ANNEX "B"

FONTANA RESORT & COUNTRY CLUB, INC.

Fontana Leisure Parks, Clark Freeport Zone,
Clark Field, Pampanga
2024

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

MANAGEMENT REPORT

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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.

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 laid down medium to long-term plans to rehabilitate or renovate existing villas and construct additional villas as part of its expansion program. There are other facilities within the Park that are made available to the members of the Company as listed in the next 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%
Function Rooms for meetings	100%

Recreation Facilities:	
Olympic size swimming pool	100%
Water Theme Park/Hot springs *Note 3*	100%
Badminton Court *Note 4*	100%
Basketball Court *Note 4*	100%
Volleyball Court *Note 4*	100%
Tennis Court *Note 4*	100%
Billiards *Note 4*	100%
Health center/Gym *Note 4*	100%
Jogging Lanes	100%
Note 1 - Red 8 Chinese Restaurant & Piano Lounge/Cafe Fontana opened for dine-in effective October 26, 2020. However, Red 8 Restaurant was closed and its menu offerings integrated into Golden Pavilion Restaurant & Bar since February 5, 2021.	
Note 2 - Palms Bar opened and renamed Golden Pavilion Restaurant & Bar since February 5, 2021.	
Note 3 - Water Theme Park still closed; Hotspring fully opened in March 2023.	
Note4 - Already opened since 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 prominent food and beverage corporations and other hotel and resort suppliers with reputable names in the industry. Most prominent of which are as follows: 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 Enterpises*; 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, 2023, the Company had in its roster 177 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 also actively involved in providing On-The-Job (OJT) training to students from universities and colleges within the province of Pampanga, and at times, nearby provinces.

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 (MGL) 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 2023 amounted to ₽19.6 million, compared to lease payments in 2022 of ₽19.2 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 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 regularly 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.

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, 2023 and December 31, 2022

STATEMENT OF COMPREHENSIVE LOSS (AUDITED)				
	Amounts In Thousand Pesos			
	December 2023	**December 2022**	**Variance**	**(%)**
Revenues	**108,583**	121,475	**(12,892)**	**-11%**
Direct Costs	**174,475**	182,714	**(8,239)**	**-4%**
Gross Income (Loss)	**(65,892)**	(61,239)	**4,653**	**8%**
General and Administrative Expenses	**70,055**	65,596	**4,459**	**7%**
Finance Cost	**39,773**	38,683	**1,090**	**3%**
Other Income	**(16,068)**	(51,120)	**(35,052)**	**-69%**
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	**(191,788)**	(216,638)	**24,850**	**11%**
Provision for (Benefit from) Income Tax	**(605)**	(590)	**(15)**	**-3%**
Excess/(Deficiency) of Revenues Over Costs and Expenses	**(191,183)**	(216,048)	**24,865**	**12%**

Total Revenues realized in 2023 amounted to ₽108.6 million which when compared to 2022 of ₽121.5 million, registered decrease of ₽13.0 million or 11% mainly pertaining to room revenues and membership revenues falling short compared to last year's by 3% and 43%, respectively. Membership collections during 2023 totaling ₽20.5 million were significanty lower than that of 2022 by ₽9.0, million mainly due to concerns raised pertaining to the physical condition of the villas and the closure of the Water Theme Park. Though the Fontana Hotspring was fully opened in March 2023, patronage to this recreational facility has remained low since the heating element to the swimming pools has not yet been installed.

Direct costs in 2023 amounted to ₽174.5 million which was reasonably managed and controlled registering a decrease by ₽8.2 million or 4% compared to 2022. This can be mainly attributed to the combined effects of lower depreciation amounting to ₽5.7million and lower utility costs mainly electricity amounting ₽5.5 million to due to lower occupancy.

Other income in 2023 resulted to a loss position mainly due to the take-up of additional impairment loss of ₽34.5 million pertaining to the 20 villas transferred from FDC to FRCCI remaining under construction. Similarly, Other income in 2022 also resulted to a loss position caused by the impairment provision of ₽69.1 million also on these 20 villas..

Depreciation and amortization expenses which constitutes 53% of total Direct Costs of ₽174.5 million amounted to ₽91.7 million this year, lower than ₽97.3 million in 2022. Since depreciation and amortization expenses are non-cash items, the excess (deficiency) of revenues over costs and expenses do not affect the liquidity of the Club.

