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## FONTANA RESORT & COUNTRY CLUB, INC.\_SEC FORM 17-Q FOR THE 3RD QUARTER OF 2024

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Tue, Nov 5, 2024 at 4:42 PM

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2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
5. ICASR 10. 52-AR 15. BP-FCLC 20. S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

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1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC\_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – <https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.

# COVER SHEET

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SEC Registration Number

FONTANA RESORT & COUNTRY CLUB, INC.  
 (A Non-profit Corporation)

(Company's Full Name)

FONTANA LEISURE PARKS  
 CLARK FREEPORT ZONE  
 PAMPANGA

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

**ATTY. MIGUEL DE LA FUENTE**

(Contact Person)

**(045) 599-5000**

(Company Telephone Number)

1 2    3 1  
 Month    Day

(Fiscal Year)

S E C   F O R M   1 7 - Q  
 3 R D   Q U A R T E R   2 0 2 4

(Form Type)

T H I R D   F R I D A Y  
 O F   D E C E M B E R

(Annual Meeting)

N.A.

(Secondary License Type, If Applicable)

**SEC**

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowing

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2024
2. Commission identification number A1996-07188 3. BIR Tax Identification No. 005-564-545
4. Exact name of Registrant as specified in its charter  
FONTANA RESORT & COUNTRY CLUB, INC.
5. Province, country or other jurisdiction of incorporation or organization  
Clark Freeport Zone, Pampanga
6. Industry Classification Code  (SEC Use Only)
7. Address of registrant's principal office Postal Code  
Fontana Clubhouse, Fontana Leisure Parks, C.M. Recto Highway, Clark Freeport Zone, Pampanga 2023
8. Registrant's telephone number, including area code (045) 599-5000
9. Former name, former address and former fiscal year, if changed since last report. N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title Of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Presidential	215
Class A	326
Class B	517
Class C	1,928
Class D	9,369

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

Yes [ ] No [  ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

12. Indicate by check mark whether the registrant:

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

Yes [  ] No [ ]

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

Yes [  ] No [ ]

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## PART I – FINANCIAL INFORMATION

Attached to this report are the comparative financial statements for the third quarter of the current calendar year – statements of financial position with comparative figures from the audited report of the previous calendar year; statements of comprehensive loss, changes in members' equity and cash flows with comparative figures during the same period of the preceding year.

The Country Club's interim financial statements attached to this report are in conformity with the Philippine Financial Reporting Standards.

The Country Club's financial statements as at December 31, 2023 are audited and are used for comparative purposes.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the 2023 audited financial statements presented.

The Country Club's peak operations are usually from October this year to May of the following year.

There were no unusual nature and amount of items affecting the Country Club's assets, liabilities, equity, net income or cash flows.

There were no material effects in the nature of changes in estimate of amounts reported in prior interim periods of the current and prior financial years, except as discussed in the succeeding paragraph.

There were no issuances, repurchases and repayments of debt and equity securities within the interim period.

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the period.

There were no changes in the composition of the Issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable. Contingent liabilities are not also recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Management believes that any unreserved losses that the Country Club may incur as a result of these contingencies will not have a material adverse effect in the Country Club's financial statements.

**Fontana Resort & Country Club, Inc.**  
*(A Non-profit Corporation)*

Interim Unaudited Financial Statements as at September 30,  
2024 with comparison to Audited Financial Statements as at  
December 31, 2023

**FONTANA RESORT & COUNTRY CLUB, INC.**  
(A Non-Profit Corporation)  
**STATEMENTS OF FINANCIAL POSITION**

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	₱2,598,573	₱2,606,937
Membership dues and other receivables	31,877,368	28,638,791
Due from related parties	222,432,738	215,276,076
Current portion of finance lease receivables	9,272,728	9,272,728
Prepayments and other current assets	5,934,495	5,526,596
<b>Total Current Assets</b>	<b>272,115,902</b>	<b>261,321,128</b>
<b>Noncurrent Assets</b>		
Property and equipment-net	20,109,358	28,454,006
Investment properties-net	888,818,283	932,431,558
Right-of-use (ROU) asset-net	288,500,696	293,746,163
Finance lease receivables-net of current portion	320,241,035	314,008,616
Deferred tax assets	13,317,097	13,317,097
Utility deposits	288,519	157,544
<b>Total Noncurrent Assets</b>	<b>1,531,274,988</b>	<b>1,582,114,985</b>
<b>Total Assets</b>	<b>₱1,803,390,890</b>	<b>₱1,843,436,113</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables	₱120,768,538	₱101,600,420
Current portion of lease liability	21,079,345	27,615,576
<b>Total Current Liabilities</b>	<b>141,847,883</b>	<b>129,215,996</b>
<b>Noncurrent Liabilities</b>		
Lease liability, net of current portion	721,431,870	706,566,396
Retirement benefits liability	9,155,507	10,499,316
Deferred tax liabilities	6,552,487	6,552,487
<b>Total Noncurrent Liabilities</b>	<b>737,139,864</b>	<b>723,618,199</b>
<b>Members' Equity</b>		
Country club shares	549,120	549,120
Additional paid-in capital	1,588,878,951	1,588,878,951
Accumulated deficiency of revenues over costs and expenses	(671,831,302)	(605,632,527)
Other comprehensive income	6,806,374	6,806,374
<b>Total Members' Equity</b>	<b>924,403,143</b>	<b>990,601,918</b>
<b>Total Liabilities and Members' Equity</b>	<b>₱1,803,390,890</b>	<b>₱1,843,436,113</b>



