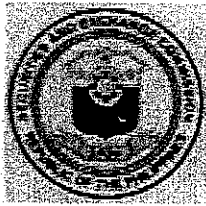




110122017003065



SECURITIES AND EXCHANGE COMMISSION

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Company Information

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Industry Classification
Company Type Stock Corporation

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 - A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the Fiscal Year Ended June 30, 2017
2. SEC Identification No. 13951
3. BIR Tax Identification No. 000-649-197
4. Exact name of issuer as specified in its charter - VALLEY GOLF & COUNTRY CLUB, INC.
5. Province, Country or other jurisdiction of incorporation or organization - Antipolo, City, Philippines.
6. (SEC Use only) Industry Classification Code
7. Address of principal office - Don Celso S. Tuason Ave. Victoria Valley, Antipolo, City
8. Issuer's telephone number - 658-4901 to 03, 658-4920, 658-0079 to 89
9. Former name, former address, and former fiscal year, if changed since last report - Not Applicable.
10. Securities registered pursuant to Sections 8 & 12 of the SRC, or Sec. 4 and 8 of the RSA

| Title of each class | Number of Shares of Ordinary Shares Outstanding and Subscribed |
|---------------------|---|
| Common Shares | 1,593 shares outstanding |

11. Are any or all of these securities listed on the Philippine Stock Exchange.

Yes _____ No X

12. Check whether the issuer :

(a) has filed all reports to be filed by Section 17 of the SRC and SRC Rule 17.1 there under or Section 11 of the RSA and RSA Rule 11(a)-1 there under 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 No

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

Yes No

13. The market value of the shares of stock of Valley Golf as of June 30, 2017 is P312,000.00 plus transfer fee of P67,200 (promo period for transfer fee) or P112,000.00 (regular transfer fee rate) and for June 30, 2016 and 2015 is at P250,000.00 plus transfer fee of P56,000 (promo period for transfer fee) or P112,000.00 (regular transfer fee rate). For the years 2003 to 2014 market price is at P 400,000.00 to P 500,000.00 for Club subscription and P332,000 to P292,000 for third party market. Market prices include the transfer fee of P 112,000.00. Market prices were based on subscription rates and transactions processed in the club.

The aggregate market value therefore of the voting stock is 1,593 issued and outstanding shares @ P379,200.00 is equivalent to P604,065,600.00

14. Valley Golf is not involved in insolvency/suspension of payments proceeding during the preceding five years; this is not applicable to us.

DOCUMENTS INCORPORATED BY REFERENCE

A. Annual report to security holders

The Annual Report to stockholders contains the President's and Treasurer's Report, the Financial Report of the Independent Auditors, the accomplishments of the present Board of Directors, the pictures of the present Board of Directors, the roster of Committee members and various pictures of the events of the preceding year. The financial report and its discussion are incorporated in Part II – Operational and Financial Information, whereas the information on the Directors is included in Part III – Control and Compensation Information.

B. Proxy Form

The proxy form attached is the form sent to all stockholders in connection with the stockholders' meeting and included therein are the matters to be voted upon by the stockholders. This is incorporated in Part I – Business and General Information.

PROXY
No. 1593 S-2017-0457

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned, ZOSA, ELBERT M., a STOCKHOLDER/CORPORATE REPRESENTATIVE of Valley Golf & Country Club, Inc., a Philippine Corporation, do hereby name, nominate, constitute and appoint:

_____ as my PROXY to represent me at the ANNUAL GENERAL MEETING of Valley Golf & Country Club, Inc., to be held on **24 September 2017**, and/or any postponements or adjournments thereof, for me and in my stead, as fully to all intents and purposes as I might or could do if present and acting in person; hereby revoking any and all proxies issued prior hereto; ratifying and confirming all that my PROXY may do or cause to be done in said meeting by virtue of this presents, as follows:

1. Vote for Quorum purposes only(____);
 2. Vote for Approval of the Minutes of the 2016 Annual Stockholders' Meeting(____);
 3. Vote for the Approval of the Company's 2017 Annual Report and Audited Financial Statements(____);
 4. Vote for the Ratification/Confirmation of the Acts and Resolutions of the Board of Directors & Management (*July 1, 2016 to June 30, 2017* inclusive)(____);
 5. Vote for the Appointment of External Auditors(____);
 6. Vote on all matters arising from the agenda (except the sale or disposition, total or partial, of the corporate assets)(____); and
 7. Vote for Candidates to the Board of Directors*(____).
- (Y)=Yes; (N)=No; (A)=Abstain.

In case of absence and/or non-attendance of my PROXY at such meeting, I hereby authorize and duly empower the Chairman of the said Stockholders' Meeting to represent the undersigned on all matters related to above, EXCEPT TO VOTE FOR CANDIDATES to the Board of Directors.

***CANDIDATES FOR DIRECTOR**

Number of Votes cast

Put (X) to withhold authority to vote for the following Candidates.

WILFREDO G. MANAHAN
JEREMY Z. PARULAN
ALBERT DG. SAN GABRIEL

_____, 2017, Antipolo City, Philippines.

ZOSA, ELBERT M.
Name of Stockholder/Corporate Representative
Member's Account No. 0457

(N.B.: Each Proxy is entitled to cast a single vote to as many position being voted upon. Accordingly, a Proxy may opt to vote singly or collectively in favor of one or more candidates.)

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

A.) DESCRIPTION OF BUSINESS.

1.) Business Development

Valley Golf & Country Club, Inc. is situated at the rolling hills of Antipolo, City, a private and non-profit club organized in 1958 by a group of golfers, well-known and influential businessmen headed by the late Don Celso S. Tuason. The property is about nine kilometers from EDSA and about seven kilometers from Antipolo. The site formerly owned by Hacienda Benito measures almost 210 hectares when it was originally purchased. On May 14, 1958 the original Articles of Incorporation was approved by SEC. At present the Club has an authorized capital stock of 1,800 shares at P 9,000 par value and 1,593 shares are issued and outstanding.

The building of this dream course has taken all of three years from the planning of the lay-out, the grading and the sculpturing of its contoured fairways and formidable greens, to the final touches on the key-shaped clubhouse Architect Gabriel Formoso designed in the Malayan motif. To get the best playing possibilities from the saucer-shaped course, the Valley authorities brought in not one but two reputable golf course architects, an Englishman named Fred Smith and an Australian named Jas H. Scott. It is a tribute to their artistry, skill and thoroughness that, with the exception of two holes, their plans coincided almost exactly. It was Scott's lay-out which was finally accepted.

The original seven (7) Board of Directors were Celso S. Tuason, Aurelio Montinola, Sr., Ernest Kahn, Henry Belden, J. Antonio Araneta, Francisco Ortigas, Jr. and Jaime Velasquez. The course was opened for play on November 1961 and attracted a great traffic of players and aficionados. With this encouraging trend, the Club was expanded to accommodate another par-69, 18-hole course on the north in addition to its original south course in 1994.

The South Course is a par-72 championship layout, sits on 90 hectares of rolling hills and meandering brooks. It played host to the famed Philippine Open in 1975, 1983, 1991 and 2011. It was during the 1983 Philippine Open that American Jeff Lewis established the course record of 65.

On November 1991, Valley Golf for the first time, became the venue of XVI Southeast Asian Games Golf Championship.

Valley's green are meticulously designed so that the golfer is challenged to use most, if not all, of his clubs in the bag. The terrain provides the contour which assures that no two shots will ever be alike. Some notable holes: the tight first, the picturesque Nos 4 and 10, the intriguing No. 16 and the short but tricky No. 18.

When play traffic increased at Valley, a nine hole all-weather course with a par 36 layout spread over 50 hectares was added. Valley acquired from the adjoining property owners through barter arrangements several parcels of land, enabling it to expand the nine holes into an 18-hole complex now known as the North Course (formerly Executive Course). This is open to non-members and tourists who wish to play at Valley. It exemplifies the finest the Philippines have to offer in international championship golf courses. Some notable holes: Hole No. 15 with its tee overlooking the entire golf course and a man-made terrace; and Hole No. 6 best known for its island green.

The North Clubhouse has been completed and was inaugurated last Nov. 1999. It is now fast becoming the favorite venue for tournaments and parties. We have a new Food & Beverage concessionaire in the North Clubhouse offering a variety of new menus and accepts catering for special events. A Sports Clubhouse equipped with modern sports facilities and other amenities that will suit every man's needs are still in the planning stages. The Main Clubhouse was renovated while preserving the original aesthetic design and concept of the architect as a reminder of the historical past of one of the oldest golf club in the country. The latest renovation is the Men's Locker Rooms which was completed and inaugurated last April 10, 2013. The new locker room is spacious and accommodating to the needs of the golfing public. The amenities include the air-conditioned locker rooms, newly rehabilitated wood lockers, sauna bath, clean bathrooms and a scenic pocket garden.

The South Course was rehabilitated into a world class golf course. The plans for the course upgrading and engineering studies were prepared by Planning Resources and Operations Systems, Inc. The Club hired the services of Eco-Turf and Turf Care Systems, Inc. as the Construction Manager and Golforce, Incorporated as the Contractor. Works started on the back 9 holes in August 2002 and was completed last October 2003 and it was playable in November 2003. As per approved plans the layout will not be changed only the drainage system will be improved and the course will be all weather. Funding came from the shares sold on installment basis and loan from members.

Rehabilitation works of the first nine south course started last November 2003 and works were completed and the first nine south course was inaugurated last Nov. 20, 2004. Contract for labor for the rehabilitation was awarded to bidder Philgolf Development & Equip, Inc. in the amount of P 20,000,000.00. Materials were purchased in-house with an initial budget of P 31,500,000 and additional budget of P 4,000,000.00 for the bunker sand and P 1,552,000.00 for herring bone installation. As of June 30, 2005 total cost of the renovation is P 130,000,000 (gross of vat) or P 125,000,000.00 (net of vat)

During the fiscal year 2009 the Board approved the renovation plans of the Main Clubhouse. Phase 1 shall include the Executive Offices, Board room, function rooms, upper and lower veranda and main lobby. The total estimated cost thereof amounts to P 9 Million, the Board awarded the contract to Reyes Interiors in the amount of P 4.5 Million excluding the cost of plumbing fixtures, electrical fixtures, grillwork on veranda, gutter works, glass and aluminum panels,

floor and wall tiles and ceramic tiles on base columns. Works started last July 15, 2008 and was finished on September 2009.

For the fiscal year 2010, restoration works done to repair the damage caused by the typhoon Ondoy amounts to P 4,504,509.00, which was taken out of the special assessment to members with a total billing of P 4,886,000.00. the balance of the funds was used to continue the riprap works in the South Course. Capital expenditures during the year includes extension of Hole # 14 of the North Course, riprap of waterways in the South and North courses, concreting of the DCTA, purchase of varifold for the Founders' hall and purchase of grounds equipment.

For the fiscal year ending June 2011, the projects undertaken include the concreting of the Don Celso Tuason Avenue from the bridge gate up to Sumulong gate which is already 100% complete and total payment as of June 2011 amounts to P 5 Million. Other projects during the year include riprap of slope protection at the South and North courses, repair of the Caddie house and construction of new gasoline station. We also purchased 3 units Flymowers, 3 units Backpack blowers and 3 units Rotary mowers. By July we shall resume the Renovation of the Main Clubhouse which includes Phase 2 – Construction of Office Basement and the Coffee Bar with a budget of P 3.7 Million and P 450k respectively. Another project to be undertaken will be the Construction of the Golf car parking shed amounting to P 1.5 Million

For the fiscal year ending June 2012, the projects undertaken include Phase 2 of the Renovation of the Main Clubhouse – Construction/Renovation of the Office Basement – P 4.31 Million, Golf cart parking shed – P 1.08 Million, Air conditioning units for basement office – P1.21 Million, Coffee bar – P 512k and Valley Golf cart shed – P 478k. The ongoing projects are the Improvements of motorpool area and Riprap/slope protection at Hole # 17 of the South Course. The equipment purchased during the year includes the following: Fairway aerator, Flymowers, Rotary mowers, bush cutters, walk behind fertilizer spreader, backpack blowers, sound system, ID card maker and PABX telephone system.

For the fiscal year ending June 2013, the projects undertaken include the Phase 3 of the Renovation of the Main clubhouse – the Renovation of the Men's locker room with a total contract price of P5,000,000.00, materials supplied by the Club amount to P1,000,000.00, the pocket garden is P 600k, cost of air con units is P430k and the double panel solar water heater is P675k which was paid with golf shares. The men's locker room in the North Clubhouse was likewise renovated at a cost of P535k and was used by members and guests from Jan. to Apr. 2013 during the renovation period of the locker room in the Main clubhouse. At present it is being used by the Korean guests and other regular players and tournament participants in the North Course. Other projects undertaken were the construction of the Wall oh Honor – P88k, Satellite kitchen – P184k, Construction of guard house at Hole # 12 South course – P201k, Rehabilitation of the Koi pond – P435k, Reblocking and asphalt overlay of DCTA – P 4 Million and riprap works in the South course – P191k while the Members' gym and lounge, renovation of the clinic and Tee house in the North course are still on-going. Equipment purchased includes the Greens mower with groomer – P615k and danfoss variable speed pump control – P250k.

For the fiscal year ending June 30, 2014 the on-going projects from the previous year that were completed include – the Men's Lounge and Gym – P419k, Tee house in the North Course Hole # 4 – P467k and Renovation of the clinic – P247k. Other projects completed during the year are – Phase 2 of the Reblocking and Asphalt overlay of DCTA – P3.88 Million, Installation of roofing for the Golf cart area – P773k, Kitchen exhaust system – P217k and Kitchen hood fire suppression system – P150k. On-going projects are the sanding of fairways and improvement of bridges in the North Course. Various equipment were purchased during the year which include – 10 units Golf carts – P 2.65 Million, 1 unit greens mower with groomer – P640k, 2 units walk behind rotary mower – P150k, 2 units flymower – P110k, 1 unit Truck mounted man lifter – P690k and 1 server and computers.

Other projects of the Club include the Streamlining of Operations and the Outsourcing of the Grounds Maintenance for both the South and North Courses. The Board of Directors approved last Aug. 8, 2014 the engagement of the services of MJ Carr Golf Management, Inc. for the maintenance of both courses for a monthly service fee of P 2.7 Million inclusive of Vat for a period of three years. Likewise, a voluntary early retirement program for the employees was approved with payment of 125% and 150% of the basic pay for every year of service.

For the fiscal year ending June 30, 2015, the following projects were completed:

| | | |
|--|---|---------------------|
| 1. Purchase of one (1) unit back hoe | P | 3,303,571.43 |
| 2. Purchase of ten (10) units golf carts | | 2,800,000.00 |
| 3. Purchase of 4 units desk top computers | | 160,000.00 |
| 4. Purchase of 2 units 2 way radio | | 23,000.00 |
| 5. Repair of controller pump of the South course | | 150,714.29 |
| 6. Renovation of satellite kitchen | | 45,471.00 |
| 7. Driving range shot area | | 81,194.10 |
| 8. Additional golf cart storage | | 70,058.94 |
| 9. Purchase of copying machine | | 243,000.00 |
| 10. Purchase of 17 units Samsung Galaxy tablets | | 407,830.00 |
| 11. Purchase of 7 units transformer book | | 156,100.00 |
| 12. Purchase of 3 units brush cutters | | 37,500.00 |
| 13. Purchase of projector | | 33,900.00 |
| 14. Purchase of 2 units tru cut edger | | 40,850.00 |
| 15. Purchase of steel lockers | | 62,400.00 |
| 16. Improvement of bridges | | 226,555.98 |
| 17. Improvement of drainage in Hole # 5 South course | | 535,714.28 |
| 18. Improvement of driving range facilities | | 48,901.79 |
| 19. Renovation of Bag drop area | | 938,178.97 |
| | | <u>9,364,940.78</u> |

The following are the projects for Fiscal year 2016

| PARTICULARS | AMOUNT DISBURSED |
|---|------------------|
| 1. Controller for vertical turbine pump | P 621,012.58 |
| 2. Rehabilitation of bunker sand | P 2,817,418.14 |
| 3. Repair of pump in the North Course | P 186,000.00 |
| 4. Sound system for the Founders' Hall | P 363,248.45 |
| 5. Purchase of tablets, Laptop and printers | P 144,830.00 |
| 6. Purchase of Riso digital duplicator | P 125,000.00 |
| 7. Rehabilitation of the South course | P 5,454,400.38 |

The following are the projects for Fiscal year 2017

| PARTICULARS | AMOUNT DISBURSED |
|---|--------------------------------|
| 1. Repair of South Course pump (total project cost is P3.25 Million) | P 1,346,277.66 1,395,843.28 |
| 2. Irrigation system | |
| 3. Construction of Expansion of Men's Locker room | 225,000.00 |
| 4. Renovation of Secondary & Sumulong gates | 199,988.00 |
| 5. Purchase of 20 units golf carts | 5,880,000.00 |
| 6. Purchase of 8 units desktop computers | 187,500.00 |
| 7. Rehabilitation of bunker sand | 3,035,840.85 |
| 8. Repair of Bag drop area Phase 2 | 600,317.38 |
| 9. Repair of Pump North Course | 245,000.00 |
| 10. Rehabilitation of South Course | 5,379,464.16 |
| 11. Purchase of Suzuki carry for water delivery | 160,000.00 |
| 12. Purchase of 2 units projectors | 64,000.00 |
| | P 18,719,231.33 |

For the fiscal year 2016, the Club engaged the services of Cafirma, Ong & Co., CPAs, represented by Mr. James A. Cafirma as the Internal Auditor of Valley Golf & Country Club, Inc. effective Jan. 12, 2016. This is the first time that the Club outsourced the Internal Audit services of the Club. The Club also entered into a Build Operate and Transfer Arrangement with Freeport Elite Resort Inc. for the operation of the Driving Range for a period of 15 years. Another food and beverage concessionaire, Jay-J's Food Management, Inc. was engaged by Valley Golf for the North Clubhouse for a period of 3 years. Last January 20, 2017 the Club entered into a three year contract with Anix's House of Kare Kare as the F & B Concessionaire for the Main Clubhouse.

THE PROJECTS FOR IMPLEMENTATION FOR FISCAL YEAR 2018 ARE AS FOLLOWS:

| FISCAL YEAR 2018 | | PRIORITY | |
|-------------------------|---|-----------------|---|
| LEVEL | | | |
| 1 | GOLF COURSES | | |
| | North Course | | |
| 1 | Rehabilitation of bunker sand | 1 | 5,000,000.00 |
| 2 | VLC Pumps | 1 | 6,000,000.00 |
| | | | To replace the existing pumps in the North Course |
| | South Course | | |
| 1 | Filter for pumps | 1 | 1,000,000.00 |
| 2 | Desilting | 1 | 250,000.00 |
| 2 | CLUBHOUSES AND FACILITIES | | |
| 1 | Upgrading of Tee houses | 1 | 500,000.00 |
| | | | Improvement to include tables & chairs, mini kitchen, stockroom & landscaping. |
| 2 | Replace the railings in the veranda to wood. | 1 | 500,000.00 |
| 3 | Repainting of roof and repair of gutters & ventilation panels of Main Clubhouse | 1 | 500,000.00 |
| | | | The steel bars are out dated. |
| 4 | Renovation of swimming pool | 1 | 1,800,000.00 |
| | | | To replace old stained tiles and upgrade its design |
| 5 | Improvement of Function room in the North Clubhouse | 1 | 500,000.00 |
| | | | Upgrade the interior design and facilities. |
| 6 | Reblocking of DCTA | 1 | 1,000,000.00 |
| | | | To repair dilapidated road. |
| 3 | PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER EQUIPMENT | | |
| 1 | Eleven (11) units Desk top computers at P40,000 (10 units) and P45,000 (1 unit) each. | 2 | 445,000.00 |
| | | | For Accounting, Credit & Collection, Controllers, MIS, Golf Cart area, Clinic MIS- TV Ads, Internal Audit, Membership and Sports & Games. |
| 2 | Three (3) units POS Printers at P15,000 each | 2 | 45,000.00 |
| 3 | Eleven (11) units MS Office License | 2 | 77,500.00 |
| | 1 License MS Office Pro at P22,500 each | | |
| | | | For Registration area. |

| | | | | |
|---|--|---|----------------------|--|
| 4 | 10 License Open License at P5,500/year MS Office and windows License for Laptop | 2 | 20,000.00 | |
| 5 | System Enhancement | 2 | 300,000.00 | For Membership & Exec. Secretary Modifications of Program for BIR Compliance Official Receipts to include CWT Automatic computation of VAT for Other payments Amount to Limit to 2 decimal points Members consumable report Aging Report for Other Receivables To replace obsolete system to comply with government requirements. For projects For the Clubhouse For the computerized system. |
| 6 | Payroll System | 2 | 160,000.00 | |
| 7 | One (1) unit Welding Generator | 1 | 52,000.00 | |
| 8 | Ten (10) units Aircooler at P17,000 each | 1 | 170,000.00 | |
| 9 | Sophos Firewall | 1 | 160,000.00 | |
| | | | <u>18,479,500.00</u> | |
| | TOTAL PRIORITY 1 | | 17,432,000.00 | |
| | TOTAL PRIORITY 2 | | 1,047,500.00 | |
| | | | <u>18,479,500.00</u> | |

CAPEX OF PREVIOUS FISCAL YEAR

FISCAL YEAR 2017

| | LEVEL | | PRIORITY | |
|----------|---|---|--------------|--|
| 1 | GOLF COURSES | | | |
| | South Course | | | |
| 1 | Construction of drainage at cartpath # 5 | 1 | 85,000.00 | To prevent water ponding during rains. |
| 2 | Irrigation - Additional sprinklers (100 pcs. X P14,300.00) | 1 | 1,430,000.00 | |

| | | | |
|--|--|---|---|
| North Course | | | |
| 1 | Irrigation system | | Sprinklers, satellite controllers and pipes. |
| | Part 1 - P 3,500,000.00 | | |
| | Part 2 - P 3,500,000.00 | | |
| | Part 3 - P 3,338,750.00 | | |
| | Total - P10,338,750.00 | | |
| 2 | Renovation of pump room | 1 | 230,000.00 |
| | | | To provide better facility for pump maintenance and repair. |
| 2 CLUBHOUSES AND FACILITIES | | | |
| 1 | Replacement of Roof of Motorpool area | 2 | 460,000.00 |
| | | | To replace old and broken roofing sheets to prevent leaks during rainy season. |
| 2 | Painting of roof of Motorpool Fabrication area. | 2 | 75,000.00 |
| | | | To prevent rusting and protect lifespan of roofing sheets. |
| 3 | Concreting of road from Driving range going to cart path of fairway #10 North course | 2 | 150,000.00 |
| | | | To provide road accessibility |
| 4 | Repair of Drainage along DCT Avenue | 1 | 1,360,000.00 |
| PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER EQUIPMENT | | | |
| 3 | | | |
| 1 | One (1) unit Desktop computer @ 40,000 each | 2 | 40,000.00 |
| | | | Engineering |
| 2 | One (1) unit Laptop | 2 | 25,000.00 |
| | | | For Admin/HR for committee mtgs. |
| 3 | Timekeeping Software | 2 | 75,000.00 |
| | | | Improve workforce productivity by reducing manual and timely administrative tasks, freeing staff for more value-added activities. |
| 4 | Biometric machine | 2 | 35,000.00 |
| | | | To replace the old unit. |
| 5 | Development of Passcard system and SOA Enhancement | 1 | 167,000.00 |
| | | | For the new passcard system |
| 6 | Aircon for room on upper level of North Clubhouse | 2 | 35,000.00 |
| | | | Malfunction of the present unit. |
| 7 | One (1) unit Electronic Defibrillator | 1 | 175,000.00 |
| | | | For emergency purposes. |
| | TOTAL FISCAL YEAR 2017 | | 4,342,000.00 |

| | |
|------------------|---------------------|
| TOTAL PRIORITY 1 | 3,447,000.00 |
| TOTAL PRIORITY 2 | 895,000.00 |
| | <u>4,342,000.00</u> |

FISCAL YEAR 2016

| LEVEL | | PRIORITY | | |
|--|--|----------|--------------|--|
| 1 GOLF COURSES | | | | |
| South Course | | | | |
| 1 | Improvement of Manhole - Hole # 5 | 1 | 850,000.00 | To prevent overflowing of garbage during heavy rains. |
| 2 | Installation of lights at Hole Nos. 8, 9, & 16 (cost P675,000.00) | 1 | | Subject to sponsorship from members. |
| 2 CLUBHOUSES AND FACILITIES | | | | |
| 1 | Main Clubhouse/North Clubhouse Annual improvement of Club facilities | 2 | 500,000.00 | Includes painting of clubhouse, replacement of broken tiles, repair of ceilings and others |
| 2 | Phase 2 - Renovation of bag drop area (Includes the entrance right and left side, Interior of bagdrop and Caddie area) Phase 3 for FY 2017 - P 3,000,000 (Includes the Restaurant area) Phase 3 for FY 2018 - P 5,000,000 (Includes Grill room restarurant) | 1 | 2,000,000.00 | To improve the area for bag drop storage. |
| 3 | Construction of parking area beside the gasoline station including riprapp wall | 2 | 400,000.00 | To provide parking for guests at Motorpool Area. |
| 3 PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER EQUIPMENT | | | | |
| 1 | Aircon for the North Clubhouse (5 toner) | 2 | 145,000.00 | Additional unit because existing aircon is not enough for the function room. |
| 2 | One (1) unit dumptruck 8 cum capacity | 1 | 450,000.00 | To be used for hauling silts. Existing units purchased in 2006, 2008 and 2009 |
| 3 | Service Vehicle | 1 | 1,300,000.00 | Existing unit L-300 second hand to be sold due to high maintenance costs. |

Second hand unit purchased in 2003.

4 CLUB PROJECTS

| | | | | |
|---|--|---|------------|--|
| 1 | Country Club activities such as Sunday mass, weekend barbecue, Easter egg hunt, Halloween party, Summer arts & craft, dance studio, Christmas party, reciprocity with other golf clubs, etc. | 1 | 500,000.00 | To provide activities for members and their families other than golf, for bonding and to increase customers in the Club. |
| 2 | Clubhouse Projects | 1 | 500,000.00 | To provide house projects for improvement of services and facilities in the Clubhouses, lockers, function rooms, etc. |
| | | | 2 | 5,000,000.00 |

5 CALAMITY FUND

TOTAL FISCAL YEAR 2016

11,645,000.00

TOTAL PRIORITY 1

5,600,000.00

TOTAL PRIORITY 2

6,045,000.00

11,645,000.00

The Board of Directors last July 3, 2013 approved the 3 year development plan for the Fiscal years 2014 – 2016. The 3 year development plan of Valley Golf is as follows:

A. GOLF COURSES

| | |
|--|--------------|
| 1. Sand capping in the South course | 3,500,000.00 |
| 2. Improvement of bridges in the North Course | 7,500,000.00 |
| 3. Improvement of Landscape | 450,000.00 |
| 4. Installation of led flood lights at Hole #18 & 9 South Course | 150,000.00 |
| 5. Installation of liners on all manmade lakes | |

11,600,000.00

B. CLUBHOUSES AND AMENITIES

| | |
|---|--------------|
| 1. Improvement of Parking area | 2,750,000.00 |
| 2. Installation of non skid floor tiles in the swimming pool area | 850,000.00 |
| 3. Improvement of Driving range facilities | 2,800,000.00 |
| 4. Construction of Bar and Grill Restaurant on existing bag drop area | 2,600,000.00 |
| 5. Installation of roof on parking area of equipment | 3,000,000.00 |
| 6. Construction of sports amenities in replacement of housing units | 1,800,000.00 |
| 7. Asphalt overlay on main roads inside the Club | 2,400,000.00 |
| 8. Installation of collapsible tent in the lower veranda | 4,200,000.00 |

| | |
|--|-----------------------------|
| 9. Installation of roofing at golf cart open area | 900,000.00 |
| 10. Construction of game room from portion of Ladies' locker | 700,000.00 |
| 11. Purchase of F & B equipment & renovation of kitchen | 8,000,000.00 |
| 11. Installation of roll up doors in all Tee houses | 400,000.00 |
| 12 Construction of Hotel Suites (BOT) | |
| 13. Computerization of F & B and tee houses | 857,000.00 |
| 14. Computerization of Main Clubhouse F & B | 110,000.00 |
| | <u>31,367,000.00</u> |
| TOTAL | <u><u>42,967,000.00</u></u> |

Valley Golf does not have any bankruptcy, receivership or similar proceedings.

Valley Golf does not have any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

2.) Business of Issuer

The main business of Valley Golf is golf and country club operations. Our main sources of income are monthly dues from the members and green fees from guests; they comprise 48% and 16% respectively of the gross income.

Valley Golf does not have foreign sales, distribution methods of products nor publicly announced new product.

International Opportunities - Being a member of Valley Golf & Country Club, Inc. allows the members the privilege of playing in foreign golf clubs like the Kelab Golf Negara Subang in Selangor, Malaysia; Singapore Island Golf and Country Club; and Royal Selangor Golf and Country Club in Kuala Lumpur, Malaysia. In the year 2002 we were able to establish reciprocal rights with Klub Golf Bogor Raya of Indonesia and Royal Palm Springs Golf Club of Malaysia. In 2017 the Club have reciprocity rights from the largest golf course in the world Mission Hills Golf Club in China

The principal competitors in our area are two private golf courses Forest Hills Golf and Country Club located in Cogeno, Antipolo City and Eastridge Golf & Country Club in Binangonan and one public course Sun Valley Golf Course. These golf courses are relatively new and are still building up their membership whereas Valley Golf being 59 years old is already proud of its roster of respectable membership. Valley Golf's luscious greens and fairways are still the best in the area and very well maintained. The rainforest trees in our courses that have matured through the years have provided a canopy on the fairways and its majestic beauty is something that other golf courses cannot duplicate. The friendly atmosphere and the camaraderie of the entire membership and

employees are what make our golf course unique. Eastridge have an 18-holes golf course and Forest Hills have a 36-holes golf course but Valley Golf's greens, fairways, trees, sandtraps and rivers will always make the difference. Golf courses may have the different number of holes but Valley Golf's design and intriguing south course is something that has always attracted the enthusiasm of golfers. The challenging contour of the courses will always make your round of golf an enjoyable and unforgettable experience. Valley Golf's all weather South Course already made its impact to the members.

Our competitors are marketing their new facilities and in anticipation of these Valley Golf rehabilitated the South Course into an all-weather golf course. We have completed phases 1 and 2 of the renovation of our Main Clubhouse including the Men's locker room, the restaurant/veranda area and the offices to keep up with the modern trends in interior designs while still maintaining the unique architecture of our clubhouse. Financially Valley Golf is more stable than our competitors because our focus is maintenance and improvements since our Stockholders' Equity has long been built up unlike our competitors who are still selling their shares of stock to finance their capital.

Valley Golf has no branch or subsidiaries so we do not have transactions with related parties. The other parties we usually transact with are the suppliers of office, grounds and motorpool supplies. In Dec. 2015 the club entered into an 3-year golf course maintenance agreement with MJ Carr Golf Management. We have concessionaires for golf supplies, restaurant and driving range but these are not part of the major sources of income of the Club. We do not have patents, trademarks, copyrights etc.

Valley Golf had already secured an approved registration from BIR of the Club's VAT and NON VAT activities. The annual Municipal Business and Sanitary Permit had already been approved by the City Government of Antipolo.

A governmental regulation which affected the Club was the implementation of the CTRP. Before the CTRP the Club was included amongst the corporations exempted from the payment of income tax as per Sec. 27 of the NIRC, but as per CTRP we are now subject to 32 % income tax effective Jan. 1998.

The newly issued 26 International Financial Reporting Standards and revised International Accounting Standards by the Accounting Standards Council effective January 2005 had started to affect the financial reports of the Club for the fiscal year ending June 30, 2006. The significant effects are on the recognition of income tax expense and derecognition of deferred tax assets in the absence of definite plans that operations for the coming years shall result to net income after depreciation. Other minor effects were in the recording of interest income, capital gains, property plant and equipment and depreciation and lease-finance expenses.

In August 2012, the BIR issued Revenue Memorandum Circular No. 35-2012 – Clarifying the Taxability of Clubs Organized and Operated Exclusively for Pleasure, Recreation and Other Non-profit purposes. Under Revenue Memorandum Circular No. 35-2012, membership dues which were previously

exempted from VAT and income tax by virtue of BIR Rulings issued by the then Commissioner Chato and Asst. Commissioner Roldan in 1996 and 2006 respectively are now subject to VAT and income tax. Said Revenue Memo had a significant impact in our finances and adverse effects in our cash flow, thus the Board of Directors on Sept. 15, 2012 resolved to increase the membership dues effective Oct. 2012. The Club complied under protest with the mandate of Revenue Memorandum Circular No. 35-2012.

For fiscal year 2014 the Club applied certain accounting standards that require restatement of previous year's financial statements, particularly Revised PAS 19, Employees Benefits which requires all actuarial gains and losses to be recognized in the Other Comprehensive Income and unvested past service costs previously recognized over the average vesting period, to be recognized immediately in income or loss when incurred.

Being a golf course, we do not spend much for research and development since our major concern is the maintenance of the golf course. We sometimes test new products for our insecticides, fertilizers, sands and grounds equipments but these are usually samples for free or the amount involved is very minimal.

The Club strictly adheres to all environmental laws. Sources of water are from the running creeks along the fairways and fertilizers used are all environmental friendly and not hazardous to health. The Board signed a mutual environmental protection project and tree planting and seedling propagation with the DENR. Organic materials are being used for the maintenance of the greens and fairways. During the year 2001 the Club had undertaken the planting of around 300 golden coconut seedlings near the perimeter fence and within the golf course. Animals such as ducks and wild birds are allowed to roam within the creeks and fairways. In 2010 we constructed a green house for seedlings of various trees and several tree saplings were planted in the courses or given to members. In our locker rooms we had eliminated the use of plastics and styropor. Instead we made use of cloth bags and paper cups. We also eliminated the use of plastic cups in the fairways and clubhouse instead we are using paper cups.

