

**THE PALMS COUNTRY CLUB, INC.**

**CERTIFICATION**

I, **LINDEZA R. ROGERO-GAVINO**, the Corporate Secretary of **THE PALMS COUNTRY CLUB, INC.**, (the "Company") a Corporation duly registered under and by virtue of the laws of the Republic of the Philippines, with SEC Registration No. A2000005129 with principal office address at 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City, on oath state that:

1. I have caused this Definitive Information Statement to be prepared on behalf of **THE PALMS COUNTRY CLUB, INC.**;

2. I have read and understood its contents which are true and correct based on my own personal knowledge and/or authentic records;

3. The Company will comply with the requirements set forth in SEC Notice dated 12 May 2021 to effect a complete and official submission of reports and/or documents through electronic mail;

4. I am fully aware that submitted documents which require pre-evaluation and/or payment of processing fee shall be considered complete and officially received only upon payment of the filing fee; and

5. The e-mail account designated by the Company pursuant to SEC Memorandum Circular No. 28, S. 2020 shall be used by the Company in its online submissions to Corporate Governance and Finance Department.

**IN WITNESS WHEREOF**, I have hereunto set my hand this SEP 20 2023 day of SEP 20 2023 in Mandaluyong City, Metro Manila.

  
**LINDEZA R. ROGERO-GAVINO**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this SEP 20 2023 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Passport ID No. P2326165C, as competent evidence of her identity, bearing her photograph and signature, issued by the Department of Foreign Affairs-Manila and valid until 09 November 2032.

Doc. No. 334 ;  
Page No. 68 ;  
Book No. 38 ;  
Series of 2023.

**JOVEN G. SEVILLANO**  
NOTARY PUBLIC FOR CITY OF MANDALUYONG  
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024  
IBP LIFETIME NO. 011302; 12-28-12; RIZAL  
ROLL NO. 53970  
PTR NO. 5110440; 1-3-23; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY

# COVER SHEET

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S.E.C. Registration Number

T H E P A L M S C O U N T R Y C L U B , I N C .

(Company's Full Name)

1 4 1 0 L A G U N A H E I G H T S D R I V E ,  
 F I L I N V E S T C O R P O R A T E C I T Y ,  
 A L A B A N G , M U N T I N L U P A C I T Y

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

c/o Atty. Lindeza R. Rogero-Gavino  
 Contact Person

7918-8188 / 8771-7171  
 Company Telephone Number

## Definitive Information Statement

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Month

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Day

Fiscal Year

D	I	S	
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FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type; If Applicable

C F D

Dept. Requiring this Doc.

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Amended Articles Number / Section

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Total No. of Stockholders

--

Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

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File Number

\_\_\_\_\_

LCU

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Document I.D.

\_\_\_\_\_

Cashier

STAMPS
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Remarks = Pls. use black ink for scanning purposes



NOTICE OF ANNUAL MEETING OF THE SHAREHOLDERS

TO ALL SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual meeting of the shareholders of THE PALMS COUNTRY CLUB, INC. will be held on 17 October 2023, Tuesday at 9:00 AM at The Continental of The Palms Country Club, 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City, to consider the following matters:

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Annual Shareholders' Meeting held on 04 October 2022
5. Presentation of the Management Report and Ratification of the Audited Financial Statements for the year ended 31 December 2022
6. Ratification of the Acts, Resolutions and Proceedings of the Board of Directors, Executive Committee and Management up to 17 October 2023
7. Approval of the Amendment of Article Third of the Articles of Incorporation to Change the Principal Address from "Metro Manila" to "1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City"
8. Election of the Members of the Board of Directors, including the Independent Directors to serve for the year 2023-2024
9. Appointment of External Auditor
10. Other Matters
11. Adjournment

Only shareholders of record as of 14 September 2023 are entitled to attend and vote in the said meeting.

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Shareholders who will not, are unable to, or do not expect to attend the meeting in person may, at their option, designate their authorized representatives by means of Proxy. The Proxy instrument must be duly notarized and must be submitted to the Office of the Corporate Secretary located at The Palms Country Club, 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City on or before 10 October 2023.

PLEASE NOTE THAT THE CLUB IS NOT SOLICITING PROXIES.

Any shareholder must submit their nomination for the election of the members of the Board of Directors to the Corporate Secretary at The Palms Country Club, 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City not later than 19 September 2023.

All nominations shall be in writing duly signed by the nominating shareholders or their duly authorized (in writing) representatives, with the written acceptance and conformity of their nominee. The nomination must indicate whether the nominees are intended to be independent directors. Further, all nominations should include (i) the curriculum vitae of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the shareholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications, such as the nominee's age, educational attainment, full disclosure of work and/or business experience and/or affiliations. The Directors and Independent Directors shall be elected from among the shareholders. All nominees for Directors and Independent Directors must possess the minimum requirements/qualifications and none of the disqualifications prescribed by Revised Corporation Code and Securities Regulation Code.

The Corporation's Information Statement, SEC Form 17A and other relevant documents will be sent to the shareholders.

Please be guided accordingly.

  
LINDEZA R. ROGERO-CAVINO  
Corporate Secretary



SECURITIES AND EXCHANGE COMMISSION

**SEC FORM 20-IS**

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:  
 Preliminary Information Statement  
 Definitive Information Statement
2. Name of Registrant as specified in its charter: **The Palms Country Club, Inc.**
3. Province, country or other jurisdiction of incorporation or organization:  
**Philippines**
4. SEC Identification Number: **A20000-5129**
5. BIR Tax Identification Code: **206-361-205-000**
6. Address of principal office:  
**1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City**
7. Registrant's telephone number, including area code: **(02) 8771-7171**
8. Date, time and place of the meeting of security holders:  
  
Date & Time: **October 17, 2023 at 9:00 A.M.**  
Venue: **The Continental, The Palms Country Club, 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City**
9. Approximate date on which the Information Statement is first to be sent or given to security holders:  
**September 26, 2023**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Class "A" including Founders' Shares	1,907
Class "B"	250
Class "C"	150
Class "D"	2,293

11. Are any or all of registrant's securities listed in a Stock Exchange? **NO**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein: **NA**

## PART I

### INFORMATION REQUIRED IN INFORMATION STATEMENT

#### A. GENERAL INFORMATION

##### 1. Date, Time and Place Of Meeting

The annual shareholders' meeting of **THE PALMS COUNTRY CLUB, INC.** (the "Club") is scheduled on **October 17, 2023 at 9:00 A.M.** to be held at the Club premises. The presiding officer shall call and prescribe the stockholders' meeting at the principal office of the corporation or, if not practicable, in the city or municipality where the principal office of the corporation is located. The principal office of the corporation under its Articles of Incorporation is Metro Manila.

The complete mailing address of the Club is 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City.

The information statement shall be sent or given to shareholders no later than September 26, 2023.

##### 2. Dissenter's Right of Appraisal

A shareholder of the Club has the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any shareholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any shares or any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code of the Philippines ("Revised Corporation Code"); (c) in case of investment of corporate funds in any other corporation or business or for any purpose other than the Club's primary purpose; and (d) in case of merger or consolidation.

The shareholder concerned must have voted against the proposed corporate action in order to avail himself of the appraisal right. As provided in the Revised Corporation Code, the procedure in the exercise of the appraisal right is as follows:

- a. The dissenting shareholder files a written demand within thirty (30) days after the date on which the vote was taken. Failure to file the demand within the thirty-day period constitutes a waiver of the right. Within ten (10) days from demand, the dissenting shareholder shall submit the stock certificate/s to the Club for notation that such shares are dissenting shares. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the shares by the Club, all rights accruing to the shares shall be suspended, except the shareholder's right to receive payment of the fair value thereof.
- b. If the corporate action is implemented, the Club shall pay the shareholder the fair value of his shares upon surrender of the corresponding certificate/s of stock. Fair value is determined by the value of the shares of the Club on the day prior to the date on which vote

is taken on the corporate action, excluding any appreciation or depreciation in value in anticipation of the vote on the corporate action.

- c. If the fair value is not determined within sixty (60) days from the date of the vote, it will be determined by three (3) disinterested persons (one chosen by the Club, another chosen by the shareholder, and the third one chosen jointly by the Club and the shareholder). The findings of the appraisers will be final, and their award will be paid by the Club within thirty (30) days following such award, provided the Club has sufficient unrestricted retained earnings. Upon such payment, the shareholder shall forthwith transfer his shares to the Club. No payment shall be made to the dissenting shareholder unless the Club has unrestricted retained earnings.
- d. If the shareholder is not paid within thirty (30) days from such award, his voting rights shall be immediately restored.

There is no matter to be taken up at the annual meeting on October 17, 2023 which entitles a dissenting shareholder to the exercise of the appraisal right.

### **3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No director or executive officer of the Club or nominee for election as such director or officer has any substantial interest, direct or indirect, in any matter to be acted upon at the annual shareholders' meeting, other than election to office. Likewise, none of the directors has informed the Club of his opposition to any matter to be taken up at the meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **4. Voting Securities and Principal Holders Thereof**

- (a) The total number of shares outstanding is 4,600 common shares. Shareholders are entitled to cumulative voting in the election of the Board of Directors, as provided by the Revised Corporation Code. Each common share of stock is entitled to one vote.
- (b) The record date for purposes of determining the stockholders entitled to vote is September 14, 2023.
- (c) Consistent with the provisions of the Revised Corporation Code, a shareholder may vote such number of shares for as many persons as there are directors to be elected. He may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit: *Provided*, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Club multiplied by the whole number of directors to be elected. The shareholder must be a shareholder of record as of September 14, 2023 to be able to exercise cumulative voting rights.
- (d) Security Ownership of Certain Beneficial Owners and Management



Security Ownership of Record and Beneficial Owners of more than five percent (5%) as of August 31, 2023 is as follows:

<i>Title of Class of Securities</i>	<i>Name/ Address of Record/Beneficial Owner/Relationship with Issuer</i>	<i>Amount and Nature of Record/Beneficial Ownership</i>	<i>Citizenship</i>	<i>% of Ownership</i>
<i>Common</i>	<i>Filinvest Alabang, Inc. (“FAI”)<sup>1</sup></i> <i>(Majority shareholder of the Club)</i> Vector One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City	2,570 (R)	Filipino	55.87%

Except as stated above, the Board and Management of the Club have no knowledge of any person who, as of date of this Information Statement, is directly or indirectly the beneficial owner of more than 5% of the Club’s outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than 5% of the Club’s outstanding common stock.

Security ownership of directors and executive officers as of August 31, 2023 is as follows:

<i>Title of Class of Securities</i>	<i>Name</i>	<i>Citizenship</i>	<i>Amount and Nature of Beneficial Ownership</i>	<i>% of Ownership</i>
Common	<b>Efren C. Gutierrez</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>1(R)</i>	-
Common	<b>Catherine A. Ilagan</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>1 (R)</i>	-
Common	<b>Francis Nathaniel C. Gotianun</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>1(R)</i>	-
Common	<b>Andrew Gerard D. Gotianun III</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>1(R)</i>	-
Common	<b>Manolito F. Gonzales</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>1 (R)</i>	-

<sup>1</sup> FAI is a domestic corporation majority-owned by Filinvest Development Corporation and Filinvest Land, Inc., both with principal office in Metro Manila. Ms. Catherine A. Ilagan, or in her absence, Mr. Francis Nathaniel C. Gotianun or Mr. Andrew Gerard D. Gotianun III or the Chairman of the meeting is appointed as the proxy of FAI, authorized to vote all shares of FAI in TPCCI at its 2023 annual shareholders’ meeting.

Common	<b>Joaquin P. Roa</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>1 (R)</i>	-
Common	<b>Josephine L. Lagdameo</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>1(R)</i>	-
N/A	<b>Ana Venus A. Mejia</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>N/A</i>	-
N/A	<b>Hans Rudolf Neukom</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Swiss</i>	<i>N/A</i>	-
N/A	<b>Mitzi C. Chuidian</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>N/A</i>	-
N/A	<b>Lindeza R. Rogero-Gavino</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>N/A</i>	-
N/A	<b>Ma. Ruiza R. Hernane</b> c/o 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City	<i>Filipino</i>	<i>N/A</i>	-

Total ownership of all directors and officers as a group is 0.17%.

No person holds more than 5% of the common stock under a voting trust or similar agreement.

There has been no change in control of the Club since the beginning of its last fiscal year.

## **5. Directors and Principal Officers**

(a) The Members of the Board shall serve for a term of one (1) year until their successors have been duly elected and qualified. The business experience of the directors and officers of the Club named below covers at least the past five (5) years. The following are the qualifications of incumbent directors, and executive officers of the Club:

### **1. EFREN C. GUTIERREZ – CHAIRMAN OF THE BOARD**

Atty. Gutierrez, 87, Filipino, is also a member of the Board of Directors of Filinvest Land, Inc. (“FLI”). He served as the President of FAI from 1999 to 2005. He obtained his Bachelor of Laws degree from the University of the Philippines. Atty. Gutierrez has been a director of the Club since its incorporation in 2000 and he was first elected as Chairman in 2015.

## 2. FRANCIS NATHANIEL C. GOTIANUN – PRESIDENT

Mr. Gotianun, 40, Filipino, is also the Senior Vice President of Filinvest Hospitality Corporation, a subsidiary of Filinvest Development Corporation (“FDC”), the primary role of which is to evaluate, plan, develop and optimize current and potential hospitality investments of the Filinvest Group. He is also a member of the Board of Directors of FLI, FDC and Filinvest REIT Corp. Prior to joining Filinvest, he worked with Teletech as Head of Country Support Services. He obtained his Bachelor’s Degree in Commerce from the University of Virginia in 2005 and his Master’s Degree in Business Administration in IESE Business School – University of Navarra in 2010. Mr. Gotianun was first elected as a director of the Club in 2015.

## 3. CATHERINE A. ILAGAN – DIRECTOR

Ms. Ilagan, 53, Filipino, is the President and Chief Operating Officer of FAI. She is also the President of Filinvest Corporate City Association, Inc. Prior to joining Filinvest, she worked with Arthaland Corporation as Senior Vice President. She obtained her Master’s Degree in Business Administration from the Asian Institute of Management in 1993. Ms. Ilagan has been a director of the Club since 2014.

## 4. ANDREW GERARD D. GOTIANUN III – DIRECTOR

Mr. Gotianun III, 47, Filipino, is the Vice President for Supply Chain Management of the Filinvest Group. Prior to that, he was the Senior Assistant Vice President for Purchasing of the Filinvest Group, and Special Assistant to the President from May 2008 until January 2011. Mr. Gotianun III obtained his Bachelor’s Degree in Business Administration from Concordia University at Irvine California, USA. He has been a director of the Club since 2017.

## 5. MANOLITO F. GONZALES – INDEPENDENT DIRECTOR

Mr. Gonzales, 76, Filipino, is the President of Kairos Business Solutions, Inc., Board Member of the Shang Grand Tower Condominium Corporation in 2007 to present and Board Member of the Foundation of Our Lady of Peace Mission since 1989. He has been a member of the Club since 2001 and was first elected as Independent Director of the Club in 2015.

## 6. JOAQUIN P. ROA – INDEPENDENT DIRECTOR

Mr. Roa, 67, Filipino, is a licensed real estate broker and has held management positions in various corporations in the Philippines and Vietnam. He served as Senior Vice President of Grepalife from 1999 to 2002, Vice President/General Manager of Vietnam Motors from 1992 to 1999, and Vice President - Marketing of Philippine Fuji Xerox from 1980 to 1992. He obtained his Bachelor of Science in Electrical Engineering degree from the University of the Philippines. He has been a member of the Club since 2001. He was first elected as Independent Director of the Club in 2018.

#### 7. JOSEPHINE L. LAGDAMEO - INDEPENDENT DIRECTOR

Ms. Lagdameo, 57, Filipino, was among the pioneer team of The Palms Country Club, Inc. and was Membership Manager from 2000 to 2004. She was with the Rustan Group of Companies as Corporate Sales Manager of Rustan Commercial Corp. from 1988 to 1995, and Royal Duty Free Shops as Institutional Sales Manager from 1995 to 2000. She was Deputy Director for Sales of Discovery Primea Residences from 2008 to 2018. She is a member of the Assumption Alumnae Association and served on the Board of Trustees from 2009 to 2016. She obtained her Bachelor of Arts in Philippine Studies degree from the University of the Philippines. She has been a member of the Club, Inc. since 2001. She was first elected as Independent Director of the Club in 2021.

#### 8. ANA VENUS A. MEJIA – TREASURER and COMPLIANCE OFFICER

Ms. Mejia, 57, Filipino, has been with the Filinvest Group of Companies (“Group”) for 26 years, joining in 1996 as Assistant Controller of FDC and has served the Group in various capacities. At present, she is the Executive Vice President, Treasurer and Chief Finance Officer of FLI. She was appointed as Treasurer of the Club in 2012. Prior to joining Filinvest, she worked with Shopping Center Management Corp. and Sycip, Gorres, Velayo & Company. She is a Certified Public Accountant and a Magna Cum Laude graduate of the Pamantasan ng Lungsod ng Maynila. She obtained her Masters Degree in Business Administration from Kellogg School of Management at Northwestern University and School of Business and Management at the Hong Kong University of Science and Technology.

#### 9. HANS RUDOLF NEUKOM – GENERAL MANAGER

Mr. Neukom, 59, Swiss, was the Executive Chef of the American Club Shanghai in China. He has been working in the food industry for almost thirty-four (34) years now since the start of his apprenticeship and spent most of his culinary years in Asia. He was appointed as the Executive Chef of the Club in 2002 and as General Manager in 2010.

#### 10. MITZI C. CHUIDIAN – FINANCIAL CONTROLLER

Ms. Chuidian, 64, Filipino, has been with the Palms Country Club since August 2022. She had been working in the hospitality industry for forty years now. She is a Certified Public Accountant.

#### 11. LINDEZA R. ROGERO-GAVINO – CORPORATE SECRETARY

Ms. Rogero-Gavino, 53, Filipino, was appointed as the Club’s Corporate Secretary on December 7, 2023. She is concurrently the Corporate Secretary & Corporate Information Officer of Filinvest Development Corporation. Prior to joining Filinvest, she was the Corporate Secretary and Compliance Officer of the Philippine Postal Corporation. She was previously the Director of the Cebu Extension Office of the Securities & Exchange Commission. She obtained her Bachelor of Arts degree major in Economics from the University of San Carlos in Cebu and her Bachelor of Laws degree from the University of the Philippines Diliman.



## 12. MA. RUIZA R. HERNANE – ASSISTANT CORPORATE SECRETARY

Ms. Hernane, 43, Filipino, was appointed as the Club’s Assistant Corporate Secretary on December 7, 2023. She is concurrently the Assistant Corporate Secretary of Filinvest Development Corporation. Prior to joining Filinvest, Ruiza was the legal counsel, acting corporate secretary and acting compliance officer of Leisure & Resorts World Corporation. She has more than ten (10) years of experience in the practice of corporate and tax laws. Ruiza graduated at University of Philippines in 2001 where she took up BA History and thereafter pursued her law degree in Ateneo De Davao University in 2007.

A Certification that none of the above-named directors and officers works in the government is attached herein as **Annex “A”**.

### **Board Committees and Executive Officers**

The Club, pursuant to its Revised Manual of Corporate Governance, has established four (4) Board committees namely, the Executive Committee, Corporate Governance Committee, Audit & Risk Management Oversight Committee and Compensation Committee. The members of these committees are as follows:

#### **Executive Committee**

Chairman: Francis Nathaniel C. Gotianun  
Members: Efren C. Gutierrez  
Catherine A. Ilagan  
Andrew Gerard D. Gotianun III  
Hans Rudolf Neukom

#### **Corporate Governance Committee**

Chairman: Manolito F. Gonzales\*  
Members: Efren C. Gutierrez  
Francis Nathaniel C. Gotianun  
Josephine L. Lagdameo\*  
Joaquin P. Roa\*

#### **Audit & Risk Management Oversight Committee**

Chairman: Manolito F. Gonzales\*  
Members: Efren C. Gutierrez  
Joaquin P. Roa\*

#### **Compensation Committee**

Chairman: Andrew Gerard D. Gotianun III  
Members: Francis Nathaniel C. Gotianun  
Efren C. Gutierrez  
Manolito F. Gonzales\*

\* *Independent Director*

Executive officers of the Club are appointed or elected annually by the Board of Directors, typically at its first meeting following the annual meeting of shareholders, each to hold office

until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been duly appointed or elected, and qualified.

**(a) (ii) Certain Relationships and Related Transactions**

The Club has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as affiliates). Related parties may be individuals or corporate entities.

Transactions entered into by the Club with related parties have terms equivalent to the transactions entered into with third parties.

The significant related-party transactions of the Club are the following:

- a) The Club has trade receivables from its affiliates as members of the Club for which it bills monthly membership dues and use of facilities. These affiliates include entities affiliated with FAI, the developer.
- b) The Club maintains cash in bank account with East West Banking Corporation (“EWBC”), a bank affiliated with FAI. Cash in banks earn interest at the prevailing market rates.
- c) The Club has obtained and made various advances for maintenance, utilities, payroll, and other expenses from and to FAI, its developer. The outstanding balances are presented under “Due to related parties” in the statements of financial position.

The details of the account balances and transactions with related parties are provided in pages 20 to 22 of the Notes to Financial Statements which is included in the Annual Report attached hereto as **Annex “B”**.

There were no other transactions during the last two (2) years, or proposed transactions, to which the Club was or is to be a party, in which any director or executive officer of the Club, any nominee for election as such director or executive officer, any security holder or any member of the immediate family of any of the foregoing persons, had or is to have a direct or indirect material interest.

**(a) (iii) Election of the Members of the Board**

There will be an election of the members of the Board during the annual shareholders’ meeting. The shareholders of the Club may nominate individuals to be members of the Board of Directors. The deadline for submission of nominees was on September 19, 2023. All nominations for directors, including the independent directors, were addressed to the following:

THE NOMINATION COMMITTEE  
c/o THE OFFICE OF THE CORPORATE SECRETARY  
The Palms Country Club, Inc.  
1410 Laguna Heights Drive  
Filinvest City, Alabang, Muntinlupa City

and signed by the nominating shareholder/s together with the acceptance and conformity by the nominees. All nominations should include (i) the *curriculum vitae* of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the shareholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications.

The Corporate Governance Committee, acting as the Nomination Committee, created under the Club's Revised Manual on Corporate Governance endorses the nominees to the Board of Directors for election at the upcoming annual shareholders' meeting, in accordance with the qualifications and disqualifications set forth in the Manual as follows:

#### Qualifications

- (1) Holder of at least one (1) share of stock of the Club;
- (2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- (3) He shall be at least twenty-one (21) years old;
- (4) He shall have proven to possess integrity and probity; and
- (5) He shall be assiduous.

#### Permanent Disqualifications

The following shall be permanently disqualified for election as director:

- (1) Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- (2) Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Securities and Exchange Commission ("Commission") or any court or administrative body of competent jurisdiction from: (i) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (ii) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (iii) engaging in or continuing any conduct or practice in any of the capacities mentioned in above, or willfully violating the laws that govern securities and banking activities.

The disqualification shall also apply if such person is currently the subject of an order of the Commission or any court or administrative body denying, revoking

or suspending any registration, license or permit issued to him under the Revised Corporation Code, Securities Regulation Code or any other law administered by the Commission or *Bangko Sentral ng Pilipinas* (BSP), or under any rule or regulation issued by the Commission or BSP, or has otherwise been restrained to engage in any activity involving securities and banking; or such person is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- (3) Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
- (4) Any person who has been adjudged by final judgment or order of the Commission, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Revised Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or any of its rule, regulation or order;
- (5) Any person judicially declared as insolvent;
- (6) Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in subparagraphs (1) to (5) above;
- (7) Any person who has been convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Revised Corporation Code committed within five (5) years prior to the date of his election or appointment; and
- (8) All other grounds for disqualification under the Articles of Incorporation and By-Laws of the Club.

#### Temporary Disqualifications

The following shall be grounds for the temporary disqualification of a director:

- (1) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- (2) Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12)-month period during said incumbency. This disqualification applies for purposes of the succeeding election;



- (3) Dismissal/termination from directorship in a listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- (4) Being under preventive suspension by the Club;
- (5) If the beneficial equity of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock;
- (6) If the independent director becomes an officer or employee of the Club, he shall be automatically disqualified from being an independent director;
- (7) Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

#### **Nominated Directors for 2023-2024**

The Corporate Governance Committee, acting as the Nomination Committee of the Board of Directors of the Club has determined that the incumbent directors, all of whom have been nominated for election at the annual stockholders' meeting, possess all the qualifications and none of the disqualifications for directorship set out in the Club's Revised Manual on Corporate Governance, duly adopted by the Board pursuant to SRC Rule 38.1 and SEC Memorandum Circular No. 16, Series of 2002.

Below is the final list of candidates prepared by the Corporate Governance Committee:

EFREN C. GUTIERREZ  
CATHERINE A. ILAGAN  
FRANCIS NATHANIEL C. GOTIANUN  
ANDREW GERARD D. GOTIANUN III  
MANOLITO F. GONZALES (Independent Director)  
JOAQUIN ROA (Independent Director)  
JOSEPHINE L. LAGDAMEO (Independent Director)

Following are the qualifications of the above-mentioned nominees:

#### **1. EFREN C. GUTIERREZ – CHAIRMAN OF THE BOARD**

Atty. Gutierrez, 87, Filipino, is also a member of the Board of Directors of Filinvest Land, Inc. ("FLI"). He served as the President of FAI from 1999 to 2005. He obtained his Bachelor of Laws degree from the University of the Philippines. Atty. Gutierrez has been a director of the Club since its incorporation in 2000 and he was first elected as Chairman in 2015.

#### **2. FRANCIS NATHANIEL C. GOTIANUN – PRESIDENT**

Mr. Gotianun, 40, Filipino, is also the Senior Vice-President of Filinvest Hospitality Corporation, a subsidiary of Filinvest Development Corporation ("FDC"), the primary role of

which is to evaluate, plan, develop and optimize current and potential hospitality investments of the Filinvest Group. He is also a member of the Board of Directors of FLI, FDC and Filinvest REIT Corp. Prior to joining Filinvest, he worked with Teletech as Head of Country Support Services. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's Degree in Business Administration in IESE Business School – University of Navarra in 2010. Mr. Gotianun was first elected as a director of the Club in 2015.

### 3. CATHERINE A. ILAGAN – DIRECTOR

Ms. Ilagan, 53, Filipino, is the President and Chief Operating Officer of FAI. She is also the President of Filinvest Corporate City Association, Inc. Prior to joining Filinvest, she worked with Arthaland Corporation as Senior Vice President. She obtained her Master's Degree in Business Administration from the Asian Institute of Management in 1993. Ms. Ilagan has been a director of the Club since 2014.

### 4. ANDREW GERARD D. GOTIANUN III – DIRECTOR

Mr. Gotianun III, 47, Filipino, is the Vice President for Supply Chain Management of the Filinvest Group. Prior to that, he was the Senior Assistant Vice President for Purchasing of the Filinvest Group, and Special Assistant to the President from May 2008 until January 2011. Mr. Gotianun III obtained his Bachelor's Degree in Business Administration from Concordia University at Irvine California, USA. He has been a director of the Club since 2017.

### 5. MANOLITO F. GONZALES – INDEPENDENT DIRECTOR

Mr. Gonzales, 76, Filipino, is the President of Kairos Business Solutions, Inc., Board Member of the Shang Grand Tower Condominium Corporation in 2007 to present and Board Member of the Foundation of Our Lady of Peace Mission since 1989. He has been a member of the Club since 2001 and was first elected as Independent Director of the Club in 2015.

### 6. JOAQUIN P. ROA – INDEPENDENT DIRECTOR

Mr. Roa, 67, Filipino, is a licensed real estate broker and has held management positions in various corporations in the Philippines and Vietnam. He served as Senior Vice President of Grepalife from 1999 to 2002, Vice President/General Manager of Vietnam Motors from 1992 to 1999, and Vice President - Marketing of Philippine Fuji Xerox from 1980 to 1992. He obtained his Bachelor of Science in Electrical Engineering degree from the University of the Philippines. He has been a member of the Club since 2001. He was first elected as Independent Director of the Club in 2018.

### 7. JOSEPHINE L. LAGDAMEO - INDEPENDENT DIRECTOR

Ms. Lagdameo, 57, Filipino, was among the pioneer team of The Palms Country Club, Inc. and was Membership Manager from 2000 to 2004. She was with the Rustan Group of Companies as Corporate Sales Manager of Rustan Commercial Corp. from 1988 to 1995, and Royal Duty Free Shops as Institutional Sales Manager from 1995 to 2000. She was Deputy Director for Sales of Discovery Primea Residences from 2008 to 2018. She is a member of the Assumption Alumnae Association and served on the Board of Trustees from 2009 to 2016. She obtained her Bachelor of Arts in Philippine Studies degree from the University of the Philippines. She

has been a member of the Club, Inc. since 2001. She was first elected as Independent Director of the Club in 2021.

### **Independent Directors**

A shareholder may nominate individuals to be independent directors, taking into account the following guidelines:

- A. "Independent director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:
- i. Is not, or has not been a senior officer or employee of the covered Corporation unless there has been a change in the controlling ownership of the corporation;
  - ii. Is not, and has not been in the two (2) years immediately preceding the election, a director of the covered Corporation; a director, officer, employee of the covered Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered Corporation's substantial shareholders and its related companies;
  - iii. Has not been appointed in the covered Corporation, its subsidiaries, associates, affiliates or related companies as Chairperson "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within two (2) years immediately preceding his election;
  - iv. Is not an owner of more than two percent (2%) of the outstanding shares of the covered Corporation, its subsidiaries, associates, affiliates or related companies;
  - v. Is not a relative of a director, officer, or substantial shareholder of the covered Corporation or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
  - vi. Is not acting as a nominee or representative of any director of the covered Corporation or any of its related companies; e.g. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker- dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal shareholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
  - vii. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered Corporation, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the two (2) years immediately preceding the date of his election;

- viii. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered Corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment within the two (2) years immediately preceding the date of his election;
- ix. Is not affiliated with any non-profit organization that receives significant funding from the covered Corporation or any of its related companies or substantial shareholders; and
- x. Is not employed as an executive officer of another Corporation where any of the covered Corporation's executives serve as directors.

B. When used in relation to the Club subject to the requirements above:

- i. Related company means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and
- ii. Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

C. An independent director shall have the following qualifications:

- i. He shall have at least one (1) share of stock of the Club;
- ii. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of the Club for at least five (5) years;
- iii. He shall possess integrity/probity; and
- iv. He shall be assiduous.

D. An independent director shall be disqualified during his tenure under the following instances or causes:

- i. He becomes an officer or employee of the Club, or becomes any of the persons enumerated under letter (A) hereof;
- ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of the Club;
- iii. He fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family;
- iv. If he becomes disqualified under any of the grounds stated in the Club's Revised Manual on Corporate Governance.