**FONTANA RESORT & COUNTRY CLUB, INC.**  
(A Non-Profit Corporation)  
**STATEMENTS OF COMPREHENSIVE LOSS**

	For the quarter September 30, 2024 (Unaudited)	For the quarter September 30, 2023 (Unaudited)	For the nine months September 30, 2024 (Unaudited)	For the nine months September 30, 2023 (Unaudited)
<b>REVENUES</b>	<b>₱17,965,141</b>	<b>₱25,213,256</b>	<b>₱61,300,691</b>	<b>₱74,769,946</b>
<b>DIRECT COSTS</b>	<b>(4,393,110)</b>	<b>(5,448,681)</b>	<b>(15,680,896)</b>	<b>(17,106,988)</b>
<b>GROSS PROFIT</b>	<b>13,572,031</b>	<b>19,764,575</b>	<b>45,619,795</b>	<b>57,662,958</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>(31,308,420)</b>	<b>(40,670,007)</b>	<b>(99,148,416)</b>	<b>(132,105,976)</b>
<b>FINANCE COSTS</b>	<b>(10,257,491)</b>	<b>(9,527,660)</b>	<b>(30,568,242)</b>	<b>(29,724,612)</b>
<b>OTHER INCOME</b>	<b>5,929,030</b>	<b>6,234,191</b>	<b>17,990,313</b>	<b>19,517,130</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(22,064,850)</b>	<b>(24,198,901)</b>	<b>(66,106,550)</b>	<b>(84,650,500)</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>				
Current	<b>21,519</b>	<b>96,867</b>	<b>92,227</b>	<b>132,982</b>
Deferred	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>21,519</b>	<b>96,867</b>	<b>92,227</b>	<b>132,982</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER COSTS AND EXPENSES</b>	<b>₱(22,086,369)</b>	<b>₱(24,295,768)</b>	<b>₱(66,198,777)</b>	<b>₱(84,783,482)</b>
<b>BASIC EARNINGS (LOSS) PER SHARE computed as follows:</b>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER COSTS AND EXPENSES</b> (84,783,482)	<b>₱(22,086,369)</b>	<b>₱(24,295,768)</b>	<b>₱(66,198,777)</b>	
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>	<b>27,456</b>	<b>27,456</b>	<b>27,456</b>	<b>27,456</b>
<b>BASIC EARNINGS (LOSS) PER SHARE</b>	<b>₱ (804)</b>	<b>₱ (885)</b>	<b>₱ (2,411)</b>	<b>₱ (3,088)</b>

**FONTANA RESORT & COUNTRY CLUB, INC.**  
(A Non-Profit Corporation)  
**FINANCIAL RATIOS**

Below is a schedule showing financial soundness indicators as at:

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

**FONTANA RESORT & COUNTRY CLUB, INC.**  
(A Non-Profit Corporation)  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY**

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
<b>Country Club Shares</b>	<b>₱549,120</b>	<b>₱549,120</b>
<b>Additional Paid-in Capital</b>		
Balance at beginning of period	₱1,588,878,951	₱1,588,878,951
Additions during the period	0	0
<b>Balance at end of period</b>	<b>1,588,878,951</b>	<b>1,588,878,951</b>
<b>Accumulated Deficiency of Revenues Over Costs and Expenses</b>		
Balance at beginning of period	(598,826,151)	(405,990,452)
Excess of over costs and expenses over revenues during the period	(66,198,777)	(84,783,482)
<b>Balance at end of period</b>	<b>(665,024,928)</b>	<b>(490,773,934)</b>
<b>Total Members' Equity</b>	<b>₱924,403,143</b>	<b>₱1,098,654,137</b>

## FONTANA RESORT & COUNTRY CLUB, INC.

(A Non-Profit Corporation)

### STATEMENTS OF CASH FLOWS

	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) after income tax	P(66,198,777)	P(84,783,482)
Adjustments for:		
Depreciation and amortization	57,224,390	70,529,591
Interest income	(771)	(1,153)
Interest expense on lease Liability (PFRS 16)	30,568,242	29,724,612
Operating income before working capital changes	21,593,084	15,469,568
Movements in:		
Membership due and other Receivables-net	(3,238,577)	603,679
Prepayments and other current assets	(407,899)	693,238
Due from related parties	(7,156,662)	(13,993,644)
Trade and other payables	19,168,118	19,313,432
Accrued rent/lease liability	(1,343,809)	15,018,091
Net cash generated from operations	28,614,255	37,104,364
Interest income	771	1,153
Interest expense on lease liability	(30,568,242)	(29,724,612)
<b>Net cash provided by operating activities</b>	<b>(1,953,216)</b>	<b>7,380,905</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in due to related parties	-	-
Increase (decrease) to:		
Property and equipment	2,092,555	(8,158,710)
Decrease (increase) in other noncurrent assets	(130,975)	534,000
<b>Net cash used in investing activities</b>	<b>1,961,580</b>	<b>(7,624,710)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(8,364)</b>	<b>(243,805)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>2,606,937</b>	<b>3,465,554</b>
<b>CASH AT END OF QUARTER</b>	<b>P2,598,573</b>	<b>P3,221,749</b>

**FONTANA RESORT & COUNTRY CLUB, INC.**  
(A Non-profit Corporation)

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**NOTES TO INTERIM FINANCIAL STATEMENTS**  
(With Comparative Information for Year 2023)

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**1. Corporate Information**

Fontana Resort & Country Club, Inc. (the “Country Club”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 3, 1996. The principal activities of the Country Club include construction, acquisition, lease, operation and maintenance of a vacation resort, sports and recreational facilities and residential houses and villas with the main objective of promoting the social recreational facilities and athletic activities among its stockholders-members on a non-profit basis.

The Country Club is 74.79% owned by Fontana Development Corporation (FDC), a Philippine Corporation, and 25.20% owned by individual members. FDC was incorporated in the Philippines and registered with the SEC on March 10, 1995 primarily to acquire, develop, assign, lease, transfer and dispose real and personal properties of every kind and description.

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

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

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

**2. Financial Reporting Framework**

**Statement of Compliance**

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

**Basis of Preparation**

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

**Presentation and functional currency**

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

**Use of Judgments and Estimates**

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

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

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

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **Going Concern Assumption**

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

### **Current versus Non-current Classification**

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

### **Fair value measurement**

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Country Club.

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

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

The Country Club uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

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

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

### **3. Adoption of New and Revised Standards, Amendments to Standards and Interpretations**

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

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

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

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

#### **New and Amended Standards and Interpretations Effective on January 1, 2023**

The Company applied for the first time the following standards and amendments, which are effective for annual periods beginning on or after 1 January 2023, unless otherwise stated.

