El Puerto Marina
Beach Resort & Vacation Club

Prospectus

P R O S P E C T U S
ADVENTURE BAY RESORT & THEME PARK, INC.
Doing Business Under the Name and Style

EL PUERTO MARINA BEACH RESORT & VACATION CLUB

*** **ISSUER*****

For the Offer and Sale of **663 Timeshares** as follows:

Unit Type	No.	Type of Week	No. of Weeks	No. of Timeshare	Offer Price	Estimated Gross Proceeds
2 Bedroom	1	Premium Red	4	4	499,000	1,996,000
		Red	22	22	428,000	9,416,000
		White	12	12	380,000	4,560,000
		Blue	13	13	333,000	4,329,000
1 Bedroom	3	Premium Red	4	12	452,000	5,424,000
		Red	22	66	380,000	25,080,000
		White	12	36	333,000	11,988,000
		Blue	13	39	285,000	11,115,000
Studio	9	Premium Red	4	36	404,000	14,544,000
		Red	22	198	333,000	65,934,000
		White	12	108	285,000	30,780,000
		Blue	13	117	238,000	27,846,000
Total	**13**			**663**		**213,012,000**

Note: The above prices are inclusive of VAT

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION IS TRUE AND CURRENT.

ROLANDO M. VERZOSA (Orig. Sgd)
CEO and President

SUBSCRIBED AND SWORN to before me on this __ November 2010 in ________, affiant exhibiting to me competent evidence of his identity in the form of his Tax Identification No. 127-574-436.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2010.

The offer of the timeshares to the public shall be sold over the counter and not underwritten hence no underwriter's fees shall be incurred. However the timeshares may be traded for an equivalent week at another resort affiliated with the RESORT CONDOMINIUM INTERNATIONAL where the Resort is accredited.

No dividend shall be distributed as this is a non-proprietary offering.

Cancellation Right

You are entitled to cancel your purchase agreement within five (5) days from the date of signing. Any amount of the purchase price paid by you on signing of the agreement will be fully refunded should you cancel the purchase agreement within the aforesaid period minus Twenty Thousand Pesos (PhP20,000.00) representing processing and administration fees. If the down payment for the purchase of the timeshare be less than the PhP20,000.00 processing fee, the purchaser shall be liable for the balance of the processing fee therefore the right to refund any amount paid shall not apply.

This Prospectus is dated 03 November 2010

TABLE OF CONTENTS

Page

Summary Information

The Offer

This Prospectus relates to an offer to sell six hundred sixty-three (663) timeshare weeks over 13 units of the El Puerto Marina Beach Resort & Vacation Club, the venue of the offering.

Sale of the timeshares will not effect any change or transfer of equity of the company as the timeshares represent merely the right of a holder to access various types of accommodation at the venue or any Resort Condominium International affiliated resorts. The holder exercises neither proprietary nor voting rights on any matter affecting the Company.

The offer of the timeshares to the public shall be sold over the counter and shall not be underwritten hence no underwriter's fees shall be incurred. However the timeshares may be traded for an equivalent week at another resort affiliated with the Resort Condominium International where the Resort is accredited.

The sale of the timeshares is expected to generate gross proceeds of Two Hundred Thirteen Million Twelve Thousand Pesos (P213,012,000). The proceeds from the sale of the timeshares will be used to pay for capital expenditures, additional refurbishing of the units, for payment of RCI's first two years membership fees of the timeshare purchasers, payment of the 1st annual maintenance levy, and for operational and administrative costs.

The Company

In 2005 the resort in Pangasinan was managed under a single proprietorship with the couple Rolando Verzosa and Flordeliza B. Verzosa at the helm. On October 6, 2006 the couple incorporated the Adventure Bay Resort and Theme Park and on 24 Jan 2008 an amendment adapted the original business name El Puerto Marina Beach Resort and Restaurant as the trade name of the corporation, but dropped the word Restaurant . On 2010 an amendment was approved authorizing the Registrant to engage in the additional business of developing and marketing its timeshares.

Of the company's authorized capital stock of Five Million Pesos (PhP5,000,000.00), P3,950,000 has been subscribed and fully paid.

Risks of Investing

Prospective purchasers of the offered timeshares should take into consideration the following investment components, which may have a direct bearing in a decision to invest. These items are discussed in detail under the heading "Risk Factors and Management Thereof" on 10 of this Prospectus.

1. Nature of Investment and Exchange Process
2. Disasters and Natural calamities
3. Political and economic factors
4. Competition
5. There is no secondary market for timeshares
6. Property is under a contract of lease

Summary Financial Information
(In Philippine Pesos)

Balance Sheet

	5/31/2010	**12/31/2009**
Current Assets	960,824	513,154
Non-Current Assets	7,465,756	5,635,205
Total Assets	8,426,580	6,148,359
Current Liabilities	770,657	309,157
Non-Current Liabilities	3,812,945	2,443,038
Total Liabilities	4,583,602	2,752,195
Equity	3,842,978	3,396,165
Total Liabilities and Equity	8,426,580	6,148,360

Income Statement

	5 Mos. Ended 5/31/2010	Year ended 12/31/2009
Revenue	4,190,236	7,208,603
Cost of Services	2,058,289	4,618,859
Gross Profit	2,131,947	2,589,744
Administrative Expenses	(1,510,497)	(2,434,724)
Finance Cost	(16,458)	
Other Income	8,453	11,002
Profit Before Income Tax Expense	613,445	166,022
Income Tax Expense - Deferred	166,632	147,840
Profit for the Period	446,813	18,182

GLOSSARY

When used in this Prospectus, the following expressions shall have the following meanings:

Affiliate Resort	Any resort affiliated with Resort Condominium International Inc. (RCI)
Annual Maintenance Levy	The yearly sum payable by the member including such increases thereof as may be allowed under the Purchase Agreement, Timeshare Rules and/or other Rules and Regulations. The first year's annual maintenance levy is included in the Purchase Price.
Assessment	Any written notification by the Company to any member of dues payable
Cancellation Period or Cooling Off Period	The period within which the purchaser of timeshare may rescind the purchase and receive a refund of the amount of the purchase price paid except for the Twenty Thousand Pesos (PhP20,000.00) non-refundable processing and administration fees. The period may be exercised within five (5) days commencing from the date of signing of the Purchase Agreement only. Beyond this period, no refund shall be allowed.
The Company / the Resort	Adventure Bay Resort & Theme Park, Inc. doing business under the name and style El Puerto Marina Beach Resort and Vacation Club.

Red, White, Premium Red, Blue	Classification of facilities and category of timeshare bought. These represent the seasons of the year which will determine the accommodation over which the right to spend a week will be exercised. Premium Red = 4 weeks, (Christmas, New Year, Holy Week and All Saints Day Red = 22 weeks (December to May) White = 12 weeks (June to November) Blue = 13 weeks Total = 51 weeks 1 week is reserved for maintenance of the units
Guests	A member's family, servants, guests or any person authorized by the member to use an accommodation or any of the amenities offered at the venue.
Holiday Site/Venue	El Puerto Marina Beach Resort and Vacation Club
Holiday Ownership	The exclusive right to occupy for a specific week of a category purchased.
Member	A person who has been registered by the Company as holder of the Timeshare Certificate
Timeshare Certificate	A document confirming the registration of a member as holder of a Timeshare Certificate indicating therein particulars of the ownership.
Processing and Administration Fee	The one-time non-refundable fee of Twenty Thousand Pesos (Php 20,000.00) paid by a purchaser upon submitting a signed Purchase Agreement to the company, to answer for processing expenses and fees for transmitting the application to RCI. If the down payment for the purchase of the timeshare be less than the PhP20,000.00 processing fee, the purchaser shall be liable for the balance of the processing fee and the right to refund any amount paid shall not apply.
Resort Condominium International (RCI)	The holiday Exchange Provider.
R.C.I. Membership Fee	The fee paid annually by the member to maintain membership with the Exchange Provider, which is a prerequisite to the availment of the exchange privilege. The first two years' R.C.I. membership fees are included in the Purchase Price however the purchaser may opt not to enjoy the exchange privilege after the first two years in which case the only exercise of the accommodation shall be at the home resort
Exchange Fee	Fee paid by a Holiday Timeshare holder in the event of a successful exchange with other R.C.I accredited resorts.

RISK FACTORS AND MANAGEMENT THEREOF

GENERAL RISK WARNING

- The price of securities can and does fluctuate, and any individual security may experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities.
- Past performance is not a guide to future performance.
- There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.
- An investor deals in a range of investments each of which may carry a different level of risk.

Considering that the securities being offered with this registration are not speculative the above-cited risks may not apply.

Prudence Required

The risk disclosure does not purport to disclose all the risks and other significant aspects of investing in securities. An investor should undertake a research and study on the trading of securities before commencing any trading activity. Information may be obtained from the Securities and Exchange Commission where the records are available to the public.

Professional Advice

Investors should seek professional advice if they do not understand any aspect of the securities to invest in or the nature of the risks involved in trading of securities especially high risk securities.

The following are the risks of investing as perceived by the registrant.