Total number of employees is 83. All are full time employees. We have 16 Department Managers and Supervisors and 67 rank and file employees. The 67 rank and file are subject to CBA and the CBA will expire on Oct. 2017. The breakdown of the employees are as follows; Golf Affairs – 13, Clubhouse – 22, Controllers - 18, Engineering –24 and Administration/HR – 6. Upon the engagement of MJ Carr Golf Management for the maintenance of the golf courses, the Grounds Department was abolished. Our employees have never been on strike for the past three years neither are they threatening to strike. Supplemental benefits includes free meals during overtime and holidays and special events in the Club, free coffee during break time and various gift items during Christmas seasons.

There is no major risk involved in the business of Valley Golf & Country Club.

The club's members' equity as of June 30, 2017 is P 243 Million. We do not issue unsecured bonds. Valley Golf has been in business for 59 years.

ITEM 2. DESCRIPTION OF PROPERTY

Seen from the air, the clubhouse, which was designed by noted Filipino Architect Gabriel Formoso, takes on the unmistakable shape of a golf ball perched on a tee. The "golf ball " houses the Men's Locker Room. The " tee " houses the upper veranda, the golfers' lounge and a viewing deck where one can enjoy the action on the 9th or 18th green.

Adjacent to the clubhouse are two swimming pools with cabanas for men and women. The state-of-the-art fully lighted for night use driving range with two-level driving bays, all equipped with convex mirrors and the upper-level bays feature the revolutionary TMAX-GOLF motor less dispensers with amenities such as coffee shop and restaurant, sports bar, members' lounge, pro-shop and shower rooms is now the envy of other golf clubs. Adequate parking near the Main Clubhouse is assured for as many as 200 cars.

The North Clubhouse is furnished with modern facilities, complete with restaurant, function rooms, locker rooms and offices. The restaurant is now being managed by a concessionaire as part of innovations being introduced to the membership.

a.) Location and area of the properties.

Valley Golf & Country Club, Inc. is located along Don Celso S. Tuason Ave., with entry and exit on Ortigas Ave., Extn. and Sumulong Highway. Total area is 1,222,971 sq. meters, part of the land is in Antipolo City and part in Cainta, Rizal.

b.) Description and condition of the properties.

All properties are registered in the name of Valley Golf Club, Inc. and none of the properties are mortgaged nor encumbered. The Club does not lease any of its land.

Valley Golf does not intend to acquire any properties in the next twelve (12) months.

ITEM 3. LEGAL PROCEEDINGS

All pending legal cases are enumerated and discussed as per attached report of the Legal Counsel.



TEOFILO C. ABEJO II
AMADO DANILO G. TAYAG
BERNADETTE C. JUAREZ
RESIDA-ROSE T. ROSARIO
RONALDO L. SANTOS, JR.
PATRICK JOSEPH M. QUINIO
ARLENE B. FERANDO

28 June 2017

SYCIP, GORRES, VELAYO & CO.
6760 Ayala Avenue, Makati City

Attn: MR. ALEXIS BENJAMIN C. ZARAGOZA III
Partner-In-Charge

MR. FLOYD P. DE LA CRUZ
Associate Director

Gentlemen:

Further to the letter request of our client Valley Golf and Country Club, Inc., we are submitting a report on the cases handled for our client.

1. Heirs of Victor Reyes vs. Valley Golf and Country Club, Inc.
(SC GR No. 190641; CA-G.R Civil Case No. 80378; RTC-Makati City, Branch 138: Civil Case No. 01-528; SEC Case No. 01-97-5522)

This is a complaint by a former stockholder of VGCCI for reinstatement of playing rights and/or issuance of new shares of stocks. The complainant claims the auction sale in 1986 of his share for delinquency of his accounts was void for lack of notice to him. He is also claiming the amount of PhP20,000.00 as attorney's fees as well as costs of suit against the Club. In its Answer, the Club claims that the complainant's action is already barred by the statute of limitation and there was proper notice to him of his delinquency and the auction sale. As counterclaim, the Club is claiming PhP50,000.00 as moral damages, PhP50,000.00 as exemplary damages and PhP25,000.00 as attorney's fees. The Regional Trial Court has rendered judgment dismissing the complaint as there was no infirmity in the auction sale of complainant's share. Mr. Reyes has filed an Appeal with the Court of Appeals where the case of now pending. During the pendency of this appeal, the plaintiff passed away and the court, upon motion of his heirs, ordered their substitution as the plaintiffs.

MA. ZARINA D. MANZANO
6/28/2017

On August 5, 2008, the Court of Appeals rendered a Decision reversing the decision of the Regional Trial Court and declared the plaintiff (as substituted by his heirs) to be entitled to the reinstatement of his playing rights and/or the re-issuance of a new share of stock from Valley. The Court of Appeals said that the notice issued to the plaintiff as to the auction sale was defective as the registry receipt was not sufficiently authenticated and that even assuming there was notice of delinquency sent to the plaintiff, the payment of dues was the responsibility at the time of the playing guest to whom the playing rights of the share was assigned. The Club filed a Motion for Reconsideration on August 26, 2008 which was denied by the Court of Appeals in its Resolution dated November 25, 2009. On December 18, 2009, the Club filed a Petition for Review with the Supreme Court. The heirs of Victor Reyes already filed their Comment to which Valley Golf filed its Reply on 03 January 2011.

On 10 November 2015, the Supreme Court rendered its decision denying the Club's petition for review and affirming the Court of Appeals decision. On 16 February 2016, Valley Golf filed its Motion for Reconsideration. However, this was denied by the Supreme Court in its Notice dated 16 March 2016 which we received on 25 May 2016. An Entry of Judgment has been issued and hence, the decision has become final and executory. Plaintiff already filed a Motion for Issuance of Writ of Execution. However, the hearing did not push through and to date, there has been no rescheduling of the hearing or resolution of the motion. We expect the plaintiff to pursue the execution of the Decision. On the other hand, the legal effect of the invalidation of the auction sale is to revive the previous indebtedness of the late Dr. Reyes for unpaid monthly dues, which can also be claimed from the heirs of Dr. Reyes.

2. Valley Golf and Country Club, Inc. vs. Gabina Maestre, et al.
(Civil Case No. 09-8769, Branch 71 of the Regional Trial Court of Antipolo City)

This is a complaint for accion publiciana to recover possession of real property belonging to the Club under TCT No. 518354 currently being occupied by several squatters. The Club is seeking a decision from the Regional Trial Court ordering the defendants (about 37 in number), together with their families/households, and any and all persons claiming rights from them, at present and in the future, to vacate the subject properties in question and to restore the possession of the same to the Club. The Club is also seeking the payment of the attorney's fees in the amount of PHP50,000.00 acceptance fee.

and the amount of appearance fees, as and by way of attorney's fees, as well as for defendants to pay the costs of suit and litigation expenses.

Some of the defendants have filed an Answer claiming that they and their predecessors-in-interest have been in possession of the Club's property for more than thirty (30) years which will entitle them to the ownership and possession of the property. They also claim that the Club's title is not valid since the property was acquired from the Manila Railway Company and that under a 1900s law, the railway company was bound to give the property back to the public once it is no longer used for railway operation. As counterclaim, defendants are claiming PHP500,000.00 as moral damages and PHP20,000.00 attorney's fees for each of them.

Valley Golf has previously filed a motion to declare in default some of the defendants who failed to file their Answer and this motion was already granted by the court. On 04 September 2013, in view of the failure of the defendants represented by counsel to file their Pre-Trial Brief, the court allowed Valley Golf to present its evidence *ex-parte*. These defendants filed a Motion for Reconsideration which Valley opposed and the court denied this motion. Valley Golf presented its evidence *ex-parte* and filed its Formal Offer of Evidence. The other defendants filed another Manifestation with Motion, seeking that they be allowed to present their own evidence which was denied by the court after Valley Golf filed its opposition.

On 02 September 2015, Valley Golf through its counsels received the Decision of the Regional Trial Court which declared Valley Golf as the lawful owner of the property and ordered it to be placed in possession of it and the defendants were ordered to vacate the same to surrender it peacefully to Valley Golf. Some of the defendants filed a Motion for Reconsideration to which Valley Golf filed its Comment/Opposition on 27 October 2015.

In the interval, Valley Golf signed in 2015 a Memorandum of Agreement with Malaya Valley Homeowners' Association, Inc., which, though not a party, claims to represent all the informal settlers on the subject property, some of which are already defendants in this case. Upon the instructions of the Board and management, Valley Golf's counsels filed a Motion for Approval of Compromise Agreement or the terms of the MOA. However, some of the individual defendants filed a Manifestation claiming that they did not sign and are vehemently opposing the Compromise Agreement (MOA).

On 24 October 2016, the RTC of Antipolo rendered an Order denying the Motion for Reconsideration of some of the defendants and approving the Compromise Agreement insofar as the defendants who were not opposing it. The defendants who filed the Motion for Reconsideration then filed a Notice of Appeal. On the other hand, upon the instructions of the Board of Directors, we filed on 21 December 2016 a Motion for Partial Reconsideration of the Order insofar as it approved the Compromise Agreement considering that a great number of defendants who are supposedly beneficiaries of the MOA are objecting to it thereby putting to naught the objective of the MOA to end the litigation, and that it will now be virtually impossible to implement the MOA based on its original terms and premises. The Motion for Partial Reconsideration is still pending resolution.

3. *Valley Golf Hills Homeowners Association, Inc. vs. Valley Golf and Country Club, Inc.*
(HLURB Case No. NCRHOA-051016-2436, HLURB Expanded National Capital Region Field Office, Quezon City)

This a complaint filed by Valley Golf Hills Homeowners Association, Inc. against Valley Golf and Country Club, Inc. praying that the control, management, security, and maintenance of the gates to and roads within the subdivision be turned over to them. The complainant seeks to enforce Section 10, pars. (c) and (d) of R.A. 9904, otherwise known as the "Magna Carta for Homeowners and Homeowners' Associations" which provides that homeowners associations have the right to regulate management of common areas, as well as to regulate access to, or passage through subdivision/village roads for purposes of preserving privacy, tranquility, internal security, and safety and traffic order.

On 10 June 2016, Valley Golf, through counsel, filed its Answer (with Counterclaim). In the Answer, it was argued that the complaint ought to be dismissed on the ground of lack of jurisdiction considering that it does not fall under any of the disputes or controversies under the jurisdiction of the HLURB, as provided for under Section 2, Rule 1 of the Revised Rules of Procedure of the HLURB. In any case, it was likewise argued that the complaint ought to be dismissed for utter lack of merit. At the outset, it was pointed out that the Supreme Court had already ruled with finality that the property (Don Celso Tuason Avenue) is private property solely owned by Valley Golf. Furthermore, the law sought to be enforced by the Complainant, in particular, Section 10 of R.A. No. 9904, does not apply in the present case. Lastly, it was stressed that to turn over the management of the gates and roads on property owned by Valley

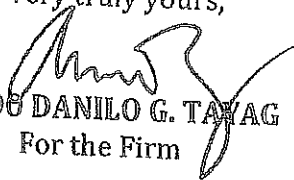
Golf would be tantamount to a taking without due process and without payment of just compensation in violation of the Respondent's property rights.

In view of the failure of the parties to agree on an amicable settlement during the mandatory mediation conferences, both parties were required to file their respective Position Papers. Thereafter, the case will be submitted for decision. On 02 August 2016, we filed Valley Golf's Position Paper. Later, after receiving a copy of the Position Paper of the plaintiff, we filed a Motion to Strike Out Position Paper of Plaintiff on the ground that it was filed out of time. Plaintiff filed its Opposition thereto but this incident has yet to be resolved.

On 24 May 2017, Valley Golf received through undersigned counsel a Motion for Issuance of Writ of Preliminary Injunction and/or Cease and Desist Order filed by plaintiff's new counsel. Valley Golf filed its Comment/Opposition to this Motion to which plaintiff filed its Reply. On 28 June 2017, Valley Golf filed its Rejoinder and hence, this Motion shall be deemed submitted for resolution.

The Club has a monthly retainer agreement with the Firm. Valley Golf and Country Club, Inc. has no unpaid accounts with our Firm as of June 30, 2017. We trust that we have been of assistance.

Very truly yours,


AMADO DANILO G. TAYAG
For the Firm

CC: MR. ISAURO G. SAN PEDRO, JR.
President
VALLEY GOLF AND COUNTRY CLUB, INC.
Antipolo City

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

For the fiscal year ended June 30, 2017, the Annual Stockholders' Meeting was held on Sept. 25, 2016. Out of the 1,593 issued and subscribed shares, 874 shares were represented by proxy or present in person, therefore, the President, as presiding chairman, declared a quorum.

On the Annual Stockholders' Meeting held on Sept. 25, 2016, the following were elected as Directors:

- | | | |
|---------------------------|---|-----------|
| 1. Virgilio C. Bucat | - | 641 votes |
| 2. Augusto A. Cruz, Jr. | - | 627 votes |
| 3. Jaime Victor J. Santos | - | 631 votes |

The other directors whose term of office continued are Messrs. Alexander S. Marquez, Lakan Fonacier, Isauro San Pedro, Abraham C. dela Cruz, Luis Quiogue and Luis Manuel S. Polintan.

Matters discussed during the Annual Stockholders' Meeting include the ratification of the acts of the Board of Directors from July 1, 2015 to June 30, 2016, approval of the minutes of the annual meeting held on September 27, 2015 and the election of the external auditor. On the election of the External Auditor, the stockholders resolved to elect Sycip Gorres Velayo & Co. as the Club's External Auditor for the fiscal year ending June 30, 2017.

The details of the discussion are as follows:

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF VALLEY GOLF AND COUNTRY CLUB, INC.

Held at the Main Clubhouse, Valley Golf and Country Club
Antipolo City on 25 September 2016

I. Call to Order

Valley Golf and Country Club's Chairman, Jaime F. Panganiban (Chairman Panganiban), called the meeting to order at 4:10 p.m., and presided over the same. The Corporate Secretary, Atty. Ronald O. Solis (Atty. Solis), recorded the minutes of the meeting.

II. Determination of Quorum

Chairman Panganiban inquired from the Secretary of the Meeting whether a quorum was present. Atty. Solis replied in the affirmative. According to Atty. Solis, the total attendance was Eight Hundred Seventy Four (874) members/shares, which were either personally present or represented by valid proxies. Hence, a quorum existed

since the number already exceeded Seven Hundred Ninety Five (795) shares, which was only needed for purposes of having a quorum.

Upon inquiry as to how many shares were represented by proxies *vis a vis* the members who were personally present it was determined that Eight Hundred Thirty Nine (839) shares were represented by proxies, and Thirty Five (35) members were personally present.

III. Proof of Due Notice of the Meeting

Chairman Panganiban asked whether there was proof of due notice of the meeting. Atty. Solis replied in the affirmative. The pertinent registry return cards and/or delivery receipts are on file with the Club's secretariat as evidence of transmission and receipt of the said notices and other necessary documents to all stockholders of record. The said documents are present and available for inspection by any member who might wish to do so.

IV. Approval of the Minutes of the Annual Meeting Held on 27 September 2015

Chairman Panganiban proceeded with the next item on the agenda, which was the approval of the previous year's minutes. The stockholders were also provided with copies of the minutes of the previous year's annual stockholders' meeting and were given sufficient time to read the same. Jose B. Tayawa moved for the approval of the minutes of the annual stockholders' meeting held on 27 September 2015, which motion was duly seconded by Jose Ferlu O. Sudario. There were no objections. Hence:

RESOLVED, that the minutes of the annual stockholders' meeting held on 27 September 2015 are hereby approved and adopted.

V. Matters Arising From the Minutes

Chairman Panganiban opened the floor for any inquiries relative to the previous year's minutes. After a moment, considering that there were no questions relative thereto, the Chairman proceeded with the next item on the agenda.

VI. Chairman's and Treasurer's Report

Chairman Panganiban manifested that all stockholders were provided copies of the Club's Annual Report. He inquired whether there were any questions relative thereto. Considering that there were no questions, Mr. Tayawa moved for the approval of the Chairman's and Treasurer's Report for the fiscal year 2015-2016, which motion was duly seconded by Mr. Sudario. There were no objections. Hence:

RESOLVED, that the Chairman's Report, as well as the Treasurer's Report, for the fiscal year 2015 to 2016, as presented, are both hereby approved and adopted.

Likewise, Mr. Sudario commended the Board of Directors especially the President for the positive results of the Financial Statement as compared to last year.

VII. Ratification of Prior Acts of the Board of Directors and Management

Chairman Panganiban stated that all stockholders were similarly furnished with copies of all the resolutions of the Board of Directors, and had more than sufficient time to peruse the same. Thus, Mr. Tayawa moved for the ratification of the prior acts of the Board of Directors and Management for the period 01 July 2015 to 30 June 2016, including the disposal of non-performing assets and settlement of cases which involve disposal of some properties of the Club, which motion was duly seconded to by Mr. Marcelo. There were no objections. Hence:

RESOLVED, that the acts of the Board of Directors and Management for the period 01 July 2015 up to 30 June 2016, including the disposal of non-performing assets and settlement of cases which involve disposal of some properties of the Club, are hereby ratified.

VIII. Appointment of External Auditor

Chairman Panganiban opened the floor for the election of the Club's external auditor. Mr. Augusto A. Cruz, Jr. moved to retain the services of Sycip Gorres Velayo & Co. as the Club's external auditor, which motion was duly seconded to by Mr. Sudario. There were no objections. Hence:

RESOLVED, that Sycip Gorres Velayo & Co. is hereby retained as the independent external auditor of Valley Golf & Country Club, Inc.

IX. Election of Directors

Chairman Panganiban called on the Chairman of the Commission on Elections (Comelec), Atty. Plaridel J. Bohol II, to preside over the election of the new Directors and the canvassing of votes for the amendment of the By-Laws. The other members of the Comelec were Atty. Francisco B. Figura and Atty. Ben A. Delos Reyes. The following were the official nominees:

Virgilio C. Bucat
Augusto A. Cruz, Jr.
Gerardo B. Marcelo
Jaime Victor J. Santos

GM Antonio Carlos S. Ocampo then proceeded with the canvassing of the votes. After the canvassing, Atty. Bohol announced the results of the elections:

Candidates for Election:

Virgilio C. Bucat – 19 in person / 622 by proxy, total of 641 votes
Augusto A. Cruz, Jr. – 15 in person / 612 by proxy, total of 627 votes
Gerardo B. Marcelo – 53 in person / 538 by proxy, total of 591 votes
Jaime Victor J. Santos - 24 in person / 607 by proxy, total of 631 votes

As regards the referendum on the amendment of Article III, Sec. 1, Article IV Sec. 1, Article III Sec. 5, the following are the results of the voting:

Amendment to By-Laws:

Article III, Sec. 1 – not approved
In Favor - 524
Not In Favor - 216
Abstain - 119

Article IV, Sec. 1 – not approved
In Favor - 522
Not In Favor - 217
Abstain - 120

Article III, Sec. 5 – not approved
In Favor - 462
Not In Favor - 273
Abstain - 124

For failure to reach the two-thirds vote required by the Corporation Code for amendment of the By-Laws, proposed amendment of Article III, Sec. 1, Article IV Sec. 1 and Article III Sec. 5 are not approved.

Thereafter, Atty. Bohol, together with the members of the Comelec, proclaimed the following as the newly elected Directors of Valley Golf & Country Club:

Virgilio C. Bucat
Augusto A. Cruz, Jr.
Jaime Victor J. Santos

Messrs. Bucat, Cruz and Santos were called upon, and all of them gave a short acceptance message to their fellow members.

Chairman Panganiban thereafter congratulated the winning Directors.

X. Adjournment

There being no other matters to be discussed, upon motion by Mr. Tayawa and duly seconded by Mr. Sudario the meeting was adjourned at 6:05 p.m.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANTS COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

1.) Market Information

Valley Golf & Country Club, Inc. does not market its shares in the stock exchange and all stockholders have pre-emptive rights on the sale of club shares. Total number of authorized capital stock is 1,800 at P 9,000.00 par value. Valley Golf is a non-profit club and does not issue any stock or cash dividends.

The Board of Directors on their Special Meeting last June 22, 2009 approved the sale of 26 shares of stock with the following conditions:

1. The conditions of the sale are as follows:

1.1 Cash basis

- 1.1.1. Outright sale of shares at Php380,000.00 each (minimum price for the first batch). Transfer Fee shall not be applicable.
- 1.1.2. For non-members, membership is subject to compliance to the Membership processing requirements and approval of the Membership Committee.
- 1.1.3. All shares must be activated within 30 days pursuant to Article VII, Section 3, of the By-Laws and Section 7 of the Articles of Incorporation.

1.2. Shares of stock will be sold in batches and prices as follows:

| | | | | Date of Sale |
|--------|--------------|---------------------|--------------|---|
| 1.2.1. | First batch | - 3 shares of stock | P 380,000.00 | June 26 – 30 |
| 1.2.2. | Second batch | - 3 shares of stock | P 400,000.00 | Jul. 1 – Jul. 7 or after 1 st batch is sold whichever is earlier |
| 1.2.3. | Third batch | - 3 shares of stock | P 425,000.00 | Jul. 8 – Jul. 14 or after 2 nd batch is sold whichever is earlier |
| 1.2.4. | Fourth batch | - 3 shares of stock | P 450,000.00 | Jul. 15- Jul. 22 or after 3 rd batch is sold whichever is earlier |
| 1.2.5. | Fifth batch | - 3 shares of stock | P 475,000.00 | Jul. 23 -Jul.31 or after 4 th batch is sold whichever is earlier |

Note: Prices are subject to change without prior notice.

2. Sale will be as follows:
 - 2.1 From June 26 – July 7, 2009, only to proprietary members on record as of May 31, 2009. Proprietary members who are interested to buy shares after July 7, 2009 will be given priority.
 - 2.2 Assuming that shares are still available, Playing guests, Corporate Representatives, children and spouses of proprietary members will be allowed to buy shares beginning July 8, 2009.
 - 2.3 Assuming that shares are still available, Non-members will be allowed to buy beginning July 15, 2009.
3. The mechanics of the sale are as follows:
 - 3.1 Sales inquiry must be coursed through the Office of the President beginning June 26, 2009.
 - 3.2 Sale will be on a first come, first serve basis.
 - 3.3 If there are more than three (3) interested buyers at the same time, the winner will be selected by raffle.
 - 3.4 No reservations will be entertained.
4. Utilization of the proceeds of the sale:
 - 4.1. Payment of outstanding loans.
 - 4.2. To fund the 3-year development program

As of June 30, 2013, there were fifteen (15) shares sold from this issuance.

The Board of Directors in their regular meeting last Nov. 15, 2014 approved the following:

1. INSTALLMENT SALE OF SHARES OF STOCK
 - a.) Deferred payment of the share of stock and transfer fee.
 - b.) "All in selling price" of P 350k.
 - c.) Payable in 12 monthly installments.
 - d.) Membership of the buyers is subject to compliance with the Membership processing requirements and approval of the Membership Committee.

As of June 30, 2015, there were five (5) shares sold from this issuance.

Valley Golf & Country Club, Inc. does not market its shares in the stock exchange. Frequency of trading is sporadic. For the fiscal years 2000 and 2001, the market price ranges from the club subscription rate of P 625,000.00 to P 500,000.00. For the year 2002 market price is from P 500,000.00 to P 450,000.00. For the years 2003 to 2014 market price is at P 400,000.00 to P 500,000.00 for Club subscription and P332,000 to P292,000 for third party market. Market prices include the transfer fee of P 112,000.00. For the fiscal year 2015 and 2016 the market price is P250,000.00 plus P56,000 transfer fee during the promo period or P112,000 after the promo. For the fiscal year 2017 the market price is P312,000.00 plus P67,2000 transfer fee during the

promo period or P112,000 after the promo. Market prices were based on subscription rates and transactions processed in the club.

2.) Holders

Total number of shares issued and outstanding as of June 30, 2017 is 1,593 shares. There is no individual or corporate stockholder who is the beneficial owner of at least five percent (5 %) of the total shares outstanding. The top twenty (20) shareholders are as follows:

| NAME OF STOCKHOLDER | NO. OF SHARES OWNED | PERCENTAGE |
|--|---------------------|------------|
| 1. PAE Ventures, Inc. | 6 | 0.38 % |
| 2. TDR, Incorporated | 5 | 0.31 % |
| 3. Manila Electric Co. | 5 | 0.31 % |
| 4. Solid State Multi Products Corp. | 5 | 0.31 % |
| 5. Squires Bingham Co., Inc. | 5 | 0.31 % |
| 6. First Phillippine Holdings Coporation | 4 | 0.25 % |
| 7. Vicente and Gerardo Madrigal | 4 | 0.25 % |
| 8. Metropolitan Bank and Trust Co. | 4 | 0.25 % |
| 9. Mitsubishi Motors Phils., Corp. | 4 | 0.25 % |
| 10. Phil. National Bank | 4 | 0.25 % |
| 11. Reliable Electric Co., Inc. | 4 | 0.25 % |
| 12. Edward Cheek | 3 | 0.19 % |
| 13. Dee C. Chuan & Sons, Inc. | 3 | 0.19 % |
| 14. Jalandoni, Johnny | 3 | 0.19 % |
| 15. Severo A. Tuason & Co. | 3 | 0.19 % |
| 16. Severo Jose Tuason | 3 | 0.19 % |
| 17. Perry Y. Uy | 2 | 0.13 % |
| 18. Anna's Catering, Inc. | 2 | 0.13 % |
| 19. Metropolitan Insurance Company | 2 | 0.13 % |
| 20. Tuason, Demetrio R. | 2 | 0.13 % |

There is no acquisition, business combination or other reorganization that shall affect the amount and percentage of present holdings of the equity owned by each director and nominee, all directors and officers as a group or any present commitments to such persons with respect to the issuance of shares.

3.) Dividends

Valley Golf is a non-profit club and does not declare any form of dividends. Income earnings are being used for maintenance of the golf courses and to improve the services to the members.

4.) Recent sales of unregistered or exempt securities.

Valley Golf has not sold any unregistered or exempt securities during the present and previous fiscal years.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

1. PLAN OF OPERATION

OBJECTIVES:

- a. To have a timely scheduled improvement of Club facilities and services.
- b. Profitability and financial liquidity for operations and to fund various projects.

ACTION PLAN:

1. To ensure that all bunker sand in the North Course will be completely rehabilitated by Oct. 2017.
2. To ensure that all fairways will be zoysia by December 2017.
3. To increase monthly dues by Jan. 2017.
4. To develop new country club activities.

2. MANAGEMENT DISCUSSION AND ANALYSIS

Valley Golf & Country Club, Inc. is a private non-profit club incorporated on May 14, 1958. It has two golf courses composed of 36 holes and a main clubhouse and north clubhouse.

The rehabilitation of the second 9 south course, which started last August 2002, was completed last October 2003 and the course was playable last November 2003. The Club hired the services of Ecoturf Golf and Turf Care Systems as the Construction Manager and the Board approved the contract of Golforce, Inc. as the contractor for the project. To fund the construction, the Board approved the loans from members at P 45 Million, though only P 39.5 Million was actually incurred.

The second phase of the rehabilitation is the first 9 of the south course. To provide the funding thereof, the Board of Directors on their Regular Meeting on May 31, 2003 resolved to sell the 150 Unissued Shares of Stock subject to pre-emptive rights of proprietary/corporate members, playing guests, in the order indicated. The proceeds of the sale shall be exclusively used for the following specific purposes:

1. Rehabilitation of the South Course front nine
2. Payment of outstanding loans used in the rehabilitation of the golf course.
3. Improvement of the main clubhouse.

Selling price of the shares on installment basis is at P 500,000.00 per share payable with a down payment of P 125,000.00 and 23 equal monthly installments of P 15,000.00 and the 24th month at P 30,000.00. Cash basis is at P 450,000.00

The Board on their meeting last May 31, 2003 also approved the sale of prime lots of the Club located along Don Celso Tuason Ave. to augment funds for the projects.

Rehabilitation works of the first nine south course started last November 2003 and works were completed and the first nine south course was inaugurated last Nov. 20, 2004. Contract for labor for the rehabilitation was awarded to bidder Philgolf Development & Equip, Inc. in the amount of P 20,000,000.00. Materials were purchased in-house with an initial budget of P 31,500,000 and additional budget of P 4,000,000.00 for the bunker sand and P 1,552,000.00 for herring bone installation. As of June 30, 2005 total cost of the renovation is P 130,000,000 (gross of vat) or P 125,000,000.00 (net of vat)

On December 2005 Valley Golf & Country Club, Inc. entered into a Contract of Lease with Agreement to Buy Green Fee Coupons with Global Golf & Leisure, Inc. (now Philippine Golf & Leisure, Inc.). The contract includes rental of the North Clubhouse in the amount of P 150,000.00 per month with yearly 5% escalation and purchase of green fee coupons with a minimum amount of 10,000 pieces per year at the rate of P 700.00 per coupon with an escalation rate of 10% per year. This is part of the effort of the Board of Directors to generate income from the North Clubhouse. The contract was terminated last January 5, 2008. For the fiscal years 2009 to 2013, the Club entered into contracts with Korea Golf & Members Leisure, Inc. for sale of green fee coupons for the North Course. Sale of coupons are as follows P 5 Million, P 2.3 Million, P 1.29 Million, P3.43 Million and P1.9 Million for the fiscal years 2009, 2010, 2011, 2012 and 2013 respectively. On July 1, 2013, the Club entered into a new contract with Korea Golf to purchase a minimum of P 4 Million green fee coupons for a period of 5 years.

In line with the revenue generation program of the Club, the Board of Directors implemented various green fee promotions which include No Frills Monday, Twilight Fee, Friday Free Lunch, Accompanied guests promo and Sunday Afternoon Delight. These promos are geared toward increasing the number of accompanied guests and walk-in players.

Renovation of the Main Clubhouse started in July 15, 2008. The Board of Directors on their regular meeting last July 12, 2008 approved the contract with Reyes Interiors in the amount of P 4.5 Million for the renovation, while Valley Golf will purchase the other supplies like tiles, aluminum frame and glass. The total cost of the project is estimated at P 9 Million.

The Board of Directors on their Special Meeting last June 22, 2009 approved the sale of 26 shares of stock with the following conditions:

1. The conditions of the sale are as follows:
 - 1.2 Cash basis
 - 1.2.1. Outright sale of shares at Php380,000.00 each (minimum price for the first batch). Transfer Fee shall not be applicable.

1.2.2. For non-members, membership is subject to compliance to the Membership processing requirements and approval of the Membership Committee.

1.2.3. All shares must be activated within 30 days pursuant to Article VII, Section 3, of the By-Laws and Section 7 of the Articles of Incorporation.

2. Shares of stock will be sold in batches and prices as follows:

| | | | | Date of Sale |
|------|--------------|---------------------|--------------|---|
| 2.1. | First batch | - 3 shares of stock | P 380,000.00 | June 26 – 30 |
| 2.2. | Second batch | - 3 shares of stock | P 400,000.00 | Jul. 1 – Jul. 7 or after 1 st batch is sold whichever is earlier |
| 2.3. | Third batch | - 3 shares of stock | P 425,000.00 | Jul. 8 – Jul. 14 or after 2 nd batch is sold whichever is earlier |
| 2.4. | Fourth batch | - 3 shares of stock | P 450,000.00 | Jul. 15- Jul. 22 or after 3 rd batch is sold whichever is earlier |
| 2.5. | Fifth batch | - 3 shares of stock | P 475,000.00 | Jul. 23 -Jul.31 or after 4 th batch is sold whichever is earlier |

Utilization of the proceeds of the sale will be the payment of outstanding loans and to fund the 3-year development program.

Part of the renovation project of the Main clubhouse is the basement offices. The contract was awarded to Reyes Interiors and renovation works started on Nov. 2011. The project was completed on March 2012 with a total cost of P 4.2 Million. The Men's locker room was likewise renovated with a total cost of P 6.1 Million including the pocket garden. The project was awarded to Northstar Ibex Construction Corp. and works started on Jan. 2013 and completed on April 2013.