E. Pursuant to SEC Memorandum Circular No. 9, Series of 2011, as amended by SEC Memorandum Circular No. 04, Series of 2017, the following additional guidelines shall be observed in the qualification of individuals to serve as independent directors:

- i. There shall be no limit in the number of covered companies that a person may be elected as independent director, except in business conglomerates where an independent director can be elected to only five (5) companies of the conglomerate, i.e., parent company, subsidiary or affiliate;



- ii. The independent director shall serve for a maximum cumulative term of nine (9) years, after which the independent director shall be perpetually barred from re-election as such in the same company, but may continue to qualify as non-independent director;
- iii. In the instance that a company wants to retain an independent director who has served for nine (9) years, the Board should provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting; and
- iv. The reckoning of the cumulative nine-year term is from 2012.

The Corporate Governance Committee, acting as the Nomination Committee, receives nominations for independent directors as may be submitted by the shareholders. After the deadline for the submission thereof, the Corporate Governance Committee shall meet to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in the Club's Revised Manual on Corporate Governance and Rule 38 of the Securities Regulation Code. All nominations shall be signed by the nominating shareholders together with the acceptance and conformity by the would-be nominees. The Corporate Governance Committee shall then prepare a Final List of Candidates enumerating the nominees who passed the screening. The name of the person or group of persons who recommends nominees as independent directors shall be disclosed along with his or their relationship with such nominees.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the annual meeting.

The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Club and its By-Laws. It shall be the responsibility of the Chairman of the meeting to inform all shareholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the annual meeting. Specific slots for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

The Corporate Governance Committee, upon nomination by a member of the Club, Mr. Francis V. Ceballos, and following the guidelines provided under the Club's Manual of Corporate Governance, named Mr. Manolito F. Gonzales, Mr. Joaquin P. Roa and Ms. Josephine L. Lagdameo as nominees for this year's annual meeting as independent directors. Mr. Ceballos is not related to any of the nominees. The Corporate Governance Committee has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Manual of Corporate Governance.

Attached hereto as Annexes "C-1", "C-2" and "C-3" are the Certification of Qualification of Independent Directors duly executed by the above-named nominee independent directors. **(a)**  
**(iv) Other Significant Employees**

The Club considers all its employees as significant to the growth of the Club.

**(a) (v) Family Relationships**

The Club is majority-owned by FAI. Mr. Francis Nathaniel C. Gotianun and Mr. Andrew Gerard D. Gotianun III, both Directors of the Club, are cousins.

Other than the foregoing, none of the remaining directors or executive officers is related, whether by consanguinity or affinity, with the others.

**(a) (vi) Involvement in Certain Legal Proceedings**

The Club is not aware of any legal proceedings where its directors or executive officers have been impleaded in their capacity as directors or executive officers of the Club.

The Club is not aware of the occurrence of any of the following events within the past five (5) years up to the date of this information statement: (a) any bankruptcy petition filed by or against any business in which any of its directors or officers was a general partner or officer either at the time of the bankruptcy or within two (2) years prior to that time; (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, of, or any criminal proceeding, domestic or foreign, pending against, any of its directors or officers in his capacity as such director or officer; (c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of its directors or officers in any type of business, securities, commodities or banking activities, and (d) any finding by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization that any of its directors or officers has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated, which occurred during the past five years.

To the knowledge and/or information of the Club, the nominees for election as directors of the Club are not presently or in the last five (5) years included in any material legal proceeding involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere nor said persons have been convicted by final judgment of any offense punishable by laws of the Philippines or laws of any other nation.

**6. Compensation of Directors and Executive Officers**

**(a)(i) Summary Compensation Table (in Pesos)**

(a) Name and Principal Position	(b) Year	(c) Salary (P)	(d) Bo nus (P)	(e) Other Annual Compensation	TOTAL
Efren C. Gutierrez Chairman		n/a	n/a	n/a	n/a
Francis Nathaniel C. Gotianun President and CEO		n/a	n/a	n/a	n/a
Andrew Gerard D. Gotianun III Director		n/a	n/a	n/a	n/a

Catherine A. Ilagan Director		n/a	n/a	n/a	n/a
Manolito F. Gonzales Independent Director		n/a	n/a	n/a	n/a
Joaquin P. Roa Independent Director		n/a	n/a	n/a	n/a
Josephine L. Lagdameo Independent Director		n/a	n/a	n/a	n/a
All other officers and directors as a group unnamed	2023- Est.	7.4 Million	-		7.4 Million
	2022	7.20 Million	-		7.20 Million
	2021	7.00 Million	-		7.00 Million

**(a)(ii) Compensation as Directors**

The directors of the Club received no per diem, remuneration or compensation in their capacity as such for the years 2006 to 2022. There is no employment contract or contracts relative to the payment of executive compensation to the directors of the Club to date, whether directly or indirectly.

**(a)(iii) No Action to be Taken on Bonus, Profit Sharing, Warrants, Etc.**

There is no action to be taken at the annual meeting of the shareholders on October 17, 2023, with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director, nominee for election as a director, or executive officer of the Club will participate. Neither is there any proposed grant or extension to any such person of any option, warrant or right to purchase any securities of the Club.

**7. Independent Public Accountants**

Starting calendar year 2005, the auditing firm of Sycip Gorres Velayo & Co. (SGV) is the appointed independent auditor of the Club. There have been no disagreements with SGV on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure. Representatives of SGV are expected to be present at the annual meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Sycip Gorres Velayo & Co. (SGV) is being recommended for re-appointment as external auditor for the year 2023.

The 2022 audit of the Club is in compliance with paragraph (3)(b)(ix) of SRC Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier. Mr. Michael C. Sabado has been designated as its engagement partner starting CY 2018. Thus, Mr. Sabado is qualified to act as such until the year 2023. The representatives of SGV shall be present at the annual meeting where they will have the opportunity to make a statement if they desire to do so. They are expected to be available to respond to appropriate questions at the meeting.

## **Audit Fees**

a) The following are the audit fees for the last two (2) fiscal years for professional services rendered by SGV which amounts indicated are inclusive of out-of-pocket expenses plus 12% VAT:

1. December 31, 2021 - Php291,860.80
2. December 31, 2022 - Php306,521.60

b) Tax fees

The Club has not engaged any external auditor for tax accounting, compliance, advice, planning and any other form of tax service for the last two (2) fiscal years.

c) All Other Fees

The Club has not engaged any external auditor for the last two (2) fiscal years for products and services other than the services reported under item (a).

## **8. Compensation Plans**

There will be no actions to be taken during the annual meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

## **C. ISSUANCE AND EXCHANGE OF SECURITIES**

### **9. Authorization or Issuance of Securities**

There will be no action to be taken during the meeting with respect to authorization or issuance of securities other than for exchange.

### **10. Modification or Exchange of Securities**

No action will be taken at the meeting that will result in modification or exchange of securities.

## **11. Financial and Other Information**

### **(a) Information Required**

#### **(1) Financial Statements**

The Club's Annual Report with attached Statement of Management's Responsibility and Audited Financial Statements for the year ended December 31, 2022 is attached hereto as **Annex "B"** to form an integral part hereof.

The Interim/Unaudited Financial Statements of the Club for the first and second quarters of 2023 are attached hereto as **Annexes "D-1" and "D-2"**, respectively.

## **(2) Management Report**

The Brief Discussion on the Nature and Business of the Club and the Management's Discussion and Analysis or Plan of Operations of the Club is attached hereto as **Annex "E"**.

### **D. OTHER MATTERS**

#### **12. Action With Respect To Reports**

The Club's Audited Financial Statements for the year ended 2022 will be submitted to the shareholders for ratification.

#### **13. No Action to be Taken on Mergers, Consolidations, Acquisitions and Similar Matters**

No action will be taken at the annual shareholders' meeting with respect to any merger or consolidation involving the Club, the acquisition by the Club of any other entity, going business or of all of the assets thereof, the sale or other transfer of all or any substantial part of the assets of the Club, or the liquidation or dissolution of the Club.

#### **14. No Action to be Taken on Acquisition or Disposition of Property**

No action will be taken at the annual meeting with respect to any acquisition or disposition of property by the Club requiring approval of the shareholders.

#### **15. No Action to be Taken on Restatement of Accounts**

No action will be taken at the annual meeting with respect to any restatement of any asset, capital or surplus account of the Club.

#### **16. Matters Not Required To Be Submitted**

Only matters which require shareholders' approval will be taken up during the annual meeting. No action will be taken with respect to any matter which is not required to be submitted to a vote of security holders.

#### **17. Amendment of Charter, By-laws or Other Documents**

At the meeting of the Board of Directors on July 15, 2016, the Board of Directors representing at least a majority of all its members approved the amendment of Article Third of the Club's Articles of Incorporation to change its principal office address from "Metro Manila" to "1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City".

The above-mentioned amendment was presented at the shareholders' meeting held on October 4, 2022. However, the same was not submitted for approval due to insufficiency of the required quorum which should be the presence of at least 67% of the total outstanding shares of the Club.

The said amendments shall be submitted for shareholders' approval during their annual meeting on October 17, 2023.



## **18. Other Proposed Action**

The following are the other matters to be taken up during the annual shareholders' meeting:

- a. Approval of the minutes of the annual meeting of shareholders held on October 4, 2022. The minutes of the annual meeting of the shareholders held on October 4 -, 2022 is attached hereto as **Annex "F"**;
- b. Presentation of the Management Report;
- c. General ratification of the acts, resolutions and proceedings of the Board of Directors, Board Committees and the Management up to October 17, 2023;
- d. Approval of the Amendment of Article Third of the Club's Articles of Incorporation to Change its Principal Office Address From "Metro Manila" to "1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City";
- e. Election of the members of the Board of Directors to serve for 2023-2024; and
- f. Appointment of External Auditor.

The above items are part of the agenda of the annual meeting of the Club to be held on October 17, 2023.

The audited financial statements refer to financial operations, balance sheet and income statement of the Club for the year ended December 31, 2022.

The general ratification of the acts of the Board, Board Committees and Management refer to the approval by the shareholders of the resolutions passed and the matters acted upon, as the case may be, by the Board, Board Committees and Management relating to the operations of the Club. Following are the major resolutions approved and adopted by the Board and Executive Committee from the date of the last annual shareholders' meeting to date:

- a. Approval of the Audited Financial Statements for the year ended December 31, 2022;
- b. Approval of the financial budget and major capital expenditure projects for the year 2023;
- c. Approval of the date of the annual shareholders' meeting, agenda thereof, and record date;
- d. Approval to conduct the annual shareholders' meeting in person and face to face;
- e. Appointment of the officers and Board committee members of the Club for the year 2023-2024; and
- f. Appointment of authorized representatives for various Club transactions.

## **19. Voting Procedures**

The approval of the minutes of the annual shareholders' meeting held on October 4, 2022, ratification of the Audited Financial Statements for the year ended December 31, 2022, ratification of corporate acts, and the appointment of external auditors for the year 2023 shall be decided by a majority vote of the shareholders present in person or by proxy and entitled to vote thereat, a quorum being present.

The approval of the amendment of Article Third of the Club’s Articles of Incorporation to Change its Principal Office Address From “Metro Manila” to “1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City” shall be decided by 2/3 of the shareholders present in person or by proxy and entitled to vote thereat.

The voting procedures shall be as follows:

1. The Chairman of the meeting announces that the particular item is subject to motion for approval by the shareholders;
2. A shareholder moves for the approval of the item;
3. Another shareholder seconds the motion;
4. The Chairman of the meeting states that the motion is carried in case no objection on the floor is raised;
5. Should there be an objection, the approval or denial of the motion shall be decided by the plurality vote of shareholders present or by proxy and entitled to vote thereat, a quorum being present.

The election of directors need not be done by ballot. If the nominees for election prescreened by the Nomination Committee do not exceed the number of directors to be voted upon, all the nominees shall be declared duly elected directors. However, should the number of nominees exceed the number of board seats, the seven nominees garnering the highest number of votes shall be declared as duly elected, subject to the shareholders’ right to cumulative voting and the guidelines on the election of the independent directors as set forth above. On a vote by ballot, each ballot shall be signed by the shareholder voting, or in his name by his proxy if there be such a proxy, and shall state the number of shares voted by him. In such case, the ballots cast shall be counted by the representatives of the external auditor of the Club assisted by the office of the Corporate Secretary.

The voting procedures outlined above assume the existence of a quorum at the meeting.

## **20. Market for Issuer’s Common Equity and Related Shareholder Matters**

There is no public trading market for selling the shares of stock of the Club. The shares may be issued to any person regardless of nationality, provided that at least sixty percent (60%) of the Club’s outstanding capital stock shall be held by Filipino nationals.

### **Top 20 Shareholders as of August 31, 2023**

<b>NAME</b>	<b>% of shareholdings</b>
FILINVEST ALABANG, INC.	55.87%
SHELL PHILLIPINES EXPLORATION B.V.	0.26%
FILINVEST LAND, INC.	0.24%
ADEC DESIGNS CORPORATION	0.17%
LORENA GODOY-HURTADO	0.07%
DINESH JADWANI	0.07%
QUALITY PACKAGING CORPORATION	0.07%
RAYOMAR MANAGEMENT, INC.	0.07%
TDK PHILIPPINES CORPORATION	0.07%
JOHNSON & JOHNSON PHILIPPINES 3	0.04%

ATLANTIC GULF AND PACIFIC COMPANY OF MANILA	0.04%
FG HOLDINGS, INC.	0.04%
FLUOR DANIEL, INC.- PHIL.	0.04%
KEY LOGISTICS, INC.	0.04%
MCSI TRADING CORPORATION	0.04%
NORVIC, INC.	0.04%
ORIENTAL SHIPMANAGEMENT COMPANY, INC.	0.04%
PRESTONSBURG DEVELOPMENT CORPORATION	0.04%
FIRST ASIA VENTURE CAPITAL, INC.	0.04%
FAR EASTERN UNIVERSITY, INC.	0.04%

## **21. Compliance with Leading Practices on Corporate Governance**

The Club is in substantial compliance with its Revised Manual for Corporate Governance as demonstrated by the following: (a) the election of three (3) independent directors to the Board; (b) the appointment of members of the audit & risk management oversight, corporate governance and compensation committees; (c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities Regulation Code; (e) the Club's adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by the Club.

There is no known material deviation from the Club's Revised Manual on Corporate Governance.

**UNDERTAKING: The Club will provide without charge a copy of its 2022 Annual Report on SEC Form 17-A to any interested shareholder upon receipt of a written request addressed to: Office of the Corporate Secretary, The Palms Country Club, Inc., 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City. The 2022 Annual Report shall also be made available on the company website at <https://www.thepalmsclub.com/>**

## **PART II**

### **INFORMATION REQUIRED IN A PROXY FORM**

The Club is not soliciting proxies.

**PART III**

**SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Muntinlupa on the 20<sup>th</sup> day of September 2023.

**THE PALMS COUNTRY CLUB, INC.**

By:

  
**LINDEZA R. ROGERO-GAVINO**  
Corporate Secretary

THE PALMS COUNTRY CLUB, INC.

SECRETARY'S CERTIFICATE

I, LINDEZA R. ROGERO-GAVINO, Filipino, of legal age, and with office address at 6th Floor, Filinvest Building, 79 EDSA, Highway Hills, Mandaluyong City 1550, Metro Manila, after having been duly sworn in accordance with law, hereby certify that:

1. I am the Corporate Secretary of THE PALMS COUNTRY CLUB, INC. (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office address at The Palms Country Club, 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City.

2. Based on the records of the Corporation, none of its incumbent directors and executive officers named in the Corporation's Information Statement (SEC Form 20-IS) for the Annual Shareholders' Meeting to be held on 17 October 2023 is connected with and/or working in the government.

3. This Certification is being issued as an annex to the Information Statement (SEC Form 20-IS) of the Corporation in connection with its Annual Shareholders' Meeting for the year 2023.

IN WITNESS WHEREOF, I have hereunto set my hand this SEP 08 2023 day of \_\_\_\_\_ in Mandaluyong City, Metro Manila.

LINDEZA R. ROGERO-GAVINO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this SEP 08 2023 in Mandaluyong City, Metro Manila, affiant exhibiting to me her Passport ID No. P2326165C, as competent evidence of her identity, bearing her photograph and signature, issued by the Department of Foreign Affairs-Manila and valid until 09 November 2032.

Doc. No. 124;
Page No. 20;
Book No. 77
Series of 2023.

JOVEN G. SEVILLANO
NOTARY PUBLIC FOR CITY OF MANDALUYONG
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024
JRP EXPIRE NO. 011302; 12-28-12; RIZAL
ROLL NO. 53970
PTR NO. 5110440; 1-3-23; MANDALUYONG
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025
UG03 CITYLAND SHAW TOWER,
SHAW BLVD. MANDALUYONG CITY

COVER SHEET

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S.E.C. Registration Number

T H E P A L M S C O U N T R Y C L U B I N C  
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\_\_\_\_\_

(Company's Full Name)

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F I L I N V E S T C I T Y A L A B A N G  
M U N T I N L U P A C I T Y

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

MITZI C. CHUIDIAN  
Contact Person

(02) 8771-7171  
Company Telephone Number

1 2      3 1  
Month      Day  
Fiscal Year

1 7 - A  
FORM TYPE

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Month      Day  
Annual Meeting

S 8 - 1  
Secondary License Type, if applicable

C S D

Dept. Requiring this Doc.  
Number/Section

\_\_\_\_\_

Amended Articles

4,600

Total Number of Stockholders

\_\_\_\_\_

Domestic

\_\_\_\_\_

Foreign

To be accomplished by SEC Personnel concerned:

\_\_\_\_\_

File Number

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STAMPS

Remarks = pls. use black ink for scanning purposes





## **PART I – BUSINESS AND GENERAL INFORMATION**

### **ITEM 1: BUSINESS DEVELOPMENT AND BUSINESS OF ISSUER**

**THE PALMS COUNTRY CLUB, INC.** (the "Club") is a stock, not-for-profit corporation which was duly registered with the SEC on May 24, 2000 under SEC Registration No. A-2000-05129. Its primary purpose is to foster, conduct and promote social, business and athletic activities among its members, with the main objective of engaging in the development, construction, maintenance, management and operation of a recreational sports club that will provide members thereof the use and enjoyment of facilities for indoor and outdoor sports, recreational and physical fitness activities, restaurants, dining halls and similar facilities. No part of the income or assets of the Club shall belong to or inure to the benefit of any member, officer or any specific person.

As a not-for-profit corporation organized for the purposes stated above, the Club is subject to 25 % Regular Corporate Income Tax. Revenue memorandum Circular No. 35-2012 clarified the taxability of Clubs organized and operated exclusively for pleasure, recreation and other non-profit purposes. Accordingly, organizations that were established for recreation and other non-profit purposes such as country clubs must pay income tax under National Internal Revenue Code (NIRC) and VAT. The Club's gross receipts including but not limited to membership fees, assessment dues, rental income and services fees are subject to income tax and VAT. The Association of Non-profit Clubs, Inc. (ANPC) submitted to BIR a position paper requesting the non-application of RMC 35-2012 on the grounds that membership dues collected from members are used to defray the expenses of the exclusive membership clubs and should not be subject to income tax and VAT. On September 17, 2014, ANPC filed a petition before the RTC declaring RMC 35-2012 as invalid, unjust, oppressive, confiscatory, and in violation of due process clause of the constitution. On August 15, 2019, the Supreme Court has ruled that membership fees, assessment fees and other fees collected by clubs which are organized and operated exclusively for pleasure, recreation and non-profit purposes are not subject to income and VAT.

The Club had an initial capital stock of eight (8) no par value share, consisting of seven (7) Founder's Shares and one (1) common share. As approved by the Securities and Exchange Commission (SEC) on November 20, 2000, the capital stock was increased to four thousand six hundred (4,600) common no par value shares divided into one thousand nine hundred seven (1,907) Class "A" shares (including the seven (7) Founder's Shares), two hundred fifty (250) Class "B" shares, one hundred fifty (150) Class "C" shares and two thousand two hundred ninety three (2,293) Class "D" shares (including the original one (1) common share).

The Club's principal place of business is at 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City.

The operations and business of the Club are subject to ordinances, rules and regulations issued or enacted by the local government of Muntinlupa City.

The Club is a private and exclusive propriety membership club. It is a comprehensive "resort-within-the-city" club that offers a complete range of services and facilities to members. It is part of the hospitality industry specifically operating as a family-oriented, deluxe country club located south of Manila. Membership is limited to those who have purchased membership shares and have been duly prescreened by the Board of Directors.

**FACILITIES:**

<p><u>A. Dining and Function facilities:</u></p> <p>Ballroom</p> <p>Continental Restaurant / Private Rooms</p> <p>Nishijin</p> <p>Café Asiana</p> <p>Member's Lounge</p> <p>Board Room and Function Rooms</p> <p>Strikes Sports Bar and Restaurant</p> <p>Bleacher's Juice Bar</p> <p>Pool Bar and Barbeque Area</p> <p>Palms Deli</p>	<ul style="list-style-type: none"> <li>▪ Third level ballroom ideal for weddings and events. This can be divided into four smaller rooms to accommodate small functions.</li> <li>▪ Semi-formal dining restaurant offering an international cuisine with two private dining rooms.</li> <li>▪ Restaurant offering Japanese cuisine with a sushi bar, teppanyaki tables and tatami rooms.</li> <li>▪ Coffee shop on the garden level with terrace dining with a view of the swimming pool.</li> <li>▪ Bar and Lounge area adjacent to the Continental restaurant.</li> <li>▪ Board room and three private function rooms as suitable venues for meetings and audiovisual presentations.</li> <li>▪ Bar &amp; restaurant with bowling, billiards and KTV rooms.</li> <li>▪ Bar adjacent the basketball court offering refreshments.</li> <li>▪ Outdoor dining area for snacks and light meals with gazebo barbecue areas.</li> <li>▪ Cakes and pastries counter at the lobby area.</li> </ul>
<p><u>B. Health and Recreational Facilities:</u></p> <p>Spa – Sauna, Dip Pools, and Massage</p> <p>Gym and Aerobics Studio</p> <p>Locker Rooms</p> <p>Salon</p> <p>KTV Rooms</p> <p>Kid's Indoor Recreation Area</p> <p>Pilates Studio</p>	<ul style="list-style-type: none"> <li>▪ Spa services in eight treatment rooms, ladies' and men's dip pools.</li> <li>▪ Free weights and cardio-theater gym with a second-level stretching and aerobics studio.</li> <li>▪ Wet and dry changing areas.</li> <li>▪ Hair and nail services for men and women.</li> <li>▪ Two karaoke television rooms at the Strikes Sports bar and restaurant.</li> <li>▪ Play and rest area with interactive computer center, playroom and romping area.</li> <li>▪ One Squash Court converted to Pilates Studio</li> </ul>
<p><u>C. Sports Facilities:</u></p> <p>Resort Pool</p> <p>Lap Pool</p> <p>Slides &amp; Water Feature</p>	<ul style="list-style-type: none"> <li>▪ Play pool area with jacuzzi jets</li> <li>▪ 25-meter lap swimming pool</li> <li>▪ Mountain water slide</li> </ul>



Putting Course Eight-lane Bowling Alley	<ul style="list-style-type: none"> <li>▪ Six-hole putting course</li> <li>▪ Eight-lane championship bowling lanes</li> </ul>
Four Tennis Courts	<ul style="list-style-type: none"> <li>▪ Two covered and two outdoor courts</li> </ul>
One Squash Court	<ul style="list-style-type: none"> <li>▪ International standard squash court</li> </ul>
Two Badminton courts Basketball Court / Multi-Purpose Hall	<ul style="list-style-type: none"> <li>▪ Indoor badminton courts</li> <li>▪ Indoor basketball court convertible to three badminton and volleyball courts</li> </ul>
Billiards / Pool	<ul style="list-style-type: none"> <li>▪ Billiard pool tables in the bowling area</li> </ul>
Rock Climbing	<ul style="list-style-type: none"> <li>▪ Outdoor climbing wall</li> </ul>
<u>D. Others:</u> Club Shop and Reception Library	<ul style="list-style-type: none"> <li>▪ Retail shop and registration counter</li> <li>▪ Library and work area</li> </ul>

The Club has generated total revenue of ₱348.1 million for the year ended December 31, 2022. Food and beverage, Membership dues, Sports and recreation, Club Shop and other miscellaneous revenues contributed 62.3%, 24.6%, 6.0% and 7.1% respectively.

Alabang Country Club, Rockwell Club, and Manila Polo Club are generally the Club's main competitors. However, aside from these exclusive membership clubs, Palms also competes directly in the area of banquet business with nearby hotels/condotels such as Bellevue Manila, Vivere Suites, Acacia Hotel, Crimson Hotel, The Filinvest Tent, Palazzo Verde (formerly Fernbrook Gardens) and the Somerset Alabang. Those competing with the Club for restaurant business include the free-standing restaurants in the Alabang Town Center, Festival Mall, Westgate Center, River Park Festival Mall, Molito and Commerce Center in Filinvest City.

The Bellevue Manila is considered to be one of the banquet competitors considering it having two towers for accommodation. Vivere Suites has a competitive Ballroom that can accommodate 150 pax. The edge of Acacia Hotel is having two Ballrooms with 200-300pax capacity. Crimson Hotel highlights its banquet events in its 300pax-capacity Ballroom. Palazzo Verde, on the other hand, as a competitor continues to contribute to the decline of the Club's wedding market due to the romantic ambiance created by the different settings of the venue plus the Basilica inside which could include the wedding ceremony. The Filinvest Tent is now a venue that could accommodate from 500 to 2,000 guests. Somerset Alabang has two function rooms which can accommodate 100 guests per function room.

The relative strengths of its hotel competitors are the fully furnished and well-stocked guestrooms and hotel services, i.e. room service, bar lounge with regular entertainers, shuttle service to and from the malls. The hotels enjoy continued patronage and acquire corporate market of consecutive-day seminars due to the additional amenities and services provided.

The Club also expanded its business with outside catering services, enabling it to service loyal club members in their homes and other venues such as office buildings and special events place. The tie up with The Filinvest Tent as a bigger venue allows the Clubs to cater up to 4,000 persons.

The Club offers "value for money" pricing, which enables it to get a relatively substantial share of the banquet market. The strength of the banquet business in Alabang Country Club, Rockwell Club and Manila Polo Club is their lower pricing level.

In order for The Club to compete effectively and efficiently with its competitors, it is necessary to maintain the high-quality of food and beverage offerings, first-class standard of service and well thought-out events and activities.

The Club has 157 probationary and regular employees as of December 31, 2022 and 149 as of December 31, 2021. Out of the 157 employees, 29 have administrative functions while 128 discharge duties related to operations. There is no collective bargaining agreement that exists between the management and employees. No tipping is allowed in the Club. Employees may not receive either tips or gifts from members. Service charge of 10% is being collected from F&B sales and distributed to all probationary and regular employees every month.

## **ITEM 2: PROPERTIES**

The Club owns a 30,000-square meters parcel of land (the "Property") situated at 1410 Laguna Heights Drive, Filinvest Corporate City in Alabang, Muntinlupa City, and covered by Transfer Certificate of Title No. 209983 issued by the Registry of Deeds for Muntinlupa City. The country club building was constructed on the Property. The building is covered by Tax Declaration Number E-005-08273 duly issued by the City of Muntinlupa.

Both the Property and building are the subject of separate subscription agreements entered into between the Club and its developer, Filinvest Alabang, Inc. ("FAI").

Under the terms of the Subscription Agreement dated September 14, 2000, as amended on October 20, 2000, FAI:

- ceded, transferred, assigned and delivered to the Club the Property valued at ₱14,000 per square meter or a total of ₱420,000,000, in exchange for 867 Class "A" shares, 115 Class "B" shares and 68 Class "C" shares, or a total of 1,050 shares.
- developed the Property into a world class sports and country club with facilities and equipment necessary to operate the Club, in exchange for 1,033 Class "A" shares, 135 Class "B" shares and 82 Class "C" shares, or a total of 1,250 shares.

In 2004, the corresponding shares of stock were issued to FAI upon final acceptance of the Property by the Club. And pursuant to a Subscription Agreement entered into in December 2004, the advances of FAI for the development of the country club building in the amount of ₱687,693,521 were further exchanged for equity in the Club.

There is no mortgage, lien or encumbrance over the Property and the building.

There is no property being leased by the Club. Neither does the Club intend to lease any of its properties in the next 12 months.

The Club has no intention to acquire properties in the nature of capital assets in the next twelve (12) months, except for major repairs and maintenance of some facilities in order to continue to live up to the members' expectations through continuous improvements, facelifts and renovations.

## **ITEM 3: LEGAL PROCEEDINGS**

The land forms part of Lot 392 of the Muntinlupa Estate in the name of the Republic of the Philippines and developed by FAI (the developer referred to in Note 2) into what is now known as the Filinvest City. Lot 392 is the subject matter of Civil Case Nos. 99-075 and 99-320 for annulment of titles and contracts, considered to be nuisance suits. In its resolution dated July 30, 2007, the Supreme Court affirmed the dismissal of Civil Case No. 99-075 by the trial court and the Court of Appeals. On the other hand, the trial court has required the plaintiffs in Civil Case No. 99-320 to

pay the docket fees corresponding to the value of the property subject of the case. As of December 31, 2008, the plaintiffs have not done so. Accordingly, counsel for FAI filed in February 2009 a "Motion to dismiss" praying that the case be dismissed with prejudice. The Motion to dismiss was granted on November 19, 2009.

**ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There were no matters submitted to a vote of security holders during the period covered by this report.

**PART II – OPERATIONAL AND FINANCIAL INFORMATION**

**ITEM 5: MARKET FOR ISSUER’S COMMON EQUITY AND RELATED STOCKHOLDERS’ MATTERS**

**Market Information**

There is no public trading market for selling the shares of stocks of the Club. FAI resells to interested third parties the Class "A", "B" and "C" shares of the Club it received in exchange for the Property and the development of the country club structures and facilities thereon.

The Club shall not issue shares of stock, which will reduce the stock ownership of Philippine citizens to less than 60% of the outstanding capital stock. No holder of any class of shares shall have any pre-emptive right to acquire, purchase or subscribe to any share of the club of any class.

**Holders**

Breakdown of the number of shares as of December 31, 2022:

<b>Type of Shareholders</b>	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Total</b>
Individual	1,601				1,601
Corporate	287	64	52		403
Developer (FAI-unsold)	12	186	98	2,293	2,589
Founders' Share	7				7
<b>Total No. of Shares</b>	<b>1,907</b>	<b>250</b>	<b>150</b>	<b>2,293</b>	<b>4,600</b>

Top 20 shareholders as of December 31, 2022:

<b>Shareholders</b>	<b>No. of Shares</b>	<b>% to Total Outstanding Shares</b>
Filinvest Alabang, Inc.	2,589	56.28%
Shell Philippines Exploration B.V.	12	0.26%
Filinvest Land, Inc.	11	0.24%
Adec Designs Corporation	8	0.17%
Lorena Gudoy-Hurtado	3	0.07%



Dinesh Jadwani	3	0.07%
Quality Packaging Corporation	3	0.07%
Rayomar Management, Inc.	3	0.07%
TDK Philippines corporation	3	0.07 %
Johnson & Johnson, Philippines	2	0.04%
Atlantic gulf and Pacific Company of Manila	2	0.04%
FG Holdings, Inc.	2	0.04%
Fluor Daniel, Inc. Phil.	2	0.04%
Key Logistics, Inc.	2	0.04%
MCSI Trading Corporation	2	0.04%
Norvic, Inc.	2	0.04%
Oriental Shipmanagement Company, Inc.	2	0.04%
Prestonburg Development corporation	2	0.04%
First Asia Venture Capital, Inc.	2	0.04%
Far Eastern University, Inc.	2	0.04%

### Dividends

The Club being a not-for-profit organization will not declare any dividend.

