ANNEX "G-1"

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FONTANA RESORT & COUNTRY CLUB, INC._SEC FORM 17-Q FOR THE 2ND QUARTER OF 2024

ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Wed, Aug 7, 2024 at 3:22 PM
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-- NOTICE TO COMPANIES --

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
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

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at https://efast.sec.gov.ph/user/login :

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

A1996-07188

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)

12 31
Month *Day*

(Fiscal Year)

SEC FORM 17-Q
2ND QUARTER 2024

(Form Type)

THIRD FRIDAY
OF DECEMBER

(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

STAMPS

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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* **June 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 second quarter of the current calendar year – balance sheets 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 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 June 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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash	**₱1,325,042**	₱2,606,937
Membership dues and other receivables-net	**32,805,306**	28,638,791
Due from related parties	**214,797,446**	215,276,076
Current portion of finance lease receivables	**9,272,728**	9,272,728
Prepayments and other current assets	**5,960,208**	5,526,596
Total Current Assets	**264,160,730**	261,321,128
Noncurrent Assets		
Property and equipment-net	**22,654,625**	28,454,006
Investment properties-net	**903,356,042**	932,431,558
Right-of-use (ROU) asset-net	**290,249,185**	293,746,163
Finance lease receivables-net of current portion	**318,175,850**	314,008,616
Deferred tax assets	**13,317,097**	13,317,097
Utility deposits	**287,521**	157,544
Total Noncurrent Assets	**1,548,040,320**	1,582,114,985
Total Assets	**₱1,812,201,050**	₱1,843,436,113
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Trade and other payables	**₱111,716,181**	₱101,600,420
Current portion of lease liability	**21,079,345**	27,615,576
Total Current Liabilities	**132,795,526**	129,215,996
Noncurrent Liabilities		
Lease liability, net of current portion	**716,566,770**	706,566,396
Retirement benefit obligation	**9,796,757**	10,499,316
Deferred tax liabilities	**6,552,487**	6,552,487
Total Noncurrent Liabilities	**732,916,014**	723,618,199
Members' Equity		
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	**(649,744,935)**	(605,632,527)
Other comprehensive income	**6,806,374**	6,806,374
Total Members' Equity	**946,489,510**	990,601,918
Total Liabilities and Members' Equity	**₱1,812,201,050**	₱1,843,436,113

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

	For the quarter June 30, 2024 (Unaudited)	For the quarter June 30, 2023 (Unaudited)	For the semester June 30, 2024 (Unaudited)	For the semester June 30, 2023 (Unaudited)
REVENUES	₱21,350,566	₱26,256,880	₱43,335,550	₱49,556,690
DIRECT COSTS	(5,548,210)	(5,775,703)	(11,287,786)	(11,658,307)
GROSS PROFIT	15,802,356	20,481,177	32,047,764	37,898,383
GENERAL AND ADMINISTRATIVE EXPENSES	(33,809,325)	(46,333,294)	(67,839,996)	(91,435,969)
FINANCE COSTS	(10,120,144)	(9,907,884)	(20,310,751)	(19,746,952)
OTHER INCOME	5,846,391	6,929,818	12,061,283	13,282,939
INCOME (LOSS) BEFORE INCOME TAX	(22,280,722)	(28,830,183)	(44,041,700)	(60,001,598)
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	33,907	50,171	70,708	96,867
Deferred	0	0	0	0
	33,907	50,171	70,708	96,867
EXCESS (DEFICIENCY) OF REVENUES OVER COSTS AND EXPENSES	₱(22,314,629)	₱(28,880,354)	₱(44,112,408)	₱(60,098,464)

BASIC EARNINGS (LOSS) PER SHARE computed as follows:

EXCESS (DEFICIENCY) OF REVENUES OVER COSTS AND EXPENSES	₱(22,314,629)	₱(28,880,354)	₱(44,112,408)	₱(60,098,464)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	27,456	27,456	27,456	27,456
BASIC EARNINGS (LOSS) PER SHARE	₱ (813)	₱ (1,052)	₱ (1,607)	₱ (2,189)

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

Below is a schedule showing financial soundness indicators as at:

	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.

FONTANA RESORT & COUNTRY CLUB, INC.