For the fiscal year ending June 30, 2014, the following projects were completed:

| | | |
|----|--|--------------|
| 1 | Improvement of bridges - North course | |
| | Hole # 1 | 78,625.01 |
| | Hole # 2 | 35,741.07 |
| 2 | Installation of lamp posts at the bridge near the main gate. | 65,825.65 |
| 3 | Phase 2 - Reblocking and asphalt overlay of DCTA | 3,880,000.00 |
| 4 | Renovation of Kid's swimming pool. | 67,627.51 |
| 5 | Maintenance of Golf cart station | 158,980.71 |
| 6 | Phase 1- CCTV project | 101,933.72 |
| 7 | Installation of roofing for Golf Cart Area | 773,420.35 |
| 8 | Furniture for the Members' lounge/gym | 120,000.00 |
| 9 | Kitchen Exhaust System (labor & materials) | 217,145.00 |
| 10 | Kitchen hood fire suppression system | 150,000.00 |

| | | |
|----|---|----------------------|
| 11 | Server | 299,500.00 |
| 12 | Two (2) units aircon for gym/lounge | 95,000.00 |
| 13 | Three (3) units brush cutters | 37,500.00 |
| 14 | One (1) unit greens mower with groomer | 640,000.00 |
| 15 | Two units two way radio for Eng'g & Grounds | 25,000.00 |
| 16 | Organizational Streamlining | 250,000.00 |
| 17 | 1 unit Concrete cutter | 35,000.00 |
| 18 | 1 unit Concrete vibrator | 18,000.00 |
| 19 | 3 units Computer desktop w/OS & MS office | 120,000.00 |
| 20 | 2 units Antivirus for servers | 72,900.00 |
| 21 | 1 unit Laser printer | 24,900.00 |
| 22 | 1 unit Base radio | 14,500.00 |
| 23 | 1 unit Computer desktop w/OS & MS office | 40,000.00 |
| 24 | 1 unit Computer desktop w/OS & MS office | 40,000.00 |
| 25 | 2 units Computer desktop w/OS & MS office | 37,000.00 |
| 26 | 1 unit Laptop | 29,750.00 |
| 27 | Proposed Gym/ Men's Lounge | 418,663.75 |
| 28 | Tee House North Course-Hole#4 | 467,001.52 |
| 29 | Pocket Garden | 535,714.29 |
| 30 | Golf carts- 10 units | 2,650,000.00 |
| 31 | Walk behind rotary mower- 2 units | 150,000.00 |
| 32 | Fly mower- 2 units | 110,000.00 |
| 33 | Renovation of Clinic | 247,872.61 |
| 34 | Purchase of truck mounted man lifter | 690,000.00 |
| | | <u>12,697,601.19</u> |

For the fiscal year ending June 30, 2015, the following projects were completed:

| | | | |
|-----|---|---|--------------|
| 1. | Purchase of one (1) unit back hoe | P | 3,303,571.43 |
| 2. | Purchase of ten (10) units golf carts | | 2,800,000.00 |
| 3. | Purchase of 4 units desk top computers | | 160,000.00 |
| 4. | Purchase of 2 units 2 way radio | | 23,000.00 |
| 5. | Repair of controller pump of the South course | | 150,714.29 |
| 6. | Renovation of satellite kitchen | | 45,471.00 |
| 7. | Driving range shot area | | 81,194.10 |
| 8. | Additional golf cart storage | | 70,058.94 |
| 9. | Purchase of copying machine | | 243,000.00 |
| 10. | Purchase of 17 units Samsung Galaxy tablets | | 407,830.00 |
| 11. | Purchase of 7 units transformer book | | 156,100.00 |
| 12. | Purchase of 3 units brush cutters | | 37,500.00 |
| 13. | Purchase of projector | | 33,900.00 |
| 14. | Purchase of 2 units tru cut edger | | 40,850.00 |

| | |
|--|---------------------|
| 15. Purchase of steel lockers | 62,400.00 |
| 16. Improvement of bridges | 226,555.98 |
| 17. Improvement of drainage in Hole # 5 South course | 535,714.28 |
| 18. Improvement of driving range facilities | 48,901.79 |
| 19. Renovation of Bag drop area | 938,178.97 |
| | <u>9,364,940.78</u> |

The following are the projects for Fiscal year 2016

| PARTICULARS | AMOUNT DISBURSED |
|---|------------------|
| 1. Controller for vertical turbine pump | P 621,012.58 |
| 2. Rehabilitation of bunker sand | P 2,817,418.14 |
| 3. Repair of pump in the North Course | P 186,000.00 |
| 4. Sound system for the Founders' Hall | P 363,248.45 |
| 5. Purchase of tablets, Laptop and printers | P 144,830.00 |
| 6. Purchase of Riso digital duplicator | P 125,000.00 |
| 7. Rehabilitation of the South course | P 5,454,400.38 |

The following are the projects for Fiscal year 2017

| PARTICULARS | AMOUNT DISBURSED |
|---|--------------------------------|
| 1. Repair of South Course pump (total project cost is P3.25 Million) | P 1,346,277.66 1,395,843.28 |
| 2. Irrigation system | |
| 3. Construction of Expansion of Men's Locker room | 225,000.00 |
| 4. Renovation of Secondary & Sumulong gates | 199,988.00 |
| 5. Purchase of 20 units golf carts | 5,880,000.00 |
| 6. Purchase of 8 units desktop computers | 187,500.00 |
| 7. Rehabilitation of bunker sand | 3,035,840.85 |
| 8. Repair of Bag drop area Phase 2 | 600,317.38 |
| 9. Repair of Pump North Course | 245,000.00 |
| 10. Rehabilitation of South Course | 5,379,464.16 |
| 11. Purchase of Suzuki carry for water delivery | 160,000.00 |
| 12. Purchase of 2 units projectors | 64,000.00 |
| | P 18,719,231.33 |

THE PROJECTS FOR IMPLEMENTATION FOR FISCAL YEAR 2018 ARE AS FOLLOWS:

| FISCAL YEAR 2018 | | PRIORITY LEVEL | | |
|--|---|-----------------------|--------------|---|
| 1 GOLF COURSES | | | | |
| North Course | | | | |
| 1 | Rehabilitation of bunker sand | 1 | 5,000,000.00 | |
| 2 | VLC Pumps | 1 | 6,000,000.00 | To replace the existing pumps in the North Course |
| South Course | | | | |
| 1 | Filter for pumps | 1 | 1,000,000.00 | |
| 2 | Desilting | 1 | 250,000.00 | |
| 2 CLUBHOUSES AND FACILITIES | | | | |
| 1 | Upgrading of Tee houses | 1 | 500,000.00 | Improvement to include tables & chairs, mini kitchen, stockroom & landscaping. |
| 2 | Replace the railings in the veranda to wood. | 1 | 500,000.00 | The steel bars are out dated. |
| 3 | Repainting of roof and repair of gutters & ventilation panels of Main Clubhouse | 1 | 500,000.00 | |
| 4 | Renovation of swimming pool | 1 | 1,800,000.00 | To replace old stained tiles and upgrade its design |
| 5 | Improvement of Function room in the North Clubhouse | 1 | 500,000.00 | Upgrade the interior design and facilities. |
| 6 | Reblocking of DCTA | 1 | 1,000,000.00 | To repair dilapidated road. |
| 3 PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER EQUIPMENT | | | | |
| 1 | Eleven (11) units Desk top computers at P40,000 (10 units) and P45,000 (1 unit) each. | 2 | 445,000.00 | For Accounting, Credit & Collection, Controllers, MIS, Golf Cart area, Clinic MIS- TV Ads, Internal Audit, Membership and Sports & Games. |
| 2 | Three (3) units POS Printers at P15,000 each | 2 | 45,000.00 | For Registration area. |
| 3 | Eleven (11) units MS Office License 1 License MS Office Pro at P22,500 each | 2 | 77,500.00 | |

| | | | | |
|---|--|---|----------------------|---|
| | 10 License Open License at P5,500/year | | | |
| 4 | MS Office and windows License for Laptop | 2 | 20,000.00 | |
| 5 | System Enhancement | 2 | 300,000.00 | For Membership & Exec. Secretary Modifications of Program for BIR Compliance Official Receipts to include CWT Automatic computation of VAT for Other payments Amount to Limit to 2 decimal points Members consumable report Aging Report for Other Receivables To replace obsolete system to comply with government requirements. |
| 6 | Payroll System | 2 | 160,000.00 | For projects For the Clubhouse For the computerized system. |
| 7 | One (1) unit Welding Generator | 1 | 52,000.00 | |
| 8 | Ten (10) units Aircooler at P17,000 each | 1 | 170,000.00 | |
| 9 | Sophos Firewall | 1 | 160,000.00 | |
| | | | 18,479,500.00 | |
| | TOTAL PRIORITY 1 | | 17,432,000.00 | |
| | TOTAL PRIORITY 2 | | 1,047,500.00 | |
| | | | 18,479,500.00 | |

CAPEX OF PREVIOUS FISCAL YEAR

FISCAL YEAR 2017

| | | | | PRIORITY |
|----------|---|---|--------------|--|
| | LEVEL | | | |
| 1 | GOLF COURSES | | | |
| | South Course | | | |
| 1 | Construction of drainage at cartpath # 5 | 1 | 85,000.00 | To prevent water ponding during rains. |
| 2 | Irrigation - Additional sprinklers (100 pcs. X P14,300.00) | 1 | 1,430,000.00 | |

| | | | | |
|--|--|---|----------------------------|---|
| North Course | | | | |
| 1 | Irrigation system | | | Sprinklers, satellite controllers and pipes. |
| | Part 1 - P 3,500,000.00 | | | |
| | Part 2 - P 3,500,000.00 | | | |
| | Part 3 - P 3,338,750.00 | | | |
| | Total - P10,338,750.00 | | | |
| 2 | Renovation of pump room | 1 | 230,000.00 | To provide better facility for pump maintenance and repair. |
| | | | | |
| 2 | CLUBHOUSES AND FACILITIES | | | |
| 1 | Replacement of Roof of Motorpool area | 2 | 460,000.00 | To replace old and broken roofing sheets to prevent leaks during rainy season. |
| 2 | Painting of roof of Motorpool Fabrication area. | 2 | 75,000.00 | To prevent rusting and protect lifespan of roofing sheets. |
| 3 | Concreting of road from Driving range going to cart path of fairway #10 North course | 2 | 150,000.00 | To provide road accessibility |
| 4 | Repair of Drainage along DCT Avenue | 1 | 1,360,000.00 | |
| | | | | |
| PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER EQUIPMENT | | | | |
| 3 | EQUIPMENT | | | |
| 1 | One (1) unit Desktop computer @ 40,000 each | 2 | 40,000.00 | Engineering |
| 2 | One (1) unit Laptop | 2 | 25,000.00 | For Admin/HR for committee mtgs. |
| 3 | Timekeeping Software | 2 | 75,000.00 | Improve workforce productivity by reducing manual and timely administrative tasks, freeing staff for more value-added activities. |
| 4 | Biometric machine | 2 | 35,000.00 | To replace the old unit. |
| 5 | Development of Passcard system and SOA Enhancement | 1 | 167,000.00 | For the new passcard system |
| 6 | Aircon for room on upper level of North Clubhouse | 2 | 35,000.00 | Malfunction of the present unit. |
| 7 | One (1) unit Electronic Defibrillator | 1 | 175,000.00 | For emergency purposes. |
| | TOTAL FISCAL YEAR 2017 | | <u><u>4,342,000.00</u></u> | |

TOTAL PRIORITY 1

3,447,000.00

TOTAL PRIORITY 2

895,000.00

4,342,000.00

FISCAL YEAR 2016

| LEVEL | | PRIORITY | | |
|--|---|----------|--------------|---|
| 1 GOLF COURSES | | | | |
| South Course | | | | |
| 1 | Improvement of Manhole - Hole # 5 | 1 | 850,000.00 | To prevent overflowing of garbage during heavy rains. Subject to sponsorship from members. |
| 2 | Installation of lights at Hole Nos. 8, 9, & 16 (cost P675,000.00) | 1 | | |
| 2 CLUBHOUSES AND FACILITIES | | | | |
| 1 | Main Clubhouse/North Clubhouse | | | |
| | Annual improvement of Club facilities | 2 | 500,000.00 | Includes painting of clubhouse, replacement of broken tiles, repair of ceilings and others |
| 2 | Phase 2 - Renovation of bag drop area (Includes the entrance right and left side, Interior of bagdrop and Caddie area) Phase 3 for FY 2017 - P 3,000,000 (Includes the Restaurant area) Phase 3 for FY 2018 - P 5,000,000 (Includes Grill room restarurant) | 1 | 2,000,000.00 | To improve the area for bag drop storage. |
| 3 | Construction of parking area beside the gasoline station including riprap wall | 2 | 400,000.00 | To provide parking for guests at Motorpool Area. |
| PURCHASE OF MAINTENANCE EQUIPMENT, VEHICLES & OTHER EQUIPMENT | | | | |
| 3 | | | | |
| 1 | Aircon for the North Clubhouse (5 toner) | 2 | 145,000.00 | Additional unit because existing aircon is not enough for the function room. |
| 2 | One (1) unit dumptruck 8 cum capacity | 1 | 450,000.00 | To be used for hauling silts. Existing units purchased in 2006, 2008 and 2009 |
| 3 | Service Vehicle | 1 | 1,300,000.00 | Existing unit L-300 second hand to be sold due to high maintenance costs. |

Second hand unit purchased in 2003.

4 CLUB PROJECTS

| | | | | |
|---|--|---|------------|--|
| 1 | Country Club activities such as Sunday mass, weekend barbecue, Easter egg hunt, Halloween party, Summer arts & craft, dance studio, Christmas party, reciprocity with other golf clubs, etc. | 1 | 500,000.00 | To provide activities for members and their families other than golf, for bonding and to increase customers in the Club. |
| 2 | Clubhouse Projects | 1 | 500,000.00 | To provide house projects for improvement of services and facilities in the Clubhouses, lockers, function rooms, etc. |

5 CALAMITY FUND

| | | | | |
|---|--|---|--------------|--|
| 2 | | 2 | 5,000,000.00 | Provision for repair of the golf courses in case of calamities |
|---|--|---|--------------|--|

| | | | | |
|-------------------------------|--|--|----------------------|--|
| TOTAL FISCAL YEAR 2016 | | | <u>11,645,000.00</u> | |
|-------------------------------|--|--|----------------------|--|

| | | | | |
|------------------|--|--|----------------------|--|
| TOTAL PRIORITY 1 | | | 5,600,000.00 | |
| TOTAL PRIORITY 2 | | | 6,045,000.00 | |
| | | | <u>11,645,000.00</u> | |

The Board of Directors last July 3, 2013 approved the 3 year development plan for the Fiscal years 2014 – 2016. The 3 year development plan of Valley Golf is as follows:

A. GOLF COURSES

| | |
|--|----------------------|
| 1. Sand capping in the South course | 3,500,000.00 |
| 2. Improvement of bridges in the North Course | 7,500,000.00 |
| 3. Improvement of Landscape | 450,000.00 |
| 4. Installation of led flood lights at Hole #18 & 9 South Course | 150,000.00 |
| 5. Installation of liners on all manmade lakes | |
| | <u>11,600,000.00</u> |

B. CLUBHOUSES AND AMENITIES

| | |
|---|--------------|
| 1. Improvement of Parking area | 2,750,000.00 |
| 2. Installation of non skid floor tiles in the swimming pool area | 850,000.00 |
| 3. Improvement of Driving range facilities | 2,800,000.00 |
| 4. Construction of Bar and Grill Restaurant on existing bag drop area | 2,600,000.00 |
| 5. Installation of roof on parking area of equipment | 3,000,000.00 |
| 6. Construction of sports amenities in replacement of housing units | 1,800,000.00 |
| 7. Asphalt overlay on main roads inside the Club | 2,400,000.00 |

| | |
|--|-----------------------------|
| 8. Installation of collapsible tent in the lower veranda | 4,200,000.00 |
| 9. Installation of roofing at golf cart open area | 900,000.00 |
| 10. Construction of game room from portion of Ladies' locker | 700,000.00 |
| 11. Purchase of F & B equipment & renovation of kitchen | 8,000,000.00 |
| 11. Installation of roll up doors in all Tee houses | 400,000.00 |
| 12. Construction of Hotel Suites (BOT) | |
| 13. Computerization of F & B and tee houses | 857,000.00 |
| 14. Computerization of Main Clubhouse F & B | 110,000.00 |
| | <u>31,367,000.00</u> |
| TOTAL | <u>42,967,000.00</u> |

The results of our operations for the fiscal year July 1, 2016 to June 30, 2017 is reflected in the audited financial report. Our earnest effort to increase our variable revenue sources and closely monitor our operating expenses contributed in keeping our net loss at a minimal level of Php1.66 Million. We do not have non-recurring gain on sale of lot for this year as compared to last year's gain of Php8.7 Million.

Revenue from Operations for the year is Php108 Million or an increase of Php3 Million from last year's figure of Php105 Million. However our operating expenses decreased by Php4.4 Million. Worth noting is the decrease in our Grounds Maintenance from Php2.7 Million/month to Php2.5 Million/month starting March 2017 and the decrease in our Security services expenses by Php1 Million thru conscientious review of our contractual obligations. Strict adherence to the budget for operating expenses is being monitored by the Treasury and our policy is not to allow re-alignment of savings but its reversal to the general fund.

In our balance Sheet, Cash and Cash Equivalents are at Php21.97 Million or a decrease of Php58k from last year of Php22.03 Million. As of July 31, 2017 our cash had risen to Php29 Million because of proceeds from sale of lot of Php7.53 Million. At the end of the fiscal year we are pleased to report that after 22 years our Club had fully paid our loan from members, this is an accomplishment that we share with the present and past Board of Directors. The Treasury was able to fund various capex and projects during the year which include the Rehabilitation of the Pumps and controllers in the South Course, Rehabilitation of the bunkers in the South Course, additional sprinkler heads for both courses, expansion of the Men's locker room and purchase of additional 20 electric golf carts.

The increase in the market value of our shares of stock is a goal that all our stockholders are anticipating. We at the treasury had made initial improvement in the last auction wherein the highest bid price is at Php312k plus transfer fee. We shall continually devise schemes to achieve this objective coupled with keeping our golf courses in tip top condition so we can definitely realize the steady increase in the market value of our shares.

For the next fiscal year aside from focusing on the financial stability we shall finance the improvement of our North Course from funds generated from the sale of lots. The budget includes the Rehabilitation of the bunker sand and replacement of the

existing pumps both in the North Course. Other forthcoming projects are the Renovation of the Swimming pool, Reblocking of the Don Celso Tuason Ave., Upgrade of the Tee houses, Improvement of the railings in the Main Clubhouse and Improvement of the function room in the North Clubhouse.

Valley Golf has no liquidity problems on its operations and projects and does not anticipate any liquidity problems in the future. All interest payments are being paid on due date and funds are available for the termination of loans when the need arises. All trade payables are paid based on the credit terms.

There are no seasonal aspects that had a material effect on the financial condition or results of operation.

There are no events that will trigger direct or contingent financial obligation that is material to Valley Golf. There is no anticipated default or acceleration of obligation.

There are no off-balance sheet transactions, arrangements, obligations or other relationships of the Club with unconsolidated entities or other persons created during the fiscal year.

There are no material commitments for capital expenditures.

There are no other trends, events or uncertainties that would have a material favorable or unfavorable impact on net sales or revenues.

There are no significant elements of income or loss that did not arise from Valley Golf's continuing operations.

The newly issued 26 International Financial Reporting Standards and revised International Accounting Standards by the Accounting Standards Council effective January 2005 had started to affect the financial reports of the Club for the fiscal year ending June 30, 2005. The significant effects are on the recognition of income tax expense and derecognition of deferred tax assets in the absence of definite plans that operations for the coming years shall result to net income after depreciation. Other minor effects were in the recording of interest income, capital gains, property plant and equipment and depreciation and lease-finance expenses.

The imposition of income tax and value added tax on monthly dues as per Revenue Memorandum Circular 35-2012 of the BIR effective Aug. 3, 2012 is the latest revenue regulation that affected our revenues. The said revenue memorandum also amended the ruling on tax exemption of monthly dues of golf clubs.

The five key performance indicators are as follows:

1. Current Ratio - represents the ratio of current assets against current liabilities. This ratio represents the liquidity of the Club or the available current assets to settle the current liabilities. For the year ended June 30, 2017 the ratio is 1.21 (P40,833,701/P33,857,450) and for the

year ended June 30, 2016 the ratio is 1.28 (P38,380,778/P30,075,895). This indicates a decrease in the liquidity of the Club. The trade and other receivables increased by P3.04 Million while the short term loans decreased by P2.5 Million and trade and other payables increased by P3.74 Million and Members' deposits & others increased also by P2.14 Million.

2. Rate of return on assets - represents the ratio of net income against assets. This represents the net earnings and the assets employed to arrive at the net earnings. For the year ended 2017 it is (.58%) (net loss of P1,656,800/P284,099,271) and for the year 2016 it is .43% (P1,218,113/P282,228,851). Operations for the year resulted to a net loss of P1,656,800 and thus the rate of return on assets decreased to (.58%).
3. Debt to total assets ratio - this represents the ratio of total liabilities to total assets or the assets available to settle outstanding liabilities of the Club. For the year ended 2017 it is 14.27% (P40,529,194/P284,099,271) while in 2016 it is 15% (P42,332,936/P282,228,851). Liabilities for the current year decreased by P1.80 Million while assets increased by P1.87 Million thereby decreasing the ratio, therefore the ratio improved and thus there are more assets available to settle the liabilities of the Club.
4. Earnings per share - this represents the net income per share of stock issued and outstanding and subscribed. For the year ended year ended June 30, 2017 the net loss per share is P1,040.05 (net loss of P1,656,800/1,593) while in fiscal year 2016 the net income per share is P764.67 (P1,218,113/1,593). Net loss for the year is P1,656,800 or a decrease of P2.87 Million from the net income of P1,218,113 in 2016.
5. Debt to Equity ratio - this represents the ratio of total liabilities against total Stockholders' Equity. For the year ended for the year ended 2017 it is 16.64% (P40,529,194/P243,570,077) and for the fiscal year 2016 it is 17.65% (P42,332,936/P239,895,915). This shows that in 2017 the ratio decreased and thus the total liabilities comprise a lower percentage of the total stockholders' equity. This resulted from the decrease of the short-term loans and Retirement benefit obligation.

The following are the details of the operations of the Club for the year 2017

A. OPERATING RESULTS

1. Revenues – revenues decrease from P115,256,576 in 2016 to P109,704,351 in 2017 or a decrease of 5,552,225 or 4.82%. The significant source of the decrease is the gain on sale of property which decreased by P8.37 Million for this year. For fiscal year 2016 the gain on sale of property from the sale of lots is P8.73 Million, whereas for fiscal year 2017 the gain on sale of golf

carts is P361k. Revenue sources that increased during the year include Golf cart rental by P233,857, Monthly dues by P159,461, Green Fee coupons by P694,183, Patronage Fee by P69,890, Concessionaires' Fee from the North Clubhouse by P1,000,820, Pro-shop rental by P153,688, Golf cart storage fee by P142,655, Road User's Fee by P300,892, Assessment for Road Maintenance by P1,096,911, Self Insurance Fee by P51,424, Service Fee for Non-members by P24,593, Tournament Fee by P775,929, Christmas Assessment Fee by P1,419,647 and Miscellaneous Income by P609,294.

Revenue sources that decreased in fiscal year 2017 include Green fees by P433,703, Transfer fee by P370,000, Service charge by P402,742, Locker rental by P164,914 and Concessionaires Fee Main Clubhouse by P736,573.

Golf cart rental increased due to additional 20 units electric golf carts that were purchased during the year. Monthly dues increased because on the adjustment on the payment of one of the members for previous month's unpaid monthly dues of P81k. Green Fee coupons increased due to the purchase of the Driving Range Concessionaire-Freeport Elite Resort Inc. of 2,100 pcs. green fee coupons in the amount of P1.47 Million. Concessionaires' Fee from the North Clubhouse increased due to the engagement of the new F & B concessionaire Jay J's Inasal starting July 2016. Pro-shop rental increased due to increase in the monthly sales. Golf cart storage increased due to additional golf carts in storage area. Road Users' Fee increased due to the imposition of the pass thru fee of P50.00 effective March 15, 2017 with a total collection of P81k. Assessment for Road Maintenance increased due to increase in sales of car stickers. Miscellaneous income increased due to adjusting entry on the unutilized funds from the 2016 Don Celso Tournament of P789k.

Green fees decreased due to decrease in Accompanied Guests and Tournaments by 507 players. Transfer fee decreased due to decrease in transfers from 84 in 2016 to 52 in 2017. Service charge decreased due to decrease in the number of renewals from 88 in 2016 to 78 in 2017, whereas New members increased from 18 in 2016 to 25 in 2017 and Corporate members from 12 in 2016 to 18 in 2017. Concessionaires Fee Main Clubhouse decreased due to decrease in the rate of the concessionaires fee to 7% starting Jan. 2017 upon the engagement of Anix's House of Kare kare up to Sept. 2017.

2. Cost and Expenses – For the fiscal year 2017 the total cost of services and general and administrative expenses amount to P109,693,415 or a decrease of P3.79 Million or 3.34% from previous year's figure of P113,488,074.

Personnel expenses increased from P27,541,473 in 2016 to P27,728,449 in 2017 or an increase of P186,977 or .68%. Overtime increased by P300k, 13th month pay by P133K, Vacation and Sick leave by P50k, Retirement Benefit Expense by P120k and Training and Seminar by P25k. Salaries and wages decreased by P50k, Meal Allowance by P158k, SSS, PHIC & ECC by P15k and Gratuity Pay by P202k.

Supplies increased from P8,781,910 in 2016 to P9,275,087 in 2017 or an increase of P493,177 or 5.62%. Repairs and Maintenance increased by P837k and Miscellaneous increased by P224k. Stationeries and office supplies decreased by P22k, Gasoline & Oil by P156k, Swimming pool supplies by P50k, Uniforms by P52k and Linen Supplies by P244k.

Utilities decreased from P9,603,110 in 2016 to P8,875,761 in 2017 or a decrease of P727,349 or 7.57%. Electricity decreased by P307k and Water by P392k.

Outside Services decreased from P33,580,157 in 2016 to P32,193,841 in 2017 or a decrease of P1,386,316 or 4.13%. Legal Fees decreased by P135k, Security Services by P1.02 Million, Maintenance Crew by P208k and Golf Course Maintenance by P639k. Retainers Fee increased by P201k and Internal Audit Services by P457k.

Sundries decreased from P17,341,119 in 2016 to P14,338,311 in 2017 or a decrease of P3 Million or 17%. Taxes and Licenses decreased by P164k, Board, Committee & Stockholders' Meeting by P537K, Ads & Publication by P80k, Dues & Registration fees by P39k, Promotional & Industrial by P50k and Loss on write-off by P1.35 Million. Transportation & Travel increased by P55k, Bank charges by P105k, Self Insurance Expense by P35k and Provision for Inventory Obsolescence by P139k.

B. BALANCE SHEET ACCOUNTS

1. Cash and cash equivalents – decreased from P22,029,184 in fiscal year 2016 to P21,971,181 in 2017 or a decrease of P58,003 or .26%. Decrease resulted from Net cash flow from operating activities of P 19.93 Million, significant cash outflow are for payment of loan from members of P2.5 Million and additions to property and equipment of P17.73 Million.
2. Trade and other receivables – Increased from P10,696,986 in 2016 to P13,734,949 in 2017 or an increase of P3,037,963 or 28%. Increase resulted from increase in Members' account by P304k and Advances to Suppliers in the amount of P1.53 Million referring to purchase of sprinkler heads & Irrigation parts and advances on labor for installation of the sprinkler heads of P300k.
3. Other current assets – decreased from P5,654,608 in 2016 to P5,127,571 in 2017 or a decrease of P527,037 or 9%. Decrease resulted from decrease in Supplies of P308k and Creditable withholding tax of P148k
4. Property and equipment – increase from P221,472,751 in 2016 to P225,040,986 in 2017 or an increase of P3,568,235 or 1.6%. Total additions for the year amount to P17.73 M and disposals are P3.19 M Accumulated depreciation increased by P14 M.

5. Investment properties – decreased from P11,081,280 in 2016 to P8,322,340 in 2017 or a decrease of P2,758,940 or 25%. Depreciation for the fy 2017 for the North clubhouse is P2.76 Million.
6. Deferred tax asset – amount for year ended June 30, 2017 is P2,104,430, this figure is arrived at by adding the deferred income tax asset on advance payment of membership dues of P1.57M and Allowance for impairment losses of P538k.
7. Other non-current assets – Decreased from P3,621,122 in 2016 to P3,505,764 in 2017 or a decrease of P115,358 or 3.19%. Decrease is due to adjustment on deferred interest expense of P154k on the deposit to MJ Carr.
8. Trade and other payables – Increased from P9,649,272 in 2016 to P13,385,392 or an increase of P3,736,120 or 38.72%. Increase resulted from increase in Trade payables by P2.8 Million, Accrued Expenses by P1.45 Million. Significant payables are the balance on purchase of golf cart of P1.1 Million and Deposit on sale of lot of P1.19.
9. Short term loans – decrease from P2.5 Million in 2016 the decrease resulted from payment of loan from members of P 2.5 Million.
10. Membership dues paid in advance – increase from P4,812,886 in 2016 to P5,220,800 in 2017 or an increase of P408k or 8.47%.
11. Retirement benefit obligation –decreased from P12,222,847 in 2016 to P 5,686,930 in 2017 or a decrease of P6,535,917 or 53% due to decrease in the present value of benefit obligation as per actuarial valuation.
12. Members' Equity –increased from P239,895,915 in 2016 to P243,570,077 in 2017 or an increase of P3,674,162 or 1.53%.

FISCAL years 2016

A. OPERATING RESULTS

1. Revenues – revenues increased from P108,420,338 in 2015 to P115,256,576 in 2016 or an increase of P 6,836,238 or 6.31%. Revenue sources that increased during the year include Green fees by P161,360, Golf cart rental by P339,465, Monthly dues by P178,380, Patronage fee by P94,128, Service Charge by P524,524, Locker rental by P160,361, Pro-shop rental by P44,800, Golf cart storage fee by P113,945, Road users' fee by P357,819, Locators' fee by P409,324, Swimming pool fee by P14,900, Interest Income by P14,428 and Gain on sale of Property by P7,852,308. Income sources that decreased during the year include Green fee coupons by P1,173,757, Transfer fee by P240,000, Concessionaires' Fee by P89,305, Assessment for

road maintenance by P50,607, Miscellaneous income by P2,793,689 and Severance Pay by P4,691,085.

Green fee increased during the year due to increase in Walk in guests by 813, whereas accompanied guests decreased by 1,142 and Tournaments by 32 players. On the service charge, the increase was due to the 50% discount promo on the initial service charge and renewal fee. There were 18 new members, 88 renewals and 12 new corporate members. Transfer fee increased due to the promo rate of 50% discount with 53 members who availed of the promo. There were 12 shares bought in the auction during the year that contributed also to the increase in transfer fee.

Golf cart rentals increased due to increase in number of rentals by 695 during the year. Locker rentals increased due to the promo on sale of permanent lockers with 8 lockers sold at P20k each. Golf cart storage also increased due to the promo with 5 slots sold with total proceeds of P163k.

Road users' fee increased due to increase in number of deliveries for on-going construction within Valley Golf and Locators' Fee increased due to payment of companies along Don Celso Tuason Ave.

Gain on sale of property increased during the year because of the sale of two of the properties of the Club with a gain of P8.73 Million.

Miscellaneous income decreased due to reclassification entries for fiscal year 2015 and there are none for the fiscal year 2016. The reclassification entries include Unknown bank payments – P1.2 Million, Unclaimed credit balances – P783k, Unclaimed proceeds of auction – P781k and reclassification of sale of lot to Homeowners' Association – P458k.

2. Cost and Expenses – For the fiscal year 2016 the total cost of services and general and administrative expenses amount to P113,488,074 or a decrease of P9,207,231 or 7.5% from previous year's figure of P 122,695,305.

Personnel Expenses decreased from P35,678,586 in fiscal year 2015 to P27,541,473 in fiscal year 2016 or a decrease of P8,137,114 or 22.81%. Salaries and Wages decreased by P2,99 Million, Meal allowance by P541k, SSS & Philhealth by P233k, 13th month pay by P711 k, Vacation and sick leave by P478k and Retirement and benefit expenses by P3.5 Million. The reduction in personnel expenses resulted from the decrease in manpower from 115 to 89 because of employees that availed of the early retirement program.

Supplies decreased from P14,957,762 in fiscal year 2015 to P8,781,910 in fiscal year 2016 or a decrease of P6,175,853 or 41%. Gasoline and oil supplies decreased by P1.32 Million, Repairs and maintenance by P3 Million, Fertilizers, sand and insecticides by P1.11 Million, toilet and cleaning supplies by P291k, Service supplies by P185k, Uniforms by P173k and Miscellaneous by P331k. The significant decrease in supplies resulted from the outsourcing of the golf course maintenance.

Utilities increased from P9,528,459 in fiscal year 2015 to P9,603,110 in fiscal year 2016 of an increase of P 74,651 or .78%. Electricity decreased by P225k while Water increased by P308k.

Outside services increased from P25,947,003 in fiscal year 2015 to P33,580,157 in fiscal year 2016 or an increase of P7,633,154 or 29%. Expense items that increased include Retainers' Fee by P103k, Legal Fees by P128k, Security services by P508k, Laundry services by P124k, Golf course maintenance by P11 Million and Internal Audit Services by P743k. The increase in outside services resulted from the outsourcing of the golf course maintenance and Internal Audit Services.

Sundries increased from P14,368,107 in fiscal year 2015 to P17,341,119 in fiscal year 2016 or an increase of P2,973,012 or 21%. Taxes and Licenses increased by P87k, Insurance by P30k, Ads and publication by P45k, Dues and registration fees by P65k, Bank charges by P90k, Loss in write off by P1.4K and Miscellaneous by P1.5k. Promotional and Industrial decreased by P41 and Self insurance expenses by P201k.

B. BALANCE SHEET ACCOUNTS

13. Cash and cash equivalents – increased from P13,912,174 in fiscal year 2015 to P22,029,184 in fiscal year 2016 or an increase of P8,117,010 or 58%. Increase resulted from proceeds from sale of property of P9.8 Million and Net cash flow from operating activities of P 11.66 Million. Significant cash outflow are for payment of loan from members of P3 Million and additions to property and equipment of P 9.8 Million.
14. Trade and other receivables – decreased from P13,665,396 in 2015 to P10,696,986 in 2016 or a decrease of P2,968,410 or 22%. Decrease resulted from decrease in Members' account by P442k, decrease in Subscription receivable of P1.2 Million and decrease in Other Receivables of P1.5 Million.
15. Other current assets – increased from P3,592,314 in 2015 to P3,840,807 in 2016 or an increase of P248,493 or 7%. Increase resulted from increase in Creditable withholding tax of P460k.
16. Property and equipment – decrease from P225,247,387 in 2015 to P221,472,751 in 2016 or a decrease of P3,774,636 or 1.7%. Total additions for the year amount to P9.84 M and disposals are P929k Accumulated depreciation increased by P13.55 M.
17. Investment properties – decreased from P13,840,219 in 2015 to P11,081,278 in 2016 or a decrease of P2,758,941 or 20%. Depreciation for the fy 2014 for the North clubhouse is P2.76 Million.