## ITEM 6: MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

### Discussion of the Results of Operations for 2022 vs. 2021 and 2020

The results of the Club operations for year 2022 improved in terms of revenues after easing of restrictions due to the Covid-19 pandemic. Both years 2021 and 2020 resulted to net loss by ₱ 15.32 and ₱25.57 million respectively.

The Club generated total revenue of ₱348.1 million for the year ended December 31, 2022 compared to ₱199.1 million in 2021 and ₱196.9 million in 2020. Food and Beverage revenues increased by ₱129.1 million from ₱87.8 million in 2021 to ₱216.9 million or 147.2% in 2022. Food and beverage contributed 62.3% to the total revenue. Membership dues collected for the year was ₱85.6 million or 24.6% of total revenues. Sport and recreations posted revenues of ₱21.0 million in 2022, ₱7.4 million in 2021 and ₱7.7 million in 2020. It contributed to the total club revenues of 6.0%, 3.7% and 4.0% respectively. The increase in revenues of ₱13.6 million in 2022 is mainly due to reopening of sports facilities and events. Club Shop and other miscellaneous revenues was ₱15.6 million in 2020, ₱18.7 million in 2021 and ₱24.6 million in 2022 contributing 7.1% of total revenues. Club Shop and other revenues include transfer fees, assignment and re-nomination fees, revenues from party packages, equipment hires, and sales from merchandise, among others.

Total direct cost as of December 31, 2022 amounted to ₱243.2 million representing 69.9% of the total revenues compared to 62.7% or ₱124.7 million in 2021 and 62.4% or ₱120.3 million in 2020. Total cost of Sales percentage was 36.7% of the total revenues in 2022 compared to 26.7% in 2021. Direct payroll cost was ₱60.8 million in 2022 and ₱34.7 in 2021 or 17.5% and 17.4% respectively. Other major direct costs relate to utilities, laundry and operating supplies which accounted for ₱39.0 million or 11.2% of the total revenue for 2022 and ₱24.7 million or 12.4% in 2021. Banquets and special events expenses was ₱5.1 million. Marketing and other expenses was ₱7.8 million, and other direct expense of ₱1.0 million.

Total other operating expenses excluding depreciation amounted to ₱71.8 million in December 31, 2022 compared to ₱57.2 million in 2021 and ₱63.3 million in 2020. Excluded in the operating expenses is the ₱6.2 million lease charges of chilled water supply for the year 2022. The increase

in the other operating expenses is attributed to the full operations of the Club. The management continues to implement measures to control operating costs.

Total depreciation expense for 2022 was ₱28.6 million compared to ₱28.7 million in 2021 or a decrease of ₱.1 million or .5%. This is because some equipment has fully depreciated for 2022.

There were 15 new members from 2,157 in December 31, 2021 to 2,172 in December 31, 2022. The slow growth in the sale of shares can be attributed to the availability of the secondary market which is competing in the sale of fresh shares. Total membership dues collected for the year was ₱85.6 million. Management continues to implement a discount scheme where members have the option to pay in advance twelve-month's worth of membership dues in exchange for ₱3,300.00 worth of gift voucher which members can avail in any restaurant outlets in the Club.

Total Current Assets stand at ₱180.5 million this year compared to ₱124.0 million in December 31, 2021 and ₱223.5 million in 2020. Of the total current assets, 46.2% represented cash, 18.8% short-term investment, 23.5% contract receivables, 1.5% due from related parties, 7.8% inventories and 2.2% other current assets. Contract receivable as of December 31, 2022 increased by 30.1% due to the increase in members' patronage of the Club's facilities. Since the easing of the government's restrictions was implemented, members started coming to the Club. Total inventories also increased by 7.8% in December 31, 2022 mainly due to increased purchases of food and beverages. The Club rented an outside cold storage facility and purchased meat in bulk for the holidays in December.

Acquisition of property and equipment for the year ending December 31, 2022 was ₱6.3 million. Major repairs were done which includes the repairs and repainting of perimeter fence, the Human Resources Information System (HRIS) project, Toyota Hilux for employees' shuttle service, waterproofing of jacuzzi skylight, major repairs of bowling equipment, kitchen and gym equipment to name a few. The equipment and repairs are needed to maintain and improve the quality of facilities and services available to the members.

Total current assets stood at ₱180.5 million while current liabilities stood at ₱99.2 million. The Club's current ratio is at 1.82 by December 2022. To improve cash position, penalty charges of 2% per month or 24% per annum were enforced against members with overdue accounts. In addition, the use of the Club's facilities and amenities is suspended with respect to members whose accounts are overdue for 60 days or more. Quick ratio is favorable at 1.64 while solvency ratio is at 8.0 with total assets of ₱970.3 million over total liabilities of ₱121.9 million. The Club's debt ratio is strong at 0.14 with total liabilities of ₱121.9 million over stockholder's equity of ₱848.3 million.

**PERFORMANCE INDICATORS:**

	Dec. 31, 2022	Dec. 31, 2021
Current Ratio	1.82	1.83
Current Assets	180.24	124.03
Current Liabilities	99.24	67.73
Quick Ratio	1.64	1.65
Cash + Accts Receivable	162.37	111.62
Total Current Liabilities	99.24	67.73
Solvency Ratio	7.96	10.07
Total Assets	970.27	938.19
Total Liabilities	121.93	93.18
Debt-Equity Ratio	.14	.11
Total Liabilities	121.93	93.18
Total Stockholders' Equity	848.34	845.01

Profit Margin Ratio	.01	(.08)
Net Income (Loss)	1.76	(15.3)
Total Revenue	348.14	199.07

**Events that will trigger direct or contingent financial obligation**

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

**Trends or events that will impact on the company's liquidity position**

There are no major demands, commitments or uncertainties which will likely result to any cash flow or liquidity problem in the next twelve (12) months.

**Trends or events of uncertainties that will impact on net sales or revenues or income**

More than two years after the outbreak of COVID-19 pandemic, the Club is experiencing the start of recovery as evident in the results of operations. Although the end of Covid-19 pandemic is not yet in sight, members are confidently coming back and using the Club facilities again. The Club will continue to adapt and adjust its activities to allow members enjoyment of the facilities to the extent allowed under existing alert level rules and guidelines. The Club will also abide and fully cooperate with the national and local government units to help curve the spread of the virus.

**Significant elements of income or loss that did not arise from continuing operations**

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

**Material changes from January 1, 2022 to December 31, 2022 in one or more line items in the financial statements**

There were no material changes in one or more line items in the financial statements from January 1, 2022 to December 31, 2022.

**Seasonal aspects that had a material effect on the financial condition or results of operations**

There were no seasonal aspect that had a material effect on the financial condition or results of operations for the year ended December 31, 2022.

**Commitment for Capital Expenditure**

In April 2016 the Club entered into an "Efficiency Performance Contract with Engie Services (Philippines) for the latter to operate and maintain installations that supply chilled water to the Club. This is a comprehensive rehabilitation of the air-conditioning system of the Club. The terms of the agreement require that the Club make monthly fixed payments of ₱246,000 exclusive of VAT from the date of agreement until the date of completion of testing and commissioning of the chilled water installations. The agreement further stipulates that Engie will initially shoulder the

cost of the installations for the chilled water supply owned by the Club and Engie to bill the Club for its share of the cost of installations. Upon completion of testing and commissioning, the Club is required to make fixed monthly payments of ₱622,000 exclusive of VAT, for the next ten (10) years representing the fixed period charges of the Club for the use of the chilled water and after which, the ownership of the remaining installations will be vested to the Club. As of December 31, 2017, the Club has paid Engie P22.5 million representing Club's share in the cost of installations.

On February 28, 2017, Engie has completed the testing and commissioning of the installation. On March 18, 2017, full operation commenced and Engie started billing the Club the fixed charges. As of December 31, 2022, the club has paid a total of ₱42.91 million equivalent to sixty nine (69) months installment.

## **ITEM 7: FINANCIAL STATEMENTS**

The management of the Club is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2022, and the years ended December 31, 2021 and December 31, 2020. The financial statements have been prepared in accordance with prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements of the Club.

Please refer to attached audited financial statements and the accompanying notes and schedules to support the financial statements as of December 31, 2022 referred to as **Annex A** hereof.

### **Related Party Transaction**

The Club has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as affiliates). Related parties may be individual or corporate entities.

Transactions entered into by the Club with related parties are at arm's length and have terms equivalent to the transactions entered into with third parties.

Significant related party transactions follows:

- a) The club has trade receivables from its affiliates as members of the Club for which it bills monthly membership dues and use of facilities. These affiliates include entities affiliated with FAI, the developer.
- b) The Club maintains cash in bank account with EastWest Banking Corporation (EWBC), a bank affiliated with FAI. Cash in banks earn interest at the prevailing market rates.
- c) The Club has trade payables for FCC maintenance and utilities to FAI, its developer.

The Club has no subsidiaries.



### **Long-term debt**

As of December 31, 2022, the Club has an outstanding lease liability of ₱15.52 million payable until March 2027 with fixed monthly payments of ₱622,000 exclusive of VAT to Engie Services (Philippines). The contract agreement is for operating and maintenance of installations that supplies chilled water supply to the Club.

### **ITEM 8: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES**

There are no changes in and disagreements with accountants as to any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

### **External Audit Fees and Services**

As approved by the Board of Directors, the Club engaged the services of auditing firm Sycip Gorres Velayo & Co., with SEC accreditation no. 0077-A, starting calendar year 2005 to December 2022.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Philippine Financial Reporting Standards. The auditor's responsibility is to express an opinion on the financial statements based on the audit conducted in accordance with Philippine Standards on Auditing. Those standards require that the auditor should comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. The auditor also evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

There have been no disagreements with SGV on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure. Representatives of SGV are expected to be present at the annual meeting and they will have the opportunity to make statement if they desire to do so and are expected to be available to respond to appropriate questions.

The 2021 audit of the Club is in compliance with paragraph (3)(b)(ix) of SRC Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

The Audited Financial Statement ended December 31, 2022 was signed by Mr. Michael C. Sabado, a partner in Sycip Gorres Velayo & Co. He holds a CPA certificate No. 89336, SEC Accreditation No. 0664-AR-4 (Group A) which is valid until November 10, 2022 and BIR Accreditation No. 08-001998-073-2020 valid until December 2, 2023

### **Audit Fees**

- a) Audit fees for the last two (2) fiscal years for professional services rendered by Sycip Gorres Velayo & Co. Amount indicated are inclusive of out of pocket expenses plus 12% Vat.
  - 1. December 31, 2022      PHP 305,536.00
  - 2. December 31, 2021      PHP 291,860.80
  
- b) Tax Fees  
The Club has not engaged any external auditor for tax accounting, compliance, advice, planning and any other form of tax service for the last two (2) fiscal years.
  
- c) All other Fees

The Club has not engaged any external auditor for the last two (2) fiscal years for products and services other than the services reported under item (a).

### **PART III – CONTROL AND COMPENSATION INFORMATION**

#### **ITEM 9: DIRECTORS AND EXECUTIVE OFFICERS**

**1. EFREN C. GUTIERREZ – CHAIRMAN**

Atty. Gutierrez, 87, Filipino, is also a member of the Board of Directors of Filinvest Land, Inc. (FLI). He served as the President of FAI from 1999 to 2005. He obtained his Bachelor of Laws degree from the University of the Philippines. Atty. Gutierrez has been a director of the Club since its incorporation in 2000 and was first elected as Chairman in 2015.

**2. FRANCIS NATHANIEL C. GOTIANUN – PRESIDENT & CEO**

Mr. Gotianun, 39, Filipino, is also the Senior Vice President of Filinvest Hospitality Corporation, a subsidiary of Filinvest Development Corporation (FDC), the primary role of which is to evaluate, plan, develop and optimize current and potential hospitality investments of the Filinvest Group. He is also a member of the Board of Directors of FLI and in other companies within the Filinvest Group. He concurrently serves as Chairman of Pro-excel Property Managers, Inc. and Pro-Office Work Services, Inc. Prior to joining Filinvest, he worked with Teletech as Head of Country Support Services. He obtained his Bachelor's Degree in Commerce from the University of Virginia in 2005 and his Master's Degree in Business Administration in IESE Business School – University of Navarra in 2010. Mr. Gotianun was first elected as a director of the Club in 2015.

**3. ANDREW GERARD D. GOTIANUN – DIRECTOR**

Mr. Gotianun III, 46, Filipino, is the Vice President for Purchasing of the Filinvest Group. Prior to that, he was the Senior Assistant Vice President for Purchasing of the Filinvest Group, and Special Assistant to the President starting May 2008. Mr. Gotianun III obtained his Bachelor's Degree in Business Administration from Concordia University at Irvine California, USA. He has been a director of the Club since 2017.

**4. CATHERINE A. ILAGAN - DIRECTOR**

Ms. Ilagan, 53, Filipino, is the President and Chief Operating Officer of FAI. She is also the Chairperson of Filinvest Corporate City Association, Inc. Prior to joining Filinvest, she worked with Arthaland Corporation as Senior Vice President. She obtained her Master's Degree in Business Administration from the Asian Institute of Management in 1993. Ms. Ilagan has been a director of the Club since 2014.

**5. MANOLITO F. GONZALES – INDEPENDENT DIRECTOR**

Mr. Gonzales, 76, Filipino, is the President of Rnuable Energy Corporation from 2013 to present, Board Member of the Shang Grand Tower Condominium Corporation in 2007 and Board Member of the Foundation of our Lady of Peace Mission since 1989. He was a member of the Club since 2001 and was first elected as independent director of the Club in 2015.

**6. JOAQUIN P. ROA – INDEPENDENT DIRECTOR**

Mr. Roa, 67, Filipino, is a licensed real estate broker and has held management positions in various corporations in the Philippines and Vietnam. He served as Senior Vice President of Grepalife from 1999 to 2002, Vice President/General Manager of Vietnam Motors from 1992



to 1999, and Vice President - Marketing of Philippine Fuji Xerox from 1980 to 1992. He obtained his Bachelor of Science in Electrical Engineering degree from the University of the Philippines. He has been a member of the Club since 2001. He was first elected as independent director of the Club in September 2018.

#### 7. JOSEPHINE L. LAGDAMEO – INDEPENDENT DIRECTOR

Ms. Lagdameo, 57, Filipino, was among the pioneer team of The Palms Country Club, Inc. and was Membership Manager from 2000 to 2004. Previous to the club, she was with the Rustan Group of Companies as Corporate Sales Manager of Rustan Commercial Corp. from 1988 to 1995, and Institutional Sales Manager of Royal Duty Free Shops from 1995 to 2000. She was Deputy Director for Sales of Discovery Primea Residences from 2008 to 2018. She is a member of the Assumption Alumnae Association and served on the Board of Trustees from 2009 to 2016. She obtained her Bachelor of Arts in Philippine Studies degree from the University of the Philippines. She has been a member of The Palms Country Club, Inc. since 2001.

#### 8. ANA VENUS A. MEJIA - TREASURER

Ms. Mejia, 57, Filipino, has been with the Filinvest Group of Companies ("Filinvest") for more than 25 years, joining in 1996 as Assistant Controller of FDC and has served the Group in various capacities. At present, she is the First Senior Vice President, Treasurer, Chief Finance Officer and Compliance Officer of FLI. She was appointed as Treasurer of the Club in 2012. Prior to joining Filinvest, she worked with Shoemart and Sycip, Gorres, Velayo & Company. She is a Certified Public Accountant and a Magna Cum Laude from Pamantasan ng Lungsod ng Maynila. She obtained her Master's Degree from Kellogg School of Management at Northwestern University and School of Business and Management, The Hongkong University of Science and Technology.

#### 9. LINDEZA R. ROGERO-GAVINO - Corporate Secretary

Ms. Rogero-Gavino, 53, Filipino, was appointed as TPCCI Corporate Secretary and Corporate Information Officer on December 07, 2022. She served formerly as the Corporate Secretary & Compliance Officer of the Philippine Postal Corporation. She was previously the Director of the Cebu Extension Office of the Securities & Exchange Commission. She is currently the Corporate Governance Head of Filinvest Development Corporation. She obtained her Bachelor of Arts degree major in Economics from the University of San Carlos in Cebu and her Bachelor of Laws degree from the University of the Philippines Diliman.

#### 10. MA. RUIZA R. HERNANE - Assistant Corporate Secretary

Ms. Hernane, 41, Filipino, was appointed as TPCCI Assistant Corporate Secretary on December 07, 2022. She was the former legal counsel, acting corporate secretary and acting compliance officer of Leisure & Resorts World Corporation. She is currently the Tax Legal Head of Filinvest Development Corporation. She has more than ten (10) years of experience in the practice of corporate and tax laws. Ruiza graduated at University of Philippines in 2001 where she took up BA History and thereafter pursued her law degree in Ateneo De Davao University in 2007.

#### 11. HANS RUDOLF NEUKOM - GENERAL MANAGER

Mr. Neukom, 59, Swiss, was the Executive Chef of the American Club Shanghai in China. He has been working in the food industry for almost 20 years now since the start of his apprenticeship and spent most of his culinary years in Asia. He was appointed as the Executive Chef of the Club in 2002 and as General Manager in 2010.

Executive officers of the Club are appointed or elected annually by the Board of Directors, typically at its first meeting following the annual meeting of the stockholders, each to hold office until the

corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected or appointed, and duly qualified.

#### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

There is no transaction during the last two (2) years, or any proposed transaction, to which the Club was or is to be a party, in which any director or officer of the Club, any nominee for election as a director, any security holder or any member of the immediate family of any of the persons mentioned in the foregoing, had or is to have a direct or indirect material interest.

The Club seeks legal advice from the law firm of Sycip Salazar Hernandez & Gatmaitan from time to time and pays the said firm professional fees charged by the latter for the services rendered.

#### **OTHER SIGNIFICANT EMPLOYEES**

The Club considers all its employees as significant to the growth of the Club.

#### **FAMILY RELATIONSHIPS**

The club is majority-owned by FAI. Mr. Francis Nathaniel C. Gotianun, President/CEO and Andrew Gerard D. Gotianun III, Director, are first cousins. None of the remaining directors or executive officers is related, whether by consanguinity or affinity, with the others.

#### **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

The Club is not aware of the occurrence of any of the following events within the past five years up to the date of this annual report: (a) any bankruptcy petition filed by or against any business in which any of its directors or officers was a general partner or officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, of, or any criminal proceeding, domestic or foreign, pending against, any of its directors or officers in his capacity as such director or officer; (c) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of its directors or officers in any type of business, securities, commodities or banking activities, and (d) any finding by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization that any of its directors or officers has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated, which occurred during the past five years.

No director has resigned or declined to stand for re-elections as member of the Board due to any disagreement with the Club on any matter relating to Club operations, policies or practices.

No person who is not an executive officer of the Club is expected to make significant contribution to the business.

**ITEM 10: EXECUTIVE COMPENSATION****Summary of Compensation Table (in Pesos)**

(a) Name and Principal Position	(b) Year	(c) Salary (P)	(d) Bonus (P)	(e) Other Annual Compensation	TOTAL
Efren C. Gutierrez Chairman, President & CEO					n/a
Francis Nathaniel C. Gotianun Director					n/a
Andrew Gerald D. Gotianun III Director					n/a
Catherine A. Ilagan Director					n/a
Mr. Manolito F. Gonzales Independent Director					n/a
Mr. Joaquin P. Roa Independent Director					n/a
Mr. Josephine L. Lagdameo Independent Director					n/a
All other officers and directors as a group unnamed	2023-Est.	5.4 Million	-	2.0 Million	7.4 Million
	2022	4.9 Million	-	2.3 Million	7.2 Million
	2021	4.9 Million	-	2.1 Million	7.0 Million

The directors of the Club received no per diem, remuneration or compensation in their capacity as such for the years 2019, 2020 and 2021. There is no employment contract or contracts relative to payment of executive compensation to the directors of the Club to date, whether directly or indirectly.

There are no agreements between the Club and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Club's retirement plan.

**ITEM 11: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

As of December 31, 2022, FAI has a total of 2,589 common no par value shares of stock of the Club, of which 296 are available for sale to third parties. Breakdown of shares owned by FAI are as follows:

Share Category	No. of shares
Class "A" (Individual/Corporate A) Shares	12
Class "B" (Corporate B) Shares	186
Class "C" (Corporate C) Shares	<u>98</u>
<i>Sub-total (no. of shares to be sold)</i>	296
Class "D" Shares (including the initial one common share) (not for sale)	<u>2,293</u>
Total	<u>2,599</u>



### Security Ownership of Certain Record and Beneficial Owners as of December 31, 2021

Title of Class of Securities	Name/ Address	Amount and Nature of Record / Beneficial Ownership	Citizenship	% of Ownership
Common	Filinvest Alabang, Inc. <sup>1</sup> Vector 1 Building Northgate Cyberzone Filinvest City, Alabang Muntinlupa City	2,589	Filipino	56.28%

Except as stated above, the Board and management of the Club have no knowledge of any person who, as of date of this report, is directly or indirectly the beneficial owner of more than 5% of the Club's outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than 5% of its outstanding common stock.

### Security Ownership of Management as of December 31, 2022

Title of Class of Securities	Name	Citizenship	Amount and Nature Of Ownership	% of Ownership
Common	Efren C. Gutierrez c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Francis Nathaniel C. Gotianun c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Andrew Gerard D. Gotianun III c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Catherine A. Ilagan c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Manolito F. Gonzales c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Joaquin P. Roa c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-
Common	Josephine Lagdameo c/o 1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City	Filipino	1	-

<sup>1</sup> Filinvest Alabang, Inc. is a domestic corporation majority-owned by Filinvest Development Corporation and Filinvest Land, Inc.

## PART IV – CORPORATE GOVERNANCE

Consistent with the Club's Revised Manual for Corporate Governance, directors and officers are designated to comprise the various committees of the Club. These include the executive, audit, nomination and compensation committees which were formed to aid in good corporate governance by providing support to the Board in the performance of specific functions.

The Club is in substantial compliance with its Revised Manual for Corporate Governance as demonstrated by the following: (a) the election of three (3) independent directors to the Board; (b) the appointment of directors and officers as members of the executive, audit, nomination and compensation committees of the Club; the conduct of regular quarterly board meetings and special meetings and the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (c) the submission to the SEC of structured reports and disclosures required under the Securities Regulation Code; (d) the Club's adherence to national and local laws pertaining to its operations; and (e) the observance of applicable accounting standards by the Club.

In order to keep itself abreast with the leading practices on corporate governance, the Club encourages the members of top level management and the Board to attend and participate at seminars on corporate governance initiated by accredited institutions.

The Club welcomes proposals, especially from institutions and entities such as the SEC, to improve corporate governance.

There is no known material deviation from the Club's Revised Manual on Corporate Governance.

## PART V – EXHIBITS

### Reports on SEC Form 17-C

	Date Filed	Contents
1	March 16, 2022	Atty. Sharon P. Pagaling-Refuerzo resigned as an employee of Filinvest Land, Inc. effective March 18, 2022. She also tendered her resignation as Corporate secretary of the Palms country Club, Inc. effective March 16, 2022.
2	October 4, 2022	Matters taken up during the Annual Shareholders' Meeting held on October 4, 2022. <ul style="list-style-type: none"><li>• Approval of the Minutes of the Annual Shareholders' Meeting held on September 27, 2021</li><li>• Ratification of the Audited Financial Statements for the year ended December 31, 2021</li><li>• Ratification of all the acts, resolutions and proceedings of the Board of Directors, Board committees and Management up to October 4, 2022</li><li>• Re-appointment of Sycip Gorres and Velayo &amp; Co. as external auditor for the year 2023</li></ul> Also, at the said shareholders' meeting, the following were elected as members of the Board of Directors of the Club to serve for the


		<p>2022-2023 and until their successor shall have been elected and qualified:</p> <ol style="list-style-type: none"> <li>1. Efren C. Gutierrez</li> <li>2. Francis Nathaniel C. Gotianun</li> <li>3. Catherine A. Ilagan</li> <li>4. Andrew Gerard A. Gotianun III</li> <li>5. Manolito F. Gonzales (Independent Director)</li> <li>6. Joaquin P. Roa (Independent Director)</li> <li>7. Josephine L. Lagdameo (Independent Director)</li> </ol> <p>The amendment of Article Third of the Club's Articles of Incorporation to change the principal address from "Metro Manila" to 1410 Laguna Height Drive, Filinvest City, Alabang, Muntinlupa City" was included as part of the agenda of the Annual Shareholders' Meeting. The amendment of Article Third of the Club's Articles of Incorporation requires the approval of at least 66.67% of the outstanding shares of the Club. However, considering that less than 66.67% attended the shareholders' meeting, the said agenda item was not approved and passed for insufficient votes.</p>
3	October 4, 2022	<p>At the organizational meeting of the Palms Country Club, Inc. (the "Board") appointed the following officers of the Club to serve for the year 2022-2023 and until their successors shall have been elected and qualified:</p> <ul style="list-style-type: none"> <li>• Chairman of the Board      Efren C. Gutierrez</li> <li>• President &amp; CEO              Francis Nathaniel C. Gotianun</li> <li>• Treasurer &amp; Compliance Officer      Ana Venus A. Mejia</li> <li>• Asst. Corporate Secretary      Katrina O. Clemente-Lua</li> <li>• General Manager              Hans Rudolf Neukom</li> <li>• Financial Controller              Mitzi C. Chuidian</li> </ul> <p>The Board also appointed Mr. Manolito F. Gonzales as its Lead Independent Director.</p> <p>After its reorganization, the Board constituted the following committees with their respective Chairmen and members:</p> <ul style="list-style-type: none"> <li>• Executive Committee <ul style="list-style-type: none"> <li>Chairman      Francis Nathaniel C. Gotianun</li> <li>Members      Efren C. Gutierrez</li> <li>                    Catherine A. Ilagan</li> <li>                    Andrew Gerard A. Gotianun III</li> <li>                    Hans Rudolf Neukom</li> </ul> </li> <li>• Audit &amp; Risk Management Oversight Committee <ul style="list-style-type: none"> <li>Chairman      Manolito F. Gonzales</li> <li>Members      Efren C. Gutierrez</li> <li>                    Joaquin P. Roa</li> </ul> </li> <li>• Corporate Governance Committee</li> </ul>



		<p>Chairman Members</p> <p>Manolito F. Gonzales Efren C. Gutierrez Francis Nathaniel C. Gotianun Josephine L. Lagdameo Joaquin P. Roa</p> <ul style="list-style-type: none"> <li>• Compensation Committee</li> </ul> <p>Chairman Members</p> <p>Andrew Gerard Gotianun III Francis Nathaniel C. Gotianun Efren C. Gutierrez Manolito F. Gonzales</p>						
4	December 7, 2022	<p>The Board of Directors approved the appointment of the following officers of the Club to serve for the remainder of the year 2022-2023 and until their successors shall have been appointed and qualified.</p> <table> <thead> <tr> <th>Position</th> <th>Name</th> </tr> </thead> <tbody> <tr> <td>Corporate Secretary</td> <td>Atty. Lindeza R. Rogero-Gavino</td> </tr> <tr> <td>Assistant Corporate Secretary</td> <td>Atty. Ms. Ruiza R. Hernane</td> </tr> </tbody> </table>	Position	Name	Corporate Secretary	Atty. Lindeza R. Rogero-Gavino	Assistant Corporate Secretary	Atty. Ms. Ruiza R. Hernane
Position	Name							
Corporate Secretary	Atty. Lindeza R. Rogero-Gavino							
Assistant Corporate Secretary	Atty. Ms. Ruiza R. Hernane							

### SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of The Palms Country Club, Inc. by the undersigned, thereunto duly authorized, in the City of Muntinlupa on May 3, 2023.

By:   
**FRANCIS NATHANIEL C. GOTIANUN**  
 President and CEO

  
**MA. RUIZA R. HERNANE**  
 Assistant Corporate Secretary

  
**HANS RUDOLF NEUKOM**  
 General Manager

  
**MITZI C. CHUIDIAN**  
 Financial Controller

MAY 04 2023

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, affiants exhibiting to me their respective identification as follows:

Names	Identification	Number	Valid Until
Francis Nathaniel C. Gotianu	Passport	P3161179B	9/11/2029
Ma. Ruiza R Hernane	Passport	P2459690B	7/5/2029
Hans Rudolf Neukom	Driver's License	X01-98-038113	5/07/2032
Mitzi C. Chuidian	Driver's License	N26-04-067775	10/12/2024

NOTARY PUBLIC

PATRICIO L. BORCAYAO, JR.  
Notary Public

2nd Floor, KLG Bldg., Rotonda,  
Alabang, Muntinlupa City

91-04-0088 ON MLE Compliance No. VII-0015678

96786 No. 33796 Issued on 04-13-22; Valid until 4-14-2025

188-461-181 MLE License No. 019681; 11-06-18; Pasay City

96786 No. 33796 Issued on 04-13-22; Valid until 4-14-2025

188-461-181 MLE License No. 019681; 11-06-18; Pasay City

96786 No. 33796 Issued on 04-13-22; Valid until 4-14-2025

188-461-181 MLE License No. 019681; 11-06-18; Pasay City

96786 No. 33796 Issued on 04-13-22; Valid until 4-14-2025

188-461-181 MLE License No. 019681; 11-06-18; Pasay City

96786 No. 33796 Issued on 04-13-22; Valid until 4-14-2025

188-461-181 MLE License No. 019681; 11-06-18; Pasay City

96786 No. 33796 Issued on 04-13-22; Valid until 4-14-2025

188-461-181 MLE License No. 019681; 11-06-18; Pasay City

Doc. No. 219  
Page No. 1  
Book No. 111  
Series of 2023.

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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**COMPANY NAME**

T	H	E	P	A	L	M	S	C	O	U	N	T	R	Y	C	L	U	B	,	I	N	C	.	(		
A	N	O	T	-	F	O	R	-	P	R	O	F	I	T	C	O	R	P	O	R	A	T	I	O	N	)

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

1	4	1	0	L	a	g	u	n	a	H	e	i	g	h	t	s	D	r	i	v	e	,	F	i	l	
i	n	v	e	s	t	C	i	t	y	,	A	l	a	b	a	n	g	,	M	u	n	t	i	n	l	u
p	a	C	i	t	y																					

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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**COMPANY INFORMATION**

Company's Email Address

thepalmsclub.com

Company's Telephone Number

8771-7171

Mobile Number

N/A

No. of Stockholders

1,994

Annual Meeting (Month / Day)

Last Monday of April

Fiscal Year (Month / Day)

12/31

**CONTACT PERSON INFORMATION**

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

Name of Contact Person

Ms. Mitzi C. Chuidian

Email Address

controller@thepalmsclub.com

Telephone Number/s

8771-7171

Mobile Number

0917-897-6422



**CONTACT PERSON'S ADDRESS**

**B10 L38 Orange St., Camella Springville North, Molino 3, Bacoor City, Cavite**

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

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





## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
The Palms Country Club, Inc.  
1410 Laguna Heights Drive  
Filinvest City, Alabang, Muntinlupa City 1781

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of The Palms Country Club, Inc. (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

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

#### Basis for Opinion

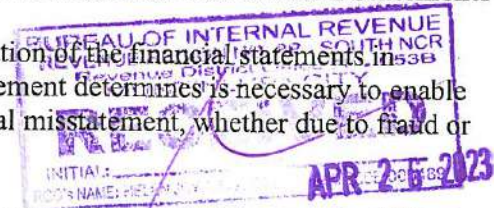
We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the financial reporting process.



