COVER SHEET

A1996-07188

S.E.C. Registration Number

FONTANA RESORT & COUNTRY CLUB, INC.

(Company's Full Name)

FONTANA CLUBHOUSE, FONTANA LEISURE PARKS, C.M. RECTO HIGHWAY, CFZ, PHILIPPINES

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

JUAN MIGUEL VICTOR C. DE LA FUENTE	8889-6060
Contact Person	Company Telephone Number

1 2	3 1	DEFINITIVE INFORMATION STATEMENT	0 9	Last Monday
Month	*Day*		*Month*	*Day*
Fiscal Year		FORM TYPE	Special Meeting	

N.A.

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

ANNEX "A"

PROXY FORM

Date: ______________

The undersigned hereby appoints ________________ or, in his/her absence, ________________, with full power of substitution and delegation, as proxy to vote all the shares of the undersigned at the 2023 Annual Stockholders' Meeting ("**ASM**") of **FONTANA RESORT & COUNTRY, CLUB, INC.** to be held on 15 December 2023 at 10:30 AM via Zoom videoconferencing and at any postponements or adjournments thereof.

The proxy shall vote subject to the instructions indicated below and the proxy is authorized to vote in his/her discretion on other business as may properly come at the ASM and any postponements or adjournment thereof. Where no specific authority is clearly indicated below, the proxy shall vote and shall be deemed authorized to vote **FOR THE APPROVAL** of all the corporate matters listed below, and **FOR ALL** the nominated directors named below.

CORPORATE MATTERS:

	FOR	AGAINST	ABSTAIN
Approval of the Minutes of the 2022 Annual Stockholders' Meeting			
Approval of the 2022 Management Report			
Ratification of the Acts/Resolutions of the Board of Directors/Board Committees			
Appointment of Alas Oplas & Co., CPAs as Independent External Auditor			
Amendment of Sections 1 and 2, Article VII as well as Section 3, Article VIII, of the By-Laws			

ELECTION OF DIRECTORS:

☐ **Vote for all the following**

MARY B. DE JESUS
WU SHUIQING (SIMON)
CHEUNG WAI WA (VERA)
ENRICO P. QUIAMBAO*
DAVID A. ANG*

*** Independent Director**

☐ **Withhold authority to vote for the following: ****

** Write down the name(s) of the nominee(s) on the space provided above to withhold authority to vote for any individual nominees

____
SIGNATURE OVER PRINTED NAME

Date: ________________

For corporate shareholders, the proxy form must be accompanied by a corresponding secretary's certificate confirming the appointment of the proxy and the authority of the person signing the proxy.

This Proxy Form must be submitted, via email or physical submission, to the Corporate Secretary no later than TEN (10) calendar days before the date of the Meeting, or until 5 December 2022, for validation.

ANNEX "B"

FONTANA RESORT & COUNTRY CLUB, INC.

Fontana Leisure Parks, Clark Freeport Zone,
Clark Field, Pampanga
2023

MANAGEMENT REPORT ACCOMPANYING INFORMATION STATEMENT PURSUANT TO SRC RULE 20 (4)

MANAGEMENT REPORT

Table of Contents

MANAGEMENT REPORT

I. General Nature and Scope of the Business of the Company and Property

The Company

Fontana Resort & Country Club, Inc. (hereafter referred to as the "Company"), originally registered as Clarkville Resort and Country Club, Inc., was registered with the Securities and Exchange Commission on October 3, 1996. Primarily as a resort and country club, the Company's main purpose is to undertake the construction, acquisition, lease, operation, and maintenance of a vacation resort, sports and recreational facilities, and residential villas with the main objective of promoting the social, recreational and athletic activities among its stockholders-members on a non-profit basis.

The Company envisions a world-class resort and country club with family-oriented theme park facilities and a business convention center. Amenities would include villas, restaurants, clubhouse, fun park, function rooms, health center, water park, sports and other recreational facilities such as basketball/volleyball and tennis courts, swimming pools, lagoon, billiards, coffee shops, bars, and health clubs, among others. The Company aims at becoming the ideal international leisure and tourist zone and and convention facility within Clark.

The Company is an exclusive club organized for the sole benefit of its members. The owner of a share, once admitted to membership, shall be entitled to avail the Company's facilities and amenities, subject to the terms and conditions of the Company's Articles of Incorporation, By-Laws and Rules and Regulations of Membership that may be promulgated by the Board of Directors from time to time.

Place of Operation

The Company operates within the One Hundred Three (103) hectare Fontana Leisure Parks Complex (hereinafter referred to as "The Park") at the Clark Freeport Zone (CFZ) in Pampanga, about 80 kilometers north of Metro Manila. Travel time is about an hour from Metro Manila through the North Luzon Expressway (NLEX). It is a few minutes away from the Clark International Airport (formerly Diosdado Macapagal International Airport), the offices of Clark Development Corporation (CDC) and CFZs duty-free shops.

Villas and Facilities

To date, the Company has 278 residential villas, Water Theme Park and Hotsprings with picnic area, which were closed last April 2020 due to the covid-19 pandemic situation. The Water Theme Park has remained closed to date, which is planned to undergo major repairs while a certain portion of the Hotsprings specifically the sunken bar pool, jacuzzi pool and waterfall was opened in March 2022 to spur interest from members and walk-in guests to enjoy the recreational facilities in the resort most especially during the summer months. The rest of the Hotsprings amenities mainly pools and jacuzzis, except those with heating elements and cabanas, was also repaired and was fully opened to the public on April 1, 2023. Also, members have access to use within the Complex, a clubhouse with available hotel rooms and restaurants/retail outlets, Rose Garden complex with 57 mini-hotel rooms and Olympic-size swimming pool. The Company has medium to long-term plans to repair and/or renovate existing villas and even the Water Theme Part, as part of its rehabilitation program. There are other facilities within the Leisure Complex, that are made available to the members of the Company as listed, starting in the succeeding pages.

No Bankruptcy, No Receivership or Similar Proceeding

The Company has not been involved in any bankruptcy, receivership, or similar proceedings or from making any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Principal Products or Services and their Markets

The Company has been providing the facilities to its stockholders-members and their guests since August 1998. Revenues from rooms and membership dues contribute about 77% and 19%, respectively, to total revenues based on its 2022 audited financial statements.

The following facilities are located within the Fontana Leisure Park complex, which members can access:

	Percentage of Completion
1. Residential club The residential area consists of the following villas: 217 units 2-bedroom, multiplex 13 units 2-bedroom, single detached 203 units 3-bedroom, multiplex 3 units 3-bedroom, single detached 8 units 4-bedroom, multiplex 28 units 5-bedroom, multiplex 5 units 7-bedroom, multiplex 6 units 2-bedroom, Golf Themed 8 units 2-bedroom, upgraded, Golf Themed 4 units 3-bedroom, Golf Themed 16 units 2.5 storey with more than 7 bedrooms Total : 511 units	
Each villa is fully furnished and equipped with 3-tonner centralized or inverter air- conditioning units. The units are located in "cluster" of four (4) with each cluster having its own mini-park.	278 villas or 54% pertain to the Company
2. Clubhouse and Recreation Center/Rose Garden Mansions	
The Clubhouse and Recreation Centers provide members/guests with the following facilities and services:	
Hotel Rooms consisting of the following:	
57 units Rose Garden Rooms	100%
44 units Standard Rooms	100%
23 units De Luxe Rooms	100%
2 units Suite Rooms	100%
1 unit Presidential Suite Room	100%
Total: 127 units	
Clubhouse Offerings consisting of the following:	
Dining center featuring local and international cuisine:	
Coffee Shops/Restaurants *Note 1*	100%
Bar *Note 2*	100%
Business Center	100%
Retail Outlets:	
Minimart, Fashion Arcade	100%
Function Rooms for meetings	100%

Recreation Facilities consisting of:	100%
Olympic size swimming pool	100%
Health center/Gym *Note 5*	100%
Game Room *Note 5*	
Other Recreation Facilities outside of the Clubhouse:	
Water Theme Park *Note 4*	100%
Hot springs *Note 3*	100%
Badminton Court *Note 5*	100%
Basketball Court *Note 5*	100%
Volleyball Court *Note 5*	100%
Tennis Court *Note 5*	100%
Billiards *Note 5*	
Jogging Lanes	
Note 1 - Red 8 Chinese Restaurant & Piano Lounge/Cafe Fontana already opened for dine-in effective October 26, 2020. However, Red 8 Chinese Restaurant was closed and its menu offerings integrated into Golden Pavilion Restaurant & Bar effective February 5, 2021. *Note 2* - Palms Bar opened and renamed Golden Pavilion Restaurant & Bar effective February 5, 2021. *Note 3* - Hotsprings re-opened in March 2022 and full facility in April 2023. *Note 4* - Water Theme Park still closed; for rehabilitation. *Note 5* - These amenities re-opened last February 15, 2021.	

Buyers of the shares who applied for membership can enjoy the above facilities by exercising their rights and availing the privileges accompanying their shares.

Patronage

At present, patronage comes from stockholders-members, their guests and walk-ins.

Distribution and Quality of Services

The Company's services are rendered or distributed to all stockholders-members and their guests as they avail of the privileges provided for in the Articles of Incorporation, By-Laws and Club's Rules of Membership.

As publicly announced when the Company obtained its license to sell its securities, the principal services of the Company is to operate resort villas with their amenities.

Competitive Advantage

The Company enjoys reasonable competitive advantage over other companies in the same industry because of several factors, among which are: (1) it is situated within CFZ where economic development has shown remarkable growth with a significant increase in locators engaged in diverse industries; (2) it is the first private club with its very own water theme park; (3) it has world-class facilities offering fun and recreation to its members and their guests; and (4) it is the only resort with villas where members and guests can enjoy privacy and exclusivity.

The Company has committed plans to develop its water theme park and other facilities to keep up with competition with the entry of new recreational players within CFZ, specifically Aqua Planet of Midori Hotel and Resort, which opened its facilities on February 24, 2018, was closed during the pandemic situation in 2020 and was re-opened last April 1, 2022.

Clearwater Country Club and Sun Valley Country Club are some recreational entities located also within CFZ considered to be competitors in selling club shares. The Company though stopped selling shares until such time when additional villas for members are constructed pursuant to the Development Agreement with its parent company, Fontana Development Corporation (FDC).

Source of Raw Materials and Principal Suppliers

Principal suppliers of the Company for its raw materials include food and beverage corporations and other hotel and resort suppliers with reputable names in the industry. Most prominent of which are as follows: Apollo Egg Science Tech Corporation, Palengkero Farm Products Wholeselling, Come and Shop Grocery, JT Prime Seafoods, BMF Gas Corporation, GasBoy Inc., Powell Chemical Corporation, Pest Terminators, Petron Gas, and other local suppliers contiguous to CFZ.

No Dependence on One or Few Customers

As the customers of the Company are its stockholders-members, their guests and walk-ins who regularly avail of its facilities and amenities, the Company does not depend on one or a few major customers, the loss of any or more of which would not have a material adverse effect on the Company's operations.

Business Name and Trademark

The Company owns the trademark for "Fontana Resort & Country Club". The Company has no other pending trademark application with the Bureau of Patents.

A CFZ-Registered Enterprise

On December 22, 1998, the Company was issued a Certificate of Registration as a Clark Special Economic Zone (CSEZ) enterprise by CDC. As such, it has been given by the government approval to render its principal service, the operation of resort villas with their amenities. As a CSEZ-registered enterprise, it is entitled to all incentives available under Section 15 of Republic Act (RA) No. 7227 (otherwise known as the "Bases Conversion and Development Act of 1992"), Executive Order No. 62,Section 5 of Executive Order No. 80/Proclamation 163, BIR Revenue Regulation No. 1-95 and Customs Administrative Order (CAO) No. 6-94.

The Company is entitled to all incentives available to a CSEZ-registered enterprise, including but not limited to the following:

1.) Exemption from customs and import duties and national and internal revenue taxes on importation of capital goods, equipment, raw materials, supplies, and other articles including household and personal items; and

2.) Exemption from all local and national taxes. In lieu of paying these taxes, the enterprise shall pay three percent (3%) of its gross income earned to the national government, and one percent (1%) to the areas affected by the declaration of the CSEZ, and one percent (1%) to the development fund to be utilized for the development of municipalities contiguous to the base area.

On December 29, 1998, the Company was issued a Certificate of Registration and Tax Exemption by CDC which provides, among others that: (a) the Company is entitled to tax and duty-free importation of capital goods, equipment, raw materials, supplies and household and personal items; (b) exemption from local and national taxes including, but not limited to, Withholding Income Taxes and Value Added Taxes (VAT); and (c) all importations of the Company are exempt from inspection by the Societe

Generale de Surveillence (SGS) pursuant to Chapter III.C.1 of the Customs Administrative Order (CAO) No. 6-94.

Such Certificate of Registration and Certificate of Tax Exemption were amended on April 12, 2000 extending their validity from the original March 28, 2021 to March 28, 2046 unless earlier revoked by CDC.

On July 29, 2005, the Supreme Court ruled that the CSEZ does not enjoy all the incentives granted to the Subic Special Economic and Free Port Zone (SSEZ) in the absence of an express grant of tax and duty-free privileges under RA No. 7227.

On March 10, 2006, Presidential Proclamation No. 1035 was issued, creating and designating as a special economic zone the areas covered by the CSEZ, subject to the provisions of RA No. 7916, as amended. With Presidential Proclamation No. 1035, CSEZ now enjoys the incentives provided under the PEZA regime.

On March 20, 2007, the President signed RA No. 9400, which amended RA No. 7227 and provided that subject to the concurrence of local government units directly affected, the President is authorized to create by executive proclamation, Clark Freeport Zone (CFZ) to replace Clark Special Economic Zone (CSEZ). The CFZ shall be managed as a separate customs territory ensuring free flow or movement of goods and capital equipment within, into and exported out of CFZ, as well as provide incentives such as tax and duty free importation of raw materials and equipment. In lieu of national and local taxes, registered business enterprises within the CFZ shall be subject to a 5% Gross Income Tax. The RA was published in two (2) newspapers on April 4, 2007 and took effect 15 days after.

In September 2019, the Legislature approved on third and final reading House Bill 4157 pertaining to Package 2 of the Comprehensive Tax Reform Program (CTRP) which seeks to lower the Corporate Income Tax (CIT) rate gradually from 30% to 20%, reorient fiscal incentives toward strategic growth industries, and make incentives available to investors who make net positive contributions to society.

This bill was passed and enacted as Republic Act No. 11534 (Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law. Locators within economic and Freeport zones are expected to be affected with regards to the tax incentives which may be lifted to make the Philippines more competitive and level the playing field for businesses through a reduction of the CIT rate and the modernization and improvement of the fiscal incentive system.

For its part, CDC enforced the implementation the provisions of the CREATE Law, its Implementing Rules & Regulations (IRR) and related BIR issuances, It issued Memorandum Circular No. IPD II 22-04-14 dated April 1, 2022 to all its locators, which highlighted the changes in the tax treatment of the holders of valid Certificates of Registration and Tax Exemption (CRTEs) as follows:

- Enjoyment of the fiscal incentives is valid for a transitory period of ten (10) years (ie April 11,2021 to April 10, 2031)
- Enjoyment of Value Added Tax (VAT) exemption and zero-rated privileges applies only to *Export Enterprises* as defined by the law and its regulations;
- Other existing CRTE holders not categorized as *Export Enterprises* shall revert to being *Domestic Enterprises*; and
- Existing CRTE holders categorized as *Domestic Enterprises* may continue to enjoy 5% Gross Income Earned (GIE) **ONLY** within the said transitory period.

Also in this connection, CDC issued a letter to the Country Club dated August 12, 2022 informing the latter that it is classified as a **"DOMESTIC MARKET ENTERPRISE (DME)"** with its tax/fiscal entitlement 5% on Gross Income Earned (GIE) until the expiration of the transitory period of ten (10) years.

Moreover, the CRTE of the Country Club expired on December 7, 2022 which was renewed with CDC issuing an Authority To Operate (ATO) instead, valid for three (3) years from December 8, 2022 to December 7, 2025, which limited the tax/fiscal incentives of the Country Club to the 5% GIE and Duty Exemption on Importation.

In accordance with BIRs Revenue Memorandum Circular No. 28-2022 and Revenue Memorandum Circular No. 37-2022, all Registered Business Enterprises (RBEs) such as DMEs enjoying tax incentives and registered under the said law shall apply for a Certificate of Entitlement to Tax Incentives (CETI) with the respective Investment Promotion Agency (IPA) through the Fiscal Incentives Registration and Monitoring System (FIRMS) prior to the filing of the Annual Income Tax Return (AITR). The CETI shall then be attached to the AITR.

It was further mandated that starting with the taxable year 2022, only the CETI will be allowed as attachment for claiming the tax incentives.

Positive Government Regulations

The effects of existing and probable governmental regulations on the business of the Company are ideally positive. The Company's business is a vital component of the government policy on tourism as an important source of the country's local and foreign currency revenues.

Research and Development Activities

As inherent in the business, there are no research and development activities necessary.

Position on Environmental Issues

The Company, in continuing its construction and development plans, has complied with environmental laws as implemented by CDC. As part of the resort and country club industry, it is pro-environment. Strict compliance with environmental laws is among its primary and vital concerns. Committed to strictly follow environmental standards, it commits itself to the responsibility of acquiring the necessary permits and clearances from the appropriate government agencies.

Necessary permits from CDC, including Certificate of Environmental Compliance and Permit to Operate, were already secured.

Personnel

As of December 31, 2022, the Company had in its roster 187 headcount on full time status. More often, the Company also provides contractual employment services to locals with qualified skills, especially during its peak season or on special projects. From time to time, the Company is actively involved in providing On-The-Job (OJT) training to students from universities and colleges within the province of Pampanga, and recently with nearby provinces such as Tarlac and Pangasinan.

The Company has been operating within tight financial conditions especially during the pandemic crisis situation and keeps a reasonable number of employees to sustain its operations.

Major risk/s

Major risks involved in each of the business segments of the Company are those normally associated in the operations of a resort and country club including: (a) the risks associated with property ownership, i.e. natural calamities, adverse changes in general and economic conditions, environmental laws that may affect property valuation; (b) completion of construction and development of the property by FDC (the Parent Company) which can be affected by a significant fluctuation in the general economic conditions of the country; and (c) competition with new players in the hospitality industry.

On December 5, 2016, the Company received a Cease and Desist Order ("CDO") from CDC ordering the Company to temporarily cease and desist from conducting resort and villa operations effective immediately due to a pending investigation by the Department of Justice (DOJ) on the alleged unlicensed gaming operations and employment of foreigners without the legal permits within Fontana Leisure Parks wherein the Company is located.

However on December 22, 2016, the Company was notified by CDC that it can resume operations of all its facilities. With the temporary closure, the Company has then suffered setbacks in its room, membership and amusement revenues and its cash position has become really tight. Since then, operations have been rationalized with effective cost savings measures implemented.

The pandemic crisis caused by the Covid-19 virus has continued to affect the operations of the locators inside CFZ resulting to business slowdowns and worse, some shutdowns. The Company, for its part, experienced significantly decreased collections of membership dues and reduced recreation/amusement revenues due to non-operation of the Water Theme Park and Hotsprings.

- A Cease and Desist Order ("CDO") dated May 20, 2020 from CDC, was received by the Company for the alleged illegal operation of a makeshift medical facility for Chinese patients in one of the villas. The letter advised that Fontana shall be placed in full lockdown requiring all sublessees/tenants, and residents to be contained until the lockdown is lifted by CDC, and that the Certificate of Registration and Tax Exemption (CRTE) of the Company shall also be temporarily suspended.

- Subsequently, the lockdown and the suspension of the CRTE on May 29 and May 30, 2020 respectively, were lifted subject to compliance with published quarantine protocols and compliance with applicable permit requirements imposed by CDC and IATF.

- There has been no case filed against the Company. The party under investigation by the Philippine National Police and Food and Drug Administration, is a sublessee of Fontana Development Corporation, Shidaikeji, the status of which has not yet been disclosed. Hence, the Company is not involved in this investigation over such alleged violation.

Fontana Development Corporation (the "Developer") and the Company see to it that the conditions stipulated in the Lease Contract with CDC are complied.

Properties

The 511 residential villas, clubhouse with 70 rooms, 57 Rose Garden mini-hotel rooms and retail outlets/restaurants and Olympic-size swimming pool, water theme park (consisting of a circumferential lazy river, pirate ship slide, water factory showers, wave and splash pool, big horn, water cottage, kiddie pool and 3-tubes giant slides), lagoon, and 9-hole golf course being operated by the Company are located at CFZ, Pampanga, in a sixty-five (65)-hectare land being leased from CDC. As previously mentioned, the Water Theme Park has remained closed and is planned to be repaired and rehabilitated. The 9-hole Golf Course has also been closed and shall be developed into a commercial area by the parent company.

The Company has committed to manage residential villas, clubhouse, swimming pools, and other recreational facilities located approximately within the sixty five (65) hectares covered by the Lease Agreement between the Developer and CDC dated March 29, 1996, which was later amended on March 31, 2000.

With the amendment of March 31, 2000, the term of the lease agreement was increased to fifty (50) years effective upon the signing of the original lease agreement dated March 29, 1996 and valid until March 28, 2046 and renewable for another twenty five (25) years upon such terms and conditions mutually agreeable to the parties. Moreover, a Consolidated Lease Agreement was signed by the Fontana Group with CDC, taking effect on January 1, 2016 and further extending the term of the lease until 2065.

Lease payments shall be remitted to CDC based on minimum guaranteed lease payments or certain percentages of gross revenues, whichever is higher, plus varying percentages of the gross or net revenues of the casino operations. The Company, however, does not operate the casino. Total lease payments for 2022 amounted to ₱19.2 million, compared to lease payments in 2021 of ₱17.8 million.

The Developer, pursuant to the Assignment Agreement, assigns, transfers and conveys unto the Company its long-term leasehold rights covering approximately 65 hectares over a portion of about 103-hectare property it leases from CDC. The Company shall become the direct lessee of the leased property under the terms and conditions of the amended lease agreement entered into between the Developer and CDC. The Company thereby assumes all the rights and obligations of the Developer under the lease agreement, as amended, to the extent that such obligations apply in relation to the leased property, including, but not limited to, the payment of the corresponding rent and/or other considerations to CDC as lessor. A Development Agreement between the Developer and the Company was also executed on September 30, 1996 stipulating that the Developer shall develop and construct the Company's resort and related facilities. In addition, the Developer allows free use of its clubhouses to the Company's members. The Developer also allows the members of the Company to use/avail of its facilities subject to certain terms and conditions.

In the normal course of business, the Company has transactions with the Developer, principally consisting of rental of residential villas as well as net reimbursement of expenses relating to utility charges and administrative expenses.

However, the following agreements not in the normal course of business affecting the Company's operations starting 2019 and onwards, were approved, confirmed and ratified by the Company's Board of Directors in a special meeting held on March 9, 2021:

1. Lease Contract effective January 1, 2019 between the Club and its parent company, FDC, where several properties such as the Clubhouse and villas were transferred to the Club from FDC per the Deed of Absolute Sale dated March 18, 2019, are leased out to FDC for its hotel and F&B operations for a monthly rental fee under a Cost Plus arrangement (depreciation expenses plus 5%) averaging P44.4 million yearly. The Cost Plus rental income to the Company was previously approved in the BOD meeting last June 4, 2020.

2. Deed of Assignment effective December 31, 2020 between the Club and its parent company, FDC, where 79 villas of the Company under a Long-Term Use (LTU) are assigned to FDC on the basis of the aggregate Net Book Value of the villas as at said date amounting to P89,720,810.00, higher than the aggregate Fair Market Value of P86,179,275.00. The main rationale for the assignment was to reduce transactions between related companies, which may be the subject of close scrutiny by the BIR especially with their issuance of Revenue Regulations No. 19-2020 dated July 8, 2020. This Revenue Regulation shall require the BIR "to conduct a thorough examination of the related party transactions and see to it that revenues are not understated and expenses are not overstated in the financial statements as a result of these transactions." We also wish to mention that the aggregate Fair Market Value of P86,179,275.00 was determined by a duly SEC accredited appraisal company which was contracted by both the Company and FDC to demonstrate that the relative transaction was on an "arms-length" basis as mandated by law. The Management has likewise conducted a reasonableness test on the transaction, subject to statutory and contractual provisions. The Deed of Assignment was approved in the BOD meeting on March 9, 2021.

   For the next twelve (12) months, the Company does not intend to acquire any property significant in cost. However, a Sub-Lease Agreement, involving 25.22 hectares of the

Company's idle land to be developed for commercial use by FDC, was signed by both parties and was made effective January 1, 2021, The Agreement was approved by the members of the Board of Directors of the Company and FDC. The monthly consideration agreed upon to be paid by FDC to the Company is the Minimum Guaranteed Lease (MGL) per the Consolidated Lease Agreement with CDC, pertaining to the 25.22 hectares plus 10% in accordance with the Fair Rent Value determined by a duly SEC accredited appraisal company which was also contracted by both the Company and FDC to demonstrate that the relative transaction was on an "arms-length" basis and in accordance with best industry practices and applicable laws.

II. Management's Plan of Operations, Discussion and Analysis of Results of Operations

[The following is a discussion and analysis of the Company's results of operations, financial condition and certain trends, risks and uncertainties that may affect the Company's business and should be read in conjunction with the auditors' reports and the Company's audited consolidated financial statements and notes attached herewith as Annex "D"]

Plan of Operations

Fontana Resort & Country Club, Inc. is committed in providing quality service to satisfy the needs of its members and their guests. Maintenance and rehabilitation of its residential villas and improvement of its facilities and amenities to cope with competition for the next six (6) months within its available resources remain a priority. Considering several valid complaints received from members, their guests and walk-ins, management is taking serious steps to address these complaints most especially relating to airconditioning, and enhancement of amenities such as installation of Smart TV and Wifi for internet access inside the villas and in the Clubhouse and to bring back the reputable image of the Club as a private and exclusive recreational facility. Moreover, the existing operating policies and procedures are being regularly reviewed and enhanced to achieve the Company's vision as a world-class resort. To strengthen control and accountability in ensuring Company's assets, Close Circuit Television (CCTV) surveillance cameras were installed in strategic places, at the same time enhancing the safety of the guests and ensuring that the entire property is secured. Continuous employees' trainings such as Excellent Customer Service and Telephone Courtesy specifically for front office and service personnel are being conducted to better serve the members and their guests as a way of upgrading the service standards to a first-rated resort and country club.

In early 2022, when the IATF imposed Alert 1 in NCR, nearby Region 3, and other provinces after assessing that the surge of covid 19 does not anymore pose a serious threat to the pandemic situation ,all establishments including the Country Club, persons, or activities, were allowed to operate, work, or be undertaken at full on-site or venue/seating capacity provided it is consistent with minimum public health standards. This resulted to more engaging and personalized services to members and guests.

The Company is exerting its best efforts to improve and sustain its revenues by offering more quality products and services as well as improved facilities/amenities to its members. New and affordable recreational promotions, highly attractive room packages and mouth-watering food and beverage menus are continuously conceptualized and when approved by senior management, are being offered to members and guests to encourage them to continuously patronize the Club and and increase its revenues.

Financial Analysis

A. Full Calendar Years

Statement of Comprehensive Income

The operating performance of the resort in 2020 and 2021 hurdled a number of market and statutory challenges due to the pandemic crisis although it has remained resilient and positive in its outlook starting 2022 and years moving forward.

A more detailed analysis of its performance on a comparative year-to-year basis is discussed in the following pages:

For the Years Ended December 31, 2022 and December 31, 2021

STATEMENT OF COMPREHENSIVE INCOME (AUDITED)				
	Amounts In Thousand Pesos			
	December 2022	December 2021	Variance	(%)
Revenues	121,475	125,498	(4,023)	-3%
Direct Costs	182,714	192,829	10,115	5%
Gross Income (Loss)	(61,239)	(67,331)	6,092	9%
General and Administrative Expenses	65,596	64,175	(1,421)	-2%
Finance Cost	38,683	37,583	(1,100)	-3%
Other Income	(51,120)	108,713	(159,833)	-1,470%
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	(216,638)	(60,376)	(156,262)	-2,588%
Provision for (Benefit from) Income Tax	(590)	1,602	(2,192)	1,368%
Excess/(Deficiency) of Revenues Over Costs and Expenses	(216,048)	(61,978)	(154,070)	2,486%

Total Revenues realized in 2022 amounted to ₽121.5 million which when compared to 2021 of ₽125.5 million, registered only a minimal decrease of ₽4.0 million or 3% mainly pertaining to room revenues falling short of expectation by 13%. Significant increases in revenues from membership (58%) and amusement (22%) registered in 2022, which may be attributed to the partial opening of the Fontana Hotspring in March 2022.