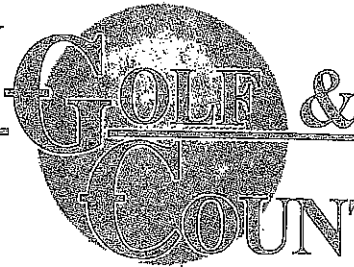
18. Deferred tax asset – amount for year ended June 30, 2016 is P3,410,425, this figure is arrived at by adding the deferred income tax asset on advance payment of membership dues of P1.4M, MCIT of P1 M, Allowance for impairment losses of P653k and Accrued provision for probable claims P306k.
19. Other non-current assets – Decreased from P3,722,019 in 2015 to P3,621,122 in 2016 or a decrease of P100,897 or 2.71%. Decrease is due to decrease in computer software by P199k.
20. Trade and other payables – Decreased from P11,190,283 in 2015 to P9,649,272 in 2016 or a decrease of P1,541,011 or 13.77%. Decrease resulted from decrease in Trade payables by P2.9 Million.
21. Short term loans – decrease from P5.5 Million in 2015 to P2.5 Million in 2016 or a decrease of P3 Million or 55%. Decrease resulted from payment of loan from members of P 3 Million.
22. Membership dues paid in advance – increase from P4,696,172 in 2015 to P4,812,886 in 2016 or an increase of P116k or 2.4%.
23. Retirement benefit obligation –increased from P10,075,738 in 2015 to P12,222,847 in 2016 or an increase of P2,147,109 or 21%.
24. Members' Equity –increased from P239,052,003 in 2015 to P239,895,915 or an increase of P 843,912 or .35%.

ITEM 7. FINANCIAL STATEMENTS

Attached Reports :

1. Statement of Management Responsibility
2. Audited Financial Statements for 2017 and 2016
3. Schedules A – I under RSA Rule 68

VALLEY



COUNTRY CLUB, INC.

ANTIPOLO CITY, PHILIPPINES
P.O. BOX 202 Q. PLAZA, CAINTA
TELS. 658-4901 TO 03, 658-4919 TO 20
FAX NO. 658-4918

**"STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR THE FINANCIAL STATEMENTS"**

The management of Valley Golf and Country Club, Inc. is responsible for the preparation and fair presentation of the Club's financial statements for the years ended June 30, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

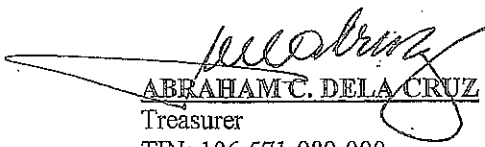
In preparing the financial statements, management is responsible for assessing the Club's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Club or to cease,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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the members.

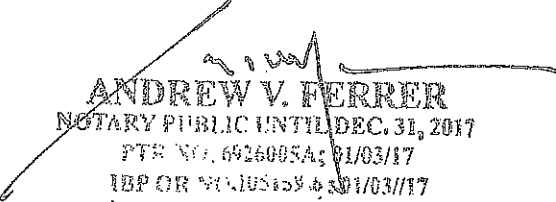
SyCip, Gorres, Velayo & Co., the independent auditors, appointed by the board of directors for the period ended June 30, 2017 and 2016, respectively have examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in his report to the board of directors, have expressed his opinion on the fairness of presentation upon completion of such examination.


ISAURO V. SAN PEDRO, JR.
Chairman of the Board and President
TIN: 115-968-382-000


ABRAHAM C. DELA CRUZ
Treasurer
TIN: 106-571-989-000

SUBSCRIBED AND SWORN TO before me this SEP 21 2017 at
CAINTA, RIZAL. Affiant exhibiting to me his/ her Tax Identification Number
as indicated below his/ her name and signature above.

Doc.No. 225
Page No. 47
Book No. XII
Series of 2017


ANDREW V. FERRER
NOTARY PUBLIC UNTIL DEC. 31, 2017
PTR NO. 6926005A; 01/03/17
IBP OR VOLUNTARY; 01/03/17
Real Estate MCLE Compliance
No. IV-021433; November 3, 2013
Roll No. 398117 Appointment No. 16-26
No. 9, A. Bonifacio Ave. Cainta, Rizal

Valley Golf & Country Club, Inc.
(A Nonprofit Organization)

Financial Statements
June 30, 2017 and 2016
and Years Ended June 30, 2017, 2016
and 2015

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Members and the Board of Directors
Valley Golf & Country Club, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Valley Golf & Country Club, Inc. (a nonprofit organization), which comprise the statements of financial position as at June 30, 2017 and 2016, and the statements of income, statements of comprehensive income, statements of changes in members' equity and statements of cash flows for each of the three years in the period ended June 30, 2017, 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 Club as at June 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Club in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements 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 PFRS, 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 Club's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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:

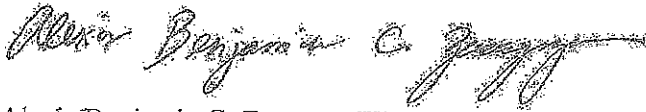
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Club's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 29 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Valley Golf & Country Club, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Alexis Benjamin C. Zaragoza III

Partner

CPA Certificate No. 109217

SEC Accreditation No. 1627-A (Group A),
April 4, 2017, valid until April 3, 2020

Tax Identification No. 246-663-780

BIR Accreditation No. 08-001998-129-2017,
February 9, 2017, valid until February 8, 2020

PTR No. 5908782, January 3, 2017, Makati City

August 19, 2017

VALLEY GOLF & COUNTRY CLUB, INC.
(A Nonprofit Organization)
STATEMENTS OF FINANCIAL POSITION

| | June 30 | |
|---|---------------------|---------------------|
| | 2017 | 2016 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents (Note 4) | P21,971,181 | P22,029,184 |
| Trade and other receivables (Note 5) | 13,734,949 | 10,696,986 |
| Other current assets (Note 6) | 5,127,571 | 5,654,608 |
| Total Current Assets | 40,833,701 | 38,380,778 |
| Noncurrent Assets | | |
| Property and equipment - net (Note 7) | 225,040,986 | 221,472,751 |
| Investment properties (Note 8) | 8,322,340 | 11,081,280 |
| Trust fund (Note 9) | 4,292,050 | 4,262,495 |
| Deferred tax asset (Note 24) | 2,104,430 | 3,410,425 |
| Other noncurrent assets (Note 10) | 3,505,764 | 3,621,122 |
| Total Noncurrent Assets | 243,265,570 | 243,848,073 |
| TOTAL ASSETS | P284,099,271 | P282,228,851 |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current Liabilities | | |
| Trade and other payables (Note 11) | P13,385,392 | P9,649,272 |
| Members' deposits and others (Note 12) | 9,708,014 | 7,570,493 |
| Membership dues paid in advance (Note 13) | 5,220,800 | 4,812,886 |
| Payable to a contractor (Note 14) | 4,523,504 | 4,523,504 |
| Accrued provision for probable claims (Note 15) | 1,019,740 | 1,019,740 |
| Short-term loans (Note 25) | - | 2,500,000 |
| Total Current Liabilities | 33,857,450 | 30,075,895 |
| Noncurrent Liabilities | | |
| Deferred tax liability (Note 24) | 984,814 | 34,194 |
| Retirement benefit obligation (Note 26) | 5,686,930 | 12,222,847 |
| Total Noncurrent Liabilities | 6,671,744 | 12,257,041 |
| Members' Equity (Note 16) | | |
| Capital stock | 14,337,000 | 14,337,000 |
| Contributions in excess of par value | 201,403,972 | 201,403,972 |
| Accumulated excess of revenues over expenses | 27,829,105 | 24,154,943 |
| Total Members' Equity | 243,570,077 | 239,895,915 |
| TOTAL LIABILITIES AND MEMBERS' EQUITY | P284,099,271 | P282,228,851 |

See accompanying Notes to Financial Statements.

VALLEY GOLF & COUNTRY CLUB, INC.
(A Nonprofit Organization)

STATEMENTS OF INCOME

| | Years Ended June 30 | | |
|--|---------------------|--------------------|----------------------|
| | 2017 | 2016 | 2015 |
| REVENUES | | | |
| Members' dues | ₱52,357,321 | ₱52,224,200 | ₱52,031,320 |
| Green fees (Note 17) | 17,552,394 | 17,291,914 | 18,304,311 |
| Assessment for road maintenance | 8,912,059 | 7,543,541 | 6,827,005 |
| Rentals (Note 18) | 6,901,279 | 6,822,351 | 6,312,970 |
| Transfer fees | 4,420,000 | 4,790,000 | 5,030,000 |
| Patronage fees | 4,092,120 | 4,022,230 | 3,928,102 |
| Concessionaires' fees (Note 19) | 3,262,649 | 3,123,286 | 3,146,363 |
| Service charge on playing guests | 2,589,069 | 2,991,810 | 2,467,287 |
| Golf cart storage | 2,456,074 | 2,313,419 | 2,199,474 |
| Miscellaneous income (Note 20) | 7,161,386 | 14,133,825 | 8,173,506 |
| | 109,704,351 | 115,256,576 | 108,420,338 |
| COST AND EXPENSES | | | |
| Cost of services (Note 21) | 91,548,412 | 96,695,169 | 103,530,589 |
| General and administrative (Note 22) | 18,145,003 | 16,792,905 | 19,164,716 |
| | 109,693,415 | 113,488,074 | 122,695,305 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE INCOME TAXES | 10,936 | 1,768,502 | (14,274,967) |
| PROVISION FOR (BENEFIT FROM) INCOME TAXES (Note 24) | 1,667,736 | 550,389 | (90,047) |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | (₱1,656,800) | ₱1,218,113 | (₱14,184,920) |

See accompanying Notes to Financial Statements.

VALLEY GOLF & COUNTRY CLUB, INC.
(A Nonprofit Organization)

STATEMENTS OF COMPREHENSIVE INCOME

| | Years Ended June 30 | | |
|---|---------------------|-----------------|---------------------|
| | 2017 | 2016 | 2015 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | (P1,656,800) | P1,218,113 | (P14,184,920) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | |
| <i>Item not to be reclassified to profit or loss in subsequent periods:</i> | | | |
| Re-measurement gains (losses) on defined benefit obligation (Note 26) | 6,315,776 | (2,487,768) | 6,668,607 |
| Income tax effect | (984,814) | 2,113,567 | (2,000,582) |
| | 5,330,962 | (374,201) | 4,668,025 |
| TOTAL COMPREHENSIVE INCOME (LOSS) | P3,674,162 | P843,912 | (P9,516,895) |

See accompanying Notes to Financial Statements.

VALLEY GOLF & COUNTRY CLUB, INC.
(A Nonprofit Organization)

STATEMENTS OF CHANGES IN MEMBERS' EQUITY

| | Years Ended June 30 | | |
|--|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2015 |
| CAPITAL STOCK (Note 16) | | | |
| Issued and outstanding: | | | |
| Balance at beginning of year | ₱14,337,000 | ₱14,292,000 | ₱14,193,000 |
| Issuance of shares | — | 45,000 | 99,000 |
| Balance at end of year | 14,337,000 | 14,337,000 | 14,292,000 |
| Subscribed: | | | |
| Balance at beginning of year | — | 45,000 | 99,000 |
| Subscriptions | — | — | 45,000 |
| Share issuances | — | (45,000) | (99,000) |
| Balance at end of year | — | — | 45,000 |
| | 14,337,000 | 14,337,000 | 14,337,000 |
| CONTRIBUTIONS IN EXCESS OF PAR VALUE | | | |
| Balance at beginning of year | 201,403,972 | 201,403,972 | 200,258,972 |
| Premium on shares issued | — | — | 1,145,000 |
| Balance at end of year | 201,403,972 | 201,403,972 | 201,403,972 |
| ACCUMULATED EXCESS OF REVENUES OVER EXPENSES (Note 16) | | | |
| Balances at beginning of year | 24,154,943 | 23,311,031 | 32,827,926 |
| Comprehensive income (loss): | | | |
| Excess (deficiency) of revenues over expenses | (1,656,800) | 1,218,113 | (14,184,920) |
| Re-measurement gains (losses) on defined benefit obligation - net of tax | 5,330,962 | (374,201) | 4,668,025 |
| Total comprehensive income (loss) | 3,674,162 | 843,912 | (9,516,895) |
| Balance at end of year | 27,829,105 | 24,154,943 | 23,311,031 |
| TOTAL MEMBERS' EQUITY | ₱243,570,077 | ₱239,895,915 | ₱239,052,003 |

See accompanying Notes to Financial Statements.

VALLEY GOLF & COUNTRY CLUB, INC.
(A Nonprofit Organization)

STATEMENTS OF CASH FLOWS

| | Years Ended June 30 | | |
|---|---------------------|--------------------|---------------------|
| | 2017 | 2016 | 2015 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Excess (deficiency) of revenues over expenses before income taxes | ₱10,936 | ₱1,768,502 | (₱14,274,967) |
| Adjustments for: | | | |
| Depreciation and amortization (Notes 21 and 22) | 17,068,096 | 16,507,221 | 16,219,880 |
| Interest expense (Note 22) | 213,869 | 133,083 | 910,814 |
| Loss on write-off of: | | | |
| Property and equipment | 87,448 | 17,066 | 58,729 |
| Inventory | 12,724 | 1,435,341 | - |
| Interest income | (107,883) | (80,806) | (142,797) |
| Gain on sale of property and equipment - net (Notes 7 and 20) | (361,202) | (8,728,634) | (418,290) |
| Provision for impairment losses on receivables (Note 22) | - | - | 393,607 |
| Operating income before working capital changes | 16,923,988 | 11,051,773 | 2,746,976 |
| Decrease (increase) in: | | | |
| Trade and other receivables | (3,047,097) | 2,968,052 | (2,614,083) |
| Other current assets | 130,894 | (667,783) | (2,362,063) |
| Increase (decrease) in: | | | |
| Trade and other payables | 3,691,442 | (2,600,171) | 1,587,385 |
| Members' deposits and others | 2,137,521 | 1,189,296 | (3,206,295) |
| Membership dues paid in advance | 407,914 | 116,714 | (93,452) |
| Retirement benefit obligation | (220,141) | (340,659) | 3,158,688 |
| Net cash generated from (used in) operations | 20,024,521 | 11,717,222 | (782,844) |
| Interest received | 117,017 | 81,164 | 113,363 |
| Interest paid | (213,869) | (133,083) | (164,062) |
| Net cash flows from (used in) operating activities | 19,927,669 | 11,665,303 | (833,543) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property and equipment | 417,000 | 9,827,493 | 300,000 |
| Additions to: | | | |
| Property and equipment (Note 7) | (17,725,129) | (9,836,044) | (13,020,592) |
| Trust fund | - | (435,576) | - |
| Increase in: | | | |
| Other noncurrent assets | (147,988) | (98,436) | (2,219,326) |
| Trust fund | (29,555) | (5,732) | (4,009) |
| Net cash flows used in investing activities | (17,485,672) | (548,295) | (14,943,927) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payments of short-term loans (Note 25) | (2,500,000) | (3,000,000) | - |
| Proceeds from: | | | |
| Short-term loans | - | - | 3,000,000 |
| Issuance of stock | - | - | 1,190,000 |
| Net cash flows from (used in) financing activities | (2,500,000) | (3,000,000) | 4,190,000 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (58,003) | 8,117,008 | (11,587,470) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 22,029,184 | 13,912,176 | 25,499,646 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | ₱21,971,181 | ₱22,029,184 | ₱13,912,176 |

See accompanying Notes to Financial Statements.

VALLEY GOLF & COUNTRY CLUB, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Valley Golf & Country Club, Inc. (the Club) was organized in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on May 14, 1958 as a nonprofit organization for a term of 50 years up to 2008. The Club's corporate life was extended for another 50 years from May 15, 2008 as confirmed and ratified by the stockholders on November 18, 2007 and was subsequently approved by the SEC on April 29, 2008.

The primary purpose of the Club is to foster and promote the game of golf and operate and maintain a golf course and country club and, generally, to do and perform all such acts and things, and exercise such powers as are ordinarily done, performed and exercised by social and athletic clubs and associations.

The registered office of the Club, which is also its principal place of business, is located at Don Celso S. Tuason Ave., Antipolo City.

The Club's Board of Directors (BOD) approved the issuance of the financial statements on August 19, 2017.

2. Summary of Significant Accounting Policy

Basis of Preparation

The financial statements have been prepared on a historical cost basis. The financial statements presented in Philippine peso, which is the Club's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The financial statements of the Club have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Club has adopted the following new accounting pronouncements starting July 1, 2016. Adoption of these pronouncements did not have any significant impact on the Club's financial position or performance unless otherwise indicated.

- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*
- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Equity Method in Separate Financial Statements*
 - Annual Improvements to PFRSs 2012 - 2014 Cycle
 - Amendment to PFRS 5, *Changes in Methods of Disposal*
 - Amendment to PFRS 7, *Servicing Contracts*

- Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
- Amendment to PAS 19, *Discount Rate: Regional Market Issue*
- Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

Standards Issued But Not Yet Effective

The following are the new standards, amendment and improvements to PFRSs that were issued but are not yet effective as at June 30, 2017. Unless otherwise indicated, the Club does not expect that the future adoption of the said pronouncements to 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 July 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The amendments do not have any impact on the Club's financial position and results of operation.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

Application of amendments will result in additional disclosures in the 2017 financial statements of the Club.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

These amendments are not expected to have any impact on the Club.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

The amendment does not apply to the Club as it has no share-based payment.

- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Club since the Club does not have activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

The revised, amended and additional disclosures or accounting changes provided by the standards and interpretations will be included in the financial statements in the year of adoption, if applicable.

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Club's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Club's financial liabilities. The adoption will also have an effect on the Club's application of hedge accounting and on the amount of its credit losses. The Club is currently assessing the impact of adopting this standard.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which

the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

Effective beginning on or after January 1, 2019

• *PFRS 16, Leases*

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Club is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to insignificant risk of changes in value.

Financial Assets and Financial Liabilities

Date of recognition

The Club recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions or the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial recognition and measurement of financial instruments

Financial assets in the scope of PAS 39, are classified as either financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments or available-for-sale (AFS) financial assets, as appropriate, while financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities. When financial assets and financial liabilities are recognized initially, they are measured at fair value, plus, in the case of investments not at FVPL, directly attributable transaction costs. The Club determines the classification of its financial assets and financial liabilities upon initial recognition and, where allowed and appropriate, re-evaluates this designation at each year-end date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income.

The Club's financial investments are of the nature of loans and receivables and other financial liabilities.

The Club does not have financial assets at FVPL, AFS financial assets, and HTM investments as at June 30, 2017 and 2016, respectively.

Subsequent measurement

The subsequent measurement of financial assets and financial liabilities depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate (EIR) method, less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are integral part of the EIR and transaction costs. Gains and losses are recognized in the statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are classified as current assets when it is expected to be realized within twelve months after the reporting date or within the normal operating cycle whichever is longer. Otherwise, these are classified as noncurrent assets.

This accounting policy applies to the Club's 'cash and cash equivalents', 'trade and other receivables' and 'trust fund'.

Other financial liabilities (including interest bearing loans and borrowings)

This category pertains to issued financial liabilities or their components that are neither held for trading nor designated as at FVPL upon the inception of the liability and contain contractual obligations to deliver cash or another financial asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable debt issuance costs. Debt issuance costs are amortized using the EIR method and unamortized debt issuance costs are included and offset against the related carrying value of the loan in the statement of financial position.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument, as a whole, the amount separately determined as the fair value of the liability component on the date of issue.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral part of the EIR.

When a loan is paid, the related unamortized debt issuance costs at the date of repayment are charged against current operations. Gains or losses are recognized in statement of income when the liabilities are derecognized as well as through the amortization process.

This accounting policy applies primarily to the Club's 'trade and other payables', 'members' deposit and others' and 'short term loans'.

Derecognition of Financial Assets and 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 derecognized when:

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

Where the Club has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Club's continuing involvement in the asset. 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.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Club's continuing involvement is the amount of the transferred asset that the Club may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Club's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

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

Where 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 income.

Fair Value

The Club measures financial instruments and non-financial assets at fair value at each financial reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Club.

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

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

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

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

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

For 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.

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

Impairment of Financial Assets

The Club assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortized cost

The Club assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statement of income. The asset, together with associated allowance accounts, is written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Club assesses that it has currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Club and all of the counterparties.

Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and any impairment losses, if any. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable taxes, estimated costs of dismantlement or restoration and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to the statement of income in the period when 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 additional costs of property and equipment. The carrying amount of the replaced part regardless of whether the replaced part had been depreciated separately is derecognized if an entity recognizes in the carrying amount of an item of property and equipment the cost of a replacement for part of the item. If it is not practicable for an entity to determine the carrying amount of the replaced part, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed.

When each major inspection is performed, its cost is recognized in the carrying amount of the item of property and equipment as a replacement if the recognition criteria are satisfied.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

| <u>Category</u> | <u>Number of Years</u> |
|---|------------------------|
| Land improvements | 3-50 |
| Building and structures | 5-50 |
| Ground tools and services machinery and equipment | 3-10 |
| Furniture, fixtures and equipment | 3-10 |
| Transportation equipment | 5 |

Construction in progress is stated at cost. Depreciation is computed when the construction is completed.

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

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any allowance for impairment loss are removed from the accounts and any resulting gain or loss is credited to or charged against current operations. Impairment losses of items of property and equipment, related claims for or payments of compensation from third parties and any subsequent purchase or construction of replacement assets are separate economic events and are accounted for separately.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from 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 income in the year the asset is derecognized.

Investment Properties

Investment property, which consists of land and building held for rentals or capital appreciation or both. Except for land, investment property is stated at cost less accumulated depreciation and impairment in value for building. The cost of the investment property comprises its purchase price and other direct costs. Depreciation on the building is computed on a straight-line basis over the estimated useful life of 20 years. Land is stated at cost less any accumulated impairment.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction of development. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment property at the date of the change in use.

Gains or losses resulting from the sale of an investment property are recognized in statement of income.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statement of income in the year of retirement or disposal.

Computer Software

Computer software, included as part of 'Other noncurrent assets' is initially recognized at cost. Following initial recognition, computer software is carried at cost, less accumulated amortization and any accumulated impairment in value.

Computer software is amortized on a straight-line basis over its estimated useful economic life of three (3) years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization commences when the computer software is available for use. The period and method of amortization for the computer software are reviewed at each end of the reporting period. Changes in the estimated useful life is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense is recognized in the statement of income in the expense category consistent with the function of the computer software.

Trust Fund

Trust fund pertains to short-term deposits for which the use is restricted to the daily operations of the Club.

Impairment of Nonfinancial Assets

The Club assesses at each reporting date whether there is an indication that a nonfinancial asset may be impaired. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Club makes a formal estimate of recoverable amount. A nonfinancial asset's estimated recoverable amount is the higher of a nonfinancial asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual nonfinancial asset, unless the asset does not generate cash inflows that are largely independent of those from other

nonfinancial assets or group of nonfinancial assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of a nonfinancial asset exceeds its estimated recoverable amount, the nonfinancial asset is considered impaired and is written down to its estimated 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 nonfinancial asset. Fair value less costs to sell is the amount obtainable from the sale of a nonfinancial asset or cash-generating unit in an arm's-length transaction, adjusted for incremental costs that would be directly attributable to the disposal of the nonfinancial asset.

Impairment losses of continuing operations are recognized in the statements of income in those expense categories consistent with the function of the impaired nonfinancial asset, except for any property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the nonfinancial asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its estimated recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of income.

Related Parties

Parties are considered to be related if one party has the ability to, directly or indirectly, control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties include members of key management personnel including directors and officers of the Club and close members of the family and companies associated with these individuals. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

Payable to Contractor

Payable to contractor are services rendered for the Club but not yet paid.

Capital Stock

Capital stock is determined using the nominal value shares that have been issued. When the Club issues more than one class of stock, a separate account is maintained for each class of stock and number of shares issued.

Contribution in Excess of Par Value

Amount of contribution in excess of par value is accounted for as an additional paid-in capital. Additional paid-in capital also arises from additional capital contribution from the members.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The following specific recognition criteria must also be met before revenue is recognized:

Membership Dues

Members' dues are recognized monthly as the fees become due. Any advance payments for membership dues are recognized as a liability and credited to "Membership dues paid in advance" account in the statement of financial position.

Green Fees

Green fees are income generated from use of the golf course by member's guest and walk-in customers.

Assessment for Road Maintenance

Assessment for road maintenance is income generated from the use of the Club's main road, Don Celso S. Tuason Avenue. Revenues from toll fee is recognized upon the sale of car stickers and toll tickets.

Rentals and Concessionaires' Fees

Rentals and concessionaires' fees are recognized when the service is rendered in accordance with the terms of the agreements entered into by the Club.

Transfer Fees

Transfer fees are recognized when the shares of stocks have been transferred.

Patronage Fees

Patronage fees are consumables that members are entitled to for the consumption of food provided by the Club's concessionaire. These are recognized monthly as the fees expire.

Service Charge on Playing Guests

Service charges on playing guests are transaction fees or cash requirements in order to process the Club's playing rights to outside individuals. These are recognized when the service is rendered.

Golf Cart Storage

Golf cart storage is income generated from the safekeeping and storage of member's golf carts.

Interest Income

Interest is recognized as income when it accrues, taking into account the effective yield on the asset.

Miscellaneous Income

Miscellaneous income are recognized as the earning process occurs and collection is reasonably assured.

Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are recognized when incurred.

Cost of Services

Costs of services are recognized when related services have been rendered.

General and Administration

Expenses incurred in the direction and general administration of day-to-day operation of the Club are generally recognized when the service is used or the expense arises.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation 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 tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in foreign subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits in the form of minimum corporate income tax (MCIT) and unused tax losses in the form of 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 the carry forward benefit of MCIT and NOLCO can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in foreign subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences 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 income will be available to allow all or part of the deferred tax asset 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 income will allow the deferred tax asset 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 rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Income tax relating to items recognized directly in equity is recognized directly in other comprehensive income and not in the statements of income.

Value-added Tax (VAT)

Input VAT represents VAT imposed on the Club by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Output VAT represents indirect taxes passed on to the Club's customers resulting from sale of goods and services and other income, as applicable, and as required by the Philippine taxation laws and regulations. The current portion of input VAT is applied against output VAT within twelve (12) months otherwise, it shall be considered as noncurrent asset.

Output VAT is presented net if input VAT and the resulting payable is included as part of 'Trade and other payables' account to be remitted to applicable taxation authorities. When the resulting outcome is a net input VAT, it is included as part of 'Other current assets' account, which can be recovered as tax credit against future tax liability of the Club.

Deferred input VAT represents input VAT on purchase of capital goods exceeding one million pesos. The related input VAT is recognized over five (5) years or the useful life of the capital goods, whichever is shorter.

Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in an arrangement.

Club as a Lessor

Leases where the Club does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income 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 basis as rental income. Contingent rents are recognized as revenues in the period in which they are earned.

Retirement Benefit Obligation

Defined Benefit Plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the financial 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 costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements 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 statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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 statement of income.

Re-measurements 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 OCI in the period in which they arise. Re-measurements are not reclassified to statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Club, nor can they be paid directly to the Club. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Club's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Provisions

Provisions are recognized when the Club has a present obligation (legal and 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 made 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. When discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Where the Club expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement.

Contingencies

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

Events After the Reporting Date

Post year-end events that provide additional information about the Club's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation and fair presentation of the accompanying financial statements in compliance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and the accompanying notes. The judgments and estimates used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the financial statements. Future event may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimate are reflected in the financial statements as they become reasonably determinable. Actual results could differ from such estimates.

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 circumstance.

Judgments

In the process of applying the Club's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

Going concern assessment

The management has made an assessment on the Club's ability to continue as a going concern and is satisfied that the Club has the resources to continue their business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt about the Club's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Classification of Financial Instruments

The Club exercises judgment in classifying a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position.

In addition, the Club classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Operating Lease - Club as Lessor

The Club has entered into commercial property lease on its investment property. The Club determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the investment property, thus the lease is accounted for as an operating lease.

Estimations

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.

Estimation of allowance for impairment losses

The Club maintains an allowance for impairment losses on receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Club on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Club's relationship with members and debtors, their payment behavior and known market factors. The Club reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis.

Provisions for impairment losses on trade and other receivables amounted to nil, nil and ₱0.4 million in 2017, 2016 and 2015, respectively. Trade and other receivables, net of allowance for impairment losses as of June 30, 2017 and 2016, amounted to ₱13.7 million and ₱10.7 million, respectively (see Note 5).

Estimation of useful lives of property and equipment and investment properties

The Club estimates the useful lives of property and equipment and investment properties based on the period over which the Club's property and equipment and investment properties are expected to be available for use. The estimated useful lives of property and equipment and investment properties are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, the Club's estimation of the useful lives of property and equipment and investment properties are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

As of June 30, 2017 and 2016, there were no changes made in the estimated useful lives of the Club's property and equipment and investment properties.

The net carrying amount of property and equipment as of June 30, 2017 and 2016 amounted to ₱225.0 million and ₱221.4 million, respectively (see Note 7).

The net carrying amount of investment properties as of June 30, 2017 and 2016 amounted to ₱8.3 million and ₱11.1 million, respectively (see Note 8).

Estimation of useful life of computer software

The estimated useful life used as a basis for amortizing the computer software costs was determined on the basis of management's assessment of the period within which the benefits of the asset are expected to be realized by the Club.

There were no changes made in the estimated useful life of the Club's computer software in 2017.

The net carrying amount of computer software as of June 30, 2017 and 2016 amounted to ₱0.4 million and ₱0.4 million, respectively (see Note 10).

Estimation of impairment losses of nonfinancial assets

Internal and external sources of information are reviewed at each end of the reporting period to identify indications that property and equipment, investment properties, and computer software may be impaired or an impairment loss previously recognized no longer exists or may be decreased.

If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The Club assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Club considers important which could trigger an impairment review include the following:

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

As of June 30, 2017 and 2016, the Club has no accumulated impairment losses on property and equipment, investment properties, computer software. The aggregate carrying value of these nonfinancial assets as of June 30, 2017 and 2016 amounted to ₱233.8 million and ₱232.9 million, respectively (see Notes 7, 8, and 10).

Determining retirement benefit expense

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, turnover rate and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at end of the reporting periods.

The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the Philippines.

Retirement benefit expense amounted to ₱1.8 million, ₱1.7 million and ₱5.2 million in 2017, 2016 and 2015, respectively (see Note 23). Retirement benefit obligation amounted to ₱5.7 million and ₱12.2 million as of June 30, 2017 and 2016, respectively (see Note 26).

Estimation of realizability of deferred tax assets

The Club reviews the carrying amounts of deferred tax assets at each reporting date and reduced the amounts 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.

However, there is no assurance that the Club can generate sufficient taxable profit to allow all or part of its deferred taxable assets to be utilized.

As of June 30, 2017 and 2016, the Club's deferred tax assets amounted to ₱2.1 million and ₱3.4 million, respectively (see Note 24).

As of June 30, 2017 and 2016, the Club's deferred tax liability amounted to ₱1.0 million and ₱34.0 thousand, respectively (see Note 24).

Temporary deductible differences for which no deferred tax asset was recognized amounted to ₱23.3 million and ₱18.9 million as of June 30, 2017 and 2016, respectively (see Note 24).

Provision and Contingencies

The Club is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with its counsel handling the defense in these matters and is based upon an analysis of potential results. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Club's financial position and results of operations. It is possible, however, that the future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

The Club has accrued provision for probable claims amounting to ₱1.0 million as of June 30, 2017 and 2016 (see Note 15).

4. Cash and Cash Equivalents

| | 2017 | 2016 |
|------------------------|--------------------|--------------------|
| Cash on hand | ₱95,000 | ₱95,000 |
| Cash in banks | 20,200,716 | 20,280,229 |
| Short-term investments | 1,675,465 | 1,653,955 |
| | <u>₱21,971,181</u> | <u>₱22,029,184</u> |

Cash in banks earn interest at the respective bank deposit rates. Short-term investments have varying maturities of up to 90 days and earn interest at the respective short-term deposit rates.

Interest income earned amounted to ₱0.2 million, ₱0.2 million and ₱0.1 million in 2017, 2016 and 2015, respectively (see Note 20).

5. Trade and Other Receivables

| | 2017 | 2016 |
|--------------------------------------|--------------------|--------------------|
| Members | ₱11,792,742 | ₱11,488,331 |
| Others | 3,736,173 | 1,386,745 |
| | <u>15,528,915</u> | <u>12,875,076</u> |
| Less allowance for impairment losses | 1,793,966 | 2,178,090 |
| | <u>₱13,734,949</u> | <u>₱10,696,986</u> |

Receivables from members, which are due 30 days after billing date, are noninterest-bearing and constitute a lien on the members' shares.

Other receivables consist mainly of the share of the homeowners for the security services and electricity of the access roads around the Club, advances made to officers and employees and receivables from concessionaires and various organizations.

As of June 30, 2017, the aging analysis of trade and other receivables are as follows:

| | 2017 | 2016 |
|-----------------------------------|--------------------|--------------------|
| Not more than 30 days outstanding | ₱3,410,459 | ₱1,463,709 |
| Beyond 30 days outstanding: | | |
| 31-60 days | 6,567,009 | 3,628,586 |
| 61-90 days | 1,356,725 | 1,947,012 |
| Over 90 days | 4,194,722 | 5,835,769 |
| | <u>₱15,528,915</u> | <u>₱12,875,076</u> |

As of June 30, 2017 and 2016, the movements in the allowance for impairment losses are as follows:

| | 2017 | 2016 |
|-------------------------------|-------------------|-------------------|
| Balances at beginning of year | ₱2,178,090 | ₱2,368,171 |
| Less write-off | 384,124 | 190,081 |
| Balances at end of year | <u>₱1,793,966</u> | <u>₱2,178,090</u> |

6. Other Current Assets

| | 2017 | 2016 |
|----------------------------------|-------------------|-------------------|
| Prepayments | ₱2,302,494 | ₱2,306,767 |
| Supplies inventory - net | 1,013,101 | 1,321,305 |
| Creditable withholding tax (CWT) | 757,336 | 905,395 |
| Others | 1,054,640 | 1,121,141 |
| | <u>₱5,127,571</u> | <u>₱5,654,608</u> |

Prepayments pertain to prepaid taxes and licenses, prepaid medical expenses and prepaid insurance premiums.

Supplies inventory include gasoline and oil stocks, grounds materials, office, shop and maintenance supplies and construction materials.