(A Non-Profit Corporation)

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
Country Club Shares	**₱549,120**	₱549,120
Additional Paid-in Capital		
Balance at beginning of period	**₱1,588,878,951**	₱1,588,878,951
Additions during the period	**0**	0
Balance at end of period	**1,589,428,071**	1,589,428,071
Accumulated Deficiency of Revenues Over Costs and Expenses		
Balance at beginning of period	**(598,826,153)**	(405,990,452)
Excess of costs and expenses over revenues during the period	**(44,112,408)**	(60,121,398)
Balance at end of period	**(642,938,561)**	(466,111,850)
Total Members' Equity	**₱946,489,510**	₱1,123,316,221

FONTANA RESORT & COUNTRY CLUB, INC.
(A Non-Profit Corporation)
STATEMENTS OF CASH FLOWS

	June 30, 2024 (Unaudited)		June 30, 2023 (Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	**₱(44,041,700)**		₱(60,001,598)	
Adjustments for:				
Depreciation and amortization		**38,392,876**		48,379,774
Interest income		**(617)**		(832)
Interest income-sublease		**(8,695,776)**		(8,695,776)
Interest expense on lease liability (PFRS 16)	**20,31 0,751**		19,746,952	
Operating income before working capital changes		**5,965,534**		(571,480)
Movements in:				
Membership dues and other receivables		**4,166,515**		398,782
Prepayments and other current assets		**433,612**		466,579
Trade and other payables		**10,115,761**		7,697,852
Accrued rent/lease liability		**(3,464,143)**		9,942,605
Due from related parties		**(478,630)**		(1,437,365)
Net cash generated from operations		**16,738,649**		16,496,973
Interest received		**617**		832
Interest income-sublease		**8,695,776**		8,695,776
Interest expense on lease liability (PFRS 16)		**(20,310,751)**		(19,743,952)
Net cash provided by operating activities		**5,124,291**		5,449,629
CASH FLOWS FROM INVESTING ACTIVITIES				
Movement in Due to related parties		**0**		0
Additions to:				
Property and equipment-net		**2,108,975**		1,676,607
Movement in other noncurrent assets		**4,297,211**		4,405,813
Net cash used in investing activities		**6,406,186**		6,082,420
NET INCREASE (DECREASE) IN CASH		**(1,281,895)**		(632,791)
CASH AT BEGINNING OF YEAR		**2,606,937**		3,465,554
CASH AT END OF YEAR		**₱1,325,042**		₱2,832,763

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

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 74.80% 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, Philippines..

2. Financial Reporting Framework

Statement of Compliance

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

Basis of Preparation

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

Presentation and functional currency

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

Use of Judgments and Estimates

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

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

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

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

Going Concern Assumption

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

Current versus Non-current Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

The Philippine Financial Reporting Standards Council (FRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable 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:

	June 2024	December 2023
Cash on hand	₱332,020	₱ 758,435
Cash in banks	993,022	1,848,502
Total	₱1,325,042	₱2,606,937

Cash in banks earns interest at the respective bank deposit rates. Interest earned amounted to ₱617 for the six months ended June 30, 2024 and ₱832 for the same period in 2023.

5. Membership dues and other receivables-net

This account consists of:

	June 2024	December 2023
Membership dues and consumable coupons	₱245,689,086	₱245,689,086
Trade receivables	2,992,138	846,511
Advances to:		
Officers and employees	308,126	354,088
Suppliers	1,683,612	377,271
Others	1,220,494	459,985
Total	251,893,456	247,726,941
Less: Allowance for doubtful accounts	219,088,150	219,088,150
Net	₱32,805,306	₱28,638,791

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 six months ended June 30, 2024 and June 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. 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. Once a delinquent member is included in the list, the member, his 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.

If the delinquent 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 ₱26,600,936 as at June 30, 2024 and as at December 31, 2023. The Country Club does not hold any collateral over these balances.

6. Related party transactions

This account consists of:

Due from related parties	**June 2024**	December 2023
Fontana Development Corporation	**P122,819,570**	₱129,795,647
Clark Resort Travel and Amusement Corporation	**43,440,371**	40,581,296
Amazingly Clean, Inc.	**42,656,224**	39,157,763
Clark International Recreation Holdings Corp.	**760,839**	620,928
Fort Ilocandia Land Development Corp.	**5,120,442**	5,120,442
	214,797,446	215,276,076
Less allowance for doubtful accounts	**0**	0
Net	**P214,797,446**	₱215,276,076

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 average credit period taken on due to or from related parties is 30-120 days. The amounts outstanding are non-interest bearing, unsecured and are normally settled in cash.

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 ₱1.1 billion from FDC to the Country Club as part of the intercompany settlement.