The increase in membership revenues resulted from the increase in membership collections of ₽4.7 million in 2022 from 2021, and the increased revenues from amusement/recreation in 2022, aside from the revenues from the Hotspring also included sport packages that were implemented to compensate for the loss in revenues from the closure of the Water Theme Park.

Direct costs in 2022 amounted to ₽182.7 million decreased by ₽10.1 million or 5% compared to 2020 which can be principally attributed to the combined effects of lower depreciation amounting to ₽6.2 million and lower electricity costs amounting to ₽2.2 million to due to lower occupancy.

Other income in 2022 resulted to a loss position due to the take-up of impairment loss of ₽69.1 million pertaining to 20 villas transferred from FDC to FRCCI which have remained under construction, slightly offset by a reduction in the impairment loss pertaining to Engineering inventories amounting to ₽0.84 million. Conversely, Other Income in 2021 included an one-off Income from Sublease amounting to ₽97.5 million arising from the recognition of the net investment and derecognition of the carrying amount of the right-of-use assets pertaining to the 25.22 hectares subleased to FDC under the finance lease approach.

Depreciation and amortization expenses which constitute 53% of total Direct Costs of ₽182.7 million amounted to ₽97.3 million this year, lower than ₽103.6 million in 2021. Since depreciation and amortization expenses are non-cash items, the excess (deficiency) of revenues over costs and expenses does not affect the liquidity of the Club.

Administrative and general expenses were managed and controlled considerably well as it only registered an increase of ₽1.4 million or 2%

For the Years Ended December 31, 2021 and December 31, 2020

STATEMENT OF COMPREHENSIVE INCOME (AUDITED)				
	Amounts In Thousand Pesos			
	December 2021	December 2020 (As Restated)	Variance	(%)
Revenues	**125,498**	212,209	**(86,711)**	**-41%**
Direct Costs	**192,829**	236,636	**43,807**	**18%**
Gross Income (Loss)	**(67,331)**	(24,427)	**(42,904)**	**-176%**
General and Administrative Expenses	**64,175**	28,527	**(35,648)**	**-125%**
Finance Cost	**37,583**	36,515	**(1,068)**	**-3%**
Other Income	**108,713**	902	**107,811**	**120%**
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	**(60,376)**	(88,567)	**28,191**	**32%**
Provision for (Benefit from) Income Tax	**1,602**	(1,651)	**(3,253)**	**-197%**
Excess/(Deficiency) of Revenues Over Costs and Expenses	**(61,978)**	(86,916)	**24,938**	**29%**

Total Revenues realized in 2021 amounted to ₽125.5 million which when compared to 2020 of ₽212.2 million, registered a decrease of ₽86.7 million or 41% mainly reflective of the continued unfavourable impact of the pandemic crisis situation. Significant reductions in revenues mainly rooms (44%), membership (12%) and amusement (2%) were felt across all major core sources. Members, their guests, and walk-ins were very cautious in going out of their residences and instead decided, for the most part of the year, to stay indoors. Corporate groups did several events in 2021 and Corporate FITs (mainly coming from accommodations with food arrangements to ABS CBN and GMA for their shooting activities in Fontana) compensated for the lack of room revenues.

The reduction in membership revenues can be mainly attributed to lower amortization of revenues from advanced payments from members despite the increase in membership collections of ₽4.0 million in 2021 from 2020, while revenues from amusement/recreation in 2021 included sport packages that were implemented to compensate for the loss in revenues from the closure of the Water Theme Park and Hotsprings since 2020.

Direct costs in 2021 amounted to ₽192.8 million decreased by ₽43.8 million or 18% compared to 2020 which can be principally attributed to the combined effects of lower depreciation amounting to ₽22.8 million (i.e. caused by the transfer of 79 villas by the Company to FDC in accordance with the Assignment Agreement), and lower electricity costs amounting ₽17.8 million due to lower occupancy.

Other income included an one-off Income from Sublease amounting to ₽97.5 million arising from the recognition of the net investment and derecognition of the carrying amount of the right-of-use assets pertaining to the 25.22 hectares subleased to FDC under the finance lease approach.

Depreciation and amortization expenses which constitutes 54% of total Direct Costs of ₽192.8 million amounted to ₽103.6 million this year, lower than ₽126.3 million in 2020 due to the main factors discussed in the previous paragraph. Since depreciation and amortization expenses are non-cash items, the excess (deficiency) of revenues over costs and expenses does not affect the liquidity of the Club.

However, Administrative and general expenses posted a significant increase of ₽35.6 million or 125% compared to 2020 which can be principally attributed to the combined effects of additional provision for bad debts on accrued membership dues receivable amounting to ₽44.6 million, lower computer maintenance cost amounting to ₽4.3 million, and lower provision for possible penalties and surcharges that may arise from potential tax exposure amounting to ₽4.0 million.

For the Years Ended December 31, 2020 and December 31, 2019

STATEMENT OF COMPREHENSIVE INCOME (AUDITED)				
	Amounts In Thousand Pesos			
	December 2020	December 2019	Variance	(%)
Revenues	207,153	236,971	(29,818)	-13%
Direct Costs	228,646	235,547	6,901	3%
Gross Profit	(21,493)	1,424	(22,917)	1609%
General and Administrative Expenses	28,513	44,966	16,453	36%
Other Income	12,357	3,110	9,247	297%
Finance Cost	37,635	40,653	3,018	7%
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	(75,284)	(81,085)	5,801	-7%
Income Tax Expense	601	(1,693)	(2,294)	-135%
Excess/(Deficiency) of Revenues Over Costs and Expenses	(75,885)	(79,392)	3,507	4%

Total Revenues realized in 2020 amounted to ₽207.2 million which when compared to 2019 of ₽237.0 million, registered a decrease of ₽29.8 million or 13% mainly reflective of the unfavourable impact of the pandemic crisis. Significant reductions in revenues namely rooms (17%), membership (43%) and amusement (72%) were felt across all major core sources. Members, their guests and walk-ins were very cautious in going out of their residences and instead decided, for the most part of the year, to stay indoors.

The reduction in membership dues can be attributed to lower collections of membership dues, including lower amortization of revenues from advanced payments from members, while revenues from amusement/recreation in 2020 significantly declined since the Water Theme Park and Hotsprings have remained closed during the year.

Direct costs in 2020 likewise decreased by ₽6.9 million or 3% compared to 2019, which can be attributed to the combined effects of lower depreciation (i.e. caused by the transfer of 79 villas by the Company to FDC in accordance with the Assignment Agreement), of lower contractual labor costs, and lower electricity/repairs and maintenance costs due to lower occupancy.

Depreciation and amortization expenses which constitutes 52% of total Direct Costs of ₽228.6 million amounted to ₽118.4 million this year, slightly higher than in 2019 by ₽6.5 million due to the main factors discussed in the previous paragraph. Since depreciation and amortization expenses are non-cash items, the excess (deficiency) of revenues over costs and expenses does not affect the liquidity of the Club.

General and administrative expenses also posted a significant decrease of ₽16.4 million or 36% over that in 2019 which can be principally attributed to lower labor related costs but offset by a provision on a potential tax exposure relating to the Deed of Assignment.

Balance Sheet

The financial position of the resort for the past several years has remained stable despite some challenges especially in 2020 and 2021 caused by the pandemic crisis, due to prudent resource utilization and management.

A more detailed analysis of its performance on a comparative year-to-year basis is shown below:

BALANCE SHEET (AUDITED)				
	Amounts In Thousand Pesos			
	December 2022	December 2021	Variance	%
Cash	3,465	4,194	(729)	-17%
Membership dues and other receivables	78,101	140,280	(62,179)	-44%
Due from related parties	213,151	213,071	80	0%
Current portion of finance lease receivables	8,626	8,430	196	2%
Prepayments and other current assets	7,914	8,798	(884)	-10%
Total Current Assets	311,257	374,773	(63,516)	-17%
Property and equipment - net	51,994	77,325	(25,331)	-33%
Investment properties - net	1,025,967	1,154,954	(128,987)	-11%
Right- of-use assets - net	300,740	307,734	(6,994)	-2%
Finance lease receivables - net of current portion	305,768	297,357	8,411	3%
Deferred tax assets	9,667	6,740	2,927	43%
Other non-current assets	662	493	169	34%
Total Non-Current Assets	1,694,798	1,844,603	(149,805)	-8%
Total Assets	2,006,055	2,219,376	(213,321)	-10%
Trade and other payables	103,015	123,349	(20,334)	-16%
Current portion of lease liabilities	19,608	19,163	445	2%
Total Current Liabilities	122,623	142,512	(19,889)	-14%
Lease liabilities - net of current portion	687,873	668,799	19,074	3%
Retirement benefits liability	7,790	8,270	(480)	-6%
Deferred tax liabilities	4,331	2,179	2,152	99%
Total Non-Current Liabilities	699,994	679,248	20,746	3%
Total Members' Equity	1,183,438	1,397,616	(214,178)	-15%
Total Liabilities and Members' Equity	2,006,055	2,219,376	(213,321)	-10%

The Company's Total Assets of ₽2.0 billion in 2022 decreased by ₽213.3.million or 10% mainly due to the combined effects of a reduction in Total Current Assets by ₽63.5 million or 17% attributable to reduced net realizable amount of accrued membership dues caused by an additional allowance for impairment amounting to ₽44.6 million, and also a corresponding decrease in Total Non-Current Assets of ₽149.5 million or 8%, mainly Investment Properties Assets by ₽129.0 million or 11% due to the allowance for impairment loss of ₽69.1 million for the 20 villas which are still under construction.

Total Liabilities in 2022 amounting to ₽822.6 million only increased by ₽0.857 million or 4% compared to that of 2021.

The decrease in Total Members' Equity in 2022 from that of 2021 mainly represents the deficiency of revenues over costs and expenses, amounting to ₽216.0 million reduced by the remeasurement gain of ₽1.9 million on retirement benefits.

The Company's key financial indicators can be summarized as follows:

Amounts In Thousand Pesos	December 31, 2022 (Audited)	December 31, 2021 (Audited)
Current/Liquidity Ratio [C=A/B]	**2.18**	**2.63**
Current Assets [A]	311,257	374,773
Current Liabilities [B]	142,513	142,513
Solvency Ratio [F=D/E]	**-0.14**	**0.05**
After Tax Income(Loss) less Depreciation [D]	(118,698)	41,579
Total Liabilities [E]	842,507	821,760
Debt to Equity Ratio [H=E/G]	**0.71**	**0.59**
Total Liabilities [E]	842,507	821,760
Total Equity [G]	1,397,616	1,397,616
Asset to Equity Ratio [J=I/G]	**1.70**	**1.59**
Total Assets [I]	2,006,055	2,219,379
Total Equity [G]	1,183,438	1,397,616
Profitability Ratio [L=K/G]	**-0.18**	**-0.04**
After Tax Income (Loss)[K]	(216,048)	(61,678)
Total Equity [G]	1,183,438	1,397,616

The financial soundness indicators calculated above as of December 31, 2022 and December 31, 2021 have remained generally positive and favorable to the Company, except for Solvency and Profitability Ratios in 2022 with a huge loss in 2022 mainly caused by additional allowance for potential loss on the non-collectible accrued membership dues amounting to ₽44.6 million and impairment loss of ₽69.1 million. The operational performance of the Company for 2021 reflected much the impact of the pandemic crisis situation with revenues from rooms still below the levels in the previous years, although membership and amusement revenues were showing some signs of recovery.

Direct Costs and Administrative and General Expenses totaling ₽248.3 million as of December 31, 2022 and ₽257.0 million as of December 31, 2021 were being managed and controlled to ensure that cost efficiency in the midst of scarce resources was achieved.

The operating results for 2022 still reflected the effects of relative adjustments resulting from the implementation of PFRS 16 on the Country Club's long-term lease with CDC in 2021, such as additional depreciation expense on Right of Use Assets as well as on the depreciation of the 25.22 hectares which was the subject of the Sublease agreement between the Company and its parent company, Fontana Development Corporation (FDC), finance cost on its outstanding lease liability with CDC, as well as the effects of the Cost Plus rental charging by FRCCI to FDC resulting from certain properties transferred by FDC to FRCCI in accordance with the Deed of Absolute Sale settlement of the Developer's liability to the Company totaling ₽1.1 billion which took effect on March 1, 2019. Moreover, with the Sublease agreement, the Company recognized ₽16.6 million interest income on its finance lease receivables from FDC and and a one-off other income on Sublease of ₽97.5 million which is not taxable, in 2021.

Earnings Before Income Tax/ Depreciation and Amortization (EBITDA) resulted to a loss ₱119.3 million in 2022 compared to the EBITDA of ₱43.2 million for 2021.

As of December 31, 2021 and December 31, 2020

BALANCE SHEET (AUDITED)				
	Amounts In Thousand Pesos			
	December 2021	December 2020 (As Restated)	Variance	%
Cash	4,194	4,163	31	0.7%
Membership dues and other receivables	140,280	184,970	(44,690)	(24%)
Due from related parties	213,071	196,502	16,569	8%
Current portion of finance lease receivables	8,430	-	8,430	-
Prepayments and other current assets	8,798	13,900	(5,102)	(37%)
Total Current Assets	374,773	399,535	(24,762)	(6%)
Property and equipment - net	77,325	112,211	(34,886)	(31%)
Investment properties - net	1,154,954	1,218,763	(63,809)	(5%)
Right- of-use assets - net	307,734	514,261	(206,527)	(40%)
Finance lease receivables - net of current portion	297,357	-	297,357	-
Deferred tax assets	6,740	5,991	749	12%
Other non-current asse	493	384	109	28%
Total Non-Current Assets	1,844,603	1,851,610	(7,007)	(0.4%)
Total Assets	2,219,376	2,251,145	(31,769)	(1%)
Trade and other payables	123,349	116,471	6,878	6%
Current portion of lease liabilities	19,163	17,826	1,337	7%
Total Current Liabilities	142,512	134,297	8,215	6%
Lease liabilities - net of current portion	668,799	650,379	18,420	3%
Retirement benefits liability	8,270	8,844	(574)	(6%)
Deferred tax liabilities	2,179	-	2,179	-
Total Non-Current Liabilities	679,248	659,223	20,025	3%
Total Members' Equity	1,397,616	1,457,625	(60,009)	(4%)
Total Liabilities and Members' Equity	2,219,376	2,251,145	(31,769)	(1%)

The Company's Total Assets of ₱2.2 billion in 2021 only decreased by ₱31.7 million or 1% mainly due to the combined effects of a reduction in Total Current Assets by ₱24.8 million or 6% attributable to reduced net realizable amount of accrued membership dues caused by an additional allowance for impairment amounting to ₱44.6 million, but slightly offset by an increase in intercompany receivables from FDC amounting to ₱16.6 million, and a corresponding decrease in Total Non-Current Assets, mainly Right-of-Use Assets by ₱206.5 million or 40% due to the derecognition of the carrying amount of the right-of-use assets pertaining to the 25.22 hectares subleased to FDC, as previously mentioned.

Total Liabilities in 2021 amounting to ₱821.8 million increased by ₱28.2 million or 4% compared to that of 2020 mainly to adjustments in the lease liability account while Total Non-Current Liabilities declined by ₱74.4 million or 10% in 2020 mainly due to the effect of retroactive restatement adjustments of the lease liability account due to a reassessment of the PFRS 16 requirements.

The decrease in Total Members' Equity in 2021 from that of 2020 mainly represents the deficiency of revenues over costs and expenses, amounting to ₱60.0 million.

Key Financial Soundness Indicators

Below is a schedule showing the company's financial soundness indicators as at December 31, 2021 and as at December 31, 2020:

Amounts In Thousand Pesos	December 31, 2021 (Audited)	December 31, 2020 (Audited)
Current/Liquidity Ratio [C=A/B]	**2.63**	**2.98**
Current Assets [A]	374,773	399,535
Current Liabilities [B]	142,513	134,297
Solvency Ratio [F=D/E]	**0.05**	**0.05**
After Tax Income(Loss) less Depreciation [D]	41,579	39,434
Total Liabilities [E]	821,760	793,521
Debt to Equity Ratio [H=E/G]	**0.59**	**0.54**
Total Liabilities [E]	821,760	793,521
Total Equity [G]	1,397,616	1,457,624
Asset to Equity Ratio [J=I/G]	**1.59**	**1.54**
Total Assets [I]	2,219,376	2,251,145
Total Equity [G]	1,397,616	1,457,624
Profitability Ratio [L=K/G]	**-0.04**	**-0.06**
After Tax Income (Loss)[K]	(61,978)	(86,916)
Total Equity [G]	1,397,616	1,457,624

The financial soundness indicators calculated above as of December 31, 2021 and December 31, 2020 (As Restated) have remained generally positive and favorable to the Company, except for Profitability Ratios which showed the expected operational performance of the Company for 2021 and 2020 with the impact of the pandemic crisis situation greatly felt. As a result, significantly reduced rooms, membership and amusement revenues were demonstrated in 2021 and 2020 compared to the previous years.

Direct Costs and Administrative and General Expenses totaling ₽257.0 million and ₽265.2 million as of December 31, 2021 and December 31, 2020 (As Restated) respectively, were rationalized to ensure that cost efficiency in the midst of scarce resources was achieved.

The operating results for 2021 and 2020 included the effects of PFRS 16, such as additional depreciation expense on Right of Use Assets amounting to ₽7.0 million and ₽11.4 million respectively, with the 2021 depreciation already net of the depreciation to the 25.22 hectares which was the subject of the Sublease agreement between the Company and its parent company, Fontana Development Corporation (FDC), finance cost of ₽37.6 million and ₽36.5 million respectively on outstanding lease liability with respect to the long-term lease with CDC, as well as the effects of the Cost Plus rental charging by FRCCI to FDC resulting to additional revenues of ₽44.4 million but offset by additional depreciation expense of ₽42.3 million on fixed assets transferred by the FDC to the Company in accordance with the Deed of Absolute Sale settlement of FDCs liability to the Company totaling ₽1.1 billion which took effect on March 1, 2019. Moreover, with the Sublease agreement, the Company recognized ₽16.6 million interest income on its finance lease receivables from FDC and a one-off Other income on Sublease of ₽97.5 million which is not taxable, in 2021.

Earnings Before Income Tax/ Depreciation and Amortization (EBITDA) resulted to ₽43.2 million in 2021 compared to the previous years' EBITDA of ₽37.8 million.

As of December 31, 2020 and December 31, 2019

	BALANCE SHEET (AUDITED)			
	Amounts In Thousand Pesos			
	December 2020	December 2019	Variance	%
Cash	4,163	9,347	(5,184)	(55%)
Membership Dues and Other Receivables	184,970	192,434	(7,464)	(4%)
Due from Related Parties	195,980	58,687	137,293	234%
Other Current Assets	13,900	8,208	5,692	69%
Total Current Assets	399,013	268,676	130,337	48%
Property and Equipment - net	112,211	486,081	(39,557)	(26%)
Investment Properties	1,218,763	1,037,758	(153,309)	(11%)
Right of Use Assets	165,047	240,070	(75,024)	(31%)
Deferred Tax Assets	27,420	27,962	(542)	(2%)
Other non-current assets	384	940	(556)	(59%)
Total Non-Current Assets	1,523,825	1,792,812	(268,987)	(15%)
Total Assets	1,922,838	2,061,488	(138,650)	(7%)
Accounts and Other Payables	116,471	121,663	(5,192)	(4%)
Due to Related Parties	0	51	(51)	(100%)
Current Portion of Lease Liability	18,373	17,956	417	2%
Total Current Liabilities	134,844	139,670	(4,826)	(3%)
Lease Liability	670,336	729,059	(58,723)	(8%)
Retirement Benefits Liability	8,844	6,610	2,234	34%
Total Non-Current Liabilities	679,180	735,669	(56,489)	(8%)
Total Members' Equity	1,108,814	1,186,150	(77,336)	(6%)
Total Liabilities and Members' Equity	1,922,838	2,061,488	(138,650)	(7%)

The Company's Total Assets of ₽2.0 billion in 2019 decreased by ₽138.60 million or 7% in 2020 mainly due to the combined effects of an increase in Total Current Assets by ₽130.0 million or 48% mainly due to the increase in intercompany receivables from FDC resulting from the assignment of 79 villas under Long-Term Use via a Deed of Assignment as at December 31, 2020 with a corresponding decrease in Total Non-Current Assets, mainly Investment Properties, by ₽153.3 million or 11% compared to 2019 balances.

Cash decreased in 2020 from 2019 by ₽5.2 million or 55% due to significantly lower collections from members, which were used to defray operational expenses mainly labor and utilities costs. On the other hand, there was a notable increase in Advances to related parties of ₽137.3 million or 234% which can be mainly attributed to the transfer of the Company's 79 villas to FDC for which the Company recognized intercompany receivable of ₽87.0 million representing to aggregate net book value of these villas as at December 31, 2020.

Total Non-Current Assets in 2020 amounting to ₽1.5 billion decreased by ₽269 million or 15% from that in 2019 specifically relating to the Investment Properties account due to the assignment of the Company's 79 villas as discussed in the immediately preceding paragraph.

Total Current Liabilities increased by ₱13.1 million or 11% in 2020 while Total Non-Current Liabilities declined by ₱74.4 million or 10% in 2020 mainly due to the effect of an adjustment in the reduction of lease liability per PFRS 16.

The decrease in Total Members' Equity in 2020 from 2019 mainly represents the deficiency of revenues over costs and expenses, amounting to ₱75.9 million.

<u>Key Financial Soundness Indicators</u>

Below is a schedule showing the company's financial soundness indicators as at December 31, 2020 and as at December 31, 2019:

Amounts In Thousand Pesos	December 31, 2020 (Audited)	December 31, 2019 (Audited)
Current/Liquidity Ratio [C=A/B]	**2.96**	**1.92**
Current Assets [A]	399,014	268,676
Current Liabilities [B]	134,844	139,670
Solvency Ratio [F=D/E]	**0.05**	**0.04**
After Tax Income(Loss) less Depreciation [D]	42,475	32,517
Total Liabilities [E]	814,024	875,338
Debt to Equity Ratio [H=E/G]	**0.73**	**0.74**
Total Liabilities [E]	814,024	875,338
Total Equity [G]	1,108,814	1,184,441
Asset to Equity Ratio [J=I/G]	**1.73**	**1.74**
Total Assets [I]	1,922,838	2,061,488
Total Equity [G]	1,108,814	1,186,150
Profitability Ratio [L=K/G]	**-0.07**	**-0.07**
After Tax Income (Loss)[K]	(75,885)	(79,392)
Total Equity [G]	1,108,814	1,186,150

The financial indicator ratios calculated above as of December 31, 2020, and 2019 have remained generally positive and favorable to the Company, except for Solvency and Profitability Ratios which showed the deteriorating operational performance of the Company for the three-year period, most especially in 2020 when the impact of Covid 19 was felt. Significantly reduced membership and amusement revenues were demonstrated in 2020 compared to the previous years, which was offset by increased room revenues when a locator in Clark Freeport Zone housed their employees in the villas of the Country Club during the enhanced community lockdown.

As abovementioned, there was a significant decrease in membership revenues since total collections from membership dues and consumable coupons in 2020 only amounted to ₱20.4 million which was much lower than the previous year of ₱43.8 million mainly due to the lack of interest of its members to pay their monthly dues due to the deterioration of the Company's residential villas and recreational facilities.

Aggravating the operating results for 2020 included the effects of PFRS 16, i.e. additional depreciation expense on Right of Use Assets amounting to ₱3.4 million and interest expense of ₱37.6 million on outstanding lease liability, with respect to the long-term lease with CDC, as well as the effects of the Cost Plus rental charging by FRCCI to FDC resulting to additional revenues of ₱44.4 million but offset by additional depreciation expense of ₽42.3 million on fixed assets transferred by the Developer to the Company in accordance with the Deed of Absolute Sale settlement of the Developer's liability to the Company totaling ₽1.1 billion which took effect on March 1, 2019.

Due to the Company's operating loss this year, its Earnings Before Income Tax/ Depreciation and Amortization (EBITDA) resulted to ₽42.5 million compared to the previous years' EBITDA of ₽30.8 million or 2019.

B. Interim Periods

For the First Quarters Ended March 31, 2023 and March 31, 2022

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended March 31			
	2023	2022	Variance	%
Revenues	23,299,810	25,279,332	(1,979,522)	-8%
Direct costs	(5,882,604)	(4,606,441)	(1,276,163)	-28%
Excess (Deficiency) of revenues over costs and expenses	17,417,206	20,672,891	(3,255,685)	-16%
General and administrative expenses	(45,105,131)	(43,129,242)	(1,975,889)	-5%
Finance cost	(9,839,068)	(9,569,041)	(270,027)	-3%
Other income	6,353,121	6,376,521	(23,400)	-0%
Excess (Deficiency) of revenues over costs and expenses before income tax	(31,173,872)	(25,648,871)	(5,525,001)	-22%
Income tax expense	46,696	0	(46,696)	-0%
Deficiency of revenues over costs and expenses	(31,220,568)	(25,648,871)	(5,571,697)	-22%

Rooms, membership and amusement posted revenues for the quarter ended March 31, 2023 amounted to ₽19.3 million, ₽3.3 million, and ₽696,000, compared to the revenues generated for the same period last year of ₽21.2 million, ₽3.5 million and ₽608,000 respectively. The over-all decrease in revenues of about ₽2.0 million or 8%, especially rooms revenues can be mainly attributed to the relatively slow business recovery of the Country Club considering the negative impact of stiff competition with new hotels like Marriott and Swissotel inside Clark, with modern hotel rooms, top-of-the line amenities and a wide selection of F&B outlets offering exquisite cuisine to guests. Moreover, the Country Club will need significant amount of capital to rehabilitate not only its villas but also the main attraction inside the Country Club which is the Water Theme Park remaining close since 2019.

Membership revenues for this year's quarter of ₽3.3 million slightly decreased compared to last year's quarter of ₽3.5 million, which can be principally attributed to lower collections during this year's quarter of ₽6.8.million compared to last year's ₽7.4 million.

Amusement revenues increased by about ₽88,000 or 14% for this quarter compared to the same period last year due to the soft opening of the Hotspring on March 14, 2022 (with the opening of the full facility in May 2023) and also due to the availment of sports (ie tennis and swimming) packages which have gained popularity.

Other income for this quarter and for last year's quarter has remained almost the same, which mainly pertained to the recognition of interest income on the sublease of the 25.22 hectares from FDC, accounted for as finance lease.

Despite revenues falling short of expectations, operating and fixed costs increased by ₽3.3 million due to the combined effects of higher direct operating costs of ₽1.3 million and general and administrative expenses of ₽2.0.million, mainly repairs and maintenance costs which were incurred to ensure that the villas are in good condition.

Also for this quarter pursuant to PFRS 16, the Country Club incurred interest on its lease liability to CDC amounting to ₽9.8 million, compared to the same period last year of ₽9.6 million.

Operations for the three months ended March 31, 2023 resulted to an excess of costs over revenues, net of income tax expense, of ₽31.2 million, higher than the same period last year by ₽25.6 million or 22%.

For the First Quarters Ended March 31, 2022 and March 31, 2021

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended March 31			
	2022	2021	Variance	%
Revenues	**25,279,332**	28,560,411	**(3,281,079)**	**(11%)**
Direct costs	**4,606,441**	5,613,498	**1,007,057**	**18%**
Excess (Deficiency) of revenues over costs and expenses	**20,672,891**	22,946,914	**(2,274,023)**	**(10%)**
General and administrative expenses	**(43,129,242)**	(46,785,972)	**3,656,730**	**8%**
Finance cost	**(9,569,041)**	(10,653,308)	**1,084,267**	**10%**
Other income	**6,376,521**	1,900,034	**4,476,487**	**236%**
Excess (Deficiency) of revenues over costs and expenses before income tax	**(25,648,871)**	(32,592,331)	**6,943,461**	**213%**
Income tax expense	**0**	0	**0**	**-**
Deficiency of revenues over costs and expenses	**(25,648,871)**	(32,592,331)	**6,943,461**	**213%**

Rooms, membership and amusement posted revenues for the quarter ended March 31, 2022 amounted to ₽21.2 million, ₽3.5 million, and ₽608,000, compared to the revenues generated for the same period last year of ₽24.5 million, ₽3.6 million and ₽427,000 respectively. The over-all decrease of ₽3.2 million or 11% in rooms, membership and amusement revenues can be mainly attributed to the negative impact of the pandemic crisis still felt during the 1st quarter. It is expected, however, that with the easing down of health restrictions to Alert level 1, members, their guests, corporates and walk-ins will visit the Country Club on a more regular frequent basis,

Membership revenues for this year's quarter of ₽3.5 million slightly decreased compared to last year's quarter of ₽3.6 million, which can be attributed to higher collections during this year's quarter of ₽7.4.million compared to last year's ₽7.0.million

Expectedly, amusement revenues increased by about ₽181,000 or 42% for this quarter compared to the same period last year due to the soft opening of the Hotspring on March 14, 2022. The remaining amenities inside the Hotspring shall be repaired/rehabilitated in the next five months while the Water Theme Park shall remain close with many of the facilities needing repairs and rehabilitation but cannot be performed at the moment due to lack of funds.