Administrative and general expenses registered an increase of ₽4.4 million or 7% principally attributable to increase in personnel costs caused by the implementation of the P40 daily wage increase to the minimum wage of employees, made effective during the 2nd half of October 2023.

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

STATEMENT OF COMPREHENSIVE LOSS (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%**

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 LOSS (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%**

s 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.

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.

As of December 31, 2023 and December 31, 2022

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 2023	December 2022	Variance	%
Cash	2,607	3,465	(858)	-25%
Membership dues and other receivables	28,639	78,101	(49,462)	-63%
Due from related parties	215,276	213,151	2,125	1%
Current portion of finance lease receivables	9,273	8,626	647	8%
Prepayments and other current assets	5,526	7,914	(2,388)	-30%
Total Current Assets	261,321	311,257	(49,936)	-16%
Property and equipment - net	28,454	51,994	(23,540)	-45%
Investment properties - net	932,432	1,025,967	(93,535)	-9%
Right- of-use assets - net	293,746	300,740	(6,994)	-2%
Finance lease receivables - net of current portion	314,009	305,768	8,241	3%
Deferred tax assets	13,317	9,667	3,650	38%
Utility deposits	157	662	(505)	-76%
Total Non-Current Assets	1,582,115	1,694,798	(112,683)	-7%
Total Assets	1,843,436	2,006,055	(162,619)	-8%
Trade and other payables	101,600	103,015	(1,415)	-1%
Current portion of lease liabilities	27,616	19,608	8,008	41%
Total Current Liabilities	129,216	122,623	6,593	5%
Lease liabilities - net of current portion	706,566	687,873	18,693	3%
Retirement benefits liability	10,499	7,790	2,709	35%
Deferred tax liabilities	6,553	4,331	2,222	51%
Total Non-Current Liabilities	723,618	699,994	23,624	3%
Total Members' Equity	990,602	1,183,438	(192,836)	-16%
Total Liabilities and Members' Equity	1,843,436	2,006,055	(162,619)	-8%

The Company's Total Assets of ₽1.8 billion in 2023 decreased by ₽162.6 million or 8% mainly due to the combined effects of a reduction in Total Current Assets by ₽49.9 million or 16% 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 ₽112.7 million or 7%, mainly Investment Properties by ₽93.5 million or 9% due to the additional allowance for impairment loss of ₽34.5 million for the 20 villas which are still under construction and not put to productive use.

Total Liabilities in 2023 amounting to ₽852.9 million only increased by ₽30.3 million or a minimal increase of 4% compared to that of 2022.

The decrease in Total Members' Equity in 2023 from that of 2022 mainly represents the deficiency of revenues of costs and expenses over revenues, amounting to ₽191.2.0 million incremented by the remeasurement loss of ₽1.6 million on retirement benefits, net of tax.

Key Financial Soundness Indicators

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

Amounts In Thousand Pesos	December 31, 2023 (Audited)	December 31, 2022 (Audited)
Current/Liquidity Ratio [C=A/B]	**2.02**	**2.18**
Current Assets [A]	261,321	311,257
Current Liabilities [B]	129,216	142,513
Solvency Ratio [F=D/E]	**-0.12**	**-0.14**
After Tax Income(Loss) less Depreciation [D]	(99,503)	(118,698)
Total Liabilities [E]	852,834	842,507
Debt to Equity Ratio [H=E/G]	**0.86**	**0.71**
Total Liabilities [E]	852,834	842,507
Total Equity [G]	990,602	1,397,616
Asset to Equity Ratio [J=I/G]	**1.86**	**1.70**
Total Assets [I]	1,843,436	2,006,055
Total Equity [G]	990,602	1,183,438
Profitability Ratio [L=K/G]	**-0.19**	**-0.18**
After Tax Income (Loss)[K]	(191,183)	(216,048)
Total Equity [G]	990,602	1,183,438

The financial soundness indicators calculated above as of December 31, 2023 and December 31, 2022 have remained generally positive and favorable to the Company, except for Solvency and Profitability Ratios in 2023 and 2022 with a huge loss in both years mainly caused by allowance for potential loss on the non-collectible accrued membership dues amounting to ₽44.6 million in 2023 and 2022 aggravated by the impairment loss in Investment Properties amounting to ₽34.5 million and ₽69.1 million in 2023 and 2022 respectively.

Direct Costs and Administrative and General Expenses totaling ₽244.5 million and ₽248.3 million as of December 31, 2023 and December 31, 2022 respectively, were being rationalized and controlled to ensure that cost efficiency in the midst of scarce resources was achieved.

