					
Parent Company -					
RYM	Advances for working capital	**₱–**	₱–	**₱13,621,821**	₱63,621,821
Officers	Advances	**–**	34,800,000	**19,336,799**	29,336,799
Under common control:					
Marcventures Mining and Development Corporation	Advances for working capital	**10,0000,000**	23,000,000	**15,000,000**	5,000,000
AG Finance, Incorporated	Advances for working capital	**1,550,200**	1,799,800	**3,594,657**	2,044,457
Brightgreen Resources Corporation	Advances for working capital	**–**	3,104,000	**–**	104,000
Others	Employee Advances	**1,000**	63	**6,763**	3,763
Associate -					
MARC	Advances for working capital	**–**	147,570,000		–
				₱51,560,040	₱100,110,840

Outstanding balances which are included in "Receivables" account are noninterest-bearing, payable on demand and settlement occurs in cash.

Key Management Personnel

Compensation of key management personnel amounted to ₱0.1 million in December 31, 2016.

14. Loss Per Share

Basic and diluted loss per share is computed as follow:

	June 30, 2017	December 31, 2016
Net income (loss)	**₱4,198,007**	(₱2,715,634)
Weighted average number of common shares outstanding	**1,528,474,000**	1,528,474,000
Loss per share - basic and diluted	**₱0.003**	(₱0.0)

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

15. Contingencies

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.

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.

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 in banks, receivables and accounts, other payables (excluding statutory liabilities) and note payable. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as related party receivables and note payable, which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk and liquidity risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Credit Risk

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

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

Credit Quality. Credit risk arising from the inability of counterparty to meet the terms of the Company's financial instrument is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligation of the Company. With respect to credit risk arising from the Company's financial assets, which comprise cash in banks and receivables, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying value of these instruments.

High grade financial assets are those financial assets from counterparties with good financial condition and with relatively low defaults. Standard grade financial assets are those financial assets that are collected on their due dates without an effort from the Company to follow them up.

The aging analyses of financial assets as at June 30, 2017 and December 31, 2016 are as follows:

	June 30, 2017				
		Past Due But Not Impaired			
	Neither Past Due Nor Impaired	**Less Than 30 Days**	**31-60 Days**	**Past Due And Impaired**	**Total**
Cash in banks	**₱99,642,218**	**₱–**	**₱–**	**₱–**	**₱99,642,218**
Receivables	**51,560,040**	**–**	**–**	**–**	**51,560,040**
	₱151,202,258	**₱–**	**₱–**	**₱–**	**₱151,202,258**

	December 31, 2016				
		Past Due But Not Impaired			
	Neither Past Due Nor Impaired	Less Than 30 Days	31-60 Days	Past Due And Impaired	Total
Cash in banks	₱108,615,791	₱–	₱–	₱–	₱108,615,791
Receivables	110,110,840	–	–	–	110,110,840
	₱218,726,631	₱–	₱–	₱–	₱218,726,631

**Excluding cash on hand*

	June 30, 2017				
	Neither Past Due Nor Impaired				
	High Grade	**Standard Grade**	**Past Due But Not Impaired**	**Past Due and Impaired**	**Total**
Cash in banks	**₱99,642,218**	**₱–**	**₱–**	**₱–**	**₱99,642,218**
Receivables	**51,560,040**	**–**	**–**	**–**	**51,560,040**
	₱151,202,258	**₱–**	**₱–**	**₱–**	**₱151,202,258**

	December 31, 2016				
	Neither Past Due Nor Impaired				
	High Grade	Standard Grade	Past Due But Not Impaired	Past Due and Impaired	Total
Cash in banks	₱108,615,791	₱–	₱–	₱–	₱108,615,791
Receivables	110,110,840	–	–	–	110,110,840
	₱218,726,631	₱–	₱–	₱–	₱218,726,631

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 June 30, 2017 and December 31, 2016 based on contractual undiscounted cash flows.

	June 30, 2017			
	Less than One Month	**One Month to One Year**	**More than One Year**	**Total**
Accounts and other payables*	**₱234,345**	**₱–**	**₱–**	**₱234,345**
Note payable	**–**	**1,800,000,000**	**–**	**₱1,800,000,000**
	₱234,345	**₱1,800,000,000**	**₱–**	**₱1,800,234,345**

	December 31, 2016			
	Less than One Month	One Month to One Year	More than One Year	Total
Accounts and other payables*	₱227,061	₱–	₱–	₱227,061
Note payable	–	1,850,000,000	–	₱1,850,000,000
	₱227,061	₱1,850,000,000	₱–	₱1,850,227,061

**Excluding statutory liabilities*

Fair Value of Financial Assets and Financial Liabilities

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

	June 30, 2017		December 31, 2016	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash in banks	**₱99,642,218**	**₱99,642,218**	₱108,610,791	₱108,610,791
Receivables	**51,560,040**	**51,560,040**	110,110,840	110,110,840
	₱151,202,258	**₱151,202,258**	₱218,721,631	₱218,721,631
Financial Liabilities				
Accounts and other payables*	**₱234,345**	**₱234,345**	₱227,061	₱227,061
Note payable	**1,800,000,000**	**1,800,000,000**	1,850,000,000	1,805,723,656
	₱1,800,234,345	**₱1,800,234,345**	₱1,850,227,061	₱1,805,950,717

**Excluding statutory liabilities*

Cash in Banks, Receivables and Accounts and Other Payables (excluding Statutory Liabilities). The carrying values of cash in banks, receivables and accounts and other payables (excluding statutory liabilities) 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).

Note Payable. The fair value of the Company's note payable was computed using the credit adjusted risk-free rate of 2.37% as at December 31, 2016.

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

<u>Capital Management</u>

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.

There has been no change made in the objectives, policies and process in 2016.