##### *PFRS 17 Insurance Contracts*

PFRS 17 *Insurance Contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. PFRS 17 replaces PFRS 4 *Insurance Contracts*. PFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply.

The overall objective of PFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. PFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Company's financial statements as the Company does not have any contracts that meet the definition of an insurance contract under PFRS 17.

*Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies*

The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

*Amendments to PAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to PAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments had no impact on the Company's financial statements.

*Amendments to PAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules*

The amendments to PAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

*Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments to PAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

The amendments had no impact on the Company's financial statements.



## **New and Amended Standards Issued But Not Yet Effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

### *Amendments to PAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current*

The amendments to PAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to PAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.

### *Amendments to PAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants*

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

### *Amendments to PAS 7 Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements*

The amendments add a disclosure objective to PAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, PFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

#### Amendment to PFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to PFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in PFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in PFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate. As part of the amendments, the IASB amended an Illustrative Example in PFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying PFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with PAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied PFRS 16.

#### **Deferred Effectivity**

#### Amendments to PFRS 10 Consolidated Financial Statements and PAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

#### 4. Cash

This account consists of:

	<u>September 2024</u>	<u>December 2023</u>
Cash on hand	P757,420	P 758,435
Cash in banks	1,841,153	1,848,502
Total	<u>P2,598,573</u>	<u>P2,606,937</u>

Cash in banks earns interest at the respective bank deposit rates. Interest earned amounted to P771 for the nine months ended September 30, 2024 and P1,153 in 2023.

#### 5. Membership dues and other receivables

This account consists of:

	<u>September 2024</u>	<u>December 2023</u>
Membership dues and consumable coupons	P245,689,086	P245,689,086
Trade receivables	1,589,180	846,511
Advances to:		
Officers and employees	306,172	354,088
Suppliers	1,626,986	377,271
Others	1,754,094	459,985
Total receivables	<u>250,965,518</u>	<u>247,726,941</u>
Less: Allowance for doubtful accounts	<u>219,088,150</u>	<u>219,088,150</u>
Net	<u>P31,877,368</u>	<u>P28,638,791</u>

The average credit period taken on membership dues is 30 days. A 2% interest per month is imposed for membership dues which are not paid within 60 days from the due date. Interest income is accrued on a time proportion basis, by reference to the principal outstanding at the effective interest rate applicable. There was no interest earned and collected for the nine months ended September 30, 2024 and for the same period September 30, 2023.

Membership in the Country Club is a privilege and is evidenced by ownership of the Country Club's shares of stock duly recorded in the stock and transfer book. The prospective buyer, assignee, transferee or conveyee, whether a natural or juridical person, of any share of stock must file an application for membership which must first be approved by the BOD or the Membership Committee before any sale, assignment, transfer or conveyance of share of stock can be completed and recorded in the books of the Country Club.

The Country Club bills all regular members periodically. Pursuant to the Rules of the Country Club, if the bills remain unpaid within certain number of days, the Country Club notifies the member of his delinquency, with notice that if the bill is not paid in full by the end of the succeeding month, the member's name shall be included in the list of delinquent members which shall be posted in the bulletin board of the Clubhouse. However, this notification and the list of delinquent members being posted have not been performed for quite some time in full consideration of the financial challenges experienced by the members brought about by the pandemic crisis.

All delinquent members, including their representatives, immediate family and guests shall be barred from using any of the facilities in the Country Club until payment is made. Also, the uncollected membership dues are regularly monitored against the market values of the related club shares to minimize the Country Club's exposure to doubtful accounts.

Delinquent members have the option to sell their shares to willing buyers.

However, pursuant to the Rules of the Country Club, if a member remains in the delinquent list for more than sixty calendar days from date of posting, the share(s) owned by the delinquent member, at the discretion of the BOD, may be sold at auction in accordance with the relevant provisions of the Articles of Incorporation and the Country Club's By-laws, to satisfy the claims of the Country Club. The Country Club shall have a lien on every

share of stock for any unpaid account which a member may owe the Country Club unless all unpaid obligations of the selling shareholder, assignor or predecessor-in-interest shall have been fully paid.

Included in the Country Club's receivable is the balance of members' accounts with a carrying amount of P26,600,936 as at September 30, 2024 and as at December 31, 2023. The Country Club does not hold any collateral over these balances.

#### 6. Related Party transaction

This account consists of:

<b>Due From Related Parties</b>	<b>September 2024</b>	<b>December 2023</b>
Fontana Development Corporation	<b>P126,897,992</b>	P129,795,647
Clark Resort Travel and Amusement Corporation	<b>45,741,330</b>	40,581,296
Amazingly Clean, Inc.	<b>43,868,020</b>	39,157,763
Clark International Recreation Holdings Corp.	<b>804,954</b>	620,928
Fort Ilocandia Land Development Corp.	<b>5,120,442</b>	5,120,442
	<b>222,432,738</b>	215,276,076
Less allowance for doubtful accounts	<b>0</b>	0
<b>Net</b>	<b>P222,432,738</b>	<b>P215,276,076</b>

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

Cash advances to related parties, if any, are unsecured, non-interest bearing and are due and payable upon demand.

The amounts outstanding are non-interest bearing, unsecured and are normally settled in cash.

The Country Club's transactions with related parties are consummated at competitive prices on an arm's length basis.

#### 7. Current portion of finance lease receivables

Pertaining to the provisions of PFRS 16, the Company classified its Sublease agreement with FDC as a finance lease, rather than an operating lease.

In this connection, Finance lease receivables totaling P1,225,654,544 representing the lease rental on the 25.22 hectares from January 1, 2021 to December 31, 2065 was originally recorded as at December 31, 2021, net of Unearned interest income.

Finance lease receivables are reduced by the lease payments of FDC on the sublease with a corresponding amortization of the unearned interest income.

Total Finance lease receivables as at September 30, 2024 amounted to P329,513,763 of which P9,272,728 is due within one year.