7. Nature of Investment and Exchange Process

Investors are entitled to a mere vacation right in the Units offered. It does not entitle the holder to any proprietary interest, participation in the income and assets of, or to any voting rights in, the company.

Purchaser of a timeshare, exercises no ownership over the venue because the security is non-proprietary, and therefore vests no interest in the property. The only right conveyed by the purchase of the timeshare is the right to be awarded the use for a week of every year the accommodation specified and paid for under the Purchase Agreement.

Risk Management
Considering that the process of exchanging weeks with R.C.I. affiliated resorts will be done outside of the Philippines, there is no guarantee that a holder of a holiday certificate can successfully exchange his vacation rights at the time desired but the use of the home resort is not subject to such risk because as timeshare holders with the El Puerto Marina Beach Resort & Vacation Club, they are assured of accommodation thereat.

There is no assurance that the investor can exercise the right of occupancy because the mechanics is regulated by the Exchange Provider therefore the timeshare holder has to comply with the R.C.I. rules on reservation or space banking. This constraint notwithstanding, this risk will not hold because timeshare holders of the registrant are assured of accommodation anytime at the home resort.

The registrant strives to do its best to inform potential buyers of their rights under the timeshare program. The purchase agreement carries an enumeration of the rights obtaining a purchaser.

7. Disasters and Natural Calamities

The occurrence of natural calamities and fortuitous events may temporarily deprive the purchaser of his right to the accommodation bought. In the event of the destruction of the venue, the timeshare holders may be temporarily deprived of the use of their holiday ownership at the venue until such units are rebuilt or restored and once again be ready for occupancy.

Risk Management
Affiliation with the Resort Condominium International is an effective response to this risk. These occurrences need not entirely deprive investors of a vacation venue because being enrolled with the R.C.I gives them the advantage of availing themselves of the option to spend their holiday at any of the over 4,000 RCI affiliated resorts worldwide.

An insurance policy was taken out from Prudential Guarantee for PhP4,050,000.00 on 01 September 2009 to 31 August 2010 against bodily injury or death and property damage to third parties in connection with the operation of the insured's business.

Additional insurance policy was obtained from UCPB Gen for an amount of Php8,000,000.00 on 21 July 2010 to 21 July 2011 for Fire and Lightning with Earthquake, Typhoon, Flood, Riot, Strike and Malicious Damage, Extended Coverage.

3. Political and Economic Factors

The economy is always at risk when political upheavals rear its ugly head. Investors get into a wait and see mode so that business gets sluggish. Tourists are wary of this development as embassies caution its citizens to stay away until political situation in a country stabilizes. In the meantime sales and occupancy of the resorts suffer.

Risk Management
Risks of this nature are short-lived unless there is a violent overthrow of the government by the governed. To this risk, the resort owner or any one engaged in business for that matter would be unable to offer a solution but hold firm to its management policies for the safety of those in the establishment.

4. Competition
A singular advantage of the Registrant in terms of competition is that it is the only organized and reputable establishment in the wide stretch of the coast. The only resort offering timeshares is the Puerto del Sol in Bolinao , Pangasinan , located on the western end of Pangasinan. It is a good 3-hours drive from El Puerto Marina Beach Resort or approximately 200 kilometers away.

Risk Management
Competition is a risk which is easily met by putting up better amenities competitive with those prevailing in the region as well as setting up better customer relations and services at the venue. The hotel is constantly upgraded to better serve the needs of timeshare holders as well as its corporate clients.

5. No Secondary Market for Timeshares

Timeshares are sold over the counter and not through the Exchanges hence the offering will be handled by marketing outfits set up by Management in various venues yet to be set up as soon as a permit to sell is issued.

Risk Management
In such cases everything will depend upon the confidence in and credibility of the owners as well as the skills of the marketers. Operations must be top notch and the hotel must be in tip top condition so that resale of the security will be acceptable to investors.

6. **The venue is under a Contract of Lease**

The resort is covered by a contract of lease between the couple Roland/Flordeliza Verzosa and the Adventure Bay Resort and Theme Park, Inc.

Risk Management
Issues that generally arise when a property is under lease is the effect of pre-termination on vested rights. This concern will not happen because the lessor and the lessee are one although the latter is a juridical person. The lease contract carries a commitment for the lessor to honor the rights of timeshare purchasers over the venue.

7. Case pending before the Supreme Court for Resolution

There is a risk that the Supreme Court might rule adversely against the company, hence the property might not be titled.

Risk Management
In the event that the Supreme Court in our pending petition to allow the titling of the property declares the venue of our resort, subject of this application, as inalienable property of the state, then we shall apply to lease said land from the State. This would be similar to leisure facilities located in Boracay, BCDA and other real properties held by the State. In this case the stakeholders, purchasers of the timeshares, will not be prejudiced in the exercise of their inchoate rights.

In this connection, should the lease not be allowed by the state consequently the purchasers are deprived of their right to accommodation; the owners of the resort undertake to refund the balance of the purchase price after the usage has been deducted there from. The amount of the purchase price minus the P20,000 administrative and processing fee shall be computed and paid without interest within ten(10) days from the date of receipt of the written demand for a refund. See computation below:

Net Amount = Purchase Price - 2 yrs RCI Membership Fee - 1 yr Maintenance Levy – 12% VAT
Refundable Amount = Purchase Price – P20,000 Adm. Cost – (Net Amount/40 yrs X no. of years usage)

Sample Computation:

Assuming Usage = 20 years and the Purchase Price = 428,000

Net Amount = 428,000 - 10,000(2-yr RCI Membership) - 7,000(1-yr Maint. Levy) -51,360 (VAT) = **359,640**
Refundable Amount = 428,000 – 20,000 – (359,640/40 X 20)
= 428,000 – 20,000 – 179,820
= 228,180

In addition, arrears on the maintenance (if there are) will also be deducted from the refundable amount.

USE OF PROCEEDS

The offer is expected to raise gross proceeds of P213,012,000. These proceeds shall be utilized in the order of priority, as follows:

Gross Proceeds	213,012,000
Marketing Discount	63,903,600
VAT	15,975,900
Cost of Timeshare	46,853,719
RCI Membership Fee	6,630,000
Maintenance Levy	3,570,000
Renovation of existing rooms for timeshare use	300,000
Additional Furnishings for Existing Rooms	2,000,000
Expansion (Construction of additional rooms)	14,220,000
Furnishings for Additional Rooms	2,800,000
Landscaping	10,000,000
Lease Payments	24,159,955
Other Expenses of Issuance and Distribution	1,247,120
Payment of advances	3,539,051
Working Capital	17,812,655
	213,012,000

Cost of timeshares

Sales Commission	12,934,688
Marketing Commission	6,159,375
SPIF Incentives	1,416,656
Allowances	13,392,000
Exhibits	3,600,000
Telephones and Cell Phones	1,488,000
Refreshment	480,000
Owner's Pack	663,000

Gift Certificates	1,200,000
Rentals	2,400,000
Utilities	600,000
Miscellaneous	480,000
Competition	1,200,000
Bonuses	480,000
Team Building Budget	360,000
	46,853,719

Allocations for working capital are for the following, among others:

light, power and communication	3,562,531
admin salaries and wages	3,562,531
Advertising	1,603,139
security services	1,781,266
office supplies	1,068,759
transportation	890,633
taxes and licenses	356,253
other employee benefits	890,633
Others	4,096,911
Total	**17,812,655**

Special Performance Incentive Fund is generated by taking out an amount equivalent to 1.15% of the total gross monthly sales, 1% is given to Sales Group while 0.05% goes to the Marketing Group and 0.1% goes to Collection Group. The amounts allocated for agents and telemarketers mentioned in the section Cost of Timeshares is geared to encourage them to work harder at building up their leads so as to augment sales.

Rentals refer to cost for the venue or the sales deck monthly rental for the sales presentation, exhibits and trade shows.

Allocation for Competition refers to the cost of incentives given to the winner of competition for the department (sales, telemarketing, and exhibits) that reaches the highest quota.

Bonuses refer to amounts given to the department once it reaches its set quota.

DETERMINATION OF OFFER PRICE

The following factors were taken into consideration in the determination of the offering price:

- Type of purchased accommodation – the marketing department evaluates the costs of the unit chosen by the investor, and adds other factors enumerated hereunder.
- Usage of the facilities/amenities in the venue – these amenities are upgraded from time to time to give the users satisfied with the ambiance of the venue to keep them coming back for their relaxation
- Tariff rate of the venue vary from region to region, hence this is an important consideration
- Legal and processing fees
- Location of the Resort – this is a material consideration because rates get expensive depending upon the location of a venue
- Commission to sales agents - payments made to sales representatives are factored into the cost of a timeshare
- Management fees or expenses
- Administration expenses and salaries of staff
- Advertising and marketing costs, these eats up a major bulk of the expenses of a developer of timeshares
- Miscellaneous expenses
- RCI membership fees for the first two years, annual maintenance levy for the first year, and processing and administration fees

PLAN OF DISTRIBUTION

The timeshares shall be distributed by the Registrant's own marketing group who in compliance with a recent SEC Circular are committed to secure the Certified Investment Solicitor's License (CIS) as soon as SEC has finalized the module for securing the same. The marketing plan involves the usual protocol followed by marketing outfits. Its sales promotion shall utilize advertising, mail drop, telemarketing, and referral system. Promotions will be done through exhibits, correspondence and telemarketing. It shall likewise make use of billboards, sign boards, direct mailing to target market, invest in both print and media exposure and set up offices in target locations or access points.