Other income for this quarter increased by ₽4.5 million or 236% compared to the same period last year due to the recognition of interest income on the sublease of the 25.22 hectares from FDC, accounted for as finance lease.

With revenues falling short of expectations due to the effect of the pandeminc crisis, cost rationalization has remained a priority and is being implemented and observed consistently to ensure that operating revenues are attained. Accordingly, total Direct Costs and General and Administrative expenses (including fixed and financing charges) during this year's quarter were incurred below last year's quarter level.

Also for this quarter pursuant to PFRS 16, the Country Club incurred interest on its lease liability to CDC amounting to ₽9.6 million.

<u>For the First Quarters Ended March 31, 2021 and March 31, 2020</u>

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended March 31			
	2021	2020	Variance	%
Revenues	28,560,411	42,766,708	(14,206,297)	(33%)
Direct Costs	5,613,498	8,766,729	3,153,231	36%
Gross Profit	22,946,914	33,999,979	(11,053,065)	(33%)
General and Administrative Expenses (including Fixed and Financing Charges)	46,785,972	58,573,379	11,787,407	20%
Finance Costs	10,653,308	10,353,827	(299,481)	(3%)
Other Income	1,900,034	3,070,063	(1,170,029)	(38%)
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	(32,592,331)	(31,857,164)	(735,167)	(2%)
Income Tax Expense	0	0	0	0%
Excess/(Deficiency) of Revenues Over Costs and Expenses	(32,592,331)	(31,857,164)	(735,167)	(2%)

Rooms, membership and amusement posted revenues for the quarter ended March 31, 2021 amounted to ₽24.5million, ₽3.6million, and ₽427,000, compared to the revenues generated for the same period last year of ₽36.6 million, ₽5.0 million and ₽1.2 million respectively. The over-all significant decrease of 33% in rooms, membership and amusement revenues can be mainly attributed to the negative impact of the pandemic crisis which remains persistent towards 2021 as people have become more cautious in doing recreational activities.

Membership revenues for this year's quarter of ₽1.4 million decreased compared to last year's quarter of ₽4.0 million, caused by lower collections of membership dues and consumable coupons which can be attributed to the lack of interest for members to pay their dues as they would not be able to enjoy their privileges as the water parks are still closed.

Expectedly, amusement revenues decreased by about ₽773,000 or 64% for this quarter compared to the same period last year and as mentioned, the water parks have remained closed with many of the facilities needing repairs and rehabilitation but cannot be performed due to lack of funds caused by decreased collections of membership dues.

Other income for this quarter also decreased by ₽1.2 million or 38% compared to the same period.

With revenues falling short of expectations due to the effect of the pandeminc crisis, cost rationalization has remained a priority and is being implemented and observed consistently to ensure that operating revenues are attained. Accordingly, total Direct Costs for this quarter posted a 36% decrease while General and Administrative expenses (excluding fixed and financing charges) and repairs/maintenance expense of villas incurred this quarter were incurred to the minimum.

Fixed and financing charges specifically depreciation expense decreased by ₽3.8million.

Also for this quarter pursuant to PFRS 16, the Country Club incurred interest on its lease liability to CDC amounting to ₽10.7 million.

For the Second Quarters Ended June 30, 2023 and June 30, 2022

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended June 30			
	2023	2022	Variance	%
Revenues	**26,256,880**	30,811,214	**(4,554,334)**	**-15%**
Direct Costs	**(5,775,703)**	(5,065,874)	**(709,829)**	**-14%**
Gross Profit	**20,481,177**	25,745,340	**(5,264,163)**	**-20%**
General and Administrative Expenses (including Fixed and Financing Charges)	**(46,333,294)**	(46,724,877)	**391,583**	**1%**
Finance Costs	**(9,907,884)**	(9,638,242)	**(269,642)**	**-3%**
Other Income	**6,929,818**	6,601,385	**328,433**	**5%**
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	**(28,830,183)**	(24,016,394)	**(4,813,789)**	**-20%**
Income Tax Expense	**50,171**	0	**(50,171)**	**0%**
Excess/(Deficiency) of Revenues Over Costs and Expenses	**(28,880,354)**	(24,016,394)	**(4,863,960)**	**-20%**

Revenues earned from Rooms, Membership and Amusement for this year's quarter amounted to ₽22.1 million, ₽3.2 million, and ₽943,000, compared to the revenues generated for the same period last year of ₽24.0 million, ₽5.7million and ₽1.1M respectively. Room revenues declined by ₽1.9 million or 8% mainly due to lower occupancy and lower average villa rate this year's quarter compared to last year's.

Membership revenues for this year's quarter significantly decreased by ₽2.5 million or 44% mainly due to significantly reduced collections of membership dues and F&B coupons by ₽4.4 million or 53% as members have remained skeptical on the progress on the improvement of the physical condition of the villas as well as on the timeline in rehabilitating the Water Theme Park. Moreover, amusement revenues mainly coming from Hotsprings, were lower this quarter compared to the same period last year by ₽157,000. Other income for this year's quarter of ₽6.9 million, mainly consisting of the interest income on the sublease agreement with FDC, was higher than last year's quarter of ₽6.6 million by ₽328,000 or 5%.

Payroll and related costs of ₽3.7 million for this year's quarter was higher than last year for the same period of ₽3.1 million by ₽576,000 or 19%. This can be mainly attributed to the hiring of additional headcounts in Front Office to better serve members and guests. Other direct costs increased by ₽134,000 or 7% during this year's quarter mainly caused by increased fuel & gasoline costs. Moreover, General and Administrative expenses (excluding fixed and financing charges) incurred for this quarter posted a mere increase of ₽381,000 or 6%. However, upkeep, maintenance and energy costs expenses incurred this quarter amounted to ₽15.2million which approximated last year's by only ₽231,000 or 2%.

Fixed and financing charges, including interest expense on lease liability to CDC, amounted to ₽34.4 million for this quarter compared to the same period last year of ₽35.1 million with only a minimal decrease of ₽773,000 or 2%. This account heading also includes depreciation expense on FDC properties transferred to FRCCI by virtue of the deed of absolute sale as well as the depreciation expense on the Right-of-use (ROU) asset pursuant to PFRS 16.

All told, the Excess of Costs and Expenses over Revenues (Deficiency) before Income Tax for the quarter ended June 30, 2023 amounted to ₽28.8 million, higher than the Excess of Costs and Expenses over Revenues (Deficiency) before Income Tax of ₽24.0 million for the same quarter last year.

For the Second Quarters Ended June 30, 2022 and June 30, 2021

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended June 30			
	2022	2021	Variance	%
Revenues	**30,811,214**	28,439,710	**2,371,504**	**8%**
Direct Costs	**(5,065,874)**	(4,870,736)	**(195,138)**	**(4%)**
Gross Profit	**25,745,340**	23,568,974	**2,176,366**	**9%**
General and Administrative Expenses (including Fixed and Financing Charges)	**(46,724,877)**	(46,587,521)	**(137,356)**	**(0%)**
Finance Costs	**(9,638,242)**	(8,573,832)	**(1,064,410)**	**(12%)**
Other Income	**6,601,385**	1,978,097	**4,623,288**	**234%**
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	**(24,016,394)**	(29,614,282)	**5,597,888**	**19%**
Income Tax Expense	**0**	0	**0**	**0%**
Excess/(Deficiency) of Revenues Over Costs and Expenses	**(24,016,394)**	(29,614,282)	**5,597,888**	**19%**

Revenues earned from Rooms, Membership and Amusement for this year's quarter amounted to ₱24.0 million, ₱5.7 million, and ₱1.1 million, compared to the revenues generated for the same period last year of ₱24.8 million, ₱3.1 million and ₱589,000 respectively. Room revenues declined by ₱800,000 or 3% mainly due to lower occupancy this year's quarter compared to last year's.

Membership revenues for this year's quarter increased by ₱5.7 million or 46% mainly due to higher amortizations of deferred revenues and increased collections of membership dues and F&B coupons by ₱1.4 million or 32%. Moreover, amusement revenues mainly coming from Hotsprings, were higher by ₱1.1 million compared to the same period last year of ₱589,000. Other income for this year's quarter of ₱6.6 million, mainly consisting of the interest income on the sublease agreement with FDC, was higher than last year's quarter of ₱2.0 million by ₱4.6 million or 234%.

Payroll and related costs of ₱3.1 million for this year's quarter was significantly lower than last year for the same period of ₱5.2 million by ₱2.1 million or 40%. This can be mainly attributed to a number of resignations especially at Front Office, with difficulty being experienced in finding suitable replacements.. Other direct costs increased by ₱370,000 or 23% during this year's quarter mainly caused by increased fuel & gasoline costs. Moreover, General and Administrative expenses (excluding fixed and financing charges) incurred for this quarter posted a mere increase of ₱292,000 or 5%. However, upkeep, maintenance and energy costs expenses incurred this quarter amounted to ₱15.0 million which approximated last year's with almost the same amount.

Fixed and financing charges, including interest expense on lease liability to CDC, amounted to ₱35.1 million for this quarter compared to the same period last year of ₱34.2 million with only a minimal increase of ₱949,000 or 3%. This account heading also includes depreciation expense on FDC properties transferred to FRCCI by virtue of the deed of absolute sale as well as the depreciation expense on the Right-of-use (ROU) asset pursuant to PFRS 16.

All told, the Excess of Costs and Expenses over Revenues before Income Tax for the quarter ended June 30, 2022 amounted to ₱24.0 million, lower than the Excess of Costs and Expenses over Revenues before Income Tax of ₱29.6 million for the same quarter last year, which is a positive development that the Country Club is managing its operating and fixed costs amidst an increasing revenue growth, a sign of a slow recovery from the pandemic crisis.

For the Second Quarters Ended June 30, 2021 and June 30, 2020

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended June 30			
	2021	2020	Variance	%
Revenues	**28,439,710**	68,661,302	**(40,221,592)**	**(59%)**
Direct Costs	**(4,870,736)**	(4,790,752)	**(79,984)**	**(2%)**
Gross Profit	**23,568,974**	63,870,550	**(40,301,576)**	**(63%)**
General and Administrative Expenses (including Fixed and Financing Charges)	**(46,587,521)**	(50,776,943)	**4,189,422**	**8%**
Finance Costs	**(8,573,832)**	(10,429,959)	**1,856,127**	**18%**
Other Income	**1,978,097**	1,081,941	**896,156**	**83%**
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	**(29,614,282)**	3,745,589	**(33,359,871)**	**(891%)**
Income Tax Expense	**0**	0	**0**	**0%**
Excess/(Deficiency) of Revenues Over Costs and Expenses	**(29,614,282)**	3,745,589	**(33,359,871)**	**(891%)**

Revenues earned from Rooms, Membership and Amusement for this year's quarter amounted to ₽24.8 million, ₽3.1million, and ₽589,000, declined compared to the revenues generated for the same period last year of ₽63.8 million and ₽2.4 million respectively, except for Amusement which increased by ₽174,000. Room revenues significantly declined due to lower occupancy for this year's quarter compared to the same period last year. It should be noted that the last year's quarter included a group acommodation that housed its employees in the resort for several months.

Membership revenues for this year's quarter decreased due to lower amortizations of deferred revenues and lower collections of membership dues and F&B coupons for the current quarter of ₽3.1 million compared to last year's for the same period of ₽11.4 million. Amusement revenues mainly coming from the Sports Center, however, were higher by ₽174,000 compared to the same period last year despite the Water Theme Park and Hotsprings still closed. Other income for this year's quarter of ₽1.9 million, higher than last year's ₽1.1 million mainly from excess CDC fees.

Payroll and related costs of ₽5.2million for this year's quarter was higher than last year's for the same period of ₽3.5million or 49% as last year's quarter headcount was significantly lower as many of the employees did not report for work due to the community quarantine health protocols. Other direct costs were incurred reasonably well during this year's quarter. Moreover, General and Administrative expenses (excluding fixed and financing charges) incurred for this quarter posted an increase of ₽582,000 or about 11%, which can also be attributed that last year's quarter required some back office staff not reporting for work due to the community quarantine health protocols. However, upkeep and maintenance expenses of the resort incurred this quarter decreased by ₽2.7 million as repairs and rehabilitation of certain areas need to be prioritized as its liquidity tightened due to the pandemic crisis situation.

Fixed and financing charges for this quarter had a significant increase of ₽25.5 million this quarter compared to the same quarter last year due to the taking up of depreciation expense on FDC properties transferred to FRCCI by virtue of the deed of absolute sale as well as the depreciation expense on the Right-of-use (ROU) asset pursuant to PFRS 16.

All told, the Excess of Costs and Expenses over Revenues before Income Tax for the quarter ended June 30, 2021 amounted to ₽29.6 million which clearly reflects the business slowdowns experienced by the Company full scale starting this year unlike the Excess of Revenues over Costs and Expenses of ₽3.7 million for the same quarter last year, when it had one-off revenues realized from group accommodation during the quarantine period.

For the Third Quarters Ended September 30, 2023 and September 30, 2022

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended September30			
	2023	2022	Variance	%
Revenues	**25,213,256**	24,566,145	**647,111**	**3%**
Direct Costs	**5,448,681**	5,937,270	**488,589**	**8%**
Gross Profit	**19,764,575**	18,628,875	**1,135,700**	**6%**
General and Administrative Expenses (including Fixed and Financing Charges)	**40,670,007**	41,946,971	**1,276,964**	**3%**
Finance Costs	**9,527,660**	9,704,260	**176,600**	**2%**
Other Income	**6,234,191**	6,246,288	**(12,097)**	**(0%)**
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	**(24,198,901)**	(26,776,068)	**2,577,167**	**10%**
Income Tax Expense	**96,867**	(0)	**96,867**	**0%**
Excess/(Deficiency) of Revenues Over Costs and Expenses	**(24,295,768**	(26,776,068)	**2,480,300**	**9%**

Revenues realized and earned from Rooms, Membership and Amusement for this year's quarter amounted to ₱20.8 million, ₱3.8 million, and ₱547,000 compared to the revenues generated for the same period last year of ₱19.6 million, ₱4.3 million, and ₱643,000, respectively.

Room revenues had a minimal increase of ₱1.2 million mainly due to higher revenues from walk-ins/FITs who have provided patronage to the facilities of the resort especially the Hotsprings and F&B outlets.

Membership revenues for this year's quarter decreased by about ₱500K million mainly due to decreased collections of membership dues and F&B coupons. Amusement revenues for this year's quarter mainly coming from the Sports Center and Hotspring was also lower by ₱96,000 compared to the same period last year. Other income for this year's quarter almost approximated last year's quarter.

Payroll and related costs of ₱3.5 million for this year's quarter was slightly higher than last year's for the same period of ₱3.4 million or 5%. Other direct costs during this year's quarter amounted to ₱1.9 million lower than last year's quarter of ₱2.6 million by 25%, which were managed well.

Moreover, General and Administrative expenses (excluding fixed and financing charges) incurred for this quarter posted an increase of ₱288,000 or only5%. Upkeep and maintenance expenses of the resort incurred this quarter of ₱11.8 million compared to ₱13.1 million of the same period last year, decreased by 10% mainly due to the transfer of the electricity billings of the 71 FRCCI LTU villas from FRCCI to FDC.

Fixed and financing charges for this quarter decreased by a minimal 1% compared to the same quarter last year mainly due to the movements in the depreciation expense on FDC properties transferred to FRCCI by virtue of the deed of absolute sale as well as the depreciation expense on the Right-of-use (ROU) asset pursuant to PFRS 16.

All told, the Excess of Costs and Expenses over Revenues before Income Tax for the quarter ended September 30, 2023 amounted to ₱24.3 million lower than the Excess of Costs and Expenses over Revenues of ₱26.8 million for the same quarter last year.

For the Third Quarters Ended September 30, 2022 and September 30, 2021

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended September30			
	2022	2021	Variance	%
Revenues	**24,566,145**	30,146,082	**(5,579,937)**	**-19%**
Direct Costs	**5,937,270**	3,713,762	**(2,223,508)**	**-60%**
Gross Profit	**18,628,875**	26,432,230	**(7,803,445)**	**-30%**
General and Administrative Expenses (including Fixed and Financing Charges)	**41,946,971**	47,425,636	**5,478,665**	**11%**
Finance Costs	**9,704,260**	9,718,780	**14,520**	**0.1%**
Other Income	**6,246,288**	2,690,154	**3,556,134**	**132%**
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	**(26,776,068)**	(28,021,942)	**1,245,874**	**4%**
Income Tax Expense	**(0)**	(0)	**0**	**0%**
Excess/(Deficiency) of Revenues Over Costs and Expenses	**(26,776,068)**	(28,021,942)	**1,245,874**	**4%**

Revenues realized and earned from Rooms, Membership and Amusement for this year's quarter amounted to ₽19.6 million, ₽4.3million, and ₽643,000 compared to the revenues generated for the same period last year of ₽26.3 million, ₽3.3, and ₽538,000, respectively.

Room revenues significantly declined by ₽6.7 million due to lower occupancy for this year's quarter compared to the same period last year, mainly because there was a sharp decline in the use of the villas by corporate FITs (ie those pertaining to accommodations by the crew of TV teleserye shootings of both GMA and ABS-CBN).

Membership revenues for this year's quarter increased by ₽1.0 million mainly due to increased collections of membership dues and F&B coupons, resulting from increased patronage as the Hotspring was partially opened in March this year. Correspondingly, Amusement revenues for this year's quarter mainly coming from the Sports Center and Hotspring was higher by ₽105,000 compared to the same period last year. Other income for this year's quarter of ₽6.2 million was significantly higher than last year's quarter of ₽3.6 million mainly coming from interest income from sublease of the 25.22 hectares by FDC.

Payroll and related costs of ₽3.4 million for this year's quarter was higher than last year's for the same period of ₽3.0 million or 13% due to the increase in headcount in Rooms and Membership. Other direct costs were incurred and managed reasonably well during this year's quarter.

Moreover, General and Administrative expenses (excluding fixed and financing charges) incurred for this quarter posted a decrease of ₽669,000 million or only 3%. Upkeep and maintenance expenses of the resort incurred this quarter decreased by ₽972,000 compared to that of the same period last year, focusing on certain areas that need to be prioritized for repairs and rehabilitation.

Fixed and financing charges for this quarter also decreased by ₽7.2 million this quarter compared to the same quarter last year mainly due to the movements in the depreciation expense on FDC properties transferred to FRCCI by virtue of the deed of absolute sale as well as the depreciation expense on the Right-of-use (ROU) asset pursuant to PFRS 16.

All told, the Excess of Costs and Expenses over Revenues before Income Tax for the quarter ended September 30, 2022 amounted to ₽26.8 million slightly lower than the Excess of Costs and Expenses over Revenues of ₽28.0 million for the same quarter last year.

For the Third Quarters Ended September 30, 2021 and September 30, 2020

Statement of Comprehensive Income (Unaudited)				
	Amounts in Pesos			
	For the Quarters Ended September30			
	2021	2020	Variance	%
Revenues	**30,146,082**	44,871,342	**(14,725,260)**	**-33%**
Direct Costs	**3,713,762**	5,527,899	**1,814,137**	**33%**
Gross Profit	**26,432,230**	39,343,443	**(12,911,123)**	**-33%**
General and Administrative Expenses (including Fixed and Financing Charges)	**47,425,636**	49,060,879	**1,635,243**	**3%**
Finance Costs	**9,718,780**	20,783,786	**11,065,006**	**53%**
Other Income	**2,690,154**	(757,574)	**3,447,728**	**455%**
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	**(28,021,942)**	(31,258,796)	**3,236,854**	**10%**
Income Tax Expense	**(0)**	(0)	**0**	**0%**
Excess/(Deficiency) of Revenues Over Costs and Expenses	**(28,021,942)**	(31,258,796)	**3,236,854**	**10%**

Revenues earned from Rooms, Membership and Amusement for this year's quarter amounted to ₽26.3 million, ₽3.3 million, and ₽583,000, declined compared to the revenues generated for the same period last year of ₽40.7 million and ₽3.7 million respectively, except for Amusement which increased by ₽99,,000. Room revenues significantly declined due to lower occupancy for this year's quarter compared to the same period last year. It should be noted that the last year's quarter included a group acommodation that housed its employees in the resort for several months.

Membership revenues for this year's quarter decreased due to lower amortizations of deferred revenues and lower collections of membership dues and F&B coupons for the current quarter of ₽3.3 million compared to last year's for the same period of ₽3.7 million. Amusement revenues mainly coming from the Sports Center, however, were higher by ₽99,000 compared to the same period last year despite the Water Theme Park and Hotsprings still closed, due to recreation packages implemented as a means to spur enhance interest to patronize the Sports Center. Other income for this year's quarter of ₽2.7 million was higher mainly from excess CDC fees.

Payroll and related costs of ₽1.1million for this year's quarter was lower than last year's for the same period of ₽1.7 or 35% as last year's quarter headcount was significantly lower as many of the employees did not report for work due to the community quarantine health protocols. Other direct costs were incurred reasonably well

during this year's quarter. Moreover, General and Administrative expenses (excluding fixed and financing charges) incurred for this quarter posted a decrease of ₽229,000 million or only 4%, which can also be attributed that last year's quarter required some back office staff not reporting for work due to the community quarantine health protocols. Upkeep and maintenance expenses of the resort incurred this quarter decreased by ₽6.0 million compared to that of the same period last year, focusing on certain areas that need to be prioritized for repairs and rehabilitation.

Fixed and financing charges for this quarter also decreased by ₽8.3 million this quarter compared to the same quarter last year mainly due to the movements in the depreciation expense on FDC properties transferred to FRCCI by virtue of the deed of absolute sale as well as the depreciation expense on the Right-of-use (ROU) asset pursuant to PFRS 16.

All told, the Excess of Costs and Expenses over Revenues before Income Tax for the quarter ended September 30, 2021 amounted to ₱28.0 million which clearly reflects the business slowdowns experienced by the Company slightly lower than the Excess of Costs and Expenses over Revenues of ₱31.3 million for the same quarter last year.

Balance Sheet

As of March 31, 2023 and December 31, 2022

BALANCE SHEET				
	Amounts in Pesos			
	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	Variance	%
Total Current Assets	309,845,467	311,257,182	(1,411,715)	-0%
Property and equipment - net	44,652,779	51,994,084	(7,341,305)	-14%
Investment properties - net	1,011,160,107	1,025,967,232	(14,807,125)	-1%
Right-of-use (ROU) asset - net	298,991,631	300,740,120	(1,748,489)	-1%
Finance lease receivables	307,944,181	305,767,773	2,176,408	1%
Deferred tax assets	9,666,999	9,666,999	0	0%
Other non-current assets	621,344	661,344	(40,000)	-6%
Total Assets	1,982,882,508	2,006,054,734	(23,172,226)	-1%
Total Current Liabilities	125,814,874	122,623,426	3,191,448	3%
Lease liability, net of current portion	692,809,615	687,872,721	4,936,894	1%
Retirement benefits liability	7,710,425	7,790,425	(80,000)	-1%
Deferred tax liabilities	4,330,543	4,330,543	0	0%
Total Non-Current Liabilities	704,850,583	699,993,689	4,856,894	1%
Total Members' Equity	1,152,217,051	1,183,437,619	(31,220,568)	-3%
Total Liabilities and Members' Equity	1,982,882,508	2,006,054,734	(23,172,226)	-1%

The Country Club's Total Assets as at March 31, 2023 amounting to ₱1.98billion decreased from ₱2.0 billion as at December 1, 2022 by ₱23.2 million or only 1%, which can be attributed to a significant decrease in Total Non-Current Assets by ₱21.8 million this year's quarter compared to last year's mainly due to certain group of assets becoming fully depreciated this quarter, namely Property and Equipment and Investment Properties, aggravated by a provision for impairment loss for villas under construction for the past several years amounting to ₱69.1 million, which cannot be made productive. There was also a decrease in Total Current Assets mainly Cash totaling to ₱1.4 million.

Total Current Liabilities as at March 31, 2023 of ₱125.8 million compared to the December 31, 2022 year-end balance of ₱122.6 million increased by ₱3.2 million, mainly due to the combined effects of higher unreleased checks by ₱1.8 million as funds have become tight amidst revenues falling short of expectations as well as an increase in contractual liabilities by ₱1.6 million, specifically collections of advanced membership dues and F&B coupons .

The balance in Lease Liability under Non-Current Liabilities of ₱712.4 million as at March 31, 2023 and ₱707.5 million as at December 31, 2022 correspond to the monitoring schedules prepared by the external auditors in accounting for long term lease with CDC pursuant to the provisions of PFRS 16.

The decrease in Total Members' Equity amounting to ₱31.2 million mainly pertains to the excess of costs over revenues for the quarter ended March 31, 2023.

Key Financial Soundness Indicators

Below is a schedule showing the company's financial soundness indicators as at March 31, 2023 and as at December 31, 2022:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Current/ liquidity Ratio	**2.46**	**2.54**
Current assets	**309,845,467**	311,257,182
Current liabilities	**125,814,874**	122,623,426
Solvency Ratio	**-0.01**	**-0.14**
After tax income (loss) add depreciation	**(7,031,995)**	(118,701,052)
Total liabilities	**830,665,457**	822,617,115
Debt-to-equity Ratio	**0.72**	**0.70**
Total liabilities	**830,665,457**	822,617,115
Total equity	**1,152,217,051**	1,183,437,619
Asset-to-equity Ratio	**1.72**	**1.70**
Total assets	**1,982,882,508**	2,006,054,734
Total equity	**1,152,217,051**	1,183,437,619
Profitability Ratio	**-0.03**	**-0.18**
After tax income (loss)	**(31,220,568)**	(216,047,648)
Total equity	**1,152,217,051**	1,183,437,619

In addition, the Company identifies its top five (5) key performance indicators as follows: 1) working capital; 2) current ratio; 3) base equity; 4) collections from membership dues and consumable coupons; and 5) earnings before interest, taxes, depreciation, and amortization (EBITDA).

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measure the liquidity or short-term debt paying ability of the Company. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. The base equity ratio (total members' equity over total assets) of at least 25% measures the level of dependence of the Company from its stockholders or creditors in meeting its financial obligations. EBITDA (EBITDA over total revenues) of at least 20% of total revenues determines the income produced by each peso of revenues.

As of March 31, 2023, the Company's liquidity decreased by a ₽4.6 million from December 31, 2022 or only 2%, which still is a good indication that funds are still effectively managed to sustain operations. Moreover, despite the decrease in the current/liquidity ratio 2.54:1 as at December 31, 2022 to 2.46:1 as at March 31, 2023, it also demonstrates the Company's capability to pay off its current liabilities with its liquid assets.

The Company's debt-to-equity and assets-to-equity ratios as at March 31, 2023 increased from that as at December 31, 2022, which reflects a positive effect on the Company's capability to meet both its financial obligations to creditors and stockholders.

Collections from membership dues and consumable coupons as at March 31, 2023 amounted to ₽6.8 million or a monthly average of only ₽2.3 million over approximately less than 2,500 active members, which are projected to increase during the remaining months of 2023 as members are expected to visit the Country Club due to the opening of the Hotspring (full facility) in May this year.

Due to the slow recovery from the pandemic crisis with shortfall in revenues amidst rising costs, EBITDA for the quarter ended March 31, 2023 resulted to a loss of ₽7.0 million or 30% of total revenues while EBITDA for the same period last year also resulted to a loss of ₽256,000 or 1% of total revenues.