#### 8. Prepayments and other current assets

This account consists of:

	<b>September 2024</b>	<b>December 2023</b>
Supplies	<b>P3,187,404</b>	P3,949,361
Prepaid Expenses	<b>2,747,091</b>	1,577,235
<b>Total</b>	<b><u>P5,934,495</u></b>	<b><u>P5,526,596</u></b>

Supplies include materials used for the Country Club's daily operations and maintenance activities.

In 2021, the Country Club recognized allowance for impairment loss on inventory amounting to P2.8 million for non-moving and obsolete inventories, which was approved by the Company's BOD. In 2022, the said allowance was reduced by P838,000 and in 2023 was further reduced by P124,000 due to the issuance or usage of supplies for which the allowance for impairment loss was set up. The balance in the allowance for impairment loss as at September 30, 2024 is P1,195,152.

### 9. Property and equipment-net

This account consists of:

<b>Cost</b>	<b>September 2024</b>	<b>December 2023</b>
Amusement Amenities	P483,653,490	P483,653,490
Leasehold Improvements	155,174,970	155,174,970
Furnitures and Fixtures	118,386,960	126,045,888
Transportation Equipment	26,079,068	26,079,068
Construction in Progress	748,985	748,985
<b>Total</b>	<b>P784,043,473</b>	<b>P791,702,401</b>
<b>Accumulated depreciation/Impairment Loss</b>	<b>September 2024</b>	<b>December 2023</b>
Amusement Amenities	P478,072,634	P476,385,821
Leasehold Improvements	140,652,422	135,299,516
Furnitures and Fixtures	115,476,626	122,073,429
Transportation Equipment	25,956,415	25,713,611
Amusement Amenities - Impairment Loss	3,776,018	3,776,018
Construction in Progress	-	-
<b>Total</b>	<b>P763,934,115</b>	<b>P763,248,395</b>
<b>Net book value</b>	<b>September 2024</b>	<b>December 2023</b>
Amusement Amenities	P1,804,838	P3,491,651
Leasehold Improvements	14,522,548	19,875,454
Furnitures and Fixtures	2,910,334	3,972,459
Transportation Equipment	122,653	365,457
Construction in Progress	748,985	748,985
<b>Total</b>	<b>P20,109,358</b>	<b>P28,454,006</b>

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Amusement amenities	10 to 30 years
Office furnitures and fixtures	3 to 5 years
Transportation equipment	5 years

Leasehold improvements are amortized over the improvements' useful life of 30 years or the term of the relevant lease, whichever is shorter.

The Club periodically evaluates whether changes to estimated useful lives are necessary to ensure that these estimates accurately reflect the economic use of the assets.

There were no unusual items or transactions that affect the Property and Equipment balance as of September 30, 2024.

### 10. Investment properties-net

This account consists of:

<b>Cost</b>	<b>September 2024</b>	<b>December 2023</b>
Villas, VillaFurnishings, Buildings and Structures	P1,893,758,597	P1,893,758,597
Construction in Progress	138,185,754	138,185,754
<b>Total</b>	<b>P2,031,944,351</b>	<b>P2,031,944,351</b>
<b>Accumulated depreciation</b>	<b>September 2024</b>	<b>December 2023</b>
Villas, VillaFurnishings, Buildings and Structures	P1,039,486,752	P995,873,477

Construction in Progress	<b>103,639,316</b>	103,639,316
<b>Total</b>	<b>P1,143,126,068</b>	P1,099,512,793
<hr/>		
<b>Net book value</b>	<b>September 2024</b>	December 2023
Villas, Villa Furnishings, Buildings and Structures	<b>P854,271,845</b>	P897,885,120
Construction in Progress	<b>34,546,438</b>	34,546,438
<b>Total</b>	<b>P888,818,283</b>	P932,431,558

Depreciation for Villas and Furnishings is based on the estimated useful lives of 8 to 30 years.

On March 18, 2019, the Company's parent company, Fontana Development Corporation (FDC), and the Country Club executed a Deed of Absolute Sale for the transfer of properties amounting to P1.1 billion from FDC to the Country Club as part of the intercompany settlement included in the Related party transaction heading. The properties transferred consisted of the Clubhouse, several completed FDC villas and several villas under construction.

In 2022, an allowance for impairment loss amounting to P69.1 million was recognized in the books as approved by the Company's BOD since there had been no progress on the construction of these villas which cannot be deployed for productive use. In 2023, an additional allowance for impairment loss amounting to P34.5 million was taken up in the books correspondingly approved by the BOD.

#### 11. Right-of-use (ROU) asset-net

Under the Modified Retrospective Method per PFRS 16, the original amount recorded as at December 2019 was at an amount equal to the lease liability with Clark Development Corporation (CDC) adjusted by prepayments or accrued lease payments, relating to that lease at the date of initial recognition.

This account is analyzed as follows:

	<b>September 2024</b>	December 2023
Cost	<b>P328,730,321</b>	P328,730,321
Accumulated depreciation	<b>40,229,625</b>	34,984,157
<b>Net</b>	<b>P288,500,696</b>	P293,746,164

The cost comprises the following:

- i. the amount of the initial measurement of lease liabilities;
- ii. any lease payments made at or before the commencement date less any lease incentives received;
- iii. any initial direct costs; and
- iv. an estimation of costs to be incurred by the Country Club in dismantling and removing the underlying asset, when applicable.
- v. The ROU assets are recognized at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU assets are carried at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities. The ROU assets are amortized over the shorter of the lease terms or the useful lives of the underlying assets.

As at December 31, 2021, the Company decided to use the present value approach in the initial measurement of its right-of-use assets from the original measurement of equal to the long-term lease liability with CDC less accrued lease liability. Compounding the determination of the carrying amount of the right-of-use assets in 2021 was the effectivity of the Sublease agreement between FDC and FRCCI pertaining to the 25.22 hectares idle property of FRCCI on January 1, 2021.

As a result, there were certain adjustments that were taken up in the 2021 audited financial statements, that restated the carrying amount of the right-of-use assets in 2020 and 2019. The ROU valuations for 2022, 2023 and years moving forward can be referenced to a present value approach schedule specifically prepared for this purpose.