Prospective clients are invited for the marketing staff to enlighten them on the Timeshare Program. The marketing staff is composed of personnel employed by the Company on an allowance plus commission in the aggregate amount of Php **32,486,063** projected over a 2 year selling period**.** The pre-qualification of purchasers shall be done at this point, by asking the prospective clients to fill up a form disclosing their personal circumstances thus allowing the staff to evaluate their capacity to pay. These facts however have been previously known to the marketing staff who make certain that persons invited to the presentation have the necessary qualifications to enter the Program. In addition to the form, personal interviews are conducted to further clarify entries in the form. The transfer of ownership also undergoes the qualification process before the Certificate is issued to the new owner.

.

The Program is aimed at educating the clients on the benefits of owning a Timeshare via an audio-visual presentation explaining the RCI Exchange System whereby a member can exchange their intervals for a choice of over four thousand (4,000) resorts in over one hundred (100) countries worldwide.

Sales venue for the timeshares will be set up in Metro Manila and Baguio. This is expected to increase sales of timeshare and provide for manpower generation as well. Aggressive marketing tactics shall be employed once the venue is established as among the best performing resorts in Pangasinan because of the amenities, the ambiance it offers vis a vis the price of the security offered
The sale of Holiday Certificates may be paid for in cash or on installment basis but cash purchases are best because the usage of the venue is readily available.

The following terms of sale shall be applied:

1. Cash - sale shall be considered Cash if receipted by the office within seven (7) days from date of signing of the purchase agreement.

2. Installment under the following options:

   - 30% down payment, balance payable in 30 – 60 days without interest.

   - 15% down payment, balance payable in twenty-four (24) equal monthly installments, payments to commence on the second month from date of sale (interest free).

In case the purchase of a timeshare is made on an installment basis, the following rules shall apply in the event of delay and/or default in installment payment(s):

- If a purchaser fails to pay his regular installment after thirty (30) days of being sent a written notice, the Company shall send a further notice to the purchaser advising that failure to discharge in full the arrears (including any arrears that have risen since the date of the first notice) within thirty (30) days, will result in the termination of the Purchase Agreement without the benefit of refund to the purchaser of any and all prior installment payments made before the default.

- Late payments shall be subject to interest to be determined by the Company from time to time in accordance with market rates.

- Upon default, the Company shall have the exclusive right and option to demand all outstanding amounts to be immediately due and demandable, and require payment of the same.

DESCRIPTION OF SECURITIES

Concept of Timeshares

Holiday Certificate ownership is a legal arrangement that enables a purchaser to own one or more weekly intervals at the Resort. The purchaser has a legal right to occupy a specific room type at the venue, chosen at the time of purchase. Purchasers of Holiday Certificates shall have the right to use the facilities for 7 days at the venue or any place chosen for exchange via the RCI.

New members will be required to sign a Purchase Agreement specifying the details of the room and choice of amenities offered. All these specifications have a bearing on the purchase price. The Purchaser shall receive the Holiday Certificate within sixty (60) days from the date of full payment of the purchase price.
The annual membership fee for RCI will commence on the third year of membership**.** Upon payment of purchase price of timeshare or upon compliance with the required Post Dated Checks to answer for the balance of the Purchase price, in installment sales, the purchaser will be registered with Regency Vacation Club and enrolment with R.C.I. shall be initiated by the Company for the issuance of the ID Card.

After the second year, the owner may continue his membership by paying the membership fees for the succeeding years. The owner can either use his timeshare each year at the Resort in Pangasinan or it may be exchanged for other RCI affiliated resort.

The ownership of the timeshare shall represent ownership of future accommodation for ensuring substantial savings on future holiday accommodation assessments.

If the owner does not use his specific week for a particular year, the right to use it may be banked with the RCI. In such case he may use his fixed week for the succeeding year plus another week in any of RCI - affiliated resort, subject to availability of the week and resort and a successful exchange.

VACATION CLUB

The Club was legally constituted under the Articles of Incorporation to primarily ensure for its members the exclusive ownership and enjoyment of the rights of occupancy of the units in Pangasinan as well as to serve as a vehicle to apprise Members of other benefits or privileges that are available or will be made available to them under the Holiday Program. Resort Club membership shall be subject to the terms and conditions of the House Rules.

The use of the units by timeshare holders will not present a problem if they all decide to exercise their right to use the accommodation, a situation which is highly improbable, because the usage will be primarily determined by:

a) category of the purchased timeshare, as in Premium Red, Red, White or Blue, representing seasons of the year

b) kind of room invested in, as in studio, one bedroom, two bedroom and

c) direct involvement of R.C.I. in monitoring the availability of space, via the Space banking Method.

As discussed in previous sections, the Exchange Program does not guarantee the availability of space when the user requires it. The weeks are banked with the R.C.I. if the same is to be used for whenever the holder wants to exercise the right. This procedure ensures the eligibility of the user to take a vacation as scheduled. Their ownership is governed by the weeks which are spread over the 51 weeks dedicated to timeshares. There can be no overlapping of usage because no purchaser may use his week unless it was previously banked.

Club Membership

The holder of Timeshare Certificate shall *ipso facto* become a member of the El Puerto Marina Beach Resort & Vacation Club.
The Board of Directors shall grant membership to natural and juridical persons by issuing Timeshare Certificates with privileges and benefits defined therein. These Certificates are non-proprietary.
The owner of the Holiday Certificate shall remain liable for all obligations incurred by its nominated individual member.

For the purpose of pre-qualifying prospective buyers, transferees, nominated individual members, said persons must possess the following qualifications:

1. He must be of legal age
2. He must be of good moral character
3. He must have completed the form for membership

Register of Members
No person shall be considered as member unless his name appears in the Register of Members, and all names appearing in the Register are prima facie members of the Club.

The Company shall maintain in its custody the Register of Members that shall contain, at least, the following information:

- The names, addresses and telephone numbers and the corresponding Holiday Ownership Week and unit type owned.
- Date of entry as member.

Rights and Obligations of Security Holders

1. Any Member may dispose of his exclusive right of occupation to any person, twenty-one years and above, whether by sale, gift, or otherwise, by means of a Certificate of Transfer duly signed by him/her on the dorsal portion of the Holiday Certificate and the transferee duly qualified by the Board of Directors.

2. Upon the death of a Member, his personal representative may apply to pass off his exclusive right of occupation in accordance with the Philippine law on succession, both testate and intestate.

3. A member may let or grant rights of occupation of the unit to which his membership relates for the whole or a part of the weekly period to which his membership relates, subject to the consent of the Company, provided that the member will, in any event during the period, remain fully responsible for all obligations incumbent on the holder of the Holiday Certificate.

4. A member may also affiliate with the R.C.I. and avail of the benefits of the Exchange Program subject to fees and other charges imposed in connection with the affiliation.

5. Whether or not he has fully paid for the purchase price, the purchaser shall have the right to cancel his purchase and claim refund for any amount he has paid, without interest, within a period of five (5) days from the day he signed the Purchase Agreement, except for the non-refundable Processing and Administration Fee of Twenty Thousand Pesos (Php 20,000.00). If the amount advanced as down payment for the purchase of the timeshare is less than PhP20,000.00, no refund may be claimed and he/she shall be liable to the company for the difference between the amount paid and the Processing and Administration Fee of PhP20,000.00.

6. Upon full payment of the purchase price the Certificate may be claimed from the Corporation within a period of sixty (60) from date of full payment or payment of the last installment.

7. The purchaser upon payment of 40% of the purchase price may start enjoying his privileges under the Contract provided Post Dated Checks have been issued for the balance of the purchase price and accepted by the corporation.

8. Transfer Certificates shall be assessed a fee of PhP5,000.00

Procedure for Termination of Membership

Failure to pay dues promulgated by the Registrant shall result in the automatic suspension of membership benefits and privileges for the ensuing quarter and failure to pay the same within 90 days from receipt of notice of non-payment shall result in the forfeiture of the Holiday Certificate and its accompanying benefits and privileges. This is at the sole option of the Corporation.

Each member shall be subject to obligations which shall continue to bind his estate after his death and until such time as the Certificate shall have been transferred to a new Member. All these are enumerated in the House Rules.

Annual Maintenance Levy

Members shall pay to the Club the Annual Maintenance levy to meet the cost and expenses of the Company for the proper operation and maintenance of the Club.

Annual Maintenance Levy for the first year is included in the purchase price of timeshares. Members will start paying on the second (2nd) year.

The Annual Maintenance Levy in respect of each Membership Year shall be determined by the Company each year. The SEC shall be notified of any increase in fees and the rationale for said increase within thirty (30) days from Board approval.