As of March 31, 2022 and December 31, 2021

Balance Sheet				
	Amounts in Pesos			
	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)	Variance	%
Total Current Assets	373,189,591	374,773,208	(1,583,617)	-
Property and equipment - net	70,590,379	77,324,519	(6,734,140)	(9%)
Investment properties - net	1,138,946,362	1,154,954,386	(16,008,024)	(1%)
Right-of-use (ROU) asset - net	306,429,346	307,734,076	(1,304,730)	-
Finance lease receivables	299,610,901	297,356,446	2,254,455	1%
Deferred tax assets	6,740,255	6,740,255	0	-
Other non-current assets	486,322	493,045	(6,723)	(1%)
Total Assets	2,195,993,156	2,219,375,935	(23,382,779)	(1%)
Total Current Liabilities	139,680,449	142,512,577	(2,832,128)	(2%)
Lease liability, net of current portion	673,896,818	668,798,675	5,098,143	-
Retirement benefits liability	8,269,999	8,269,999	0	-
Deferred tax liabilities	2,178,701	2,178,701	0	-
Total Non-Current Liabilities	684,345,518	679,247,375	5,098,143	-
Total Members' Equity	1,371,967,189	1,397,615,983	(25,648,794)	(2%)
Total Liabilities and Members' Equity	2,195,993,156	2,219,375,935	(23,382,779)	(1%)

The Country Club's Total Assets as at March 31, 2022 amounting to ₽2.196 billion decreased from ₽2.219 billion as at December 1, 2021 by ₽23.4 million or only 1%, which can be attributed to a significant decrease in Total Non-Current Assets by ₽21.8 million this year's quarter compared to last year's mainly due to certain group of assets becoming fully depreciated this quarter, namely Property and Equipment and Investment Properties. There was also a decrease in Total Current Assets mainly Membership dues & other receivables and Prepayments and other current assets totaling to ₽2.2 million.

Total Current Liabilities decreased by ₽2.8 million as at March 31, 2022 compared to the December 31, 2021 year-end balance of ₽142.5 million, mainly due to a significant decrease in unreleased checks as the Company was able to fund several maturing checks in settlement of operations related expenditures.

The balance in Lease Liability under Non-Current Liabilities of ₽673.9 million as at March 31, 2022 and ₽668.8 million as at December 31, 2021 correspond to the monitoring schedules prepared by the external auditors in accounting for long term lease with CDC pursuant to the provisions of PFRS 16.

The decrease in Total Members' Equity mainly pertains to the excess of costs over revenues for the quarter ended March 31, 2022.

With the improving business conditions resulting from the easing of health safety protocols to Alert level 1 in Central Luzon, the operations of the Country Club during the 1st quarter this year, have shown some positive indicators with improved collections of membership dues, enhanced amusement revenues due to the soft opening of the Hotspring, and the potential growth in room/villa revenues due to increased mobility as members and walk-in guests shall visit the Country Club on a more frequent basis. Moreover, the Country Club has an agreement with FDC for the use of underutilized villas for a transfer pricing fee to cover the fixed costs of maintaining the villas that should have been shouldered by the members, with FDC continually assisting the Country Club's working capital requirements as need be.

Key Financial Soundness Indicators

Below is a schedule showing the company's financial soundness indicators as at March 31, 2022 and as at December 31, 2021:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current/ liquidity Ratio	**2.67**	**2.63**
Current assets	**373,189,591**	374,773,208
Current liabilities	**139,680,449**	142,512,577
Solvency Ratio	**-0.00**	**5.26**
After tax income (loss) add depreciation	**(255,874)**	43,191,690
Total liabilities	**824,025,967**	821,759,952
Debt-to-equity Ratio	**0.60**	**0.59**
Total liabilities	**824,025,967**	821,759,952
Total equity	**1,371,967,189**	1,397,615,983
Asset-to-equity Ratio	**1.60**	**1.59**
Total assets	**2,195,993,156**	2,219,375,935
Total equity	**1,371,967,189**	1,397,615,983
Profitability Ratio	**-0.02**	**-0.04**
After tax income (loss)	**(25,648,871)**	(61,977,885)
Total equity	**1,371,967,189**	1,397,615,983

The Company identifies its top five (5) key performance indicators as follows: 1) working capital; 2) current ratio; 3) base equity; 4) collections from membership dues and consumable coupons; and 5) earnings before interest, taxes, depreciation, and amortization (EBITDA).

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measure the liquidity or short-term debt paying ability of the Company. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. The base equity ratio (total members' equity over total assets) of at least 25% measures the level of dependence of the Company from its stockholders or creditors in meeting its financial obligations. EBITDA (EBITDA over total revenues) of at least 20% of total revenues determines the income produced by each peso of revenues.

As of March 31, 2022, the Company's liquidity increased by ₽1.2million from December 31, 2021 which is a good indication that funds are still effectively managed to sustain operations. Moreover, the current/liquidity ratio increased from 2.63:1 as at December 31, 2021 to 2.67:1 as at March 31, 2022, which demonstrates the Company's capability to pay off its current liabilities with its liquid assets.

The Company's debt-to-equity and assets-to-equity ratios as at March 31, 2022 increased from that as at December 31, 2021, which reflects a positive effect on the Company's capability to meet both its financial obligations to creditors and stockholders.

Collections from membership dues and consumable coupons as at March 31, 2022 amounted to ₽2.7 million or a monthly average of only ₽916,000 over approximately less than 500 active members, which are projected to increase during the remaining months of 2022 as members are expected to visit the Country Club due to the easing of travel restrictions.

EBITDA for the quarter ended March 31, 2022 resulted to a loss of ₽256,000 or only 1% of total revenues while EBITDA for the same period last year also resulted to a loss of ₽4.2 million or 25% of total revenues.

As of March 31, 2021 and December 31, 2020

BALANCE SHEET				
	Amounts in Pesos			
	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)	Variance	%
Total Current Assets	**407,817,856**	399,013,627	**8,804,229**	**2%**
Property and equipment - net	**322,416,683**	112,210,949	**210,205,734**	**187%**
Investment properties	**984,868,932**	1,218,762,560	**(233,893,628)**	**-19%**
Right-of-use (ROU) asset	**233,546,714**	165,046,854	**68,499,860**	**42%**
Deferred tax assets	**27,961,609**	27,420,080	**541,529**	**2%**
Other non-current assets	**493,849**	384,266	**109,583**	**28%**
Total Assets	**1,977,105,643**	1,922,838,336	**54,267,307**	**3%**
Total Current Liabilities	**121,308,129**	134,844,292	**(13,536,163)**	**-10%**
Lease liability	**779,602,491**	670,335,751	**109,266,740**	**16%**
Retirement benefits liability	**5,994,638**	8,844,479	**(2,849,841)**	**-32%**
Total Non-Current Liabilities	**785,597,129**	679,180,230	**106,416,899**	**16%**
Total Members' Equity	**1,070,200,385**	1,108,813,814	**(38,613,429)**	**-3%**
Total Liabilities and Members' Equity	**1,977,105,643**	1,922,838,336	**54,267,307**	**3%**

The Country Club's Total Assets as at March 31, 2021 (subject to take up of 2020 year-end adjustments) increased to ₽1.98 billion from ₽1.92 billion as at December 1, 2020 which can be attributed to a significant increase in Total Non-Current Assets by ₽45.5 million, mainly caused by restatements in the

Property and equipment, Investment properties and Right-of-use (ROU) asset as at December 31, 2020. Moreover, there was in increase in Total Current Assets mainly Membership dues & other receivables and Advances to related properties amounting to ₽8.8 million.

Total Current Liabilities (after reclassifying the current portion of the lease liability) increased by ₽4.8 million as at March 31, 2021 compared to the December 31, 2020 year-end balance of ₽116.5 million, mainly due to deferred income - membership dues arising from advanced collections from members and increase in trade payables to sustain operational requirements.

The increase in Total Non-Current Liabilities by ₽106.4 million shall be adjusted when the adjustment in 2020 pertaining to the lease liability to CDC pursuant to the effectivity of PFRS 16 is taken up in 2021.

The decrease in Total Members' Equity mainly pertains to the excess of costs over revenues for the quarter ended March 31, 2021.

Key Financial Soundness Indicators

Below is a schedule showing the company's financial soundness indicators as at March 31, 2021 and as at December 31, 2020:

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Current/ liquidity Ratio	**3.36**	**2.96**
Current assets	407,817,856	399,013,627
Current liabilities	121,308,129	134,844,292
Solvency Ratio	-0.01	5.22
After tax income (loss) add depreciation	(7,299,781)	42,475,178
Total liabilities	906,905,258	814,024,522
Debt-to-equity Ratio	0.85	0.73
Total liabilities	906,905,258	814,024,522
Total equity	1,070,200,385	1,108,813,814
Asset-to-equity Ratio	1.85	1.73
Total assets	1,977,105,643	1,922,838,336
Total equity	1,070,200,385	1,108,813,814
Profitability Ratio	-0.03	-0.07
After tax income (loss)	(32,592,331)	(75,885,175)
Total equity	1,070,200,385	1,108,813,814

In addition, the Company identifies its top five (5) key performance indicators as follows: 1) working capital; 2) current ratio; 3) base equity; 4) collections from membership dues and consumable coupons; and 5) earnings before interest, taxes, depreciation, and amortization (EBITDA).

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measure the liquidity or short-term debt paying ability of the Company. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. The base equity ratio (total members' equity over total assets) of at least 25% measures the level of dependence of the Company from its stockholders or creditors in meeting its financial obligations. EBITDA (EBITDA over total revenues) of at least 20% of total revenues determines the income produced by each peso of revenues.

As of March 31, 2021, the Company's liquidity increased by a ₱22.3 million from December 31, 2020 which provides a positive indication that funds are still effectively managed to sustain operations despite the financial struggles experienced during the pandemic crisis. Moreover, the current/liquidity ratio increased from 2.96:1 as at December 31, 2020 to 3.36:1 as at March 31, 2021. This is still a very good indication that the Company has the capability to pay off its current liabilities with its liquid assets.

The Company's debt-to-equity and assets-to-equity ratios as at March 31, 2021 increased from that as at December 31, 2020, which reflect a positive effect on the Company's capability to meet both its financial obligations to creditors and stockholders.

Collections from membership dues and consumable coupons as at March 31, 2021 amounted to ₱7.0 million or a monthly average of only ₱583,000 over approximately less than 1,500 active members, which are expectedly continue to go down further due to the pandemic crisis situation.

EBITDA for the quarter ended March 31, 2021 resulted to a loss of ₱7.3 million or 26% of total revenues while EBITDA for the same period last year resulted to a profit of ₱2.9 million or 7% of total revenues.

<u>As of June 30, 2023 and December 31, 2022</u>

BALANCE SHEET				
	Amounts in Pesos			
	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)	Variance	%
Total Current Assets	311,196,395	311,257,182	(60,787)	0%
Property and equipment - net	38,195,155	51,994,084	(13,798,929)	-27%
Investment properties - net	996,310,106	1,025,967,232	(29,657,126)	-3%
Right-of-use (ROU) asset - net	297,243,141	300,740,120	(3,496,979)	-1%
Finance lease receivables	310,150,653	305,767,773	4,382,880	1%
Deferred tax assets	9,666,999	9,666,999	0	0%
Other non-current assets	731,344	661,344	70,000	11%
Total Assets	1,963,493,793	2,006,054,734	(42,560,941)	-2%
Total Current Liabilities	130,321,278	122,623,426	7,697,852	6%
Lease liability, net of current portion	697,815,326	687,872,721	9,942,605	1%
Retirement benefits liability	7,710,425	7,790,425	(80,000)	-1%
Deferred tax liabilities	4,330,543	4,330,543	0	0%
Total Non-Current Liabilities	709,856,294	699,993,689	9,862,605	1%
Total Members' Equity	1,123,316,221	1,183,437,619	(60,121,398)	-5%
Total Liabilities and Members' Equity	1,963,493,793	2,006,054,734	(42,560,941)	-2%

The Country Club's Total Assets as at June 30, 2023 of ₽1.96 billion decreased from ₽2.01 billion from as at December 31, 2022 by a mere 2%, which can be mainly attributed to a significant decrease in Total Non-Current Assets by ₽42.5 million, mainly caused by the corresponding depreciation of Property and equipment, Investment properties, and Right-of-use (ROU) asset for the six months ended June 30, 2023, with many fixed assets gaining full depreciation resulting to decreased net book values. This was, however, offset by a nominal increase in Total Current Assets mainly Advances to related parties, amounting to ₽1.4 million reduced by decreases in prepayments and receivables.

Total Current Liabilities as at June 30, 2023 of ₽130.3 million, compared to the December 31, 2022 year-end balance of ₽122.6 million increased principally due to a significant increase in unreleased checks by ₽5.1 million as funds were being carefully allocated to suppliers and service providers due to a significant decrease in membership collections this quarter compared to last year.

The increase in Total Non-Current Liabilities by ₽9.8 million or only 1% mainly relates to the increase in the Lease Liability in connection with the recognition of lease payables over the terms of the CDC lease agreement including the effect of the application of Philippine Financial Reporting Standards (PFRS) 16 for long-term leases.

The decrease in Total Members' Equity of ₽60.1 million principally pertains to the excess of expenses and costs over revenues for the semester ended June 30, 2023.

Despite the setbacks in its revenue generating activities especially villa accommodations to members and guests (ie individual and corporate) for the first semester of this year, senior management of the Country Club remains positive and has taken diligent efforts to implement programs that will increase revenues and rationalize operating costs. Making the villas more comfortable, relaxing,and homey with clean surroundings and hassle-free access to F&B outlets and recreational amenities such as the Olympic size swimming pool and Fontana Hotspring, are the primary concerns of the Resort management. Rehabilitating or modernizing the Water Theme Park is part of the short-term plans to attract more patronage from members, walk-ins and corporates.

Moreover, the Country Club has an agreement with FDC for the use of underutilized villas for a transfer pricing fee to cover the fixed costs of maintaining the villas that should have been shouldered by the members, with FDC continually assisting the Country Club's working capital requirements as need be.

Key Financial Soundness Indicators

Below is a schedule showing the company's financial soundness indicators as at June 30, 2023 and as at December 31, 2022:

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current/ liquidity Ratio	**2.39**	**2.54**
Current assets	**311,196,395**	311,257,182
Current liabilities	**130,321,278**	122,623,426
Solvency Ratio	**-0.01**	**-0.14**
After tax income (loss) add depreciation	**(11,741,624)**	(118,701,052)
Total liabilities	**840,177,572**	822,617,115
Debt-to-equity Ratio	**0.75**	**0.70**
Total liabilities	**840,177,572**	822,617,115
Total equity	**1,123,316,221**	1,183,437,619
Asset-to-equity Ratio	**1.75**	**1.70**
Total assets	**1,963,493,793**	2,006,054,734
Total equity	**1,123,316,221**	1,183,437,619
Profitability Ratio	**-0.05**	**-0.18**
After tax income (loss)	**(60,121,398)**	(216,047,648)
Total equity	**1,123,316,221**	1,183,437,619

In addition, the Company identifies its top five (5) key performance indicators as follows: 1) working capital; 2) current ratio; 3) base equity; 4) collections from membership dues and consumable coupons; and 5) earnings before income tax, depreciation, and amortization. (EBITDA).

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measure the liquidity or short-term debt paying ability of the Company. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. The base equity ratio (total members' equity over total assets) of at least 25% measures the level of dependence of the Company from its stockholders or creditors in meeting its financial obligations. EBITDA (EBITDA over total revenues) of at least 20% of total revenues determines the income produced by each peso of revenues.

The Company's working capital as at June 30, 2023 decreased by ₽7.8 million from December 31, 2022, which resulted to a decrease in the liquidity ratio still demonstrates the Company's prudent and effective funds management in terms of paying its suppliers and service providers. The current/liquidity ratio has remained favourable at 2.39: 1 as at June 30, 2023, compared to 2.54:1 as at December 31, 2022.

The Company's base equity has also remained favourable, which the Club has maintained at 75% as at June 30, 2023 higher than 70% as at December 31, 2022, which provides assurance that the Company has the ability to meet its financial obligations to both creditors and stockholders. Collections from membership dues and consumable coupons as at June 30, 2023 amounted to ₽10.6 million or a monthly average of ₱1.8 million, which was lower than last year's ₱29.1 million or a monthly average of ₱2.4 million.

EBITDA for the semester ended June 30, 2023 resulted to an excess of revenues over costs and expenses before interest expense, income tax and depreciation of ₱8.0 million which is 16% of total revenues compared to the excess of costs and expenses over revenues before interest expense, income tax and depreciation of ₱80.6 million for the year ended December 31, 2022.

<u>As of June 30, 2022 and December 31, 2021</u>

BALANCE SHEET				
	Amounts in Pesos			
	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)	Variance	%
Total Current Assets	**377,643,194**	374,773,208	**2,869,986**	**0.01%**
Property and equipment - net	**62,808,648**	77,324,519	**(14,515,871)**	**(19%)**
Investment properties - net	**1,124,100,919**	1,154,954,386	**(30,853,467)**	**(3%)**
Right-of-use (ROU) asset - net	**304,237,098**	307,734,076	**(3,496,978)**	**(1%)**
Finance lease receivables	**301,699,554**	297,356,446	**4,343,108**	**1%**
Deferred tax assets	**6,740,255**	6,740,255	**0**	**0%**
Utility deposits	**541,344**	493,045	**48,299**	**10%**
Total Assets	**2,177,771,012**	2,219,375,935	**(41,604,923)**	**(2%)**
Total Current Liabilities	**140,737,318**	142,512,577	**(1,775,259)**	**(1%)**
Lease liability, net of current portion	**678,632,887**	668,798,675	**9,834,212**	**1%**
Retirement benefits liability	**8,269,999**	8,269,999	**0**	**0%**
Deferred tax liabilities	**2,178,701**	2,178,701	**0**	**0%**
Total Non-Current Liabilities	**689,081,587**	679,247,375	**9,834,212**	**1%**
Total Members' Equity	**1,347,952,107**	1,397,615,983	**(49,663,876)**	**(4%)**
Total Liabilities and Members' Equity	**2,177,771,012**	2,219,375,935	**(41,604,923)**	**(2%)**

The Country Club's Total Assets as at June 30, 2022 slightly decreased to ₱2.18 billion from ₱2.22.billion as at December 31, 2021 by a mere 2%, which can be attributed to a significant decrease in Total Non-Current Assets by ₱44.5 million, mainly caused by the corresponding depreciation of Property and equipment, Investment properties (ie depreciation on the 79 villas leased under LTU arrangement is now being shouldered by FDC pursuant to the Deed of Assignment taking effect January 1, 2021) and Right-of-use (ROU) asset for the six months ended June 30, 2022. This was, however, offset by the increase in Total Current Assets mainly Advances to related parties, amounting to ₱2.9 million.

Total Current Liabilities as at June 30, 2022 of ₱140.7 million, compared to the December 31, 2021 year-end balance of ₱142.5 million decreased principally due to a significant decrease in unreleased checks by ₱4.2 million, which was offset by an increase in contract liabilities of ₱2.4 million.

The increase in Total Non-Current Liabilities by ₱9.8 million or only 1% mainly relates to the increase in the Lease Liability in connection with the recognition of lease payables over the terms of the CDC lease agreement including the effect of the application of Philippine Financial Reporting Standards (PFRS) 16 for long-term leases.

The decrease in Total Members' Equity of ₱49.7 million principally pertains to the excess of expenses and costs over revenues for the semester ended June 30, 2022.

Key Financial Soundness Indicators

Below is a schedule showing the company's financial soundness indicators as at June 30, 2022 and as at December 31, 2021:

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Current/ liquidity Ratio	**2.68**	**2.63**
Current assets	377,643,194	374,773,208
Current liabilities	140,737,318	142,512,577
Solvency Ratio	**0.00**	**5.26**
After tax income (loss) add depreciation	891,913	43,191,690
Total liabilities	829,818,905	821,759,952
Debt-to-equity Ratio	**0.62**	**0.59**
Total liabilities	829,818,905	821,759,952
Total equity	1,347,952,107	1,397,615,983
Asset-to-equity Ratio	**1.62**	**1.59**
Total assets	2,177,771,012	2,219,375,935
Total equity	1,347,952,107	1,397,615,983
Profitability Ratio	**-0.04**	**-0.04**
After tax income (loss)	(49,665,265)	(61,977,885)
Total equity	1,347,952,107	1,397,615,983

In addition, the Company identifies its top five (5) key performance indicators as follows: 1) working capital; 2) current ratio; 3) base equity; 4) collections from membership dues and consumable coupons; and 5) earnings before income tax, depreciation, and amortization. (EBITDA).

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measure the liquidity or short-term debt paying ability of the Company. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. The base equity ratio (total members' equity over total assets) of at least 25% measures the level of dependence of the Company from its stockholders or creditors in meeting its financial obligations. EBITDA (EBITDA over total revenues) of at least 20% of total revenues determines the income produced by each peso of revenues.

The Company's working capital as at June 30, 2022 increased by ₽4.6 million from December 31, 2021, which still demonstrates the Company's prudent and effective funds management in terms of paying its suppliers and service providers. The current/liquidity ratio has remained more favourable at 2.68: 1 as at June 30, 2022, compared to 2.63:1 as at December 31, 2021.

The Company's base equity has also remained favourable, which the Club has maintained at 62% as at June 30, 2022 higher than 59% as at December 31, 2021, which provides assurance that the Company has the ability to meet its financial obligations to both creditors and stockholders. Collections from membership dues and consumable coupons as at June 30, 2022 amounted to ₽15.8 million or a monthly average of ₽2.6 million, which was higher than last year's ₽11.3 million or a monthly average of ₽1.9 million.

EBITDA for the semester ended June 30, 2022 resulted to an excess of revenues over costs and expenses before income tax and depreciation of ₽892K which is only 2% of total revenues compared to the excess of revenues over costs and expenses before income tax and depreciation of ₽43.2 million for the year ended December 31, 2021, which is 34% of total revenues.

As at June 30, 2021 and December 31, 2020

BALANCE SHEET				
	Amounts in Pesos			
	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)	Variance	%
Total Current Assets	414,983,972	399,013,627	15,970,345	4%
Property and equipment - net	96,291,121	112,210,949	(15,919,828)	(14%)
Investment properties	1,186,990,850	1,218,762,560	(31,771,710)	(3%)
Right-of-use (ROU) asset	162,437,393	165,046,854	(2,609,461)	(2%)
Deferred tax assets	27,420,080	27,420,080	0	0%
Utility deposits	384,266	384,266	0	0%
Total Assets	1,888,507,682	1,922,838,336	(34,330,654)	(2%)
Total Current Liabilities	149,016,296	134,844,292	14,172,004	11%
Lease liability	684,190,911	670,335,751	13,855,160	2%
Retirement benefits liability	8,693,279	8,844,479	(151,200)	(2%)
Total Non-Current Liabilities	692,884,190	679,180,230	13,703,960	2%
Total Members' Equity	1,046,607,196	1,108,813,814	(62,206,618)	(6%)
Total Liabilities and Members' Equity	1,888,507,682	1,922,838,336	(34,330,654)	(2%)

The Country Club's Total Assets as at June 30, 2021 decreased to ₽.1.89 billion from ₽1.92 billion as at December 31, 2020 which can be attributed to a significant decrease in Total Non-Current Assets by ₽50.3 million, mainly caused by the corresponding depreciation of Property and equipment, Investment properties (ie depreciation on the 79 villas leased under LTU arrangement is now being shouldered by FDC pursuant to the Deed of Assignment taking effect January 1, 2021) and Right-of-use (ROU) asset for the six months ended June 30, 2021. This was, however, offset by the increase in Total Current Assets mainly Advances to related properties amounting to ₽18.3 million.

Total Current Liabilities as at June 30, 2021 of ₽149.0 million, compared to the December 31, 2020 year-end balance of ₽134.8 million increased principally due to a signficant increase in unreleased checks by ₽11.8 million. The increase in Total Non-Current Liabilities by ₽13.7M or only 2% mainly relates to the increase in the Lease Liability in connection with the recognition of lease payables over the terms of the CDC lease agreement with the implementation effect of Philippine Financial Reporting Standards (PFRS) 16, Leases.

The decrease in Total Members' Equity of ₽62.2 million principally pertains to the excess of expenses and costs over revenues for the semester ended June 30, 2021.

Key Financial Soundness Indicators

Below is a schedule showing the company's financial soundness indicators as at June 30, 2021 and as at December 31, 2020:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current/ liquidity Ratio	**2.78**	**2.96**
Current assets	**₱414,983,972**	399,013,627
Current liabilities	**149,016,296**	134,844,292

Solvency Ratio	-1.67	5.22
After tax income (loss) add depreciation	(14,106,282)	42,475,178
Total liabilities	841,900,486	814,024,522
Debt-to-equity Ratio	0.80	0.73
Total liabilities	841,900,486	814,024,522
Total equity	1,046,607,196	1,108,813,814
Asset-to-equity Ratio	1.80	1.73
Total assets	1,888,507,682	1,922,838,336
Total equity	1,046,607,196	1,108,813,814
Profitability Ratio	-0.06	-0.07
After tax income (loss)	(62,206,615)	(75,885,175)
Total equity	1,046,607,196	1,108,813,814

In addition, the Company identifies its top five (5) key performance indicators as follows: 1) working capital; 2) current ratio; 3) base equity; 4) collections from membership dues and consumable coupons; and 5) earnings before interest, taxes, depreciation, and amortization. (EBITDA)

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measure the liquidity or short-term debt paying ability of the Company. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. The base equity ratio (total members' equity over total assets) of at least 25% measures the level of dependence of the Company from its stockholders or creditors in meeting its financial obligations. EBITDA (EBITDA over total revenues) of at least 20% of total revenues determines the income produced by each peso of revenues.

The Company's working capital as at June 30, 2021 slightly increased by ₱1.8 million from December 31, 2020, which still demonstrates the Company's prudent and effective funds management in terms of paying its suppliers and service providers. The current/liquidity ratio has remained favourable at 2.78: 1 as at June 30, 2021, which reflects the Company's ability to pay its current liabilities.

The Company's base equity has also remained favourable, which the Club has maintained at 55% as at June 30, 2021 lower than 58% as at December 31, 2020, which provides assurance that the Company has the ability to meet its financial obligations to both creditors and stockholders. Collections from membership dues and consumable coupons as at June 30, 2021 only amounted to ₱11.3 million or a monthly average of ₱1.9 million, which was slightly lower than last year's ₱11.4 million.

EBITDA for the semester ended June 30, 2021 resulted to a loss of ₱14.1 million which is 25% of total revenues compared to the EBITDA of ₱42.5 million for the year ended December 31, 2020, which is 21% of total revenues.

As of September 30, 2023 and December 31, 2022

BALANCE SHEET				
	Amounts in Pesos			
	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)	Variance	%
Total Current Assets	**323,710,104**	311,257,182	**12,452,922**	**4%**
Property and equipment - net	**32,765,110**	51,994,084	**(19,228,974)**	**(37%)**
Investment properties - net	**981,370,865**	1,025,967,232	**(44,596,367)**	**(4%)**
Right-of-use (ROU) asset - net	**295,494,652**	300,740,120	**(5,245,468)**	**(2%)**
Finance lease receivables, net of current portion	**312,387,701**	305,767,773	**6,619,928**	**2%**
Deferred tax assets	**9,666,999**	9,666,999	**0**	**0%**
Other non-current assets	**127,344**	661,344	**(534,000)**	**(81%)**
Total Assets	**1,955,522,775**	2,006,054,734	**(50,531,959)**	**(3%)**
Total Current Liabilities	**141,936,858**	122,623,426	**19,313,432**	**16%**
Lease liability, net of current portion	**702,890,812**	687,872,721	**15,018,091**	**2%**
Retirement benefits liability	**7,710,425**	7,790,425	**(80,000)**	**(1%)**
Deferred tax liabilities	**4,330,543**	4,330,543	**0**	**0%**
Total Non-Current Liabilities	**714,931,780**	699,993,689	**14,938,091**	**2%**
Total Members' Equity	**1,098,654,137**	1,183,437,619	**(84,783,482)**	**(7%)**
Total Liabilities and Members' Equity	**1,955,522,775**	2,006,054,734	**(50,531,959)**	**(3%)**

The Country Club's Total Assets as at September 30, 2023 of ₽1.96 billion decreased from ₽2.01 billion as at December 31, 2021 by 3%, which can be attributed to a significant decrease in Total Non-Current Assets by ₽63.0 million, mainly caused by increased depreciation of Property and equipment, Investment properties pertaining to the Clubhouse and villas under the Dacion en Pago/Deed of Absolute Sale) and Right-of-use (ROU) asset for the nine months ended September 30, 2023. This was, however, offset by the increase in Total Current Assets mainly Due from related parties, amounting to ₽12.4 million.

Total Liabilities as at September 30, 2023 of ₽856.9 million, compared to the December 31, 2022 year-end balance of ₽822.6 million increased principally due to a signficant increase in Total Non-Current Liabilities by ₽14.9 million relating to the increase in Lease Liability in connection with the recognition of lease payables over the terms of the CDC lease agreement with the implementation effect of Philippine Financial Reporting Standards (PFRS) 16, Leases.

The decrease in Total Members' Equity of ₽84.8 million principally pertains to the excess of expenses and costs over revenues for the nine months ended September 30, 2023.