## 12. Deferred tax assets

We have not effected any change in the composition of deferred tax assets recognized by the Country Club as at September 30, 2024 since December 31, 2023. Any adjustment is being recorded at the end of the calendar year.

	September 2024	December 2023
Excess of interest and depreciation over lease payments	P12,526,004	P12,526,004
Temporary difference from room revenues - customer deposit	490,325	490,325
Accrued retirement	366,628	366,628
Other comprehensive income - pension	(65,860)	(65,860)
Total	P13,317,097	P13,317,097

## 13. Utility deposits

This account mainly pertains to refundable deposits to utility provider covering the main distribution panel installed at the Country Club and deposits for rentals. Total amount recorded as at September 30, 2024 and December 31, 2023 amounted to P288,519 and P157,544, respectively.

## 14. Trade and other payables

This account consists of:

	September 2024	December 2023
Deferred Membership dues and consumable coupons	P27,377,062	P24,927,662
Trade payables	42,934,178	24,303,623
Customers' deposits	9,012,366	9,806,497
Accrued expenses	10,133,704	10,813,577
Asset replacement fund	26,600,176	26,600,176
Others	4,711,052	5,148,886
Total	P120,768,538	P101,600,420

Deferred membership dues and consumable coupons represent members' advance payments of membership dues, unredeemed food and beverage consumable coupons, respectively.

Asset replacement fund balance represents the previous years' 15% allocation of service charges held for losses and breakages.

Trade payables represents non-interest bearing purchases of goods from suppliers with average credit term of 30 days.

Accrued expenses – others mainly includes accruals for potential tax assessment.

## 15. Income tax payable

The Country Club computes and pays a 5% tax on gross income, as defined, which shall be directly remitted as follows: 3% to the national government and 2% to the municipality or city where the enterprise is located.

As in the first two quarters, operations for the quarter ended September 30, 2024 also resulted to a taxable loss position, hence, there shall be no income tax expense/payable to be set up in the books.

## 16. Lease liability/Additional paid-in capital

### Subscription Agreement

On September 30, 1994, the Country Club entered into a subscription agreement with Fontana Development Corporation (FDC) wherein FDC paid the sum of P0.5 million for 27,449 shares (which exclude 7 founder's shares) of the Country Club's capital stock.

As additional consideration for the above shares, FDC agreed to:

- a. Assign, transfer and convey to the Country Club FDC's long-term leasehold rights over a portion of the property it leases from CDC covering approximately 65 hectares (part of 103 hectares). Pursuant to the assignment agreement, the Country Club shall become the direct lessee of the leased property under the terms and conditions of the lease agreement, as amended, entered into between FDC, the Country Club and CDC. The Country Club thereby assumes all the rights and obligations that 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.
- b. Develop and construct the Country Club's resort and related facilities in accordance with the development agreement entered into between FDC and the Country Club on September 30, 1996, which also provides for the release and delivery of stock certificates corresponding to the 12,355 shares of the Country Club. The remaining 15,094 shares shall be issued to FDC only upon completion of the development of the Country Club facilities. The cost incurred by FDC in excess of par value of shares subscribed is taken up by the Country Club as additional paid-in capital amounting to P1,588,878,951.

In addition to the foregoing, FDC allows free use of its clubhouse to the Country Club members.

#### Country Club as a Lessee

On March 29, 1996, FDC entered into an agreement (original lease agreement) with CDC for the lease of a portion of land (approximately 71 hectares) within CFZ for a period of 25 years, renewable upon mutual agreement of the parties. Additionally, a supplemental lease agreement was executed on May 27, 1996, which provided that FDC shall lease an additional area (approximately 25 hectares), similarly for a period of 25 years, renewable upon mutual agreement of the parties.

Pursuant to the assignment agreement, all the rights and obligations of FDC pertaining to the assigned portion of land under the lease agreement are assumed by the Country Club.

On March 31, 2000, an amendment to the lease agreement was signed between CDC, FDC and the Country Club. The salient amendments are as follows:

- a. The total leased property was increased to approximately 103 hectares.
- b. The term of the lease agreement is amended to 50 years, effective upon the signing of the original lease agreement and renewable for another 25 years upon such terms and conditions mutually agreeable to the parties. Lease payments shall be remitted to CDC based on minimum guaranteed lease payments or certain percentages of the gross revenues, whichever is higher, plus varying percentages of the gross or net revenues of the casino operations. The Country Club, however, does not operate the casino.

On December 16, 2016, the existing lease contract with CDC was amended extending the lease term for 50 years effective January 1, 2016. This is renewable for another 25 years under the same terms and conditions of the existing agreement.

The Country Club also entered into an agreement with FDC regarding cost allocation of expenses including CDC rentals.

With the effectivity of PFRS 16 on January 1, 2019, the Country Club measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Country Club uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- i. fixed payments, including in-substance fixed payments;
- ii. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii. amounts expected to be payable by the lessee under residual value guarantees; and
- iv. the exercise price under a purchase option that the Country Club is reasonably certain to exercise an extension option; and penalties for early termination of a lease unless the Country Club is reasonable certain not to terminate early.



A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the remeasurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs. If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised leased term or reflecting the change in amounts payable under the purchase option. The lease liability is also measured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Total lease accruals/payments amounted to ₱15,702,768 for the nine months ended September 30, 2024, and ₱19,445,287 for the year ended December 31, 2023. Total Lease Liability presented in the statement of financial position amounted to ₱742,511,215 as at September 30, 2024 and ₱734,181,972 as at December 31, 2023.

#### Country Club as a Lessor

The Country Club has several residential resort villas located inside the leisure park that are being leased to individual members or corporate members, considered as LSGs or “Long-Staying Guests.” The aforementioned source of income of the Country Club was all documented through the contracts signed by the lessees after agreeing to the set forth terms and conditions covering a period ranging from 5 to 15 years. These LSGs paid their rentals in full in 2004 and the Country Club amortizes the deferred income over the corresponding lease terms.