## Auditor's Responsibilities for the Audit of the Financial Statements

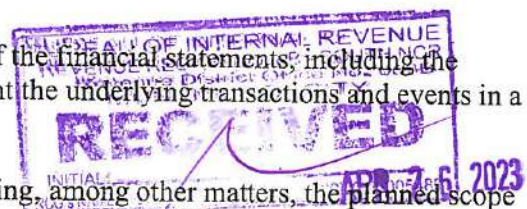
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

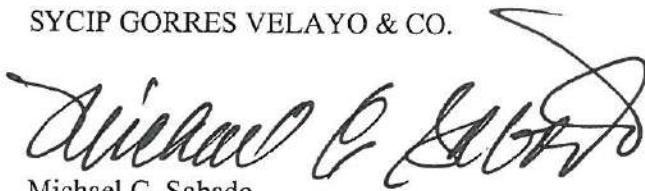




### Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of The Palms Country Club, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

SYCIP GORRES VELAYO & CO.



Michael C. Sabado

Partner

CPA Certificate No. 89336

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 89336-SEC (Group A)

Valid to cover audit of 2022 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564691, January 3, 2023, Makati City

April 3, 2023



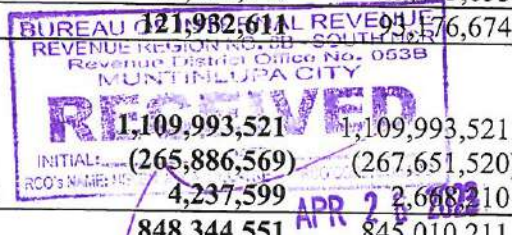


**THE PALMS COUNTRY CLUB, INC.**  
**(A Not-for-Profit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 4, 10 and 18)	P83,460,727	P44,603,305
Short-term investment (Notes 4, 10 and 18)	33,867,175	33,798,791
Contract receivables (Notes 5, 10 and 18)	42,428,426	32,602,423
Inventories (Note 6)	14,054,371	9,657,673
Due from related parties (Notes 10 and 18)	2,617,892	618,725
Advances to suppliers	1,875,357	1,108,398
Other current assets (Note 7)	2,220,242	1,648,295
<b>Total Current Assets</b>	<b>180,524,190</b>	<b>124,037,610</b>
<b>Noncurrent Assets</b>		
Property and equipment (Notes 8 and 19)	788,222,128	811,956,148
Deferred input VAT	1,530,844	2,193,127
<b>Total Noncurrent Assets</b>	<b>789,752,972</b>	<b>814,149,275</b>
<b>TOTAL ASSETS</b>	<b>P970,277,162</b>	<b>P938,186,885</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts and other payables (Notes 9 and 18)	P64,347,427	P44,210,516
Contract liabilities (Note 9)	32,680,736	21,978,283
Due to related parties (Notes 10 and 18)	426,038	318,175
Lease liability - current portion (Notes 8, 18 and 19)	1,787,067	1,223,847
<b>Total Current Liabilities</b>	<b>99,241,268</b>	<b>67,730,821</b>
<b>Noncurrent Liabilities</b>		
Lease liability - net of current portion (Notes 8, 18 and 19)	13,736,294	15,523,361
Pension liability (Note 17)	8,955,049	9,922,492
<b>Total Noncurrent Liabilities</b>	<b>22,691,343</b>	<b>25,445,853</b>
<b>Total Liabilities</b>	<b>121,932,611</b>	<b>93,176,674</b>
<b>Equity</b>		
Capital stock (Note 11)	1,109,993,521	1,109,993,521
Accumulated deficiency of revenues over costs and expenses	(265,886,569)	(267,651,520)
Remeasurement gain on retirement plan - net of tax (Note 17)	4,237,599	2,668,210
<b>Total Equity</b>	<b>848,344,551</b>	<b>845,010,211</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P970,277,162</b>	<b>P938,186,885</b>

See accompanying Notes to Financial Statements.



**THE PALMS COUNTRY CLUB, INC.**  
**(A Not-for-Profit Corporation)**

**STATEMENTS OF REVENUES AND EXPENSES**

	Years Ended December 31		
	2022	2021	2020
<b>REVENUES</b>			
Food and beverage	P216,870,456	P87,724,806	P83,855,975
Membership dues	85,645,500	85,222,500	85,863,000
Sports and recreation	21,043,309	7,424,498	7,667,298
Club shop and other revenues (Note 12)	24,580,850	18,698,565	15,560,764
	<b>348,140,115</b>	<b>199,070,369</b>	<b>192,947,037</b>
<b>DIRECT COSTS</b> (Notes 6 and 13)	<b>243,208,453</b>	<b>124,733,043</b>	<b>120,342,335</b>
	<b>104,931,662</b>	<b>74,337,326</b>	<b>72,604,702</b>
<b>OPERATING EXPENSES</b> (Note 14)			
General and administrative	48,051,923	42,598,248	47,368,851
Depreciation (Note 8)	28,576,487	28,709,029	28,556,069
Housekeeping	13,385,346	7,919,807	8,635,813
Engineering	10,395,304	6,648,914	7,293,624
	<b>100,409,060</b>	<b>85,875,998</b>	<b>91,854,357</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER COSTS AND EXPENSES</b>	<b>4,522,602</b>	<b>(11,538,672)</b>	<b>(19,249,655)</b>
<b>OTHER INCOME</b> (Note 15)	<b>4,074,235</b>	<b>3,132,739</b>	<b>2,551,756</b>
<b>LEASE CHARGES</b> (Note 18)	<b>(6,240,153)</b>	<b>(6,625,866)</b>	<b>(6,890,017)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER COSTS AND EXPENSES BEFORE INCOME TAX</b>	<b>2,356,684</b>	<b>(15,031,799)</b>	<b>(23,587,916)</b>
<b>PROVISION FOR INCOME TAX</b> (Note 16)	<b>591,733</b>	<b>284,605</b>	<b>1,987,230</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER COSTS AND EXPENSES AND INCOME TAX</b>	<b>P1,764,951</b>	<b>(P15,316,404)</b>	<b>(P25,575,146)</b>

See accompanying Notes to Financial Statements.



**THE PALMS COUNTRY CLUB, INC.**  
**(A Not-for-Profit Corporation)**

**STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31		
	2022	2021	2020
<b>EXCESS (DEFICIENCY) OF REVENUES OVER COSTS AND EXPENSES AND INCOME TAX</b>	<b>₱1,764,951</b>	<b>(₱15,316,404)</b>	<b>(₱25,575,146)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Item that will not be reclassified to revenue or expenses</b>			
Remeasurement gain (loss) on retirement plan - net of tax (Note 17)	1,569,389	1,319,724	(1,395,846)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱3,334,340</b>	<b>(₱13,996,680)</b>	<b>(₱26,970,992)</b>

*See accompanying Notes to Financial Statements.*



**THE PALMS COUNTRY CLUB, INC.**  
**(A Not-for-Profit Corporation)**

**STATEMENTS OF CHANGES IN EQUITY**

	Capital Stock (Note 11)	Accumulated Deficiency of Revenues over Costs and Expenses	Remeasurement Gain on Retirement Plan - net of tax (Note 17)	Total
For the year ended December 31, 2022				
Balances at January 1, 2022	₱1,109,993,521	(₱267,651,520)	₱2,668,210	₱845,010,211
Comprehensive income				
Excess of revenues over costs and expenses and income tax	-	1,764,951	-	1,764,951
Other comprehensive income	-	-	1,569,389	1,569,389
<b>Total comprehensive income</b>	-	<b>1,764,951</b>	<b>1,569,389</b>	<b>3,334,340</b>
<b>Balances at December 31, 2022</b>	<b>₱1,109,993,521</b>	<b>(₱265,886,569)</b>	<b>₱4,237,599</b>	<b>₱848,344,551</b>
For the year ended December 31, 2021				
Balances at January 1, 2021	₱1,109,993,521	(₱252,335,116)	₱1,348,486	₱859,006,891
Comprehensive income				
Deficiency of revenues over costs and expenses and income tax	-	(15,316,404)	-	(15,316,404)
Other comprehensive loss	-	-	1,319,724	1,319,724
<b>Total comprehensive loss</b>	-	<b>(15,316,404)</b>	<b>1,319,724</b>	<b>(13,996,680)</b>
<b>Balances at December 31, 2021</b>	<b>₱1,109,993,521</b>	<b>(₱267,651,520)</b>	<b>₱2,668,210</b>	<b>₱845,010,211</b>
For the year ended December 31, 2020				
Balances at January 1, 2020	₱1,109,993,521	(₱226,759,970)	₱2,744,332	₱885,977,883
Comprehensive income				
Deficiency of revenues over costs and expenses and income tax	-	(25,575,146)	-	(25,575,146)
Other comprehensive loss	-	-	(1,395,846)	(1,395,846)
<b>Total comprehensive loss</b>	-	<b>(25,575,146)</b>	<b>(1,395,846)</b>	<b>(26,970,992)</b>
<b>Balances at December 31, 2020</b>	<b>₱1,109,993,521</b>	<b>(₱252,335,116)</b>	<b>₱1,348,486</b>	<b>₱859,006,891</b>

See accompanying Notes to Financial Statements.





**THE PALMS COUNTRY CLUB, INC.**  
**(A Not-for-Profit Corporation)**

**STATEMENTS OF CASH FLOWS**

	Years Ended December 31		
	2022	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess (deficiency) of revenues over costs and expenses before income tax	P2,356,684	(P15,031,799)	(P23,587,916)
Adjustments for:			
Depreciation and amortization (Notes 13 and 14)	30,080,513	30,220,031	30,059,021
Finance costs (Note 19)	6,240,153	6,625,866	6,890,017
Net change in pension liability (Note 17)	1,125,076	1,455,219	881,020
Gain on disposals of property and equipment (Note 8)	(170,000)	-	(330,000)
Interest income (Notes 4, 10 and 15)	(376,893)	(110,606)	(1,038,070)
Operating income before changes in operating assets and liabilities	39,255,533	23,158,711	12,874,072
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contract receivables	(9,826,003)	(5,718,969)	9,785,952
Due from related parties	(1,999,167)	(164,725)	1,576,683
Inventories	(4,396,698)	(605,625)	2,990,093
Other current assets	(1,338,906)	(2,414,291)	(3,595,302)
Deferred input VAT	662,283	(1,428,468)	539,759
Increase (decrease) in:			
Accounts and other payables	20,136,911	(6,558,130)	(33,041,211)
Due to related parties	107,863	17,455	(295,515)
Contract liabilities	10,702,453	(117,746)	343,977
Net cash generated from (used in) operations	53,304,269	6,168,212	(8,821,492)
Interest received (Notes 4, 10 and 15)	376,893	110,606	1,038,070
Income tax paid (Note 16)	(1,114,863)	(724,513)	(1,389,010)
Net cash provided by (used in) operating activities	52,566,299	5,554,305	(9,172,432)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Increase in short-term investment (Note 4)	(68,384)	(295,030)	(33,503,762)
Proceeds from disposal of property and equipment (Note 8)	170,000	-	330,000
Payment for the acquisition of property and equipment (Note 8)	(6,346,493)	(3,982,497)	(3,284,263)
Net cash used in investing activities	(6,244,877)	(4,277,527)	(36,458,025)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments of obligation under finance lease (Note 19)	(7,464,000)	(7,464,000)	(7,464,000)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	38,857,422	(6,187,222)	(53,094,457)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	44,603,305	50,790,526	103,884,983
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	P83,460,727	P44,603,305	P50,790,526

See accompanying Notes to Financial Statements.





# THE PALMS COUNTRY CLUB, INC.

(A Not-for-Profit Corporation)

## NOTES TO FINANCIAL STATEMENTS

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### 1. Corporate Information

The Palms Country Club, Inc. (the Club) was registered with the Philippine Securities and Exchange Commission (SEC) on May 24, 2000 with expiration of its corporate life fifty (50) years thereafter to operate as a not-for-profit corporation. The Club's main purpose is the maintenance and operation of indoor and outdoor recreational facilities, restaurants and dining halls for the use and enjoyment of its members. No part of the income or asset of the Club shall belong or inure to the benefit of any member, officer or specific person.

The Club's registered address and principal place of business is at 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City.

The Club's accompanying financial statements were approved and authorized for issue by the Board of Directors (BOD) on April 3, 2023.

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### 2. Summary of Significant Accounting Policies

#### Basis of Preparation

The accompanying financial statements of the Club have been prepared using historical cost basis. The financial statements are presented in Philippine Peso (₱), which is also the Club's functional currency. Except when otherwise indicated, all amounts are rounded off to the nearest Peso.

The financial statements provide comparative information in respect of the previous period. The accompanying financial statements have been prepared under the going concern assumption. The Club believes that its business would remain relevant despite challenges posed by the COVID-19 pandemic.

#### Statement of Compliance

The accompanying financial statements of the Club have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS), and interpretations issued by the Philippine Interpretations Committee (PIC).

#### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2022. Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Club.

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.



At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent’s financial statements, based on the parent’s date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments, Fees in the ‘10 per cent’ test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.



Standard Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Club does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Club intends to adopt the following pronouncements when they become effective.

*Effective beginning on or after January 1, 2023*

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

*Effective beginning on or after January 1, 2024*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*

*Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Significant Accounting Policies

Current versus Noncurrent Classification

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

- a. expected to be realized or intended to be sold or consumed in normal operating cycle;
- b. held primarily for the purpose of trading;
- c. expected to be realized within twelve (12) months after the reporting period; or
- d. cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- a. it is expected to be settled in normal operating cycle;
- b. it is held primarily for the purpose of trading;
- c. it is due to be settled within twelve (12) months after the reporting period, or
- d. there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Club classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.



#### Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in bank earns interest at the prevailing bank deposit rate. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to an insignificant risk of change in value.

#### Fair Value Measurement

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 the 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.

The 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.

#### Fair Value Hierarchy of Financial Instruments Recognized at Fair Value

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

#### Financial Instruments

Financial assets and liabilities are recognized in the statement of financial position when, and only when, the Club becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery or assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

#### Recognition and Measurement of Financial Instruments

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



### *Financial Assets*

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVTOCI, or at FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Club's business model for managing them. The Club initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or at FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. This assessment is referred to as the 'solely payments of principal and interest test' and is performed at an instrument level.

The Club's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

As of December 31, 2022 and 2021, the Club's financial assets comprise of financial assets at amortized cost.

#### *Subsequent measurement*

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Club's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest rate (EIR) method less any impairment in value, with the interest calculated recognized as interest income in the statement of revenues and expenses.

The Club classified cash, contract receivables and due from related parties as financial assets at amortized cost (see Note 4, 5, 10 and 18).

#### *Reclassification of financial assets*

The Club can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Club is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.





Reclassification of financial assets designated as at FVTPL at initial recognition is not permitted.

A change in the objective of the Club's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

#### *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

As of December 31, 2022 and 2021, the Club's financial liabilities comprise financial liabilities at amortized cost (loans and borrowings).

##### *Subsequent measurement*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. The EIR amortization is included as finance costs in the statement of revenues and expenses.

#### Impairment of Financial Assets

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

For cash, the Club applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. The Club also evaluates the credit rating of the bank and other financial institutions to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. It is the Club's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on lifetime ECL.

The Club applies a simplified approach in calculating ECLs for financial assets at amortized costs. Therefore, the Club does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Club has established a provision matrix for its contract receivables that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For due from related parties, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).



The Club considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Club may also consider a financial asset to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial assets*

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

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

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

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

##### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

#### Offsetting Financial Instruments

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Club intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the statement of financial position.



Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Cost includes purchase price, freight and handling costs and is determined using the first-in, first-out method.

Other Current Assets

Other current assets pertain to advances to suppliers, creditable withholding taxes, and other current assets such as prepayments and deposits which controlled by the Club as a result of past events and from which future economic benefits are expected to flow to the Club within one (1) year after the reporting period.

Property and Equipment

Property and equipment consist of land, land improvements, building, and sports, kitchen and other facilities and equipment. Except for land, the Club's property and equipment are stated at cost, less accumulated depreciation and any impairment in value. Land is stated at cost, less any impairment in value. The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, including borrowing cost.

Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful lives (EUL) of the assets, as follows:

	Years
Land improvements	10
Building	40
Sports, kitchen and other facilities and equipment	5-20

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When an item of property and equipment is derecognized, the cost of the related accumulated depreciation and accumulated impairment loss, if any, is removed from the account. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of revenues and expenses in the year the asset is derecognized.





#### Other Noncurrent Assets

Other noncurrent assets include operating equipment that are carried at cost, less any impairment. Operating equipment is expensed ratably to the appropriate department expense account over its period of consumption.

#### Impairment of Nonfinancial Assets

The Club assesses at each reporting date whether there is indication that its nonfinancial assets (i.e., property and equipment and other noncurrent assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Club makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators. An impairment loss is charged to operations in the year it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

#### Leases

##### *Club as lessor*

Leases where the Club does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income on operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income (see Note 19).

##### *Club as lessee*

Except for short-term leases and lease of low-value assets, the Club applies a single recognition and measurement approach for all leases. A finance lease is a 'lease that transfers substantially all the risks and rewards incidental to ownership of an asset', and an operating lease is 'a lease other than a finance lease', i.e. a lease that does not transfer substantially all the risks and rewards incidental to ownership.

The Club's classification of a lease depends on the substance of the transaction rather than the form of the contract. The following situations individually or in combination would normally lead to a lease being classified as a finance lease:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised (frequently called a 'bargain purchase' option);
- the lease term is for the major part of the economic life of the asset even if title is not transferred;



- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

The Club recognized its finance lease as assets and liabilities in its statements of financial position at the commencement of the lease term at amounts equal to the fair value of the leased item or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. In calculating the present value of the minimum lease payments, the discount factor is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate should be used. Any initial direct costs of the lessee are added to the recognized asset. At commencement, both asset and liability are recognized separately, with an appropriate distinction between current and non-current liabilities being made.

Lease payments made are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge should be allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. As of December 31, 2022 and 2021, the Club recognized interest expense in relation to finance lease amounting to ₱6.24 million and ₱6.63 million, respectively (see Note 19).

#### Retirement Costs

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit obligations comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurement of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of revenues and expenses. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statement of revenues and expenses.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income (OCI) in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.





Equity

Capital stock with no par or stated value is measured at the amount of total contributions received.

Accumulated deficiency of revenues and membership dues over costs and expenses and income tax represents accumulated net losses and earnings and any adjustment arising from application of new accounting standards, policies or corrections of errors applied retroactively by the Club.

OCI

OCI are items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. The Club's OCI pertains to remeasurement adjustments on its pension liability.

Revenue recognition

The Club primarily derives its revenues from membership dues, sale of food and beverage, sports and recreation and Club shop and other operating department revenues.

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. The Club assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Club has generally concluded that it is acting as principal in all of its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

*Club Revenues*

The Club revenues consist of revenue from membership dues, sale of food and beverage, sports and recreation, and other Club shop and other operating department revenues. These are accounted for as follows:

*Membership dues*

Revenue from membership dues is recognized over the time the related services are rendered and/or facilities and amenities are used. Transaction price is determined to be the approved monthly membership rate by the BOD. Each is considered as a single performance obligation; therefore, it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Revenue is recognized over the time the related services and/or facilities and amenities are used since the customer simultaneously receives and consumes services provided by the Club.

Membership dues are billed one month in advance and are recognized in the statement of revenues and expenses over the period when these are due.

Collections for accounts which are not yet due and therefore do not qualify for revenue recognition are recorded as "Contract liabilities" account in the current liabilities section of the statement of financial position.

*Food and beverage*

Revenue from sale of food and beverage is recognized at a point in time the goods are served or delivered. Transaction price is determined to be the invoice amount and, each transaction is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The goods are capable of being distinct from the other goods and the transaction price for each



good is separately identifiable. Revenue is recognized at a point in time when the related risks and rewards are transferred to the customer or actual possession is transferred.

*Sports and recreation*

Revenue from sports and recreation is recognized over the time the facilities and amenities are used. Transaction price is determined to be the invoice amount and, each transaction is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Revenue is recognized over the time the customer uses the facilities and amenities provided by the Club.

*Club shop*

Revenue from Club shop is recognized at a point in time the goods are served or delivered. Transaction price is determined to be the invoice amount and, each transaction is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The goods is capable of being distinct from the other goods and the transaction price for each goods is separately identifiable. Revenue is recognized at a point in time when the related risks and rewards are transferred to the customer or actual possession is transferred.

Contract Balances

*Contract Receivables*

A receivable represents the Club's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

*Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Club performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

*Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Club has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Club transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Club performs under the contract.

The contract liabilities also include payments received by the Club from the members for which revenue recognition has not yet commenced.

*Contract fulfillment assets*

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Club firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Club applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of



judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

As of December 31, 2022 and 2021, the Club has no contract fulfillment assets.

#### *Cost of Club Operations*

Cost of Club operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when incurred and measured at the amount paid or payable.

#### Other Revenue and Income Recognition

##### *Interest income*

Interest income are recognized as it accrues, using the effective interest rate method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

##### *Other income*

Other income comprise mainly of other food and beverage, membership dues and penalties for late payment. Income is recognized when the risks and rewards of the ownership of goods have passed to the buyer, normally at the time of sale and when the services are rendered.

#### Direct Costs and Operating Expenses

Direct costs and operating expenses are recognized in the statement of revenues and expenses when decreases in economic benefits during the accounting period in the form of outflows or depletion of assets or decrease of liabilities have arisen that can be measured reliably. Direct costs and operating expenses encompass losses as well as those expenses that arise in the course of ordinary activities of the Club. Direct costs are charged to statement of revenues and expenses when related revenue is recognized while operating expenses are recognized as incurred. Direct costs and operating expenses are generally measured at the amount paid or payable.

#### Income Taxes

##### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

##### *Deferred income tax*

Deferred income tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.





Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in equity are recognized in equity and not in the statement of revenues and expenses.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

#### Value-added Tax (VAT)

Expenses and assets are recognized, net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable, to the taxation authority is included as part of receivables or payables in the statement of financial position.

#### Provisions

A provision is recognized only when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each report date and adjusted to reflect the current best estimate.

#### Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes to financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

#### Events after the Reporting Date

Any post year-end event up to the date of the auditor's report that provide additional information about the Club's position at the reporting date (adjusting event) is reflected in the financial statements. Any post year-end event that is not an adjusting event is disclosed, when material, in notes to the financial statements (see Note 21).

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### **3. Significant Accounting Judgments, Estimates and Use of Assumptions**

The preparation of the Club's financial statements in compliance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Future events may occur which can cause the assumptions used in arriving at those estimates to change. The effects of any changes in judgments and estimates will be reflected in the financial statements as they become reasonably determinable. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



### Judgment

In the process of applying the Club's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effects on the amounts recognized in the financial statements:

#### *Identification of contracts with customers under PFRS 15*

The Club applies PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Club reasonably expects that the effects on the financial statements if applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. Hence, the Club viewed each transaction receipt as one contract.

#### *Identifying performance obligations*

The Club identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Club's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

#### *Determining whether the Club is acting as a principal or agent*

The Club assesses its revenue arrangements against specific criteria in order to determine if it's acting as principal or agent. The following criteria indicate whether the Club is acting as a principal or an agent:

- The Club has the primary responsibility for providing services to the customer;
- The Club has latitude in establishing price, either directly or indirectly, for example by providing additional services; and,
- The Club bears the customer's credit risk for the amount receivable from the customer.

The Club has concluded that generally, it is acting as a principal in its revenue arrangements.

#### *Finance lease classifications - the Club as lessee*

The Club's classification of a lease depends on the substance of the transaction rather than the form of the contract. The following situations individually or in combination would normally lead to a lease being classified as a finance lease:

- the lease transfers ownership of the asset to the lessee by the end of the lease term;
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised (frequently called a 'bargain purchase' option);
- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
- the leased assets are of a specialized nature such that only the lessee can use them without major modifications being made.

The Club has assessed its agreement with Engie Services for the installation, operation and maintenance of chilled water supply for the Club's air-conditioning system. The Club has concluded that it has acquired significantly all the risks and rewards of ownership of the equipment and accounted the agreement as a finance lease (see Note 19).





*Evaluation of impairment on nonfinancial assets*

The Club assesses asset impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Club considers the following factors, which could trigger an impairment review, as important:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- Significant negative industry or economic trends.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Club is required to make estimates and assumptions that can materially affect the financial statements.

As of December 31, 2022 and 2021, the Club has assessed that no impairment indicators exist on its nonfinancial assets.

*Recognition of deferred tax assets*

The Club reviews the carrying amounts of deferred tax assets at each reporting date and reduces it to the extent that it is no longer probable that sufficient income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Club will generate sufficient future taxable profit to allow all or part of its deferred income tax assets to be utilized.

In 2022 and 2021, the Club recognized deferred tax asset on the carryforward benefits of NOLCO and contract liabilities but up to the extent only of the deferred tax liability on the temporary difference arising from the Club's finance lease transaction amounting ₱4.91 million and ₱4.60 million, respectively (see Note 16).

As of December 31, 2022 and 2021, the Club recognized deferred tax assets amounting to ₱4.91 million and ₱4.60 million, respectively. Since management believes that it is likely that the carryforward benefit of recognizing deferred tax assets may not be realized, the Club did not recognize deferred tax assets on the tax effect of the temporary differences related to provision for retirement expense, allowance for doubtful accounts, contract liabilities, NOLCO and MCIT amounting to ₱52.78 million and ₱55.89 million as of December 31, 2022 and 2021, respectively (see Note 16).

Use of Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Provision for expected credit losses of contract receivables*

The Club uses a provision matrix to calculate ECLs for contract receivables. The provision rates are based on days past due. The provision matrix is initially based on the Club's historical observed default rates. The Club calibrates the matrix to adjust the historical credit loss experienced with forward-looking information. At every financial reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.



The assessment of the correlation between historical observed default rates, forecast economic conditions (e.g., gross domestic product and inflation rate) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Club's historical credit loss experience and forecast of economic conditions may also not be representative of member's actual default in the future.

In assessing the provision for the year, the Club used interest and unemployment rates to adjust its historical data. The Club has considered the impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of expected credit loss. The changes in the gross carrying amount of receivables during the year and impact of COVID-19 pandemic did not materially affect the Club's allowance for expected credit loss.

As of December 31, 2022 and 2021, the allowance for expected credit loss amounted to ₱2.66 million (see Note 5).

*Estimating useful lives of property and equipment*

The Club estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The EUL of property and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear, and technical or commercial obsolescence on the use of these assets. It is possible that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. There were no changes on the EUL of the property and equipment.

The carrying value of property and equipment amounted to ₱368.22 million and ₱391.96 million as of December 31, 2022 and 2021, respectively (see Note 8).

*Estimating pension liability*

The determination of the Club's obligation and cost of pension and other benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 18 and include, among others, discount rates and rates of salary increase. While the Club believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other obligations.

Pension liability as of December 31, 2022 and 2021 amounted to ₱8.96 million and ₱9.92 million, respectively (see Note 17).

**4. Cash and Cash Equivalents and Short-Term Investment**

	<b>2022</b>	2021
Cash in banks	<b>₱67,572,438</b>	₱28,787,076
Cash equivalent	<b>15,136,289</b>	15,064,229
Cash on hand	<b>752,000</b>	752,000
	<b>₱83,460,727</b>	44,603,305
Short-term investment	<b>₱33,867,175</b>	₱33,798,791

Cash in banks earn interest at the prevailing bank deposit rates.



Cash equivalents include short-term placement made during the year for period of three months based on the immediate cash requirements of the Club, and earn annual interest ranging from 0.25% to 0.65% and 0.25% to 0.30% in 2022 and 2021, respectively.

The short-term investment represents investment that are more than 90 days and earn interest at prevailing annual rates ranging from 0.25% to 1.00% in 2022 and 2021.

Interest income earned from cash in bank, cash equivalents and short-term investment amounted to ₱0.38 million, ₱0.11 million and ₱1.04 million in 2022, 2021 and 2020, respectively (see Notes 10 and 15).

There is no cash restriction on the Club's cash balances as at December 31, 2022 and 2021.

#### 5. Contract Receivables

	2022	2021
Receivables from		
Members	₱36,432,161	₱32,845,427
Banquet sales	5,523,610	776,512
Credit cards	1,519,674	314,256
Others	1,616,441	1,329,688
	45,091,886	35,265,883
Less expected credit loss	2,663,460	2,663,460
	<b>₱42,428,426</b>	<b>₱32,602,423</b>

These receivables are collectible within a year. Receivables from members are collateralized by a preferential lien on the Club shares owned by the member.

“Others” consists of advances made to employees for sickness and maternal benefits and other miscellaneous receivables which are collectible within a year.

No additional expected credit losses is recognized in 2022 and 2021.

#### 6. Inventories

	2022	2021
Food	₱10,530,846	₱6,442,166
Beverage	1,682,288	1,282,162
Operating supplies	1,586,704	1,654,540
Others	254,533	278,805
	<b>₱14,054,371</b>	<b>₱9,657,673</b>

“Others” represents items and other goods for sale in the Club shop and Palms Deli. As of December 31, 2022 and 2021, the inventories are stated at cost.

Cost of inventory charged to cost of sales amounted to ₱199.07 million, ₱49.31 million and ₱45.04 million in 2022, 2021 and 2020, respectively (see Note 13).





## 7. Other Current Assets

	2022	2021
Creditable withholding taxes	₱1,449,171	₱1,249,306
Others	771,071	398,989
	<b>₱2,220,242</b>	<b>₱1,648,295</b>

“Others” consists of deposits to health maintenance organization, deposit to suppliers, and advances to employees which are expected to be realized within one year.

## 8. Property and Equipment

	2022				Total
	Land	Land Improvements	Building	Sports, Kitchen and Other Facilities and Equipment	
Cost					
Balances at beginning of year	₱420,000,000	₱16,311,740	₱585,435,021	₱308,586,367	₱1,330,333,128
Additions	-	210,500	-	6,135,993	6,346,493
Disposal	-	-	-	(1,502,439)	(1,502,439)
Balances at end of year	420,000,000	₱16,522,240	585,435,021	313,219,921	1,335,177,182
Accumulated depreciation					
Balances at beginning of year	-	₱16,311,740	289,179,079	212,886,161	518,376,980
Depreciation (Notes 13 and 14)	-	2,247	14,703,818	15,374,448	30,080,513
Disposal	-	-	-	(1,502,439)	(1,502,439)
Balances at end of year	-	16,313,987	303,882,897	226,758,170	546,955,054
Net book value as of December 31	₱420,000,000	₱208,253	₱281,552,124	₱86,461,751	₱788,222,128

	2021				Total
	Land	Land Improvements	Building	Sports, Kitchen and Other Facilities and Equipment	
Cost					
Balances at beginning of year	₱420,000,000	₱16,311,740	₱585,435,021	₱286,379,539	₱1,308,126,300
Additions	-	-	-	3,982,497	3,982,497
Transfer from advances to suppliers	-	-	-	18,224,331	18,224,331
Balances at end of year	420,000,000	16,311,740	585,435,021	308,586,367	1,330,333,128
Accumulated depreciation					
Balances at beginning of year	-	16,311,740	274,280,612	197,564,596	488,156,948
Depreciation (Notes 13 and 14)	-	-	14,898,467	15,321,565	30,220,032
Balances at end of year	-	16,311,740	289,179,079	212,886,161	518,376,980
Net book value as of December 31	₱420,000,000	₱-	296,255,942	₱95,700,206	₱811,956,148

The land is the property that was ceded, transferred, assigned and delivered by Filinvest Alabang, Inc. (FAI, the developer) under the subscription agreement dated October 20, 2000, with the Club in exchange for 867 Class A shares, 115 Class B and 68 Class C shares, or a total of 1,050 shares valued at ₱400,000 per share.