The operating results for 2023 were below expectations most especially on falling revenues from rooms, membership and recreation due to stiff competition from new players in the hospitality industry within Clark Freeport Zone, equipped with modern and hightech amenities. As in the previous years, the operational results likewise reflected the effects of relative adjustments resulting from the implementation of PFRS 16 on the Country Club's long-term lease with CDC, such as the 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.

Earnings Before Income Tax/ Depreciation and Amortization (EBITDA) resulted to a loss ₽100.1 million in 2023 compared to the previous year's EBITDA (loss) of ₽119.3 million for 2022.

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

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.

Key Financial Soundness Indicators

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:

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.

B. <u>Interim Periods</u>

<u>For the First Quarters Ended March 31, 2024 and March 31, 2023</u>

STATEMENT OF COMPREHENSIVE LOSS (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended March 31			
	2024	**2023**	**Variance**	**%**
Revenues	**21,350,566**	23,299,810	**(1,949,244)**	**-8%**
Direct costs	**(5,548,210)**	(5,882,604)	**(334,394)**	**-6%**
Excess (Deficiency) of revenues over costs and expenses	**15,802,356**	17,417,206	**(1,614,850)**	**-9%**
General and administrative expenses	**(33,809,325)**	(45,105,131)	**(11,295,806)**	**-25%**
Finance cost	**(10,120,144)**	(9,839,068)	**281,076**	**3%**
Other income	**5,846,391**	6,353,121	**(506,730)**	**-8%**
Excess (Deficiency) of revenues over costs and expenses before income tax	**(22,280,722)**	(31,173,872)	**8,893,150**	**29%**
Income tax expense	**33,907**	46,696	**(12,789)**	**-27%**
Deficiency of revenues over costs and expenses	**(22,314,629)**	(31,220,568)	**8,905,939**	**29%**

Rooms, membership and amusement posted revenues for the quarter ended March 31, 2024 amounted to ₽17.5 million, ₽3.2 million, and ₽686,000, compared to the revenues generated for the same period last year of ₽19.3 million, ₽3.3 million and ₽696,000 respectively. The over-all decrease in revenues of ₽1.9 million or 8%, can be mainly attributed to lower room revenues caused by slow business due to 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 international cuisine to guests. Moreover, the Country Club would need significant amount of capital to completely rehabilitate or renovate not only its villas but also the main attraction inside the Country Club which is the Water Theme Park remaining closed since 2019.

Membership revenues for this year's quarter of ₽3.2 million almost approximated last year's quarter of ₽3.3 million, with a mere 3% variance.

Recreation revenues for this quarter compared to the same period last year was only below by ₽10K or a mere 1%, which may be a sign that sports and recreation activities are slowly peaking up at the Sports Center and Clubhouse Olympic size swimming pool, despite the heating element at the Hotspring not yet installed.

Other income for this quarter fell short of last year's income by ₽507K, mainly due to lower intercompany revenues realised from use of the Country Club villas by residents and lower CDC fees.

With revenues this year's quarter falling short of last year's for the same period, direct and general/adminstration costs also decreased by ₽11.6 million, mainly due to lower electricity caused by re-aligning the electricty costs of FRCCIs 79 villas sold as LTUs from the Country Club to its parent company, FDC.

Also for this quarter pursuant to PFRS 16, the Country Club incurred interest on its lease liability to CDC amounting to ₽10.1million, compared to the same period last year of ₽9.8 million.

Operations for the three months ended March 31, 2024 resulted to a deficiency of revenues over costs plus income tax expense, amounting to ₽22.3 million, lower than the deficiency of revenues over costs of the same period last year by ₽8.9million or 29%.

<u>For the First Quarters Ended March 31, 2023 and March 31, 2022</u>

STATEMENT OF COMPREHENSIVE LOSS (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%.

<u>For the First Quarters Ended March 31, 2022 and March 31, 2021</u>

STATEMENT OF COMPREHENSIVE LOSS (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.