The Country Club has also entered into rentals of a number of its villas on Short Term Use (ie for at least one year to two years renewable) with occupants being charged at daily rates which contributed to its room/villa revenues for this quarter.

Resulting from the Deed of Absolute Sale between the Country Club and its parent company, FDC, in March 2019, which transferred several properties (including the Clubhouse and its fully constructed villas), the Country Club recorded depreciation expense on these structures. For prudent financial reporting, the Country Club, in consultation with its external auditors, entered into a Cost Plus rental charging arrangement with FDC, which was approved by the Board of Directors of both companies and which provides a 5% cost plus on the depreciation expense shouldered by the Country Club.

For the nine months ended September 30, 2024, the Cost Plus rental income recorded by the Country Club amounted to ₱33,320,331, compared to the ₱44,427,108 recorded for the year ended December 31, 2023.

Based on the Deed of Assignment between the Company and Fontana Development Corporation (FDC) which became effective December 31, 2020, ownership, control and management of the seventy-nine (79) villas of the Company, which were leased under Long Term Use (LTU) were transferred to FDC. As a result, relative revenues and depreciation have now been recorded in FDCs books effective January 1, 2021. There are no more transfer pricing income collectible by the Country Club from FDC.

Also effective January 1, 2021, the Company entered into a Sub-Lease Agreement with FDC whereby the Company’s undeveloped leased property of 25.22 hectares with CDC, were sub-leased to FDC. The corresponding monthly Minimum Guaranteed Lease (MGL) based on the Consolidated Lease Agreement (CLA) with CDC of the Company is passed on to FDC at a premium which was determined by a duly certified property appraisal company at “arms-length”.

Property rental income earned from LSG and Short Term Use (STU) arrangements totalled ₱2,734,600 for the nine months ended September 30, 2024, compared to ₱9,301,283 for the year ended December 31, 2023.

#### **17. Retirement benefits liability**

The Country Club has an unfunded and noncontributory defined benefit plan, covering substantially all of its regular employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an external actuary.

The most recent actuarial valuation of the present value of the defined benefits obligation was carried out at December 31, 2023 by an independent actuary. The benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees.

As at September 30, 2024 and as at December 31, 2023, the balance of retirement benefits liability amounted to P9,155,507 and P10,499,316 respectively.

**18. Deferred tax liabilities**

Adjustments to deferred tax liabilities recognized by the Country Club are normally recorded at the end of the year.

This account mainly consists of the following:

	September 2024	December 2023
Interest income - sublease, net of lease payments	P26,209,948	P26,209,948
@ 25% RCIT	25%	25%
<b>Total</b>	<b>P6,552,487</b>	<b>P6,552,487</b>

**19. Members' Equity**

Country Club Shares

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

Class	Number of Shares	Amount
Founder's shares	7	P 140
Presidential shares	825	16,500
Class "A" shares	1,248	24,960
Class "B" shares	1,976	39,520
Class "C" shares	7,384	147,680
Class "D" shares	16,016	320,320
<b>Total</b>	<b>27,456</b>	<b>P 549,120</b>

As at the reporting period, 12,362 shares out of the 27,456 shares subscribed have been issued and released. The remaining 15,094 stock certificates shall be released to FDC only upon completion of the development of the Country Club. FDC had only completed 331 of the agreed 544 housing units as at September 30, 2024.

Authorized Paid-In Capital (APIC)

On September 30, 1996, the Country Club entered into a subscription agreement with FDC wherein the latter paid the sum of P549,120 for 27,456 of the Country Club's Presidential and Classes A, B, C and D shares. The cost incurred by FDC in excess of par value of shares subscribed amounting to P1.589 million is taken up by the Country Club as APIC.

The rights of Presidential and Classes A to D shareholders include the admission to one membership in the Club and subject to the Club's rules and regulations. The Founder's shares shall have the same rights as the Presidential Shares. Each share shall be entitled to use the specific types of villa: for Presidential, a total of two weeks annually, consisting of 10 ordinary days, 2 Saturdays and 2 Sundays; and for Classes A to D, one week annually, consisting of 5 ordinary days, 1 Saturday and 1 Sunday.

The types of villa are as follows:

- Presidential - 3-bedroom single detached model unit
- Class A - 3-bedroom single detached model unit
- Class B - 2-bedroom single detached model unit
- Class C - 3-bedroom multiplex model unit
- Class D - 2-bedroom multiplex model unit

Founding members shall have the sole and exclusive right to vote and hold office as Directors within a period of five years from date of incorporation. Thereafter, the voting rights of the other shares shall be revived, putting them on equal footing in all respect with the Founder's shares.

## 20. Revenues (including Other income)

This account consists of:

	September 2024	September 2023
Rooms	P50,843,511	P62,179,314
Membership	8,392,710	10,404,760
Amusement & Golf	2,064,470	2,185,872
Other Income	17,990,313	19,517,130
Total	<u>P79,291,004</u>	<u>P94,287,076</u>

Room revenues are generated from lease of residential villas, mainly to Club members and their guests, as well as to other interested market segments such as walk-ins, casino guests and corporate accounts. Room occupancy as of September 2024 and September 2023 are 20% and 29%, respectively, with an average room rate of P3,274 and P3,902 for the same periods. The decrease in occupancy for the nine months ended September 30, 2024 can be attributed principally to lower revenues almost all market segments especially corporate FITs and walk-in guests.

Membership revenues pertain to membership monthly dues, fees from dependent cards, interest income and transfer fees which are recognized as revenues on a monthly basis. No revenue is recognized from delinquent members.

Amusement revenues refer to revenues earned from recreational facilities such as Water Theme Park (which has remained close since April 2020) and Hot Springs (which partially opened in March 2022), Gym and Sports Center.

Amusement revenues for the nine months ended September 30, 2024 mainly from the Hotspring, Sports Center (including the Olympic size pool) and Gym fell below last year's mainly due to lower patronage of the facilities at Hotsprings since the heating element to make the pools warm has not yet been installed.