The estimated annual Maintenance Levy is computed as follows:

	Maintenance	*Selling Period*		
Type of Unit	***Levy***	***Year 1***	***Year 2***	***Total***
2 Bedroom	7,000	142,800	214,200	357,000
1 Bedroom	6,000	367,200	550,800	918,000
Studio	5,000	918,000	1,377,000	2,295,000
		1,428,000	2,142,000	3,570,000

Based on the assumption that 40%, and 60% of the timeshares will be sold in Year 1 and Year 2, respectively.

The Club members shall be notified of the increase in fees upon the Board's approval of the said increase. Notices and other communications on the charging of fees shall be posted on the bulletin boards situated at conspicuous place/s at the site.

The assessment of the Annual Maintenance Levy for each financial year shall be issued to the member one (1) month before the start of the financial year. Payment shall be due and payable on or before thirty (30) days before the start of the next financial year or whenever a member makes a reservation for availment, whichever event appears first in time. The method and procedure of payment may from time to time vary as the Company may introduce alternative payment dates, discounts and other incentives for prompt payment as it considers appropriate.

Notices shall be sent to members and copies thereof posted in the Bulletin Board of the Company.

The Annual Maintenance Levy shall be used for the following purposes to ensure that the Units will meet high quality standards:

- Maintenance, repair, redecoration, refurbishment, cleaning and when necessary, renovation of the units and common areas;
- Maintenance, repair and when necessary replacement of furniture, equipment, utensils, fittings and fixtures in or about or used with the units;
- Insurance of the units and their contents for their full reinstatement cost;
- Payment of rent payable by the Company, in the event of Company renting weeks from a member or members in order to facilitate maintenance, repair or reconstruction works, such rent to be calculated at the Company's current published rate;
- Payment of all expenses incurred in connection with all work or acts which are required to be done to comply with statutory provisions or directions or notices, of any governmental, local or public authority;
- Payment of any reasonable charges which may be incurred in the management and preservation of the value of the Company's property and the operation of the Hotel or the provisions of services by the Company, including the provision of reception, maids, housekeeping, laundry, security, gardening, entertainment, child-care service, and any value-added tax or any other impositions in respect of the same;
- Payment of the fees and expenses of the auditor, lawyers and other professional advisers of the Company;
- Payment of any Bank or administrative charges levied by the Company to take account of the costs of receiving Annual Maintenance Levies in foreign currencies or from overseas.

The Powers of the Company under the Program

The Company shall have the power to do all things that may be necessary to carry out the purposes of the Club and for its general management. It shall have the following specific powers:

- To contract or otherwise obtain other benefits such as travel, leisure products, cruises and other related products or services for the use of the Members.
- To amend the House Rules, Membership Rules and other rules and regulations, provided that the members are notified and informed of amendments one (1) month before the amendments become effective
- To suspend or cancel the exclusive rights of occupation of a member who has committed a substantial breach of his duties and responsibilities. Initially repeated violations for at least three (3) consecutive times of the obligation to vacate by check-out time, non-compliance with occupancy limitations, non-payment of substantial charges and the Annual Maintenance Levy are considered as substantial breaches to warrant the suspension/cancellation of Membership.
- To contract a Management Company to administer, supervise and manage the Club, and the Holiday Program.
- To substitute a different unit at the Venue of similar or better standard than the type specified in the Timeshare Membership Certificate for maintenance work on the unit when such act is warranted.

Transfer of Holiday Ownership

In the event of the sale or transfer, the Timeshare Certificate shall be delivered to the Company with the Request for Transfer properly endorsed by the transferor to the transferee. After passing pre-qualification requirements, a fee of Five Thousand Pesos (Php5,000.00) will be charged for the registration of transfer and issuance of a new Holiday Certificate, which fee may be revised from time to time after prior clearance with the Securities and Exchange Commission.

Upon payment of the required fee, the payment of all outstanding obligations to the Company and the Club and with the transferee's express consent to assume all liabilities to the Company and the Club as of the date of transfer and be bound by the provisions of the Purchase Agreement and all rules of the Club, the Company shall promptly issue a new Holiday Certificate.

Upon delivery to the Company of the Certificate evidencing the exclusive right of occupation to be transferred, together with a completed Request for Transfer signed by the transferor and such fee as the Company has assessed, the Company shall replace the name of the transferor with that of the transferee in the Register of Members and issue a new Holiday Certificate in the name of the transferee.

In case of death of the member, the heir may present the Holiday Certificate and the inheritance document to the Company for the registration and issuance of a new Certificate. The fee and the assumption of liabilities and obligations discussed above are also applicable to the inheritance.

The RCI Exchange System

As an RCI member, the timeshare holder is given the privilege of taking his vacations at any of the affiliated resorts that are part of the world's largest vacation exchange network. With RCI one can take his vacation at different resorts, at different times through a variety of exchange options. Holiday ownership owners can enjoy the privilege of visiting resorts in Asia Pacific and around the world. RCI's Vacation Exchange System is used by more than a million owners around the world. Vacation consultants are available twenty-four hours to help members plan their vacations. Their phone lines are open five and a half days a week, year round from the Philippines. A Holiday owner can call RCI's Asia Pacific Head Office toll-free at 1-800-651-0048.

RCI offers the following:

- Over four thousand (4,000) resorts to choose from
- Travel Insurance
- RCI Asia Pacific has negotiated an exclusive travel insurance package for members with the Leisure Safe Insurance. For a minimal sum, members can be assured of worry-free vacations.
- Publications
- To provide members with exciting travel information and great ideas on where and when to travel, RCI publishes Endless Vacation magazine and the RCI Directory of Resorts.

RCI's unique Spacebank concept allows members the opportunity to deposit the weeks and to request for vacation exchanges.

RCI Membership Fee

	RCI		*Selling Period*	
Type of Unit	*Membership Fee*	*Year 1*	*Year 2*	*Total*
2 Bedroom	10,000	204,000	306,000	510,000
1 Bedroom	10,000	612,000	918,000	1,530,000
Studio	10,000	1,836,000	2,754,000	4,590,000
		2,652,000	3,978,000	6,630,000

Based on the assumption that 40%, and 60% of the timeshares will be sold in Year 1 and Year 2, respectively.

From the 3rd year onwards, a member may opt to renew membership with the RCI, either annually or for a maximum of 5 years under the following renewal fees:

1 year	S$150.00
3 years	S$360.00
5 years	S$500.00

A member will pay the RCI exchange fee only if an availment is to be made and the exchange is successful.

RCI Exchange Fee

Asian	S$175.00
Domestic	148.00
International	388.00

Basic steps to making a Holiday Exchange transaction:

Step 1

Deposit the Holiday week into the RCI space bank pool up to twenty-four (24) months in advance, or as close as thirty (30) days before the starting date of the Holiday entitlement. All it takes is a telephone call.

Step 2

Request for a vacation exchange. Simply consult the Endless Vacation magazine or the RCI Directory of Resorts and Supplement for information on RCI affiliated resorts available for exchange. (These contact numbers and addresses are provided upon membership.) Once the week has been deposited and the member has decided where to spend the vacation, the member can request an exchange with a start date as close as two days away, or as far as two years in advance. To ensure member satisfaction, RCI's Exchange System operates on a value-for-value basis. The Exchange System will work best for the member if he requests resorts with accommodations (room category) and time divisions (Premium red, red, white, blue) similar to those of the deposit. An exchange fee is required when request for Holiday week is made.

Step 3

Upon confirmation of the Holiday week exchange request, RCI will send:

- A written vacation exchange confirmation; and
- A resort information sheet with comprehensive information on the confirmed resort and resort area.

All the above benefits may be availed of, only if the Resort continues to be affiliated with RCI, and the member has paid the membership fees for the year. The Company's affiliation with RCI is renewable every six years.

The RCI Asia Pacific Pte. Ltd. Is located at #8 Cross St, # 09-01 PWC Building Singapore 048424. Its toll free telephone number is 1-800-6510048.

DESCRIPTION OF THE BUSINESS OF REGISTRANT

The Registrant

The company is a stock corporation registered with the Securities and Exchange Commission on 06 October 2006 with Certificate No. CS200615471. The primary purpose of the company is to establish and maintain leisure, resort, beach and water park and/or theme parks in the province of Lingayen, Pangasinan and elsewhere in the Philippines complete with amusement and recreation facilities, sports centers, club houses, hotels, townhouses, restaurants, shops and other family and social amenities and likewise to promote athletic, social and cultural activities, customer and/or members of their families and guests, including tourists in the Philippines and to issue and sell non-proprietary timeshare certificates to the public relative thereto.

Prior to this decision to offer timeshare to the public, the resort catered to walk-in clients who enjoy rustic ambiance for their relaxation and rest. Like all resorts it offered good food in its restaurant and had swimming pool for those who opt not to swim in the Lingayen Gulf. Since venture was doing well, it was deemed better for business if the venue was opened to investors via the RCI for a broader offer to clientele.

Competition

There are two hotels in the vicinity, the President's Hotel and Hotel Consuelos which are far from the beach and cater to social functions and general room accommodations only.

The only choice of a resort nearby is the Lingayen Gulf Resort, which is government owned and operated. It is not of tourist standard.