The land with the area of 30,000 square meters valued at ₱14,000 per square meter was also developed by FAI in exchange for 1,033 Class A shares, 135 Class B shares and 82 Class C shares, or a total of 1,250 shares valued at ₱400,000 per share or ₱500.00 million



The Club's property and equipment includes the leased equipment from Engie Services (Philippines) amounting to ₱29.51 million and ₱31.57 million in 2022 and 2021, respectively. The agreement was entered into in 2016 which comprised of two (2) installations that will supply chilled water to the Club. Ownership of the installations will transfer to the Club upon the date of completion of testing and commissioning and upon termination or expiration of the agreement, which shall have a term of ten (10) years from the commencement date, respectively. This is included under "Sports, kitchen and other facilities and equipment" (see Note 19).

The Club recognized gain on disposal of property and equipment amounting to ₱0.17 million in 2022 and ₱0.33 million in 2021, nil in 2021.

## 9. Accounts and Other Payables and Contract Liabilities

Accounts and other payables consist of:

	2022	2021
Accounts payable (Note 18)	₱25,154,257	₱15,070,613
Accrued expenses		
Payroll	14,823,318	10,343,451
Utilities and others	11,924,576	9,966,135
Outside services	2,227,614	2,570,974
Others	1,181,927	532,969
Deposits	3,935,735	1,755,070
Members' cash bond	5,100,000	3,971,304
	<b>₱64,347,427</b>	<b>₱44,210,516</b>

"Accounts payable" mainly consists of payables to suppliers for various acquisitions of food and beverages used in the normal operations of the Club, acquisitions of services and other assets and are normally paid within one year.

"Others" under "Accrued expenses" includes accruals for the following operating expenses, but are not limited to, unapplied service charges and consigned merchandises, and are normally paid within one (1) year.

"Deposits" mainly pertains to various deposits from suppliers and bank credits.

"Members' cash bond" pertains to cash receipts from assignees for a specific period of time. This is renewable at the end of the assignment contract which is usually on an annual basis.

### Contract liabilities

This account consists of:

	2022	2021
Membership dues received in advance	₱30,647,350	₱20,726,500
Banquet deposits	2,033,386	1,251,783
	<b>₱32,680,736</b>	<b>₱21,978,283</b>





Membership dues received in advance are recognized as income over the period when these are due.

Banquet deposits are recognized as revenue when the related services are rendered.

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## 10. Related Party Transactions

The Club has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as affiliates). Related parties may be individuals or corporate entities.

### *Terms and Conditions of transactions with related parties*

The Club, in its regular conduct of business, has entered into transactions with related parties consisting receivables and payables in relation to the operating needs of the parties. These are based on terms agreed by the parties.

Outstanding balances at year-end are unsecured, noninterest-bearing, and unless otherwise indicated, settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Club does not provide any allowance relating to receivable from related parties in prior years. There are also no ECL recognized in current year for related party receivables since there are no history of default payments. This assessment is undertaken each financial year through examining the financial position of the related parties and the markets in which the related parties operate.

Significant related party transactions are as follows:

- a) The Club has trade receivables from its affiliates as members of the Club for which it bills monthly membership dues and use of facilities. These affiliates include entities affiliated with FAI, the developer.
- b) The Club maintains cash in bank accounts and short-term investment with a bank affiliated with FAI. Cash in bank accounts and short-term investment earn interest at the prevailing market rates (see Note 4).
- c) The Club has obtained and made various advances for maintenance, utilities, payroll, and other expenses from and to FAI, its developer. The outstanding balances are presented under "Due to related parties" in the statements of financial position.



The details of the account balances and transactions with related parties are as follows:

		2022			
		Amount/ Volume	Asset/ (Liability)	Term	Condition
<b>Affiliates</b>					
a)	Membership dues	₱3,500	₱242,202	Due every month; interest bearing	Unsecured
b)	Cash in banks and short-term investment (Note 4)	34,793,414	106,881,037	Due and demandable; interest bearing at prevailing market rate	Unsecured; unrestricted
b)	Interest income from banks	376,893	-		
c)	Due from related parties	1,999,167	2,617,892	Due and demandable; noninterest bearing	
<b>Developer</b>					
c)	Membership dues and use of facilities (Note 5)	3,500	195,690	Due every month; noninterest-bearing	Unsecured; unimpaired
c)	Utilities, payroll, maintenance expense and others	279,196	426,038	Due every month; noninterest-bearing	Unsecured
		2021			
		Amount/ Volume	Asset/ (Liability)	Term	Condition
<b>Affiliates</b>					
a)	Membership dues	₱3,500	₱245,000	Due every month; interest bearing	Unsecured; unimpaired
b)	Cash in banks and short-term investment (Note 4)	(8,613,057)	72,087,623	Due and demandable; interest bearing at prevailing market rate	Unsecured; unrestricted
b)	Interest income from banks	110,606	-		
c)	Due from related parties	(1,576,683)	618,725	Due and demandable; noninterest bearing	Unsecured
<b>Developer</b>					
c)	Membership dues and use of facilities (Note 5)	(₱45,275)	₱196,225	Due every month; noninterest-bearing Due every month; noninterest-bearing	Unsecured; unimpaired Unsecured
c)	Utilities, payroll, maintenance expense and others	(7,545)	(318,175)	Due every month; interest bearing	Unsecured; unimpaired

Compensation of key management personnel in the form of short-term employee benefits amounted to ₱7.00 million, ₱7.10 million and ₱7.02 million in 2022, 2021 and 2020, respectively.

## 11. Capital Stock

As of December 31, 2022, 2021 and 2020, the Club's authorized and fully paid capital stock consists of five classes of common, no par value shares, as follows:

	Shares	Amount
Class A shares	1,900	₱915,109,926
Class B shares	250	120,270,900
Class C shares	150	72,312,695
Class D shares	2,293	2,293,000
Founders' shares	7	7,000
	4,600	₱1,109,993,521



All classes of shares entitle the holders to one vote for each share in any and all regular and special meetings of shareholders.

Class A shares are available to natural persons and entitle the holder to membership in the Club and to the use and enjoyment of the Club's facilities. Class A shares are likewise available to juridical persons and entitle the holders to name one nominee for membership in the Club and to use and enjoy the facilities of the Club.

Class B shares are available only to juridical persons and entitle the holder to name two nominees for membership in the Club and to use and enjoy the facilities of the Club.

Class C shares are only available to juridical persons and entitle the holder to name three nominees for membership in the Club and to use and enjoy the facilities of the Club.

Holders of Class D shares are not entitled to the use and enjoyment of the Club's facilities. Correspondingly, Class D shares are to be excluded in the computation and assessment of membership fees, dues and other payments relative to the operation and maintenance of the Club.

Upon liquidation of Class D shares, the holders will be reimbursed only to the extent of the original acquisition of the shares amounting to ₱2.30 million.

Founders' shares shall have the exclusive right to vote and be voted for in the election of directors for five years from and after the date of registration of the Articles of Incorporation. Thereafter, holders of Founders' shares shall have the same voting rights and privileges as holders of Class A shares.

The Club shall not issue shares of stock, which will reduce the stock ownership of Philippine citizens to less than 60% of the outstanding capital stock. No holder of any class of shares shall have any

The shares held by FAI and its respective nominees for the founders' shares or held by the Club are non-obligatory or participating.

On May 24, 2000, the SEC approved the registration of the 4,600 no par value shares.

Below is the summary of outstanding number of shares and holders of security as of December 31, 2022, 2021 and 2020:

<u>Year</u>	<u>Number of Shares Registered</u>	<u>Number of Holders of Securities as of Year End</u>
December 31, 2022	4,600	4,304
December 31, 2021	4,600	4,294
December 31, 2020	4,600	4,289

#### Capital Management

As a non-profit organization, the Club primarily relies on the issuance of club shares, fixed monthly membership dues from members and charges arising from usage of facilities such as the sports and dining facilities. These are the only sources of cash flows which the Club has to manage properly.

As of December 31, 2022 and 2021, the Club's primary source of capital is its total equity amounting to ₱848.34 million and ₱845.01 million, respectively.



## 12. Club Shop and Other Revenues

	2022	2021	2020
Transfer fees	<b>₱8,313,000</b>	₱9,785,000	₱7,243,000
Assignment fees	<b>4,790,054</b>	3,388,000	3,326,929
Deli merchandise	<b>3,049,611</b>	2,585,013	2,303,094
Club events	<b>3,018,917</b>	991,832	90,658
Corkage, room and equipment hire	<b>2,020,329</b>	452,560	446,556
Revenue from party packages	<b>1,007,359</b>	467,226	769,176
Merchandise sales	<b>886,058</b>	396,847	418,193
Consignment sales	<b>703,359</b>	333,757	341,702
Renomination fees	<b>630,000</b>	285,000	360,000
Visitors' pass	<b>146,250</b>	6,500	149,500
Others	<b>15,913</b>	6,830	111,956
	<b>₱24,580,850</b>	₱18,698,565	₱15,560,764

“Transfer fees” pertain to fees charged by the Club to process the transfer of shares to new members.

“Assignment fees” pertain to the fees by the Club to a member when it assigns its rights to another person or entity.

“Revenue from party packages” pertain to revenues generated by the Club from outside catering, food and beverage for outside events, discount on promotions and party packages of the Club.

“Consignment sales” pertain to revenues by the Club which are generated through a consignee.

“Renomination fees” pertain to fees charged by the Club to corporations for nominations of new members for corporate shares.

“Others” represent revenues from other operating departments of the Club.

## 13. Direct Costs

	2022	2021	2020
Food and beverage (Note 6)	<b>₱115,944,893</b>	₱46,722,833	₱42,332,184
Payroll (Note 17)	<b>60,858,301</b>	34,659,112	38,930,322
Utilities, laundry and supplies	<b>39,046,176</b>	24,659,641	23,197,747
Sports and recreation	<b>8,700,523</b>	3,894,510	3,676,838
Marketing and others	<b>7,860,210</b>	4,619,510	4,474,370
Club shop and others (Note 6)	<b>3,129,871</b>	2,586,627	2,712,072
Banquets and special events	<b>5,114,880</b>	5,075,760	2,613,186
Depreciation (Note 8)	<b>1,504,026</b>	1,511,002	1,502,952
Others	<b>1,049,573</b>	1,004,048	902,664
	<b>₱243,208,453</b>	₱124,733,043	₱120,342,335

“Others” consist of expenses incurred by the Club such as postage, freight, telecommunications and contract services.





#### 14. Operating Expenses

	2022	2021	2020
General and administrative			
Payroll (Note 17)	₱17,800,066	₱15,478,485	₱15,884,515
Outside services	9,131,738	8,207,173	8,961,626
Taxes and licenses	5,440,215	5,434,412	6,975,528
Credit card service fees	5,423,196	3,010,020	3,184,479
Utilities and supplies	2,167,540	1,433,112	1,278,505
Communications	1,326,396	1,335,157	1,699,749
Insurance	607,770	624,198	705,383
Others	6,155,002	7,075,691	8,679,066
	48,051,923	42,598,248	47,368,851
Depreciation (Note 8)	28,576,487	28,709,029	28,556,069
Housekeeping			
Payroll (Note 17)	₱8,442,140	₱5,008,471	₱6,038,218
Utilities, laundry and supplies	3,136,665	1,719,288	1,428,475
Outside services	1,503,527	919,563	897,019
Others	303,014	272,485	272,101
	13,385,346	7,919,807	8,635,813
Engineering			
Outside services	3,471,502	2,738,978	2,516,347
Supplies	4,412,408	1,905,781	2,511,280
Payroll (Note 17)	2,341,365	1,790,913	1,888,080
Others	170,029	213,242	377,917
	10,395,304	6,648,914	7,293,624
	₱100,409,060	₱85,875,998	₱91,854,357

“Others” pertains to expenses incurred for travel and transportation, uniforms, trainings and seminars, representation and entertainment and licenses and permits. “Others” under General and Administrative expenses include Covid-19 related expenses amounting ₱1.49 million, ₱3.80 million and ₱4.30 million for the years ended December 31, 2022, 2021 and 2020, respectively. These expenses pertain to antigen testing, medical equipment, meals of stay-in staff, vitamins, and supplies such as face masks, face shields and disinfectants.

#### 15. Other Income

	2022	2021	2020
Penalties for late payments	₱1,670,756	₱844,753	₱318,436
Interest income (Notes 4 and 10)	376,893	110,606	1,038,070
Others	2,026,586	2,177,380	1,195,250
	₱4,074,235	₱3,132,739	₱2,551,756

“Others” include income from food and beverages outside the originally availed package by members or guests, car stickers and membership cards, among others.





## 16. Income Taxes

### Corporate Recovery and Tax Incentives for Enterprises” or “CREATE” Act

To attract more investments and maintain fiscal prudence and stability in the Philippines, Republic Act (RA) 11534 or the CREATE Act was signed into law on March 26, 2021. The CREATE Act introduces reforms to the corporate income tax and incentives systems. It took effect on April 11, 2021.

Pursuant to the enactment of R.A. 11534 (CREATE Law) and reiterated on Revenue Regulation No. 5-2021 the Club is subject to 25% RCIT or 1% MCIT. Moreover, Revenue Memorandum Circular No. 35-2012 clarified the taxability of clubs organized and operated exclusively for pleasure, recreation, and other non-profit purposes. Accordingly, organizations that were established for recreation and other non-profit purposes such as country clubs must pay income tax under National Internal Revenue Code and VAT.

The gross receipts of recreational clubs including but not limited to membership fees, assessment dues, rental income and services fees are subject to income tax and VAT.

Provision for income tax consists of:

	2022	2021	2020
Current	₱1,114,863	₱724,513	₱1,389,010
Deferred	(523,130)	(439,908)	598,220
	<b>₱591,733</b>	<b>₱284,605</b>	<b>₱1,987,230</b>

The current provision for income tax in 2022, 2021 and 2020 represents MCIT.

The Club did not recognize deferred tax assets on the following deductible temporary differences and MCIT because management believes that it is likely that the carry forward benefits of recognizing deferred tax assets on these differences will not be realized:

	2022	2021	2020
Contract liabilities from advance membership dues	₱13,019,148	₱3,571,074	₱4,119,170
Provision for retirement expense	14,605,181	13,480,105	12,153,313
Allowance for expected credit loss	2,663,460	2,663,460	2,663,460
MCIT	3,228,386	2,113,523	3,526,970
NOLCO	19,258,952	34,061,450	21,503,457
	<b>₱52,775,127</b>	<b>₱55,889,612</b>	<b>₱43,966,370</b>



The components of the Club's net deferred tax liabilities as of December 31 are as follows:

	2022	2021
Deferred tax liabilities on:		
Finance lease differential	₱3,497,116	₱3,706,650
Remeasurement gain on defined benefit obligation	1,412,533	889,403
	<b>4,909,649</b>	4,596,053
Deferred tax asset on:		
Contract liabilities	(4,909,649)	(4,596,053)
	<b>(4,909,649)</b>	(4,596,053)
	<b>₱-</b>	<b>₱-</b>

The following are the movements in NOLCO as of December 31, 2022, 2021 and 2020:

	2022	2021	2020	2019
Balance at beginning of year	₱34,061,450	₱21,503,457	₱-	₱5,963,582
Addition	-	12,557,993	21,503,457	-
Application/Expired	(14,802,498)	-	-	(5,963,582)
Balance at end of year	<b>₱19,258,952</b>	₱34,061,450	₱21,503,457	₱-

In 2022, the 2020 NOLCO amounting ₱14.80 million was applied, the remaining balance after the application in 2022 amounted to ₱6.70 million.

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2021, the Club has incurred NOLCO in taxable year 2021 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Availment Period
2021	₱12,557,993	2022-2026
2020	21,503,457	2021-2025

The following are the movements in MCIT as of December 31, 2022, 2021 and 2020:

	2022	2021	2020	2019
Balance at beginning of year	₱2,113,523	₱3,526,970	₱3,713,042	₱3,713,042
Addition	1,114,863	724,513	1,389,010	-
Expiration	-	(2,137,960)	(1,575,082)	-
Balance at end of year	<b>₱3,228,386</b>	₱2,113,523	₱3,526,970	₱3,713,042

MCIT are claimable within three (3) years following the year it was incurred. Below are the availment period of MCIT.

Year Incurred	%	Amount	Availment Period
2022	1.00%	₱1,114,863	2023-2025
2021	1.00%	724,513	2022-2024
2020	1.50%	1,389,010	2021-2023



The reconciliation of provision for income tax at the statutory tax rate to provision for income tax shown in the statements of revenues and expenses follow:

	2022	2021	2020
Provision for income tax at statutory rate	<b>₱589,171</b>	(₱4,509,540)	(₱7,076,375)
Adjustments for:			
Nondeductible interest expense	<b>39,260</b>	13,826	129,759
Change in unrecognized deferred tax assets	<b>57,525</b>	1,920,725	7,670,185
Expired MCIT	-	2,137,960	1,575,082
Interest income subjected to final tax	<b>(94,223)</b>	(33,182)	(311,421)
Changes due to impact of CREATE	-	754,816	-
Provision for income tax	<b>₱591,733</b>	<b>₱284,605</b>	<b>₱1,987,230</b>

## 17. Pension Liability

The Club has a noncontributory, unfunded defined benefit pension plan covering substantially all of its regular employees. The benefits are based on years of service and compensation on the last year of employment.

The Club updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary.

The pension costs included in the "Payroll" account follow (see Notes 13 and 14):

	2022	2021	2020
Current service cost	<b>₱997,318</b>	₱1,070,499	₱798,556
Interest cost	<b>465,993</b>	384,720	340,339
	<b>₱1,463,311</b>	<b>₱1,455,219</b>	<b>₱1,138,895</b>

The rollforward analysis of the present value of defined benefit obligation recognized in the statements of financial position follows:

	2022	2021	2020
Present value of obligation at beginning of year	<b>₱9,922,492</b>	₱10,226,904	₱7,351,818
Current service cost	<b>997,318</b>	1,070,499	798,556
Interest cost	<b>465,993</b>	384,720	340,339
Benefits paid	<b>(338,235)</b>	-	(257,875)
Actuarial loss (gain) due to:			
Experience adjustments	<b>402,900</b>	(175,910)	(194,569)
Change in assumptions	<b>(2,495,419)</b>	(1,583,721)	2,188,635
	<b>₱8,955,049</b>	<b>₱9,922,492</b>	<b>₱10,226,904</b>



The assumptions used to determine pension benefits of the Club are as follows:

	2022	2021	2020
Discount rate	7.30%	5.16%	4.03%
Salary increase rate	4.00%	4.00%	4.00%

The sensitivity analyses below have been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant.

	Increase (Decrease)	2022	2021
Salary increase rate	+1.00%	₱10,078,212	₱11,358,624
	-1.00%	(7,992,234)	(8,712,678)
Discount rate	+1.00%	(8,061,578)	(8,772,302)
	-1.00%	10,008,967	11,306,157

Shown below is the maturity analysis of the benefit payments:

	2022	2021
Less than one year	₱1,691,289	₱1,783,227
More than one year to five years	492,989	165,865
More than five years to 10 years	5,979,828	4,240,634
More than 10 years to 15 years	7,749,640	7,634,533
More than 15 years to 20 years	16,509,489	13,063,663
More than 20 years	34,611,719	33,067,174
	₱67,034,954	₱59,955,096

## 18. Financial Instruments

The carrying values of the Club's recognized financial assets and financial liabilities, approximate their estimated fair values as of December 31, 2022 and 2021 because these are short-term in nature.

The Club's principal financial instruments are cash, contract receivables, due from related parties, trade and other payables and due to related parties. The main purpose of these financial instruments is to finance the Club's operations.

The main objectives of the Club's financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and
- To provide a degree of certainty about costs.

The main risks arising from the Club's financial assets are credit risk and liquidity risk. The Club's risk management policies are summarized below:

### a. Credit risk

The Club trades only with recognized members and creditworthy third parties. It is the Club's practice that all members and third parties who wish to trade on credit terms are subject to credit





verification procedures. Receivable balances are monitored on an ongoing basis. Receivables from members are collateralized by a preferential lien on the Club shares owned by them.

The table below shows the carrying value (net of ECL) to credit risk for the components of the statement of financial position.

	2022	2021
Cash and Cash equivalents	<b>₱82,708,727</b>	₱43,851,305
Short-term investment	<b>33,867,175</b>	33,798,791
Contract receivables	<b>42,428,426</b>	32,602,423
Due from related parties	<b>2,617,892</b>	618,725
	<b>₱161,622,220</b>	₱110,871,244

The aging analyses of loans and contract receivables are as follows:

	December 31, 2022						
	Neither Past Due nor Impaired	Past Due but not Impaired				Impaired	Total
		31-60 days	61-90 days	91-120 days	>120 days		
Cash and cash equivalents*	₱82,708,727	₱-	₱-	₱-	₱-	₱-	₱82,708,727
Short term investment	33,867,175	-	-	-	-	-	33,867,175
Members	30,781,742	323,499	-	-	-	2,663,460	33,768,701
Due from related parties	2,617,892	-	-	-	-	-	2,617,892
Banquet sales	3,927,980	472,094	67,052	886,260	170,224	-	5,523,610
Credit cards	1,519,674	-	-	-	-	-	1,519,674
Others	1,616,441	-	-	-	-	-	1,616,441
	<b>₱157,039,631</b>	<b>₱795,593</b>	<b>₱67,052</b>	<b>₱886,260</b>	<b>₱170,224</b>	<b>₱2,663,460</b>	<b>₱161,622,220</b>

\*Excluding cash on hand

	December 31, 2021						
	Neither past due nor Impaired	Past due but not impaired				Impaired	Total
		31-60 days	61-90 days	91-120 days	>120 days		
Cash and cash equivalents	₱77,650,096	₱-	₱-	₱-	₱-	₱-	₱77,650,096
Members	23,518,126	-	6,663,841	-	-	2,663,460	32,845,427
Due from related parties	618,725	-	-	-	-	-	618,725
Banquet sales	741,594	34,918	-	-	-	-	776,512
Credit cards	314,256	-	-	-	-	-	314,256
Others	1,329,688	-	-	-	-	-	1,329,688
	<b>₱104,172,485</b>	<b>₱34,918</b>	<b>₱6,663,841</b>	<b>₱-</b>	<b>₱-</b>	<b>₱2,663,460</b>	<b>₱113,534,704</b>

\*Excluding cash on hand

The Club's loans and contract receivables classified as "neither past due nor impaired" are high grade receivables that pertain to receivables from members, related parties and third parties which, based on experience, are highly collectible or collectible on demand and of which exposure to bad debt is not significant.

b. *Liquidity risk*

The Club monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Club maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.



The following table summarizes the maturity profile of the Club's financial assets held to manage liquidity as of December 31 based on contractual undiscounted payments:

	December 31, 2022				Total
	On demand	Less than 3 months	3 to 12 months	Over 12 months	
Cash and cash equivalents*	₱82,708,727	₱-	₱-	₱-	₱82,708,727
Short Term Investment	33,867,175	-	-	-	33,867,175
Contract receivables	41,577,322	458,264	111,373	281,467	42,428,426
Due from related parties	2,617,892	-	-	-	2,617,892
	<b>₱160,771,116</b>	<b>₱458,264</b>	<b>₱111,373</b>	<b>₱281,467</b>	<b>₱161,622,220</b>

\*Excluding cash in hand

	December 31, 2021				Total
	On demand	Less than 3 months	3 to 12 months	Over 12 months	
Cash and cash equivalents*	₱43,851,305	₱-	₱-	₱-	₱43,851,305
Short Term Investment	33,798,791	-	-	-	33,798,791
Contract receivables	25,938,582	6,663,841	-	-	32,602,423
Due from related parties	618,725	-	-	-	618,725
	<b>₱104,207,403</b>	<b>₱6,663,841</b>	<b>₱-</b>	<b>₱-</b>	<b>₱110,871,244</b>

\*Excluding cash on hand

The maturity profile of the Club's financial liabilities based on contractual undiscounted payments follows:

	December 31, 2022				Total
	On demand	Less than 3 months	3 to 12 months	Over 12 months	
Accounts and other payables					
Accounts payable	₱24,125,938	₱963,519	₱64,800	₱-	₱25,154,257
Accrued expenses	28,622,775	1,534,660	-	-	30,157,435
Deposits	3,697,387	-	238,348	-	3,935,735
Member cash bond	-	-	-	5,100,000	5,100,000
Due to related parties	426,038	-	-	-	426,038
	<b>₱56,872,138</b>	<b>₱2,498,179</b>	<b>₱303,148</b>	<b>₱5100,000</b>	<b>₱64,773,465</b>

	December 31, 2021				Total
	On demand	Less than 3 months	3 to 12 Months	Over 12 months	
Accounts and other payables					
Accounts payable	₱15,070,613	₱-	₱-	₱-	₱15,070,613
Accrued expenses	16,975,208	5,703,905	734,416	-	23,413,529
Deposits	1,736,070	-	-	-	1,736,070
Member cash bond	-	-	3,971,304	-	3,971,304
Due to related parties	318,175	-	-	-	318,175
	<b>₱34,100,066</b>	<b>₱5,703,905</b>	<b>₱4,705,720</b>	<b>₱-</b>	<b>₱44,509,691</b>

Changes in liability arising from financing activities (obligation under finance lease) for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
Balance at beginning of year	₱16,747,208	₱17,585,342
Interest (Note 19)	6,240,153	6,625,866
Actual Payment	(7,464,000)	(7,464,000)
	<b>₱15,523,361</b>	<b>₱16,747,208</b>



*Market risk*

Market risk is the risk of change in the fair value of financial instruments from fluctuations in foreign exchange rates (foreign currency risk) and market interest rate risk (interest rate risk), whether such change in price is caused by factors specific to individual instrument or its issuer or factors affecting all instruments traded in the market. There are no risks arising from foreign currency risk and interest rate risk.

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**19. Lease Commitments**

On April 21, 2016, the Club entered into an agreement with Engie Services (Philippines) (Engie, formerly known as Cofely Philippines) wherein Engie will operate and maintain installations that will supply chilled water to the Club for a period of ten (10) years. The terms of the agreement require the Club to make monthly fixed payments of ₱246,000, exclusive of VAT from the date of the agreement until the date of completion of testing and commissioning of the chilled water installations.

Upon completion of testing and commissioning, the Club is required to make fixed monthly payments of ₱622,000, exclusive of VAT, for ten (10) years, representing the fixed period charges of the Club for the use of the chilled water.

The agreement further stipulates that Engie will initially shoulder the cost of the installations for the chilled water supply owned by the Club and Engie will bill the Club for its share of the cost of the installations. Engie shall transfer the possession of the Club's share of the installations upon completion of testing and commissioning.

The installations were completed in February 2017.

Among other stipulations on the contract, the Club has determined that the arrangement is effectively a finance lease arrangement because eventual ownership will transfer to the Club.

Engie billed the Club effective March 18, 2017, which also served as the commencement date for the full operation of the installations. The total minimum lease payments over the term of the agreement which is 10 years amounted to ₱97.13 million. The present value of the minimum lease payments amounted to ₱41.46 million. In addition, the Club made down payments amounting ₱22.49 million. The related finance cost on the agreement that is accreted over the 10-year term which is the difference between the ₱97.13 million and ₱41.46 million amounted to ₱55.67 million. The unamortized finance cost as of December 31, 2022 and 2021 amounted to ₱29.51 million and ₱31.57 million, respectively. Total interest expense recognized on this obligation under finance lease in 2022 and 2021 amounted to ₱6.24 million and ₱6.63 million, respectively. These were included under "Finance costs" in the Club's statements of revenues and expenses.

The present value of the obligation under finance lease amounted to ₱15.52 million and ₱16.75 million as of December 31, 2022 and 2021, respectively.

The carrying value of the Club's finance lease asset (under sports, kitchen and other facilities and equipment) amounted to ₱29.51 million and ₱31.57 million as of December 31, 2022 and 2021, respectively (see Note 8).



The future minimum rental payments pertaining to the finance lease as of December 31, 2022 and December 31, 2021 are as follows:

	2022	2021
Within one year	₱7,464,000	₱7,464,000
After one year but not more than five years	24,258,000	31,722,000
	<b>₱31,722,000</b>	<b>₱39,186,000</b>

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## 20. Contingencies

The Club is involved in a certain administrative proceeding. The Club, in collaboration with outside legal counsel handling defense, as the case may be, does not believe that this proceeding will have a material adverse effect on its financial position and performance. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the effectiveness of strategies relating to this. No accruals were made in relation to this proceeding.

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## 21. Other Matters

### Continuing COVID-19 Outbreak

Following the outbreak of the COVID-19 disease that started in Wuhan, Hubei, China, on January 30, 2020, the World Health Organization declared the 2019 COVID-19 disease (“COVID-19”) outbreak a Public Health Emergency of International Concern, and subsequently, with the continued increase in the number of confirmed cases throughout the world, a pandemic on March 11, 2020.

In response to the pandemic, the Philippine government took actions and implemented quarantine measures at varying degrees starting March 16, 2020, which mandated the temporary closure and/or reduction in operating capacity of non-essential shops and businesses, prohibited mass gatherings and all means of public transportation, and restricted traveling through air, sea, and land in and out of the country, except by diplomats and uniformed workers (carrying medical supplies), among others. These measures have disrupted supply chains, business operations, and workplace structures, forcing a shift in priorities and short-term strategies.

As a result of the COVID-19 pandemic, the Club incurred related expenses amounting ₱1.49 million pertaining to antigen testing, medical equipment, meals for stay-in staff, vitamins, and supplies such as face masks, face shields, and disinfectants. These expenses incurred are included in “Others” under the General and Administrative expenses account in the statement of revenues and expenses (Note 14). These expenses are necessary for the protection of Club members and staff. It is also aligned with the objective of the national government to prevent the further spread of the COVID-19 infection.





## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
The Palms Country Club, Inc.  
1410 Laguna Heights Drive  
Filinvest City, Alabang, Muntinlupa City 1781

We have audited the accompanying financial statements of The Palms Country Club, Inc. (the Company), as at December 31, 2022, on which we have rendered the attached report dated April 3, 2023.

In compliance with the Revised Securities Regulation Code Rule No. 68, we are stating that the above Company has one (1) stockholder owning one hundred (100) or more shares.

SYCIP GORRES VELAYO & CO.