Other Income represent fixed rental of residential villas under house use, and reimbursement or recovery from customer losses and breakages charged to customers.

## 21. Costs and Expenses

This account consists of:

	September 2024	September 2023
Direct Payroll & Related Expenses	P10,823,211	P10,989,166
Direct Other Expenses	4,857,686	6,117,822
Maintenance Costs	25,239,475	41,260,682
Administration & General Expenses	15,934,925	19,802,542
Finance Costs	30,568,242	29,724,612
Fixed & Financing Charges	57,974,015	71,042,752
	<u>P145,397,554</u>	<u>P178,937,576</u>

Payroll & related expenses include employees' salaries and wages, overtime costs, costs of outside services – casual agencies, employees' meals and benefits.

Other expenses include villa costs and operating expenses such as guest/office supplies and amenities, cleaning and chemicals expenses, laundry & dry cleaning expenses, printing and stationery, transportation, communication, subscription dues and fees, etc.

Maintenance costs include energy costs (electricity, water and fuel), landscaping, waste management, engineering and repairs and maintenance expenses covering the Clubs' facilities. Total energy costs for the nine months ended September 30, 2024 of P7,296,260 was significantly lower than the energy costs for the same period ended September 30, 2023 of P19,060,083 by 62% due to the electricity charges of FRCCIs 79 villas sold as LTUs are now being charged to the parent company FDC.

Administration & General Expenses include the support centers or back of the house expenses and Club's marketing and events. There was a minimal net decrease of P636,635 which is mainly attributed to decrease in the share in head office expense.

Finance Costs represent interest expense on the lease liability pursuant to PFRS 16.

Fixed & Financing charges include depreciation and amortization expenses, insurance expenses, and bank charges. Depreciation expenses for the nine months ended September 30, 2024 and September 30, 2023 amounted to P57,224,390 (which included depreciation on the transferred properties of FDC and Right-of-Use assets) and P70,529,591 respectively.

## 22. Financial Risk Management

### Financial Risk Management Objectives and Policies

The Country Club's activities expose it to a variety of financial risks: credit risk and liquidity risk. The Country Club's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Country Club. The policies for managing specific risks are summarized below:

*Credit Risk.* Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Country Club. The Country Club trades only with its members and recognized, creditworthy third parties. It is the Country Club's policy that all prospective members who wish to trade on credit terms are subjected to credit verification procedures. In addition, membership dues are monitored on an ongoing basis against the market values of the related club shares with the result that the Country Club's exposure to doubtful accounts is not significant.

With respect to credit risk arising from the other financial assets of the Country Club, which comprise of trade and other receivables, the Country Club's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

The primary source of the Country Club's credit risk relates to trade and other receivables and due to related parties.

The following table presents the Country Club's maximum exposure to credit risk without taking account of the value of any collateral obtained.

	<u>September 2024</u>	<u>December 2023</u>
Cash in banks	P1,841,153	P1,848,501
Membership dues & other receivables	31,877,368	28,638,791
Due from related parties	222,432,738	215,276,076
	<u>P257,992,412</u>	<u>P245,763,368</u>

The Country Club uses internal ratings to determine the credit quality of its financial assets, as follows:

*High Grade* – applies to highly rated financial obligators, strong corporate counterparties and personal borrowers with whom the Country Club has excellent repayment experience.

*Acceptable Grade* – applies to counterparties with risk profiles that are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improve rating category.

*Low Grade* – applies to risk that are neither past due nor expected to result in loss but where the Country Club requires a workout of the relationship unless an early reduction in risk is achievable.

*Liquidity Risk.* Liquidity risk is the risk that the Country Club will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Country Club's approach to managing liquidity is to ensure, as far as possible, that it always have the sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Country Club's reputation.

The Country Club manages liquidity risk by maintaining banking facilities and reserve borrowing facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Country Club's objective is to maintain a balance between continuity of funding and flexibility through the use of available instruments.

The following table contains the Country Club's remaining contractual maturities for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Country Club can be required to pay.

All liabilities are current, due and demandable. The tables below include the principal cash flows:

	September 2024	December 2023
Trade payables	P42,934,178	P25,216,725
Accrued expenses	10,133,704	11,199,826
	P53,067,882	P36,416,551

### 23. Capital Risk Management

The Country Club manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. No changes were made in the objectives, policies or processes during the nine months ended September 30, 2024 and for the year ended December 31, 2023.

The capital structure of the Country Club consists of total assets and equity, comprising of country club shares and accumulated deficiency of revenues over costs and expenses.

The Country Club is not subjected to externally imposed capital requirements.

Base equity measures the level of dependence of the Country Club for its members or creditors in meeting its financial obligation. The Country Club has a target base equity ratio of at least 0.25:1 determined as the proportion of total member's equity to assets.

The ratio provided below is within the acceptable range of the Country Club:

	September 2024	December 2023
Total Members' Equity	P924,403,143	P990,601,918
Total Assets	1,803,390,890	1,843,436,113
	0.51	0.53

### 24. Fair Value of Financial Instruments

Due to the short-term maturities of the Country Club's financial assets and liabilities, their carrying amounts approximate their fair values.

#### Item 2. Management's Discussion and Analysis of Results of Operations and Financial Position

##### A. Comparison of Results of Operations (for the quarter ended September 30, 2024 vs. for the quarter ended September 30, 2023)

	Amount in Pesos			
	September 30, 2024	September 30, 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				

Other Charges)	31,308,420	40,670,007	9,361,587	23%
Finance Costs	10,257,491	9,527,660	(729,831)	(8%)
Service Charges and 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 ₱4.4million 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.