On December 31, 2020, the Company and its parent company, FDC, entered into a Deed of Assignment involving the transfer of leasehold rights of seventy nine (79) villas from the Company to FDC for an agreed consideration of ₱87.7 million to be settled by FDC on staggered basis. Also, the Company entered into a Sublease Agreement with FDC involving the sublease of idle property of the Company, totaling 25.22 hectares for an agreed fair rental amount with escalation until 2046, with option to extend until 2065.

Moreover, 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.

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 ₱1,225,654,544 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 June 30, 2024 amounted to ₱327,448,578, of which ₱9,272,728 is due within one year.

8. Prepayments and other current assets

This account consists of:

	June 2024	December 2023
Supplies	**₱3,360,766**	₱3,949,361
Prepaid Expenses	**2,599,442**	1,577,235
Total	**₱5,960,208**	₱5,526,596

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 ₱2.8 million for non-moving and obsolete inventories, which was approved by the Company's BOD. In 2022, the said allowance was reduced by ₱838,000 and in 2023 was further reduced by ₱124,000 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 June 30, 2024 is ₱1.2 million.

9. Property and equipment-net

This account consists of:

Costs	June 2024	December 2023
Amusement Amenities	**₱483,653,490**	₱483,653,490
Leasehold Improvements	**155,174,970**	155,174,970
Furnitures and Fixtures	**126,066,888**	126,045,888
Transportation Equipment	**26,079,068**	26,079,068
Construction in Progress	**748,985**	748,985
Total	**₱791,723,401**	₱791,702,401

Accumulated Depreciation/Impairment Loss	June 2024	December 2023
Amusement Amenities	**₱477,759,093**	₱476,385,821
Leasehold Improvements	**138,868,156**	135,299,516
Furnitures and Fixtures	**122,790,029**	122,073,429
Transportation Equipment	**25,875,480**	25,713,611
Amusement Amenities - Impairment Loss	**3,776,018**	3,776,018
Construction in Progress	**-**	-
Total	**₱769,068,776**	₱763,248,395

Net Book Value	June 2024	December 2023
Amusement Amenities	**₱2,118,379**	₱3,491,651
Leasehold Improvements	**16,306,814**	19,875,454
Furnitures and Fixtures	**3,276,859**	3,972,459
Transportation Equipment	**203,588**	365,457
Construction in Progress	**748,985**	748,985
Total	**₱22,654,625**	₱28,454,006

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

Villas and furnishings	8 to 30 years
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.

In 2021, a partial impairment allowance on the Lake and Lagoon (which is included under Amusement Amenities) amounting to ₱3.1 million was approved by the Company's BOD since there has been no revenues generated from this amenity. The amount of the impairment loss set up in the books was 30% of the carrying amount of the asset as at June 30, 2024 and December 31, 2023.

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

10. Investment Properties-net

This account consists of:

Costs	**June 2024**	December 2023
FDC Villas and Leasehold Improvements	**₱1,893,758,597**	₱1,893,758,597
FDC Construction in Progress	**138,185,754**	138,185,754
Total	**₱2,031,944,351**	₱2,031,944,351

Accumulated Depreciation/Impairment Loss	**June 2024**	December 2023
FDC Villas and Leasehold Improvements	**₱1,024,948,993**	₱995,873,477
Construction in Progress - Impairment Loss	**103,639,316**	103,639,316
Total	**₱1,128,588,309**	₱1,099,512,793

Net Book Value	**June 2024**	December 2023
FDC Villas and Leasehold Improvements	**₱868,809,604**	₱897,885,120
FDC Construction in Progress	**34,546,438**	34,546,438
Total	**₱903,356,042**	₱932,431,558

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 ₱1.1 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 ₱69.1 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 ₱34.5 million was taken up in the books correspondingly approved by the BOD.

11. Right-of-use (ROU) assets-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:

	June 2024	December 2023
Cost	**₱328,730,321**	₱328,730,321
Accumulated Depreciation	**38,481,136**	34,984,157
Net	**₱290,249,185**	₱293,746,164

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

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

	June 2024	December 2023
Excess of interest and depreciation over lease payments	**₱12,526,004**	₱12,526,004
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	**₱13,317,097**	₱13,317,097

13. Utility Deposits

This account mainly pertains to refundable deposits to utility provider covering the main distribution panel installed at the Country Club, deposits for rentals and net refundable deposits to guests. Total amount recorded as at June 30, 2024 and December 31, 2023 amounted to ₱287,521 and ₱157,544, respectively.