For the Second Quarters Ended June 30, 2024 and June 30, 2023

STATEMENT OF COMPREHENSIVE LOSS (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended June 30			
	2024	2023	Variance	%
Revenues	**21,350,566**	26,256,880	**(4,906,314)**	**-18%**
Direct Costs	**(5,548,210)**	(5,775,703)	**(227,493)**	**-3%**
Gross Profit	**15,802,356**	20,481,177	**(4,678,821)**	**-22%**
General and Administrative Expenses (including Fixed and Financing Charges)	**(33,809,325)**	(46,333,294)	**(12,523,969)**	**-27%**
Finance Costs	**(10,120,144)**	(9,907,884)	**212,260**	**2%**
Other Income	**5,846,391**	6,929,818	**(1,083,427)**	**-15%**
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	**(22,280,722)**	(28,830,183)	**(6,549,461)**	**-22%**
Income Tax Expense	**33,907**	50,171	**(16,264)**	**-32%**
Excess/(Deficiency) of Revenues Over Costs and Expenses	**(22,314,629)**	(28,880,354)	**(6,565,725)**	**-22%**

Revenues earned from Rooms, Membership and Amusement for this year’s quarter amounted to ₽18.1 million, ₽2.9 million, and ₽969,000, compared to the revenues generated for the same period last year of ₽22.1 million, ₽3.2 million and ₽943,000 respectively. Room revenues declined by ₽4.0 million or 18% mainly due to lower average villa rate this year’s quarter compared to last year’s, with occupancy rate almost remaining the same.

Membership revenues for this year’s quarter decreased by ₽300,000 or 9% mainly due to lower collections of membership dues and F&B coupons by ₽674,300 or 17% as members have remained skeptical on the progress on the improvement of the physical condition of the villas as well as on the commitment in rehabilitating the Water Theme Park. Moreover, amusement revenues mainly coming from Hotsprings, were higher this quarter compared to the same period last year by a mere ₽26,000. Other income for this year’s quarter of ₽5.8 million, mainly consisting of the interest income on the sublease agreement with FDC, was lower than last year’s quarter of ₽6.9 million by ₽1.1 million or 15%.

Payroll and related costs of ₽3.9 million for this year’s quarter was higher than last year for the same period of ₽3.7 million by ₽249,000 or 6%. This can be mainly attributed to the implementation of the ₽40 increase in daily wage in the last quarter last year. Other direct costs decreased by ₽111,000 during this year’s quarter as costs were being incurred on a more rational basis amidst the shortfall in revenues. General and Administrative expenses (excluding fixed and financing charges) incurred for this quarter posted a decrease of ₽937,000 or 16%, mainly due to lower security agency related expenses. However, upkeep, maintenance and energy costs expenses incurred this quarter amounted to ₽9.3 million which was significantly lower than last year’s quarter of ₽15.4 million by 40% mainly due to the charging of the electricity of the 79 FRCCI villas to FDC, which were leased as Long-Term Use (LTU).

Fixed and financing charges, including interest expense on lease liability to CDC, amounted to ₽24.9 million for this quarter compared to the same period last year of ₽29.9 million with a decrease of ₽4.9 miilion or 16%. 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, 2024 amounted to ₽21.8 million, lower than the Excess of Costs and Expenses over Revenues (Deficiency) before Income Tax of ₽29.0 million for the same quarter last year.

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

STATEMENT OF COMPREHENSIVE LOSS (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 LOSS (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 Third Quarters Ended September 30, 2024 and September 30, 2023

STATEMENT OF COMPREHENSIVE LOSS (UNAUDITED)				
	Amounts in Pesos			
	For the Quarters Ended September30			
	2024	2023	Variance	%
Revenues	**17,965,141**	25,213,256	**(7,248,115)**	**(29%)**
Direct Costs	**4,393,110**	5,448,681	**1,055,571**	**19%**
Gross Profit	**13,572,031**	19,764,575	**(6,192,544)**	**(31%)**
General and Administrative Expenses (including Fixed and Financing Charges)	**31,308,420**	40,670,007	**9,361,587**	**23%**
Finance Costs	**10,257,491**	9,527,660	**(729,831)**	**(8%)**
Other Income	**5,929,030**	6,234,191	**(305,161)**	**(5%)**
Excess/(Deficiency) of Revenues Over Costs and Expenses Before Tax	**(22,064,850)**	(24,198,901)	**(2,134,051)**	**(9%)**
Income Tax Expense	**21,519**	96,867	**75,348**	**78%**
Excess/(Deficiency) of Revenues Over Costs and Expenses	**(22,086,369)**	(24,295,768)	**(2,209,399)**	**(9%)**

Revenues realized and earned from Rooms, Membership and Amusement for this year's quarter amounted to ₽15.3million, ₽2.3 million, and ₽410,000 compared to the revenues generated for the same period last year of ₽20.8 million, ₽3.8 million, and ₽547,000, respectively.