As of June 30, 2017 and 2016, the balance of supplies inventories are as follows:

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Supplies inventory | ₱1,151,997 | ₱1,321,305 |
| Less allowance for inventory obsolescence | 138,896 | - |
| Supplies inventory - net | <u>₱1,013,101</u> | <u>₱1,321,305</u> |

CWT is the tax withheld by the withholding agents from payments to the Club which can be applied against the income tax payable.

Others pertain to advances on purchases and deferred input VAT.

7. Property and Equipment

| | 2017 | | | | | | | |
|----------------------------------|-------------------|---------------------|-------------------------|--|-----------------------------------|--------------------------|--------------------------|---------------------|
| | Land | Land Improvements | Building and Structures | Ground Tools and Service Machinery and Equipment | Furniture, Fixtures and Equipment | Transportation Equipment | Construction In Progress | Total |
| Cost: | | | | | | | | |
| Balances at beginning of year | ₱9,411,841 | ₱275,422,431 | ₱56,045,487 | ₱23,859,193 | ₱5,891,709 | ₱12,186,769 | ₱10,991,739 | ₱393,809,169 |
| Additions | - | 199,988 | 225,000 | 574,554 | - | 5,392,857 | 11,332,730 | 17,725,129 |
| Disposals | - | (636,489) | - | (668,392) | (421,839) | (1,419,118) | (48,902) | (3,194,740) |
| Transfers | - | 5,720,679 | 600,317 | 616,272 | - | - | (6,937,269) | - |
| Balance at end of year | 9,411,841 | 280,706,609 | 56,870,804 | 24,381,627 | 5,469,870 | 16,160,508 | 15,338,299 | 408,339,588 |
| Accumulated depreciation: | | | | | | | | |
| Balances at beginning of year | - | 107,691,218 | 32,523,893 | 17,004,870 | 5,746,671 | 9,369,766 | - | 172,336,418 |
| Depreciation (Notes 21 and 22) | - | 6,336,118 | 4,085,553 | 2,174,431 | 50,570 | 1,399,137 | - | 14,045,809 |
| Disposals | - | (636,489) | - | (606,233) | (421,823) | (1,419,110) | - | (3,083,655) |
| Balances at end of year | - | 113,390,847 | 36,609,446 | 18,573,068 | 5,375,418 | 9,349,793 | - | 183,298,572 |
| Net book values | ₱9,411,841 | ₱167,315,762 | ₱20,261,358 | ₱5,808,559 | ₱94,452 | ₱6,810,715 | ₱15,338,299 | ₱225,040,986 |

| | 2016 | | | | | | | |
|----------------------------------|-------------------|---------------------|-------------------------|--|-----------------------------------|--------------------------|--------------------------|---------------------|
| | Land | Land Improvements | Building and Structures | Ground Tools and Service Machinery and Equipment | Furniture, Fixtures and Equipment | Transportation Equipment | Construction In Progress | Total |
| Cost: | | | | | | | | |
| Balances at beginning of year | ₱9,423,172 | ₱275,201,031 | ₱55,816,380 | ₱23,055,790 | ₱5,956,937 | ₱12,186,769 | ₱3,262,410 | ₱384,902,489 |
| Additions | - | - | - | 641,624 | - | - | 9,194,420 | 9,836,044 |
| Disposals | (11,331) | - | - | (852,805) | (65,228) | - | - | (929,364) |
| Transfers | - | 221,400 | 229,107 | 1,014,584 | - | - | (1,465,091) | - |
| Balance at end of year | 9,411,841 | 275,422,431 | 56,045,487 | 23,859,193 | 5,891,709 | 12,186,769 | 10,991,739 | 393,809,169 |
| Accumulated depreciation: | | | | | | | | |
| Balances at beginning of year | - | 101,466,397 | 28,373,399 | 15,657,429 | 5,761,327 | 8,396,552 | - | 159,655,104 |
| Depreciation (Notes 21 and 22) | - | 6,224,821 | 4,150,494 | 2,149,847 | 50,572 | 973,214 | - | 13,548,948 |
| Disposals | - | - | - | (802,406) | (65,228) | - | - | (867,634) |
| Balances at end of year | - | 107,691,218 | 32,523,893 | 17,004,870 | 5,746,671 | 9,369,766 | - | 172,336,418 |
| Net book values | ₱9,411,841 | ₱167,731,213 | ₱23,521,594 | ₱6,854,323 | ₱145,038 | ₱2,817,003 | ₱10,991,739 | ₱221,472,751 |

Fully depreciated equipment still used in operations amounted to ₱68.4 million and ₱72.3 million as of June 30, 2017 and 2016, respectively.

On November 2014, the Club entered a maintenance service agreement with MJ Carr Golf Management, Inc. (MJCARR) which resulted to a sale of ground tools and service machinery and equipment with a book value of ₱1.7 million. Proceeds from sale of equipment amounted to ₱2.4 million resulting to a gain on sale of ₱0.4 million (see Note 20).

On April 2017, the Club sold various property and equipment such as transportation equipment and furniture & fixture to its members, employees and Anix's House of Kare-kare with a book value of ₱11 thousand. Proceeds from sale amounted to ₱405 thousand resulting to a gain on sale of ₱361 thousand (see Note 20).

8. Investment Properties

| | 2017 | | |
|---------------------------------------|-------------------|----------------|-------------------|
| | North Clubhouse | Land | Total |
| Cost: | | | |
| Balances at beginning and end of year | ₱53,718,366 | ₱88,237 | ₱53,806,603 |
| Accumulated amortization: | | | |
| Balances at beginning of year | 42,725,323 | - | 42,725,323 |
| Amortization (Notes 21 and 22) | 2,758,940 | - | 2,758,940 |
| Balances at end of year | 45,484,263 | - | 45,484,263 |
| Net book values | ₱8,234,103 | ₱88,237 | ₱8,322,340 |

| | 2016 | | |
|--|--------------------|---------|-------------|
| | North Clubhouse | Land | Total |
| Cost: | | | |
| Balances at beginning and end of year | ₱53,718,366 | ₱88,237 | ₱53,806,603 |
| Accumulated amortization: | | | |
| Balances at beginning of year | 39,966,383 | — | 39,966,383 |
| Amortization (Notes 21 and 22) | 2,758,940 | — | 2,758,940 |
| Balances at end of year | 42,725,323 | — | 42,725,323 |
| Net book values | ₱10,993,043 | ₱88,237 | ₱11,081,280 |

Rental income earned from investment property amounted to ₱0.2 million in 2017, 2016 and 2015 (see Note 18). Direct expenses related to investment properties consist mainly of amortization amounting to ₱2.8 million in 2017 and 2016.

The aggregate fair value of the Club's investment properties amounted to ₱90.6 million with six thousand three hundred sixty six square meters (6,366 sqm.). The fair values of the Club's properties were determined on the valuation performed by TCI Top Consult, Inc. on June 7, 2017. The TCI Top Consult is an industry specialist in valuing these types of properties. The fair value represents the price that would be received to sell an asset or paid a liability in an orderly transaction between market participants at the measurement date.

9. Trust Fund

Pursuant to the resolution passed by the members on September 12, 1982 and as provided for in the Club's by laws, the trust fund committee is empowered to invest the Valley Golf Trust Fund, which in no case shall be less than the original amount of ₱3.5 million, in leading universal banks in the country.

The members' resolution further states that all proceeds from future sale of shares and real property, including all amortizations due on the sale of shares previously sold, shall accrue to the trust fund and that 85% of the interest income of the fund shall be made available for the maintenance and repair of the golf course. The remaining 15% of said interest income shall accrue to and form part of the fund.

On May 21, 1989, the members' resolution was amended stating that, "the proceeds of the sale of any real property of the Club or shares of stock to be used for capital expenditure and other infrastructure project shall not form part of the Valley Golf Trust Fund. However, any excess thereof shall form part of the Valley Golf Trust Fund".

The trust fund account was reported as part of the "noncurrent asset" portion in the statement of financial position.

Trust fund balance amounted to ₱4.3 million as at June 30, 2017 and 2016. Interest income recognized for the trust fund amounted to ₱38 thousand, ₱38 thousand and ₱37 thousand for the years 2017, 2016 and 2015, respectively (see Note 20).

10. Other Noncurrent Assets

| | 2017 | 2016 |
|-------------------------|-------------------|-------------------|
| Refundable deposit | ₱3,060,359 | ₱3,079,306 |
| Computer software - net | 445,405 | 387,637 |
| Others | - | 154,179 |
| | <u>₱3,505,764</u> | <u>₱3,621,122</u> |

Refundable deposit pertains to deposits from utility companies and MJ Carr. The carrying amounts of the deposits are regarded as its amortized cost since the timing of the refund or settlement of the deposits could not be reasonably estimated.

The movement of computer software is as follows:

| | 2017 | 2016 |
|--------------------------------------|------------------|------------------|
| Cost: | | |
| Balance at beginning and end of year | ₱2,181,437 | ₱2,181,437 |
| Additions | 321,115 | - |
| Balance at end of year | <u>2,502,552</u> | <u>2,181,437</u> |
| Accumulated Amortization: | | |
| Balance at beginning of year | 1,793,800 | 1,594,467 |
| Amortization (Note 22) | 263,347 | 199,333 |
| Balance at end of year | <u>2,057,147</u> | <u>1,793,800</u> |
| Net Book Value | <u>₱445,405</u> | <u>₱387,637</u> |

11. Trade and Other Payables

| | 2017 | 2016 |
|-------------------------------|--------------------|-------------------|
| Trade | ₱4,877,025 | ₱2,078,170 |
| Accrued expenses | 3,791,412 | 2,336,748 |
| Organizations and cooperative | 2,960,628 | 3,272,824 |
| Concessionaires | 437,977 | 1,105,016 |
| VAT payable | 201,694 | 251,634 |
| Others | 1,116,656 | 604,880 |
| | <u>₱13,385,392</u> | <u>₱9,649,272</u> |

Trade payables are unsecured, noninterest-bearing and are payable to suppliers within 30 days.

Accrued expenses are obligations on the basis of normal credit terms and do not bear interest. These pertain to accruals made for outside services, utilities and other various accruals. These are normally settled throughout the next financial year.

Organizations and cooperative are loans and advances by the employees from the association.

Payable to concessionaires and other organizations pertains to collections received by the Club for and on behalf of the concessionaires and other organizations.

Other payables mainly consist of tournament deposits and withholding tax payable.

12. **Members' Deposits and Others**

| | 2017 | 2016 |
|-----------------------|-------------------|-------------------|
| Cash deposit | ₱4,945,000 | ₱4,525,000 |
| Due to former members | 4,593,014 | 2,875,493 |
| Security deposit | 170,000 | 170,000 |
| | <u>₱9,708,014</u> | <u>₱7,570,493</u> |

Cash deposit pertains to deposits made by playing guests. Any unpaid liabilities will be deducted from this account and the excess will be refunded upon resignation of the playing guest.

Due to former members consist mainly of proceeds from auction sale of shares, payable to former members and other advance payments made by them.

Security deposit pertains to various deposits received by the Club from its concessionaires and lessee and is to be refunded at the end of their respective agreements.

13. **Membership Dues Paid in Advance**

This account represents advance collection of monthly membership dues which are applied in the next financial year.

As of June 30, 2017 and 2016, membership dues paid in advance amounted to ₱5.2 million and ₱4.8 million, respectively.

14. **Payable to a Contractor**

This pertains to the payable for the construction of the Club's main road, Don Celso S. Tuazon Avenue with a total amount of ₱4.5 million as of June 30, 2017 and 2016.

On January 3, 2012, the parties agreed in principle to settle the debt in exchange of 985 square meters of land belonging to the Club. The market value of the land amounted to ₱4.9 million.

15. **Accrued Provision for Probable Claims**

Accrued provision for probable claims pertains to the estimated liability to resolve various probable claims against the Club. Any payment of actual claims against the Club requires the approval of the BOD.

The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

As of June 30, 2017 and 2016, accrued provision for payable claims amounted to ₱1.0 million.

16. Member's Equity

Capital Stock

| | Shares | | Amount | |
|------------------------------------|--------|-------|-------------|-------------|
| | 2017 | 2016 | 2017 | 2016 |
| Common shares - ₱9,000 par value | | | | |
| Authorized - 1,800 shares | | | | |
| Issued | | | | |
| Balance at beginning of year | 1,593 | 1,588 | ₱14,337,000 | ₱14,292,000 |
| Additions during the year | - | 5 | - | 45,000 |
| Balance at end of year | 1,593 | 1,593 | 14,337,000 | 14,337,000 |
| Subscribed | | | | |
| Balance at beginning of year | - | 5 | - | 45,000 |
| Additions during the year | - | - | - | - |
| Issuance of shares during the year | - | (5) | - | (45,000) |
| | - | - | - | - |
| | 1,593 | 1,593 | ₱14,337,000 | ₱14,337,000 |

The selling price per share of installment sales is ₱350,000 for 2016, payable with a down payment of ₱30,000 and the balance in 11 equal monthly installments of ₱30,000 and one final installment of ₱20,000, without interest if paid on or before due date. Penalty interest of 2% per month is charged on any default in installment payment.

Accumulated Excess of Revenues Over Expenses

| | 2017 | 2016 |
|---|-------------|-------------|
| Accumulated excess of revenues over expenses | ₱25,531,205 | ₱27,188,005 |
| Other comprehensive income (loss): | | |
| <i>Item not to be reclassified to profit or loss in subsequent periods:</i> | | |
| Beginning balance | (3,033,062) | (2,658,861) |
| Re-measurement gains (losses) on defined benefit obligation | 5,330,962 | (374,201) |
| | 2,297,900 | (3,033,062) |
| | ₱27,829,105 | ₱24,154,943 |

17. Green Fees

Green fees are generated from the use of the Club's golf courses. The Club has two golf courses: the North and South course. The North course is open to its members, their guests, and walk-in customers while the South course is open to its members and their guests only.

On July 1, 2013, the Club entered into an agreement with Korea Golf & Members Leisure, Inc. (Korea Golf) for the use of the Club's North course. The Club also grants Korea Golf the use of its North Clubhouse office space. The agreement is for a minimum of ₱4.0 million worth of green fee coupons a year. Payments from this agreement would be earned and included in the Club's green fees upon usage of the Club's facilities. The agreement is valid until July 1, 2018.

During 2015, there was a default to the contract by Korea Golf. They had failed to purchase the minimum green fees coupons as stated in the contract. The Club rescinded the contract and forfeited all the payments made by Korea Golf. The green fees from Korea Golf amounted to nil, ₱0.2 million and ₱1.3 million in 2017, 2016 and 2015, respectively.

On September 30, 2016, the Club entered into agreement with Freeport Elite Resort, Inc. to purchase one thousand (1,000) coupons and another one thousand (1,000) coupons upon consumption of all coupons previously purchased. The green fees from Freeport Elite Resort, Inc. amounted to ₱0.86 million in 2017.

18. Rentals

| | 2017 | 2016 | 2015 |
|-------------------------|-------------------|-------------------|-------------------|
| Golf carts and lockers | ₱6,669,396 | ₱6,600,453 | ₱6,100,627 |
| Communication cell site | 231,883 | 221,898 | 212,343 |
| | <u>₱6,901,279</u> | <u>₱6,822,351</u> | <u>₱6,312,970</u> |

Rentals of golf carts are for the use of the golf carts provided by the club for its members. Rentals of lockers are for the use of the Club's locker rooms.

The Club leases the north clubhouse's rooftop to a local telecommunications company to be used as a cell site under certain conditions. Monthly rental amounts to ₱15,000, subject to a 4.5% escalation starting on the fourth (4) year. The lease period is from October 1, 2007 to September 30, 2017, renewable for a period to be mutually agreed upon by the parties.

Minimum rentals to be collected from the long-term lease are as follows:

| | 2017 | 2016 | 2015 |
|-----------------------------------|----------------|-----------------|-----------------|
| Within one year | ₱61,239 | ₱242,318 | ₱231,883 |
| After one year but more than five | — | 61,239 | 487,273 |
| | <u>₱61,239</u> | <u>₱303,557</u> | <u>₱719,156</u> |

19. Concessionaires' Fees

| | 2017 | 2016 | 2015 |
|----------------------------|-------------------|-------------------|-------------------|
| Food and beverage services | ₱2,287,195 | ₱2,022,949 | ₱2,112,254 |
| Retail services | 975,454 | 821,766 | 776,966 |
| Driving range operations | — | 278,571 | 257,143 |
| | <u>₱3,262,649</u> | <u>₱3,123,286</u> | <u>₱3,146,363</u> |

Concession agreements entered into by the Club are shown below:

Food and Beverage Services

- a) Jay-j's Food Management, Inc. (JFMI), a local food concessionaire and the Club entered into a concession agreement whereby JFMI manages the food and beverage operations of the Club located at the North Clubhouse. The agreement also provides that the concessionaire shall pay a fee of 7% plus VAT of the monthly gross sales including special functions contracted for the members and guest and to purchase one (1) share of stock. The share of stock is pledged to the Club which serves as a security deposit to answer for any damages or expenses incurred. The agreement is for a period of three (3) years from August 1, 2016 up to July 31, 2019, subject to renewal at the option of the Club under such terms and conditions to be mutually agreed by the parties. The concession income recognized from JFMI amounted to ₱1 million in 2017.
- b) Anix's House of Kare-kare (AHK), a local food concessionaire and the Club entered into a concession agreement whereby AHK manages the food and beverage operations of the Club at the Main Clubhouse. The agreement also provides that the concessionaire shall pay a fee of 7% plus VAT of the monthly gross sales for the first six (6) months of operations and 10% plus VAT of the monthly gross sales for the succeeding months or ₱100,000 whichever is higher including catering services contracted for the members and guest and to purchase one (1) share of stock. The share of stock is pledged to the Club which serves as a security deposit to answer for any damages or expenses incurred. The agreement is for a period of three (3) years from January 20, 2017 up to January 19, 2020, subject to renewal at the option of the Club under such terms and conditions to be mutually agreed by the parties. The concession income recognized from AHK amounted to ₱0.68 million in 2017.

Retail Shop

Pacsport Phils, Inc. was awarded the concession to operate a retail sales outlet, inside the Clubhouse to serve the members, guests and dependents, exclusively. In consideration for operating the Shop, the Club charges a basic minimum monthly rental of ₱65,000 or 15% of their gross sales per month inclusive of value added tax, whichever is higher. The agreement is for a period of two years from March 15, 2016 up to May 14, 2018. The concessionaire fees from Pacsport Phils, Inc. amounted to ₱0.98 million in 2017

20. Miscellaneous Income

| | 2017 | 2016 | 2015 |
|-------------------------------------|-------------------|--------------------|-------------------|
| Service fee | ₱1,014,707 | ₱938,691 | ₱1,002,360 |
| Surcharge | 864,995 | 910,999 | 858,117 |
| Pull carts | 454,580 | 366,589 | 300,682 |
| Gain on sale of properties (Note 7) | 361,202 | 8,728,634 | 418,290 |
| Interest | 186,938 | 157,225 | 142,797 |
| Others | 4,278,964 | 3,031,687 | 5,451,260 |
| | ₱7,161,386 | ₱14,133,825 | ₱8,173,506 |

Others mainly consist of fees from venue and room, rental, tournament, swimming pool, spa and barber shop, and from bingo session net proceeds.

21. Cost of Services

| | 2017 | 2016 | 2015 |
|---|--------------------|--------------------|---------------------|
| Outside services | ₱30,160,464 | ₱31,849,392 | ₱25,110,709 |
| Personnel cost (Note 23) | 19,925,636 | 21,156,966 | 31,418,436 |
| Depreciation and amortization (Notes 7, 8, 10) | 16,687,593 | 16,156,146 | 15,851,358 |
| Utilities | 8,258,372 | 9,019,029 | 8,907,168 |
| Supplies | 5,356,042 | 5,901,187 | 8,936,376 |
| Repairs and maintenance | 3,121,313 | 2,278,776 | 5,845,463 |
| Loss on write-off of inventory | 12,720 | 1,435,341 | - |
| Others | 8,026,272 | 8,898,332 | 7,461,079 |
| | <u>₱91,548,412</u> | <u>₱96,695,169</u> | <u>₱103,530,589</u> |

Others pertain to provision for tournament expenses, insurance, ads and publication, promotional and industrial expenses, parking fee, and other miscellaneous expenses.

22. General and Administrative

| | 2017 | 2016 | 2015 |
|--|--------------------|--------------------|--------------------|
| Personnel costs (Note 23) | ₱7,802,814 | ₱6,505,505 | ₱8,732,275 |
| Taxes and licenses | 3,788,406 | 3,953,221 | 3,866,497 |
| Outside services | 2,033,379 | 1,730,766 | 836,294 |
| Bank charges | 967,949 | 862,321 | 772,533 |
| Supplies | 790,316 | 589,473 | 717,647 |
| Board members' meetings | 686,899 | 1,223,876 | 1,195,926 |
| Utilities | 617,389 | 584,081 | 621,292 |
| Depreciation and amortization (Notes 7, 8, 10) | 380,503 | 351,075 | 368,522 |
| Interest | 213,869 | 133,083 | 910,814 |
| Loss on write-off of property and equipment | 87,448 | 17,066 | 58,729 |
| Provision for impairment losses on receivables (Note 5) | - | - | 393,607 |
| Others | 776,031 | 842,438 | 690,580 |
| | <u>₱18,145,003</u> | <u>₱16,792,905</u> | <u>₱19,164,716</u> |

Other expenses consist mainly of advertising expenses, prompt payment discounts, insurance and net expenses incurred during tournaments.

23. Personnel Costs

| | 2017 | 2016 | 2015 |
|---------------------------------------|-------------|-------------|-------------|
| Cost of services (Note 21): | | | |
| Salaries and wages | ₱14,854,818 | ₱15,600,187 | ₱16,061,650 |
| Employee benefits | 3,651,002 | 4,224,270 | 11,055,514 |
| Retirement benefits expense (Note 26) | 1,419,816 | 1,332,509 | 4,301,272 |
| | 19,925,636 | 21,156,966 | 31,418,436 |
| General and administrative (Note 22): | | | |
| Salaries and wages | 6,097,309 | 4,969,836 | 4,195,362 |
| Employee benefits | 1,346,808 | 1,210,183 | 3,680,843 |
| Retirement benefits expense (Note 26) | 358,697 | 325,486 | 856,070 |
| | 7,802,814 | 6,505,505 | 8,732,275 |
| | ₱27,728,450 | ₱27,662,471 | ₱40,150,711 |

24. Personnel Income Taxes

The Club's provision for current income tax in 2017 and 2016 pertains to MCIT.

The compositions of provision for (benefit from) income taxes were:

| | 2017 | 2016 | 2015 |
|----------|------------|----------|-----------|
| Current | ₱395,935 | ₱397,068 | ₱145,758 |
| Deferred | 1,271,801 | 153,321 | (235,805) |
| | ₱1,667,736 | ₱550,389 | (₱90,047) |

The reconciliation of income computed at the statutory tax rates to provision for income tax as shown in the statements of income is as follows:

| | 2017 | 2016 | 2015 |
|--|------------|-----------|--------------|
| Income tax computed at statutory rate | ₱3,281 | ₱530,551 | (₱4,282,490) |
| Income tax effects of: | | | |
| Expired MCIT | 464,384 | 494,185 | - |
| Nondeductible expenses | 6,250 | 43,618 | 140,313 |
| Interest income subjected to final tax | (32,365) | (24,242) | (31,571) |
| Movement of unrecognized deferred tax assets | 1,226,186 | (493,723) | 4,083,701 |
| | ₱1,667,736 | ₱550,389 | (₱90,047) |

The components of the Club's net deferred tax asset (liability) are as follows:

| | 2017 | 2016 |
|---|-------------------|-------------------|
| Deferred tax assets: | | |
| Advanced payments of membership dues and others | P1,566,240 | P1,443,866 |
| Allowance for impairment losses | 538,190 | 653,427 |
| MCIT | - | 1,007,210 |
| Accrued provision for probable claims | - | 305,922 |
| | <u>P2,104,430</u> | <u>P3,410,425</u> |

| | 2017 | 2016 |
|---|-------------------|------------------|
| Deferred tax liabilities: | | |
| Re-measurement gain on defined benefit obligation | (P984,814) | P- |
| Interest income from accretion | - | (34,194) |
| | <u>(P984,814)</u> | <u>(P34,194)</u> |

No deferred tax assets from the following deductible temporary difference were recognized as it is not probable that sufficient taxable profit will be available to allow the benefit of the deferred tax assets to be utilized:

| | 2017 | 2016 |
|---------------------------------------|--------------------|--------------------|
| Retirement benefit obligation | P8,969,644 | P9,189,785 |
| NOLCO | 8,705,098 | 9,148,565 |
| Accrued provision for probable claims | 1,019,740 | - |
| MCIT | 938,761 | - |
| Unrecognized PSC | 601,952 | - |
| | <u>P20,235,195</u> | <u>P18,338,350</u> |

As of June 30, 2017, the Club has NOLCO that can be claimed as deduction from future taxable income as follows:

| Year incurred | Available up to | Amount | Applied | Expired | Balance |
|---------------|-----------------|------------|----------|---------|------------|
| 2015 | 2016-2018 | P9,148,565 | P443,467 | P- | P8,705,098 |

The Club has available MCIT which can be applied to the Club's future tax liabilities as follows:

| Year incurred | Available up to | MCIT | Applied | Expired | Balance |
|---------------|-----------------|-------------------|-----------|-----------------|-----------------|
| 2014 | 2015-2017 | P464,384 | P- | P464,384 | P- |
| 2015 | 2016-2018 | 145,758 | - | - | 145,758 |
| 2016 | 2017-2019 | 397,068 | - | - | 397,068 |
| 2017 | 2018-2020 | 395,935 | - | - | 395,935 |
| | | <u>P1,403,145</u> | <u>P-</u> | <u>P464,384</u> | <u>P938,761</u> |

25. Related Party Transactions

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

A summary of major account balances with related parties follows:

| | Year | Amount/ Volume | Receivable | Liability | Terms | Conditions |
|---|------|-------------------|------------|------------|-------------------------------------|------------|
| Short term loans from Members | 2017 | ₱2,500,000 | ₱- | ₱- | 1 year term, interest bearing | Unsecured |
| | 2016 | ₱3,000,000 | ₱- | ₱2,500,000 | | |
| Interest expense on short term loans from Members | 2017 | 20,833 | - | - | 3% | - |
| | 2016 | 208,854 | - | - | 3% | - |
| | 2017 | ₱2,520,833 | ₱- | ₱- | | |
| | 2016 | 3,208,854 | - | 2,500,000 | | |

Short-term Loans

These represent one-year loans obtained from Club members, renewable on a yearly basis upon mutual agreement of the parties. The Club however has the option to preterminate the loan. These loans bear annual interests of 3% in 2017 and 2016. The loans are secured by unissued shares of stock of the Club. The Club fully settled the short-term loan in 2017.

Interest incurred on the short-term loan amounted to ₱20 thousand, ₱.21 million and ₱0.16 million in 2017, 2016 and 2015, respectively.

Key Management Personnel Compensation

Compensation of key management personnel amounted to ₱1.3 million, ₱1.3 million and ₱1.2 million in 2017, 2016 and 2015, respectively, which represent short-term benefits.

Complimentary Club Coupons and House Guests Privileges

Complimentary green fee coupons are given to the BOD and certain officers for distribution to prospective members and certain guests and friends of the Club. The outstanding green fee coupons for each fiscal year are as follows:

| | 2017 | 2016 | 2015 |
|---------------------------|---------|---------|---------|
| Beginning balance | 550 | 388 | 439 |
| Additions during the year | 2,794 | 3,298 | 3,188 |
| Issuances during the year | (2,813) | (3,136) | (3,239) |
| Ending balance | 531 | 550 | 388 |

The amount of green fees charged to playing guest ranges from ₱625 to ₱2,536. Green fee coupons expire after six months.

The Club also authorizes certain Club officers to entertain houseguests and use the Club's facilities free-of-charge.

Non-Paying Members and their Dependents

Certain members of the Club and their dependents are exempt from paying monthly dues.

Retirement Fund

The Club's retirement fund is being held in trust by a trustee bank. As of June 30, 2017 and 2016, the fair value of plan assets amounted to ₱15.0 million and ₱13.1 million, respectively (see Note 26).

26. Retirement Benefit Obligation

The Club has a funded, non-contributory, defined benefit retirement plan covering all its qualified officers and employees. Under the plan, qualified officers and employees are entitled to receive pension benefits on a lump sum basis when they reach the retirement age of 60. With the consent of the Club, an employee may elect to retire early provided he has rendered at least 20 years of credited service or at least 15 years of credited service and at least 50 years old. The projected unit credit cost method was used to determine the retirement benefit costs and obligation.

The following tables summarize the components of the retirement benefit cost recognized in the statement of income and the retirement benefit obligation recognized in the statement of financial position for the retirement plan.

Retirement benefits expense recognized in the statements of income:

| | 2017 | 2016 | 2015 |
|-------------------------------------|-------------------|-------------------|-------------------|
| Service cost | ₱1,344,762 | ₱1,174,909 | ₱1,841,312 |
| Settlement loss | - | - | 2,388,480 |
| Net interest cost: | | | |
| Interest cost on benefit obligation | 955,155 | 973,524 | 1,641,728 |
| Interest income on plan assets | (521,404) | (490,438) | (714,178) |
| Retirement benefit expense | ₱1,778,513 | ₱1,657,995 | ₱5,157,342 |

Re-measurement losses (gains) on defined benefit obligation recognized under OCI in the statements of comprehensive income:

| | 2017 | 2016 |
|--|---------------------|-------------------|
| Actuarial losses (gains): | | |
| Changes in demographic assumptions | (₱3,139,027) | ₱- |
| Changes in financial assumptions | (2,472,914) | 2,027,017 |
| Experience adjustments | (793,571) | 2,848,282 |
| | (6,405,512) | 4,875,299 |
| Return on plan assets excluding the amount included in net interest cost | 89,736 | (2,387,531) |
| Re-measurement losses (gains) on defined benefit obligation | (₱6,315,776) | ₱2,487,768 |

Cumulative re-measurement effect recognized in OCI included in the accumulated excess of revenues over expenses:

| | 2017 | 2016 |
|---|---------------------|-------------------|
| Balances at beginning of year | ₱3,033,062 | ₱2,658,861 |
| Actuarial loss (gain) | (6,405,512) | 4,875,299 |
| Return on assets excluding amount included in net interest cost | 89,736 | (2,387,531) |
| Income tax effect | 984,814 | (2,113,567) |
| Total amount recognized in OCI | (₱2,297,900) | ₱3,033,062 |

Movements in retirement benefit obligation in 2017 and 2016 are as follows:

| | 2017 | 2016 |
|---------------------------------------|--------------------|--------------------|
| Balances at beginning of year | ₱12,222,847 | ₱10,075,738 |
| Retirement benefit expense | 1,778,513 | 1,657,995 |
| Contributions paid | (1,998,654) | (1,998,654) |
| Total amount recognized in OCI | (6,315,776) | 2,487,768 |
| Balance at end of year | ₱5,686,930 | ₱12,222,847 |

Changes in the present value of defined benefit obligation as follows:

| | 2017 | 2016 |
|--|--------------------|--------------------|
| Balances at beginning of year | ₱25,335,682 | ₱21,071,950 |
| Current service cost | 1,344,762 | 1,174,909 |
| Interest cost | 955,155 | 973,524 |
| Net actuarial loss (gain) due to: | | |
| Experience adjustments on plan liabilities | (793,571) | 2,848,282 |
| Changes in financial assumptions | (2,472,914) | 2,027,017 |
| Changes in demographic assumptions | (3,139,027) | - |
| Benefits paid from plan assets | (563,658) | (2,760,000) |
| Balances at end of year | ₱20,666,429 | ₱25,335,682 |

Changes in the fair value of plan assets are as follows:

| | 2017 | 2016 |
|--|--------------------|--------------------|
| Balances at beginning of year | ₱13,112,835 | ₱10,996,212 |
| Interest income on retirement plan assets | 521,404 | 490,438 |
| Actual contributions | 1,998,654 | 1,998,654 |
| Actual return excluding amount included in net interest cost | (89,736) | 2,387,531 |
| Benefits paid | (563,658) | (2,760,000) |
| Balances at end of year | ₱14,979,499 | ₱13,112,835 |

Retirement obligation as reported in the statement of financial position:

| | 2017 | 2016 |
|---|-------------------|--------------------|
| Present value of benefit obligation | P20,666,429 | P25,335,682 |
| Fair value of retirement plan assets at end of year | (14,979,499) | (13,112,835) |
| | <u>P5,686,930</u> | <u>P12,222,847</u> |

The major categories of plan assets are as follows:

| | 2017 | 2016 |
|---------------------------------------|--------------------|--------------------|
| Deposit in banks | P12,318 | P12,143 |
| Investment in government securities | 9,956,511 | 7,009,549 |
| Other securities and debt instruments | 3,255,391 | 2,986,000 |
| Shares of stock | 2,409,850 | 2,677,718 |
| Accrued interest receivable | 134,837 | 113,657 |
| Miscellaneous receivable | - | 329,902 |
| Accrued trust fees and other payables | (789,408) | (16,134) |
| | <u>P14,979,499</u> | <u>P13,112,835</u> |

Deposit in banks includes regular savings.

Investments in government securities consist of retail treasury bonds that bear interest ranging from 5.0% to 11.1% and will mature on various dates starting July 2013 to October 2037.

Other securities and debt instruments pertains to 'due from Bangko Sentral ng Pilipinas' and 'time certificate of deposit'.

Miscellaneous receivable pertains to 'dividends receivable' and 'due from brokers'.