Key Financial Soundness Indicators

Below is a schedule showing financial soundness indicators as at:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current/ liquidity Ratio	**2.28**	2.54
Current assets	**323,710,104**	311,257,182
Current liabilities	**141,936,858**	122,623,426

Solvency Ratio	**-0.02**	-0.14
After tax income (loss) add depreciation	**(14,253,891)**	(118,701,052)
Total liabilities	**856,868,638**	822,617,115
Debt-to-equity Ratio	**0.78**	0.70
Total liabilities	**856,868,638**	822,617,115
Total equity	**1,098,654,137**	1,183,437,619
Asset-to-equity Ratio	**1.78**	1.70
Total assets	**1,955,522,775**	2,006,054,734
Total equity	**1,098,654,137**	1,183,437,619
Profitability Ratio	**-0.08**	-0.18
After tax income (loss)	**(84,783,482)**	(216,047,648)
Total equity	**1,098,654,137**	1,183,437,619

In addition, the Company identifies its top five (5) key performance indicators as follows: 1) working capital; 2) current ratio; 3) base equity; 4) collections from membership dues and consumable coupons; and 5) earnings before interest, taxes, depreciation, and amortization. (EBITDA)

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measure the liquidity or short-term debt paying ability of the Company. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. The base equity ratio (total members' equity over total assets) of at least 25% measures the level of dependence of the Company from its stockholders or creditors in meeting its financial obligations. EBITDA (EBITDA over total revenues) of at least 20% of total revenues determines the income produced by each peso of revenues.

Though the Company's working capital as at September 30, 2023 decreased by ₽6.9 million from December 31, 2022, it would still demonstrate the Company's prudent and effective funds management in terms of paying its suppliers and service providers. Consequently, the current/liquidity ratio also decreased to 2.28:1 as at September 30, 2023 from 2.54:1 as at December 31, 2022, which still reflects the Company's ability to pay its current liabilities.

The Company's base equity of 56% as at September 30, 2023 slightly lower than 59% as at December 31, 2022, which provides assurance that the Company has the ability to meet its financial obligations to both creditors and stockholders. Collections from membership dues and consumable coupons as at September 30, 2023 amounted to ₽16.0 million or a monthly average of ₽1.3 million, which was lower than last year's ₽21.5 million or a monthly average of ₽1.8 million

EBITDA for the nine months ended September 30, 2023 amounted to ₽15.6 million which is 17% of total revenues compared to the EBITDA of ₽80.6 million loss for the year ended December 31, 2022, which is 47% of total revenues.+

<u>As of September 30, 2022 and December 31, 2021</u>

BALANCE SHEET				
	Amounts in Pesos			
	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)	Variance	%
Total Current Assets	**379,133,294**	374,773,208	**4,360,086**	**1%**
Property and equipment - net	**57,138,621**	77,324,519	**(20,185,898)**	**-26%**

Investment properties - net	**1,109,512,913**	1,154,954,386	**(45,441,473)**	**-4%**
Right-of-use (ROU) asset - net	**302,488,609**	307,734,076	**(5,245,467)**	**-2%**
Finance lease receivables, net of current portion	**303,817,060**	297,356,446	**6,460,614**	**2%**
Deferred tax assets	**6,740,255**	6,740,255	**0**	**0%**
Other non-current assets	**621,342**	493,045	**128,297**	**26%**
Total Assets	**2,159,452,094**	2,219,375,935	**(59,923,841)**	**-3%**
Total Current Liabilities	**144,393,771**	142,512,577	**1,881,194**	**1%**
Lease liability, net of current portion	**683,434,973**	668,798,675	**14,636,298**	**2%**
Retirement benefits liability	**8,269,999**	8,269,999	**0**	**0%**
Deferred tax liabilities	**2,178,701**	2,178,701	**0**	**0%**
Total Non-Current Liabilities	**693,883,673**	679,247,375	**14,636,298**	**2%**
Total Members' Equity	**1,321,174,650**	1,397,615,983	**(76,441,333)**	**-5%**
Total Liabilities and Members' Equity	**2,159,452,094**	2,219,375,935	**(59,923,841)**	**-3%**

The Country Club's Total Assets as at September 30, 2022 of ₱2.16 billion decreased from ₱2.22 billion as at December 31, 2021 by 3%, which can be attributed to a significant decrease in Total Non-Current Assets by ₱75.4 million, mainly caused by increased depreciation of Property and equipment, Investment properties pertaining to the Clubhouse and villas under the Dacion en Pago/Deed of Absolute Sale) and Right-of-use (ROU) asset for the nine months ended September 30, 2021. This was, however, offset by the increase in Total Current Assets mainly Advances to related properties, amounting to ₱4.4 million.

Total Liabilities as at September 30, 2022 of ₱838.3 million, compared to the December 31, 2021 year-end balance of ₱821.8 million increased principally due to a signficant increase in Total Non-Current Liabilities by ₱14.6 million relating to the increase in Lease Liability in connection with the recognition of lease payables over the terms of the CDC lease agreement with the implementation effect of Philippine Financial Reporting Standards (PFRS) 16, Leases.

The decrease in Total Members' Equity of ₱76.4 million principally pertains to the excess of expenses and costs over revenues for the nine months ended September 30, 2022.

Key Financial Soundness Indicators

Below is a schedule showing financial soundness indicators as at:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Current/ liquidity Ratio	**2.63**	**2.63**
Current assets	**₱379,133,294**	374,773,208
Current liabilities	**144,393,771**	142,512,577
Solvency Ratio	**-0.38**	**5.26**
After tax income (loss) add depreciation	**(3,211,155)**	43,191,690
Total liabilities	**838,277,444**	821,759,952
Debt-to-equity Ratio	**0.63**	**0.59**
Total liabilities	**838,277,444**	821,759,952
Total equity	**1,321,174,650**	1,397,615,983

Asset-to-equity Ratio	**1.63**	**1.59**
Total assets	**2,159,452,094**	2,219,375,935
Total equity	**1,321,174,650**	1,397,615,983
Profitability Ratio	**-0.06**	**-0.04**
After tax income (loss)	**(76,441,333)**	(61,977,885)
Total equity	**1,321,174,650**	1,397,615,983

In addition, the Company identifies its top five (5) key performance indicators as follows: 1) working capital; 2) current ratio; 3) base equity; 4) collections from membership dues and consumable coupons; and 5) earnings before interest, taxes, depreciation, and amortization. (EBITDA)

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measure the liquidity or short-term debt paying ability of the Company. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. The base equity ratio (total members' equity over total assets) of at least 25% measures the level of dependence of the Company from its stockholders or creditors in meeting its financial obligations. EBITDA (EBITDA over total revenues) of at least 20% of total revenues determines the income produced by each peso of revenues.

The Company's working capital as at September 30, 2022 increased by ₽2.5 million from December 31, 2021, which still demonstrates the Company's prudent and effective funds management in terms of paying its suppliers and service providers. The current/liquidity ratio has remained favourable at 2.63:1 as at September 30, 2021, which reflects the Company's ability to pay its current liabilities.

The Company's base equity has also remained favourable, which the Club has maintained at 61% as at September 30, 2022 slightly lower than 63% as at December 31, 2021, which provides assurance that the Company has the ability to meet its financial obligations to both creditors and stockholders. Collections from membership dues and consumable coupons as at September 30, 2022 amounted to ₽21.5 million or a monthly average of ₽2.4 million, which was higher than last year's ₽17.3 million.

EBITDA for the nine months ended September 30, 2022 resulted to a loss of ₽3.2 million which is 3.98% of total revenues compared to the EBITDA of ₽43.2 million for the year ended December 31, 2021, which is 34% of total revenues.

<u>**As of September 30, 2021 and December 31, 2020**</u>

BALANCE SHEET				
	Amounts in Pesos			
	September 30, 2021 (Unaudited)	December 31, 2022 (Audited)	Variance	%
Total Current Assets	**420,737,867**	399,013,627	**21,724,240**	**5%**
Property and equipment - net	**88,418,854**	112,210,949	**(23,792,095)**	**-21%**
Investment properties - net	**1,170,971,803**	1,218,762,560	**(47,790,757)**	**-4%**
Right-of-use (ROU) asset - net	**161,132,663**	165,046,854	**(3,914,191)**	**-2%**
Deferred tax assets	**27,420,080**	27,420,080	**0**	**0%**
Other non-current assets	**433,196**	384,266	**48,930**	**13%**
Total Assets	**1,869,114,463**	1,922,838,336	**(53,723,873)**	**-3%**
Total Current Liabilities	**150,615,034**	134,844,292	**15,770,742**	**12%**
Lease liability	**691,220,895**	670,335,751	**20,885,144**	**3%**
Retirement benefits liability	**8,693,279**	8,844,479	**(151,200)**	**-2%**
Total Non-Current Liabilities	**699,914,174**	679,180,230	**20,733,944**	**3%**

Total Members' Equity	**1,018,585,255**	1,108,813,814	**(90,228,559)**	**-8%**
Total Liabilities and Members' Equity	**1,869,114,463**	1,922,838,336	**(53,723,873)**	**-3%**

The Country Club's Total Assets as at September 30, 2021 decreased to ₱.1.87 billion from ₱1.92 billion as at December 31, 2020 which can be attributed to a significant decrease in Total Non-Current Assets by ₱75.4 million, mainly caused by the corresponding depreciation of Property and equipment, Investment properties (ie depreciation on the 79 villas leased under LTU arrangement is now being shouldered by FDC pursuant to the Deed of Assignment taking effect January 1, 2021) and Right-of-use (ROU) asset for the nine months ended September 30, 2021. This was, however, offset by the increase in Total Current Assets mainly Advances to related properties amounting to ₱25.0 million.

Total Current Liabilities as at September 30, 2021 of ₱150.1 million, compared to the December 31, 2020 year-end balance of ₱134.8 million increased principally due to a signficant increase in unreleased checks by ₱10.7 million. The increase in Total Non-Current Liabilities by ₱20.9 million or only 3% mainly relates to the increase
in the Lease Liability in connection with the recognition of lease payables over the terms of the CDC lease agreement with the implementation effect of Philippine Financial Reporting Standards (PFRS) 16, Leases.

The decrease in Total Members' Equity of ₱90.2 million principally pertains to the excess of expenses and costs over revenues for the nine months ended September 30, 2021.

Key Financial Soundness Indicators

Below is a schedule showing financial soundness indicators as at:

	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current/ liquidity Ratio	**2.79**	2.96
Current assets	**₱420,737,867**	399,013,627
Current liabilities	**150,615,034**	134,844,292
Solvency Ratio	**-1.65**	5.22
After tax income (loss) add depreciation	**(14,074,074)**	42,475,178
Total liabilities	**850,529,208**	814,024,522
Debt-to-equity Ratio	**0.84**	0.73
Total liabilities	**850,529,208**	814,024,522
Total equity	**1,018,585,255**	1,108,813,814
Asset-to-equity Ratio	**1.84**	1.73
Total assets	**1,869,114,463**	1,922,838,336
Total equity	**1,018,585,255**	1,108,813,814
Profitability Ratio	**-0.09**	-0.07
After tax income (loss)	**(90,228,557)**	(75,885,175)
Total equity	**1,018,585,255**	1,108,813,814

n addition, the Company identifies its top five (5) key performance indicators as follows: 1) working capital; 2) current ratio; 3) base equity; 4) collections from membership dues and consumable coupons; and 5) earnings before interest, taxes, depreciation, and amortization. (EBITDA)

Working capital (current assets less current liabilities) and current ratio (current assets over current liabilities) measure the liquidity or short-term debt paying ability of the Company. Having a positive working capital and a current ratio of at least 1:1 is a fair indication of liquidity. The base equity ratio (total members' equity over total assets) of at least 25% measures the level of dependence of the Company from its stockholders or creditors in meeting its financial obligations. EBITDA (EBITDA over total revenues) of at least 20% of total revenues determines the income produced by each peso of revenues.

The Company's working capital as at September 30, 2021 increased by ₽6.0 million from December 31, 2020, which still demonstrates the Company's prudent and effective funds management in terms of paying its suppliers and service providers. The current/liquidity ratio has remained favourable at 2.79: 1 as at September 30, 2021, which reflects the Company's ability to pay its current liabilities.

The Company's base equity has also remained favourable, which the Club has maintained at 54% as at September 30, 2021 slightly lower than 58% as at December 31, 2020, which provides assurance that the Company has the ability to meet its financial obligations to both creditors and stockholders. Collections from membership dues and consumable coupons as at September 30, 2021 amounted to ₽17.3 million or a monthly average of ₽1.9 million, which was higher than last year's ₽15.1 million.

EBITDA for the semester ended September 30, 2021 resulted to a loss of ₽14.1 million which is 16% of total revenues compared to the EBITDA of ₽42.5 million for the year ended December 31, 2020, which is 21% of total revenues.

The Company did not have any material commitments for capital expenditures.

There were no 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, except as raised in the previous paragraphs.

There were no significant elements of income or loss that did not arise from the Issuer's continuing operations.

There are no events that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of an obligation.

There are no 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.

The rainy season with the onslaught of typhoons and competition with new players in the hospitality industry within Clark Freeport Zone will have an effect on the Company's operations. Other than these, there were no seasonal aspects that had a material effect on the financial condition or results of operations.

III. Information on Independent Accountant and Other Related Matters

External Audit Fees and Services:

a) Audit and Audit-Related Fees:

The aggregate fees billed for each of the last three fiscal years for professional services rendered by the Company's external auditors amounted to and aggregate amount of ₽0.370 million for 2022 and 2021, and ₽0.348 million for 2020. Particularly for 2022 the said fees billed amount to ₽0.456 million, for 2021 ₽0.407 million, while for 2020 ₽0.383 million.

This includes the following:

1. The audit of the Company's annual financial statements provided by the external auditors in connection with statutory and regulatory filings or engagements for those fiscal years;
2. Other assurance and related services by the external auditors that are reasonably related to the performance of the audit or review of the Company's financial statements.

With the approval of the Company's Board of Directors and as concurred by the stockholders in the 2021 Annual Stockholders' Meeting, the Company decided to change its external auditors starting the audit of the 2021 Company's books of accounts to Alas Oplas & Co. replacing Isla Lipana & Co (PwC). It was approved further that the engagement of Alas Oplas & Co shall extend to the financial years ending December 31, 2022 and 2023.

b) Tax Fees
There were no aggregate fees billed in each of the last three fiscal years for professional services rendered by the external auditor for tax accounting, compliance, advice, planning and any other form of tax services. Particularly there are no fees for the said services for the years 2022, 2021 and 2020.

c) All Other Fees
There were no aggregate fees billed in each of the last three fiscal years for products and services provided by the external auditors, other than the services reported under items (a) and (b) above. As such, there are no fees billed for the said services for the years 2022, 2021 and 2020.

d) The audit committee reviews and approves engagement letters for the above services, for the years 2022, 2021 and 2020, as well as for any other relevant period.

<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosures</u>

The Company did not experience any disagreements with accountants on any accounting and financial disclosures.

IV. Market Price of & Dividends on Registrant's Common Equity & Related Stockholder Matters

<u>Market Information</u>

There has been no active public trading of the Company's shares for the past several years. Prices of the shares are normally agreed between the seller and buyer, which may or may not fall within the ranges mentioned below.

The ranges of high and low bid information for the following types of shares are as follows:

	Bid Information	
Type of Shares	**High**	**Low**
Presidential shares	₱ 1,000,000	₱ 500,000
Class "A" shares	₱ 280,000	₱ 200,000
Class "B" shares	₱ 250,000	₱ 180,000
Class "C" shares	₱ 70,000	₱ 40,000
Class "D" shares	₱ 100,000	₱ 50,000

No share is subject to outstanding options or warrants to purchase, or securities convertible into, common equity of the Company. No share is being or has been proposed to be publicly offered by the Company. No share is being offered pursuant to an employee benefit or stock option plan.

Holders

The approximate numbers of shares sold for each class of share as of 10 November 2023 are:

Type of Shares	Number	Shareholders/Members
Presidential shares	68	25
Class "A" shares	97	70
Class "B" shares	147	124
Class "C" shares	862	805
Class "D" shares	5,768	5,459
Total	**6,942[a]**	**6,483[b]**

Top Twenty (20) Shareholders

The names of the top twenty (20) shareholders of the shares authorized to be offered for sale or sold for each class, the numbers of shares held and the percentage of total shares outstanding held by each from the Certificate of Permit to Offer Securities for Sale by the Securities and Exchange Commission dated January 22, 1997 and February 13, 2004 are as follows:

Class: Presidential Shares

Name of Shareholders	*No. of Shares Held*	*Percentage*
1. Fontana Development Corporation	757	2.757%
2. Morales, Marino P.	23	0.083%
3. Lazatin, Carmelo F.	21	0.076%
4. Ho, Stanley H.S.	2	0.007%
5. Abadia, Lisandro	1	0.003%
6. Air Material Wing Savings & Loan Asso.	1	0.003%
7. Andin, Zoilo L., Jr.	1	0.003%
8. Antonio, Antonio P.	1	0.003%
9. Galvez, Rafael A. S.	1	0.003%
10. Go, Cheong Bun Yau	1	0.003%
11. Hernandez, William C.	1	0.003%
12. Lapid, Manuelito M.	1	0.003%
13. Modagraphics Builders Corporation	1	0.003%
14. Pamintuan, Edgardo	1	0.003%
15. RZS Resources, Inc.	1	0.003%
16. Sambo, Johnny Atienza	1	0.003%
17. Samson, Manuel P.	1	0.003%
18. Tan, Claudelle L.	1	0.003%
19. Tan, Josefina N.	1	0.003%
20. Yasay, Perfecto R., Jr.	1	0.003%

a *The following figure only pertains to those shares sold by FDC in relation to the Permit to Sell.*

b *The following figure does not take into account the shareholders who own multiple types of shares. The total number of shareholders of the registrant including the majority shareholder FDC is 5428.*

Class: "A" Shares

Name of Shareholders	*No. of Shares Held*	*Percentage*
1. Fontana Development Corporation	1,152	4.195%
2. Ho, Stanley H. S.	20	0.072%
3. Soriano, Franklin	5	0.018%
4. Tapang, Roger C.	3	0.010%
5. Cho, Kangharm	1	0.003%
6. Bello, Rodrigo H.	1	0.003%
7. Cantor, Suling	1	0.003%
8. Casas, Luis O.	1	0.003%
9. Celones, Felicito D.	1	0.003%
10. Chu, Diana Joyce	1	0.003%
11. Chung, Arnel	1	0.003%
12. Co, Cristina G.	1	0.003%
13. Coyiuto, Rosie	1	0.003%
14. Gabriel, Angelino	1	0.003%
15. Gaspar, Ethelinda Y.	1	0.003%
16. Ignacio, Wilhelmina	1	0.003%
17. Kehyeng, Romulo	1	0.003%
18. Koa, Lawrence	1	0.003%
19. Lazatin, Aida J	1	0.003%
20. Alcaraz, Virgilio I.	1	0.003%

Class: "B" Shares

Name of Shareholders	*No. of Shares Held*	*Percentage*
1. Fontana Development Corporation	1,829	6.66%
2. Ho, Stanley H.S.	20	0.072%
3. Chu, Diana Joyce	2	0.007%
4. Fu, Kong Sang	2	0.007%
5. Ty, Zandra	2	0.007%
6. Ah, Henry Yu	1	0.003%
7. Alcaraz, Milagros B.	1	0.003%
8. Alejandro, Simeon M.	1	0.003%
9.Angeles, Angelito Lozada/Ellenor Abes	1	0.003%
10. Arada, Floresita P.	1	0.003%
11. Atienza, Ismael K., Sr.	1	0.003%
12. Balatbat, Tessie M.	1	0.003%
13. Basilio, Anastacio F.	1	0.003%
14. Basilio, Francisco A.	1	0.003%
15. Belen, Ariel M.	1	0.003%
16. Bird, May Ann V.	1	0.003%
17. Gopez, Joselito Adriana	1	0.003%
18. Bulalacao, John Cresencio	1	0.003%
19. Caras, Almer L.	1	0.003%
20. Luciano, Victoria P.	1	0.003%

Class: "C" Shares

Name of Shareholders	No. of Shares Held	Percentage
1. Fontana Development Corporation	6,524	23.75%
2. Ho, Stanley H.S.	21	0.076%
3. Chua, Antonio	9	0.032%
4. Doormart Enterprises, Inc.	8	0.029%
5. De Jesus, Carmelo V.	4	0.014%
6. Fabtech Industrial, Inc.	4	0.014%
7. Tuble, Iluminada	3	0.010%
8. Benby Enterprises, Inc.	3	0.010%
9. Gatchalian, William	3	0.010%
10. Kao Lung Enterprise Co., Ltd.	3	0.010%
11. Bulacan Garden Corporation	2	0.007%
12. Canlas, Alicia R.	2	0.007%
13. Co, Felix S.	2	0.007%
14. DBP Services Corp.	2	0.007%
15. Eusebio, Jesus B., Jr.	2	0.007%
16. Kho Teng Teng Ang	2	0.007%
17. Lim Bon Liong, Henry	2	0.007%
18. Lo, Manuel	2	0.007%
19. Magnaflo, Inc.	2	0.007%
20. SMK Electronics Corporation	2	0.007%

Class: "D" Shares

Name of Shareholders	No. of Shares Held	Percentage
1. Fontana Development Corporation	10,275	37.42%
2. Ho, Stanley H.S.	197	0.71%
3. Precision Development Corp.	79	0.28%
4. Contracts Manila	66	0.24%
5. David, Romeo S.	59	0.21%
6. Tang, Ana T.	50	0.18%
7. Jardiniano, Tagumpay R.	37	0.13%
8. Zamora, Rusty M.	26	0.09%
9. Fajardo, Isidro	25	0.09%
10. Reyes, Henson	23	0.08%
11. Graham Marsh Design Pty., Ltd.	24	0.08%
12. The Turf Company, Inc.	17	0.06%
13.Dayrit, Randal B.	16	0.05%
14. Yap, Fernando S.	14	0.05%
15. Ko, Celestin L.	11	0.04%
16. Cerez Construction Corp.	10	0.03%
17. Lee, Marcelo	10	0.03%
18. Co, Shahani L.	9	0.03%
19. Ponayo, Ma. Isabel	8	0.02%
20. Doormart Enterprises, Inc.	8	0.02%

No Dividends

The Company's By-Laws provide that no profit shall inure to the benefit of any shareholder. Hence, no dividend shall, at any time, be declared and/or paid. Shareholders shall be entitled only to their proportionate share in the assets of the Company at the time of its dissolution or liquidation. As such, no Cash Dividends were released in the preceding TWO (2) years or any year prior.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities.

V. Corporate Governance

a. As of December 31, 2022, the Company based its compliance with good governance on its Manual on Corporate Governance. The Company validates its compliance using the Corporate Governance Self-Rating Form.

b. The following are the measures being undertaken by the Company to fully comply with the adopted leading practices on good corporate governance:

1) The attendance of each of the director in the scheduled meetings of the Board of Directors are monitored and recorded.

2) The Board has created four (4) committees required by the Manual, namely: Audit Committee, Nomination Committee, Membership Committee and Compensation and Remuneration Committee.

3) The Board has adopted a Revised Manual on Corporate Governance.

4) On 7 September 2023, the Board has approved and endorsed for the approval of the shareholders, the amendment of Article VII, Sections 1 and 2 as well as Article VIII, Section 3 of the By-Laws, moving the Annual Stockholders' Meeting to the third Friday of December and expressly allowing the conduct of shareholders and board of directors meetings by way of online medium or other form of alternative communication, for easier and more modern conduct of said meetings.

c. No deviation or violation of the Company's the Manual on Corporate Governance has been made for the year ended December 31, 2022.

d. In order to improve the Company's adherence to leading practices in good governance, Senior Management team were encouraged to attend seminars on Good Corporate Governance to be conducted by entities accredited with SEC.

VI. Legal Proceedings

There are no material pending legal proceedings to which the Company or any of its subsidiaries or affiliates is a party or of which any of its properties is the subject.

VII.Management Representation Letter and Financial Statements (Please see Annexes "D" (Management Representation Letter), "E" (2022 AFS) and "F-2" (30 September 2023 Interim FS))

ANNEX "C"

SUMMARY OF RELEVANT RESOLUTION APPROVED BY THE BOARD OF DIRECTORS (Since the 2022 Stockholders Meeting)

A. Minutes of Special Meeting of the Board of Directors held on **25 January 2022** containing **Board Resolution No. 01-2023-Jan25** relating to the appointment of an authorized representatives to enter into conciliation-mediation and date of mediation hearings in the case entitled "Monchito Q. Tolingan v. Fontana Resort & Country Club, Inc., Fontana Development Corporation and Fontana Resort & Country Club, Inc. with case no. SEAD No. NLRC RAB-III-12-00080-22.

B. Minutes of the Special Meeting of the Board of Directors held on **26 January 2023** containing **Board Resolution No. 01-2023-Jan26** relating to the constitution of members for the Risk Management Committee and related party transaction committee.

C. Minutes of the Special Meeting of the Board of Directors held on **02 February 2023** containing **Board Resolution No. 01-2023-Feb02** relating to the appointment of authorized representatives in filing a criminal complaints against the corporation or within its premises.

D. Minutes of the Special Meeting of the Board of Directors held on **01 March 2023** containing **Board Resolution No. 01-2023-Mar01** relating to the proposed increase in entry rates for the Fontana Hotspring and Olympic-Size swimming pool of the Club.

E. Minutes of the Special Meeting of the Board of Directors held on **22 March 2023** containing **Board Resolution No. 01-2023-Mar22** relating to the appointment of Internal Audit Manager and Data Protection Officer.

F. Minutes of the Regular Meeting of the Board of Directors held on **30 March 2023** containing **Board Resolution No. 01-2023-Mar30** relating to the approval of the 31 December 2022 Audited Financial Statements.

G. Minutes of the Special Meeting of the Board of Directors held on **04 May 2023** containing **Board Resolution No. 01-2023-May03** relating to the appointment of authorized representatives in filing complaints or actions for acts committed against the corporation or for offenses committed within its premises.

H. Minutes of the Special Meeting of the Board of Directors held on **22 May 2023** containing **Board Resolution No. 01-2023-May22** relating to the securing the corporation's Authority To Print (ATP) of its official receipt with the Bureau of Internal Revenue.

I. Minutes of the Special Meeting of the Board of Directors held on **19 June 2023** containing **Board Resolution No. 01-2023-Jun19** relating to the application for amnesty of fines and penalties.

ANNEX "C"

J. Minutes of the Special Meeting of the Board of Directors held on **12 June 2023** containing **Board Resolution No. 01-2023-Jun12** relating to the designation of authorized representative and signatory with the BIR relative to its enhanced and Integrated Electronic Accreditation And Registration (EACCREG) and Electronic Sales Reporting (ESALES) Systems.

K. Minutes of the Special Meeting of the Board of Directors held on **10 August 2023** containing **Board Resolution No. 01-2023-Aug10** relating to the appointment of authorized representative in filing complaints or actions for acts committed against the Club or for offenses committed within its premises.

L. Minutes of the Special Meeting of the Board of Directors held on **22 August 2023** containing **Board Resolution No. 01-2023-Aug22** relating to the closure of Peso Savings Accounts with Rizal Commercial Banking Corporation – Clark Pampanga Branch.

M. Minutes of the Special Meeting of the Board of Directors held on **07 September 2023** containing the following resolutions:

- **Board Resolution No. 01-2023-Sept07** relating to the approval of the amendment of By-Laws for change of annual shareholders' meeting date and online meetings.
- **Board Resolution No. 02-2023-Sept07** relating to the postponement of the 2023 Annual Stockholders' Meeting.
- **Board Resolution No. 03-2023-Sept07** relating to the conduct of the 2023 Annual Stockholders' Meeting through videoconference.

ANNEX "D"

FONTANA

March 30, 2023

ALAS OPLAS & CO., CPAs
Unit D. F Jack Bldg,
156 Aguinaldo Hi-way, San Agustin II,
Dasmariñas, Cavite

Gentlemen:

We confirm to the best of our knowledge and belief and having made appropriate enquiries of other directors and officials of **FONTANA RESORT & COUNTRY CLUB, INC.** (the "Country Club"), the following representations given to you in connection with your audit of the individual financial statements of the Country Club as of and for the years ended December 31, 2022 and 2021 *with comparative figures as of and for the year ended December 31, 2020.* We recognize that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion whether the financial statements present fairly, in all material respects with Philippine Financial Reporting Standards (PFRSs).

Statutory responsibilities

We acknowledge our responsibilities under the Securities Regulation Code (SRC) 68 for preparing financial statements in accordance with the PFRS which give a true and fair view and for making accurate representations to you. All the accounting records and related data have been made available to you for the purpose of your audit and all the transactions undertaken by the Country Club have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management, Board of Trustees and members' meetings, have been made available to you.