Michael C. Sabado

Partner

CPA Certificate No. 89336

Tax Identification No. 160-302-865

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 89336-SEC (Group A)

Valid to cover audit of 2022 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-073-2020, December 3, 2020, valid until December 2, 2023

PTR No. 9564691, January 3, 2023, Makati City

April 3, 2023



**THE PALMS COUNTRY CLUB, INC.**

**(A Not-for-Profit Corporation)**

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**INDEX TO THE CLUB'S FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES**

**SUPPLEMENTARY SCHEDULES**

Independent Auditor's Report on Supplementary Schedules

Reconciliation of Retained Earnings Available for Dividend Declaration

Club Supplementary Information and Disclosures Required on Revised SRC Rule 68 and 68.1.

**THE PALMS COUNTRY CLUB, INC.**  
**(A Not-for-Profit Corporation)**

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**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR  
DIVIDEND DECLARATION**

This schedule is not applicable since the Club has an accumulated deficiency of revenues over costs and expenses amounting to ₱265.89 million and ₱267.65 million as at December 31, 2022 and 2021, respectively. In addition, in accordance with the Club's by-laws, no part of the income or asset of the Club shall belong to or inure to the benefit of any member, officer or any specific person. The objective of the Club is to provide facilities for the use and enjoyment of members.

**THE PALMS COUNTRY CLUB, INC.**  
**(A Not-for-Profit Corporation)**

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**SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON  
REVISED SRC RULE 68 AND 68.1  
DECEMBER 31, 2022**

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68 and 68.1 as amended that are relevant to the Club. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets in Equity Securities - Not Applicable

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

There is no receivable from employees with aggregate indebtedness of more than ₱100,000 or 1% of the total assets as of December 31, 2022.

Schedule C. Amounts receivable from related parties which are eliminated during the Consolidation of Financial Statements - Not Applicable as the Club does not prepare consolidated financial statements.

Schedule D. Intangible Assets - Not Applicable. The Club does not have intangible assets.

Schedule E. Long-term Debt - Not applicable

The Club has no outstanding long-term debt as of December 31, 2022.

Schedule F. Indebtedness to Related parties

As of December 31, 2022, there are no noncurrent liabilities due to related parties. Current liabilities due to related parties amounted to ₱0.43 million.

Schedule G. Guarantees of Securities of Other Securities - Not Applicable



Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Club A Shares	1,900	1,900				
Club B Shares	250	250				
Club C Shares	150	150				
Club D Shares	2,293	2,293				
Founder Shares	7	7				

**THE PALMS COUNTRY CLUB, INC.**  
**(A Not-for-Profit Corporation)**

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**SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATOR  
REQUIRED ON REVISED SRC RULE 68 AND 68.1  
DECEMBER 31, 2022**

Below are the financial ratios that are relevant to the Club for the years ended December 31, 2022 and 2021:

Financial ratios		2022	2021
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.82	1.83
Quick ratio	$\frac{\text{Cash and receivable}}{\text{Current liabilities}}$	1.64	1.64
Solvency ratio	$\frac{\text{Total assets}}{\text{Total liabilities}}$	7.96	10.03
Debt-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.14	.11
Profit margin ratio	$\frac{\text{Net income (loss)}}{\text{Total revenue}}$	0.01	(.08)

In computing the current ratio, the Club considered the following accounts as current (based on the maturity profile of each accounts):

*Current assets*

- Cash
- Contract receivables
- Inventories
- Other current assets

*Current liabilities*

- Trade and other payables
- Due to related parties
- Contract liabilities
- Loans payable - current portion



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

The Board of Directors reviewed and approved the financial statements including the schedules attached therein, and submits the same to the stockholder or members.

SyCip, Gorres, Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

FRANCIS NATHANIEL C. GOTIANUN
President and CEO

ID NO. D16-01-24526A

HANS RUDOLF NEUKOM
General Manager

ID No. X61-98-038113

MITZI C. CHUIDIAN
Financial Controller

ID NO. M26-04-067775

PATRICIO L. BONCAYAO, JR.
Notary Public

2nd Floor, KLC Bldg., Rotonda, Alabang, Muntinlupa City
MCLE Compliance No. VII-0015578
Issued on: 04-13-22; Valid until 4-14-2025
IBP Lifetime No. 019651; 11-06-15; Pasay City
P.R. No. 4347541; 01-03-23; Muntinlupa City
NS-22-032; Muntinlupa City until 12-31-23
CEN. 107-734-581
Roll No. 33796
Tel. No. 8800-70-16
patricio\_boncayao\_lawoffice@yahoo.com.ph

Signed this 3rd day of April 2023

26 APR 2023

SUBSCRIBED AND SWORN TO BEFORE ME THIS DAY OF MUNTINLUPA CITY. PERSONALLY APPEARED WITH VALID ID NO. ISSUED BY

Doc No.: 16
Page No.: 5
Book No.: 299
Series of 2023

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOAQUIN P. ROA**, Filipino, of legal age and with address at B9 L8 Copa de Oro Loop Verdana Homes, Molino Bacoor Cavite, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee as Independent Director of The Palms Country Club, Inc.
2. I was affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Grepalife	Senior Vice President	1999-2002
Vietnam Motors	Vice President/General Manager	1992-1999
Philippine Fuji Xerox	Vice President - Marketing	1980-1992

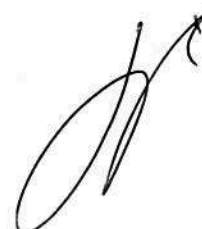
3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Palms Country Club, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following directors/officers/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A		

5. I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the   N/A   to be an independent director in   N/A  , pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of The Palms Country Club, Inc. of any changes in the above-mentioned information within five days from its occurrence.





Done, this SEP 20 2023 at Mandaluyong City.

  
**JOAQUIN P. ROA**  
Affiant

**SUBSCRIBED AND SWORN** to before me this SEP 20 2023 at Mandaluyong City, affiant exhibiting to me as competent evidence of his identity, Passport ID No. P4609166B, bearing his photograph and signature, issued by Department of Foreign Affairs NCR-South, and valid until 28 January 2030.

Doc. No. 3715 ;  
Page No. 68 ;  
Book No. 78 ;  
Series of 2023.

**JOVEN G. SEVILLANO**  
NOTARY PUBLIC FOR CITY OF MANDALUYONG  
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024  
IBP LIFETIME NO. 011302; 12-28-12; RIZAL  
ROLL NO. 53970  
PTR NO. 5110440; 1-3-23; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSEPHINE L. LAGDAMEO**, Filipino, of legal age and residing at 27 Freixas St., BF Homes East Phase 6, Muntinlupa City, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee as Independent Director of The Palms Country Club, Inc.
2. I am/ was affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Assumption Alumnae Association	Member	2000-Present
Assumption Alumnae Association	Board of Trustees	2009-2016

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Palms Country Club, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following directors/officers/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A		

5. I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of The Palms Country Club, Inc. of any changes in the above-mentioned information within five (5) days from its occurrence.



Done, this SEP 20 2023 at Mandaluyong City.

  
**JOSEPHINE L. LAGDAMEO**  
Affiant

**SUBSCRIBED AND SWORN** to before me this SEP 20 2023 at Mandaluyong City, affiant exhibiting to me as competent evidence of her identity, Passport ID No. P4371804B, bearing her photograph and signature, issued by Department of Foreign Affairs NCR South, and valid until 10 January 2030.

Doc. No. 376 ;  
Page No. 69 ;  
Book No. 78 ;  
Series of 2023.

**JOVEN G. SANTIAGO**  
NOTARY PUBLIC FOR CITY OF MANDALUYONG  
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024  
IBP LIFETIME NO. 011302; 12-28-12; RIZAL  
ROLL NO. 53970  
PTR NO. 5110440; 1-3-23; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MANOLITO F. GONZALES**, Filipino, of legal age and residing at 328 Apo Street, Ayala Alabang Village, Muntinlupa City, Metro Manila, after having been duly sworn in accordance with the law do hereby declare that:

1. I am a nominee as Independent Director of The Palms Country Club, Inc.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Kairos Business Solutions, Inc.	President	Present
The Shang Grand Tower Condominium Corporation	Board Member	2007-Present
Foundation of Our Lady of Peace Mission	Board Member	1989-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of The Palms Country Club, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am related to the following directors/officers/substantial shareholders of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code:

Name of Director/Officer/ Substantial Shareholder	Company	Nature of Relationship
N/A		

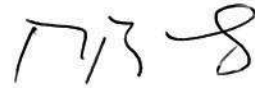
5. I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

Offense Charged/ Investigated	Tribunal or Agency Involved	Status
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from the   N/A   to be an independent director in   N/A  , pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of The Palms Country Club, Inc. of any changes in the above-mentioned information within five (5) days from its occurrence.



Done, this SEP 20 2023 at Mandaluyong City.



**MANOLITO F. GONZALES**  
Affiant

SEP 20 2023

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ at Mandaluyong City, affiant exhibiting to me as competent evidence of his identity, Passport ID No. P6163308A, bearing his photograph and signature, issued by Department of Foreign Affairs Manila, and valid until 23 February 2028.

Doc. No. 397;  
Page No. 69;  
Book No. 78;  
Series of 2023.

**JOVEN G. SEVILANO**  
NOTARY PUBLIC FOR CITY OF MANDALUYONG  
COMMISSION NO. 0285-23 UNTIL DECEMBER 31, 2024  
IBP LIFETIME NO. 011302; 12-28-12; RIZAL  
ROLL NO. 53970  
PTR NO. **5110440**; 1-3-23; MANDALUYONG  
MCLE COMPLIANCE NO. VII 0010250 14 APRIL 2025  
UG03 CITYLAND SHAW TOWER,  
SHAW BLVD. MANDALUYONG CITY

COVER SHEET

A 2 0 0 0 0 5 1 2 9  
S.E.C. Registration Number

T H E P A L M S C O U N T R Y C L U B I N C

(Company's Full Name)

1 4 1 0 L A G U N A H E I G H T S D R I V E  
F I L I N V E S T C I T Y A L A B A N G  
M U N T I N L U P A C I T Y

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

MITZI C. CHUIDIAN  
Contact Person

(02) 8771-7171  
Company Telephone Number

1 2 3 1  
Month Day  
Fiscal Year

1 7 - Q 1  
FORM TYPE

0 4  
Month Day  
Annual Meeting

S8 - 1  
Secondary License Type, if applicable

C S D

Dept. Requiring this Doc.  
Number/Section

Amended Articles

4,600

Total Number of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned:

File Number

LCU

Document ID

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes



## PART I – FINANCIAL INFORMATION

### Item 1. Financial Statements

Please refer to the attached Interim Statement of Financial Position, Statement of Revenue and Expense, Statement of Changes in Stockholder's Equity, Statement of Cash Flow and Notes to Financial Statements referred to as Annex A.

The attached Interim Financial Statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) and, we disclose the following information:

- a) The same accounting policies and methods of computation are followed in the interim financial statements as compared with the December 31, 2022 Audited financial statements.
- b) There have been no unusual items affecting assets, liabilities, equity or cash flow.
- c) There have been no changes in estimates of amounts reported in prior financial year.
- d) There have been no issuances, repurchases and repayments of debt and equity security.
- e) The Club, being a non-profit organization will not be declaring any dividend. Reference is made to the Articles of Incorporation and By-Laws as amended.
- f) There have been no material event subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- g) There has been no change in the composition of the issuer during the period.
- h) There have been no contingent liabilities or contingent assets provided ever since.
- i) There have been no material contingencies and other events or transactions that are material to an understanding of the current interim period.

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

Revenue generated for the first quarter ending March 31, 2023 was ₱105.6 million compared to ₱56.6 million of the same period in 2022 and ₱51.0 million in 2021. Compared to year 2022, Food and Beverage increased by 136.9%, Membership dues increased by 23.6%, Sports and Recreation increased by 115.7% while Club Shop and others increased by 42.4%. Overall increase in revenues compared to year 2022 was 86.4%. Food and Beverage contributed 63.7% to total revenue, Membership dues 25.0%, Sports and recreation 5.9% and Club shop and other revenues 5.4%. The upward trend in the revenues can be attributed to the population's lower level of concern regarding the pandemic.

Total direct cost was ₱70.2 million in the first quarter compared to ₱36.9 million in the same period of year 2022 and ₱30.6 million in 2021. In terms of percentage, total direct cost by the end of the first quarter was 65.5% compared to last year's 65.1% and 60.1% in 2021. Food and Beverage cost contributed 33.2%, payroll cost at 16.4%, utilities and supplies at 10.4% and the rest at 6.5%. Compared to year 2022, total direct cost increased by ₱33.4 million mainly due to increased business and resulting to increase in operating expenses. Payroll cost increased by 76.3%.



Non-revenue departments such as administrative, depreciation, engineering and housekeeping showed an increase of 23.5% for the first quarter ending March 31, 2023. From ₱22.4 million in 2022, it posted an increase of ₱5.3 million in 2023 mainly due to an increase in various operating costs such as contract services, operating supplies, payroll, credit card fees and various engineering repairs compared to year 2022. Included in the operating supplies are the various supplies for pandemic like face shields, face masks and disinfectants.

As of March 31, 2023 revenues over cost and expenses before other income and finance lease was an income of ₱7.7 million compared to loss of ₱ 2.6 million the previous year. Finance lease decreased by 7.6% while other income was up by 82.1%. Total net income at the end of the first quarter of 2023 was ₱ 7.4 million compared to loss of ₱3.6 million in 2022, and loss of ₱2.4 million in 2021. Higher loss in year 2022 for the first quarter against year 2021 was due to the closure of the Club when omicron variant cases was highest in January 2022.

Total collection of membership dues for the first quarter was up to ₱26.3 million compared to the same period of the previous year or 23.6%. The Club increased the monthly membership dues from ₱3,300.00 to ₱4,000.00 effective January 1, 2023 in order to sustain the brand of service amidst the uprising operating costs. Total number of members as of March 31, 2023 was 2,200 or an increase of 28 members from 2172 as of December 31, 2022. There is notable improvement in the Corporate B fresh shares sold during for the first quarter of the year which is indicative that the uncertainty brought about by the pandemic is now becoming less of a concern to prospective buyers.

Total asset as of March 31, 2023 was ₱960.0 million compared to ₱970.3 million as of December 31, 2022 or a decrease of ₱10.2 million. This is mainly due to the decrease in cash, receivables and inventories. Net book value of property and equipment increased by ₱2.7 million. Cash decreased by ₱13.7 million, accounts receivable decreased by ₱6.1 million and inventories decreased by ₱1.8 million. Advances to suppliers decreased by 6.8%. Other current assets increased by 380.5% or ₱8.4 million due to the prepayments of property taxes, licenses, permits and association dues. Deferred input Vat decreased by 7.1%. Total current assets stands at ₱167.7 million compared to ₱180.5 million in December 31, 2022 or a decrease of 15.0% or ₱12.8 million.

Total current liabilities amounted to ₱81.3 million on March 31, 2023 and ₱99.2 million on December 31, 2022 or a decrease of 18.0%. Accounts and other payables decreased to ₱50.9 million from last year's ₱ 64.3 million or a 20.9% decrease. This is due to payments made to suppliers and manning agencies. Due to related party was down by 6.0% from ₱.42 million in December 2021 to ₱.40 million by March 31, 2023. Contract liabilities decreased by 12.5% or ₱4.1 million. Included in the Contract liabilities are events deposits and advance membership dues of members. Advance monthly dues are applied as they mature.

Total current assets stood at ₱167.7 million while current liabilities stood at ₱81.3 million. The Club's current ratio was at 2.06 as of March 31, 2023. To improve cash position, penalty charges of 2% per month or 24% per annum were continually enforced against members with overdue accounts. In addition, the use of the Club's facilities is suspended with respect to members whose accounts are overdue for 60 days or more. Quick ratio is favorable at 1.72 while solvency ratio is at 9 with total assets of ₱960.0 million over total liabilities of ₱104.3 million. The Club's debt equity ratio is strong at .12 with the total liabilities of ₱ 104.3 million over total equity of ₱855.7 million.

## PERFORMANCE INDICATORS:

	March 31, 2022	December 31, 2022
Current Ratio	2.06	1.82
Current Assets	167.7	180.24
Current Liabilities	81.3	99.24
Quick Ratio	1.72	1.64
Cash + Accts Receivable	140.1	162.44
Current Liabilities	81.3	99.24
Solvency Ratio	9	7.96
Total Assets	960.0	970.27
Total Liabilities	104.3	121.93
Debt-Equity Ratio	.12	.14
Total Liabilities	104.3	121.93
Total Stockholders' Equity	855.7	848.34
Profit Margin Ratio	.07	.01
Net Income (Loss)	7.3	1.76
Total Revenue	105.6	348.14

There are no events known to the Club that will trigger any material financial obligation including any default or acceleration of obligation.

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.

The Club is undergoing a major repairs of the tennis court, upgrading of bowling equipment, purchase of new kitchen equipment, furniture and some minor repairs of the facilities but funds for these will be derived solely from operations.

The global pandemic has affected the world economy. It has created an uncertainties that had material unfavorable impact on revenues from continuing operations. Although after three years it continues to spread, evolve and remains a global threat, the Club will continually adapt and adjust its activities to allow members full enjoyment of the facilities to the extent allowed under existing Alert Level System rules and guidelines.

There are no seasonal aspects that had material effects on the financial condition or results of operations of the Club.

## Part II – OTHER INFORMATION

Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operation, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the period. There are also no material events subsequent to the period under review up to the date of this report.

**SIGNATURES**

Pursuant to the requirements of the Revised Securities Act, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **THE PALMS COUNTRY CLUB, INC.**



Signature and Title: **FRANCIS NATHANIEL C. GOTIANUN**  
President and CEO



**HANS RUDOLF NEUKOM**  
General Manager



**MITZI C. CHUIDIAN**  
Financial Controller

**THE PALMS COUNTRY CLUB**  
**Statement of Financial Position**

	March 31, 2023	December 31, 2022 (Audited)	December 31, 2021 (Audited)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash (Note 2)	69,763,364	83,460,727	78,402,096
Short-term Investment	34,004,148	33,867,175	0
Contract receivables (Note 3)	36,313,904	42,428,426	32,602,423
Due from related parties	809,838	2,617,892	618,725
Inventories (Note 4)	14,390,432	14,054,371	9,657,673
Advances to Suppliers (Note 5)	1,747,438	1,875,357	1,108,398
Other Current Assets (Note 5)	10,667,357	2,220,242	1,648,295
<b>Total Current Assets</b>	<b>167,696,482</b>	<b>180,524,190</b>	<b>124,037,610</b>
<b>Noncurrent Assets</b>			
Property and equipment - net (Note 6)	790,924,673	788,222,128	811,956,148
Deferred Input VAT (Note 7)	1,421,498	1,530,844	2,193,127
<b>Total Noncurrent Assets</b>	<b>792,346,171</b>	<b>789,752,972</b>	<b>814,149,275</b>
<b>Total Assets</b>	<b>960,042,652</b>	<b>970,277,162</b>	<b>938,186,885</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts and other payables (Note 8)	50,875,911	64,347,427	44,210,516
Contract liabilities (Note 9)	28,595,246	32,680,736	21,978,283
Due to related parties (Note 10)	400,272	426,038	318,175
Finance Lease - current portion	1,401,592	1,787,067	1,223,847
<b>Total Current Liabilities</b>	<b>81,273,020</b>	<b>99,241,268</b>	<b>67,730,821</b>
<b>Noncurrent Liability</b>			
Lease liability - net of current portion	13,736,294	13,736,294	15,523,361
Pension liability	9,318,828	8,955,049	9,922,492
<b>Total Noncurrent Liabilities</b>	<b>23,055,123</b>	<b>22,691,343</b>	<b>25,445,853</b>
<b>Total Liabilities</b>	<b>104,328,143</b>	<b>121,932,611</b>	<b>93,176,674</b>
<b>Equity</b>			
Capital Stock (Note 11)	1,109,993,521	1,109,993,521	1,109,993,521
Accumulated deficiency of revenues over cost & expenses	(265,886,569)	(267,651,520)	(252,335,116)
Net Income (Loss) for the period	7,369,960	1,764,951	(15,316,404)
Remeasurement gain on retirement plan -net of tax	4,237,599	4,237,599	2,668,210
<b>Total Equity</b>	<b>855,714,511</b>	<b>848,344,551</b>	<b>845,010,211</b>
<b>Total Liabilities and Equity</b>	<b>960,042,653</b>	<b>970,277,162</b>	<b>938,186,885</b>



**THE PALMS COUNTRY CLUB**  
**Statement of Revenue and Expense**

	FIRST QUARTER		
	Jan. 1, 2023 to March 31, 2023	Jan. 1, 2022 to March 31, 2022	Jan. 1, 2021 to March 31, 2021
<b>REVENUES</b>			
Food & Beverage	67,303,148	28,415,783	21,762,364
Membership dues	26,344,000	21,321,300	21,281,700
Sports and recreation	6,231,084	2,889,334	2,132,223
Club Shop and Others	5,707,347	4,007,783	5,817,883
<b>Total Revenues</b>	<b>105,585,579</b>	<b>56,634,199</b>	<b>50,994,171</b>
<b>LESS: DIRECT COSTS</b>			
Cost of Sales			
Food & Beverage	35,074,438	15,401,860	11,167,757
Sports and recreation	2,222,612	1,427,590	1,076,940
Club Shop and others	871,510	532,236	913,965
<b>Total Cost of Sales</b>	<b>38,168,560</b>	<b>17,361,686</b>	<b>13,158,662</b>
Payroll	17,364,205	9,847,768	8,640,721
Utilities, laundry & supplies	11,022,753	7,037,880	6,289,521
Communications	175,882	136,098	186,339
Contract services	96,079	112,969	136,734
Banquets and special events	612,657	1,083,094	1,180,688
Marketing and others	2,808,159	1,296,898	1,047,919
<b>Total Direct Costs</b>	<b>70,248,294</b>	<b>36,876,391</b>	<b>30,640,583</b>
<b>GROSS INCOME</b>	<b>35,337,285</b>	<b>19,757,808</b>	<b>20,353,588</b>
<b>LESS: OPERATING EXPENSES</b>			
General and administrative			
Utilities and supplies	169,611	206,206	169,376
Payroll	4,752,317	3,855,925	3,907,189
Outside services	2,814,797	2,129,102	2,032,123
Credit card commission	1,807,386	1,001,569	859,447
Insurance	207,279	155,130	155,207
Communications	301,731	313,892	323,385
Licenses and permits	1,680,983	1,389,297	1,390,150
Others	1,611,288	1,663,011	1,644,519
<b>Total Gen and admin</b>	<b>13,345,393</b>	<b>10,714,132</b>	<b>10,481,396</b>
Depreciation	7,371,328	7,487,666	7,397,667
Housekeeping			
Payroll	2,406,870	1,492,022	1,243,452
Outside services	404,324	350,675	234,118
Utilities, laundry and supplies	825,857	589,689	458,452
Others	67,240	68,903	79,107
<b>Total Housekeeping</b>	<b>3,704,289</b>	<b>2,501,288</b>	<b>2,015,129</b>
Engineering			
Payroll	574,784	441,735	390,059
Outside services	997,702	808,452	874,622
Supplies	1,650,224	394,543	466,495
Others	21,231	50,045	93,117
<b>Total Engineering</b>	<b>3,243,942</b>	<b>1,694,774</b>	<b>1,824,294</b>
<b>Total Operating Expenses</b>	<b>27,664,952</b>	<b>22,397,860</b>	<b>21,718,486</b>
<b>DEFICIENCY OF REVENUES OVER COST AND EXPENSES BEFORE OTHER INCOME &amp; EXPENSES</b>	<b>7,672,333</b>	<b>(2,640,053)</b>	<b>(1,364,898)</b>
Finance Lease Cost	1,480,525	1,602,012	1,685,212
Other Income	1,178,152	647,052	667,219
<b>TOTAL OTHER INCOME AND EXPENSES</b>	<b>(302,373)</b>	<b>(954,960)</b>	<b>(1,017,993)</b>
<b>NET INCOME (LOSS)</b>	<b>7,369,960</b>	<b>(3,595,013)</b>	<b>(2,382,891)</b>

**THE PALMS COUNTRY CLUB**  
**Statements of Changes in Stockholders' Equity**

		Three Months Ending Mar. 31, 2023	Three Months Ending Mar. 31, 2022	Three Months Ending Mar. 31, 2021
<b>CAPITAL STOCK</b>				
Class A shares		915,109,926	915,109,926	915,109,926
Authorized	1,900 shares			
Fully paid	1,900 shares			
Class B shares		120,270,900	120,270,900	120,270,900
Authorized	250 shares			
Fully paid	250 shares			
Class C shares		72,312,695	72,312,695	72,312,695
Authorized	150 shares			
Fully paid	150 shares			
Class D shares		2,293,000	2,293,000	2,293,000
Authorized	2,293 shares			
Fully paid	2,293 shares			
Founders' shares		7,000	7,000	7,000
Authorized	7 shares			
Fully paid	7 shares			
		<b>1,109,993,521</b>	<b>1,109,993,521</b>	<b>1,109,993,521</b>
Retained Earnings		(265,886,569)	(267,651,511)	(252,335,114)
Net Income (Loss) for the period		7,369,960	(3,595,013)	(2,382,891)
<b>DEFICIT</b>		<b>(258,516,609)</b>	<b>(271,246,524)</b>	<b>(254,718,005)</b>
Remeasurement gain on retirement benefit		4,237,599	2,668,210	1,348,486
<b>STOCKHOLDER'S EQUITY - NET</b>		<b>855,714,511</b>	<b>841,415,208</b>	<b>856,624,002</b>

**THE PALMS COUNTRY CLUB**  
**Statement of Cash Flows**

	Three Months Ended Mar. 31, 2023	Three Months Ended Mar. 31, 2022	Three Months Ended Mar. 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Deficiency of revenues over costs and expenses	7,369,960	(3,595,013)	(2,382,891)
Adjustments for:			
Depreciation	7,371,328	7,487,666	7,397,667
Finance Lease Cost	1,480,525	1,602,012	1,685,212
Net change in Pension Liability	363,779	195,558	133,093
Gain on disposal of property, plant & Equipment	-	-	(21,500)
Interest Income	(23,554)	(2,156)	(13,822)
Operating Loss before working capital changes	16,562,038	5,688,066	6,797,758
Decrease (Increase) in:			
Contract Receivables	6,114,522	4,183,376	7,899,425
Due from related parties	1,808,054	249,337	413,300
Inventories	(336,061)	1,464,094	694,708
Other Current Assets	(8,319,196)	(6,849,942)	(9,149,218)
Deferred input VAT	109,346	244,286	134,940
Increase (Decrease) in:			
Accounts Payable and accrued expenses	(13,471,516)	(6,110,875)	(8,378,865)
Contract Liabilities	(4,085,490)	(3,095,937)	(2,765,335)
Due to a related party	(25,766)	49,162	117,517
Cash used in operations	(1,644,070)	(4,178,432)	(4,235,770)
Interest received	23,554	2,156	13,822
<b>Net cash used in operating activities</b>	<b>(1,620,516)</b>	<b>(4,176,276)</b>	<b>(4,221,947)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease (Increase) in:			
Increase in short-term investment	(136,973)		
Property and equipment	(10,073,874)	(389,836)	(1,166,896)
Proceeds from disposal of property and equipment	-	-	21,500
<b>Net cash provided by investing activities</b>	<b>(10,210,847)</b>	<b>(389,836)</b>	<b>(1,145,396)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease	(1,866,000)	(1,866,000)	(1,866,000)
<b>Net cash provided by financing activities</b>	<b>(1,866,000)</b>	<b>(1,866,000)</b>	<b>(1,866,000)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(13,697,362)</b>	<b>(6,432,112)</b>	<b>(7,233,343)</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>83,460,727</b>	<b>78,402,096</b>	<b>84,294,288</b>
<b>CASH AT END OF PERIOD</b>	<b>69,763,365</b>	<b>71,969,986</b>	<b>77,060,946</b>

**THE PALMS COUNTRY CLUB, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. Summary of Significant Accounting Policies**

Basis of Preparation

The financial statements have been prepared under the historical cost basis and are presented in Philippine Peso (₱) which is the Club's functional currency. All values are rounded to the nearest Peso, except when otherwise indicated.

Statement of Compliance

The accompanying financial statements of the Club have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates.

Financial Assets and Liabilities

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL)

The club recognizes a financial asset or financial liability in the balance sheets when it becomes a party to the contractual provisions of the instrument

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at cost using the effective interest method. Gains and losses are recognized in the statements of revenue and expenses when loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are classified as current when these are expected to be realized within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

This category includes the Club's cash and receivables.

Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. These liabilities are carried at cost or amortized cost in the balance sheet. Amortization is determined using the effective interest method.

Included in this category are the Club's trade and other payables and due to a related party.



### Impairment of Financial Assets

An assessment is made at each reporting date as to whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, any impairment loss is recognized in the statement of revenues and expenses.

### Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Cost is determined using the first-in, first-out method.

### Property and Equipment

Property and equipment consists of land and land improvements, buildings and facilities and equipment. Except for land, the Club's property and equipment are stated at cost less accumulated depreciation and amortization and impairment in value, if any. Land is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are sold or retired, their cost and accumulated depreciation and amortization are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of revenues and expenses.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful life of the related assets as follows:

Land improvements	10 years
Building	40 years
Sports, kitchen and other facilities and equipment	5 to 10 years

The Club estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The useful lives and depreciation and amortization methods are reviewed periodically based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by the changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment would increase depreciation and amortization expenses and decrease property and equipment.

### Retirement Benefit Costs

Pension costs are actuarially computed using the projected unit credit valuation method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to the services rendered in the current period. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

### Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Club and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

#### Membership dues

Membership dues to support the operation and maintenance of the Club are billed one month in advance and are credited to operations in the period to which the dues apply.

Collections for accounts which are not yet due and therefore do not qualify for revenue recognition are recorded as "Membership dues paid in advance" in the liabilities section of the financial position.

#### Food & Beverage

Revenue from sale of food and beverages are recognized when served.

#### Sports & Recreation

Revenue from sports and recreation are recognized when services have been rendered.

#### Club Shop & others

Revenue is recognized when the risk and rewards of ownership of the goods have passed to the buyer.

#### Interest Income

Interest income is recognized as it accrues taking into account the effective yield on the asset.

### Equity

Capital Stock is measured at stated price for all shares issued.

'Accumulated deficiency of revenues and membership dues over cost and expenses' represents accumulated losses and earning and any adjustment arising from application of a new accounting standard, policies or corrections of errors applied retroactively by the Club.

### Cost and Expenses

"Direct costs" and "operating expenses" are expenses that arise in the course of the ordinary operations of the Club. Direct costs and operating expenses are expensed as incurred.

### Provisions

A provision is recognized only when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an outflow of economic benefit is probable.

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## 2. Cash and Short-term investment

Cash consists of:

	Mar. 31, 2023	Dec. 31, 2022
Current and savings accounts with banks	₱69,011,364	₱82,708,727
Revolving fund	752,000	752,000
	<u>₱69,763,364</u>	<u>₱83,460,727</u>

Cash in bank earns interest at the prevailing bank deposit rates.

There is no cash restriction on the Club's cash balances as at March 31, 2023 and December 31, 2022.

Short-term Investment:

	Mar. 31, 2023	Dec. 31, 2022
Short-term Investment	₱34,004,148	₱33,867,175
	<u>₱34,004,148</u>	<u>₱33,867,175</u>

The short-term investment represents investment that are more than 90 days and earn interest at the prevailing annual rates.