14. Trade and other payables

This account consists of:

	June 2024	December 2023
Deferred Membership dues and consumable coupons	**₱27,846,426**	₱24,927,662
Trade payables	**33,009,466**	24,303,623
Customers' deposits	**9,278,851**	9,806,497
Accrued expenses	**10,126,845**	10,813,577
Asset replacement fund	**26,600,176**	26,600,176
Others	**4,854,417**	5,148,886
Total	**₱111,716,181**	₱101,600,420

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 consists of accruals for salaries and wages, 13th month pay, utilities, security services and potential tax assessments.

15. Income Tax Payable

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

As in the first quarter, operations for the quarter ended June 30, 2024 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 ₱0.5 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 ₱1,588,878,951.

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 expenses/payments amounted to ₱10,310,377 for the six months ended June 30, 2024 and ₱21,079,345 for the year ended December 31, 2023. Total Lease Liability presented in the statement of financial position amounted to ₱737,646,115 as at June 30, 2024 and ₱734,181,972 as at December 31, 2023.

<u>Country Club as a Lessor</u>
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 had fully amortized the deferred income over the corresponding lease terms.

The Country Club with FDC as the contracting party has also leased a number of its villas on short term use (ie for at least one year renewable) with occupants being charged at daily rates which contributed to its room/villa revenues. The Country Club charges FDC with agreed transfer prices depending on the configuration of the villas.

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 six months ended June 30, 2024, the Cost Plus rental income recorded by the Country Club amounted to ₱22,213,554, and ₱44,427,108 for the year ended December 31, 2023.

With regards to the Sublease agreement, lease payments by FDC to the Country Club for the six months ended June 30, 2024 amounted to ₱4,528,542 and ₱9,272,628 for the year ended December 31, 2023.

Property rental income earned from LSG, Short Term Use (STU) arrangements and transfer price income on borrowed villas used as Long Term Use (LTU) by FDC totaled to ₱2,127,400 for the six months ended June 30, 2024, compared to ₱4,646,083 for the year ended December 31, 2023.

17. Retirement benefit obligation

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 June 30, 2024 and as at December 31, 2023, the balance of retirement benefits liability amounted to ₱ 9,796,757 and ₱10,499,316, 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:

	June 2023	December 2023
Interest income - sublease, net of lease payments	**₱26,209,948**	₱26,209,948
@ 25% RCIT	**25%**	25%
Total	**₱6,552,487**	₱6,552,487

19. Members' Equity

Country Club Shares

The Country Club's authorized shares with ₱20 par value have been subscribed and fully paid as follows:

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

As at the reporting period, 27,456 shares subscribed have been issued and released. The Country Club has a development agreement with FDC, which provided for the construction of 544 residential villas. FDC had only completed 331 of the agreed 544 residential villas as at June 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 ₱548,980 for 27,449 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:

	June 2024	June 2023
Rooms	**₱35,590,158**	₱41,331,680
Membership	**6,090,560**	6,586,000
Amusement & Golf	**1,654,832**	1,639,010
Other Income	**12,061,283**	13,282,939
Total	**₱55,396,833**	₱62,839,629

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 (Group and FITs). Room occupancy as of June 2024 and June 2023 are 21% and 25%, respectively, with an average room rate of ₱3,382 and ₱4,268 for the same periods. The decrease in occupancy for the six months ended June 30, 2024 can be mainly attributed to lower walk-ins' accommodation and significant decrease in the share of STU revenues.

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 unless they avail of the amnesty program requiring them to pay 6 months in advance aside from paying their arrears.

Membership revenues for the six months ended June 30, 2024 amounted to ₱6,090,560, compared to last year's for the same period of ₱6,586,000, despite higher collections of ₱399,660 this year by 4%.

Amusement & Golf revenues refer to revenues earned from recreational facilities such as Water Theme Park (WTP-which has remained closed), Hot Springs, Horse & Carriage, Sports Center, and Gym. Recreation revenues mainly came from the Sports Center, swimming pool package inclusions and Hotsprings with soft opening last March 14, 2022 and full opening of the facility last May 1, 2023. However, there still needs to be installed a heating element for the swimming pools to be warm.

Amusement revenues for the six months ended June 30, 2024 mainly from the Hotspring, the Sports Center (including the Olympic size pool) and Gym amounted to ₱1,654,832, compared to last year's ₱1,639,910.