In that regard, we confirm, to the best of our knowledge and belief that the financial statements are fairly presented in conformity with PFRSs.

We also confirm that we are responsible for the following:

a. design and implementation of programs and controls to prevent and detect fraud.
b. establishment and maintenance of effective internal controls over financial reporting; and
c. other financial information in the supplemental schedule to be submitted to the Bureau of Internal Revenue and Securities and Exchange Commission, and;
d. adoption and implementation of new accounting standards that became effective as well as assessment of financial impact to the Country Club.

Accounting estimates

We acknowledge our responsibilities for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.

In that regard, adequate provisions have been made:

a. to reduce membership dues and other receivables to their estimated collectable amounts through provision of expected credit losses as required by PFRS 9.
b. to reduce obsolete, damaged or excess inventories to their estimated net realizable value.
c. for any impairment losses identified in relation to property, plant and equipment and other intangible assets.
d. for retirement benefit obligation to be paid upon retirement of employees;

FONTANA

e. for the lease commitment, considering the substance of the contract, the management had determined that the lease arrangement should be accounted under PFRS 16.
f. to determine the recoverability of deferred tax assets;

In connection with recognition of deferred taxes, management has considered the following
a. timing of the reversal of temporary differences;
b. whether it is probable that temporary differences will not reverse in the foreseeable future; and
c. the tax rates expected to apply to the period when the asset is realized or the liability is settled.

As far as deferred tax assets are concerned, their realization ultimately depends on taxable profits being available in the future. Accordingly, deferred tax assets are recognized because the management believes that it is probable that:

a. taxable profits will be available against which the deferred tax asset can be utilized; and
b. the Country Club will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments.

We further confirm that the composition of the Country Club's deferred tax assets for the periods ended December 31, 2022 and 2021 are as follow:

Year Incurred	Deferred revenue on membership	Customer's deposits	Excess of interest and depreciation over lease payments	Retirement benefit obligation	Total
January 1, 2020	2,087,503	437,955	1,533,248	221,566	4,280,272
Origination	11,557	60,879	1,526,102	52,601	1,651,139
Recognized in OCI	–	–	–	59,286	59,286
December 31, 2020	2,099,060	498,834	3,059,350	333,453	5,990,697
Origination	–	–	2,870,669	46,454	2,917,123
Reversal	(2,099,060)	(9,798)	–	–	(2,108,858)
Recognized in OCI	–	–	–	(58,707)	(58,707)
December 31, 2021	**–**	**489,036**	**321,200**	**321,200**	**6,740,255**
Origination	**–**	**103,034**	**47,206**	**47,206**	**2,989,536**
Recognized in OCI	**–**	**–**	**(62,792)**	**(62,792)**	**(62,792)**
December 31, 2022	**–**	**592,070**	**305,614**	**305,614**	**9,666,999**

Deferred Tax Liabilities
Deferred income tax liabilities are determined using the income tax rate in the period the temporary differences are expected to be settled. The Country Club recognized deferred tax liabilities on the excess of interest income over sublease payments received amounting to P4,330,543 and P2,178,701 and nil as of December 31, 2022 and 2021.

Movements in deferred tax assets and liabilities have been recognized as follows:

	2022	2021	2020
Through profit or loss	**(837,695)**	1,370,436	(1,651,139)
Through other comprehensive income	**(62,792)**	(58,707)	59,286
	(900,487)	1,311,729	(1,591,853)

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Fair value measurements and disclosures

We acknowledge our responsibilities for the completeness and appropriateness of the fair value measurements and disclosures included in the financial statements. The measurement methods used are suitable and have been consistently applied. The fair value measurements and disclosures reflect our judgment based on our knowledge and experience about past and current events and are also based on our assumptions about conditions we expect to exist and courses of action we expect to take.

Further, there have been no events since the reporting date which would require revision of the fair value measurements and disclosures included in the financial statements.

Directors and other related party disclosures

Related party relationships

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

We represent that the related parties refer to stockholders and those companies who are under common control and under common management by the Parent Company. They are as follows:

Related parties	Place of Incorporation	Relationship
Clark Resort Limited	British Virgin Islands	Ultimate Parent Company
Fontana Development Corporation (FDC)	Philippines	Immediate Parent Company*
Clark International Recreation Holdings Corporation (CIRHC)	Philippines	Intermediate Parent Company*
Clark Resort Travel and Amusement (CRTA)	Philippines	Under common control
Fort Ilocandia Land Development Corp (FILDC)	Philippines	Under common management
AmazinglyClean, Inc. (ACI)	Philippines	Under common management

**Under common management*

The Country Club's transaction and balances with related parties are as follows:

Entity	Year	Transactions with related parties: Rental of villas & facilities	Room, amenities charges and others	Others	Balances with related parties: Due from	Terms and conditions
Immediate Parent Company						
a) Fontana Development Corporation (FDC)	**2022**	**56,161,493**	**(25,250,971)**	**–**	**140,527,201**	Unsecured, non-interest bearing, payable on demand and to be settled in cash or be subjected to offsetting;
	2021	71,005,353	(26,915,449)	–	157,090,180	
b) Clark International Recreation Holdings Corp (CIRHC)	**2022**	**–**	**25,913**	**–**	**361,887**	Unsecured, non-interest bearing, payable on demand and to be settled in cash or be subjected to offsetting;
	2021	–	–	–	137,405	
Entity under common control						
c) Clark Resort Travel and Amusement (CRTA)	**2022**	**1,157,973**	**7,691,964**	**–**	**35,141,658**	Unsecured, non-interest bearing, payable on demand and to be settled in cash or be subjected to offsetting;
	2021	3,632,064	7,691,964	–	26,490,488	
Entities under common management						
d) Fort Ilocandia Land Development Corp (FILDC)	**2022**	**–**	**21,013**	**–**	**5,080,442**	Unsecured, non-interest bearing, payable on demand and to be settled in cash or be subjected to offsetting;
	2021	–	27,625	–	5,059,429	
e) AmazinglyClean, Inc. (ACI)	**2022**	**–**	**2,061,411**	**–**	**32,039,779**	Unsecured, non-interest bearing, payable on demand and to be settled in cash or be subjected to offsetting;
	2021	–	4,036,610	–	24,293,962	
Others						
f) Key Management Compensation	**2022**	**–**	**–**	**5,878,677**	**–**	
	2021	–	–	6,965,638	–	
	2022	**57,319,466**	**(15,649,437)**	**5,878,677**	**213,150,967**	
	2021	74,637,417	(15,159,250)	6,965,638	213,071,464	

a. **Fontana Development Corporation (FDC)**

As of December 31, 2022, and 2021, the Country Club's due from Fontana Development Corporation (FDC) amounted to ₱157,090,180 and ₱157,649,004, respectively.

Outstanding balances at year-end are unsecured, non-interest-bearing and normally settled in cash. There have been no guarantees provided or received for any related party receivables or payables. The outstanding balances of accounts due from or to related parties are normally collectible or payable on demand. The assessment is undertaken each financial year by examining the financial position of related parties and the market in which they operate.

The Country Club also has the following agreements with FDC:

a. Cost allocation of expenses, mainly utilities, salaries and repairs and maintenance. During 2022 and 2021, sharing of expenses amounted to ₱418,818 and ₱1,192,600, respectively.
b. Short-term rental arrangement on transferred properties in 2019 for a certain fee to cover for the fixed cost of maintaining the properties. Rent income recognized in profit or loss as part of room rentals revenue amounted to ₱44.4 million (2021 – ₱44.4 million).

The Country Club charges the related party for the rental of villas and facilities amounting to ₱56,161,493 and ₱71,005,353 during 2022 and 2021.

Room, amenities and other charges amounted to ₱25,250,971 and ₱26,915,449 in 2022 and 2021 which pertains to intercompany charges for using of amenities between related parties such as staff quarters, room charges and utility charges. The Country Club also made advances to related party for working capital amounting to ₱850,979 and ₱2,238,895 while fund transfer amounted to ₱46,203,704 and ₱48,601,719 as of December 31, 2022 and 2021, respectively.

b. **Clark International Recreation Holdings Corp (CIRHC)**

As of December 31, 2022, and 2021, the Country Club's due from Clark International Recreation Holdings Corp (CIHRC) amounted to ₱361,887 and ₱137,405 which pertains to advances for working capital and expenses paid by the Country Club on behalf of the related party.

Outstanding balances at year-end are unsecured, non-interest-bearing and normally settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

The outstanding balances of accounts due from or to related parties are normally collectible or payable on demand. The assessment is undertaken each financial year by examining the financial position of related parties and the market in which they operate.

c. **Clark Resort Travel and Amusement (CRTA)**

As of December 31, 2022 and 2021, the Country Club's due from Clark Resort Travel and Amusement (CRTA) amounted to ₱35,141,658 and ₱26,490,488 which pertains to fund transfer, rental of villas and facilities, and intercompany charges for using of amenities such as staff quarters, room charges and utility charges.

Rental of villas and facilities during 2022 and 2021 amounted to ₱1,157,973 and ₱3,632,064, respectively. During 2022 and 2021, intercompany charges for using of amenities amounted to ₱7,493,197 and ₱7,691,964 while fund transfer amounted to nil and ₱200,000 respectively.

Outstanding balances at year-end are unsecured, non-interest-bearing and normally settled in cash. There have been no guarantees provided or received for any related party receivables or

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Fraud and error

We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and error. We have disclosed to you the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have assessed the design and operating effectiveness of the Country Club's internal control and such assessment indicates no risk that the Country Club's financial statements as of December 31, 2022 and December 31, 2021 may be materially misstated as a result of fraud.

We have disclosed to you any events during the period of which we are aware that involved dishonest or fraudulent conduct or which resulted from a material weakness or breakdown in the accounting records and related internal controls.

There have been no frauds or other irregularities involving management or employees who have significant roles in the accounting and control systems and no frauds or other irregularities involving other employees that could have a material effect on the financial statements.

There have been no allegations of fraud, or suspected fraud, affecting the Country Club's financial statements communicated by employees, former employees, analysts, regulators or others.

There are no transactions that have not been properly recorded in the accounting records underlying the financial statements.

The Country Club's has no plans or intentions that may affect the carrying value or classification of assets and liabilities.

Account Balances, Transactions and Disclosures

Disclosure of Compensating Balances or Other Arrangements Involving Restrictions on Cash Balances, Line of Credit, or Similar Arrangements

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed in the financial statements.

We represent that as of December 31, 2022, the Country Club has only the following bank accounts:

Bank Accounts	Account Number	Amount
AUB (Angeles Br.)	104-01-001148-7	1,292,312
BDO (Binondo)	2580024022	84,630
BDO (Clark)	004340000534	1,176,050
Land Bank of the Philippines	1581-0422-60	29,887
Rizal Commercial Banking Corporation	5334001166	207,587
China Banking Corporation	167800002402	30,617
		2,821,083

Money Market Placements
We represent that the Country Club has no money market placements as of December 31, 2022.

Membership dues and Other receivables
Receivables recorded in the financial statements represent valid claims against customers for sales or other charges arising on or before the reporting date.

We represent that we have outstanding balance of membership dues and other receivables amounting to ₱78,100,997 and ₱140,280,260 as of December 31,2022 and 2021, respectively. We

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confirm that the Country Club recognized additional provision on allowance for expected credit losses amounting to ₱44,597,499 during 2022 and 2021 to appropriately reduce membership dues and other receivables to their estimated net realizable value of ₱78,100,997 and ₱140,280,260 as of December 31, 2022 and 2021.

We further represent that the basis on recognition of membership dues is based on the lower of fair value of shares and the "should be" accrued receivables. We also represent that the fair value of shares for Class C and D as of December 31, 2022 was the selling prices based on the transfer of shares made during the year while the other shares was based on the high bid as disclosed in SEC Form 17-A for 2020.

Estimating Allowances for Expected Credit Losses
In relation to revised PFRS 9, the Company has provided provision for expected credit losses using the expected credit loss model, to provide for allowance for future defaults from its customers. Past events perceived future unfavorable events were taken into consideration in determining the amount of allowance provided.

We acknowledge that the amount of ₱174,490,652 and ₱129,893,153 as of December 31, 2022 and 2021, respectively, is sufficient to be provided as an allowance for expected credit losses in accordance with the expected credit loss model as required by PFRS 9.

Prepayments and other current assets
As of December 31, 2022, and 2021, prepayments and other current assets totaled ₱7,913,869 and ₱8,797,932, respectively. During the year, we represent that the Country Club recognized impairment loss amounting to ₱1,971,723 and ₱2,810,027 to write-down supplies to its net realizable value as disclosed in Note 10 in the financial statements.

Finance lease receivables
As of December 31, 2022 and 2021, finance lease receivables totaled ₱8,625,794 and ₱8,429,753, respectively.

We represent that in 2020, the Country Club entered into a sublease agreement for an undeveloped parcel of land with an area of 25.22 hectares. The 25.22 hectares is part of the lease with CDC (the "head lease") for the 65 hectares of land. As the Country Club transfers substantially all of the risks and rewards of ownership of the right-of-use asset related to the 25.22 hectares, the sublease is classified as a finance lease. The sublease agreement is for a period of 26 years starting January 1, 2021 and is subject to renewal by mutual agreement of the parties

We further confirm that the Country Club recognized net investment on the sublease amounted to ₱305,786,199 and ₱297,071,394 for the years ended December 31, 2022 and 2021. Consequently, the carrying amount as of January 1, 2021 of the right-of-use assets related to the 25.22 hectares amounting to ₱199,533,459 has been derecognized.

Other income on sublease recognized in the 2021 profit or loss amounting to ₱97,537,935 is accounted for as the difference between the net investment and the carrying amount of the right-of-use assets derecognized in the head lease. The Country Club used the discount rate of 5.55% used in the head lease to measure the net investment in the sublease.

Long-Lived Assets
During 2021, there were events or changes in circumstances that have occurred which indicate that the carrying amount of long-lived assets to be held and used may not be recoverable. Due to pandemic, the Country Club's operation in amusement was stopped which caused the property and equipment to be idle.

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Long-lived assets to be held and used have been reviewed for impairment whenever events or changes in circumstances have indicated that their carrying amounts may not be recoverable. Where appropriate under PAS 36, *Impairment of Assets*, such assets have been written down to its recoverable amount. Our estimates of future cash flows are based on reasonable and supportable assumptions and represent our best estimates of the cash flows expected to result from the use of the assets and their eventual disposition.

We confirm that the Country Club recognized an impairment loss on amusement and amenities of ₱3,081,499 during 2021. The net recoverable amount of ₱36,662,194 has been determined on the basis of the relevant assets' value in use and compared with their carrying amount of ₱39,743,693. The discount rate used in measuring value in use was 5% per annum. We further confirm that the Country Club assessed no additional impairment loss for amusement and amenities during 2022.

We also confirmed that during 2021, the Country Club disposed property and equipment with a carrying amount of ₱40,650. The amount charged for the disposal as an offset to payable amounted to ₱41,080. Consequently, gain on disposal of property and equipment amounting to ₱430 was recognized as disclosed in Note 19 in the financial statements. No disposal has been made during 2022.

The carrying amount of property and equipment amounts to ₱51,994,084 and ₱77,324,519 as of December 31, 2022 and 2021, respectively. Additions to property and equipment amounting to ₱4,450,129 and ₱990,618 in 2022 and 2021 were paid in cash.

Investment properties

We represent that the Country Club has an outstanding balance of investment properties amounting to ₱1,025,967,232 and ₱1,154,954,386 as of December 31, 2022 and 2021, respectively. Investment property is measured at cost less accumulated depreciation (except for land) and any accumulated impairment losses.

We also confirmed that the latest valuation report was carried out by an independent third-party appraiser in 2019. The fair value measurement used is categorized as Level 3 (significant unobservable inputs). The fair value of investment properties was derived using cost approach which implies the use of economic principle of substitutions. This approach considers the replacement costs less allowance for physical depreciation adjusted to estimate entrepreneurial incentive or developers profit/loss, among others. Average remaining useful lives used in the valuation range from 30 to 35 years. Based on the appraisal results, the carrying values of the investment properties remain to be appropriate as of reporting date.

We further confirm that Management has assessed that there were no conditions present in 2022 that would significantly reduce the appraised values of investment properties except for the construction in progress where an impairment loss of ₱69,092,887 has been recognized due to prolonged discontinuance of construction and other external factors.

Trade and other payables

We represent that we have an outstanding balance of trade and other payables amounting to ₱103,014,733 and ₱123,349,536 as of December 31, 2022 and 2021, respectively.

We also represent that during the year, the Country Club determined deferred membership dues amounting to ₱9,363,742 and F&B consumable coupons amounting to ₱13,314,692 to be long-outstanding and with no supporting schedule. Since the Country Club no longer recognizes membership dues from the beginning balances of deferred membership dues, it has to be applied to the membership dues receivables.

We confirm that during the year, the said deferred membership dues amounting to ₱9,363,742 and portion of F&B consumable coupons amounting to ₱8,632,821 has been applied to membership dues receivables while the remaining ₱4,681,871 has been recognized as other income. As of December

FONTANA

31, 2022 and 2021, deferred membership dues and consumables coupons amounted to ₱24,199,713 and ₱45,224,063 as disclosed in Note 13.

Lease liability and Right-of-use assets
We are aware of the provision of the new standard, PFRS 16, with regards to leases and we have complied with the requirements of such standard.

As of December 31, 2022, and 2021, the Country Club's right-of-use assets amounted to ₱300,740,120 and ₱307,734,076, respectively while lease liability amounted to ₱707,481,414 and ₱687,961,716, respectively.

We further confirm that on January 1, 2021, the carrying amount of the right-of-use assets pertaining to 65 hectares of land from the head lease were adjusted by ₱199,533,459 for the effect of sublease of 25.22 hectares.

Pension and Postretirement Liabilities and Cost
The Country Club has an unfunded and non-contributory defined benefit plan covering all of its qualified employees. Retirement expense is determined using the projected unit credit actuarial valuation method taking into account the factors of discount rates, expected rates of salary increases, employee turnover, mortality, and medical cost trend rates.

The liability recognized in the statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is measured based on the result of actuarial valuation.

We confirm that for the years ended December 31, 2022 and 2021, additional retirement cost amounting to ₱1,452,503 and ₱1,604,788 is recognized in profit or loss in respect to retirement benefit plan. The regulatory benefit is paid in a lump sum upon retirement. During the 2022 and 2021, we confirm that the Country Club paid retirement benefit obligation amounting to nil and ₱151,200, respectively.

We believe that the ₱7,790,425 and ₱8,269,999 amount of accrual as of December 31, 2022 and 2021 represents reasonable estimate of the Country Club's retirement obligation over its qualified employees.

Revenue
We represent the following transactions for the years ended December 31 consist of:

	2022	2021	2020
Revenue recognized over time:			
Room rentals			
Long-term use	**51,259,787**	60,153,158	137,270,708
Other room rentals	**42,482,106**	46,896,209	54,333,617
Membership dues	**22,815,071**	14,406,280	16,460,760
Recognized at a point in time:			
Amusement and other fees	**4,918,146**	4,041,806	4,143,621
	121,475,110	125,497,453	212,208,706

Share Capital
We confirm the completeness of the information provided in the certification of share capital from our corporate secretary regarding the authorized number of shares of stock, list of stockholders, number of shares held by each and paid-up portion as of December 31, 2022.

The Country Club's authorized shares with P20 par value have been subscribed and fully paid as follows:

Class	No. of Shares	Amount
Founder's shares	7	140
Presidential shares	825	16,500
Class "A" shares	1,248	24,960
Class "B" shares	1,976	39,520
Class "C" shares	7,384	147,680
Class "D" shares	16,016	320,320
	27,456	549,120

Functional Currency

We represent that The Country Club's financial statements are presented in Philippine Peso, which is the Country Club's functional currency.

Law and regulations

We confirm that we are aware of the requirement to file BIR Form 1709 as per RR 19-2020 and RR 34-2020 issued by the BIR relative to disclosure of Related Parties and Related Party Transactions.

We further confirm that Clark Resort Travel and Amusement (CRTA), a related party, shall be the entity that shall settle the unpaid and current legal fees of the Country Club. Hence, there was no accrual of liability with legal counsel per confirmation reply.

Except for the above, we are not aware of any events that involve possible or actual non-compliance with those laws and regulations which are central to the Country Club's ability to conduct its business. Neither are we aware of other events that involve possible or actual non-compliance with laws or regulations whose consequences may have a potentially material effect on the financial statements and which therefore should be considered for disclosure or as a basis for recording a loss provision.

There have been no communications concerning non-compliance with the requirements of regulatory or tax authorities with respect to any matter that could have a material effect on the financial statements.

Income Taxes

The reconciliation between income tax at statutory tax rate and the actual income tax benefit (expense) is shown below:

	2022	2021	2020
Deficiency of revenue over costs and expenses before income tax	**(216,638,114)**	(60,376,063)	(88,566,876)
Income tax computed at statutory rate of 5%	**(10,831,906)**	(3,018,803)	(4,428,344)
Tax effects of:			
Non-deductible expenses	**10,095,735**	4,488,110	2,777,491
Interest income subject to final tax	**(113)**	(136)	(286)
Other items subject to 25% RCIT	**(101,411)**	(98,735)	–
	(837,695)	1,370,436	(1,651,139)
Interest income on sublease	**17,037,121**	16,556,436	–
Gain on disposal of property and equipment	**(15,008,903)**	430	–
Interest expense	–	(14,582,170)	–
Net income subject to RCIT	**2,028,218**	1,974,696	–
Income tax computed at 25%	**507,055**	493,674	–
Non-deductible expenses at 25% RCIT	**(265,826)**	(262,289)	–
	247,229	231,385	–
	(590,466)	1,601,821	(1,651,139)

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Commitments and contingent liabilities

We confirm that the Country Club is aware of a pending or threatened litigation, claims or assessments or unasserted claims of assessments that are required by PAS 37 *Provisions, Contingent Liabilities and Contingent Assets* of PFRS to be accrued or disclosed in the financial statements.

As of December 31, 2022, and 2021, the Country Club has accrued provision for probable loss amounting to ₱9,039,748 for both years. These provisions were recognized for future claims and assessment.

Except for the above, the Country Club is not aware of any failure of the Country Club to act in accordance with applicable law, which could result in a material liability. The Country Club has complied with all aspects of contractual agreements that could have a material effect on the accounts in the event of non-compliance.

Events after the reporting period

No events after the end of the reporting date were identified in these financial statements that provide evidence of conditions that existed at the reporting date (adjusting events after reporting date), and that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

Going concern

In our opinion, it is appropriate for the going concern basis to be adopted in preparing the financial statements. In making this judgment, we have paid particular attention to:

a. circumstances which we consider may occur in the period up to March 30, 2024;
b. any planned or expected changes in operations in that period.
c. the need to disclose in the financial statements' information regarding any significant uncertainty regarding going concern in the financial statements.

After making these inquiries, we have a reasonable expectation that the Country Club has adequate resources to continue operations for the foreseeable future.

Summary of unadjusted audit differences

There had been no unadjusted audit differences as of December 31, 2022. All adjusting entries are properly taken in the books.

Summary of Audit Adjusting Entries

We confirm that all of audit adjustments proposed by the auditor were accepted. See *Annex A* for the complete list of audit adjustments.

Summary of Board Resolution During the Year

We represent the following board resolutions for the period January 1 to December 31, 2022:

Special Meeting of Board of Directors:

1. Board Resolution No. 01-2022-Jun09 relating to the update of bank signatories of the Club relating to its corporate bank account with Land Bank of the Philippines – Clark Field Branch.
2. Board Resolution No. 02-2022-Jun09 relating to the update of bank signatories of the Club relating to its corporate bank account with China Banking Corporation – SM Telebastagan Branch

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3. Board Resolution No. 01-2022-Aug01 relating to the postponement of the Annual Stockholders' Meeting.
4. Board Resolution No. 01-2022-Sep15 relating to the designation of authorized representatives and signatories with Regional Trial Court of Angeles City, Pampanga.
5. Board Resolution No. 01-2022-Sep22 relating to the transactions with the Bureau of Internal Revenue.

Regular Meeting of the Board of Directors:

1. Board Resolution No. 01-2022-Mar17 relating to the approval of the 2021 December 31 Audited Financial Statements
2. Board Resolution No. 01-2022-Nov24 relating to the approval of the CY2020 Audited Financial Statements.

Organizational Meeting of the Board of Directors:

1. Board Resolution No. 01-2022-Dec16 relating to the election of corporate officers for the year 2022 to 2023
2. Board Resolution No. 02-2022-Dec16 relating to the election of the Members of the Audit Committee for the year 2022 to 2023
3. Board Resolution No. 03-2022-Dec16 relating to the election of the Members of the Nomination Committee for the year 2022 to 2023
4. Board Resolution No. 04-2022-Dec16 relating to the election of the Members of the Membership Committee for the year 2022 to 2023
5. Board Resolution No. 05-2022-Dec16 relating to the constitution of the members of the Compensation and Remuneration Committee

Other than stated above, there were no other board resolutions issued during the year.

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Approval for Issuance of the Country Club's Financial Statements

The financial statements of the Country Club for the years ended December 31, 2022 were authorized for issue by the Country Club's **Board of Trustees** on March 30, 2023.

We understand that your audit was conducted in accordance with Philippine Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial statements of the Country Club taken as a whole, and that your tests of the accounting records and other auditing procedures were limited to those that you considered necessary for that purpose.