Room revenues had a relatively significant decline of ₽5.5 million mainly due to lower occupancy during the quarter with scarce business experienced due to stiff competition with the new players in the hospitality industry within Clark.

Membership revenues for this year's quarter decreased by about ₽1.5million 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 ₽137,000 compared to the same period last year. Other income for this year's quarter almost approximated last year's quarter by 5%.

Payroll and related costs of ₽3.2 million for this year's quarter was slightly lower than last year's for the same period of ₽3.5 million or 5%. Other direct costs during this year's quarter amounted to ₽1.2 million lower than last year's quarter of ₽1.9 million by 37%, which were reasonably incurred to align with the cost reduction initiative.

Moreover, General and Administrative expenses (excluding fixed and financing charges) incurred for this quarter posted a decrease of ₽1.1million or 19%. Upkeep and maintenance expenses of the resort also registered a reduction during this quarter of ₽4.7 million mainly due to the transfer of the electricity billings of the 79 FRCCI LTU villas from FRCCI to FDC.

Fixed and financing charges, including interest expense on lease liability to CDC, amounted to ₽29.3 million for this quarter compared to the same period last year of ₽24.9 million with a decrease of ₽4.4miilion or 18%. 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 September 30, 2024 amounted to ₽22.1 million lower than the Excess of Costs and Expenses over Revenues of ₽24.3 million for the same quarter last year.

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

STATEMENT OF COMPREHENSIVE LOSS (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 LOSS (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.

Balance Sheet

As of March 31, 2024 and December 31, 2023

BALANCE SHEET				
	Amounts in Pesos			
	March 31, 2024 (Unaudited)	**December 31, 2023 (Audited)**	**Variance**	**%**
Total Current Assets	**259,488,115**	261,321,128	**(1,833,013)**	**-1%**
Property and equipment - net	**25,190,308**	28,454,006	**(3,263,698)**	**-11%**
Investment properties - net	**917,893,799**	932,431,558	**(14,537,759)**	**-2%**
Right-of-use (ROU) asset - net	**291,997,674**	293,746,163	**(1,748,489)**	**-1%**
Finance lease receivables	**316,185,023**	314,008,616	**2,176,407**	**1%**
Deferred tax assets	**13,317,097**	13,317,097	**0**	**0%**
Utility deposits	**117,525**	157,544	**(40,019)**	**-25%**
Total Assets	**1,824,189,541**	1,843,436,113	**(19,246,572)**	**-1%**
Total Current Liabilities	**127,081,896**	129,215,996	**(2,134,100)**	**-2%**
Lease liability, net of current portion	**711,768,553**	706,566,396	**5,202,157**	**1%**
Retirement benefits liability	**10,499,316**	10,499,316	**0**	**0%**
Deferred tax liabilities	**6,552,487**	6,552,487	**0**	**0%**
Total Non-Current Liabilities	**728,820,356**	723,618,199	**5,202,157**	**1%**
Total Members' Equity	**968,287,289**	990,601,918	**(22,314,629)**	**-2%**
Total Liabilities and Members' Equity	**1,824,189,541**	1,843,436,113	**(19,246,572)**	**-1%**

The Country Club's Total Assets as at March 31, 2024 amounting to ₽1.82 billion slightly decreased from ₽1.84 billion as at December 1, 2023 by ₽19.2 million or only 1%, which can be attributed to a significant decrease in Total Non-Current Assets by ₽17.4 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 ₽603.7 million, which cannot be made productive. There was also a decrease in Total Current Assets by ₽1.8 million, mainly Due from related parties.

Total Current Liabilities as at March 31, 2024 of ₽127.1 million compared to the December 31, 2023 year-end balance of ₽129.2 million decreased by ₽2.1 million, mainly due to the lower balance in unreleased checks by ₽6.2million as funds have become availabe to settle maturing payables.

The balance in Lease Liability under Non-Current Liabilities of ₽711.8 million as at March 31, 2024 and ₽706.6 million as at December 31, 2023 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 ₽22.3 million mainly pertains to the excess of costs over revenues for the quarter ended March 31, 2024.