The principal actuarial assumptions used in determining retirement benefit obligations for the Club's retirement plan are as follows:

| | 2017 | 2016 |
|-------------------------|----------------------------------|----------------------------------|
| Discount rate | 5.28% | 3.77% |
| Future salary increases | 3.00% | 3.00% |
| Turnover rate | 10% at age 19 to 6% at age 45 | 14% at age 19 to 1% at age 45 |

The sensitivity analysis below has 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) | Effect on defined benefit obligation |
|----------------------|------------------------|--|
| Discount rates | +1% | (P1,414,769) |
| | -1% | 1,587,581 |
| Salary increase rate | +1% | P1,608,317 |
| | -1% | (1,457,672) |

Shown below is the maturity profile of the undiscounted benefit payments:

| | Expected benefit payments |
|-----------|------------------------------|
| 2018 | ₱796,351 |
| 2019 | 1,609,416 |
| 2020 | 1,776,938 |
| 2021 | 1,563,180 |
| 2022 | 4,652,299 |
| 2023-2027 | 15,673,742 |

Retirement benefit expense from defined benefit retirement plan is actuarially determined using the projected unit credit method.

The Club's latest actuarial valuation report was on June 30, 2017. It also expects to contribute ₱2.0 million in 2018.

27. Financial Instruments

Financial Risk Management Objectives and Policies

The Club's principal financial liabilities comprise of trade and other payables, members' deposit and others, and short term loans. The main purpose of these financial liabilities is to raise finance for the Club's operations. The Club has various financial assets such as cash and cash equivalents, trade and other receivables and trust fund, which arise directly from its operations.

The main risks arising from the Club's financial instruments are credit risk and liquidity risk.

The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Credit risk

The Club establishes credit limits at the level of the individual borrower, corporate relationship and industry sector. Also, the Club transacts only with recognized third parties, with no required collateral.

Loans and other receivables are monitored on an ongoing basis with the result that the Club's exposure to bad debts is not significant. Provision for impairment losses on receivables will also be made if the situation so warrants subject to the BOD's review and approval.

The following table represents the Club's maximum exposure to credit risk:

| | 2017 | 2016 |
|-----------------------------|--------------------|--------------------|
| Cash and cash equivalents* | ₱21,876,181 | ₱21,934,184 |
| Trade and other receivables | 13,719,200 | 10,681,543 |
| Trust fund | 4,292,050 | 4,262,495 |
| | <u>₱39,887,431</u> | <u>₱36,878,222</u> |

*Excludes cash on hand

Credit quality per class of financial asset

The credit quality of financial assets is being managed by the Club using internal credit ratings. High grade financial assets are those that are current and collectible. Standard grade financial assets need to be consistently followed up but are still collectible.

The tables below show the credit quality by class of financial asset based on the Club's credit rating system:

As of June 30, 2017

| | Neither past due nor impaired | | Past due but not impaired | Past due and individually impaired | Total |
|------------------------------|-------------------------------|----------------|---------------------------|------------------------------------|-------------|
| | High grade | Standard grade | | | |
| Cash and cash equivalents* | ₱21,876,181 | ₱- | ₱- | ₱- | ₱21,876,181 |
| Trade and other receivables: | | | | | |
| Trade receivables | 1,511,325 | - | 8,487,451 | 1,793,966 | 11,792,742 |
| Others | - | 3,720,424 | - | - | 3,720,424 |
| Trust fund | 4,292,050 | - | - | - | 4,292,050 |
| | ₱27,679,556 | ₱3,720,424 | ₱8,487,451 | ₱1,793,966 | ₱41,681,397 |

*Excludes cash on hand

As of June 30, 2016

| | Neither past due nor impaired | | Past due but not impaired | Past due and individually impaired | Total |
|------------------------------|-------------------------------|----------------|---------------------------|------------------------------------|-------------|
| | High grade | Standard grade | | | |
| Cash and cash equivalents* | ₱21,934,184 | ₱- | ₱- | ₱- | ₱21,934,184 |
| Trade and other receivables: | | | | | |
| Trade receivables | 1,111,545 | - | 8,198,696 | 2,178,090 | 11,488,331 |
| Others | - | 1,371,302 | - | - | 1,371,302 |
| Trust fund | 4,262,495 | - | - | - | 4,262,495 |
| | ₱27,308,224 | ₱1,371,302 | ₱8,198,696 | ₱2,178,090 | ₱39,056,312 |

*Excludes cash on hand

A financial asset is considered past due when the counterparty failed to make payment when contractually due. The Club has past due amounting to ₱8.5 million and ₱8.2 million as of June 30, 2017 and 2016, respectively.

Impaired financial assets are those accounts identified by the Club that needs to be provided with allowance. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts such as but not limited to the length of the Club's relationship with the member, the member's payment behavior and known market factors.

The Club has impaired financial assets amounting to ₱1.8 million and ₱2.2 million as of June 30, 2017 and 2016 (see Note 5).

Liquidity risk

Liquidity risk is defined as the risk that the Club may not be able to settle or meet its obligations as they fall due. The Club monitors and maintains a level of cash deemed adequate by the management to finance the Club's operations and mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Club's financial liabilities as of June 30, 2017 and 2016, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Club's financial assets in order to provide a complete view of the Club's contractual commitments. The analysis into relevant maturity groupings is based on the remaining period at the end of the reporting period to the contractual maturity dates.

As of June 30, 2017

| | On demand | Less than 30 Days | 31 to 60 days | 61 to 90 days | More than 91 Days | Total |
|------------------------------------|-------------|----------------------|---------------|---------------|----------------------|-------------|
| <i>Financial liabilities</i> | | | | | | |
| <i>Other financial liabilities</i> | | | | | | |
| Trade payables | ₱4,485,951 | ₱61,240 | ₱- | ₱149,421 | ₱180,413 | ₱4,877,025 |
| Accrued expenses | 1,627,353 | 692,273 | 622,602 | - | 395,100 | 3,337,328 |
| Others** | 1,683,779 | 217,721 | - | 118,659 | 2,187,373 | 4,207,532 |
| Members deposits and others | 9,708,014 | - | - | - | - | 9,708,014 |
| | ₱17,505,097 | ₱971,234 | ₱622,602 | ₱268,080 | ₱2,762,886 | ₱22,129,899 |
| <i>Financial assets</i> | | | | | | |
| <i>Loans and receivables:</i> | | | | | | |
| Cash and cash equivalents | ₱21,971,181 | ₱- | ₱- | ₱- | ₱- | ₱21,971,181 |
| Trade and other receivable: | | | | | | |
| Trade receivables | 1,511,325 | 3,748,222 | 2,401,523 | 970,373 | 1,367,333 | 9,998,776 |
| Others | 1,183,857 | 688,884 | 364,602 | 319,321 | 1,163,760 | 3,720,424 |
| Trust fund | 4,292,050 | - | - | - | - | 4,292,050 |
| | ₱28,958,413 | ₱4,437,106 | ₱2,766,125 | ₱1,289,694 | ₱2,531,093 | ₱39,982,431 |

**Excludes statutory liabilities

As of June 30, 2016

| | On demand | Less than 30 Days | 31 to 60 days | 61 to 90 days | More than 91 Days | Total |
|--|-------------|----------------------|---------------|---------------|----------------------|-------------|
| <i>Financial liabilities</i> | | | | | | |
| <i>Other financial liabilities</i> | | | | | | |
| Trade payables | ₱1,295,588 | ₱47,313 | ₱- | ₱- | ₱617,413 | ₱1,960,314 |
| Accrued expenses | 1,487,459 | 274,105 | 154,105 | 164,452 | 256,627 | 2,336,748 |
| Others** | 2,551,250 | 114,618 | 103,540 | 35,440 | 1,824,626 | 4,629,474 |
| Members deposits and others | 7,570,493 | - | - | - | - | 7,570,493 |
| Short term loans including interest expense | 2,510,415 | - | - | - | - | 2,510,415 |
| | ₱15,415,205 | ₱436,036 | ₱257,645 | ₱199,892 | ₱2,698,666 | ₱19,007,444 |
| <i>Financial assets</i> | | | | | | |
| <i>Loans and receivables:</i> | | | | | | |
| Cash and cash equivalents | ₱22,029,184 | ₱- | ₱- | ₱- | ₱- | ₱22,029,184 |
| Trade and other receivable: | | | | | | |
| Trade receivables | 1,111,545 | 3,628,586 | 1,947,011 | 891,218 | 1,731,880 | 9,310,240 |
| Others | 352,164 | - | - | - | 1,019,137 | 1,371,301 |
| Trust fund | 4,262,495 | - | - | - | - | 4,262,495 |
| | ₱27,755,388 | ₱3,628,586 | ₱1,947,011 | ₱891,218 | ₱2,751,017 | ₱36,973,220 |

**Excludes statutory liabilities

Fair Values

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transactions.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and cash equivalents, trade and other receivables, trust fund, trade and other payables, members' deposit and others, and short term loans.

The carrying values of cash and cash equivalents, trade and other receivables, trust fund, trade and other payables, members' deposit and others, and short term loans, approximate their fair values due to the relatively short-term maturity of these financial instruments.

Fair Value Hierarchy

The Club uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Those inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As of June 30, 2017 and 2016, the Club does not have any financial instruments to be presented under the fair value hierarchy required by PFRS 7.

Capital Management

The primary objective of the Club's capital management policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize members' value. The club manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Club is not subject to externally imposed capital requirements.

No changes were made in the objectives, policies or processes for the years ended June 30, 2017 and 2016.

28. Subsequent Events

On July 10, 2017, the Club entered into a contract to sell with Friend at Work Corporation certain lands with approximate land area of nine hundred twelve (912sqm) square meters as described in the TCT Nos. 693612-693619. The vendee shall pay for the property a total consideration of ₱5.3 million based on the minimum saleable area.

29. Supplementary Information under Revenue Regulations (RR) 15-2010

The Club reported and/or paid the following types of taxes in 2017:

VAT

The Club's sales are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12.0%.

The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. Accordingly, the Club's sales are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT. R.A. No. 9337 increased the VAT rate from 10.0% to 12.0%, effective February 1, 2006.

Details of the Club's net sales/receipts, output VAT and input VAT accounts are as follows:

a. Net Sales/Receipts and Output VAT declared in the Club's VAT returns

| | Net Sales/ Receipts | Output VAT |
|---|------------------------|-------------|
| Taxable sales: | | |
| Sales of services | ₱87,167,408 | ₱10,460,089 |
| Membership dues collected in advance | 8,025,000 | 963,000 |
| Exempt sales | 29,940,385 | — |
| Exempt membership dues collected in advance | 2,831,424 | — |
| | ₱127,964,217 | ₱11,423,089 |

Input VAT

| | |
|---|-------------|
| Balance at July 1, 2016 | ₱- |
| Current year's domestic purchases/payments for: | |
| Goods other than for resale or manufacture | 2,654,081 |
| Capital goods exceeding ₱1,000,000 | 139,286 |
| Domestic purchases of services | 5,431,001 |
| | <hr/> |
| | 8,224,368 |
| Applied against output tax | (8,224,368) |
| Balance at June 30, 2017 | ₱- |

Withholding Taxes

| | |
|--|------------|
| Withholding taxes on compensation and benefits | ₱1,607,754 |
| Expanded withholding taxes | 1,566,658 |
| Final withholding taxes | 460,000 |
| | <hr/> |
| | ₱3,634,412 |

Other Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, licenses and permit fees lodged under "Taxes and Licenses" account under "General and Administrative" section in the statement of income:

| | |
|-------------------------------------|------------|
| Real estate taxes | ₱3,107,150 |
| Business taxes (local business tax) | 657,760 |
| Documentary stamp tax | 23,496 |
| | <hr/> |
| | ₱3,788,406 |

Tax Assessments

The Club did not receive any final tax assessments in 2017, nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of BIR.

Schedule A. Marketable Securities.(Current Marketable Equity Securities & Other Short-term Cash Investments)

| Name of Issuing entity and association of each issue (1) | Number of shares or principal amount of bonds and notes | Amount shown in the balance sheet (2) | Valued based on market quotation at balance sheet date (3) | Income received and accrued |
|---|---|---|--|-----------------------------|
| 1. Metro Bank & Trust Co. | 655,691.20 | 655,691.20 | 655,691.20 | 0.00 |
| 2. PR Savings Bank | 1,019,773.36 | 1,019,773.36 | 1,019,773.36 | 19,773.36 |
| | 1,675,464.56 | 1,675,464.56 | 1,675,464.56 | 19,773.36 |

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

| | Name and Designation of Debtor (1) | Balance at beginning of period | Additions | Amounts collected (2) | Amounts written off (3) | Current | Not Current | Balance at end of period |
|----|--------------------------------------|--------------------------------|---------------|-------------------------|---------------------------|--------------|-------------|--------------------------|
| | Other Receivables: | | | | | | | |
| 1 | Employees | 15,442.54 | 251,660.71 | 251,354.00 | | 15,749.25 | | 15,749.25 |
| 2 | Driving Range Operator | 90,134.23 | 57,022.72 | 143,469.90 | | 3,687.05 | | 3,687.05 |
| 3 | Locators | .00 | 708,916.63 | 352,238.18 | | 356,678.45 | | 356,678.45 |
| 4 | Pacsport Phils. | .00 | 1,326,163.50 | 1,152,127.05 | | 174,036.45 | | 174,036.45 |
| 5 | SSS- sickness benefits | .00 | 70,075.00 | 23,250.00 | | 46,825.00 | | 46,825.00 |
| 6 | Suppliers | 240,740.00 | 4,847,662.78 | 3,562,132.93 | | 1,526,269.85 | | 1,526,269.85 |
| 7 | Various Sponsors | 30,000.00 | 847,050.01 | 766,071.43 | | 110,978.58 | | 110,978.58 |
| 8 | Various Banks | 12,130.00 | 61,770.67 | 52,636.69 | | 21,263.98 | | 21,263.98 |
| 9 | Employees Canteen | .00 | 124,612.13 | 124,612.13 | | 0.00 | | 0.00 |
| 10 | ANIX Restaurant | .00 | 1,098,409.67 | 726,703.76 | | 371,705.91 | | 371,705.91 |
| 11 | MJ CARR Golf Management | 276,953.10 | 2,412,402.70 | 2,586,688.68 | | 102,667.12 | | 102,667.12 |
| 12 | Others -employees | 205,662.00 | 470,915.38 | 393,351.08 | | 283,226.30 | | 283,226.30 |
| 13 | BALI SPA/Barber Shop | 4,340.40 | 44,661.45 | 44,421.45 | | 4,580.40 | | 4,580.40 |
| 14 | INTERPRO | .00 | 1,461,659.34 | 1,461,659.34 | | 0.00 | | 0.00 |
| 15 | SMART | 511,342.50 | 760,509.50 | 1,087,384.38 | | 184,467.62 | | 184,467.62 |
| 16 | Pioneer Insurance | .00 | 92,500.00 | | | 92,500.00 | | 92,500.00 |
| 17 | JAY J'S Restaurant | | 1,695,128.41 | 1,385,764.38 | | 309,364.03 | | 309,364.03 |
| 18 | Celestial Security | | 64,288.74 | 29,416.23 | | 34,872.51 | | 34,872.51 |
| 19 | Employee-GM | .00 | 200,000.00 | 200,000.00 | | 0.00 | | 0.00 |
| 20 | GAUDAN | .00 | 123,838.13 | 26,537.31 | | 97,300.82 | | 97,300.82 |
| | | 1,386,744.77 | 16,719,247.47 | 14,369,818.92 | .00 | 3,736,173.32 | .00 | 3,736,173.32 |

Schedule C. Non-Current Marketable Equity Securities, Other Long-Term Investments in Stock and Other Investments

| Name of Issuing entity and description of Investment (1) | Beginning Balance | | | Additions | | | Deductions | | | Ending Balance | |
|--|---|--------------------|--|--------------|--|--------------|--|---------------------------|--|----------------|--|
| | Number of shares or principal amount of bonds and notes (2) | Amount in Pesos | Equity in earnings (losses of investees for the period (3) | Other (4) | Distribution of earnings by investees (5) | Other (6) | Number of shares or principal amounts of bonds and notes (2) | Amount in Pesos (7) | Dividends received from investments not accounted for by the equity method | | |
| N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | |

Schedule D. Indebtedness of Unconsolidated Subsidiaries and Related parties

| Name of Related parties (1) | Balance at beginning of period | Balance at end of period (2) |
|-----------------------------|--------------------------------|------------------------------|
| N.A. | N.A. | N.A. |

Schedule E. Intangible Assets - Other Assets

| Description (1) | Beginning balance | Additions at cost (2) | Charged to cost and expenses | Charged to other accounts. | Other Changes additions (deductions) | Ending balance |
|------------------------------|---------------------|-------------------------|------------------------------|----------------------------|--------------------------------------|---------------------|
| Other Assets | | | | | | |
| Miscellaneous deposits | 787,844.48 | | 97,999.15 | | | 689,845.33 |
| Deposit to MJ Carr | 2,291,461.24 | 79,055.00 | 0.00 | | | 2,370,516.24 |
| Deferred Interest | | | | | | |
| Exp. Accretion | 154,178.68 | 0.00 | 154,178.68 | | | 0.00 |
| Computer soft-ware & systems | 387,636.77 | 321,115.07 | 263,345.99 | | | 445,405.85 |
| | <u>3,621,121.17</u> | <u>400,170.07</u> | <u>515,523.82</u> | <u>0.00</u> | <u>0.00</u> | <u>3,505,767.42</u> |

Schedule F. Long Term Debt

| Title of issue and type of obligation (1) | Amount authorized by indebtedure | Amount shown under caption "Current portion of long-term debt" in related balance sheet (2) | Amount shown under caption "Long term debt in related balance sheet (3) |
|---|----------------------------------|---|---|
| | N/A | N/A | N/A |

Schedule G. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

| Name of Related Party (1) | Balance at beginning of period | Balance at end of period (2) |
|-----------------------------|--------------------------------|--------------------------------|
| N.A. | N.A. | N.A. |

Schedule H. Guarantees of Securities of Other Issuers (1)

| Name of issuing entity of securities guaranteed by the company for which this statement is filed | Title of issue of each class of securities guaranteed | Total amount guaranteed and outstanding (2) | Amount owned by person for which statement is filed | Nature of guarantee (3) |
|--|---|---|---|---------------------------|
| N.A. | N.A. | N.A. | N.A. | N.A. |

Schedule I. Capital Stock (1)

| Title of issue (2) | Number of Shares authorized | Number of shares issued and outstanding at shown under related balance sheet caption | Number of shares reserved for options, warrants, conversion and other rights | Number of shares held by parties (3) | Directors, officers and employees | Others |
|----------------------|-----------------------------|--|--|--|-----------------------------------|--------|
| Common share | 1,800 | 1,593 | 0 | 0 | 9 | 1,584 |

ITEM 8. CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

For the Fiscal years ended June 30, 1998 up to June 30, 2003, the Club's external auditor was Joaquin Cunanan & Co.. The handling partner was Miss Irene Vallesteros. The engagement of Joaquin Cunanan & Co. was terminated last May 2004 upon approval of the Board on April 29, 2004 on the hiring of Punongbayan & Araullo. The hiring was in compliance with the Manual of Corporate Governance to rotate the external auditor every five (5) years.

For the years ended June 30, 2004 up to 2007, the financial statements of Valley Golf & Country Club was audited by Punongbayan & Araullo. The handling partner is Ms. Mailene Sigue-Bisnar. Punongbayan & Araullo was hired to audit the 2004 books of account by the Board of Directors, in compliance with the resolution approved during the Stockholders' Meeting of September 28, 2003 to leave the decision on the hiring of the new external auditors to the sound discretion of the Board subject to the observance of SEC Regulations on Good Corporate Governance. The election of Punongbayan and Araullo as the Club's External Auditors was approved during the September 26, 2004 Stockholders' Meeting.

For the years ended June 30, 2008 up to 2012, the financial statements of Valley Golf & Country Club, Inc. were audited by Uy Singson Abella & Co. The handling partner is Ms. Milagros F. Padernal. The change in external auditor was approved by the Board of Directors on their regular meeting last June 14, 2008. The recent change in external auditor is in compliance with SEC Memo Circular No. 8 (Series of 2003)/SRC Rule 68 (4)(b)(iv) on Rotation of external auditors at least every five (5) years, and has been reflected in a current report submitted to the SEC.

For the years ended June 30, 2013 up to 2017, the financial statements of Valley Golf & Country Club, Inc. were audited by Sycip Gorres Velayo & Co. The handling partner is Mr. Jose Pepito E. Zabat III from 2013 to 2016 and for fiscal year 2017 the handling partner is Mr. Alexis Benjamin C. Zaragoza III. The change in external auditor was approved by the Board of Directors on their regular meeting last May 19, 2012 and the appointment was approved during Regular Stockholders' Meeting on September 22, 2013. The change in external auditor is in compliance with SEC Memo Circular No. 8 (Series of 2003)/SRC Rule 68 (4)(b)(iv) on Rotation of external auditors at least every five (5) years, and has been reflected in a current report submitted to the SEC.

There are no disagreements with Joaquin Cunanan & Co, Punongbayan & Araullo, Uy Singson Abella and Sycip Gorres Velayo & Co on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

Incumbent Board of Directors, Executive Officers and Significant Employees of Valley Golf & Country Club, Inc.

| Name | Age | Citizenship | Position | Term of Office as Director/ Period Served |
|-----------------------------|-----|-------------|---------------------|--|
| Isauro V. San Pedro, Jr. | 63 | Filipino | President | 3yrs/2014-Present |
| Luis Manuel S. Polintan | 69 | Filipino | Vice-President | 3 yrs. 2015 - Present |
| Abraham C. dela Cruz | 63 | Filipino | Treasurer | 3 yrs. 2015 - Present |
| Alexander S. Marquez | 61 | Filipino | Asst. Treasurer | 3yrs/2014-Present |
| Lakan D. Fonacier * | 63 | Filipino | Director | 3yrs/2014-Present |
| Luis G. Quiogue * | 52 | Filipino | Director | 3 yrs. 2015 - Present |
| Virgilio C. Bucat | 58 | Filipino | Director | 3 yrs. 2016 - Present |
| Augusto A. Cruz, Jr. | 63 | Filipino | Director | 3 yrs. 2016 - Present |
| Jaime Victor J. Santos * | 45 | Filipino | Director | 3 yrs. 2016 - Present |
| Rio Sesinando E. Venturanza | 59 | Filipino | Corporate Secretary | N.A. |
| * Independent Director | | | | |

Mr. Isauro V. San Pedro, Jr. has been a member of the Club since 2003 as Playing Guest and became a Proprietary Member in 2006. He was elected to the Board in 2008 and held the following positions during his stint as Director: Chairman, Real Estate Committee (2008-2011) and Vice Chairman of the House and Construction Committee (2010-2011). Mr. Isauro V. San Pedro, Jr. is a graduate of B.S. in Industrial Engineering - National University. He completed post graduate studies at Dela Salle University - Master of Business Management (MBM), Asian Institute of Management - Basic Management Program (BMP), University of Asia and Pacific - Master in Strategic Business Economics (SBEP). Concurrently, he is the President & Corporate Operations Director of B-MIRK Group of Companies.

Mr. Luis Manuel S. Polintan has been a member of the Club since June, 1999 as Playing Guests and became a Proprietary Member in September, 2010. He is the President/Owner of Interworld Security Agency and Empl'es Commercial. He is currently the Chairman of the House Committee

Mr. Abraham C. Dela Cruz has been a member of the Club since March, 2006. He is currently the President/General Manager of Triple "A" Commercial and Trading Corp., Chairman of Candaba Water District (2007- Present),

Chairman of Multi System Const. Dev. Corp. (2012-Present). He is currently the Chairman of the Finance Committee and Membership Committee.

Mr. Alexander S. Marquez has been a member since 1994. He was elected to the Board in 2000. A year after his election, he was elected Vice-President and became the Club's President in 2002-03. He held the following positions during his tenure as Director: Chairman of House Committee (2001-02), Chairman of Purchasing Committee (2001-02), Chairman of Sports & Games Committee (2000-01), Chairman of Housekeeping Committee (2000-01). He also served the Club as a member of various committees. He was elected as City Councilor of Antipolo to full three-year term for three times. Presently, he is the Managing Director of Our Lady of Peace Memorial Park and Services. He is currently the Chairman of the Real Estate Committee and Ad-hoc Committee on Special Projects.

Mr. Lakan D. Fonacier has been a member of the Club since 2008. He is a retired business executive and former financial consultant of several Local Government Units (LGUs). He was the Chairman of the 12th Don Celso Tuason Cup Committee in 2012. At present, he is actively serving the Club as Chairman of the Audit Committee.

Mr. Luis G. Quiogue has been a member of the Club as playing guest since 2002 and became a proprietary member on April 2013. He is currently the General Manager of Presidential Commission on Good Governance from March 2011 to present. He is the Chairman of the Trust Fund Committee.

Mr. Virgilio C. Bucat is a Club member since Oct. 2005 as Playing Guest and became a Proprietary Member on Nov. 19, 2005. He is the President of SAGADA Builders. A member of the Real Estate Committee in 2014-2015 and currently the Chairman of the Grounds and Engineering Committee and Security Committee.

Mr. Augusto A. Cruz, Jr. is a Club Member since Feb. 1987 and became a Proprietary member on April 2007. He is a Sales Agent of Pioneer Life, Inc. and Account officer of PCI Leasing & Finance, Inc. He is currently the Chairman of the Administration Committee.

Mr. Jaime Victor J. Santos is a Club Member as Proprietary Member since Nov. 10, 2007. He is the Managing Director of Jamar Development and Realty Corporation, Dahilayan Agri Development Corporation and Belen & Sons Commodities Inc. He is also a Director of Association of Fresh Fish Traders of the Philippines, Inc. He is currently the Chairman of the Sports & Games Committee.

Atty. Rio Sesinando E. Venturanza is a Club Member as Proprietary Member since March 19, 2011. Atty. Venturanza is a Partner at Tan Venturanza Valdez Law Offices. He is a graduate of Bachelor of Laws in the University of the Philippines. He is currently a member of the Real Estate Committee.

The directors are independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with their exercise of independent judgment in carrying out their responsibilities as directors. There are no other directors other than the above mentioned names.

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers or persons nominated or chosen by the registrant to become directors or executive officers.

During the past five (5) years there was no bankruptcy petition filed by or against any business of which the directors, any nominee for election as director and executive officers is a general partner or executive officer either at the time of bankruptcy or within two years prior to that time.

There is no conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses against the directors, any nominee for election as director and executive officers.

None of the directors, any nominee for election as director and executive officers are subject to 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 his involvement in any type of business, securities, commodities or banking activities.

None of the directors, any nominee for election as director and executive officers were found by a domestic or foreign court of competent jurisdiction, the Commission of comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

SIGNIFICANT EMPLOYEES

Ms. Rosanna R. Arguelles was born on October 9, 1963 in Antipolo City and is now 53 years old; She is a CPA and a graduate of BSC with a major in Accounting at University of Santo Tomas. She was previously Chief Accountant of the Municipality of Antipolo. She started her employment at Valley Golf in 1988 and is now the Division Manager of the Controller's Division.

Ms. Elda C. Jugo was born on September 9, 1962 in Binangonan, Rizal and is now 54 years old. She graduated from Far Eastern University with a degree of Bachelor of Science in Accounting. She was initially hired as typist-filing clerk in 1986 and is now the Finance and Accounting Manager of the Club.

Mr. Sigfried Arguelles was born on January 5, 1962 and is now 54 years old. He started working at Valley Golf in 1990 and now the Clubhouse and External Affairs Manager of the Club.

These are the Division Manager and Department Managers and are considered the key personnel of the Club. The division and department managers as well as supervisors were previously given a yearly increase in salaries at a maximum of 3%. But in 2010, instead of giving annual increases, managers and supervisors were given performance bonuses - percentage from the audited net income. They also receive Christmas bonuses. All duties and responsibilities are ensured to be rotated to other supervisors within the department so there will be no monopoly of knowledge. The friendly atmosphere between management and supervisors and the benefits that the employees receive are factors that contribute to the sense of loyalty of the employees.

ITEM 10. EXECUTIVE COMPENSATION

Executive Compensation

General

The President, Vice-President, Treasurer, Asst. Treasurer and all members of the Board are not paid any compensation of whatever kind since election to the Board up to the present.

SUMMARY COMPENSATION TABLE

| Name | Position | Fiscal Year | Salary/month Retainer | 13 th month | Bonus |
|-----------------------|--|-------------|-----------------------|------------------------|-----------|
| Rosanna R. Arguelles | Division Manager Controller | 2012 | 71,890.00 | 71,890.00 | 23,385.90 |
| | | 2013 | 76,390.00 | 76,390.00 | 24,780.90 |
| | | 2014 | 80,890.00 | 80,890.00 | 26,175.90 |
| | | 2015 | 80,890.00 | 80,890.00 | 26,175.90 |
| | | 2016 | 83,317.00 | 83,317.00 | 30,298.27 |
| | | 2017 | 83,317.00 | 83,317.00 | 30,298.27 |
| Elda C. Jugo | F & A Mngr. | 2012 | 38,840.00 | 38,840.00 | 13,140.40 |
| | | 2013 | 43,340.00 | 43,340.00 | 14,535.40 |
| | | 2014 | 47,840.00 | 47,840.00 | 15,930.40 |
| | | 2015 | 47,840.00 | 47,840.00 | 15,930.40 |
| | | 2016 | 49,275.00 | 49,275.00 | 19,745.25 |
| | | 2017 | 49,275.00 | 49,275.00 | 19,745.25 |
| Sigfried C. Arguelles | Clubhouse and External Aff. Manager | 2014 | 30,000.00 | 30,000.00 | 10,400.00 |
| | | 2015 | 30,000.00 | 30,000.00 | 10,400.00 |
| | | 2016 | 30,900.00 | 30,900.00 | 14,049.00 |
| | | 2017 | 30,900.00 | 30,900.00 | 14,049.00 |

Compensation of Directors

Valley Golf & Country Club's directors have not been and still are not compensated, directly or indirectly for any services provided as such pursuant to Article IV, Section 2 of the By-laws.

Employment contracts and termination of employment and change-in-control arrangements

The Board of Directors is composed of nine (9) members. Every year at the annual stockholders' meeting, three (3) directors are elected for a term of three (3) years. No director can serve consecutively for more than three (3) years.

The Club has no compensatory plan or arrangement with its directors and General Manager resulting from resignation, retirement or any other termination of their relationship with the company, or from a change in control of the company or a change of responsibilities following a change in control.

Warrants and Options Outstanding: Repricing

There are no warrants or options held by the company's CEO, the executive officers, and all officers and directors as a group.

Family Relationships

As of the filing of this report, management is not aware of any relationship (up to the fourth civil degree), either by consanguinity or affinity among the directors, executive officers or members nominated to be directors.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

1. There is no person or any group of persons who is the owner on record or the beneficial owner, directly or indirectly of more than five percent (5%) of the Club's voting securities.
2. All members of the Board are the owners on record of one share each which qualifies them for directorship, there is no director who is the beneficial owner of other shares of stocks.

| Title of Class | Name of Beneficial Owner | Amount/Nature of Beneficial Ownership | Citizenship | Percent of Class |
|----------------|-----------------------------|---------------------------------------|-------------|------------------|
| Common | Isauro V. San Pedro, Jr. | 1 share | Filipino | Negligible |
| Common | Luis Manuel S. Polintan | 1 share | Filipino | Negligible |
| Common | Abraham C. Dela Cruz | 1 share | Filipino | Negligible |
| Common | Alexander S. Marquez | 1 share | Filipino | Negligible |
| Common | Lakan D. Fonacier | 1 share | Filipino | Negligible |
| Common | Luis G. Quiogue | 1 share | Filipino | Negligible |
| Common | Virgilio C. Bucat | 1 share | Filipino | Negligible |
| Common | Augusto A. Cruz, Jr. | 1 share | Filipino | Negligible |
| Common | Jaime Victor J. Santos | 1 share | Filipino | Negligible |
| Common | Rio Sesinando E. Venturanza | 1 share | Filipino | Negligible |

2. The Club is not aware of the existence of any voting trust holders of any proportion of the existing authorized capital stock.
3. There is no arrangement, which may result in a change in management control of registrant since the beginning of the last fiscal year.

ITEM 12 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In line with the policy of Valley Golf of transparency and avoidance of conflict of interest situations by its directors/officers as provided in the By-Laws, Valley Golf does not have any transactions with or involving a company or any of its subsidiaries in which a director, executive officer, or stockholder owns ten percent (10%) or more of the total outstanding shares and members of their immediate family had or is to have a direct or indirect material interest.

Valley Golf did not have transactions with promoters.

Valley Golf does not have a parent company or a subsidiary company.

PART IV – CORPORATE GOVERNANCE

ITEM 13 – CORPORATE GOVERNANCE

PLEASE REFER TO ATTACHED ANNUAL CORPORATE GOVERNANCE REPORT (ACGR)

PART V - EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

1. Exhibits

- A. Amended Articles of Incorporation – 15 pages
- B. Amended By-Laws – 15 pages
- C. Annual Report to Security Holders – 64 pages
- D. Minutes of the September 25, 2016 Stockholders' Meeting

Valley Golf does not have Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession, Instruments defining rights of security holders, voting trust agreement, subsidiaries, power of attorney or other reports mentioned.

2. Reports on SEC Form 17 – C and Form 17 - Q

- a. On Sept. 28, 2016, Valley Golf submitted the Current Report 17-C on the Disclosure Statements of the Board of Directors.
- b. On Sept. 28, 2016, Valley Golf submitted the Current Report 17-C on the Resignation of Corporate Secretary, Atty. Ronald O. Solis.
- c. On Sept. 28, 2016, Valley Golf submitted the Current Report 17-C on the election of the Board of Directors, Board Members who ceased to hold their positions and new officers elected by the Board of Directors in the organizational meeting on Sept. 25, 2016.
- d. On Sept. 28, 2016, Valley Golf submitted the Current Report 17-C on the appointment of Sycip Gorres Velayo & Co. as Valley Golf's External Auditors or Independent Accountants during the Sept. 25, 2016 Stockholders' meeting.
- e. On Sept. 28, 2016, Valley Golf submitted the Current Report 17-C on the results of the voting on the proposed Amendments of the By-laws during the Sept. 25, 2016 Stockholders' meeting.
- f. On Sept. 28, 2016, Valley Golf submitted the General Form for Financial Statements for the fiscal year ending June 30, 2016.
- g. On Oct. 12, 2016, Valley Golf submitted the Current Report 17-C on the appointment of Dir. Alexander S. Marquez as Asst. Treasurer, Dir.