The registrant offers tours to historical places in Lingayen such as:

1. War Memorial, the place where General McArthur landed in WW11
2. Urduja Palace
3. Palacio del Gobernador
4. House of Former President Fidel Ramos, which was converted to a museum
5. Hundred Islands National Park

Cost and Effect of Compliance with Government Regulations/Environmental Laws

The Company is in compliance with laws and regulations governing the offer and sale of timeshares. In addition, it has complied with all the permits and licenses necessary for development of the resort.

The registrant does not foresee any adverse effect the government regulations may have on the business.

The ECC was issued on 30 January 2008 for the development of the resort. The ECC principally requires that the terms of the ECC originally issued to company's predecessor beach resort be complied with, to wit: to adopt adequate and mitigating measures to prevent any damage or adverse impact on the environment.

The disposal of waste and garbage of the Resort is handled by the municipal government, through the barangay, which sends garbage trucks regularly to the resort . The company acquired a sealed septic tanks worth PhP100,000.00. There is in the drawing board plans to construct its own sewage Treatment Plant to ensure that human waste will not contaminate the beach water.

Negative Disclosures

1. The registrant is not dependent upon one or a limited number of suppliers for essential raw materials. There are no major supply contracts as business is conducted as a hotel with a restaurant where supplies for food are obtained from available food sources in the area. The business of the registrant is not dependent upon any single or a few customers, the loss of any or more of which would have a material adverse effect on the registrants.

2. The Company is not dependent upon a few customers since the hotel is patronized by locals and tourists being centrally located in the northern region of the country. It does not foresee the loss of any material number of customers to adversely affect its operations.

3. The company is not dependent on any related party/ies for its business operations/transactions. There are no major existing sales contracts. The sales are individually conducted.

4. There are no patents, copyrights, concessions and royalty agreements held.

5. The registrant does not foresee any adverse effect on the operations of government regulations either existing or probable, on this business.

6. The company has no subsidiaries over which major risks and management thereof need be discussed.

7. There are no issuances of securities constituting exempt transactions nor sale of unregistered securities

8. The registrant does not transact with a promoter, neither does any person have any indirect material interest in any transaction involving the present registration.

9. There are no loans or material obligations which would affect the company's liquidity position.

10. The law states that dividends shall be declared only from unrestricted retained earnings and shall be payable at such time and in such manner and in such amounts as the Board of Directors shall determine. No dividends shall be declared which will impair the capital of the corporation. In this instance however there shall be no declaration of dividends among the purchasers of timeshares because the issue is non-proprietary.

11. The registrant does not foresee any major risks at the business of the company. It has no subsidiaries.

12. No material amount of proceeds shall be used to acquire assets or finance the acquisition of other business.

13. The registrant does not offer the securities abroad.

14. There are no material off-balance sheet transaction, arrangements, obligations (including contingent obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

15. No material amounts of other funds are necessary to accomplish the specified purpose/s for which the offering is made.

16. The Registrant has no voting trust or similar agreement with any person, corporation, or association, and neither is there any arrangement with person or entity which may result in a change in control of the company.

17. None of the securities to be registered are offered for the account of security holders.

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

19. There are no material commitments for capital expenditures except that amount shown in the Use of Proceeds.

20. There are no known trends, events or uncertainties that have had or that are reasonable expected to have a material favorable or unfavorable impact on net sales or revenue or income from continuing operations.

21. There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

22. There are no named experts who have any direct or indirect interest in the Registrant.

DESCRIPTION OF THE PROPERTY

Location and Accessibility

The Resort is approximately two (2) hectares, privately owned by couple Rolando Verzosa and Flordeliza Verzosa , the majority shareholders of the corporation. The beach front is approximately150 meters, bounded on the north by the Lingayen Gulf, on the south by fishponds, on the west by a private land devoted to fishpond, planted with mango and coconut trees and on the east, an access road.

The beach is unlike that of Boracay where the sand is powdery white and envelopes the feet as one walks on it. The sand around the Lingayen Gulf is fine but is colored grey. It is compact so much so that riding on a golf cart or dune buggy is very comfortable because the sand is firm under the wheels.

The property is located in Central Pangasinan and is 220 kilometers north of Manila or approximately a three hour drive from Manila. Hourly trips to Lingayen is serviced by Victory Liner buses. It is only a five to seven minute ride by tricycle from the bus terminal to the resort.

Driving from Manila one may take the Camiling-Mangatarem route, the Bayambang-San Carlos-Binmaley route or the Urdaneta-Dagupan route to reach the resort.

The Property

The property is located along the seafront of the Lingayen Gulf. Current facilities of the resort include:

<u>Two-Storey Hotel</u>
The two-storey hotel wing has 13 fully air-conditioned rooms. The second floor has a veranda overlooking the stretch of Lingayen Gulf. The time share units are housed in this two-story hotel.

<u>Open Pavilion</u>
The open pavilion currently serves as the restaurant and a function and party venue. It can hold 150 to 200 guests. It is currently at the center of the property and has the view of the Lingayen gulf, the pool, the hotel and the bungalows.

<u>Bungalow</u>
These are 6 fully air-conditioned cottages on stilts built on the ponds. Each has toilet and bath with hot and cold shower and verandas. One has to take the footbridge that runs to each of these bungalows and over the ponds to the pavilion.

<u>Cabanas</u>
There are five (5) single room cabanas available for guests' use. Although it has a room for sleeping of 2 persons and an ante-room with dining table, guests will have to make use of the bath and toilet in the nearby pool area.

<u>The Designer Pool</u>
The designer pool is about 100 square meters. It has an outdoor Jacuzzi attached to it and a slide coming out of the mouth of a giant 'Tiki' head. A separate shower and toilet for male and female adjoins the pool.

<u>The SPA</u>
The Heavenly Spa offers services such as half and whole body massage using different kinds of herbal oil that suits ones preference, facial cleansing and whitening and body scrub. A dry sauna room is also available.

<u>Tiki Bar</u>
Located adjacent to the pool and serves drinks and snacks in to pool guests.

<u>Fish Pond and Fishing Alley</u>
The fish pond contains Tilapia, Dalag, Seabass, Catfish, Pacu and Bangus. The catch can weigh up to more than three (3) kilos.

<u>Beach Huts</u>
There are nine (9) beach huts on the foreshore near the water where guests on the beach may use to rest or for picnic.

Beach Parasols
There are 10 beach parasols on the shoreline with reclined chairs where guests can spend time relaxing while listening to the sound of the waves.

Other Leisure Facilities Available:

- Beach Volleyball
- Bon Fire
- Billiard Table
- Table Tennis
- Frisbees
- Surf Boards, Body Boards and Skim Boards
- Kayaks
- Boat
- Banana Boat
- All-Terrain-Vehicle (ATV) and Race Tract
- Dart Board
- Obstacle Race for Teambuilding
- Karaoke
- Club Car to tour guests around the resort

Other Existing Service Facilities and Amenities:

- Laundry Service
- Audio Visual and LCD Projector
- 100sqm kitchen
- Garden
- Staff house
- Housekeeping Stock Room
- Kitchen Stock Room
- Power House
- Pump House
- Generator House

All the above facilities and amenities are 100% complete and are now being enjoyed by guests.

The 2-storey hotel which houses the timeshare units has the following accommodations:

- Two- bedroom suites is 84 sqm floor area with
  2 toilet and bath
  Living room
  Refrigerator
  Cabinet
  Dresser
  Queen size bed and single bed
  Veranda with full view of the Gulf
  Microwave
  TV and DVD player
  Hairdryer
  Telephone
  Night table with lamp shade

- 3- One bedroom suites on a 56 sqm. Floor area with:
  Two toilet and bath
  Living room
  Dresser
  Cabinet
  Refrigerator
  Queen size bed
  Verandah facing the Gulf
  Microwave
  TV and DVD player
  Hairdryer
  Telephone
  Night table with lamp shade

- 9- Studio Units have 42 sqm floor area with:
  1 toilet and bath
  Microwave
  TV and DVD player
  Hairdryer
  Cabinet
  Personal refrigerator
  Dressing table
  Queen size bed
  Night table with Lamp shade
  Verandah with full view of the beach
  Telephone

Renovations are on-going to comply with RCI standards.

Management's Discussion and Analysis of Operation

Key Performance Indicators

	5/31/2010	12/31/2009	12/31/2008	12/31/2007
Earnings per share - show the company's attributable profit earned per share. Net income/ no. of shares outstanding	10.87	0.46	7.33	(115.51)
Operating expense ratio - often used as a measure of management's ability to control its operating expenses. (operating expenses/net sales)	36%	34%	23%	
Percentage Return on Assets - an important test of management's ability to earn a return on funds supplied from all sources. Operating Income (net of interest expense and income tax)/Total Assets	18%	40%	27%	18%
Current ratio - Indicates a company's short-run, debt-paying ability. It is a measure of liquidity and Solvency.	1.25	1.66	2.14	
Equity ratio - shows the protection to creditors and the extent of leverage being used. (TSE/TA)	0.45	0.55	0.71	
Debt ratio - Indicates the % of assets financed through borrowing; it shows the extent of leverage being used. (TL/TA)	0.55	0.45	0.29	1.18

Income Statements

Revenue for the year 2009 was P1,645,196 or 30% higher than that of 2008 level of P 5,563,407. For the five months ending May 31, 2010, revenue of P 4,190,236 is 58% of that of 2009. Cost of services amounted to P 2,058,289 or 49% of revenue for 2010, P 4,618,859 or 64% 2009 revenue, and P 3,833,307 or 69% of revenue for 2008. Breakdown is as follows:

		May 2010		May 2009
Food and beverage	**P**	**1,267,613**	P	2,088,975
Personnel cost		**790,676**		845,869
Total	**P**	**2,058,289**	P	2,934,844

Administrative expenses included repairs and maintenance, light, power and communication, salaries and wages, advertising, security services, transportation and depreciation. These expenses were 36 %, 34% and 23% of revenue for 2010, 2009 and 2008, respectively.