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## 3. Receivables

This account consists of:

	Mar. 31, 2023	Dec. 31, 2022
Members	₱28,555,240	₱36,432,161
Banquet Sales	8,351,148	5,523,610
Credit Cards	640,867	1,519,674
Others	1,430,109	1,616,441
	<u>38,977,364</u>	<u>45,091,886</u>
Less: allowance for doubtful accounts	<u>2,663,460</u>	<u>2,663,460</u>
	<u>₱ 36,313,904</u>	<u>₱42,428,426</u>

Receivables from members are collateralized by a preferential lien on the Club shares owned by them. These receivables are collectible within a year.

"Other receivables" consist of advances made to employee for sickness and maternal benefits, creditable withholding taxes for current year transactions with pending certificates and receivables from agency hired employees

#### 4. Inventories

This account consists of:

At Cost:	Mar. 31, 2023	Dec. 31, 2022
Food	₱10,762,265	₱10,530,846
Beverage	1,721,337	1,682,288
Operating Supplies	1,656,037	1,586,704
Others	250,793	254,533
	<b>₱14,390,432</b>	<b>₱14,054,371</b>

#### 5. Other Current Assets

This account consists of:

	Mar. 31, 2023	Dec. 31, 2022
Advances to Suppliers	₱1,747,438	₱1,875,357
Others		
Creditable Withholding Taxes	1,994,215	1,449,171
Others	8,673,142	771,071
<b>Total</b>	<b>10,667,357</b>	<b>2,220,242</b>

#### 6. Property and Equipment

Property and equipment are classified under the following accounts:	Land	Land improvements	Building	Sports, kitchen and other facilities and equipment	Mar. 31, 2023	Dec. 31, 2022
					Total	Total
Beginning balances	₱420,000,000	₱16,522,240	₱585,435,021	₱ 313,219,919	<b>₱1,335,177,179</b>	₱1,330,333
Additions				10,073,874	<b>10,073,874</b>	6,346,493
Disposal						(1,502,439)
Ending balances	420,000,000	16,522,240	585,435,021	323,293,792	<b>1,345,251,053</b>	<b>₱ 1,335,177,182</b>
<b>Accumulated depreciation</b>						
Beginning balances		16,313,987	303,882,897	226,758,168	<b>546,955,052</b>	518,376,980
Additions		5,259	3,595,803	3,770,266	<b>7,371,328</b>	30,080,513
Disposal						(1,502,439)
Ending balances		16,319,246	307,478,700	230,326,380	<b>554,326,380</b>	546,955,054
<b>Net Book Value</b>	<b>₱ 420,000,000</b>	<b>₱ 202,993</b>	<b>₱ 277,956,320</b>	<b>₱ 92,765,359</b>	<b>₱790,924,673</b>	<b>₱ 788,222,128</b>





# CERTIFICATION

I, MITZI C. CHUIDIAN, Financial Controller of THE PALMS COUNTRY CLUB, INC. with SEC registration Number A200005129 with principal office at 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City, on oath state:


1. That on behalf of The Palms Country Club, Inc. I have caused this SEC Form 17-Q1 to be prepared.
2. That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records.
3. That the company, The Palms Country Club, Inc. will comply with the requirements set forth in SEC Notice dated 24 June 2020 for a complete and official submission of reports and/or documents through electronic mail, and
4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of April, 2023.

  
\_\_\_\_\_  
Affiant

SUBSCRIBED AND SWORN to before me this 26th day of April, 2023

Doc. No. 17  
Page No. 5  
Book No. 299  
Series of 2023

  
**PATRICIO L. BONCAYAO, JR.**  
Notary Public  
2nd Floor, KIC Bldg., Rotonda,  
Alabang, Muntinlupa City  
MCLE Compliance no. VI-0015578  
Issued on 4-14-2023  
IBP Lifetime No. 019651; 11-06-15; Pasay City  
PTR No. 4347541; 01-03-23; Muntinlupa City  
NC-22-031; Muntinlupa City until 12-31-23  
TIN: 137-734-581  
Roll No. 33796  
Tel. No. 8800-70-16  
patricio\_boncayao\_lawoffice@yahoo.com.ph

COVER SHEET

A 2 0 0 0 0 5 1 2 9  
S.E.C. Registration Number

T H E P A L M S C O U N T R Y C L U B I N C  
 \_\_\_\_\_  
 \_\_\_\_\_

(Company's Full Name)

1 4 1 0 L A G U N A H E I G H T S D R I V E  
 F I L I N V E S T C I T Y A L A B A N G  
 M U N T I N L U P A C I T Y  
 (Business Address: No. Street, City/Town/Province)

MITZI C. CHUIDIAN  
 Contact Person

(02) 8771-7171  
 Company Telephone Number

1 2      3 1  
 Month      Day  
 Fiscal Year

1 7 - Q 2  
 FORM TYPE

0 4      \_\_\_\_\_  
 Month      Day  
 Annual Meeting

S8 - 1  
 Secondary License Type, if applicable

C S D  
 Dept. Requiring this Doc.  
 Number/Section

\_\_\_\_\_  
 Amended Articles

4,600  
 Total Number of Stockholders

\_\_\_\_\_  
 Domestic

\_\_\_\_\_  
 Foreign

To be accomplished by SEC Personnel concerned:

\_\_\_\_\_  
 File Number

\_\_\_\_\_  
 LCU

\_\_\_\_\_  
 Document ID

\_\_\_\_\_  
 Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q**

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

1. For the quarterly period ended June 30, 2023

2. Commission identification Number **A200005129**

3. BIR Identification No. **206-361-205-000**

4. Exact name of issuer as specified in its charter: **The Palms Country Club, Inc.**

5. Philippines  
Province, Country or other jurisdiction of incorporation  
of organization

6. \_\_\_\_\_  
Industry Classification Code  
(SEC Use Only)

7. 1410 Laguna Heights Drive, Filinvest Corporate  
City, Alabang, Muntinlupa City  
Address of issuers' principal office

8. (02) 8771-7171  
Issuer's telephone number

9. \_\_\_\_\_  
Former name, former address, and former fiscal year,  
if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>	
	<b>4,600</b>	<b>P---</b>

11.

Yes [ ]                      No [ x ]

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

12. Indicate whether the registrant

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

Yes [ x ]                      No [ ]

[b] has been subject to such filing requirements for the past 90 days.

Yes [ x ]                      No [ ]

## **PART I – FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

Please refer to the attached Interim Statement of Financial Position, Statement of Revenue and Expense, Statement of Changes in Stockholder's Equity, Statement of Cash Flow and Notes to Financial Statements referred to as Annex A.

The attached Interim Financial Statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) and, we disclose the following information:

- a) The same accounting policies and methods of computation are followed in the interim financial statements as compared with the December 31, 2022 Audited financial statements.
- b) There have been no unusual items affecting assets, liabilities, equity or cash flow.
- c) There have been no changes in estimates of amounts reported in prior financial year.
- d) There have been no issuances, repurchases and repayments of debt and equity security.
- e) The Club, being a non-profit organization will not be declaring any dividend. Reference is made to the Articles of Incorporation and By-Laws as amended.
- f) There have been no material event subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
- g) There has been no change in the composition of the issuer during the period.
- h) There have been no contingent liabilities or contingent assets provided ever since.
- i) There have been no material contingencies and other events or transactions that are material to an understanding of the current interim period.

### **Item 2. Management's Discussion and Analysis of Financial Condition.**

Revenue generated for the second quarter ending June 30, 2023 was ₱103.9 million compared to ₱89.1 million in the same period in 2022 and ₱41.0 million in 2021. Compared to year 2022, Food and Beverage increased by 10.9%, Membership dues increased by 24.9%, Sports and Recreation increased by 34.4% while Club Shop and others increased by 23.0%. Overall increase in revenues compared to year 2022 was 16.7%. Food and Beverage contributed 59.4% to total revenue, Membership dues 25.7%, Sports and recreation 8.0% and Club shop and other revenues 7.0%. The upward trend in the revenues can be attributed to the population's lower level of concern regarding the pandemic. The government has already declared that wearing of facemask is voluntary.

Total direct cost was ₱74.0 million in the second quarter compared to ₱61.3 million in the same period of year 2022 and ₱24.8 million in 2021. In terms of percentage, total direct cost by the end of the second quarter was 71.2% compared to last year's 68.8% and 60.4% in 2021. Food and Beverage cost contributed



32.4%, payroll cost at 17.6%, utilities and supplies at 11.4% and the rest at 9.7%. Compared to year 2022, total direct cost increased by ₱12.7 million mainly due to corresponding increase in revenues, resulting to increase in operating expenses. Payroll cost increased by 20.4%, utilities and supplies by 16.9%, banquet and events by 534.8% and Marketing & others by 137.7%.

Non-revenue departments such as administrative, depreciation, engineering and housekeeping showed an increase of 15.5% for the second quarter ending June 30, 2023. From ₱25.4 million in 2022, it posted an increase of ₱3.9 million in 2023 mainly due to an increase in various operating costs such as contract services, operating supplies, payroll, credit card fees and various engineering repairs.

As of June 30, 2023 revenue over cost and expenses before other income and finance lease was an income of ₱.65 million compared to income of ₱ 2.4 million the previous year. Finance lease decreased by 58.4% while other income was up by 73.5%. Total net income at the end of the second quarter of 2023 was ₱7.5 million compared to loss of ₱1.7 million in 2022, and loss of ₱7.9 million in 2021. The results clearly indicates that the club is starting to recover from the impact of the pandemic.

Total collection of membership dues for the second quarter was up to ₱26.7 million compared to the same period of the previous year or 24.9%. The Club increased the monthly membership dues from ₱3,300.00 to ₱4,000.00 effective January 1, 2023 in order to sustain the brand of service amidst the uprising operating costs. Total number of members as of June 30, 2023 was 2,209 or an increase of 37 members from 2172 as of December 31, 2022. There is notable improvement in the Corporate B fresh shares sold as of the end of the second quarter which is indicative that the uncertainty brought about by the pandemic is now becoming less of a concern to prospective buyers.

Total asset as of June 30, 2023 was ₱949.9 million compared to ₱970.3 million as of December 31, 2022 or a decrease of ₱20.4 million. This is mainly due to the decrease in cash, receivables and inventories. Net book value of property and equipment increased by ₱3.7 million. Cash decreased by ₱23.7 million, accounts receivable decreased by ₱4.9 million, inventories decreased by ₱2.0 million and due from related parties by ₱1.5 million. Advances to suppliers increased by ₱.9 million or 49.2%. Other current assets increased by 322.4% or ₱7.2 million due to the full advance payments made for property taxes, licenses, permits and association dues. These expenses are amortized monthly until the end of the year. Deferred input Vat decreased by 14.3%. Total current assets stand at ₱156.6 million compared to ₱180.5 million in December 31, 2022 or a decrease of 13.4% or ₱24.2 million.

Total current liabilities amounted to ₱70.6 million on June 30, 2023 and ₱99.2 million on December 31, 2022 or a decrease of 28.7%. Accounts and other payables decreased to ₱15.3 million from last year's ₱ 64.3 million or a 20.9% decrease. This is due to payments made to suppliers and manning agencies. Due to related party was down by 93.0% from ₱.43 million in December 2021 to ₱.03 million by June 30, 2023. Contract liabilities decreased by 12.1% or ₱37.1 million. Included in the Contract liabilities are events deposits and advance membership dues of members. Advance monthly dues are applied as they mature. Total Liabilities is ₱94.0 million compared to ₱121.9 million of last year or a decrease of ₱279 or 22.9%.

Total Current Assets stood at ₱156.6 million while current liabilities stood at ₱70.6 million. The Club's current ratio was at 2.22 as of June 30, 2023. To improve cash position, penalty charges of 2% per month or 24% per annum were continually enforced against members with overdue accounts. In addition, the use of the Club's facilities is suspended with respect to members whose accounts are overdue for 60 days or more. Quick ratio is favorable at 1.86 while solvency ratio is at 10 with total assets of ₱949.0 million over total liabilities of ₱94.0 million. The Club's debt equity ratio is strong at .11 with the total liabilities of ₱ 94.0 million over total equity of ₱855.9 million.

**PERFORMANCE INDICATORS:**

	June 30, 2023	December 31, 2022
Current Ratio	2.22	1.82
Current Assets	156.62	180.24
Current Liabilities	70.57	99.24
Quick Ratio	1.86	1.61
Cash + Accts Receivable	131.26	159.76
Current Liabilities	70.57	99.24
Solvency Ratio	10	7.96
Total Assets	949.87	970.27
Total Liabilities	94.00	121.93
Debt-Equity Ratio	.11	.14
Total Liabilities	94.00	121.93
Total Stockholders' Equity	855.88	848.34
Profit Margin Ratio	.04	.01
Net Income (Loss)	7.54	1.76
Total Revenue	209.52	348.14

There are no events known to the Club that will trigger any material financial obligation including any default or acceleration of obligation.

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.

The Club is undergoing a major repair of the tennis court, upgrading of bowling equipment, purchase of new kitchen equipment, furniture and some minor repairs of the facilities but funds for these will be derived solely from operations.

The global pandemic has affected the world economy. It has created uncertainties that had material unfavorable impact on revenues from continuing operations. Although after three years it continues to spread, evolve and remains a global threat, the Club will continually adapt and adjust its activities to allow members full enjoyment of the facilities to the extent allowed under existing Alert Level System rules and guidelines.

There are no seasonal aspects that had material effects on the financial condition or results of operations of the Club.

**Part II – OTHER INFORMATION**

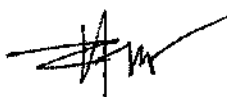
Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operation, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the period. There are also no material events subsequent to the period under review up to the date of this report.

**SIGNATURES**

Pursuant to the requirements of the Revised Securities Act, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

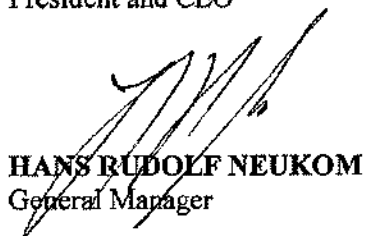
Issuer:

**THE PALMS COUNTRY CLUB, INC.**



Signature and Title:

**FRANCIS NATHANIEL C. GOTIANUN**  
President and CEO



**HANS RUDOLF NEUKOM**  
General Manager



**MITZI C. CHUIDIAN**  
Financial Controller

**THE PALMS COUNTRY CLUB**  
**Statement of Financial Position**

	June 30, 2023	December 31, 2022 (Audited)	December 31, 2021 (Audited)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash (Note 2)	59,759,657	83,460,727	78,402,096
Short-term investment	34,004,148	33,867,175	0
Contract receivables (Note 3)	37,503,757	42,428,426	32,602,423
Due from related parties	1,151,717	2,617,892	618,725
Inventories (Note 4)	12,023,106	14,054,371	9,657,673
Advances to Suppliers (Note 5)	2,798,915	1,875,357	1,108,398
Other Current Assets (Note 5)	9,378,940	2,220,242	1,648,295
<b>Total Current Assets</b>	<b>156,620,240</b>	<b>180,524,190</b>	<b>124,037,610</b>
<b>Noncurrent Assets</b>			
Property and equipment - net (Note 6)	791,943,578	788,222,128	811,956,148
Deferred Input VAT (Note 7)	1,312,152	1,530,844	2,193,127
<b>Total Noncurrent Assets</b>	<b>793,255,730</b>	<b>789,752,972</b>	<b>814,149,275</b>
<b>Total Assets</b>	<b>949,875,970</b>	<b>970,277,162</b>	<b>938,186,885</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts and other payables (Note 8)	49,000,020	64,347,427	44,210,516
Contract liabilities (Note 9)	20,564,097	32,680,736	21,978,283
Due to related parties (Note 10)	30,000	426,038	318,175
Finance Lease - current portion	977,851	1,787,067	1,223,847
<b>Total Current Liabilities</b>	<b>70,571,968</b>	<b>99,241,268</b>	<b>67,730,821</b>
<b>Noncurrent Liability</b>			
Lease liability - net of current portion	13,736,294	13,736,294	15,523,361
Pension liability	9,682,608	8,955,049	9,922,492
<b>Total Noncurrent Liabilities</b>	<b>23,418,903</b>	<b>22,691,343</b>	<b>25,445,853</b>
<b>Total Liabilities</b>	<b>93,990,871</b>	<b>121,932,611</b>	<b>93,176,674</b>
<b>Equity</b>			
Capital Stock (Note 11)	1,109,993,521	1,109,993,521	1,109,993,521
Accumulated deficiency of revenues over cost & expenses	(265,886,570)	(267,651,520)	(252,335,116)
Net Income (Loss) for the period	7,540,550	1,764,951	(15,316,404)
Remeasurement gain on retirement plan -net of tax	4,237,599	4,237,599	2,668,210
<b>Total Equity</b>	<b>855,885,099</b>	<b>848,344,551</b>	<b>845,010,211</b>
<b>Total Liabilities and Equity</b>	<b>949,875,970</b>	<b>970,277,162</b>	<b>938,186,885</b>

**THE PALMS COUNTRY CLUB**  
**Statement of Revenue and Expense**

	SECOND QUARTER			YEAR TO DATE		
	April 1, 2023 to June 30, 2023	April 1, 2022 to June 30, 2022	April 1, 2021 to June 30, 2021	Jan. 1, 2023 to June 30, 2023	Jan. 1, 2022 to June 30, 2022	Jan. 1, 2021 to June 30, 2021
<b>REVENUES</b>						
Food & Beverage	61,727,111	55,681,233	14,937,424	129,030,259	84,097,015	36,699,788
Membership dues	26,668,000	21,347,700	21,258,600	53,012,000	42,669,000	42,540,300
Sports and recreation	8,289,316	6,167,199	1,237,746	14,520,400	9,056,534	3,369,969
Club Shop and Others	7,252,265	5,897,529	3,574,650	12,959,611	9,905,312	9,392,533
<b>Total Revenues</b>	<b>103,936,692</b>	<b>89,093,661</b>	<b>41,008,420</b>	<b>209,522,271</b>	<b>145,727,861</b>	<b>92,002,590</b>
<b>LESS: DIRECT COSTS</b>						
Cost of Sales						
Food & Beverage	33,685,088	30,135,822	8,046,511	68,759,526	45,537,682	19,214,268
Sports and recreation	2,856,731	2,674,387	701,504	5,079,343	4,101,978	1,778,444
Club Shop and others	953,339	782,500	662,099	1,824,849	1,314,736	1,576,064
<b>Total Cost of Sales</b>	<b>37,495,158</b>	<b>33,592,709</b>	<b>9,410,113</b>	<b>75,663,718</b>	<b>50,954,395</b>	<b>22,568,776</b>
Payroll	18,333,356	15,227,350	7,667,685	35,697,561	25,075,118	16,308,406
Utilities, laundry & supplies	11,894,828	10,178,369	5,502,654	22,917,581	17,216,249	11,792,175
Communications	156,776	159,547	180,799	332,658	295,644	367,138
Contract services	96,079	96,079	77,738	192,158	209,048	214,472
Banquets and special events	1,932,432	304,419	1,105,252	2,545,089	1,387,512	2,285,940
Marketing and others	4,058,336	1,707,382	826,589	6,866,495	3,004,280	1,874,509
<b>Total Direct Costs</b>	<b>73,966,965</b>	<b>61,265,855</b>	<b>24,770,831</b>	<b>144,215,259</b>	<b>98,142,247</b>	<b>55,411,415</b>
<b>GROSS INCOME</b>	<b>29,969,727</b>	<b>27,827,806</b>	<b>16,237,588</b>	<b>65,307,012</b>	<b>47,585,614</b>	<b>36,591,175</b>
<b>LESS: OPERATING EXPENSES</b>						
General and administrative						
Utilities and supplies	262,372	288,150	131,392	431,983	494,357	300,768
Payroll	4,948,746	4,396,496	3,742,190	9,701,064	8,252,421	7,649,379
Outside services	2,928,447	2,529,580	2,139,814	5,743,244	4,658,682	4,171,937
Credit card commission	1,630,072	1,520,991	516,836	3,437,458	2,522,560	1,376,283
Insurance	140,507	140,507	155,207	347,787	295,638	310,415
Communications	552,884	317,167	391,282	854,615	631,060	714,667
Licenses and permits	1,706,888	1,375,487	1,328,166	3,387,871	2,764,784	2,718,316
Others	1,806,514	1,399,914	1,626,509	3,417,802	3,062,925	3,271,028
<b>Total Gen and admin</b>	<b>13,976,431</b>	<b>11,968,293</b>	<b>10,031,397</b>	<b>27,321,824</b>	<b>22,682,425</b>	<b>20,512,793</b>
Depreciation	7,260,186	7,471,009	7,333,899	14,631,514	14,958,675	14,731,566
Housekeeping						
Payroll	2,545,498	2,149,992	1,104,219	4,952,367	3,642,014	2,347,671
Outside services	412,085	379,068	230,868	816,409	729,742	464,986
Utilities, laundry and supplies	786,754	923,532	329,320	1,612,610	1,513,221	787,772
Others	105,407	73,612	62,062	172,646	142,515	141,169
<b>Total Housekeeping</b>	<b>3,849,743</b>	<b>3,526,203</b>	<b>1,726,469</b>	<b>7,554,033</b>	<b>6,027,491</b>	<b>3,741,597</b>
Engineering						
Payroll	758,185	572,025	489,415	1,332,969	1,013,760	879,475
Outside services	1,152,708	821,186	948,951	2,150,410	1,629,637	1,823,573
Supplies	2,252,303	986,023	395,343	3,902,527	1,380,566	861,837
Others	65,993	38,637	12,098	87,224	88,681	105,216
<b>Total Engineering</b>	<b>4,229,188</b>	<b>2,417,870</b>	<b>1,845,807</b>	<b>7,473,130</b>	<b>4,112,644</b>	<b>3,670,101</b>
<b>Total Operating Expenses</b>	<b>29,315,549</b>	<b>25,383,375</b>	<b>20,937,572</b>	<b>56,980,501</b>	<b>47,781,236</b>	<b>42,656,058</b>
<b>DEFICIENCY OF REVENUES OVER COST AND EXPENSES BEFORE OTHER INCOME &amp; EXPENSES</b>						
Finance Lease Cost	1,442,259	1,575,807	1,665,144	2,922,784	3,177,819	3,350,356
Other Income	958,671	1,005,406	852,032	2,136,823	1,652,458	1,519,251
<b>TOTAL OTHER INCOME AND EXPENSE</b>	<b>(483,588)</b>	<b>(570,401)</b>	<b>(813,112)</b>	<b>(785,961)</b>	<b>(1,525,361)</b>	<b>(1,831,105)</b>
<b>NET INCOME (LOSS)</b>	<b>170,590</b>	<b>1,874,030</b>	<b>(5,513,095)</b>	<b>7,540,550</b>	<b>(1,720,982)</b>	<b>(7,895,987)</b>



**THE PALMS COUNTRY CLUB**  
**Statements of Changes in Stockholders' Equity**

		Six Months Ending June 30, 2023	Six Months Ending June 30, 2022	Six Months Ending June 30, 2021
<b>CAPITAL STOCK</b>				
Class A shares		915,109,926	915,109,926	915,109,926
Authorized	1,900 shares			
Fully paid	1,900 shares			
Class B shares		120,270,900	120,270,900	120,270,900
Authorized	250 shares			
Fully paid	250 shares			
Class C shares		72,312,695	72,312,695	72,312,695
Authorized	150 shares			
Fully paid	150 shares			
Class D shares		2,293,000	2,293,000	2,293,000
Authorized	2,293 shares			
Fully paid	2,293 shares			
Founders' shares		7,000	7,000	7,000
Authorized	7 shares			
Fully paid	7 shares			
		<b>1,109,993,521</b>	<b>1,109,993,521</b>	<b>1,109,993,521</b>
Retained Earnings		(265,886,570)	(267,651,511)	(252,335,114)
Net Income (Loss) for the period		7,540,550	(1,720,982)	(7,895,987)
<b>DEFICIT</b>		<b>(258,346,021)</b>	<b>(269,372,494)</b>	<b>(260,231,102)</b>
Remeasurement gain on retirement benefit		4,237,599	2,668,210	1,348,486
<b>STOCKHOLDER'S EQUITY - NET</b>		<b>855,885,099</b>	<b>843,289,236</b>	<b>851,110,906</b>

**THE PALMS COUNTRY CLUB**  
**Statement of Cash Flows**

	Six Months Ending June 30, 2023	Six Months Ending June 30, 2022	Six Months Ending June 30, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Deficiency of revenues over costs and expenses	7,540,550	(1,720,982)	(7,895,987)
Adjustments for:			
Depreciation	14,631,514	14,958,675	14,731,566
Finance Lease Cost	2,922,784	3,177,819	3,350,356
Net change in Pension Liability	727,559	52,881	391,472
Gain on disposal of property, plant & Equipment	-	-	(21,500)
Interest Income	(299,535)	(62,246)	39,979
Operating Loss before working capital changes	25,522,872	16,406,146	10,595,886
Decrease (increase) in:			
Contract Receivables	4,924,669	3,476,485	7,380,596
Due from related parties	1,466,175	314,716	429,550
Inventories	2,031,265	923,627	2,549,880
Other Current Assets	(8,082,256)	(4,895,520)	(7,583,242)
Deferred input VAT	218,692	443,591	269,879
Increase (Decrease) in:			
Accounts Payable and accrued expenses	(15,347,407)	(1,548,055)	(13,179,959)
Contract Liabilities	(12,116,639)	(8,544,058)	(8,880,129)
Due to a related party	(396,038)	86,097	25,602
Cash used in operations	(1,778,666)	6,663,030	(8,391,937)
Interest received	299,535	62,246	(39,979)
<b>Net cash used in operating activities</b>	<b>(1,479,131)</b>	<b>6,725,275</b>	<b>(8,431,916)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease (increase) in:			
Increase in short-term investment	(136,973)		
Property and equipment	(18,352,965)	(1,193,164)	(2,077,362)
Proceeds from disposal of property and equipment	-	-	21,500
<b>Net cash provided by investing activities</b>	<b>(18,489,938)</b>	<b>(1,193,164)</b>	<b>(2,055,862)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease	(3,732,000)	(3,732,000)	(3,732,000)
<b>Net cash provided by financing activities</b>	<b>(3,732,000)</b>	<b>(3,732,000)</b>	<b>(3,732,000)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(23,701,069)</b>	<b>1,800,110</b>	<b>(14,219,777)</b>
<b>CASH AT BEGINNING OF PERIOD</b>	<b>83,460,727</b>	<b>78,402,096</b>	<b>84,294,288</b>
<b>CASH AT END OF PERIOD</b>	<b>59,759,657</b>	<b>80,202,206</b>	<b>70,074,512</b>

**THE PALMS COUNTRY CLUB, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. Summary of Significant Accounting Policies**

Basis of Preparation

The financial statements have been prepared under the historical cost basis and are presented in Philippine Peso (₱) which is the Club's functional currency. All values are rounded to the nearest Peso, except when otherwise indicated.

Statement of Compliance

The accompanying financial statements of the Club have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates.

Financial Assets and Liabilities

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL)

The club recognizes a financial asset or financial liability in the balance sheets when it becomes a party to the contractual provisions of the instrument

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at cost using the effective interest method. Gains and losses are recognized in the statements of revenue and expenses when loans and receivables are derecognized or impaired, as well as through the amortization process.

Loans and receivables are classified as current when these are expected to be realized within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

This category includes the Club's cash and receivables.

Other Financial Liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. These liabilities are carried at cost or amortized cost in the balance sheet. Amortization is determined using the effective interest method.

Included in this category are the Club's trade and other payables and due to a related party.

### Impairment of Financial Assets

An assessment is made at each reporting date as to whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, any impairment loss is recognized in the statement of revenues and expenses.

### Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Cost is determined using the first-in, first-out method.

### Property and Equipment

Property and equipment consists of land and land improvements, buildings and facilities and equipment. Except for land, the Club's property and equipment are stated at cost less accumulated depreciation and amortization and impairment in value, if any. Land is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are sold or retired, their cost and accumulated depreciation and amortization are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of revenues and expenses.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful life of the related assets as follows:

Land improvements	10 years
Building	40 years
Sports, kitchen and other facilities and equipment	5 to 10 years

The Club estimates the useful lives of its property and equipment based on the period over which these assets are expected to be available for use. The useful lives and depreciation and amortization methods are reviewed periodically based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by the changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment would increase depreciation and amortization expenses and decrease property and equipment.

### Retirement Benefit Costs

Pension costs are actuarially computed using the projected unit credit valuation method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to the services rendered in the current period. Actuarial valuations are conducted with sufficient regularity, with option to accelerate when significant changes to underlying assumptions occur.

### Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Club and the amount of revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

#### Membership dues

Membership dues to support the operation and maintenance of the Club are billed one month in advance and are credited to operations in the period to which the dues apply.

Collections for accounts which are not yet due and therefore do not qualify for revenue recognition are recorded as "Membership dues paid in advance" in the liabilities section of the financial position.

#### Food & Beverage

Revenue from sale of food and beverages are recognized when served.

#### Sports & Recreation

Revenue from sports and recreation are recognized when services have been rendered.

#### Club Shop & others

Revenue is recognized when the risk and rewards of ownership of the goods have passed to the buyer.

#### Interest Income

Interest income is recognized as it accrues taking into account the effective yield on the asset.

### Equity

Capital Stock is measured at stated price for all shares issued.

'Accumulated deficiency of revenues and membership dues over cost and expenses' represents accumulated losses and earning and any adjustment arising from application of new accounting standard, policies or corrections of errors applied retroactively by the Club.

### Cost and Expenses

"Direct costs" and "operating expenses" are expenses that arise in the course of the ordinary operations of the Club. Direct costs and operating expenses are expensed as incurred.

### Provisions

A provision is recognized only when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an outflow of economic benefit is probable.



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## 2. Cash and Short-term investment

Cash consists of:

	June 30, 2023	Dec. 31, 2022
Current and savings accounts with banks	₱59,007,657	₱82,708,727
Revolving fund	752,000	752,000
	<u>₱59,759,657</u>	<u>₱83,460,727</u>

Cash in bank earns interest at the prevailing bank deposit rates.

There is no cash restriction on the Club's cash balances as at June 30, 2023 and December 31, 2022.

Short-term Investment:

	June 30, 2023	Dec. 31, 2022
Short-term Investment	₱34,004,148	₱33,867,175
	<u>₱34,004,148</u>	<u>₱33,867,175</u>

The short-term investment represents investment that are more than 90 days and earn interest at the prevailing annual rates.

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## 3. Receivables

This account consists of:

	June 30, 2023	Dec. 31, 2022
Members	₱30,356,473	₱36,432,161
Banquet Sales	7,831,171	5,523,610
Credit Cards	629,806	1,519,674
Others	1,349,768	1,616,441
	<u>40,167,217</u>	<u>45,091,886</u>
Less: allowance for doubtful accounts	2,663,460	2,663,460
	<u>₱ 37,503,757</u>	<u>₱42,428,426</u>

Receivables from members are collateralized by a preferential lien on the Club shares owned by them. These receivables are collectible within a year.