- Lakan D. Fonacier as Chairman of the Audit Committee and Dir. Augusto A. Cruz, Jr. as Chairman of the Remuneration Committee.
- h. On Oct. 12, 2016, Valley Golf submitted the Form 17-A, Annual Report for the fiscal year ending June 30, 2016.
 - i. On Oct. 13, 2016, Valley Golf submitted the Current Report 17-C on the appointment of Atty. Rio Sesinando E. Venturanza as Corporate Secretary.
 - j. On Oct. 19, 2016, Valley Golf submitted the Current Report 17-C on the appointment of Independent Directors.
 - k. On October 19, 2016, Valley Golf submitted the General Information Sheet for 2016.
 - l. On Nov. 2, 2016, Valley Golf submitted 17-Q for the quarterly report for the first quarter.
 - m. On Nov. 2, 2016, Valley Golf submitted the Current Report 17-C on the appointment of the members of the Audit Committee, Remuneration Committee and the Committee on Elections.
 - n. On Jan. 4, 2017, Valley Golf submitted the current report 17-C on the renewal of the contract of Cafirma, Ong & Co. CPA's as Internal Auditor of Valley Golf & Country Club, Inc. effective January 2017.
 - o. On Jan. 4, 2017, Valley Golf submitted the current report 17-C on compliance with the Manual of Corporate Governance for the year ended December 31, 2016.
 - p. On Feb. 7, 2017, Valley Golf submitted the current report 17-C on the attendance of Dir. Augusto A. Cruz, Jr. and General Manager Antonio Carlos S. Ocampo on the seminar on Good Corporate Governance.
 - q. On Feb 7, 2017, Valley Golf submitted 17-Q for the quarterly report for the second quarter.
 - r. On May 10, 2017, Valley Golf submitted 17-Q for the quarterly report for the third quarter.
 - s. On June 2, 2017 Valley Golf submitted the Current Report 17-C on the resignation of Cafirma, Ong & Co. CPA's as Internal Auditor of Valley Golf & Country Club, Inc. effective June 30, 2017.
 - t. On June 2, 2017, Valley Golf submitted the Current Report 17-C on the attendance of Dir. Virgilio C. Bucat and Dir. Jaime Victor J. Santos on the seminar on Good Corporate Governance.
 - u. On June 2, 2017 Valley Golf submitted the Current Report 17-C on the resignation of Antonio Carlos S. Ocampo as General Manager of Valley Golf & Country Club, Inc. effective June 30, 2017.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Antipolo on October 11, 2017


VALLEY GOLF & COUNTRY CLUB, INC.


By:


ISAURO V. SAN PEDRO, JR.
Principal Executive Officer/
President


ABRAHAM C. DELA CRUZ
Principal Financial Officer/
Treasurer


RIO SESINANDO E. VENTURANZA
Corporate Secretary/Compliance Officer


ROSANNA R. ARGUELLES
Comptroller/Head Controllers'
Division


ELDA C. JUGO
Principal Accounting Officer/
Finance & Accounting Manager

SUBSCRIBED AND SWORN to before me this OCT 11 2017 day of _____, 2017
affiants exhibiting to me their valid ID's, as follows:

Name

Isauro V. San Pedro, Jr.
Abraham C. Dela Cruz
Rio Sesanando E. Venturanza
Rosanna R. Arguelles
Elda C. Jugo

TIN No. 115-968-382
TIN No. 106-571-989
TIN No. 100-699-738
PRC ID No. 069065
TIN No. 102-778-591

NOTARY PUBLIC



CARLA MAE E. BADI

Notary Public for Cities of Pasig and San Juan
and in the Municipality of Pateros
Appointment No. 157 (2016-2017)
Commission Expires on December 31, 2017
2704 East Tower, PSE Centre, Exchange Road,
Ortigas Center, 1605 Pasig City
PTR No. 2553922 / 01.09.2017 / Mandaluyong
IBP No. 1055710 / 01.03.2017 / RSM
Roll of Attorneys No. 63373

Doc. No. 69 :
Page No. 15 :
Book No. IV :
Series of 2017

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COVER SHEET

1 3 9 5 1

S.E.C. Registration Number

VALLEY GOLF & COUNTRY CLUB INC

(Company's Full Name)

DON CELSO S TUASON AVENUE
VICTORIA VALLEY, ANTIPOLO CITY

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

TESS GAN

Contact Person

634-5692/93

Company Telephone Number

0 6

Month

3 0

Day

Fiscal Year

Amended Articles of Incorporation

FORM TYPE

0 9

Month

4th Sun

Day

Annual Meeting

Second License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

File Number

LCU *J. Y. 17-08*

LCU

Document I.D.

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

Company Reg. No. 13951

CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION

KNOW ALL PERSONS BY THESE PRESENTS:

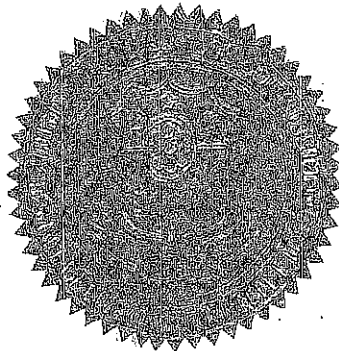
THIS IS TO CERTIFY that the amended articles of incorporation of the

VALLEY GOLF & COUNTRY CLUB, INC.
[Amending Article IV by extending the term of its existence thereof.]

copy annexed, adopted on July 29, 2006 by a majority vote of the Board of Directors and on November 18, 2007 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company, pre-need plan issuer, general agent in pre-need plans and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 29th day of April, Two Thousand Eight.




BENITO A. CATARAN
Director
Company Registration and Monitoring Department



AMENDED
ARTICLES OF INCORPORATION
OF

**VALLEY GOLF & COUNTRY CLUB,
INC.**

(Amended as of September 10, 1989)
(Formerly Valley Golf Club, Inc.)

KNOW ALL MEN BY THESE PRESENTS:

That we, all of whom are of legal age and residents of the Philippines, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the Philippines.

AND WE HEREBY CERTIFY:

FIRST. That the name of said corporation shall be "VALLEY GOLF & COUNTRY CLUB, INC." (As amended on September 10, 1989).

SECOND. That the purposes for which the said corporation is formed are:

PRIMARY PURPOSE

To foster and promote the game of golf and operate and maintain a golf course and country club.

SECONDARY PURPOSE

To buy, lease or otherwise acquire, own, hold and dispose of, such real and personal property as may be necessary, advantageous or convenient in the conduct of its business; to develop, improve, and subdivide any properties owned by the corporation; and, generally, to do and perform all such acts and things, and to

exercise such powers as are ordinarily done, performed and exercised by social and athletic clubs and associations.

THIRD. That the place where the principal office of the corporation is to be established or located is Antipolo, Rizal, Philippines.

FOURTH. That the term for which said corporation is to exist for another **FIFTY (50) YEARS** from May 15, 2008. (as amended on November 18, 2007).

FIFTH. That the names, residence and nationality of the incorporators of said corporation are as follows:

| <u>Name</u> | <u>Nationality</u> | <u>Residence</u> |
|------------------------|--------------------|---|
| Celso Tuason | Filipino | Wilson St., San Juan, Rizal |
| Aurelio Montinola, Sr. | Filipino | Mahogany Rd., Forbes Park Makati, Rizal |
| Ernest Kahn | Filipino | Russell Ave., Pasay City |
| Henry Belden | American | 13 th St., New Manila, Q. C. |
| J. Antonio Araneta | Filipino | Mckinley Rd., Forbes Park Makati, Rizal |

SIXTH. That the number of Directors of said corporation shall be nine (9) and the names and residences of the Directors of the corporation who are to serve until their successors are elected and qualified as provided by the By-Laws are as follows:

| <u>Name</u> | <u>Nationality</u> | <u>Residence</u> |
|------------------------|--------------------|---|
| Celso Tuason | Filipino | Wilson St., San Juan, Rizal |
| Aurelio Montinola, Sr. | Filipino | Mahogany Rd. Forbes Park, Makati, Rizal |
| Ernest Kahn | Filipino | Russell Ave., Pasay City |
| Henry Belden | American | 13 th St., New Manila, Q. C. |

| | | |
|------------------------|----------|--|
| J. Antonio Araneta | Filipino | McKinley Rd., Forbes Park, Makati, Rizal |
| Francisco Ortigas, Jr. | Filipino | R. Alunan St., Manila |
| Jaime Velasquez | Filipino | Easy St., San Juan, Rizal |

SEVENTH. That the capital stock of said corporation is Sixteen Million Two Hundred Thousand Pesos (PhP16,200,000.00) divided into One Thousand Eight Hundred (1,800) shares of the par value of Nine Thousand Pesos (PhP9,000) each. (as amended on September 13, 1981).

Said shares of stock shall be owned by and the interest thereof accrue only to the registered owner thereof, who, aside from his rights as shareholder, may in addition, and subject to such rules and regulations as may be promulgated by, and to screening and approval of the Board of Directors, be issued a regular membership card that would entitle him to all the rights and privileges that are extended to all holders of regular membership cards for the use and enjoyment of the facilities and premises of the Club.

Any person who owns or buys a share in the company must apply for membership within thirty (30) days from date of registration of sale. This condition shall appear in the stock certificates.

EIGHTH. That the amount of said capital stock which has been actually subscribed is ONE MILLION PESOS (PhP1,000,000.00) and the following persons have subscribed for the number of shares and amount of capital stock set out after their respective names.

| <u>Name</u> | <u>Residence</u> | <u>No. of Shares</u> | <u>Amount Subscribed</u> |
|---------------------------|--------------------|--------------------------|------------------------------|
| Aguinaldo, Francisco R. | Quezon City | 1 | P10,000.00 |
| Aguirre, Tomas B. | Pasay City | 1 | 10,000.00 |
| Alafris, Arturo A. | Pasay City | 1 | 10,000.00 |
| Araneta, J. Antonio | Makati, Rizal | 1 | 10,000.00 |
| Araneta, Luis M. | Manila | 1 | 10,000.00 |
| Babat, Chester | Quezon City | 1 | 10,000.00 |
| Balcóff, Charles I. | Manila | 1 | 10,000.00 |
| Barredo, Manuel | Manila | 1 | 10,000.00 |
| Bautista, Constantino | Quezon City | 1 | 10,000.00 |
| Belden, Henry | Quezon City | 1 | 10,000.00 |
| Bennett, Henry E. | San Juan, Rizal | 1 | 10,000.00 |
| Brias, Enrique | Makati, Rizal | 1 | 10,000.00 |
| Brias, Jaime | Manila | 1 | 10,000.00 |
| Cacho, Francisco | Mandaluyong, Rizal | 1 | 10,000.00 |
| Cacho, Jose A. | Manila | 1 | 10,000.00 |
| Chua, Antonio Roxas | Manila | 1 | 10,000.00 |
| Cojuangco, Pedro | Manila | 1 | 10,000.00 |
| Consunji, Ricardo | Mandaluyong, Rizal | 1 | 10,000.00 |
| Cortes, Jose Ma. | Quezon City | 1 | 10,000.00 |
| Cortes, Felix | Quezon City | 1 | 10,000.00 |
| Cruz, Benvenido | Pasay City | 1 | 10,000.00 |
| Cu Unjiang, Benito | Manila | 1 | 10,000.00 |
| Dampere, Alfonso R. de | Manila | 1 | 10,000.00 |
| Diaz, Pompeyo | Manila | 1 | 10,000.00 |
| Feria, Jose | Manila | 1 | 10,000.00 |
| Fernandez, Jose | Manila | 1 | 10,000.00 |
| Frieder, Robert | Quezon City | 1 | 10,000.00 |
| Gabaldon, Isauro | Manila | 1 | 10,000.00 |
| Gambaa, Regino D. | Manila | 1 | 10,000.00 |
| Gonzales, Antonio | Quezon City | 1 | 10,000.00 |
| Gonzales, Rafael | Quezon City | 1 | 10,000.00 |
| Guerreo, Oscar E. | S. Juan, Rizal | 1 | 10,000.00 |
| Halling, F. R. | Makati, Rizal | 1 | 10,000.00 |
| Huang, Frank | S. Juan, Rizal | 1 | 10,000.00 |
| Jalbuena, L. P. | Pasay City | 1 | 10,000.00 |
| Kahn, Ernest | Pasay City | 1 | 10,000.00 |
| Klar, Jose | Quezon City | 1 | 10,000.00 |
| Libero, Andres | Quezon City | 1 | 10,000.00 |
| Licaros, Gregorio, Sr. | Manila | 1 | 10,000.00 |
| Licaros, Gregorio, B. Jr. | Manila | 1 | 10,000.00 |
| Lim, P.L. | S. Juan, Rizal | 1 | 10,000.00 |
| Lim, Peter | Makati, Rizal | 1 | 10,000.00 |
| Locsin, Jose | Manila | 1 | 10,000.00 |
| Lopa, Manuel | Pasay City | 1 | 10,000.00 |
| Lopez, Honrado C. | Manila | 1 | 10,000.00 |
| Lovell, B. H. | Pasig, Rizal | 1 | 10,000.00 |
| Luz, Alfredo J. | Manila | 1 | 10,000.00 |
| Madrigal, Antonio P. | Quezon City | 1 | 10,000.00 |
| Madrigal, Jose P. | Quezon City | 1 | 10,000.00 |
| Manahan, Constantino P. | Quezon City | 1 | 10,000.00 |
| Manglapus, Raul | San Juan, Rizal | 1 | 10,000.00 |
| Manotac, Ricardo S. | Quezon City | 1 | 10,000.00 |

| | | | |
|-------------------------|------------------|------------|-------------------|
| Matilla, Faustino | Quezon City | 1 | 10,000.00 |
| Miranda, Antonio | Pasay City | 1 | 10,000.00 |
| Montinola, Aurelio Sr. | Makati, Rizal | 1 | 10,000.00 |
| Montinola, Aurelio Jr. | Makati, Rizal | 1 | 10,000.00 |
| Montinola, Sergio | Bacolod City | 1 | 10,000.00 |
| Nathan, Karl | Quezon City | 1 | 10,000.00 |
| Norton, J. E. | Quezon City | 1 | 10,000.00 |
| Olives, Sebastian | Quezon City | 1 | 10,000.00 |
| Ortigas, Eduardo | Quezon City | 1 | 10,000.00 |
| Ortigas, Francisco | Manila | 1 | 10,000.00 |
| Ortigas, Rafael | Manila | 1 | 10,000.00 |
| Perez Rubio, Miguel | Makati, Rizal | 1 | 10,000.00 |
| Picazo, Evaristo | Makati, Rizal | 1 | 10,000.00 |
| Picornell, Santiago | Manila | 1 | 10,000.00 |
| Preysler, J. B. | Makati, Rizal | 1 | 10,000.00 |
| Quirino, Carlos | Manila | 1 | 10,000.00 |
| Recto, Alfonso | Makati, Rizal | 1 | 10,000.00 |
| Reyes, Narciso Jr. | Manila | 1 | 10,000.00 |
| Reyes, Víctor | Manila | 1 | 10,000.00 |
| Roco, Fernando S. | Quezon City | 1 | 10,000.00 |
| Roxas, Antonio | Pasay City | 1 | 10,000.00 |
| Roxas, Eduardo | Makati, Rizal | 1 | 10,000.00 |
| Rufino, Ernesto D. | Pasay City | 1 | 10,000.00 |
| Santayana, Luis S. | Makati, Rizal | 1 | 10,000.00 |
| Soriano, Andres | Pasay City | 1 | 10,000.00 |
| Soriano, Andres Jr. | Makati, Rizal | 1 | 10,000.00 |
| Soriano, Jose Maria | Pasay City | 1 | 10,000.00 |
| Sycip, Washington | Makati, Rizal | 1 | 10,000.00 |
| Tuason, Celsó A. | San Juan, Rizal | 1 | 10,000.00 |
| Tuason, Juan E. | Manila | 1 | 10,000.00 |
| Tuason, Severo A. | Manila | 1 | 10,000.00 |
| Unson, Miguel R. | Pasay City | 1 | 10,000.00 |
| Uy, James | Makati, Rizal | 1 | 10,000.00 |
| Velasquez, Jaime | San Juan, Rizal | 1 | 10,000.00 |
| Velayo, Alfredo | Makati, Rizal | 1 | 10,000.00 |
| Vellguth, Alfredo C. | Parañaque, Rizal | 1 | 10,000.00 |
| Villareal, Fernando Sr. | Makati, Rizal | 1 | 10,000.00 |
| Wilkinson, Gerald | Quezon City | 1 | 10,000.00 |
| Wilson, Calude M., Jr. | Quezon City | 1 | 10,000.00 |
| Young, Walter Au | Mandaluyong City | 1 | 10,000.00 |
| Ysmael, Carlos | San Juan, Rizal | 1 | 10,000.00 |
| Ysmael, Felipe | Quezon City | 1 | 10,000.00 |
| Yu Kho Siong | Quezon City | 1 | 10,000.00 |
| Yu Kho Thai | Manila | 1 | 10,000.00 |
| Yujuico, Alejandro S. | Pasay City | 1 | 10,000.00 |
| Yujuico, Jesus S. | Quezon City | 1 | 10,000.00 |
| Zulueta, Cesar de | Quezon City | 1 | 10,000.00 |
| | Makati City | 1 | 10,000.00 |
| | | <u>100</u> | <u>P1,000,000</u> |

NINTH. That the following persons have paid on the shares of capital stock for which they have subscribed the amounts set out after their respective names.

| <u>Name</u> | <u>Residence</u> | <u>Amount Subscribed</u> |
|---------------------------|--------------------|------------------------------|
| Aguinaldo, Francisco R. | Quezon City | P 3,500.00 |
| Aguirre, Tomas B. | Pasay City | 3,500.00 |
| Alafris, Arturo A. | Pasay City | 3,500.00 |
| Araneta, J. Antonio | Makati, Rizal | 3,500.00 |
| Araneta, Luis Ma. | Manila | 3,500.00 |
| Balcoff, Chester | Quezon City | 3,500.00 |
| Blacoff, Charles T. | Manila | 3,500.00 |
| Barredo, Manuel | Manila | 3,500.00 |
| Bautista, Constantino | Quezon City | 3,500.00 |
| Belden, Henry | Quezon City | 3,500.00 |
| Bennett, Henry E. | San Juan, Rizal | 3,500.00 |
| Brias, Enrique | Makati, Rizal | 3,500.00 |
| Brias, Jaime | Manila | 3,500.00 |
| Cacho, Francisco | Mandaluyong, Rizal | 3,500.00 |
| Cacho, Jose A. | Manila | 3,500.00 |
| Chua, Antonio Roxas | Manila | 3,500.00 |
| Cojuangco, Pedro | Manila | 3,500.00 |
| Consunji, Ricardo | Mandaluyong, Rizal | 3,500.00 |
| Cortes, Jose Ma. | Quezon City | 3,500.00 |
| Cortes, Felix | Quezon City | 3,500.00 |
| Cruz, Bienvenido | Pasay City | 3,500.00 |
| Cu Unjieng, Benito | Manila | 3,500.00 |
| Dampierre, Alfonso R. de | Manila | 3,500.00 |
| Diaz, Pompeyo | Manila | 3,500.00 |
| Feria, Jose | Manila | 3,500.00 |
| Fernandez, Jose | Manila | 3,500.00 |
| Frieder, Robert | Quezon City | 3,500.00 |
| Gabaldon, Isauro | Manila | 3,500.00 |
| Gamboa, Regino D. | Manila | 3,500.00 |
| Gonzales, Rafael | Quezon City | 3,500.00 |
| Guerrero, Oscar E. | S. Juan, Rizal | 3,500.00 |
| Halling, F. R. | Makati, Rizal | 3,500.00 |
| Huang, Frank | S. Juan, Rizal | 3,500.00 |
| Jalbuena, L.P. | Pasay City | 3,500.00 |
| Kahn, Ernest | Pasay City | 3,500.00 |
| Klar, Jose | Quezon City | 3,500.00 |
| Liboro, Andres | Quezon City | 3,500.00 |
| Licaros, Gregorio, Sr. | Manila | 3,500.00 |
| Licaros, Gregorio, B. Jr. | Manila | 3,500.00 |
| Lim, P. L. | S. Juan, Rizal | 3,500.00 |
| Lim, Peter | Makati, Rizal | 3,500.00 |
| Locsin, Jose | Manila | 3,500.00 |
| Lopa, Manuel | Pasay City | 3,500.00 |
| Lopez, Honrado G. | Manila | 3,500.00 |
| Loveil, G. H. | Pasig, Rizal | 3,500.00 |
| Luz, Alfredo J. | Manila | 3,500.00 |
| Madrigal, Antonio P. | Quezon City | 3,500.00 |

| | | |
|-------------------------|------------------|-----------|
| Madrigal, Jose P. | Quezon City | 3,500.00 |
| Manahan, Constantino P. | Quezon City | 3,500.00 |
| Manglapus, Raul | San Juan, Rizal | 3,500.00 |
| Manotoc, Ricardo S. | Quezon City | 3,500.00 |
| Matilla, Faustino | Quezon City | 3,500.00 |
| Miranda, Antonio | Pasay City | 3,500.00 |
| Montinola, Aurelio Sr. | Makati, Rizal | 3,500.00 |
| Montinola, Aurelio Jr. | Makati, Rizal | 3,500.00 |
| Montinola, Sergio | Bacofod City | 3,500.00 |
| Nathan, Karl | Quezon City | 3,500.00 |
| Norton, J. E. | Quezon City | 3,500.00 |
| Olives, Sebastian | Quezon City | 3,500.00 |
| Ortigas, Eduardo | Quezon City | 3,500.00 |
| Ortigas, Francisco | Manila | 3,500.00 |
| Ortigas, Rafael | Manila | 3,500.00 |
| Perez Rubio, Miguel | Makati, Rizal | 3,500.00 |
| Picazo, Evaristo | Makati, Rizal | 3,500.00 |
| Pirconelli, Santiago | Manila | 3,500.00 |
| Preysler, J. B. | Makati, Rizal | 3,500.00 |
| Quirino, Carlos | Manila | 3,500.00 |
| Alfonso, Recto | Makati, Rizal | 3,500.00 |
| Reyes, Narciso Jr. | Manila | 3,500.00 |
| Reyes, Victor | Manila | 3,500.00 |
| Roco, Fernando S. | Quezon City | 3,500.00 |
| Roxas, Antonio | Pasay City | 3,500.00 |
| Roxas, Eduardo | Makati, Rizal | 3,500.00 |
| Rufino, Ernesto D. | Pasay City | 3,500.00 |
| Santayana, Luis S. | Makati, Rizal | 3,500.00 |
| Soriano, Andres | Pasay City | 3,500.00 |
| Soriano, Andres Jr. | Makati, Rizal | 3,500.00 |
| Soriano, Jose Maria | Pasay City | 3,500.00 |
| Sycip, Washington | Makati, Rizal | 3,500.00 |
| Tuason, Celso A. | San Juan, Rizal | 3,500.00 |
| Tuason, Juan E. | Manila | 3,500.00 |
| Tuason, Severo A. | Manila | 3,500.00 |
| Unson, Miguel R. | Pasay City | 3,500.00 |
| Uy, James | Makati, Rizal | 3,500.00 |
| Velasquez, Jaime | San Juan, Rizal | 3,500.00 |
| Velayo, Alfredo | Makati, Rizal | 3,500.00 |
| Vellcuth, Alfred C. | Paranaque, Rizal | 3,500.00 |
| Villa-Abrille, Alfredo | Makati, Rizal | 3,500.00 |
| Villareal, Fernando Sr. | Quezon City | 3,500.00 |
| Wilkinson, Gerald | Quezon City | 3,500.00 |
| Wilson, Calude M., Jr. | Mandaluyong City | 3,500.00 |
| Young, Walter Au | San Juan, Rizal | 3,500.00 |
| Ysmael, Carlos | Quezon City | 3,500.00 |
| Ysmael, Felipe | Quezon City | 3,500.00 |
| Siong, Yu Khe | Manila | 3,500.00 |
| Tai, Yu Khe | Pasay City | 3,500.00 |
| Yujuico, Alejandro S. | Quezon City | 3,500.00 |
| Yujuico, Jesus S. | Quezon City | 3,500.00 |
| Zulueta, Cesar de | Makati City | 3,500.00 |
| | | <hr/> |
| | | P 350,000 |

TENTH. That ERNEST KAHN has been elected by the subscribers as Treasurer of the Corporation to act as such until his successor is duly elected and qualified in accordance with the By Laws, and that no such Treasurer he has been authorized to receive for the corporation and to receipt in its name for all subscriptions paid in by said subscribers.

IN WITNESS WHEREOF, we have hereunto set our hands in the City of Manila, Philippines, this 14th day of May, 1958.

(Sgd.) Celso Tuason
CELSON TUASON

(Sgd.) Aurelio Montinola
AURELIO MONTINOLA

(Sgd.) Ernest Kahn
ERNEST KAHN

(Sgd.) Henry T. Belden
HENRY T. BELDEN

(Sgd.) J. Antonio Araneta
J. ANTONIO ARANETA

Signed in the presence of:

(Sgd.) Illegible

(Sgd.) Illegible

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) S. S.

Before me, a Notary Public in and for the City of Manila, Philippines, this 14th day of May, 1958, personally appeared the following persons with their respective residence certificates, to wit:

| Name | Residence Cert. No. | Date and Place of Issue |
|------------------------|------------------------|----------------------------|
| Celson Tuason | A-0204962 | Jan. 22, 1958 - Manila |
| Aurelio Montinola, Sr. | A-0023051 | Jan. 6, 1958 - Manila |
| Ernest Kahn | A-0006403 | Jan. 2, 1958 - Manila |
| Henry Belden | A-0067620 | Jan. 13, 1958 - Manila |
| J. Antonio Araneta | A-0120887 | Jan. 17, 1958 - Manila |

all known to me and to me known to be the same persons who executed the foregoing Articles of Incorporation of Valley Golf Club, Inc., and acknowledged to me that the same is of their free and voluntary act and deed.

WITNESS my hand and seal at the place and on the date first above written.

(Sgd.) Mariano B. Pineda, Jr.
MARIANO B. PINEDA, JR.
Notary Public
Until December 31, 1958

Doc. No. 186
Page No. 52
Book No. II
Series of 1958.

DIRECTOR'S CERTIFICATE

WE, the Chairman, Secretary and majority of the elected and qualified members of the Board of Directors of VALLEY GOLF CLUB, INC., a stock corporation organized and existing under the laws of the Philippines do hereby certify:

That as an Annual Meeting of the Stockholders and members of the Board of Directors held on September 10, 1989 at 4:20 p.m. at the principal office of the corporation and following resolution was duly approved, adopted and recorded in the minutes:

"RESOLVED, as it is hereby received that Article I of the Articles of Incorporation of VALLEY GOLF CLUB, INC. be amended by changing the corporate name to VALLEY GOLF AND COUNTRY CLUB, INC."

That the above resolution was confirmed, approved and ratified by the vote of the stockholders owning/representing at least two-thirds (2/3) of the entire outstanding capital stock at a special stockholders and directors meeting held on the same date and place;

That the attached articles of Incorporation is a true and correct copy of the present Articles of Incorporation, as amended, reflecting its new corporate name.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 25th day of September 1989 at Makati, Metro Manila.

PEDRO H. YAP
Director
Res. Cert. No. 764301-A
Issued at: Manila
on: Feb. 2, 1989

(Sgd.)
ROMEO M. LIAMZON
Director
Res. Cert. No.
Issued at: Antipolo
on: March 4, 1989

(Sgd.)
MARCELINO L. GO
Director
Res. Cert. No. 000006435
Issued at: Manila
on: 1-31-1989

(Sgd.)
EMMANUEL CASTAÑEDA
Director
Res. Cert. No. 025367
Issued at: Antipolo
on: 1-18-89

(Sgd.)
LUIS SICAT
Director
Res. Cert. No. 214630-E
Issued at: Q. C.
on: 3-21-1989

(Sgd.)
JOHNNY SARMENTA
Director
Res. Cert. No. 09538558J
Issued at: Q. C.
on: 3-20-89

(Sgd.)
JOSE VILCHEZ, JR.
Director
Res. Cert. No. 1158001G
Issued at: Antipolo
on: 4-1-1989

FEDERICO CARANDANG
Director
Res. Cert. No.
Issued at:
on:

(Sgd.)
CRISMEL VERANO
Director
Res. Cert. No. 4925502
Issued at: Q. C.
on: 2-23-1989

ATTESTED:

(Sgd.)
PEDRO H. YAP
President

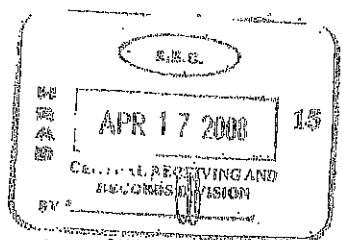
(Sgd.)
ORLANDO C. PARAY
Secretary

SUBSCRIBED AND SWORN to before me this 25th day of September 1989,
affiants exhibiting to me their Res. Cert. No. printed below their respective name.

Sgd.
EDGAR A. PACIS
NOTARY PUBLIC
Until December 31, 1990
PTR No: 566199, Makati
Jan. 3, 1989


Doc. No. 439;
Page No. 89;
Book No. II;
Series of 1989.


DIRECTORS' CERTIFICATE





We, the undersigned majority of the Directors and Corporate Secretary of VALLEY GOLF & COUNTRY CLUB, INC., do hereby certify that the Articles of Incorporation of said corporation was amended by a majority vote of the directors on July 29, 2006 and the vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock at a meeting held on November 18, 2007 at the principal office of the corporation.


The amended provisions of the attached Amended Articles of Incorporation refer to Article 4 "That the Term for which said corporation is to exist for another Fifty (50) years from May 15, 2008."



RAFAEL ESTANISLAO
President/Director
TIN No. 100-143-453
Res. Cert. No. 12450200
Issued at Antipolo City
on January 4, 2008



LINO TOPACIO
Vice President/Director
TIN No. 110-062-048
Res. Cert. No. 07594500
Issued at Quezon City
on January 3, 2008

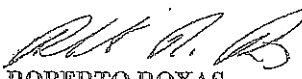

BONIFACIO SUMBILLA
Treasurer/Director
TIN No. 150-146-618
Res. Cert. No. 14723842
Issued at Cainta, Rizal
on January 3, 2008


TEODORO PAPA
Asst. Treasurer/Director
TIN No. 111-924-493
Res. Cert. No. 24199012
Issued at Quezon City
on April 4, 2008


JAI ME LARDIZABAL
Director
TIN No. 103-405-178
Res. Cert. No. 23742105
Issued at Pasig City
on February 23, 2008


FRANCISCO BEN REYES
Director
TIN No. 115-808-073
Res. Cert. No. 07649077
Issued at Quezon City
on January 10, 2008


BERNARDO P. CRUZ
Director
TIN No. 128-282-687
Res. Cert. No. 11562615
Issued at Marikina City
on January 3, 2008


ROBERTO ROXAS
Director
TIN No. 106-207-376
Res. Cert. No. 19475836
Issued at Makati City
on January 11, 2008



JOSE FERLU SUDARIO

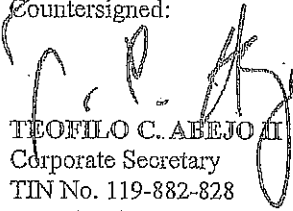
Director

TIN No. 125-972-748

Res. Cert. No. 12465301

Issued at Antipolo City
on January 2, 2008

Countersigned:



TEOFILO C. ABEJO II

Corporate Secretary

TIN No. 119-882-828

Res. Cert. No. 11875770

Issued at Mandaluyong City
on January 4, 2008

SUBSCRIBED AND SWORN to before me this APR 16 2008 day of _____, 2008 at CITY OF PASIG by the above-named persons who exhibited to me their Community Tax Certificates.

Doc. No. 1166 ;
Page No. 35 ;
Book No. I ;
Series of 2008.



AMADO DANILO G. YAYAG
Notary Public for Pasig City
Until December 31, 2009

PTR No. 4819254; 01/03/08; Rizal

IBP No. 732659; 01/03/08; Rizal

San Juan - Mandaluyong

Roll No. 43175

COVER SHEET

1 3 9 5 1

S.E.C. Registration Number

VALLEY GOLF & COUNTRY
CLUB INC.

(Company's Full Name)

DON CELSO S TUASON AVENUE
VICTORIA VALLEY ANTIPOLO CITY

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

TESS GAN

Contact Person

638-04-00

Company Telephone Number

06

Month

30

Day

Fiscal Year

Amended By-Laws

FORM TYPE

09

Month

4th

Day

Annual Meeting

Second License Type, If Applicable

Dept. Requiring this Dec.

Dept. Requiring this Dec.

Amended Articles Number/Section

Amended Articles Number/Section

Total No. of Stockholders

Total No. of Stockholders

Total Amount of Borrowings

Total Amount of Borrowings

Foreign

Foreign

RECORDS
To be accomplished by SEC Personnel concerned
10-27-06

File Number

File Number

Document I.D.

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes



REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

Company Reg. No. 13951

CERTIFICATE OF FILING
OF
AMENDED BY-LAWS

KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the Amended By-Laws of

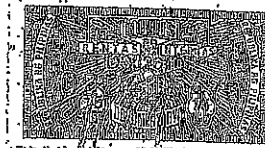
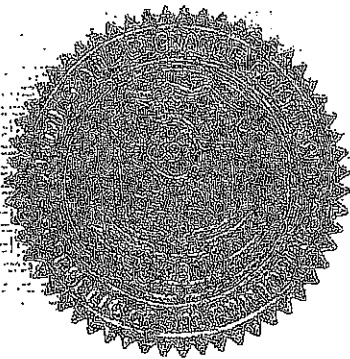
VALLEY GOLF & COUNTRY CLUB, INC.

copy annexed, adopted on August 21, 2010 by a majority vote of the Board of Directors and on September 26, 2010 by the vote of the stockholders owning or representing at least majority of the outstanding capital stock, and certified under oath by the Corporate Secretary and majority of the said Board was approved by the Commission on this date pursuant to the provisions of Section 48 of the Corporation Code of the Philippines Batas Pambansa Blg. 68, approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 27 day of November, Twenty Ten.