Key Financial Soundness Indicators

Below is a schedule showing the company's financial soundness indicators:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current/ liquidity Ratio	**2.04**	2.02
Current assets	**259,488,115**	261,321,128
Current liabilities	**127,081,896**	129,215,996
Solvency Ratio	**-0.00**	-0.12
After tax income (loss) add depreciation	**(2,764,683)**	(99,097,588)
Total liabilities	**855,902,252**	852,834,195
Debt-to-equity Ratio	**0.88**	0.86
Total liabilities	**855,902,252**	852,834,195
Total equity	**968,287,289**	990,601,918
Asset-to-equity Ratio	**1.88**	1.86
Total assets	**1,824,189,541**	1,843,436,113
Total equity	**968,287,289**	990,601,918
Profitability Ratio	**-0.02**	-0.19
After tax income (loss)	**(22,314,629)**	(191,182,820)
Total equity	**968,287,289**	990,601,918

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, 2024, the Company's working capital slightly increased by only ₽301K from December 31, 2023, which still is a good indication that funds are still effectively managed to sustain operations. Moreover, the current/liquidity ratio of 2.04:1 as at March 31, 2024 compared to 2.02:1 as at December 31, 2023 increased 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, 2024 increased from that as at December 31, 2023, 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, 2024 amounted to ₽7.9million or a monthly average of ₽2.6 million over approximately 2,740 active members, which are projected to increase slowly during the remaining months of 2024 with the rehabilitation of 78 villas, members are expected to visit the Country Club on a more frequent basis.

EBITDA for the quarter ended March 31, 2024 resulted to a loss of ₽22.3 million which looks favourable compared to the EBITDA for the same period last year of ₽31.2 million.

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:

	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:

	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 June 30, 2024 and December 31, 2023

BALANCE SHEET				
	Amounts in Pesos			
	June 30, 2024 (Unaudited)	**December 31, 2023 (Audited)**	**Variance**	**%**
Total Current Assets	**264,160,730**	261,321,128	**2,839,602**	**1%**
Property and equipment - net	**22,654,625**	28,454,006	**(5,799,381)**	**-20%**
Investment properties - net	**903,356,042**	932,431,558	**(29,075,516)**	**-3%**
Right-of-use (ROU) asset - net	**290,249,185**	293,746,163	**(3,496,979)**	**-1%**
Finance lease receivables	**318,175,850**	314,008,616	**4,167,234**	**1%**
Deferred tax assets	**13,317,097**	13,317,097	**0**	**0%**
Utility deposits	**287,521**	157,544	**129,977**	**82%**
Total Assets	**1,812,201,050**	1,843,436,113	**(31,235,063)**	**-1%**
Total Current Liabilities	**132,795,526**	129,215,996	**3,579,530**	**2%**
Lease liability, net of current portion	**716,566,770**	706,566,396	**10,000,374**	**1%**
Retirement benefits liability	**9,796,757**	10,499,316	**(702,559)**	**-6%**
Deferred tax liabilities	**6,552,487**	6,552,487	**0**	**0%**
Total Non-Current Liabilities	**732,916,014**	723,618,199	**9,297,815**	**1%**
Total Members' Equity	**946,489,510**	990,601,918	**(44,112,408)**	**-4%**
Total Liabilities and Members' Equity	**1,812,201,050**	1,843,436,113	**(31,235,063)**	**-1%**

The Country Club's Total Assets as at June 30, 2024 of ₽1.81 billion decreased from ₽1.84 billion from as at December 31, 2023 by a mere 1%, which can be mainly attributed to a significant decrease in Total Non-Current Assets by ₽34.1 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, 2024, resulting to decreased net book values. This was, however, offset by a nominal increase in Total Current Assets mainly Membership dues & other receivables amounting to ₽4.2 million offset by a reduced Cash of ₽1.3 million which mainly reflects the Resort's difficulty in collections that can settle off its maturing obligations.

Total Current Liabilities as at June 30, 2024 of ₽132.8 million, compared to the December 31, 2023 year-end balance of ₽129.2 million increased principally due to a significant increase in trade and other payables by ₽10.1 million as funds were being carefully allocated to operating expenses such as payroll and utilities due to funds contraints.

The increase in Total Non-Current Liabilities by ₽9.3 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 ₽44,1million principally pertains to the excess of expenses and costs over revenues for the semester ended June 30, 2024.