"Other receivables" consist of advances made to employee for sickness and maternal benefits, creditable withholding taxes for current year transactions with pending certificates and receivables from agency hired employees

#### 4. Inventories

This account consists of:

At Cost:	June 30, 2023	Dec. 31, 2022
Food	₱4,671,522	₱10,530,846
Beverage	1,865,916	1,682,288
Operating Supplies	2,281,749	1,586,704
Others	236,417	254,533
	<b>₱9,055,604</b>	<b>₱14,054,371</b>

#### 5. Other Current Assets

This account consists of:

	June 30, 2023	Dec. 31, 2022
Advances to Suppliers	₱2,798,915	₱1,875,357
Others		
Creditable Withholding Taxes	2,393,023	1,449,171
Others	6,648,551	771,071
<b>Total</b>	<b>9,041,574</b>	<b>2,220,242</b>

#### 6. Property and Equipment

Property and equipment are classified under the following accounts:	Land	Land improvements	Building	Sports, kitchen and other facilities and equipment	June 30, 2023 Total	Dec. 31, 2022 Total
Beginning balances	₱420,000,000	₱16,522,240	₱585,435,021	₱ 313,219,919	₱1,335,177,179	₱1,330,333
Additions				18,352,965	18,352,965	6,346,493
Disposal						(1,502,439)
Ending balances	420,000,000	16,522,240	585,435,021	331,572,883	1,353,530,144	₱ 1,335,177,182
<b>Accumulated depreciation</b>						
Beginning balances		16,313,987	303,882,897	226,758,168	546,955,052	518,376,980
Additions		10,518	7,174,269	7,446,727	14,631,514	30,080,513
Disposal						(1,502,439)
Ending balances		16,324,505	311,057,166	234,204,895	561,586,566	546,955,054
<b>Net Book Value</b>	<b>₱ 420,000,000</b>	<b>₱ 197,734</b>	<b>₱ 274,377,855</b>	<b>₱ 97,367,989</b>	<b>₱791,943,678</b>	<b>₱ 788,222,128</b>

The land forms part of Lot 392 of the Muntinlupa Estate in the name of the Republic of the Philippines and developed by Filinvest Alabang, Inc. (the developer referred to in Note 10) into what is now known as the Filinvest Corporate City (FCC). Lot 392 was the subject matter of Civil Case Nos. 99-075 and 99-320 for annulment of titles and contracts, considered to be nuisance suits. In its Resolution dated July 30, 2007, the Supreme Court affirmed the dismissal of Civil Case No. 99-075 by the trial court and Court of Appeals. On the other hand, the trial court has required the plaintiffs in Civil Case No. 99-320 to pay the docket fees corresponding to the value of the property subject of this case. As of December 31, 2009, the plaintiffs have not done so. Accordingly, counsel of FAI filed in February 2009 a "Motion to Dismiss" praying that the case be dismissed with prejudice. The motion to dismiss was granted on November 19, 2009.

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#### 7. Other Noncurrent Assets

	June 30, 2023	Dec. 31, 2022
Deferred Tax assets	1,421,498	1,530,844
Operating Equipment- Linen, chinaware and glassware	337,366	
	<b>₱ 1,649,518</b>	<b>₱ 1,530,844</b>

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#### 8. Trade and Other Payables

This account consists of:

	June 30, 2023	Dec. 31, 2022
Trade Payables	₱12,948,843	₱25,154,257
Accrued Expenses		
Payroll	10,883,491	14,823,318
Outside services	3,060,768	2,227,613
Utilities and taxes	10,793,124	11,924,575
Others	1,210,597	1,181,926
Other Payables		
Member cash bond	5,600,000	5,100,000
Others	4,503,196	3,935,735
	<b>₱ 49,000,020</b>	<b>₱ 64,347,425</b>

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#### 9. Contract Liabilities

This account consist of:

	June 30, 2023	Dec. 31, 2022
Banquet Events Deposits	₱3,795,214	₱2,033,386
Advance membership Dues	16,768,883	30,647,350
	<b>₱20,564,097</b>	<b>₱ 32,680,736</b>

#### 10. Related Party Transactions

The Club has entered into various transactions with related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party in making financial and operating decisions or the parties are subject to common control or common significant influence (referred to as affiliates).

Transactions entered into by the Club with related parties are at arm's length and have terms equivalent to the transactions entered into with third parties.

Significant related party transactions follow:

- a) The Club has trade receivables from its affiliates as members of the Club for which it bills monthly membership dues and use of facilities. These affiliates include entities with FAI, the developer.
- b) The Club maintains cash in bank account with Eastwest Banking Corporation (EWB), a bank affiliated with FAI. Cash in bank earns interest at the prevailing market rates.
- c) The Club has trade payables for Filinvest City maintenance and utilities from FAI, its developer.

Balances from the above mentioned related party transactions are shown below:

	June 30, 2023	Dec. 31, 2022
Receivables – Affiliates - FAI/FLI/EWB	₱ 1,151,717	₱ 2,617,892
Due to Related Parties - Affiliates FAI/FLI		
Utilities and Taxes	30,000	416,038
Others	0	10,000
	<b>₱ 30,000</b>	<b>₱ 426,038</b>

#### 11. Capital Stocks

The club's Capital Stocks consist of five classes of common, no par value shares as follows:

	June 30, 2023	Dec. 31, 2022
Class A Shares	₱915,109,926	₱915,109,926
Authorized and paid - 1,900 shares		
Class B shares	120,270,900	120,270,900
Authorized and paid – 250 shares		
Class C shares	72,312,695	72,312,695
Authorized and paid – 150 shares		
Class D shares	2,293,000	2,293,000
Authorized and paid – 2,293 shares		
Founder shares	7,000	7,000
Authorized and paid – 7 shares		

All classes of shares entitle the holders to one vote for each share in any and all regular and special meetings of shareholders.

Class A shares are available to natural persons and entitle the holder to membership in the Club and to the use and enjoyment of the Club's facilities. Class A shares are likewise available to juridical persons and entitle the holders to name one nominee for membership in the Club to use and enjoy the facilities of the Club.

Class B shares are available only to juridical persons and entitle the holder to name two nominees for membership in the Club and enjoy the facilities of the Club.

Class C shares are available only to juridical persons and entitle the holder to name three nominees for membership in the Club and enjoy the facilities of the Club.

Holders of Class D shares are not entitle to the use and enjoyment of the Club's facilities. Correspondingly, Class D shares are to be excluded in the computation and assessment of membership fees, dues and other payments relative to the operation and maintenance of the Club.

Founder's shares shall have the exclusive right to vote and be voted for in the election of directors for five years from and after the date of the registration of the Articles of Incorporation. Thereafter, the holders of the Founder's shares shall have the same voting rights and privileges as holders of Class A shares.

The Club shall not issue shares of stock, which will reduce the stock ownership of Philippine citizens to less than 60% of the outstanding capital stock. No holder of any class of shares shall have any pre-emptive right to acquire, purchase or subscribe to any share of the club of any class.

The shares held by FAI and its respective nominees for the founder's shares or held by the Club are non-obligatory or participating.

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### **Subscription Agreement with a Developer**

Under the terms of the subscription agreement between FAI (Developer) and the Club, dated September 14, 2000, as amended on October 20, 2000, the Developer undertook the following:

- Ceded, transferred, assigned and delivered to the Club a parcel of land at Filinvest Corporate City with an area of 30,000 square meters valued at ₱14,000 per square meter or a total of ₱420.0 million in exchange for 867 Class "A" shares, 115 Class "B" shares and 68 Class "C" shares, or a total of 1,050 shares valued at ₱400,000 per share.
- Developed the above property into a world class sports and country club including facilities and equipments necessary to operate the Club in exchange for 1,033 Class "A" shares, 135 Class "B" shares and 82 Class "C" shares, or a total of 1,250 shares valued at ₱400,000 per share or ₱500.0 million. Property development cost amounting to ₱687.7 million was initially credited to advances from developer pending final turnover and acceptance of the developed property.



In 2004, the corresponding shares of stock were issued to the Developer upon final acceptance of the property by the Club. Accordingly, the amount of advances from developer of ₱687.7 million was credited as Capital Stock.

- Paid in cash the amount of ₱2.3 million in exchange for 2,292 Class "D" shares at ₱1,000 per share.
- The documentary stamp and other taxes arising from capital stock transactions under the subscription agreement are for the account of the Developer.


- end -

## CERTIFICATION

I, MITZI C. CHUIDIAN, Financial Controller of THE PALMS COUNTRY CLUB, INC. with SEC registration Number A200005129 with principal office at 1410 Laguna Heights Drive, Filinvest Corporate City, Alabang, Muntinlupa City, on oath state:

1. That on behalf of The Palms Country Club, Inc. I have caused this SEC Form 17-Q2 to be prepared.
2. That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records.
3. That the company, The Palms Country Club, Inc. will comply with the requirements set forth in SEC Notice dated 24 June 2020 for a complete and official submission of reports and/or documents through electronic mail, and
4. That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of August, 2023.

  
\_\_\_\_\_  
Affiant  
0008-6730541-4

SUBSCRIBED AND SWORN to before me this 7th day of August, 2023

**PATRICIO L. BONGAYAO, JR.**  
Notary Public  
2nd Floor, KLC Bldg., Rotonda,  
Alabang, Muntinlupa City  
MCLE Compliance No. Y0-0018876  
Issued on 04-18-20, Valid until 04-18-25  
IBP License No. 019651; 11-06-18; Pasay City  
PTR No. 4347541; 01-05-22; Muntinlupa City  
NC-03-031; Muntinlupa City until 12-31-23  
TIN: 137-734-551  
Roll No. 39796  
Tel. No. 8800-70-16  
patricio\_bongayao\_law@icor.ph

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

### Discussion of the Results of Operations for 2022 vs. 2021 and 2020

The results of the Club operations for year 2022 improved in terms of revenues after easing of restrictions due to the Covid-19 pandemic. Both years 2021 and 2020 resulted to net loss by ₱15.32 and ₱25.57 million respectively.

The Club generated total revenue of ₱348.1 million for the year ended December 31, 2022 compared to ₱199.1 million in 2021 and ₱196.9 million in 2020. Food and Beverage revenues increased by ₱129.1 million from ₱87.8 million in 2021 to ₱216.9 million or 147.2% in 2022. Food and beverage contributed 62.3% to the total revenue. Membership dues collected for the year was ₱85.6 million or 24.6% of total revenues. Sport and recreations posted revenues of ₱21.0 million in 2022, ₱7.4 million in 2021 and ₱7.7 million in 2020. It contributed to the total club revenues of 6.0%, 3.7% and 4.0% respectively. The increase in revenues of ₱13.6 million in 2022 is mainly due to reopening of sports facilities and events. Club Shop and other miscellaneous revenues was ₱15.6 million in 2020, ₱18.7 million in 2021 and ₱24.6 million in 2022 contributing 7.1% of total revenues. Club Shop and other revenues include transfer fees, assignment and re-nomination fees, revenues from party packages, equipment hires, and sales from merchandise, among others.

Total direct cost as of December 31, 2022 amounted to ₱243.2 million representing 69.9% of the total revenues compared to 62.7% or ₱124.7 million in 2021 and 62.4% or ₱120.3 million in 2020. Total cost of Sales percentage was 36.7% of the total revenues in 2022 compared to 26.7% in 2021. Direct payroll cost was ₱60.8 million in 2022 and ₱34.7 in 2021 or 17.5% and 17.4% respectively. Other major direct costs relate to utilities, laundry and operating supplies which accounted for ₱39.0 million or 11.2% of the total revenue for 2022 and ₱24.7 million or 12.4% in 2021. Banquets and special events expenses was ₱5.1 million. Marketing and other expenses was ₱7.8 million, and other direct expense of ₱1.0 million.

Total other operating expenses excluding depreciation amounted to ₱71.8 million in December 31, 2022 compared to ₱57.2 million in 2021 and ₱63.3 million in 2020. Excluded in the operating expenses is the ₱6.2 million lease charges of chilled water supply for the year 2022. The increase in the other operating expenses is attributed to the full operations of the Club. The management continues to implement measures to control operating costs.

Total depreciation expense for 2022 was ₱28.6 million compared to ₱28.7 million in 2021 or a decrease of ₱.1 million or .5%. This is because some equipment has fully depreciated for 2022.

There were 15 new members from 2,157 in December 31, 2021 to 2,172 in December 31, 2022. The slow growth in the sale of shares can be attributed to the availability of the secondary market which is competing in the sale of fresh shares. Total membership dues collected for the year was ₱85.6 million. Management continues to implement a discount scheme where members have the option to pay in advance twelve-month's worth of membership dues in exchange for ₱3,300.00 worth of gift voucher which members can avail in any restaurant outlets in the Club.

Total Current Assets stand at ₱180.5 million this year compared to ₱124.0 million in December 31, 2021 and ₱223.5 million in 2020. Of the total current assets, 46.2% represented cash, 18.8% short-term investment, 23.5% contract receivables, 1.5% due from related parties, 7.8% inventories and 2.2% other current assets. Contract receivable as of December 31, 2022 increased by 30.1% due to the increase in members' patronage of the Club's facilities. Since the easing of the government's restrictions was implemented, members started coming to the Club. Total inventories also increased by 7.8% in December 31, 2022 mainly due to increased purchases of food and beverages. The Club rented an outside cold storage facility and purchased meat in bulk for the holidays in December.

Acquisition of property and equipment for the year ending December 31, 2022 was ₱6.3 million. Major repairs were done which includes the repairs and repainting of perimeter fence, the Human Resources Information System (HRIS) project, Toyota Hilux for employees' shuttle service, waterproofing of jacuzzi skylight, major repairs of bowling equipment, kitchen and gym equipment to name a few. The equipment and repairs are needed to maintain and improve the quality of facilities and services available to the members.

Total current assets stood at ₱180.5 million while current liabilities stood at ₱99.2 million. The Club's current ratio is at 1.82 by December 2022. To improve cash position, penalty charges of 2% per month or 24% per annum were enforced against members with overdue accounts. In addition, the use of the Club's facilities and amenities is suspended with respect to members whose accounts are overdue for 60 days or more. Quick ratio is favorable at 1.64 while solvency ratio is at 8.0 with total assets of ₱970.3 million over total liabilities of ₱121.9 million. The Club's debt ratio is strong at 0.14 with total liabilities of ₱121.9 million over stockholder's equity of ₱848.3 million.

### PERFORMANCE INDICATORS:

	Dec. 31, 2022	Dec. 31, 2021
Current Ratio	1.82	1.83
Current Assets	180.24	124.03
Current Liabilities	99.24	67.73
Quick Ratio	1.64	1.65
Cash + Accts Receivable	162.37	111.62
Total Current Liabilities	99.24	67.73
Solvency Ratio	7.96	10.07
Total Assets	970.27	938.19
Total Liabilities	121.93	93.18
Debt-Equity Ratio	.14	.11
Total Liabilities	121.93	93.18
Total Stockholders' Equity	848.34	845.01
Profit Margin Ratio	.01	(.08)
Net Income (Loss)	1.76	(15.3)
Total Revenue	348.14	199.07

### Discussion of the Results of Operations and Analysis of Financial Condition as of June 30, 2023

Revenue generated for the second quarter ending June 30, 2023 was 103.9 million compared to 89.1 million in the same period in 2022 and 41.0 million in 2021. Compared to year 2022, Food and Beverage increased by 10.9%, Membership dues increased by 24.9%, Sports and Recreation increased by 34.4% while Club Shop and others increased by 23.0%. Overall increase in revenues compared to year 2022 was 16.7%. Food and Beverage contributed 59.4% to total revenue, Membership dues 25.7%, Sports and recreation 8.0% and Club shop and other revenues 7.0%. The upward trend in the revenues can be attributed to the population's lower level of concern regarding the pandemic. The government has already declared that wearing of facemask is voluntary.

Total direct cost was 74.0 million in the second quarter compared to 61.3 million in the same period of year 2022 and 24.8 million in 2021. In terms of percentage, total direct cost by the end of the second quarter was 71.2% compared to last year's 68.8% and 60.4% in 2021. Food and Beverage cost contributed 32.4%, payroll cost at 17.6%, utilities and supplies at 11.4% and the rest at 9.7%. Compared to year 2022, total direct cost increased by 12.7 million mainly due to corresponding increase in revenues, resulting to increase in operating expenses. Payroll cost increased by 20.4%, utilities and supplies by 16.9%, banquet and events by 534.8% and Marketing & others by 137.7%.

Non-revenue departments such as administrative, depreciation, engineering and housekeeping showed an increase of 15.5% for the second quarter ending June 30, 2023. From 25.4 million in 2022, it posted an increase of 3.9 million in 2023 mainly due to an increase in various operating costs such as contract services, operating supplies, payroll, credit card fees and various engineering repairs.

As of June 30, 2023 revenue over cost and expenses before other income and finance lease was an income of .65 million compared to income of 2.4 million the previous year. Finance lease decreased by 58.4% while other income was up by 73.5%. Total net income at the end of the second quarter of 2023 was 7.5 million compared to loss of 1.7 million in 2022, and loss of 7.9 million in 2021. The results clearly indicates that the club is starting to recover from the impact of the pandemic.

Total collection of membership dues for the second quarter was up to 26.7 million compared to the same period of the previous year or 24.9%. The Club increased the monthly membership dues from 3,300.00 to 4,000.00 effective January 1, 2023 in order to sustain the brand of service amidst the uprising operating costs. Total number of members as of June 30, 2023 was 2,209 or an increase of 37 members from 2172 as of December 31, 2022. There is notable improvement in the Corporate B fresh shares sold as of the end of the second quarter which is indicative that the uncertainty brought about by the pandemic is now becoming less of a concern to prospective buyers.

Total asset as of June 30, 2023 was 949.9 million compared to 970.3 million as of December 31, 2022 or a decrease of 20.4 million. This is mainly due to the decrease in cash, receivables and inventories. Net book value of property and equipment increased by 3.7 million. Cash decreased by 23.7 million, accounts receivable decreased by 4.9 million, inventories decreased by 2.0 million and due from related parties by 1.5 million. Advances to suppliers increased by .9 million or 49.2%. Other current assets increased by 322.4% or 7.2 million due to the full advance payments made for property taxes, licenses, permits and association dues. These expenses are amortized monthly until the end of the year. Deferred input Vat decreased by 14.3%. Total current assets stand at 156.6 million compared to 180.5 million in December 31, 2022 or a decrease of 13.4% or 24.2 million.

Total current liabilities amounted to 70.6 million on June 30, 2023 and 99.2 million on December 31, 2022 or a decrease of 28.7%. Accounts and other payables decreased to 15.3 million from last year's 64.3 million or a 20.9% decrease. This is due to payments made to suppliers and manning agencies. Due to related party was down by 93.0% from .43 million in December 2021 to .03 million by June 30, 2023. Contract liabilities decreased by 12.1% or 37.1 million. Included in the Contract liabilities are events deposits and advance membership dues of members. Advance monthly dues are applied as they mature. Total Liabilities is 94.0 million compared to 121.9 million of last year or a decrease of 279 or 22.9%.

Total Current Assets stood at 156.6 million while current liabilities stood at 70.6 million. The Club's current ratio was at 2.22 as of June 30, 2023. To improve cash position, penalty charges of 2% per month or 24% per annum were continually enforced against members with overdue accounts. In addition, the use of the Club's facilities is suspended with respect to members whose accounts are overdue for 60 days or more. Quick ratio is favorable at 1.86 while solvency ratio is at 10 with total assets of 949.0 million over total liabilities of 94.0 million. The Club's debt equity ratio is strong at .11 with the total liabilities of 94.0 million over total equity of 855.9 million.



**PERFORMANCE INDICATORS:**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Current Ratio	2.22	1.82
Current Assets	156.62	180.24
Current Liabilities	70.57	99.24
Quick Ratio	1.86	1.61
Cash + Accts Receivable	131.26	159.76
Current Liabilities	70.57	99.24
Solvency Ratio	10	7.96
Total Assets	949.87	970.27
Total Liabilities	94.00	121.93
Debt-Equity Ratio	.11	.14
Total Liabilities	94.00	121.93
Total Stockholders' Equity	855.88	848.34
Profit Margin Ratio	.04	.01
Net Income (Loss)	7.54	1.76
Total Revenue	209.52	348.14

There are no events known to the Club that will trigger any material financial obligation including any default or acceleration of obligation.

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.

The Club is undergoing a major repair of the tennis court, upgrading of bowling equipment, purchase of new kitchen equipment, furniture and some minor repairs of the facilities but funds for these will be derived solely from operations.

The global pandemic has affected the world economy. It has created uncertainties that had material unfavorable impact on revenues from continuing operations. Although after three years it continues to spread, evolve and remains a global threat, the Club will continually adapt and adjust its activities to allow members full enjoyment of the facilities to the extent allowed under existing Alert Level System rules and guidelines.

There are no seasonal aspects that had material effects on the financial condition or results of operations of the Club.

*Draft only and subject to approval of the shareholders.*

## THE PALMS COUNTRY CLUB, INC.

### MINUTES OF THE ANNUAL SHAREHOLDERS’ MEETING

Held on 04 October 2022

9:00 o’clock in the morning

Conducted virtually via Microsoft Teams

#### ATTENDANCE:

	Number of Shares	Percentage of Total Outstanding Shares
Present by proxies	2,298	49.96%
Present by remote communication, voting <i>in absentia</i> and in person	5	0.11%
<b>Total attendance</b>	<b>2,303</b>	<b>50.07%</b>

#### PRESENT:

##### Board of Directors

Name	Position
Mr. Francis Nathaniel C. Gotianun	President and Chief Executive Officer
Ms. Catherine A. Ilagan	Director
Mr. Andrew Gerard D. Gotianun III	Director
Mr. Manolito F. Gonzales	Independent Director
Mr. Joaquin P. Roa	Independent Director

##### Key Officers

Name	Position
Hans Rudolf Neukom	General Manager
Katrina O. Clemente-Lua	Assistant Corporate Secretary
Mitzi Chuidian	Financial Controller

##### External Auditor

Name	Position
Michael C. Sabado	SGV & Co.

#### I. CALL TO ORDER

The President of The Palms Country Club, Inc. (the “Club”), **MR. FRANCIS NATHANIEL C. GOTIANUN**, acted as Chairman of the meeting and presided over the same, while the Assistant Corporate Secretary, **ATTY. KATRINA O. CLEMENTE-LUA**, recorded the minutes thereof.

#### II. PROOF OF NOTICE OF MEETING

The Assistant Corporate Secretary reported that the notice of the meeting, together with the Quick Response or QR Code for a copy of the Information Statement, and the Audited and Interim Financial Statements of the Club were sent to each shareholder of record as of 29 August 2022, by personal service, or by mail, in compliance with the By-Laws, the Revised Corporation Code, and the Securities Regulation Code.

### **III. CERTIFICATION OF QUORUM**

Based on the online registration, report on proxies received by the Office of the Corporate Secretary and actual attendance, the Assistant Corporate Secretary certified that out of the 4,600 total issued and outstanding shares of the Club as of record date or on 29 August 2022, 2,303 shares representing 50.07% of the total issued and outstanding shares of the Club were present at the meeting.

There being a quorum, the Chairman declared the meeting duly convened and open for business.

Upon request of the Chairman, the Assistant Corporate Secretary informed the shareholders that the rules of conduct and voting procedures are set forth in the Definitive Information Statement, which forms part of the Notice of the Annual Shareholders' Meeting. The Assistant Corporate Secretary highlighted the following points:

1. Shareholders who successfully registered under the shareholder registration system were provided the instructions to access the digital voting ballot as well as the virtual meeting.
2. The deadline for voting in absentia and through proxy was on 20 September 2022.
3. After the voting, the Office of the Corporate Secretary, together with the Member Relations Office, tabulated all the votes cast in absentia as well as via proxy.
4. The results of the voting will be reported after each item is taken up during the meeting.
5. The shareholders were also given up to 20 September 2022 to submit any questions or comments they may have.
6. The participants were informed that there will be a visual and audio recording of the entire proceedings.

### **IV. APPROVAL OF THE MINUTES OF THE ANNUAL MEETING OF THE SHAREHOLDERS HELD ON 27 SEPTEMBER 2021**

The Assistant Corporate Secretary certified that an electronic copy of the minutes of the annual meeting of the shareholders held on 27 September 2021 was included in the Notice of this year's Annual Shareholders' Meeting and was made available on the Club's website. She reported that the resolution below was approved by majority of the shareholders based on the following tabulation of votes:

**“RESOLVED**, That the minutes of the annual meeting of the shareholders of the Club held on 27 September 2021 is hereby approved.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	2,298	-	-
% of Shares of Shareholders Present	99.74%	-	-

### **V. PRESENTATION OF MANAGEMENT REPORT**

The General Manager of the Club, Mr. Hans Rudolf Neukom, presented his report on the Club's operations for the year ended 31 December 2021 based on the Club's

Audited Financial Statements for the same period, copies of which were distributed to all shareholders of record as of 29 August 2022, together with the Information Statement. He also presented the Club's performance so far for the year 2022 and the impact of COVID-19 on its operations.

**VI. RATIFICATION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

After the presentation of the Management Report, the Chairman proceeded to the next item in the agenda which was the ratification of the 2021 Audited Financial Statements. He asked the Assistant Corporate Secretary if the shareholders were furnished a copy of the 2021 Audited Financial Statements.

The Assistant Corporate Secretary responded that an electronic copy of the 2021 Audited Financial Statements was made available on the Club's website as well as attached to the Information Statement. She reported that the resolution below was approved by majority of the shareholders based on the following tabulation of votes:

**“RESOLVED,** That the Club's Audited Financial Statements as of and for the year ended 31 December 2021 be approved, confirmed and ratified.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	2,298	-	-
% of Shares of Shareholders Present	99.74%	-	-

**VII. RATIFICATION OF THE ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MANAGEMENT UP TO 04 OCTOBER 2022**

The next item in the agenda was the ratification of all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual shareholders' meeting until 04 October 2022, a summary of which was included in the Information Statement sent to all the shareholders of record prior to the Annual Shareholders' Meeting.

The Assistant Corporate Secretary reported that the resolution below was approved by majority of the shareholders based on the following tabulation of votes:

**“RESOLVED,** That all the acts, resolutions and proceedings of the Board of Directors, Board Committees and Management from the date of the last annual shareholders' meeting until 04 October 2022 are hereby approved, confirmed and ratified.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	2,298	-	-
% of Shares of Shareholders Present	99.74%	-	-

**VIII. APPROVAL OF THE AMENDMENT OF ARTICLE THIRD OF THE ARTICLES OF INCORPORATION TO CHANGE THE PRINCIPAL ADDRESS FROM “METRO MANILA” TO “1410 LAGUNA HEIGHTS DRIVE, FILINVEST CITY, ALABANG, MUNTINLUPA CITY”**

The next item in the agenda was the approval of the amendment of Article Third of the Articles of Incorporation to change the principal address of the Club from “Metro Manila” to “1410 Laguna Heights Drive, Filinvest City, Alabang, Muntinlupa City”.

The Assistant Corporate Secretary explained that the proposed amendment was presented at the shareholders’ meeting held last year. However, the same was not submitted for approval due to insufficiency of the required quorum which should be the presence of at least 2/3 or 66.67% of the total outstanding shares of the Club. Therefore, it was being presented again for shareholders’ approval this year.

The approval requires the vote of at least 2/3 or 66.67% of the outstanding shares of the Club. However, considering that less than 66.67% of the outstanding shares were present in the meeting, the shareholders were not able to proceed with the approval of this item in the agenda.

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	2,298	-	-
% of Shares of Shareholders Present	49.96%	-	-

**IX. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS, INCLUDING THE INDEPENDENT DIRECTORS TO SERVE FOR THE YEAR 2022-2023**

The Chairman explained that the next item in the Agenda was the election of the seven (7) members of the Board of Directors, including three (3) independent directors, who shall hold office for a term of one (1) year, or until their successors shall have been duly elected and qualified.

As requested by the Chairman, the Assistant Corporate Secretary announced the names of the persons nominated for election as directors and/or independent directors of the Club and who were pre-screened by the Corporate Governance Committee, acting as Nominations Committee, in accordance with the Club’s Revised Manual on Corporate Governance and By-Laws, viz:

1. Mr. Efren C. Gutierrez
2. Mr. Francis Nathaniel C. Gotianun
3. Ms. Catherine A. Ilagan
4. Mr. Andrew Gerard D. Gotianun III
5. Mr. Manolito F. Gonzales
6. Ms. Josephine L. Lagdameo
7. Mr. Joaquin P. Roa

The Corporate Governance Committee has also identified Mr. Manolito F. Gonzales, Ms. Josephine L. Lagdameo, and Mr. Joaquin P. Roa as nominees for the position of Independent Directors. All the nominees have given their consent to their



respective nominations. Other than those named, no other nomination for election as Director was submitted to the Corporate Governance Committee during the nomination period.

The Assistant Corporate Secretary reported that the resolution below was approved by majority of the shareholders based on the following tabulation of votes:

**“RESOLVED**, That the following persons are hereby declared as duly elected directors of the Club, to serve for a term of one (1) year or until their successors shall have been elected and qualified in accordance with the By-Laws of the Club:

Directors:

1. Mr. Efren C. Gutierrez
2. Mr. Francis Nathaniel C. Gotianun
3. Ms. Catherine A. Ilagan
4. Mr. Andrew Gerard D. Gotianun III

Independent Directors:

5. Mr. Manolito F. Gonzales
6. Ms. Josephine L. Lagdameo
7. Mr. Joaquin P. Roa

	FOR	AGAINST	ABSTAIN	Percentage
Efren C. Gutierrez	2,298	-	-	99.74%
Francis Nathaniel C. Gotianun	2,298	-	-	99.74%
Catherine A. Ilagan	2,298	-	-	99.74%
Andrew Gerard D. Gotianun III	2,298	-	-	99.74%
Manolito F. Gonzales	2,298	-	-	99.74%
Joaquin P. Roa	2,298	-	-	99.74%
Josephine L. Lagdameo	2,298	-	-	99.74%

**X. APPOINTMENT OF EXTERNAL AUDITOR**

Upon the recommendation of the Club’s Management, Audit and Risk Management Oversight Committee and confirmed by the Board of Directors, the shareholders approved the reappointment of the accounting firm of SyCip Gorres Velayo and Co. (“SGV”) as the Club’s external auditor for the year 2022, as follows:

**“RESOLVED**, That the accounting firm of SyCip Gorres Velayo and Co. (SGV) be approved for reappointment as the Club’s external auditor for the year 2022.”

	FOR	AGAINST	ABSTAIN
Number of Shares Voted	2,297	-	-
% of Shares of Shareholders Present	99.70%	-	-

**XI. OTHER MATTERS**

The Chairman then asked the Assistant Corporate Secretary to read the questions from the shareholders. The Assistant Corporate Secretary reported that the shareholders were given an opportunity to submit their questions via email until 20 September 2022. The Office of the Corporate Secretary did not receive questions for this shareholders' meeting.

**XII. ADJOURNMENT**

There being no questions submitted by the shareholders and no further business to transact, the Chairman declared the meeting adjourned. He conveyed his gratitude to the shareholders for attending the meeting and for their continued trust and confidence in the Club and the Management.

CERTIFIED CORRECT:

**KATRINA O. CLEMENTE-LUA**  
Assistant Corporate Secretary

ATTESTED BY:

**FRANCIS NATHANIEL C. GOTIANUN**  
Chairman of the Meeting