#### B. Comparison of Financial Condition (as at September 30, 2024 vs. December 31, 2023)

##### Amounts in Pesos

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	Variance	%
Cash	₱2,598,573	₱2,606,937	(8,364)	(0%)
Membership dues & other receivables	31,877,368	28,638,791	3,238,577	11%
Due from related parties	222,432,738	215,276,076	7,156,662	3%
Current portion of finance lease receivables	9,272,728	9,272,728	0	0%
Prepayments and other current assets	5,934,495	5,526,596	407,899	7%
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) assets-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%

<b>Total Noncurrent Assets</b>	<b>1,531,274,988</b>	1,582,114,985	<b>(50,839,997)</b>	<b>(3%)</b>
<b>Total Assets</b>	<b>1,803,390,890</b>	1,843,436,113	<b>(40,045,223)</b>	<b>(2%)</b>
<b>Trade and other payables</b>	<b>120,768,538</b>	101,600,420	<b>19,168,118</b>	<b>19%</b>
<b>Current portion of lease liability</b>	<b>21,079,345</b>	27,615,576	<b>(6,536,231)</b>	<b>(24%)</b>
<b>Total Current Liabilities</b>	<b>141,847,883</b>	129,215,996	<b>12,631,887</b>	<b>10%</b>
<b>Lease liability, net of current portion</b>	<b>721,431,870</b>	706,566,396	<b>14,865,474</b>	<b>2%</b>
<b>Retirement benefit obligation</b>	<b>9,155,507</b>	10,499,316	<b>(1,343,809)</b>	<b>(13%)</b>
<b>Deferred tax liabilities</b>	<b>6,552,487</b>	6,552,487	<b>0</b>	<b>0%</b>
<b>Total Noncurrent Liabilities</b>	<b>737,139,864</b>	723,618,199	<b>13,521,665</b>	<b>2%</b>
<b>Total Members' Equity</b>	<b>924,403,143</b>	990,601,918	<b>(66,198,775)</b>	<b>(7%)</b>
<b>Total Liabilities &amp; Members' Equity</b>	<b>₱1,803,390,890</b>	₱1,843,436,113	<b>(40,045,223)</b>	<b>(2%)</b>

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 constraints.

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.

With stiff competition from the new players within Clark in the hospitality industry, the Country Club thru its management team, remains positive and has taken diligent efforts to implement programs that will increase revenues and rationalize expenditures, especially relating to proper maintenance of its villas.

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.

There were no known trends, demands, commitments, events or uncertainties that would have a material impact on the Issuer's liability.

Other than this, there were no known trends, demands, commitments, events or other uncertainties that would have a material impact on the Issuer's liability.

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 comprise the factors that will have an effect on the Company's operations. Other than these, there were no seasonal related event that had a material effect on the financial condition or results of operations for the third quarter of the current year.



## **PART II – OTHER INFORMATION**


No significant items affecting the development of the Club, sale of shares and other information as required for under SRC Rules of the Securities Regulation Code were discussed.

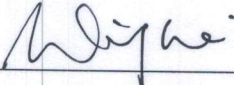
## SIGNATURES


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

**Registrant:**

**FONTANA RESORT & COUNTRY CLUB, INC.**

<i>For and on behalf of the Registrant:</i>	<i>Title</i>	<i>Date</i>
		
<b>MARY B. DE JESUS</b>	Chairman of the Board of Directors	October 28, 2024

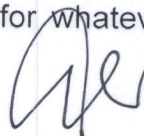
<i>For and on behalf of the Registrant:</i>	<i>Title</i>	<i>Date</i>
		
<b>LAI WING SZE</b>	President & General Manager	October 28, 2024

<i>Principal Financial/Accounting Officer/ Controller</i>	<i>Title</i>	<i>Date</i>
		
<b>ALEXANDER L. RAMOS</b>	Financial Controller	October 28, 2024

## CERTIFICATION

I, **ALEXANDER L. RAMOS** as Financial Controller, am the duly authorized representative of Fontana Resort & Country Club, Inc. (the "**Company**") with SEC Registration Number A1996-07188 with principal office at Fontana Clubhouse, Fontana Leisure Parks, C.M. Recto Highway, Clark Freeport Zone, Philippines, do hereby certify and state that:

1. The Company will comply with the guidelines for the alternative filing of reports and/or documents through electronic mail with the Securities and Exchange Commission through Corporate Governance and Finance Department (CGFD) in light of the imposition of a Community Quarantine and Stringent Social Distancing Measures over Luzon to prevent the spread of the 2019 Coronavirus Disease (COVID-2019).
2. The information contained in the SEC Form 17-Q for the 3rd Quarter of 2024 is true and correct to the best of my knowledge.
3. On behalf of the Company, I hereby undertake to a) submit hard or physical copies of SEC Form 17-Q for the 3rd Quarter of 2024 with proper notarization and certification, b) pay the filing fees (where applicable) pay the penalties due (where applicable) d) other impositions (where applicable), within ten (10) calendar days from the date of the lifting of the Community Quarantine period and resumption of SEC's normal working hours.
4. I am fully aware that non-submission of hard/physical copies of reports as well as certification that they refer to one and the same document submitted online, within ten (10) calendar days from the lifting of the Community Quarantine period and resumption of SECs normal working hours, shall invalidate the reports, applications, compliance, requests and other documents submitted via email. Hence, the corresponding penalties under existing rules and regulations of the Commission shall apply without prejudice to the imposition of penalties under Section 54 of the Securities Regulation Code and other applicable existing rules and regulations for failure to comply with the orders of the Commission.
5. I am executing this certification on October 29, 2024 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.



**ALEXANDER L. RAMOS**  
Financial Controller  
TIN No. 121-247-738

**SUBSCRIBED AND SWORN** to before me this **NOV 04 2024** in Angeles City, Pampanga, affiant personally appeared before me and exhibited to me his competent proof of identity.

Doc. No. 1539  
Page No. 311  
Book No. 15  
Series of 2024.

**JUVY RAMIREZ MANWONG**  
Notary Public for Angeles and Mabalacat City,  
Porac and Magalang, Pampanga  
Com. No. 23-1107, valid until Dec. 31, 2025  
Roll of Attorneys No. 512, 05/06/2005  
IBP Life No. 011630 / Pampanga  
PTR 2024 No. AC-2027867 - 12/27/23, Angeles City  
MCLE Compliance No. VIII-000526, valid until 04/14/2028  
JIM LEGAL SERVICES CENTER  
Office Center 05L Clark Center, Navarero Ave., CFZ 2023