Key Financial Soundness Indicators

Below is a schedule showing the company's financial soundness indicators:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current/ liquidity Ratio	**1.98**	2.02
Current assets	**264,160,730**	261,321,128
Current liabilities	**132,795,526**	129,215,996
Solvency Ratio	**-0.00**	-0.12
After tax income (loss) add depreciation	**(5,719,532)**	(100,108,820)
Total liabilities	**865,711,540**	852,834,195
Debt-to-equity Ratio	**0.91**	0.86
Total liabilities	**865,711,540**	852,834,195
Total equity	**946,489,510**	990,601,918
Asset-to-equity Ratio	**1.91**	1.86
Total assets	**1,812,201,050**	1,843,436,113
Total equity	**946,489,510**	990,601,918
Profitability Ratio	**-0.04**	-0.19
After tax income (loss)	**(44,112,408)**	(191,182,820)
Total equity	**946,489,510**	990,601,918

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, 2024 decreased by ₽740K from December 31, 2023, which resulted to a decrease in the liquidity ratio 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 1.98 as at June 30, 2024, compared to 2.02 as at December 31, 2023.

The Company's base equity has also remained favourable, which the Club has maintained at 52% as at June 30, 2024 slightly lower than 53% as at December 31, 2023, 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, 2024 amounted to ₽11.0 million or a monthly average of ₽1.8 million, which almost approximaed last year's ₽10.6 million with the same monthly average.

EBITDA for the semester ended June 30, 2024 resulted to an excess of revenues over costs and expenses before interest expense, income tax and depreciation of ₽14.7 million which is 33% of total revenues compared to the excess of costs and expenses over revenues before interest expense, income tax and depreciation of ₽60.3 million for the year ended December 31, 2023.

As of June 30, 2023 and December 31, 2022

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:

	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.

As of June 30, 2022 and December 31, 2021

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:

	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 of September 30, 2024 and December 31, 2023

Balance Sheet				
	Amounts in Pesos			
	September 30, 2024 (Unaudited)	**December 31, 2023 (Audited)**	**Variance**	**%**
Total Current Assets	**272,115,902**	261,321,128	**10,794,774**	**4%**
Property and equipment - net	**20,109,358**	28,454,006	**(8,344,648)**	**(29%)**
Investment properties - net	**888,818,283**	932,431,558	**(43,613,275)**	**(5%)**
Right-of-use (ROU) asset - net	**288,500,696**	293,746,163	**(5,245,467)**	**(2%)**
Finance lease receivables, net of current portion	**320,241,035**	314,008,616	**6,232,419**	**2%**
Deferred tax assets	**13,317,097**	13,317,097	**0**	**0%**
Utility deposits	**288,519**	157,544	**130,975**	**83%**
Total Assets	**1,803,390,890**	1,843,436,113	**(40,045,223)**	**(2%)**
Total Current Liabilities	**141,847,883**	129,215,996	**12,631,887**	**10%**
Lease liability, net of current portion	**721,431,870**	706,566,396	**14,865,474**	**2%**
Retirement benefits liability	**9,155,507**	10,499,316	**(1,343,809)**	**(13%)**
Deferred tax liabilities	**6,552,487**	6,552,487	**0**	**0%**
Total Non-Current Liabilities	**737,139,864**	723,618,199	**13,521,665**	**2%**
Total Members' Equity	**924,403,143**	990,601,918	**(66,198,775)**	**(7%)**
Total Liabilities and Members' Equity	**₱1,803,390,890**	₱1,843,436,113	**(40,045,223)**	**(2%)**

The Country Club's Total Assets as at September 30, 2024 of ₱1.80 billion decreased from ₱1.84 billion from as at December 31, 2023 by only 2%, which can be mainly attributed to a significant decrease in Total Non-Current Assets by ₱50.8 million, mainly caused by the corresponding depreciation of Property and equipment, Investment properties, and Right-of-use (ROU) asset for the nine months ended September 30, 2024, resulting to decreased net book values. This was, however, offset by a nominal increase in Total Current Assets mainly Membership dues & other receivables and Due from related parties totaling to ₱10.3 million.

Total Current Liabilities as at September 30, 2024 of ₱141.8 million, compared to the December 31, 2023 year-end balance of ₱129.2 million increased principally due to a significant increase in trade and other payables by ₱19.2 million as funds were being carefully allocated to operating expenses such as payroll and utilities due to fund contraints.

The increase in Total Non-Current Liabilities by ₱13.5 million 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 including the effect of the application of Philippine Financial Reporting Standards (PFRS) 16 for long-term leases.

The decrease in Total Members' Equity of ₱66.2 million principally pertains to the excess of expenses and costs over revenues for the nine months ended September 30, 2024.