Very truly yours,

Mr. Wu Shuiqing (Simon)
President and General Manager

Date: March 30, 2023

Mr. Chen Long Wang (Ron)
Treasurer

Date: March 30, 2023

Mr. Alexander L. Ramos
Resort Financial Controller

Date: March 30, 2023

Fontana Hot Spring Leisure Parks
C M Recto Highway Clark Freeport Zone 2023, Pampanga, Philippines
Telephone: +6345 5995000 Fax: +632 8439123 URL: www.fontana.com.ph

ANNEX A: SUMMARY OF AUDIT ADJUSTING JOURNAL ENTRIES

Proposed Adjusting Journal Entries

No.	Account Code	Account Name	Debit	Credit
1	4071-CLA-000-MEM-000-000	Membership Revenues - Dues	9,363,740.00	
	2304-CLA-000-000-000-000	Deferred Income - Membership Dues		9,363,740.00
	7031-CLA-000-000-000-000	Income - Others	13,376,192.00	
	2351-CLA-000-000-000-000	Customers' Deposits - F&B Consumable Coupons		13,376,192.00
		Reversal of CAJE provided by client for deduction of Deferred Income		
2	2304-CLA-000-000-000-000	Deferred Income - Membership Dues	9,363,742.00	
	1201-CLA-000-000-000-000	Accounts Receivables - Membership Dues		9,363,742.00
		To knock-off unaccounted Deferred Income: P23,627,302 (2019 Balance) less P14,263,560 (2019 Advances)		
3	2351-CLA-000-000-000-000	Customers' Deposits - F&B Consumable Coupons	13,314,692.00	
	7034-CLA-000-000-000-000	Other Income - Membership		4,681,871.00
	1201-CLA-000-000-000-000	Accounts Receivables - Membership Dues		8,632,821.00
		To knock-off unaccounted F&B Consumable Coupons: P18,118,192 (2019 Balance) less P4,803,500 (2019 Advances)		
4	1704-CLA-000-000-000-VIL	Construction In-Progress - Amusement and Amenities	748,984.87	
	1409-CLA-000-000-000-000	Prepaid Expenses - Hotspring		748,984.87
		To reclassify the materials used for the construction of Phase 2 as of December 31, 2022		
5	9901-CLA-000-000-000-000	Provision for/(Benefit from) Income Tax - Current	247,228.79	
	1441-CLA-000-000-000-000	Prepaid Expenses - Others		247,228.79
		To record income tax expense for 2022		
6	1921-CLA-000-000-000-000	Deferred Assets - Corporate Income Tax	947,279.48	
	1921-CLA-000-000-000-000	Deferred Assets - Corporate Income Tax	103,034.31	
	1921-CLA-000-000-000-000	Deferred Assets - Corporate Income Tax	47,206.35	
	1921-CLA-000-000-000-000	Deferred Assets - Corporate Income Tax	1,892,016.31	
	9902-CLA-000-000-000-000	Provision for/(Benefit from) Income Tax - Deferred		2,989,536.44
		To record deferred tax assets for 2022		

7	9902-CLA-000-000-000-000	Provision for/(Benefit from) Income Tax - Deferred	2,151,842.04	
	2753-CLA-000-000-000-000	Deferred Tax Liabilities		2,151,842.04
		To record deferred tax liabilities for 2022		
8	3500-CLA-000-000-000-000	Other Comprehensive Income(Loss)	62,792.50	
	1921-CLA-000-000-000-000	Deferred Assets - Corporate Income Tax		62,792.50
		To record tax effect of OCI		
9	2752-CLA-000-000-000-000	Accrued Liabilities - Retirement Benefits	1,930,055.00	
	3500-CLA-000-000-000-000	Other Comprehensive Income(Loss)		1,930,055.00
		To record Retirement Benefit on OCI		

Client Adjusting Journal Entries

No.	Account Code	Account Name	Debit	Credit
1	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	4,918.87	
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses		4,918.87
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses	6,875.83	
	1051-TEL-000-000-000-CBS	Cash in Bank (Php) - China Banking Corp. (SM Telebastagan)		6,875.83
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	12,147.00	
	1021-CLA-000-000-000-000	Undeposited Collections (Php)		12,147.00
	1051-TEL-000-000-000-CBS	Cash in Bank (Php) - China Banking Corp. (SM Telebastagan)	5,600.00	
	1021-CLA-000-000-000-000	Undeposited Collections (Php)		5,600.00
	1041-CLA-000-000-000-000	Cash Sales Clearing Account	1.17	
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses		1.17
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses	0.30	
	1051-ANG-000-000-000-SBC	Cash in Bank (Php)- Security Bank (Angeles Br.)(SA)		0.30
		# Bank Reconciliation Entry (CAJE)		
2	2291-CLA-000-000-000-000	Accrued Expenses - Others	665,121.84	
	1401-CLA-000-000-000-000	Prepaid Expenses - Insurance		400,428.67
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses		264,693.17
		# Adjustment to Accrued Expense-Others (CAJE)		

3	2154-CLA-000-000-000-000	Accounts Payable - Service Charge (85% Distributable)	551.00	
	2154-CLA-ANG-PRC-000-000	Accounts Payable - Service Charge (85% Distributable)		551.00
		#Service Charge (85% distributable) adjustment (CAJE)		
4	8094-CLA-ANG-MIS-000-000	Internet Fees	220,000.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		220,000.00
		# Internet Fees Adjustment (CAJE)		
5	8157-CLA-000-ENG-000-000	Repairs and Maintenance - General, Electrical and Mechanical	84,108.00	
	1252-CLA-000-000-000-000	Advances - Suppliers		84,108.00
		# Advances to Suppliers Adjustment (CAJE)		
6	1041-CLA-000-000-000-000	Cash Sales Clearing Account	73,963.00	
	1939-CLA-000-000-000-000	Refundable Deposits - Others	110,000.00	
	7031-CLA-000-000-000-000	Income - Others	3.00	
	1268-CLA-000-000-000-000	Accounts Receivable - Others	2,248.00	
	1021-CLA-000-000-000-000	Undeposited Collections (Php)		86,214.00
	1939-CLA-000-000-000-000	Refundable Deposits - Others		100,000.00
		# AGC CASH SALES CLEARING REVERSAL ENTRY DEC,25,2022		
7	1021-CLA-000-000-000-000	Undeposited Collections (Php)	91,814.00	
	1939-CLA-000-000-000-000	Refundable Deposits - Others	100,000.00	
	1041-CLA-000-000-000-000	Cash Sales Clearing Account		79,563.00
	1939-CLA-000-000-000-000	Refundable Deposits - Others		110,000.00
	7031-CLA-000-000-000-000	Income - Others		3.00
	1268-CLA-000-000-000-000	Accounts Receivable - Others		2,248.00
		# AGC CASH SALES CLEARING ADJUSTMENT ENTRY DEC,25,2022		
8	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	5,750.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	11,500.00	
	1203-CLA-000-000-000-000	Accounts Receivables - City Ledger		17,250.00
		# ADJUSTMENT OF DEB TRADING OFFSETTING		

9	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	11,500.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	8,500.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	11,500.00	
	1203-CLA-000-000-000-000	Accounts Receivables - City Ledger		31,500.00
		# ADJUSTMENT OF POOL KING OFFSETTING		
10	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	5,750.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	11,500.00	
	1203-CLA-000-000-000-000	Accounts Receivables - City Ledger		17,250.00
		# ADJUSTMENT OF DEB TRADING OFFSETTING		
11	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	5,750.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	11,500.00	
	1203-CLA-000-000-000-000	Accounts Receivables - City Ledger		17,250.00
		# ADJUSTMENT OF SABORDOS OFFSETTING		
12	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	1,509,078.79	
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks		1,509,078.79
		# Bank Reconciliation Entries		
13	4071-CLA-000-MEM-000-000	Membership Revenues - Dues	654,900.00	
	2304-CLA-000-000-000-000	Deferred Income - Membership Dues		654,900.00
		# (CNC)REVERSE OCTOBER 2022 DUES NOVEMBER 2022		
14	4071-CLA-000-MEM-000-000	Membership Revenues - Dues	729,300.00	
	2351-CLA-000-000-000-000	Customers' Deposits - F&B Consumable Coupons	181,000.00	
	2304-CLA-000-000-000-000	Deferred Income - Membership Dues	204,300.00	
	2391-CLA-000-000-000-000	Customers' Deposits - Others	175,400.00	
	4089-CLA-000-MEM-000-000	Membership Revenues - Others	5,000.00	
	1051-BIN-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Binondo) (SA)		1,295,000.00
		# (CNC)MEMBERSHIP PAYMENT THRU BDO DECEMBER 2022		
15	4030-CLA-000-000-000-000	Revenues- Dummy	555,375.00	
	1051-BIN-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Binondo) (SA)		400,600.00
	2391-CLA-000-000-000-000	Customers' Deposits - Others		6,300.00
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		148,475.00

	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	70,700.00	
	1051-BIN-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Binondo) (SA)		70,700.00
		# (CNC)CL THRU BANK DECEMBER 2022		
16	2304-CLA-000-000-000-000	Deferred Income - Membership Dues	415,900.00	
	4071-CLA-000-MEM-000-000	Membership Revenues - Dues		415,900.00
		# (CNC)REVERSE OCTOBER 2022 DUES NOVEMBER 2022		
17	1051-BIN-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Binondo) (SA)	455,400.00	
	4071-CLA-000-MEM-000-000	Membership Revenues - Dues		91,900.00
	2351-CLA-000-000-000-000	Customers' Deposits - F&B Consumable Coupons		99,500.00
	2304-CLA-000-000-000-000	Deferred Income - Membership Dues		101,700.00
	2391-CLA-000-000-000-000	Customers' Deposits - Others		162,300.00
		# (CNC)MEMBERSHIP PAYMENT THRU BDO DECEMBER 2022		
18	1051-BIN-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Binondo) (SA)	416,990.00	
	2391-CLA-000-000-000-000	Customers' Deposits - Others	62,600.00	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	16,100.00	
	4030-CLA-000-000-000-000	Revenues- Dummy		495,690.00
		# (CNC)CL THRU BANK DECEMBER 2022		
19	1051-CLA-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Clark) (SA)	17,000.00	
	2391-CLA-000-000-000-000	Customers' Deposits - Others		17,000.00
		#(CNC)PAYMENT THRU BDO(434-0000542) FOR DECEMBER 2022		
20	2391-CLA-000-000-000-000	Customers' Deposits - Others	43,200.00	
	2351-CLA-000-000-000-000	Customers' Deposits - F&B Consumable Coupons		12,000.00
	4071-CLA-000-MEM-000-000	Membership Revenues - Dues		12,500.00
	2304-CLA-000-000-000-000	Deferred Income - Membership Dues		18,700.00
		#(CNC)MEMBERSHIP PAYMENT THRU BDO(2580024022)-Sia Henry Beng		
21	2391-CLA-000-000-000-000	Customers' Deposits - Others	3,000.00	
	2351-CLA-000-000-000-000	Customers' Deposits - F&B Consumable Coupons		1,000.00
	4071-CLA-000-MEM-000-000	Membership Revenues - Dues		2,000.00
		#CNC.MEMBERSHIP PAYMENT THRU BDO(2580024022)-Paragas Epifanio		

22	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	37,693.67	
	2154-CLA-000-000-000-000	Accounts Payable - Service Charge (85% Distributable)		37,693.67
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	50,960.57	
	2154-CLA-000-000-000-000	Accounts Payable - Service Charge (85% Distributable)		50,960.57
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	158,458.93	
	2154-CLA-000-000-000-000	Accounts Payable - Service Charge (85% Distributable)		158,458.93
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	37,693.67	
	2154-CLA-000-000-000-000	Accounts Payable - Service Charge (85% Distributable)		37,693.67
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	50,960.57	
	2154-CLA-000-000-000-000	Accounts Payable - Service Charge (85% Distributable)		50,960.57
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	158,458.93	
	2154-CLA-000-000-000-000	Accounts Payable - Service Charge (85% Distributable)		158,458.93
		# Service Charge Adjustments		
23	6665-CLA-RMS-HKG-000-000	Supplies - Guests	3,149.30	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	414.40	
	1309-CLA-000-000-000-000	Inventories - Mini-bar Supplies		3,563.70
		# To take up adjustment of HK-bottled consumption		
24	1307-CLA-000-000-000-000	Inventories - Guest Supplies	3,000.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		3,000.00
	1307-CLA-000-000-000-000	Inventories - Guest Supplies	13,440.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		13,440.00
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies	6,740.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		6,740.00
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies	9,000.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		9,000.00
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies	9,000.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		9,000.00
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies	33,943.50	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		33,943.50
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies	9,200.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		9,200.00
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies	9,200.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		9,200.00
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies	27,600.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		27,600.00

	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies	46,000.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		46,000.00
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies	28,286.25	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		28,286.25
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies	1,300.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		1,300.00
	6664-CLA-000-AMU-WTP-000	Supplies - Cleaning/Chemical	40,000.00	
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies		40,000.00
	6664-CLA-000-AMU-WTP-000	Supplies - Cleaning/Chemical	5,600.00	
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies		5,600.00
	6900-CLA-000-AMU-WTP-000	Miscellaneous Expenses	100.00	
	1308-CLA-000-000-000-000	Inventories - Cleaning/Chemical Supplies		100.00
	1305-CLA-000-000-000-000	Inventories - Printing and Stationeries	32,000.00	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		32,000.00
	1305-CLA-000-000-000-000	Inventories - Printing and Stationeries	0.18	
	6900-CLA-000-AMU-WTP-000	Miscellaneous Expenses		0.18
		# General Supplies Inventory Adjustments		
25	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	185,000.00	
	1051-CLA-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Clark) (SA)		185,000.00
	1051-CLA-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Clark) (SA)	9,000.00	
	1051-BIN-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Binondo) (SA)		9,000.00
	1051-CLA-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Clark) (SA)	36,000.00	
	2391-CLA-000-000-000-000	Customers' Deposits - Others		36,000.00
	1051-CLA-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Clark) (SA)	3,000.00	
	2391-CLA-000-000-000-000	Customers' Deposits - Others		3,000.00
	1051-CLA-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Clark) (SA)	11,000.00	
	2391-CLA-000-000-000-000	Customers' Deposits - Others		11,000.00
	1051-CLA-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Clark) (SA)	35.57	
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses		35.57
	1051-BIN-000-000-000-BDS	Cash in Bank (Php) - Banco de Oro (Binondo) (SA)	2,008.78	
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses		2,008.78
		# BDO Bank Reconciliation		
26	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	220,770.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		220,770.00

	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	102,170.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		102,170.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	89,285.60	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		89,285.60
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	57,600.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		57,600.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	63,050.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		63,050.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	96,324.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		96,324.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	35,800.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		35,800.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	46,610.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		46,610.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	65,400.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		65,400.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	30,978.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		30,978.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	40,368.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		40,368.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	105,138.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		105,138.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	49,200.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		49,200.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	30,900.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		30,900.00
		# Unreleased Checks Adjustments		
27	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	5,750.00	
	2151-CLA-000-000-000-000	Accounts Payable - Non-trade		5,750.00
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	11,500.00	
	2151-CLA-000-000-000-000	Accounts Payable - Non-trade		11,500.00
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	31,500.00	
	2151-CLA-000-000-000-000	Accounts Payable - Non-trade		31,500.00
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	5,750.00	
	2151-CLA-000-000-000-000	Accounts Payable - Non-trade		5,750.00
		# Reclass of entry SABORDO'S,POOL KING & DEB OFFSETTING		

28	2151-CLA-000-000-000-000	Accounts Payable - Non-trade	5,750.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		5,750.00
	2151-CLA-000-000-000-000	Accounts Payable - Non-trade	11,500.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		11,500.00
	2151-CLA-000-000-000-000	Accounts Payable - Non-trade	31,500.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		31,500.00
	2151-CLA-000-000-000-000	Accounts Payable - Non-trade	5,750.00	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		5,750.00
		# REVERSAL OF (Reclass of entry SABORDO'S, POOL KING & DEB)		
29	2191-CLA-000-000-000-000	Accounts Payable - Others	600,000.00	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		600,000.00
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	1,000,000.00	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		1,000,000.00
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	998,752.62	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		998,752.62
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses	1,247.38	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		1,247.38
		# Intercompany Adjustments		
30	6562-CLA-RMS-TRA-000-000	Fuel/Gasoline Expenses	54,152.95	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		54,152.95
		# To close variance of Gasoline Fuel		
31	2151-CLA-000-000-000-000	Accounts Payable - Non-trade	2,085,277.00	
	2452-CLA-000-000-000-000	Statutory Payables - Creditable Expanded Withholding Taxes	6,232.00	
	1252-CLA-000-000-000-000	Advances - Suppliers		1,330,885.60
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		760,623.40
		#Adj. by client, difference of latest TB from previous TB provided		
32	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	15,935.62	
	6682-CLA-RMS-TEL-000-000	Telephone and Fax		15,935.62
	6682-CLA-RMS-TEL-000-000	Telephone and Fax	452.94	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		452.94
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	24.35	
	6682-CLA-RMS-TEL-000-000	Telephone and Fax		24.35
	8141-CLA-ANG-FIN-ADM-000	Penalty Charges	79,655.88	

1501-CLA-PRO-000-000-FDC	Intercompany - FDC		79,655.88
8141-CLA-ANG-FIN-ADM-000	Penalty Charges	20,607.81	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		20,607.81
8141-CLA-ANG-FIN-ADM-000	Penalty Charges	79,655.88	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		79,655.88
1501-CLA-PRO-000-000-FDC	Intercompany - FDC	136,104.80	
8026-CLA-ANG-MIS-000-000	Computer Maintenance - Software		136,104.80
1706-CLA-000-000-000-000	Leasehold Improvements	55,227.30	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		55,227.30
8026-CLA-ANG-MIS-000-000	Computer Maintenance - Software	88,503.49	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		88,503.49
6682-CLA-RMS-TEL-000-000	Telephone and Fax	887.92	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		887.92
8026-CLA-ANG-MIS-000-000	Computer Maintenance - Software	151,936.53	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		151,936.53
8211-CLA-000-ENG-000-000	Water	10,568.99	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		10,568.99
8192-CLA-ANG-FIN-ADM-000	Telephone and Fax	22,745.77	
8192-CLA-ANG-FIN-ADM-000	Telephone and Fax	27.63	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		22,773.40
8161-CLA-000-ENG-000-000	Repairs and Maintenance - Plumbing	2,655.00	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		2,655.00
1263-CLA-000-000-000-000	Accounts Receivable - Employees' Ledgers	25.30	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		25.30
1263-CLA-000-000-000-000	Accounts Receivable - Employees' Ledgers	25.30	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		25.30
1263-CLA-000-000-000-000	Accounts Receivable - Employees' Ledgers	6,500.00	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		6,500.00
6684-CLA-000-AMU-SPO-000	Trainings and Seminars	93.90	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		93.90
7531-CLA-ANG-IAU-000-000	Employees' Meals	170.00	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		170.00
1401-CLA-000-000-000-000	Prepaid Expenses - Insurance	30,785.00	
1501-CLA-PRO-000-000-FDC	Intercompany - FDC		30,785.00
1501-CLA-PRO-000-000-FDC	Intercompany - FDC	11,661.00	
1263-CLA-000-000-000-000	Accounts Receivable - Employees' Ledgers		11,661.00
	#Intercompany Entries (FDC)		

33	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	600,034.17	
	2191-CLA-000-000-000-000	Accounts Payable - Others		600,000.00
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses		34.17
		#AP Others Adjustments		
34	6542-CLA-000-AMU-WTP-000	Employees' Housing	1,000.00	
	8043-CLA-000-ENG-000-000	Employees' Housing	6,000.00	
	6542-CLA-RMS-FRO-000-000	Employees' Housing	4,000.00	
	6542-CLA-RMS-HKG-000-000	Employees' Housing		500.00
	8043-CLA-POM-LAN-000-000	Employees' Housing (Landscaping)		10,500.00
	8043-CLA-ANG-SSD-SEC-000	Employees' Housing	5,500.00	
	6542-CLA-000-MEM-000-000	Employees' Housing		9,000.00
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	3,500.00	
		#10 - Staff house charges for 2022 R1, M2 AND M3 ADJ		
35	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses	60.87	
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses	30.44	
	4172-CLA-000-AMU-FCG-000	Fitness Center (Gym) - Gym Only	304.36	
	4139-CLA-000-AMU-SPO-000	Sports Center Revenues - Others	304.36	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		700.03
		**Interco Receivable Adjustment for August 2022*		
36	1501-CLA-000-LAU-000-ACI	Intercompany - AmazinglyClean, Inc.	191,585.00	
	7003-CLA-000-000-000-000	Income - Rentals (Others)		191,585.00
		#To take up income rentals from ACI		
37	1726-CLA-000-000-000-000	Right of use Asset	14,375.88	
	2721-CLA-000-000-000-000	Non Current Lease Liability		14,375.88
	8552-CLA-000-000-000-000	Depreciation of ROU Assets	14,375.88	
	1825-CLA-000-000-000-000	Accumulated Depreciation of ROU Assets		14,375.88
	2721-CLA-000-000-000-000	Non Current Lease Liability	445,652.13	
	2550-CLA-000-000-000-000	Current Portion of Lease Liability		445,652.13
	1215-CLA-000-000-000-000	Finance Lease Receivables-Current Portion	196,040.79	
	1214-CLA-000-000-000-000	Finance Lease Receivables		196,040.79
		#ROU Assets and lease Liabilities Adjustments		

38	8111-CLA-ANG-FIN-ADM-000	Laundry and Drycleaning Expenses - Employees	1,924.00	
	6601-CLA-RMS-HKG-000-000	Laundry and Drycleaning Expenses - Operations	60.00	
	1501-CLA-000-LAU-000-ACI	Intercompany - AmazinglyClean, Inc.		1,984.00
	6601-CLA-RMS-HKG-000-000	Laundry and Drycleaning Expenses - Operations	150.00	
	1501-CLA-000-LAU-000-ACI	Intercompany - AmazinglyClean, Inc.		150.00
	6601-CLA-RMS-HKG-000-000	Laundry and Drycleaning Expenses - Operations	210.00	
	1501-CLA-000-LAU-000-ACI	Intercompany - AmazinglyClean, Inc.		210.00
	6601-CLA-RMS-HKG-000-000	Laundry and Drycleaning Expenses - Operations	60.00	
	1501-CLA-000-LAU-000-ACI	Intercompany - AmazinglyClean, Inc.		60.00
	1501-CLA-000-LAU-000-ACI	Intercompany - AmazinglyClean, Inc.	307,723.96	
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses	4,037.79	
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks		311,761.75
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	286,641.75	
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses		911.41
	1501-CLA-000-LAU-000-ACI	Intercompany - AmazinglyClean, Inc.		285,730.34
		#Intercompany Entries (ACI)		
39	1255-CLA-000-000-000-000	Advances - Employees	1,800.00	
	1501-CLA-000-000-000-CRT	Intercompany - Clark Resort Travel and Amusement		1,800.00
		#Permits and Licences (CRTAC) REVERSAL		
40	2752-CLA-000-000-000-000	Accrued Liabilities - Retirement Benefits	2,022.00	
	3500-CLA-000-000-000-000	Other Comprehensive Income(Loss)		2,022.00
	6053-CLA-000-000-000-000	Retirement Benifit Expense-DC	944,126.95	
	6054-CLA-000-000-000-000	Retirement Benifit Expense-OPEX	508,376.05	
	2752-CLA-000-000-000-000	Accrued Liabilities - Retirement Benefits		1,452,503.00
		#OTHER ITEMS FOR CAJE		
41	8507-CLA-000-000-000-000	Impairment Loss	69,092,877.00	
	1827-CLA-000-000-000-000	Accumulated Impairment - CIP		69,092,877.00
		#Impairment of Investnent Property		
42	2304-CLA-000-000-000-000	Deferred Income - Membership Dues	9,363,740.00	
	4071-CLA-000-MEM-000-000	Membership Revenues - Dues		9,363,740.00
	6634-CLA-000-MEM-000-000	Provisions for Doubtful Accounts	44,597,498.72	
	1231-CLA-000-000-000-000	Allowance for doubtful accounts- Membership Dues		44,597,498.72
		#Adjustment for Membership Dues		

43	7524-CLA-ANG-FIN-ADM-000	Premium Expenses - Pag-ibig	150.00	
	2457-CLA-000-000-000-000	Statutory Payables - Pag-ibig Premiums		150.00
	7522-CLA-ANG-FIN-ADM-000	Premium Expenses - Philhealth	2,730.23	
	2456-CLA-000-000-000-000	Statutory Payables - Philhealth Premiums		2,730.23
	7501-CLA-ANG-FIN-ADM-000	Salaries and Wages - Regular/Probationary-Finance (Clark) (A	1,186.93	
	2451-CLA-000-000-000-000	Statutory Payables - Withholding Taxes on Compensation		1,186.93
		#Statutory Payables Adjustment		
44	9694-CLA-ANG-HRD-CLI-000	Share in HO Expenses - Trainings and Seminars	1,806.16	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		1,806.16
45	1501-CLA-PRO-000-000-FDC	Intercompany - FDC	1,806.16	
	9694-CLA-ANG-HRD-BEN-000	Share in HO Expenses - Trainings and Seminars		1,806.16
	6682-CLA-RMS-TEL-000-000	Telephone and Fax	7,132.38	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		7,132.38
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	49,200.00	
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses		5,200.00
	1501-CLA-000-LAU-000-ACI	Intercompany - AmazinglyClean, Inc.		44,000.00
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)	93,585.20	
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses	14,414.80	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		108,000.00
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses	650.00	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		650.00
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses	6,000.00	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		6,000.00
	8026-CLA-ANG-MIS-000-000	Computer Maintenance - Software	136,104.80	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		136,104.80
	6682-CLA-RMS-TEL-000-000	Telephone and Fax	15,935.62	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		15,935.62
	6682-CLA-RMS-TEL-000-000	Telephone and Fax	15,935.62	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		15,935.62
	2152-CLA-000-000-000-000	Accounts Payable - Unreleased Checks	5,181.84	
	1501-CLA-000-LAU-000-ACI	Intercompany - AmazinglyClean, Inc.		4,830.00
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses		351.84
	2261-CLA-000-000-000-000	Accrued Expenses - Telephone	75,392.00	

	2255-CLA-000-000-000-000	Accrued Expenses - 13th Month Pay	16,753.00	
	1501-CLA-PRO-000-000-FDC	Intercompany - FDC		61,031.76
	6682-CLA-RMS-FRO-000-000	Telephone and Fax		31,113.24
		#Intercompany Entries (FDC)		
46	1409-CLA-000-000-000-000	Prepaid Expenses - Hotspring	20,500.00	
	1316-CLA-000-ENG-000-000	Inventories - Engineering Supplies (Direct)		20,500.00
	1409-CLA-000-000-000-000	Prepaid Expenses - Hotspring	340.00	
	1316-CLA-000-ENG-000-000	Inventories - Engineering Supplies (Direct)		340.00
		#Prepaid Hotspring		
47	2351-CLA-000-000-000-000	Customers' Deposits - F&B Consumable Coupons	13,376,192.00	
	7031-CLA-000-000-000-000	Income - Others		13,376,192.00
		#Income others adjustment		
48	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses	237,512.52	
	8400-CLA-ANG-IAU-000-000	Miscellaneous Expenses	143.34	
	8400-CLA-ANG-LEG-000-000	Miscellaneous Expenses	46.72	
	8400-CLA-POM-LAN-000-000	Miscellaneous Expenses (Landscaping)	2,993.72	
	8094-CLA-ANG-MIS-000-000	Internet Fees		110,000.00
	1401-CLA-000-000-000-000	Prepaid Expenses - Insurance		30,785.00
	1401-CLA-000-000-000-000	Prepaid Expenses - Insurance		99,911.30
		#Miscellaneous Expense Adjustment		
49	8058-CLA-ANG-SSD-SEC-000	Fees - Registration	3,980.00	
	8058-CLA-ANG-SSD-SAF-000	Fees - Registration		3,980.00
	8092-CLA-ANG-SSD-SEC-000	Insurance Expenses	1,130.70	
	8092-CLA-ANG-SSD-SAF-000	Insurance Expenses		1,130.70
	8157-CLA-ANG-SSD-SEC-000	Repairs and Maintenance - General, Electrical and Mechanical	13,500.00	
	8157-CLA-ANG-SSD-SAF-000	Repairs and Maintenance - General, Electrical and Mechanical		13,500.00
	8181-CLA-ANG-SSD-SEC-000	Supplies - Office	1,450.00	
	8181-CLA-ANG-SSD-SAF-000	Supplies - Office		1,450.00
	9031-CLA-ANG-IAU-000-000	Share in HO Expenses - Employees' Meals	68.69	
	8400-CLA-ANG-FIN-ADM-000	Miscellaneous Expenses		68.69
	6631-CLA-RMS-HKG-000-000	Penalty Charges	28,001.75	
	6682-CLA-RMS-FRO-000-000	Telephone and Fax		28,001.75
		#Reclassification of Accounts		

50	2101-CLA-000-000-000-000	Accounts Payable - Trade	58,800.00	
	2101-CLA-000-000-000-000	Accounts Payable - Trade	11,700.00	
	2101-CLA-000-000-000-000	Accounts Payable - Trade	75.00	
	2101-CLA-000-000-000-000	Accounts Payable - Trade	3,572.00	
	2101-CLA-000-000-000-000	Accounts Payable - Trade	230.00	
	2101-CLA-000-000-000-000	Accounts Payable - Trade	4,392.00	
	2101-CLA-000-000-000-000	Accounts Payable - Trade	14,816.20	
	1051-ANG-000-000-000-AUS	Cash in Bank (Php) - AUB (Angeles Br.) (SA)		93,585.20
		#PAYMENT FOR OUTSTANDING BALANCE		
51	2454-CLA-000-000-000-000	Statutory Payables - SSS Premiums	247.50	
	2455-CLA-000-000-000-000	Statutory Payables - SSS Loans	24,602.56	
	2291-CLA-000-000-000-000	Accrued Expenses - Others		24,850.06
	2291-CLA-000-000-000-000	Accrued Expenses - Others	675,217.02	
	2454-CLA-000-000-000-000	Statutory Payables - SSS Premiums		319,675.00
	2455-CLA-000-000-000-000	Statutory Payables - SSS Loans		80,002.57
	2456-CLA-000-000-000-000	Statutory Payables - Philhealth Premiums		90,784.33
	2457-CLA-000-000-000-000	Statutory Payables - Pag-ibig Premiums		36,000.00
	2458-CLA-000-000-000-000	Statutory Payables - Pag-ibig Loans		148,755.12
	2291-CLA-000-000-000-000	Accrued Expenses - Others	8,612.78	
	2452-CLA-000-000-000-000	Statutory Payables - Creditable Expanded Withholding Taxes		8,612.78
		To correct balances of Statutory payables		

ANNEX "E"

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex, Roxas Boulevard, Pasay City, 1307 Metro Manila Philippines
Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph

The following document has been received:

Receiving: Salvador Baculanta
Receipt Date and Time: September 15, 2023 02:36:39 PM

Company Information

SEC Registration No.: A199607188
Company Name: FONTANA RESORT & COUNTRY, CLUB, INC.
Industry Classification: O92499
Company Type: Stock Corporation

Document Information

Document ID: OST10915202381631666
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2022
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

Your BIR AFS eSubmission uploads were received

From <eafs@bir.gov.ph>
To <DARWIN.C@FONTANA.COM.PH>
Cc <DARWIN.C@FONTANA.COM.PH>
Date 2023-04-25 18:27

Hi FONTANA RESORT AND COUNTRY CLUB, INC,

Valid files

- EAFS005564545ITRTY122022.pdf
- EAFS005564545RPTTY122022.pdf
- EAFS005564545AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: AFS-0-7Q6K6ED60AEA59QJ7PZZZTW8304B4QXXZ2
Submission Date/Time: Apr 25, 2023 06:27 PM
Company TIN: 005-564-545

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A1996-07188

COMPANY NAME

FONTANA RESORT & COUNTRY CLUB, INC.