The components of Entity's provision for income tax expense are as follows:

Current	**P**	**17,402**	P	-
Deferred		**166,632**		173,153
Income tax expense	**P**	**184,034**	P	173,153

The reconciliation of the income tax expense computed at the statutory income tax rate to income tax expense shown in the statements of comprehensive income is summarized as follows:

		May-10		May-09
Income tax computed at statutory income tax rate	**P**	**184,034**	P	141,319
Add (deduct) resulting from:				
Expired Nolco		-		
NOLCO availment		**(166,632)**		(141,319)
Total	**P**	**17,402**	P	-

MCIT / Deferred tax asset

Deferred tax asset balance as at December 31, 2009 pertains to income tax benefit of Net Operating Loss Carry-over (NOLCO) from the year 2007. This was credited against the Entity's normal income tax in the year 2010.

The balance of deferred tax asset as of May 31, 2010 pertains to the excess of the minimum corporate income tax (MCIT) over the regular income tax amounting to P25,406 computed as follows:

Income tax using MCIT	**P**	**42,808**
Income tax using regular income tax rate		**17,404**
Excess (Deferred tax asset)	**P**	**25,404**

The excess MCIT will be applied against the regular corporate income tax within the next three (3) taxable years.

Balance Sheets

Total assets as of May 2010 amounted to P 8,409,178, as of Dec. 31, 2009, P 6,148,359 and as of Dec. 31, 2008, P 4,748,303. Of these, 11%, 8%, and 16%, respectively, are current assets. Current assets are made up of cash and cash equivalents, accounts receivables, inventories and prepayments. Non-current assets (89%, 92% and 84%, respectively) consisted of property and equipment, net and deferred tax assets. Increase in assets notably cash and cash equivalents and property and equipment, may be attributed to the increase in advances from officers and in loans payable. Increase in inventories may be brought about by the increase in accounts payable and accrued expenses.

The company's liabilities represent accounts payable and accrued expenses and, loans payable, and advances from officers. Accounts payable and accrued expenses represent the following:

		May 2010		December 2009
Accounts payable - supplier	**P**	**434,454**	P	168,597
Accrued expenses		**58,000**		50,000
Statutory liabilities		**70,136**		65,863
Other liabilities		**36,442**		24,697
Total	**P**	**599,032**	P	309,157

Accounts payable pertains to outstanding payable to Entity's supplier of products that are non-interest bearing and usually settled within 30 – 60 days.

Accrued expenses are non-interest bearing and normally settled in the succeeding month.

Statutory liabilities include mainly obligations to SSS, Pagibig, Philhealth and Bureau of Internal Revenue which are normally remitted on the following month.

Significant transactions with related parties are as follows:

Advances from officers
These pertain to non-interest bearing advances without definite call date made by various officers to support the Entity's operations. These advances were expected to be settled in cash as may be warranted by the cash position of the Entity on the terms to be agreed upon by the Board of Directors and the officers.

The movements of the account for the periods ended May 31, 2010 and December 31, 2009 are as follows:

			May-10		
Relationship	Nature of Transaction		Transaction Amount		Balance at End of period
Officers	Advances (payment) net	**P**	**1,096,013**	**P**	**3,539,051**

			Dec-09		
Relationship	Nature of Transaction		Transaction Amount		Balance at End of year
Officers	Advances (payment) net	P	1,427,483	P	2,443,038

Key Management Compensation
The Entity's key management compensation amounted to P125,000 and P324,900 for the periods ended May 31, 2010 and December 31, 2009, respectively.

The Entity monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to liabilities shown in the statement of financial position. Total equity comprises all components of equity including share capital and deficits. Debt to equity ratio of the Entity is as follows:

		May 2010		December 2009
Total liabilities	**P**	**2,752,195**	P	1,370,320
Total equities		**3,396,165**		3,377,983
Debt to equity ratio		**1:1.23**		1:2.46

Financial risk management objectives and policies

The Board of Directors is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Entity. It has the duty to identify key risk areas and key performance indicators and monitor these factors with due diligence. The Entity could be exposed to the following risks: (a) credit risk; (b) market risk; and (c) liquidity risk. In managing these risks, the approach is not always risk minimization but managing risks to make an optimal contribution to Entity revenues.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Entity has defined criteria in the acceptance of membership to the Entity to ensure that only qualified and credit worthy persons would become members. Current credit risk exposure arises from its cash deposits with commercial banks hence, the Entity deals only with reputable commercial banks.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risk. ***Currency risk*** is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. ***Interest rate risk*** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. ***Other price risk*** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Entity does not yet have exposure to market risk.

Liquidity risk
Liquidity risk is the risk that the Entity will encounter difficulty in meeting obligations associated with financial liabilities. The Entity exercises prudent liquidity risk management which includes maintaining sufficient cash and cash equivalents and the availability of funding from an adequate amount of credit facilities.

The following are the contractual maturities of the Entity's financial liabilities:

May 31, 2010

	Carrying amount	On demand	Less than 1 year	More than 1year
Accounts payable and accrued expenses	P 599,032	P 599,032.00	P -	P -
Loans payable	445,518	-	171,624	273,894
Advances from officers	3,539,051	-	-	3,539,051
	P 4,583,601	**P 599,032**	**P 171,624**	**P 3,812,945**

May 31, 2009

	Carrying amount	On demand	Less than 1 year	More than 1year
Accounts payable and accrued expenses	P 309,157	P 309,157	P -	P -
Advances from officers	2,443,038	-	-	2,443,038
	P 2,752,195	**P 309,157**	**P -**	**P 2,443,038**

The Company has no known trends, demands, commitments, or uncertainties that will result in or that are reasonably likely to result in liquidity problems.

The Company has not experienced any incidents or events that will trigger direct or contingent financial obligations that are material to the Company including any default or an acceleration of an obligation.

As the company ventures into timesharing, it is committed to providing superior and improved timeshare units, amenities and facilities and create added value to the product by providing excellent service to customers in terms of local and international bookings, RCI exchange transactions and other customer service relations.

Shown below is the projected revenue from sale of timeshares based on the assumptions that 40% of the timeshares will be sold in Year 1 and 60% in Year 2 and that 10% of the timeshares will be sold in cash, 10% will be sold in installments for 30-60 days and 80% will be sold in installment for 2 years. Also with an average of 30% Marketing Discount:

Year of Sale	***Type of Unit/Type of Week***	*Year of Collection*				**Total**
		Year 1	**Year 2**	**Year 3**	**Year 4**	
	2 Bedroom					
Year 1	Premium Red	364,582	296,905	37,113		698,600
	Red	1,295,770	1,018,640	381,990		2,696,400
	White	783,592	718,200	94,208		1,596,000
	Blue	818,764	297,203	49,534		1,165,501

	1 Bedroom					
	Premium Red	741,563	672,350	168,088		1,582,000
	Red	2,733,150	2,713,200	1,469,650		6,916,000
	White	2,000,289	891,608	371,503		3,263,400
	Blue	1,793,007	932,663	466,332		3,192,001
	Studio					
	Premium Red	1,264,941	1,682,660	1,011,599		3,959,200
	Red	7,616,543	7,033,793	3,764,565		18,414,900
	White	4,042,369	2,967,563	1,568,569		8,578,501
	Blue	4,785,585	1,911,735	1,132,880		7,830,200
		28,240,153	**21,136,518**	**10,516,031**		**59,892,702**
Year 2	**2 Bedroom**					
	Premium Red		364,582	296,905	37,113	698,600
	Red		1,539,195	1,527,960	827,645	3,894,800
	White		889,438	565,250	141,313	1,596,000
	Blue		1,245,628	495,338	123,834	1,864,800
	1 Bedroom					
	Premium Red		959,747	941,290	313,763	2,214,800
	Red		4,365,725	4,069,800	2,204,475	10,640,000
	White		2,948,715	1,486,013	693,473	5,128,200
	Blue		2,610,125	1,356,600	621,775	4,588,500
	Studio					
	Premium Red		2,245,314	2,644,180	1,332,106	6,221,600
	Red		12,259,603	10,402,088	5,077,209	27,738,900
	White		6,587,241	4,324,163	2,056,097	12,967,500
	Blue		6,904,529	3,323,670	1,433,802	11,662,001
			42,919,842	**31,433,255**	**14,862,604**	**89,215,701**
	Grand Total	**28,240,153**	**64,056,360**	**41,949,286**	**14,862,604**	**149,108,403**

During the period of sale of timeshares, 58 personnel mostly in the field of sales and marketing are expected to be employed and this number is likely to be maintained during the selling period. This kind of business venture will not be significantly affected by spiraling increases in labor cost because the number of marketing staff remains constant, unless new sales venues are opened.