Key Financial Soundness Indicators

Below is a schedule showing financial soundness indicators as at:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current/ liquidity Ratio	**1.92**	2.02
Current assets	**272,115,902**	261,321,128
Current liabilities	**141,847,883**	129,215,996
Solvency Ratio	**-0.01**	-0.12
After tax income (loss) add depreciation	**(8,281,449)**	(100,108,820)
Total liabilities	**878,987,747**	852,834,195
Debt-to-equity Ratio	**0.78**	0.86
Total liabilities	**878,987,747**	852,834,195
Total equity	**924,403,143**	990,601,918
Asset-to-equity Ratio	**1.95**	1.86
Total assets	**1,803,390,890**	1,843,436,113
Total equity	**924,403,143**	990,601,918
Profitability Ratio	**-0.07**	-0.19
After tax income (loss)	**(66,198,777)**	(191,182,820)
Total equity	**924,403,143**	990,601,918

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, 2024 decreased by ₱1.84 million from December 31, 2023, it still demonstrates 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 1.92:1 as at September 30, 2024 from 2.02:1 as at December 31, 2023, which still reflects the Company's ability to pay its current liabilities.

The Company's base equity of 51% as at September 30, 2024 slightly lower than 53% as at December 31, 2023, 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, 2024 amounted to ₱13.1 million or a monthly average of ₱1.5 million, which was lower than last year's ₱16.0 million or a monthly average of ₱1.3 million.

Earnings (Loss) Before Income Tax and Depreciation/Amortization for the nine months ended September 30, 2024 amounted to ₽8.9 million loss compared to the Earnings (Loss) Before Income Tax and Depreciation/Amortization of ₽100.1 million loss for the year ended December 31, 2023.

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.+

As of September 30, 2022 and December 31, 2021

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.

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 the last two fiscal years for professional services rendered by the Company's external auditors amounted to ₽370,000 for 2023 and for 2022.

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 two fiscal years for professional services rendered by the external auditor for tax accounting, compliance, advice, planning and any other form of tax services.

c) All Other Fees

There were no aggregate fees billed in each of the last two fiscal years for products and services provided by the external auditors, other than the services reported under items (a) and (b) above.

d) The audit committee reviews and approves engagement letters for the above services.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

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

Market Information

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:

Type of Shares	Bid Information	
	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	₽ 40,000	₽ 40,000
Class "D" shares	₽ 100,000	₽ 10,000

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:

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: 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%

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, 2023, 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 Board has adopted a Revised Manual on Corporate Governance.

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

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

c. There were deviations of the Club's Manual on Corporate Governance for the year ended December 31, 2023, summarized as follows:

1) The Club has not adopted an annual continuing training program for all Directors;
2) The Compliance Officer does not attend annual training/s on corporate governance;

3) The Board has not adopted a succession planning program for its Directors, key officers, and Management;

4) The Board has not adopted a policy for the retirement of directors and key officers;

5) The Board has not instituted a risk management framework;

6) The Club has not established a separate Corporate Governance Committee;

7) The Clug does not have a separate Board Risk Oversight Committee;

8) The Board has not designated a lead independent director among its incumbent independent directors;

9) The non-executive Directors of the Board have not started periodic meetings with the external auditors and the heads of the Committees;

10) The Board has not conducted a Code of Business Conduct and Ethics;

11) The Club has not adopted a policy requiring all Directors to disclose dealings involving Club shares;

12) The Club has not established a process for the appointment,reappointment, removal, and fees of external auditors;

13) The Club has not outlined its responsibility on reviewing the external auditor's sustainability and effectiveness;

14) The Club does not disclose the disclosing the non-audit services performed by its external auditor;

15) The Club has not adopted a clear and focused strategy on the disclosure of non-financial information;

16) The Club has not disclosed the company's strategic and operational objectives of the Club, with emphasis on the management of environmental, economic, social and governance issues of its business;

17) The Board has not established a policy and program for its stakeholders that will promote Wealth, growth and sustainability;

18) The Board has not established policies, programs, and procedures relating to employee participation;

19) The Board has not instituted policies, programs, and procedures against corruption;

20) The Board has not established employee training programs and policies; and

21) The Board has not established a policy, procedure, and framework on whistleblowing and protection from retaliation.

d. The members of the Club's Senior Management Team were encouraged to attend seminars on good corporate governance, conducted by entities accredited by the Securities and Exchange Commission, to improve the Club's adherence to leading practices in good governance,

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" (2023 AFS) and "G-2" (30 September 2024 Interim FS))