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

FONTANA CLUBHOUSE, FONTANA LEISURE PARKS, C.M. RECTO HIGHWAY, CLARK FREEPORT ZONE, PHILIPPINES

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANYINFORMATION

Country Club's Email Address	Country Club's Telephone Number	Mobile Number
–	(02) 8843-9114	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,554	Last Monday of September	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Juan Miguel Victor C. Dela Fuente	–	–	–

CONTACT PERSON'S ADDRESS

Unit 2704, 88 Corporate Center, Sedeno Street, Salcedo Village, Makati City

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

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

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
CLARK FREEPORT ZONE – PHILIPPINES

FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(With comparative figures for the year ended December 31, 2020)

and

INDEPENDENT AUDITOR'S REPORT

CONTENTS

FONTANA

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

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

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

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

The Board of Trustees reviews and approves the financial statements including the schedules attached thereinand submits the same to the members.

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

Ms. Mary de Jesus
Chairman of the Board

Mr. Wu Shuiqing (Simon)
President and General Manager

Mr. Chen Long Wang
Treasurer

Signed this 30th day of March 2023

SUBSCRIBED AND SWORN to before me this 14th day of April 2023, in the City of Angeles.

Doc. No. 1675;
Page No. 37;
Book No. CII;
Series of 2023.

ATTY. VICTOR N. BERMUDO
Notary Public – Angeles City
Comm. No. 2022-398 until Dec. 31, 2024
Roll of Attorney's No. 59182
IBP Lifetime Membership No. 05453
PTR No. 1843640 / 01-03-2023 / A.C.
1241-A Miranda St., Angeles City

Fontana Hot Spring Leisure Parks
CM Recto Highway Clark Freeport Zone 2023, Pampanga, Philippines
Telephone: (0345) 5995000 Fax: (632) 8439123 URL: www.fontana.com.ph

Alas Oplas & Co., CPAs
Makati Head Office
10/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7759-5090 / 92
Email: aocheadoffice@alasoplascpas.com
www.alasoplascpas.com

Independent Member of
B K R International

INDEPENDENT AUDITOR'S REPORT TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Trustees and Members
FONTANA RESORT & COUNTRY CLUB, INC.
Fontana Clubhouse, Fontana Leisure Parks
C.M. Recto Highway, Clark Freeport Zone
Philippines

We have audited the accompanying financial statements of **FONTANA RESORT & COUNTRY CLUB, INC.** (the "Country Club") as of and for the years ended December 31, 2022 and 2021, on which we have rendered our report dated March 30, 2023.

In compliance with SRC Rule 68, we are stating that the said Country Club has a total of two (2) stockholders owning one hundred (100) or more shares.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from October 31, 2022, to February 18, 2025
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

DANILO T. ALAS
Partner
CPA License No. 0027120
BIR A.N. 08-001026-001-2021, issued on January 11,2021; effective until January 10, 2024
SEC A.N. (Individual) 27120-SEC, Group A, issued on October 21,2021; valid for 2021 to 2025 audit period
TIN 132-466-021-000
PTR No. 9566373, issued on January 3, 2023, Makati City

March 30, 2023
Makati City, Philippines

Alas Oplas & Co., CPAs
Makati Head Office
10/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7759-5090 / 92
Email: aocheadoffice@alasoplascpas.com
www.alasoplascpas.com

Independent Member of
BKR International

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees and Members
FONTANA RESORT & COUNTRY CLUB, INC.
Fontana Clubhouse, Fontana Leisure Parks
C.M. Recto Highway, Clark Freeport Zone
Philippines

Opinion

We have audited the accompanying financial statements of **FONTANA RESORT & COUNTRY CLUB, INC.** (the "Country Club"), which comprise the statements of financial position as at December 31, 2022 and 2021 and the statements of comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Recoverability of Membership Dues Receivables
Refer to Note 4 (Significant Accounting Policies) and Note 9 (Membership dues and other receivables) in the financial statements.

As at December 31, 2022 and 2021, the Country Club has outstanding membership dues amounting to ₱245,689,086 and ₱263,685,649, respectively. Membership dues are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

The Country Club assessed the membership dues and receivables account to be impaired and has recognized provisions for doubtful account amounting to ₱44,597,499 for both 2022 and 2021, as disclosed in Note 9.

This is significant to our audit because of the materiality of the amount and the assessment of recoverability requires high level of management judgment and estimation of future cash repayments.

Significant management judgement is required to assess the recoverability of debt instruments in accordance with PFRS 9 "Financial Instrument". Management performed a detailed analysis taking into account customer's ageing profile, credit history and historical payment pattern and the forward-looking information for the estimation of expected credit losses ("ECLs") on its debt instruments.

Audit Response
Our audit procedures focused on the evaluation of management's assessment on the recoverability of membership dues.

Our audit procedure included the following:

- Obtaining an understanding and evaluating the process and control over the collection and assessment of the recoverability of debt instruments.
- We obtained list of long outstanding membership dues and assessed the recoverability of these through inquiry with the management.
- We evaluated the management's assessment on the ECLs debt instruments with reference to the historical payment records, and credit history of the customers.
- We considered the age of the debts as well as the trend of collections to identify the collection risks.
- Determination of impact of COVID-19 to the Country Club with close coordination with the Management on their assessment of recoverability.

<u>Impairment of Non-financial Asset</u>
Refer to Note 4 (Significant Accounting Policies), Note 11 (Property and equipment), Note 12 (Investment properties) and Note 22 (Right-of-use assets) in the financial statements.

The Country Club made assessment at reporting date to determine whether there is any indication of impairment of any non-financial assets, except inventories. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price. The valuation of non-financial assets was identified as key audit matter due to the significance of this balance to the financial statements, as well as the significance of management's judgements in determining its valuation.

The assessment led to the recognition of an impairment loss on investment properties in 2022 amounting to ₱69,092,877 and an impairment loss on property and equipment in 2021 amounting to ₱3,081,499 which have been recognized in profit or loss as disclosed in Note 19 of the financial statements.

The carrying amount of property and equipment – net amounted to ₱51,994,084 and ₱77,324,519 as of December 31, 2022 and 2021, respectively as disclosed in Note 11. The carrying value of investment properties – net amounted to ₱1,025,967,232 and ₱1,154,954,386 as of December 31, 2022 and 2021, respectively as disclosed in Note 12.

The Management determined their recoverable amounts based on value-in-use calculation which is based on expected future cash flows from the property and equipment. The Management's recoverable amounts includes a variety of significant assumptions from external and internal factors with respect to the future level and results of the business and the discount rates applied to the forecasted cash flow.

Audit Response
Our audit procedures focused on the evaluation of management's assessment on the valuation of property and equipment and investment properties.

Our audit procedure included the following;

- Obtaining the projected cash flow
- Obtaining an understanding of the Country Club's financial performance and business condition.
- Inquiry and assessment of management plans for improvements of facilities of the club within the next five (5) years
- Observation of the Country Club's fixed asset.
- Determination of impact of COVID-19 to the Country Club with close coordination with the Management in identifying impairment by assessing the impact to their operational performance. Evaluated the appropriateness of the factors included in the analysis of the Management in the forecasted cash flow.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A are expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation of the financial statements in accordance with Philippine Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Supplementary Information Required under the Revised Securities Regulation Code Rule 68

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to the Financial Statements and supplementary schedules is presented for the purpose of compliance with the requirement under Revised Securities Regulation Code Rule 68 and is not part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards.

Such supplementary information is the responsibility of the Management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alas Oplas & Co., CPAs

Report on the Supplementary Information Required under Revenue Regulation No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Information in the notes to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of **FONTANA RESORT & COUNTRY CLUB, INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

ALAS, OPLAS & CO., CPAs
BOA Registration No. 0190, valid from October 31, 2022, to February 18, 2025
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:

DANILO T. ALAS
Partner
CPA License No. 0027120
BIR A.N. 08-001026-001-2021, issued on January 11, 2021; effective until January 10, 2024
SEC A.N. (Individual) 27120-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025
TIN 132-466-021-000
PTR No. 9566373, issued on January 3, 2023, Makati City

March 30, 2023
Makati City, Philippines

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
In Philippine Peso

	Notes	2022	2021
ASSETS			
Current Assets			
Cash	8	**3,465,554**	4,193,799
Membership dues and other receivables – net	9	**78,100,997**	140,280,260
Due from related parties	6	**213,150,967**	213,071,464
Current portion of finance lease receivables	22	**8,625,794**	8,429,753
Prepayments and other current assets	10	**7,913,870**	8,797,932
Total Current Assets		**311,257,182**	374,773,208
Non-Current Assets			
Property and equipment – net	11	**51,994,084**	77,324,519
Investment properties – net	12	**1,025,967,232**	1,154,954,386
Right-of-use assets – net	22	**300,740,120**	307,734,076
Finance lease receivables – net of current portion	22	**305,767,773**	297,356,446
Deferred tax assets	20	**9,666,999**	6,740,255
Utility deposits		**661,344**	493,045
Total Non-Current Assets		**1,694,797,552**	1,844,602,727
TOTAL ASSETS		**2,006,054,734**	2,219,375,935
LIABILITIES AND MEMBER'S EQUITY			
Current Liabilities			
Trade and other payables	13	**103,014,733**	123,349,536
Current portion of lease liabilities	22	**19,608,693**	19,163,041
Total Current Liabilities		**122,623,426**	142,512,577
Non-Current Liabilities			
Lease liabilities – net of current portion	22	**687,872,721**	668,798,675
Retirement benefits liability	23	**7,790,425**	8,269,999
Deferred tax liabilities	20	**4,330,543**	2,178,701
Total Non-Current Liabilities		**699,993,689**	679,247,375
Total Liabilities		**822,617,115**	821,759,952
Member's Equity			
Country club shares	14	**549,120**	549,120
Additional paid-in capital	14	**1,588,878,951**	1,588,878,951
Accumulated deficiency of revenues over costs and expenses		**(414,449,707)**	(198,402,059)
Other comprehensive income	23	**8,459,255**	6,589,971
Total Member's Equity		**1,183,437,619**	1,397,615,983
TOTAL LIABILITIES AND MEMBER'S EQUITY		**2,006,054,734**	2,219,375,935

See Notes to Financial Statements.

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With comparative figures for the year ended December 31, 2020)
In Philippine Peso

	Notes	2022	2021	2020
Revenues	15	**121,475,110**	125,497,453	212,208,706
Direct costs	16	**(182,714,005)**	(192,828,442)	(236,635,837)
Deficiency of revenues over costs before expenses and other income		**(61,238,895)**	(67,330,989)	(24,427,131)
General and administrative expenses	17	**(65,596,565)**	(64,174,700)	(28,526,323)
Finance cost	22	**(38,682,740)**	(37,582,912)	(36,514,953)
Other income (loss) – net	19	**(51,119,914)**	108,712,537	901,531
Deficiency of revenues over costs and expenses before income tax		**(216,638,114)**	(60,376,064)	(88,566,876)
Income tax expense – current	20	**(247,229)**	(231,385)	–
Income tax benefit (expense) – deferred	20	**837,695**	(1,370,436)	1,651,139
Deficiency of revenues over costs and expenses for the year		**(216,047,648)**	(61,977,885)	(86,915,737)
Other comprehensive income (loss) that will not be subsequently reclassified to profit or loss				
Remeasurement gain (loss) on retirement benefits, net of tax	23	**1,869,284**	1,969,361	(1,450,775)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(214,178,364)**	(60,008,524)	(88,366,512)
Basic/Diluted loss per share	21	**(7,869)**	(2,257)	(3,166)

See Notes to Financial Statements.

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With comparative figures for the year ended December 31, 2020)
In Philippine Peso

	Country Club Share – Note 14	Additional paid-in capital – Note 14	Accumulated deficiency of revenues over costs and expenses	Other comprehensive income – Note 23	Total
Balance at January 1, 2020	549,120	1,588,878,951	(49,508,437)	6,071,385	1,545,991,019
Deficiency of revenues over costs and expenses for the year	–	–	(86,915,737)	–	(86,915,737)
Other comprehensive loss – Note 23	–	–	–	(1,450,775)	(1,450,775)
Balances at December 31, 2020	549,120	1,588,878,951	(136,424,174)	4,620,610	1,457,624,507
Deficiency of revenues over costs and expenses for the year	–	–	(61,977,885)	–	(61,977,885)
Other comprehensive income – Note 23	–	–	–	1,969,361	1,969,361
Balances at December 31, 2021	**549,120**	**1,588,878,951**	**(198,402,059)**	**6,589,971**	**1,397,615,983**
Deficiency of revenues over costs and expenses for the year	–	–	**(216,047,648)**	–	**(216,047,648)**
Other comprehensive income – Note 23	–	–	–	1,869,284	1,869,284
Balance at December 31, 2022	549,120	1,588,878,951	(414,449,707)	8,459,255	1,183,437,619

See Notes to Financial Statements.

FONTANA RESORT & COUNTRY CLUB, INC.
(A non-profit organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With comparative figures for the year ended December 31, 2020)
In Philippine Peso

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Deficiency of revenue over costs and expenses before income tax		**(216,638,114)**	(60,376,064)	(88,566,876)
Adjustments for:				
Depreciation	16	**97,346,596**	103,557,030	126,349,910
Impairment losses	19	**69,092,877**	5,891,626	–
Provision for doubtful accounts	17	**44,597,499**	44,597,499	2,591,581
Finance cost	22	**38,682,740**	37,582,912	36,514,953
Retirement benefits expense	23	**1,452,503**	1,604,788	1,339,781
Interest income on bank deposits	8,19	**(2,262)**	(2,725)	(5,721)
Gain on reversal of impairment	19	**(838,303)**	–	–
Interest income on sublease	19,22	**(17,037,121)**	(16,556,436)	–
Provision for probable loss	17	**–**	2,523,217	6,516,531
Gain on disposal of property and equipment	19	**–**	(430)	–
Other income on sublease	19,22	**–**	(97,537,935)	–
Operating income before working capital changes		**16,656,415**	21,283,382	84,740,159
Decrease (increase) in:				
Membership dues and other receivables	9	**17,581,764**	92,301	4,872,197
Prepayments and other current assets	10	**1,475,137**	2,061,239	(5,692,711)
Due from related parties	6	**(41,251,212)**	28,972,501	(11,063,697)
Increase (decrease) in:				
Trade and other payables	13	**(20,334,803)**	4,355,107	(11,708,611)
Cash generated from (used in) operations		**(25,872,699)**	56,764,530	61,147,337
Interest received	8,19	**2,262**	2,725	5,721
Refund (payments) of utility deposits		**(168,299)**	(108,779)	555,901
Retirement benefits paid	23	**–**	(151,200)	(615,619)
Net cash generated from (used in) operating activities		**(26,038,736)**	56,507,276	61,093,340
CASH FLOW FROM INVESTING ACTIVITIES				
Collection of advances	6	**47,054,683**	3,100,625	5,060,856
Proceeds from collection of interest portion of finance lease receivables	22	**8,429,753**	7,841,631	–
Acquisition of investment properties	12	**(663,423)**	–	(4,037,702)
Acquisition of property and equipment	11	**(4,450,129)**	(990,618)	(5,701,459)
Advances to related parties	6	**(5,882,975)**	(48,601,719)	(44,128,134)
Net cash generated from (used in) investing activities		**44,487,909**	(38,650,081)	(48,806,439)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of interest portion of lease liabilities	22	**(19,177,418)**	(17,826,085)	(17,420,946)
Advances from related parties	6	**–**	–	(50,767)
Net cash used in financing activities		**(19,177,418)**	(17,826,085)	(17,471,713)
NET INCREASE (DECREASE) IN CASH		**(728,245)**	31,110	(5,184,812)
CASH AT BEGINNING OF YEAR	8	**4,193,799**	4,162,689	9,347,501
CASH AT END OF YEAR	8	**3,465,554**	4,193,799	4,162,689

See Notes to Financial Statements.

1. CORPORATE INFORMATION

Country Club Profile

FONTANA RESORT & COUNTRY CLUB, INC. (the "Country Club") was incorporated and registered with the Philippine Securities and Exchange Commission on October 3, 1996 with registration number of A199607188. The Country Club is domiciled in the Philippines.

The principal activities of the Country Club include lease, operation and maintenance of a vacation resort, sports and recreational facilities and athletic activities among its stockholders-members on a non-profit basis.

The Country Club is 74.79% owned by Fontana Development Corporation (FDC) and 25.21% owned by other members. FDC, the immediate parent of the Country Club, is primarily engaged in the real estate business and is registered in the Philippines. Clark International Recreation Holdings Corporation (CIRHC), a holding Company, is the intermediate parent of the Country Club and is incorporated in the Philippines. The ultimate parent is Clark Resort Limited (CRL) incorporated in the British Virgin Islands.

The Country Club is located at the Clark Special Economic Zone (CSEZ) in Pampanga and is governed by the Clark Development Corporation (CDC) rules and regulations under Republic Act (RA) No. 9400 (An Act amending RA No. 7227, as amended, otherwise known as the Bases Conversion and Development Act of 1992). As a CSEZ-registered enterprise, the Country Club is entitled to certain incentives and benefits including, but not limited to, the following:

a. tax and duty-free importation of raw materials and capital equipment under specific conditions; and
b. exemptions from national and local taxes; in lieu of paying said taxes, the Country Club shall pay a 5% tax on gross income which shall be directly remitted as follows: 3% to the national government and 2% to the municipality or city where the enterprise is located.

The registered office address and principal place of business of the Country Club is at Fontana Clubhouse, Fontana Leisure Parks, C.M. Recto Highway, Clark Freeport Zone, Philippines.

2. FINANCIAL REPORTING FRAMEWORK

Statement of Compliance

The financial statements of the Country Club have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

Basis of Preparation

The financial statements are prepared on a going concern basis under the historical cost convention, except where a Financial Reporting Standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

Presentation and functional currency

Items included in the financial statements of the Country Club are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Country Club operates (the "functional currency"). All presented financial information has been rounded to the nearest Peso, except when otherwise indicated.

Use of Judgments and Estimates

The preparation of the Country Club's financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and amounts of assets, liabilities, revenues and expenses reported in the Country Club's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Country Club's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

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.

Going Concern Assumption

The Country Club is not aware of any significant uncertainties that may cast doubts upon the Country Club's ability to continue as a going concern.

Current versus Non-current Classification

The Country Club presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for a least twelve months after reporting period

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as noncurrent.

Fair value measurement

The Country Club measures some of its financial instruments at fair value at each balance sheet date.

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 measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Country Club.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Country Club 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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 all assets and liabilities that are recognized in the financial statements on a recurring basis, the Country Club 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.

The Country Club's management determines the policies and procedures for recurring fair value measurement, such as unquoted financial assets.

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

3. ADOPTION OF NEW AND REVISED STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

The Philippine Financial Reporting Standards Council (FRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Country Club. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors".

New and Revised PFRSs Applied with No Material Effect on the Financial Statements

The following new and revised PFRSs have also been adopted in these financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Adoption of New and Revised Accounting Standards Effective in 2022

The Country Club adopted all accounting standards and interpretations effective as of the reporting date. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines, were assessed to be applicable to the Country Club's financial statements, are as follows:

- *Amendments to PFRS 3, Reference to the Conceptual Framework*

  The changes include:
  - updated PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
  - add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or Philippine IFRIC 21, an acquirer applies PAS 37 or Philippine IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
  - add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

- *Amendments to PAS 16, Property, Plant and Equipment – Proceeds before Intended Use*

  Property, Plant and Equipment — Proceeds before Intended Use (Amendments to PAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

- *Amendments to PAS 37, Onerous Contracts – Cost of Fulfilling a Contract*

  The amendment specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

- *Annual Improvements to PFRS Standards 2018-2020 Cycle amends four Standards:*

  - *PFRS 1 First-time Adoption of International Financial Reporting Standards*

    The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. A subsidiary can elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements.
    A similar election is available to an associate or joint venture that uses the exemption in PFRS 1:D16(a).

  - *PFRS 9 Financial Instruments*

    The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- *PFRS 16 Leases*

  The amendment removes the illustration of the reimbursement of leasehold improvements.

- *PAS 41 Agriculture*

  The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2022

- *Amendments to PAS 1, Classification of Liabilities as Current or Non-current*

  The amendments affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:
  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
  - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
  - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments are effective for annual periods beginning on or after 1 January 2023.

  The management of the Country Club is still evaluating the impact of the new standard.

- *Amendments to PAS 8, Definition of Accounting Estimates*

  The changes focus entirely on accounting estimates and clarify the following:
  - Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
  - Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
  - Clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
  - A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

  The amendments are effective for annual periods beginning on or after 1 January 2023.

  The management of the Country Club is still evaluating the impact of the new standard.

- *Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure Initiative – Accounting Policies*

  - An entity is now required to disclose its material accounting policy information (MAPI) instead of its significant accounting policies (SAP);
  - Explains how an entity can identify MAPI and to give examples of when accounting policy information is likely to be material;
  - Clarified that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
  - Clarified that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
  - Clarified that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

  Guidance and examples are added to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

  The amendments are effective for annual periods beginning on or after 1 January 2023.

  The management of the Country Club is still evaluating the impact of the new standard.

- *Amendments to PAS 12, Deferred Tax related to Assets and Liabilities from a Single Transaction*

  The main change is an exemption from the initial recognition exemption provided in PAS 12.15(b) and PAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph PAS 12.22A.

  The amendments are effective for annual periods beginning on or after 1 January 2023.

  The management of the Country Club is still evaluating the impact of the new standard.

- *Amendments to PFRS 17, Insurance Contracts*

  The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

  PFRS 17 supersedes PFRS 4 'Insurance Contracts' and related interpretations.

  The FRSC amended the mandatory effective date of PFRS 17 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. Amended by Initial Application of PFRS 17 and PFRS 9 — Comparative Information (Amendment to PFRS 17)

  The amendment regards financial assets for which comparative information is presented on initial application of PFRS 17 and PFRS 9, but where this information has not been restated for PFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of PFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of PFRS 9.

  The management of the Country Club is still evaluating the impact of the new standard.

4. SIGNIFICANT ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Country Club in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Country Club's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Country Club has applied the practical expedient, the Country Club initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Country Club has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Country Club's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Country Club commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

a. Financial assets at amortised cost (debt instruments)

   This is the category most relevant to the Country Club. The Country Club measures financial assets at amortized cost if both of the following conditions are met:
   - The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
   - The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Country Club's financial assets at amortized cost include cash, membership dues and other receivables, due from related parties, finance lease receivables and utility deposits.

Cash
In the statement of cash flows, cash includes cash on hand and cash in banks.

Cash on hand includes petty cash fund and other cash items not yet deposited with the banks. Cash in banks include demand deposits which are unrestricted as to withdrawal. Cash equivalents are short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Cash is valued at face value. Cash in foreign currency is valued at the current exchange rate. If a bank holding the funds of the Country Club is in bankruptcy or financial difficulty, cash is written-down to estimated realizable value if the amount recoverable is estimated to be lower than the face amount.

Membership dues and other receivables
Membership dues and other receivables are amounts due from members and guests for services performed in the ordinary course of business. Membership dues and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

Due from related parties
Due from related parties represents receivables of the Country Club from its related parties for transactions made during the year. Due from related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

Utility deposits
Utility deposits represent deposits made for various utilities that are refundable at a determinable period. Utility deposits are recognized as assets and measured at amortized cost, less provision for any impairment.

b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Country Club measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

As of December 31, 2022 and 2021, the Country Club has no debt instruments at fair value through OCI.

c. Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Country Club can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Country Club benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

As of December 31, 2022 and 2021, the Country Club has no financial asset to be classified under this category.

d. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Country Club had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

As of December 31, 2022 and 2021, the Country Club has no financial asset to be classified under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Country Club of similar financial assets) is primarily derecognized (i.e., removed from the Country Club's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Country Club has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Country Club has transferred substantially all the risks and rewards of the asset, or (b) the Country Club has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Country Club has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Country Club continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Country Club also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Country Club has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Country Club could be required to repay.

Impairment
The Country Club recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Country Club expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Country Club applies the simplified approach in the computation of ECL for its membership dues which initially based the expected loss rates on its historical default rates. The Country Club also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different members or debtors base. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

The Country Club applied the general approach in measuring ECL for other financial assets at amortized cost. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at fair value through OCI, the Country Club applies the low credit risk simplification. At every reporting date, the Country Club evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Country Club reassesses the internal credit rating of the debt instrument. In addition, the Country Club considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Country Club considers a financial asset in default when contractual payments are over 180 days past due. However, in certain cases, the Country Club may also consider a financial asset to be in default when internal or external information indicates that the Country Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Country Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As of December 31, 2022 and 2021, the Country Club's financial liabilities includes trade and other payables (excluding contract liabilities, asset replacement fund, due to government agencies and other payables) and lease liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Country Club that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Country Club has not designated any financial liability as at fair value through profit or loss.

b. Financial liabilities at amortized cost

This is the category most relevant to the Country Club. After initial recognition, financial liabilities under this category are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to trade and other payables (excluding contract liabilities, asset replacement fund, due to government agencies and other payables) and lease liabilities.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Prepayments and Other Current Assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are expensed to profit or loss as they are consumed in the operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current asset when they are expected to be expensed within one year or the entity's normal operating cycle, whichever is longer. Otherwise they are classified as non-current.

Other current assets include supplies. Supplies represent linens, supplies and other materials used for housekeeping, repairs and maintenance of the Country Club's villas and facilities. These are initially recorded as asset and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in the operations.

Supplies are stated at the lower of cost and net realizable value.

Cost of supplies is determined using first-in-first-out (FIFO) method.

The Country Club assesses at each reporting date whether any supplies are impaired. The Country Club makes the assessment by comparing the carrying amount of each item of supplies (or group of similar items) with its net realizable value. If an item of supplies (or group of similar items) is impaired, the Country Club reduces the carrying amount of the supplies (or the group) to its net realizable value. That reduction is an impairment loss and it is recognized immediately in profit or loss.

The Country Club makes a new assessment of net realizable value at each subsequent reporting date. When the circumstances that previously caused supplies to be impaired no longer exist, or when there is clear evidence of an increase in market value because of changed economic circumstances, the Country Club reverses the amount of the impairment (i.e., the reversal is limited to the amount of the original impairment loss) so that the new carrying amount is the lower of the cost and the revised selling price less costs to sell.

Property and Equipment

The Country Club measures an item of property and equipment at initial recognition at its cost. The cost of an item of property, plant and equipment comprises its purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. These can include the costs of site preparation, initial delivery and handling, installation and assembly, testing of functionality and borrowing costs for long-term construction projects if the recognition criteria are met.

Cost also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

The Country Club adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Country Club. The carrying amount of the replaced part is derecognized.
The Country Club recognizes the cost of day-to-day servicing (repairs and maintenance) of an item of property and equipment in profit or loss in the period in which the costs are incurred.

At reporting date, the Country Club measures an item of property and equipment after initial recognition at cost less any accumulated depreciation and accumulated impairment loss.

If a reliable measure of fair value is no longer available without undue cost or effort for an item of investment property measure using the fair value model, the Country Club thereafter accounts for that item in accordance with the cost model under property and equipment until a reliable measure of fair value becomes available.

Depreciation of property and equipment is provided on a straight-line method to allocate the cost of assets less their residual values over their estimated useful lives. The estimated useful lives are as follows:

Category	Estimated useful life
Amusement and amenities	10 to 30 years
Leasehold improvements	30 years or the term of the relevant lease, whichever is shorter
Furniture and fixtures	3 to 5 years
Transportation equipment	5 years

If the major components of an item of property and equipment have significantly different patterns of consumption of economic benefits, the Country Club allocates the initial cost of the asset to its major components and depreciates each such component separately over its useful life. Other assets are depreciated over their useful lives as a single asset.

The assets' useful lives and depreciation methods are reviewed and adjusted prospectively, if appropriate, and if there is an indication of a significant change since the last reporting date.

Fully depreciated assets still in use are retained in the financial statements.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the separate financial statements and any resulting gain or loss is credited or charged to profit or loss. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount when its carrying amount is greater than its estimated recoverable amount.

Investment Properties

Investment property, which is property held to earn rentals and/or for capital appreciation including land and property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation (except for land) and any accumulated impairment losses.

Depreciation is computed using the straight-line method over the estimated useful life of 8 to 30 years.