CONTROL AND COMPENSATION INFORMATION

Directors and Executive Officers

Rolando M. Verzosa, Filipino, Chairman, President / CEO (since inception)

City Address:	6 Margarita St., Magallanes Village, Makati City
Telephone Number:	(02)8994526
Date of Birth:	Nov.12, 1963
Age:	47 years old
Place of Birth:	Manila
Civil Status:	Married
Name of Spouse:	Flordeliza B. Verzosa
Name of Children:	1.Roland Charles B. Verzosa
	2.Mark Andrew B. Verzosa

Educational Attainment : Bachelor of Science in Civil and Sanitary Engineering, Mapua Institute of Technology, 1985

Work Experience:

Company	*Position*	*Years*
Technolux Equipment Supply Corp.	COO	21
TGI Friday High Street	Director	

Flordeliza Bernal - Verzosa, Filipino, Director, Treasurer, COO, spouse of Rolando Verzosa (since inception)

City Address:	56 Margarita St., Magallanes Village, Makati City
Telephone Number:	(02)8523404
Date of Birth:	July 5, 1963
Age	47 years old
Place of Birth:	Hagonoy, Bulacan

Educational Attainment: BS in Management and Industrial Engineering, Mapua Institute of Technology, 1985

Work Experience:

Company	*Position*	*Years*
Adventure Bay Resort and Theme Park, Inc.		
Lufthansa Technik Philippines	Manager – Trax Division, IT Dept	2000 -2005
Philippine Airlines	Manager – MEMIS Div. IT Group Maintenance & Engineering Dept.	1985 – 1998
El Puerto Marina	COO	Current

Raul G. Gerodias, Filipino, Director, Corporate Secretary(since inception)

City Address:	2 Pinesville St. White Plains, Quezon City
Place of Birth:	Manila
Date of Birth:	June 25, 1963
Spouse :	Rebecca E. Santos-Gerodias
Telephone :	(632) 638 0612

Educational Attainment
BS Management, Ateneo de Manila University
Bachelor of Laws, Ateneo de Manila University
Master of Laws, University of Pennsylvania, Philadelphia, Pennsylvania USA

Work Experience

Company	*Position*
Gerodias Suchianco Estrella Law Firm	Managing Partner—Senior Name Partner
GSE Management Svcs, Inc.	President- Stockholder
Leisure & Resorts World Inc.	Director

He is presently a Director of 12 corporations: Corporate Secretary of 28 corporations and Trustee of two Foundations.

Andrew L. Huang, Filipino, Independent Director (since October 15, 2007)

City Address:	3 Hydra St., Bel-air Village 111 Makati City 1209
Office Address:	Philippine Air Lines 5/F PNB Financial Center, CCP Complex, Pasay City
Date of Birth:	May 3, 1956
Age:	54 years old
Place of Birth:	Manila
Civil Status:	Married
Name of Spouse:	Rhonda A. Huang
Name of Children:	1. Andrea 2 Adrian

Educational Attainment:
Bachelor of Science in Banking and Finance, De La Salle University
Masters in Business Administration, 1982

Work Experience:

Company	*Position*	*Year*
Liberty Telecom	President	Current
Philippine Air Lines	SVP Finance and CFO	1999-2009
Philippine Air Lines	VP Corporate Finance	1996- 1999

William A. Stelton, Director, 61 years old, Filipino, Independent Director (since Oct.15, 2007)

City Address:	2176 Primo Rivera St., La Paz, Makati City
Telephone Number:	(02) 899 5114
Date of Birth:	March 20, 1949
Place of Birth:	Manila
Civil Status:	Married

Educational Attainment:
Bachelor of Science in Commerce, Letran College, 1969

Work Experience:

Company	**Position**	**Years**
Techno Holding Corp.	Chairman	Current
Technolux Equipment & Supply Corp.	Chairman	-do-
The Turf Company	Chairman	-do-
The Finix Corporation	Chairman	-do-
Steltz International, Inc.	Chairman	-do-
HKR Equipment Corp.	Chairman/ President	-do-
Bistro Americano (TGI Fridays)	Chairman / President	-do-
Bistro Italiano Corp.(Italiani's)	Chairman / President	-do-
Bistro Australiano Corp (Outback Restaurant)	Chairman / President	-do-
Big Fish Corp. (Fish & Co.)	Chairman / President	-do-

Christoph Ullrich Geidel, German, Director (since Oct.15, 2007)

City Address: Wacholderweg 5, 22335,Hamburg, Germany
Telephone Number: +4940 507064 199033-3361441
Date of Birth: 14 October 1960
Place of Birth: Gadderbaum, Germany
Civil Status: Married

Educational Attainment:
Masters in Business Administration, University of Cologne, Germany 1990

Work Experience

Company	**Position**	**Year**
Lufthansa Technical Training GmbH	Director Business Development Europe and Asia -	Current
Lufthansa Technik Philippines	VP Finance & IT	2000-2004

Roland Charles B. Verzosa, Filipino, 22 yrs. old, Director (since inception)

City Address: 56 Margarita St., Magallanes Village
Makati City 1232
Telephone Number: 02 8548877
Date of Birth: January 30, 1988
Place of Birth: Manila
Civil Status: Single

Educational Attainment:
BS Management Major in Computer Applications, College of Saint Benilde - Graduate

Work Experience:

Company	***Position***	***Year***
Globe Telecom, Inc	IT Quality Assurance Specialist	Current

Significant Employee

The Registrant has no employee whose employment can be considered significant. The sales will be supervised by a team of marketing staff ably led by an executive of the Company. The Verzosa family is hands-on in the management of this venture. The marketing deck will be supervised by a Marketing Manager employed by the company. The salespersons will get their CIS (Certified Investment Solicitors) licenses as soon as the Permit to sell is approved.

Employees

Currently, the Company has twenty-two (22) regular employees in Pangasinan responsible for the daily operations of the resort and hotel, and three (3) top executives/sales staff in its Makati office.

The Company does not have an existing CBA and the hotel employees where the timeshare venue is situated have never been on strike neither is there any impending strike.

There are no other benefits offered to employees except those mandated by law.

Pre-Operations (1st Month) - AVP- Operations (1) Marketing Mgr. (1), Marketing Administration (1), Exhibit Manager (1)Exhibitors (15), Telemarketers (10), Customer Service Manager (1) & Collection Manager (1)

Operations – (2nd Month) - Venue Manager (1), Table Officer (2), Holiday Consultants (12), Receptionist (1), Contract Officer (1), Button-Up Officer (1), Coffee Boy(1), Chief Accountant (1), Payroll Accountant (1), Collector (1)
Owner's referral manager (1)
Confirmer (1)

Customer Service Officer (1)
Collection officer (1)
Accounting officer (1)

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The interest of directors and executive officers arise only from the ownership of shares of the registrant and do not receive extra or special benefit that is not equally shared by all other shareholders.

Mr. Rolando M. Verzosa and Ms Flordeliza Bernal-Verzosa are spouses.

The Company entered into a Lease Agreement with Mr. & Mrs. Verzosa for the land and improvements being used by the Company for the Home Resort.

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of the Directors and officers of the El Puerto Marina Beach Resort & Vacation Club and neither are the Registrant , its affiliates or its properties involved in any legal proceedings, nor any bankruptcy, receivership or similar proceedings nor are they party to any pending criminal proceeding, or convicted by final judgment in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses or subject to any other order or 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 or found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or 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.

There is a legal proceeding pending on Certiorari with the Supreme Court requesting for a final decision on whether the property of the Petitioners (Verzosa couple) where the resort stands is an alienable or disposable land, therefore within the commerce of man.

The issue begun in 2003 when the registrants bought the 11,573 sq.m. property consolidated from 4 owners. Petitioners Verzosa as the new owners, filed an opposition to an earlier ruling of the DENR on 4 April 2003 awarding the 'preferential right' to lease the foreshore fronting the newly bought property of Petitioners to Wilfredo Sison, the owner of the adjoining lot. On 18 December 2006 the DENR reversed its earlier ruling granting to the oppositors (Verzosa's) the preferential right to lease the foreshore fronting their property.

On 15 August 2005, Verzosas filed an application for the titling of the 11,573 sq.m excluding the foreshore. As proof of ownership, applicants presented the Deeds of Sale, the tax declarations since the Verzosas took over possession of the property, investigation report of the DENR Dagupan attesting to the fact that the "entire area is within the alienable and disposal zone as classified on November 1927".

On 5 November 2007 the RTC Pangasinan upheld the ownership of the Verzosas over the property and ordered the LRC to issue the corresponding Registration and Certificate of Title to the applicants despite an opposition filed by Wilfredo Sison. Thereafter Wilfredo Sison filed with the Court of Appeals a petition to reverse the decision of RTC on the ground that the property awarded to the Verzosas is foreshore land.