Other Income includes interest income on sublease of several idle lands to FDC amounting to ₱8,695,776 for the six months ended June 30, 2024 and June 30, 2023 pursuant to the sublease agreement between FRCCI and FDC which took effect on January 1, 2021 classified as a finance lease in accordance with PFRS 16 provisions, and miscellaneous income from fixed rental of residential villas under house use, reimbursement or recovery from customer losses, breakages and Wi-Fi consumption charged to customers.

21. Costs and Expenses

This account consists of:

	June 2024	June 2023
Direct Payroll & Related Expenses	**₱7,661,838**	₱7,467,691
Direct Other Expenses	**3,625,949**	4,190,616
Maintenance Costs	**18,182,266**	29,464,272

Administration & General Expenses	**10,745,189**	13,273,023
Finance Costs	**20,310,751**	19,746,952
Fixed & Financing Charges	**38,912,540**	48,698,672
	₱99,438,533	₱122,838,228

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 semester ended June 30, 2024 of ₱5,610,216 was significantly lower than the energy costs for the same period ended June 30, 2023 of ₱13,713,568 by 59% due to the electricity charges of FRCCI 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 an increase in this expense heading of ₱1.3 million which is mainly attributed to an increase in the share in administration/general and in head office expenses.

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 and amortization expenses for the semesters ended June 30, 2024 and June 30, 2023 amounted to ₱38,392,876 (which included depreciation on the transferred properties of FDC and Right-of-Use assets) and ₱48,379,774 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.

	June 2024	December 2023
Cash in bank	**₱993,022**	₱1,848,501
Membership dues &other receivables	**32,805,306**	28,638,791
Due from related parties	**214,797,446**	215,276,076
	₱248,595,774	₱245,763,368

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:

	June 2024	December 2023
Trade payables	**₱34,462,582**	₱25,216,725
Accrued expenses	**10,779,795**	11,199,826
	₱45,242,377	₱36,416,551

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 semester ended June 30, 2021 and for the year ended December 31, 2020.

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:

	June 2024	December 2023
Total Members' Equity	**₱946,489,510**	₱990,601,918
Total Assets	**1,812,201,050**	1,843,436,113
	0.52	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 June 30, 2024 vs. for the quarter ended June 30, 2023)

Amount in Pesos

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)	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.

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

	Amounts in Pesos			
	June 30, 2024 (Unaudited)	**December 31, 2023 (Audited)**	**Variance**	**%**
Cash	**1,325,042**	2,606,937	**(1,281,895)**	**-49%**
Membership dues & other receivables	**32,805,306**	28,638,791	**4,166,515**	**14%**
Due from related parties	**214,797,446**	215,276,076	**(478,630)**	**0%**
Current portion of finance lease receivables	**9,272,728**	9,272,728	**0**	**0%**
Prepayments and other current assets	**5,960,208**	5,526,596	**433,612**	**7%**
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 Non-Current Assets	**1,548,040,320**	1,582,114,985	**(34,074,665)**	**-2%**
Total Assets	**1,812,201,050**	1,843,436,113	**(31,235,063)**	**-1%**
Trade and other payables	**111,716,181**	101,600,420	**10,115,761**	**9%**
Current portion of lease liability	**21,079,345**	27,615,576	**(6,536,231)**	**-23%**
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 benefit obligation	**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.

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 making the villas more pleasant and comfortable, with upgraded amenities.

Moreover, the Country Club has an agreement with its parent company 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.

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 second 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.**

For and on behalf of the Registrant:	*Title*	*Date*
MARY B. DE JESUS	Chairman of the Board of Directors	July 25, 2024

For and on behalf of the Registrant:	*Title*	*Date*
SHUIQING WU (SIMON)	President & General Manager	July 25, 2024

Principal Financial/Accounting Officer/ Controller:	*Title*	*Date*
ALEXANDER L. RAMOS	Financial Controller	July 25, 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 2nd 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 2nd 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 July 25, 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 July __, 2024 in Angeles City, Pampanga, affiant personally appeared before me and exhibited to me his competent proof of identity.

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Series of 2024.

CYRIL VICTOR N. BERMUDO
Notary Public – Angeles City
Comm. No. 2022-998 until Dec. 31, 2024
Roll of Attorney's No. 50182
IBP Lifetime Membership No. 05453
PTR No. 2028255 / 01-02-2024 / A.C.
MCLE Comp. No. VII-0002457 / 02-27-20
1241-A Miranda St., Angeles City