BENITO A. CATARAN
Director

Company Registration and Monitoring Department



**AMENDED BY LAWS OF
VALLEY GOLF & COUNTRY CLUB**

ARTICLE I - OFFICE

The Principal office of the Club shall be located at Antipolo City, Rizal Philippines.

ARTICLE II - SEAL

The Board of Directors is authorized to design and to adopt a seal for the Club.

ARTICLE III - MEETING

Section 1. Annual Meetings - The annual meetings of stockholders shall be held at the Clubhouse on the Fourth Sunday of September of each year at 4:00 o'clock in the afternoon.

Section 2. Special Meetings - Special meetings of stockholders may be called at anytime by resolution of the Board of directors or by order of the President, or upon written request of ten percent (10%) of stockholders. No action will be taken at such special meeting except for the purpose(s) specified in the call.

Section 3. Notice of Meetings - Written notice of meetings for every regular or special meeting of stockholders shall be given to stockholders at least (10) days prior to the date of the meeting. Any failure or irregularity of notice of any meeting shall be deemed cured where the complaining stockholders appear at the meeting.

Section 4. Quorum - A quorum at any meeting shall consist of a majority of the stockholders, represented in person or by proxy, and a majority of such quorum shall decide any question that may come before the meeting, except in cases where a different number of votes is required by law.

Section 5. Proxies - Every stockholder is entitled to vote at any meeting of stockholders and may so vote by proxy, provided that the proxy shall have been appointed by the stockholder himself or by his duly authorized attorney-in-fact in an official numbered proxy form issued by the Club. No other proxy form shall be recognized by the Club.

Section 6. Election of Directors - The election of Directors shall be held at the annual meeting of stockholders and shall be conducted in the manner provided for in the Corporation Law, and with such formalities as the officer presiding at the meeting shall then and there determine and provided.

The external auditor or auditors shall likewise be elected by the stockholders either in the annual stockholders meeting or in a special stockholders' meeting called for the purpose.

Section 7. Order of Business – The order of the business of the annual meeting and, as far as possible, at all other meeting of stockholders, shall be as follows:

- a) Calling the roll.
- b) Secretary's proof of due notice of the meeting.
- c) Reading and disposal of the unapproved minutes.
- d) Report of officers, annual and otherwise.
- e) Unfinished business.
- f) New business.
- g) Election of Directors.
- h) Adjournment.

Section 8. Eligibility to vote and be voted

a) Only stockholders in good standing shall have the right to vote and be voted upon at any meeting of the stockholders.

b) Qualifications of Nominees for the Election of Directors:

- i. Has one (1) share recorded in his/her name for at least three (3) years at the time of nomination and shall continue to own a share during his/her term of office. If the nominee has been a member of a standing committee for at least one (1) year or a playing guest or corporate representative for at least two (2) years, the three-year requirement will be reduced to one (1) year;
- ii. Is an active proprietary member who has not assigned the playing right of his/her share of stock upon his/her nomination, has committed in writing not to assign said playing right during his/her incumbency if elected, and is in good standing with no delinquent accounts;
- iii. Shall have sufficient time and willing to share his/her professional and executive expertise; and,
- iv. Has no official record of grave and serious misconduct that merited Club membership suspension and has not been convicted in any criminal case. (As amended by the stockholders on September 26, 2010 and by the Board of Directors on August 21, 2010).

Section 9. Stockholder's Consent – The consent of 2/3 of the outstanding capital stock shall be required in the following instances:

- a) A substantial change in the present layout in the 36 holes golf course.
- b) Any expenditure of the funds of the Club for alteration covered by the preceding paragraph.
- c) Any capital expenditure for new projects other than any those approved at previous stockholders' meeting which requires special assessment against the stockholders, or an increase in the number of authorized shares of Club.

For the purpose of this section, the consent of stockholders may be obtained by referendum.

Section 10. Committee on Election – Members of the Committee on Election shall be appointed by the Board of Directors, composed of three (3) proprietary members in good standing. Such proprietary members shall be of unquestionable integrity and occupy the highest esteem of his peers. For purposes of the Comelec, a playing representative of a corporate proprietary member may be appointed as member of the Comelec provided that said designated playing representative shall be the incumbent President or Chairman of the Corporation and should own equity in the said Corporation and subject to such other requirements and/or limitations that the Board may impose.

The Club General Manager, Comptroller and Internal Auditor shall form part of the Comelec Secretariat.

ARTICLE IV - DIRECTORS

Section 1. Board of Directors – The business and property of the Club shall be managed by a Board of nine (9) Directors. At the next annual stockholders' meeting, nine (9) Directors shall be elected, the first three (3) Directors receiving the highest number of votes shall serve for a term of three (3) years; the three (3) other Directors receiving the next highest number of votes shall serve for a term of two (2) years; and the remaining three (3) Directors shall serve for a term of one (1) year. Every year thereafter, at the annual stockholders' meeting, there shall be three (3) elected Directors who shall serve for a term of three (3) years. No Directors can serve consecutively for more than three (3) years.

No more than sixty (60) days prior to the annual meeting of stockholders, the President with the approval of the Board of Directors, shall appoint a nominating Committee of five (5) stockholders, three (3) of whom are not Directors. The said nominating committee shall prepare, sign and post at least fifteen (15) days before the annual meeting, a list of not less than four (4) nor more than six (6) candidates for the Board of Directors for the ensuing year. Any five (5) stockholders may nominate additional candidates for the Board by posting a signed list not later than ten (10) days before the Annual Meeting.

The nominating Committee shall evaluate all candidates to ensure compliance with the required qualifications. A list of the qualified candidates nominated shall be included in the notice of the annual meeting that is sent out to each stockholder. (As amended by the stockholders on September 26, 2010 and by the Board of Directors on August 21, 2010)

Section 2. Directors to act as of Board – The Board of Directors shall act only as a board and no power is vested in the individual director as such. A majority of the Board shall constitute a quorum for the transaction of business, except for the filling of vacancies in the Board, in which case majority of the remaining Directors shall constitute a quorum. Directors shall receive no salaries or fees as such.

Section 3. Board Meeting – The regular meeting of the Board of Directors shall be held once a month at such time and place as shall be determined by the Board. Special meetings of the Board may be called by the President, or upon written petition of three (3) members. Notice of Board Meetings shall be served on each director at least three (3) days before the meeting, unless notice is waived by all the Directors present.

Section 4. Order of Business – The order of business at any regular or special meeting of the Board of Directors shall be:

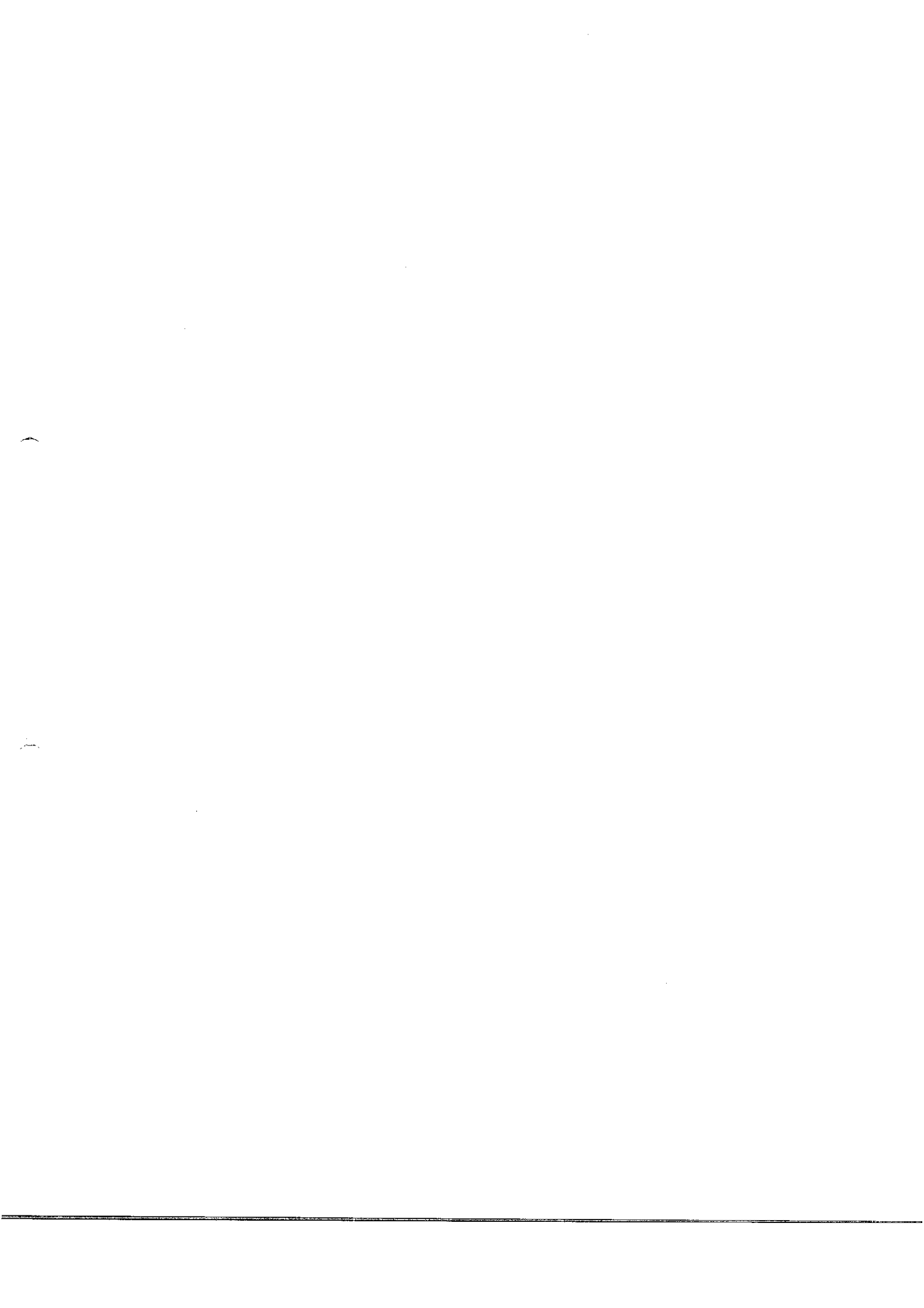
- a) Calling the roll.
- b) Secretary's proof of due notice of the meeting.
- c) Reading and disposal of unapproved minutes in the case of regular meetings of the Board.
- d) Report of officers.
- e) Unfinished business.
- f) New business.
- g) Adjournment.

Section 5. A director must have at least one (1) share registered in his name during his term of office otherwise, he shall be automatically disqualified from the position. The stockholders holding 2/3 of the outstanding capital stock in the books of the corporation may remove a director who has absented himself for three (3) consecutive regular meetings of the Board unless such absences be executed by reason of sickness, physical disability or other justifiable reason(s) acceptable to the Board of Directors.

Section 6. The immediately preceding five (5) past President of the Club shall become ex-officio members of the Board without the right to vote.

ARTICLE V OFFICERS

Section 1. Designation – Majority of all the Board of Directors at its first meeting shall elect as Executive Officers of the Club a President, Vice-President, a Treasurer, a Secretary and such other administrative officers as it may deem proper.



Section 2. Qualification – All Executive Officers of the Club must be incumbent directors, with the exception on the Secretary who must, however, be a resident and citizen of the Philippines.

Section 3. Every executive officers shall be elected by the Board for a term of one (1) year, unless sooner removed by the Board of Directors, and all vacancies occurring among such officers however arising shall be filled by the Board.

Section 4. Compensation. – The compensation and working conditions of officers of the Club who are not directors shall be fixed by the Board, Directors acting as such, or as officers of the Club including members of standing or special committees; shall receive no salaries or fees, whatsoever for their services.

Section 5. Duties and Responsibilities – The duties and responsibilities of the different officers of the Club are as follows:

a) The President – The President shall preside at all meetings and shall sign the membership certificate of the Club. He shall be the chief executive officer of the Club and have general supervision of the business affairs and property of the Club and over its several agents and employees, with authority to hire said employee, and dispenses with their services subject to confirmation by the Board of Directors. He shall sign contracts on behalf of the Club and shall see that all orders and resolutions of the Board are carried into effect. In addition to the above duties expressly vested in him by these By-Laws, he shall do and perform such acts and duties as from time to time may be assigned to him by the Board of Directors.

b) The Vice-President – In the absence or disability of the President, the Vice-President shall exercise all the powers and discharge all the duties of the President. The Vice-President shall, in addition, have such powers and duties as may, from time to time be conferred on him by the Board.

c) The Treasurer – The Treasurer, except as otherwise provided by the Board of Directors, shall have the custody of all moneys, securities and values of the Club that come into his possession, and shall keep regular books of accounts. He shall deposit said moneys, securities and values in such banking institutions as may be designated, from time to time by the Board of Directors, subject to withdrawal therefrom on the signature of such officers of the Club as the Board may, by resolution, designate. He shall perform all other duties incident to his office and all that are properly required on him by the Board of Directors. He shall furnish a bond conditioned upon the faithful performance of his duties, if and when required so to do by the Board of Directors; the amount of said bond to be determined and fixed by the said Board.

d) The Secretary – The Secretary shall issue notices of all meetings, shall keep their minutes, shall have charge of the seal and corporate books;

shall countersign the certificate of stock and sign such other instruments as required such signature, and shall make such reports and perform such other duties as are incident to his office or are properly required of him by the Board of Directors.

ARTICLE VI COMMITTEES

Section 1. Standing Committee – The President with the approval of the Board of Directors, shall appoint the chairman and members (who must all be non-delinquent members) of the different standing committees of the Club and prescribe their respective duties and responsibilities, as well as, create new committees as may be necessary for the different handling of club affairs. The standing committees are as follows:

- | | |
|---------------------|-------------------|
| a) House | e) Finance |
| b) Grounds | f) Administration |
| c) Sports and Games | g) Engineering |
| d) Membership | |

Section 2. Trust Fund Committee – The Trust Fund Committee, consisting of five (5) members, created pursuant to the resolutions passed by the stockholders last September 12, 1982, and empowered only to invest the "THE VALLEY GOLF TRUST FUND" in accordance with law shall meet at least once a year or anytime upon request of the Board of Directors. Three (3) members shall constitute a quorum and the unanimous consent of three (3) members shall be necessary to constitute a decision of the Committees. Any vacancy in the Committee for any reason whatsoever shall be filled by the Board of Directors.

The Board of Directors shall also determine the amount of the fund to be administered by the Trust Committee which shall not be less than the original amount of P3.5 Million.

ARTICLE VII MEMBERSHIP

Section 1. Classification – Membership in the Club shall be classified into: (a) Proprietary (b) Playing Guest (c) Honorary and (d) Social.

a) A proprietary Member is any person who is the registered stockholder of at least one (1) share of stock of the Club whose membership had been previously approved as hereinafter provided. In case the proprietary member is a juridical person it shall be entitled to designate its representative who shall exercise all the rights and privileges of membership including the right to vote.

b) An Honorary Member is any person who has been conferred playing rights by the Board of Directors under terms and conditions specified for such membership.

c) A playing Guest is any person who is the assignee of the playing rights of a share of stock registered in the name of another person.

d) A Social Member is a natural person who has been granted the privilege of using the facilities of the Club, except the golf course.

Section 2. Membership in the Club shall be subject for approval by the Board of Directors upon the favorable recommendation of the Membership Committee. All members shall pay the stipulated monthly dues and other assessments of the Club.

Section 3. A stockholder, whether a member or not shall nevertheless be obligated to pay the regular monthly dues and special assessments effective from the date of issuance of their respective certificate of stock.

Section 4. Stockholders who subscribed to the additional increase in capital stock of P8.1 Million last August 1981 shall be excluded from paying the regular monthly dues and special assessments corresponding to such additional shares until they decide to sell the same, or to assign the playing rights corresponding thereto.

ARTICLE VIII - CLUB ACCOUNTS

Section 1. Lien - The Club has the first lien on the share of the stockholder who has, in his/her/its name, or in the name of an assignee, outstanding accounts and liabilities in favor of the Club to secure the payment thereof.

Section 2. No sale, or transfer of a share of stock, shall be registered in the books of the Club until and unless the lien established under Section 1 and the requirements of Article VII, Section 2, shall have been first fully satisfied.

Section 3. The account of any member shall be presented to such member every month. If any statement of accounts remained unpaid for a period of forty-five (45) days after cut-off date, said member may be posted as delinquent. No delinquent member shall be entitled to *enjoy the privileges* of such membership for the duration of the delinquency. After the member shall have been posted as delinquent, the Board may order his/her/its share sold to satisfy the claims of the Club; pursuant to such rules and procedures which the Board of Directors may promulgate to govern the conduct of sale/auction of shares of delinquent members, after which the member *loses his/her/its* rights and privileges permanently. No Member can be indebted to the Club at any time any amount in excess of the credit limit set by the Board of Directors from time to time. The unpaid account referred to here includes non-payment of dues, charges and other assessments and non-payment for subscriptions.

ARTICLE IX - FISCAL YEAR

The Fiscal Year of the Club shall commence on the first day of July of each year and shall close on the 30th day of June of the following year.

ARTICLE X - AMENDMENT

Section 1. *These By-Laws may be altered, amended or repealed at any meeting of stockholders by a majority of the subscribed capital stock. The Board of Directors, by resolution, may likewise amend these By-Laws, as however, shall be circularized to all stockholders.*

ARTICLE XI - TRANSITORY PROVISIONS

These By-Laws shall be deemed to be complete and shall repeal the By-Laws, including amendments adopted prior to this date.

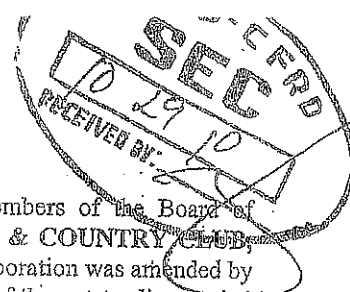
Adopted June 6, 1958, at Manila, Philippines.

| | |
|---------------------------------------|--------------------------------------|
| (Sgd.) Francisco R. Aguinaldo | (Sgd.) Tomas B. Aguirre |
| (Sgd.) Arturo A. Alafritz | (Sgd.) J. Antonio Araneta |
| (Sgd.) <i>Luis Ma. Araneta</i> | (Sgd.) Chest Babst |
| (Sgd.) Charles T. Blacoff | (Sgd.) Manuel Barredo |
| (Sgd.) Constantino Bautista | (Sgd.) Henry Belden |
| (Sgd.) Henry E. Bennett | (Sgd.) <i>Enrique Brias</i> |
| (Sgd.) Jaime Briñas | (Sgd.) Francisco Cacho |
| (Sgd.) Jose A. Cacho | (Sgd.) Antonio Roxas Chua |
| (Sgd.) Pedro Cojuangco | (Sgd.) Ricardo Consunji |
| (Sgd.) Jose Ma. Cortes | (Sgd.) <i>Felix Cortes</i> |
| (Sgd.) Bienvenido Cruz | (Sgd.) Benito Cu Unjieng |
| (Sgd.) <i>Alfonso R. de Dampierre</i> | (Sgd.) <i>Pompeyo Diaz</i> |
| (Sgd.) Jose Ferja | (Sgd.) Jose Fernandez |
| (Sgd.) Robert Fieder | (Sgd.) <i>Isauro Cabaldon</i> |
| (Sgd.) Regino D. Gamboa | (Sgd.) Antonio Gonzales |
| (Sgd.) Rafael Gonzales | (Sgd.) <i>Oscar E. Guerrero</i> |
| (Sgd.) F.R. Halling | (Sgd.) Frank Huang |
| (Sgd.) B.R. Jalbuena | (Sgd.) <i>Ernest Kahn</i> |
| (Sgd.) Jose Klar | (Sgd.) Andres Liboro |
| (Sgd.) P.L. Lim | (Sgd.) <i>Peter Lim</i> |
| (Sgd.) Jose Locsin | (Sgd.) Manuel Lopa |
| (Sgd.) Honrado G. Lopez | (Sgd.) <i>G.H. Lovell</i> |
| (Sgd.) Alfredo Luz | (Sgd.) Antonio P. Madrigal |
| (Sgd.) Jose P. Madrigal | (Sgd.) <i>Constantino P. Manahan</i> |
| (Sgd.) Raul Manglapus | (Sgd.) Ricardo S. Manotoc |
| (Sgd.) Faustino Matilla | (Sgd.) <i>Antonio Miranda</i> |
| (Sgd.) Sergio Montinola, Sr. | (Sgd.) Aurelio Montinola, Jr. |
| (Sgd.) Sergio Montinola | (Sgd.) <i>Karl Nathan</i> |
| (Sgd.) J.E. Norton | (Sgd.) Sebastian Oliveros |
| (Sgd.) Eduardo Ortigas | (Sgd.) <i>Franciso Ortigas</i> |
| (Sgd.) Rafael Ortigas | (Sgd.) Miguel Perez |
| (Sgd.) Evaristo Picazo | (Sgd.) <i>Santiago Pironelli</i> |
| (Sgd.) J.B. Preysler | (Sgd.) Carlos Quirino |
| (Sgd.) Alfonso Recto | (Sgd.) <i>Narciso Reyes, Jr.</i> |
| (Sgd.) Victor Reyes | (Sgd.) Fernando S. Roco |

(Sgd.) Antonio Roxas
(Sgd.) Ernesto D. Rufino
(Sgd.) Andres Soriano
(Sgd.) Jose Maria Soriano
(Sgd.) Celso A. Tuason
(Sgd.) James Uy
(Sgd.) Alfredo Velayo
(Sgd.) Alfredo Villa Abrille
(Sgd.) Gerald Wilkinson
(Sgd.) Felipe Ysmael
(Sgd.) Walter Euyang
(Sgd.) Yu Khe Tai
(Sgd.) Jesus S. Yuluico

(Sgd.) Eduardo Roxas
(Sgd.) Luis S. Santayana
(Sgd.) Andres Soriano, Jr.
(Sgd.) Washington Sycip
(Sgd.) Juan E. Tuason
(Sgd.) Miguel R. Unson
(Sgd.) Jaime Velasquez
(Sgd.) Alfred C. Vellcuth
(Sgd.) Fernando Villareal, Sr.
(Sgd.) Claude M. Wilson, Jr.
(Sgd.) Yu Khe Siong
(Sgd.) Alejandro S. Yuluico
(Sgd.) Cesar de Zulueta

DIRECTORS' CERTIFICATE



We, the undersigned representing the majority members of the Board of Directors and the Corporate Secretary of VALLEY GOLF & COUNTRY CLUB, INC. do hereby certify that the attached By-Laws of said corporation was amended by the vote of the stockholders representing at least a majority of the outstanding capital stock at a meeting held on September 26, 2010, at the principal office of the corporation.

The amendment was likewise approved by majority of the directors at a meeting held at the principal office of the corporation, on August 21, 2010.

The amended provisions of the attached Amended By-laws refer to Article III, Section 8 and Article IV of the By-Laws, to wit:

Article III, Section 8. Eligibility to vote and be voted –

- a) Only stockholders in good standing shall have the right to vote and be voted upon at any meeting of the stockholders.
- b) Qualifications of Nominees for the Election of Directors:


- i. Has one (1) share recorded in his/her name for at least three (3) years at the time of nomination and shall continue to own a share during his/her term of office. If the nominee has been a member of a standing committee for at least one (1) year, or a playing guest or corporate representative for at least two (2) years, the three-year requirement will be reduced to one (1) year;
- ii. Is an active proprietary member who has not assigned the playing right of his/her share of stock upon his/her nomination, has committed in writing not to assign said playing right during his/her incumbency if elected, and is in good standing, with no delinquent account/s;
- iii. Shall have sufficient time and willing to share his/her professional and executive expertise; and,
- iv. Has no official record of grave and serious misconduct that merited Club membership suspension and has not been convicted in any criminal case. (As amended by the stockholders on September 26, 2010 and by the Board of Directors on August 21, 2010).

Article IV - Directors


Section 1: Board of Directors - The business and property of the Club shall be managed by a Board of nine (9) Directors. At the next annual stockholders' meeting, nine (9) Directors shall be elected, the first three (3) Directors receiving the highest number of votes shall serve for a term of three (3) years; the three (3) other Directors receiving the next highest number of votes shall serve for a term of two (2) years; and the remaining three (3) Directors shall serve for a term of one (1) year. Every year thereafter, at the annual stockholders' meeting, there shall be three (3) elected Directors who shall serve for a term of three (3) years. No Directors can serve consecutively for more than three (3) years.

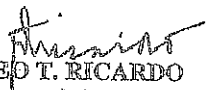
No more than sixty (60) days prior to the annual meeting of stockholders, the President with the approval of the Board of Directors, shall appoint a nominating Committee of five (5) stockholders, three (3) of whom are not Directors. The said nominating Committee shall prepare, sign and post at least fifteen (15) days before the annual meeting, a list of not less than four (4) nor more than six (6) candidates for the Board of Directors for the ensuing year. Any five (5) stockholders may nominate additional candidates for the Board by posting a signed list not later than ten (10) days before the Annual Meeting. The nominating Committee shall evaluate all candidates to ensure compliance with the required qualifications. A list of the qualified candidates nominated shall be included in the notice of the annual meeting that is sent out to each stockholder. *(As amended by the stockholders on September 26, 2010 and by the Board of Directors on August 21, 2010)*


IN WITNESS WHEREOF, we hereby set our hands this ^{7th} 8 OCT 2010 day of 2010, at Makati City, Philippines.

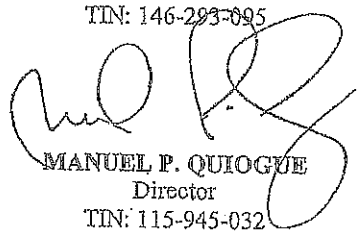

BERNABDO P. CRUZ
President/Director
TIN: 128-282-687

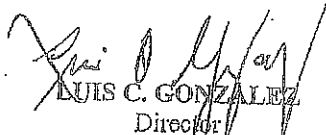
ROBERTO ROXAS
Vice President/Director
TIN No. 106-207-376


JOSE RAYMUNDO R. REGALADO
Treasurer/Director
TIN: 103-950-996


GEN. ROMEO T. RICARDO
Asst. Treasurer/Director
TIN: 146-293-895


JOSE FERLU SUDARIO
Director
TIN: 125-972-748



MANUEL P. QUIOGVE
Director
TIN: 115-945-032


LUIS C. GONZALEZ
Director
TIN: 113-024-410


ALFREDO A. FIGUERAS
Director
TIN: 106-169-744

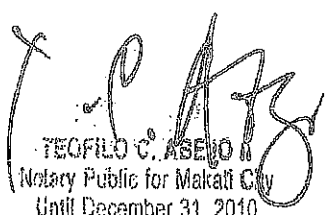
VISAURO SAN PEDRO, JR.
Director
TIN: 115-968-382

Certified Correct by:


PEDRO H. MANIEGO, JR.
Corporate Secretary
TIN: 130-488-850

SUBSCRIBED AND SWORN to before me this 28 OCT 2010 day of
2010, at Makati City, by the above-named persons who
exhibited to me their Competent Identification.

Doc. No. 96
Page No. 2
Book No. 11
Series of 2010.


TEOFILO C. ASEJO II
Notary Public for Makati City
Until December 31, 2010
PTR No. 5447349 01/08/09; Rizal
RPP No. 768080; 01/06/09; Makati City
Reg No. 36031

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF VALLEY GOLF AND COUNTRY CLUB, INC.**
Held at the Main Clubhouse, Valley Golf and Country Club
Antipolo City on 25 September 2016

I. Call to Order

Valley Golf and Country Club's Chairman, Jaime F. Panganiban (Chairman Panganiban), called the meeting to order at 4:10 p.m., and presided over the same. The Corporate Secretary, Atty. Ronald O. Solis (Atty. Solis), recorded the minutes of the meeting.

II. Determination of Quorum

Chairman Panganiban inquired from the Secretary of the Meeting whether a quorum was present. Atty. Solis replied in the affirmative. According to Atty. Solis, the total attendance was Eight Hundred Seventy Four (874) members/shares, which were either personally present or represented by valid proxies. Hence, a quorum existed since the number already exceeded Seven Hundred Ninety Five (795) shares, which was only needed for purposes of having a quorum.

Upon inquiry as to how many shares were represented by proxies *vis a vis* the members who were personally present it was determined that Eight Hundred Thirty Nine (839) shares were represented by proxies, and Thirty Five (35) members were personally present.

III. Proof of Due Notice of the Meeting

Chairman Panganiban asked whether there was proof of due notice of the meeting. Atty. Solis replied in the affirmative. The pertinent registry return cards and/or delivery receipts are on file with the Club's secretariat as evidence of transmission and receipt of the said notices and other necessary documents to all stockholders of record. The said documents are present and available for inspection by any member who might wish to do so.

IV. Approval of the Minutes of the Annual Meeting Held on 27 September 2015

Chairman Panganiban proceeded with the next item on the agenda, which was the approval of the previous year's minutes. The stockholders were also provided with copies of the minutes of the previous year's annual stockholders' meeting and were given sufficient time to read the same. Jose B. Tayawa moved for the approval of the minutes of the annual stockholders' meeting held on 27 September 2015, which motion was duly seconded by Jose Ferlu O. Sudario. There were no objections. Hence:

**RESOLVED, that the minutes of the annual stockholders' meeting held
on 27 September 2015 are hereby approved and adopted.**

V. Matters Arising From the Minutes

Chairman Panganiban opened the floor for any inquiries relative to the previous year's minutes. After a moment, considering that there were no questions relative thereto, the Chairman proceeded with the next item on the agenda.

VI. Chairman's and Treasurer's Report

Chairman Panganiban manifested that all stockholders were provided copies of the Club's Annual Report. He inquired whether there were any questions relative thereto. Considering that there were no questions, Mr. Tayawa moved for the approval of the Chairman's and Treasurer's Report for the fiscal year 2015-2016, which motion was duly seconded by Mr. Sudario. There were no objections. Hence:

RESOLVED, that the Chairman's Report, as well as the Treasurer's Report, for the fiscal year 2015 to 2016, as presented, are both hereby approved and adopted.

Likewise, Mr. Sudario commended the Board of Directors especially the President for the positive results of the Financial Statement as compared to last year.

VII. Ratification of Prior Acts of the Board of Directors and Management

Chairman Panganiban stated that all stockholders were similarly furnished with copies of all the resolutions of the Board of Directors, and had more than sufficient time to peruse the same. Thus, Mr. Tayawa moved for the ratification of the prior acts of the Board of Directors and Management for the period 01 July 2015 to 30 June 2016, including the disposal of non-performing assets and settlement of cases which involve disposal of some properties of the Club, which motion was duly seconded to by Mr. Marcelo. There were no objections. Hence:

RESOLVED, that the acts of the Board of Directors and Management for the period 01 July 2015 up to 30 June 2016, including the disposal of non-performing assets and settlement of cases which involve disposal of some properties of the Club, are hereby ratified.

VIII. Appointment of External Auditor

Chairman Panganiban opened the floor for the election of the Club's external auditor. Mr. Augusto A. Cruz, Jr. moved to retain the services of Sycip Gorres Velayo & Co. as the Club's external auditor, which motion was duly seconded to by Mr. Sudario. There were no objections. Hence:

RESOLVED, that Sycip Gorres Velayo & Co. is hereby retained as the independent external auditor of Valley Golf & Country Club, Inc.

IX. Election of Directors

Chairman Panganiban called on the Chairman of the Commission on Elections (Comelec), Atty. Plaridel J. Bohol II, to preside over the election of the new Directors and the canvassing of votes for the amendment of the By-Laws. The other members of the Comelec were Atty. Francisco B. Figura and Atty. Ben A. Delos Reyes. The following were the official nominees:

Virgilio C. Bucat
Augusto A. Cruz, Jr.
Gerardo B. Marcelo
Jaime Victor J. Santos

GM Antonio Carlos S. Ocampo then proceeded with the canvassing of the votes. After the canvassing, Atty. Bohol announced the results of the elections:

Candidates for Election:

Virgilio C. Bucat – 19 in person / 622 by proxy, total of 641 votes
Augusto A. Cruz, Jr. – 15 in person / 612 by proxy, total of 627 votes
Gerardo B. Marcelo – 53 in person / 538 by proxy, total of 591 votes
Jaime Victor J. Santos - 24 in person / 607 by proxy, total of 631 votes

As regards the referendum on the amendment of Article III, Sec. 1, Article IV Sec. 1, Article III Sec. 5, the following are the results of the voting:

Amendment to By-Laws:

Article III, Sec. 1 – not approved
In Favor - 524
Not In Favor - 216
Abstain - 119

Article IV, Sec. 1 – not approved.
In Favor - 522
Not In Favor - 217
Abstain - 120

Article III, Sec. 5 – not approved
In Favor - 462
Not In Favor - 273
Abstain - 124

For failure to reach the two-thirds vote required by the Corporation Code for amendment of the By-Laws, proposed amendment of Article III, Sec. 1, Article IV Sec. 1 and Article III Sec. 5 are not approved.

Thereafter, Atty. Bohol, together with the members of the Comelec, proclaimed the following as the newly elected Directors of Valley Golf & Country Club:

Virgilio C. Bucat
Augusto A. Cruz, Jr.
Jaime Victor J. Santos

Messrs. Bucat, Cruz and Santos were called upon, and all of them gave a short acceptance message to their fellow members.

Chairman Panganiban thereafter congratulated the winning Directors.

X. Adjournment

There being no other matters to be discussed, upon motion by Mr. Tayawa and duly seconded by Mr. Sudario the meeting was adjourned at 6:05 p.m.

Prepared by:

ATTY. RONALD O. SOLIS
Corporate Secretary