It is the contention of the Verzosa couple that the Petition for Certiorari seems to be non sequitor because the property sought to be titled has been established as alienable and disposable, not being foreshore land. There is 'stare decisis' in support of the fact that the land on which the resort of the applicant stands is not foreshore land. A dispositive portion of the RTC decision stated that "the property is not foreshore land having been previously classified as alienable and disposable land". If this were foreshore, it could not have been officially declared alienable, as ownership thereof belongs to the state. Foreshore land has been defined in Republic of the Philippines and Cavite College of Fisheries Vs Maxima Lensico, et al., among others too many to enumerate, as that which lies between the high and low water marks, and that is alternately wet and dry according to the flow of the tide.. The land subject of controversy is far from the seashore and is not alternately wet and dry depending upon the flux and reflux of the tides. In light of the foregoing, the property obviously does not fall within the definition and description of foreshore land

It is undisputed that when the Verzosas acquired the property in 2003, they began introducing permanent improvements in the form of resort facilities. If the property is indeed foreshore land the Verzosas could not have constructed and maintained said immovable improvements since the property would be regularly wet due to high tide, preventing the construction of such facilities.

A decision on the Petition for Certiorari is yet to be rendered by the Supreme Court, in the meantime we categorically assert that the land where the resort sits is far from the shoreline and was not formed by accretion, therefore not covered by the opposition of the Respondents.

External Audit Fees

Aggregate fees billed for professional services rendered by the external auditor for:

	2010	2009
Audit of annual financial statements	36,000	56,000
Audit of interim financial statements		
Services provided in connection with		
statutory & regulatory filings	None	None
Others	None	None
Tax Fees	None	None
All Other Fees	None	None

MARKET INFORMATION

The securities shall be sold over the counter and not be traded thru the Exchange. As there is no organized public trading market for timeshares, high and low bid information about the timeshares is not readily available.

EXECUTIVE COMPENSATION

As of date of Prospectus, no compensation has been paid to either the members of the Company's Board of Directors or its officers. The Board of Directors and officers shall receive compensation after the start of its commercial operations as a timeshare outfit. Once the company registers profits, the officers shall be compensated in a manner consistent with the practice in the industry.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

The company has an authorized capital stock of five Million Pesos (PhP5,000,000.00) of which P3,950,000 has been subscribed and fully paid.

Security Ownership of Certain Record and Beneficial Owners as of May 31, 2010

Title of Class	Name, Address of record owner and relationship with issuer	Name of beneficial owner and relationship with record owner	Citizenship	No. of Shares Held	Percent of Class
Common	Rolando M. Verzosa Chairman/President/CEO 56 Margarita St., Magallanes Village Makati City	Beneficial owner is the record owner	Filipino	17,666	44.73
Common	Flordeliza B. Verzosa Director/Treasurer/COO 56 Margarita St., Magallanes Village Makati City	Beneficial owner is the record owner	Filipino	17,666	44.73
Common	Rolando Charles B. Verzosa Director 56 Margarita St., Magallanes Village Makati City	Beneficial owner is the record owner	Filipino	4164	10.54
Total				**39,496**	**100.00**

Security Ownership of Management as of May 31, 2010

Title of Class	Name of Beneficial Owner	Amount and nature of beneficial ownerhip		Citizenship	% of Class
Common	Rolando M. Verzosa	17,666	r & b	Filipino	44.73
Common	Flordeliza B. Verzosa	17,666	r & b	Filipino	44.73
Common	Roland Charles B. Verzosa	4,164	r & b	Filipino	10.54
Common	Andrew L. Huang	1	r & b	Filipino	
Common	Ullrich Geidel	1	r & b	German	
Common	William A. Stelton	1	r & b	Filipino	

Common	Raul G. Gerodias	1	r & b	Filipino	
Total		39,500			100

CORPORATE GOVERNANCE

1. The evaluation system established by the company to measure or determine the level of compliance of the Board of Directors and the top-level management with its Manual of Corporate Governance are as follows:

- The Club adopted the Corporate Governance Self-Rating System Form.
- Management shall conduct monthly review of compliance with the action plan and annual budget previously established and reports to the Board during its regular monthly meetings. Said report shall contain the status report of the action plan and the comparative financial statements reflecting variances against the budget. The statements also contain monthly highlights of the financial report and explanations on the variances of the actual figures as compared with the budget.
- The audit committee shall meet regularly to review existing internal controls and closely monitor personnel involved.
- A Membership Handbook and Personnel Manual containing policies, procedures and implementing guidelines on dealing with members and employees are in place.
- The compliance officer shall regularly submit a management report to the Board during its monthly meetings.

2. Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance.

- Members of the various committees are to be appointed by the Board of Directors.
- Copies of the Manual shall be made available to all parties concerned.
- A orientation program will be conducted to operationalize the Manual. Thorough explanation of the contents of the manual shall be made to ensure compliance with the same.
- Close monitoring by the Committees concerned shall be done regularly.

The Corporation shall comply with the requirements on the nomination, election, qualifications and disqualifications, and termination of independent directors under the SRC Rule 38 and any amendment thereto.

SUMMARY OF MATERIAL CONTRACTS

INSURANCE CONTRACT

An insurance contract was taken out from Prudential Guarantee on 1 September 2009 for one year in the amount of PhP4,050,000.00 covering bodily injury or death, property damage t third parties in connection with the operations of the business at the resort. It also covers deleterious matter in food or drink, parking and swimming pool liability. The Contract is renewable annually.

To enhance the protection over the property, an additional insurance policy was taken out from UCPB Gen for an amount of Php8,000,000.00 effective 21 July 2010 to 21 July 2011 for Fire and Lightning with Earthquake, Typhoon, Flood, Riot, Strike and Malicious Damage, Extended Coverage.

Contract of Lease

A Contract of lease with an option to purchase, was entered into between the Lessors Rolando Verzosa and Flordeliza Verzosa, spouses and the Adventure Bay Resort and Theme Park, Inc., for the sum of Two Hundred Thousand Pesos (₱200,000.00) per year, inclusive of all applicable taxes. The monthly rental shall be subject to an automatic escalation of five percent (5%) each succeeding year.

The term of the lease for the Land, Buildings and Improvements shall be forty (40) years commencing on 16 July 2010 and expiring on 15 July 2050.

The Leased Premises shall be used by LESSEE exclusively for its leisure and beach resort only. The Leased Premises shall not be used for any other purpose without the prior written consent of LESSOR.

LESSEE shall provide LESSOR with the plans and specifications for the additions, improvements or alterations thirty (30) days prior to the introduction or construction thereof, which plans and specifications shall be subject to LESSOR's prior written approval. The plans and specifications as approved by LESSOR shall not be changed without again securing the prior written consent and approval of LESSOR.

LESSEE shall, at its own expense, obtain the necessary permits and clearances required.

LESSEE shall also faithfully comply with applicable laws, ordinances, rules and regulations in connection with the introduction or construction of additions, improvements or alterations. LESSEE shall hold LESSOR free and harmless from liability for failure to obtain any permit or clearance or violation of any law, ordinance, rule or regulation.
LESSEE shall, at its own expense, maintain the Leased Premises in a clean and sanitary condition.

Should LESSEE fail to maintain the Leased Premises in good repair and tenantable condition, LESSOR may undertake repairs on the Leased Premises for the account of LESSEE.

The Lessor shall at all times during the term of the lease respect the rights of timeshare holders over the property.

TRUST AGREEMENT

A Trust Agreement between Adventure Bay Resort and Theme Park, Inc. ("Trustor") and Philippine Veterans Bank ("Trustee") was made on July 15,2010.

The agreement covers the maintenance levies to be paid by the vacation purchaser for the regular upkeep and maintenance of the property under the vacation program.

To maintain the property in good condition at all times, the Trustor has set aside and delivered to an irrevocable trust account funds collected for the maintenance levies (the "Fund"). The Fund shall become operational as soon as the SEC approves the Trustor's application to sell timeshares.

The Fund shall consist of an initial deposit of P300,000.00 and those which may hereafter be delivered to the trustee from time to time by the Trustor.

The trustee shall hold the Fund as trust fund which is to be applied for the upkeep and maintenance of the hotel rooms/resort facilities under the vacation program.

The Trustor shall irrevocably deliver to the Trustee such amounts representing annual maintenance levies as may have been received by the Trustor from purchaser of timeshare. The Trustee, however, is not liable in any manner for the inadequacy of the trust fund for the purpose for which it was created or for non compliance by the Trustor of his obligation under the law or in the agreement with the said purchaser of timeshares.

The Trustee shall, from time to time, make payments from the Fund to the Trustor as directed by the duly authorized signatories of the Trustor in writing, specifying that an amount from the Fund be paid to or upon the order of the Trustor to reimburse it for costs and expenses previously incurred or thereafter to be incurred for the upkeep and maintenance of the hotel rooms/resort facilities under the vacation program.

As compensation for its services, the Trustee shall be entitled to an opening fee of P1,000.00 and a maintenance fee of 1% per annum computed based on the average market value of the fund at the beginning and end of each month or P2,500.00 per month whichever is higher and shall be directly chargeable against the Fund.

All incidental administrative expenses incurred by the Trustee in the management of the Fund shall be chargeable against the Fund.