SECURITIES AND EXCHANGE COMMISSION

SEC FORM 12-1
REGISTRATION STATEMENT UNDER THE SECURITIES REGULATION CODE

1. SEC Identification Number CS 200615471

2. **Adventure Bay Resort & Theme Park, Inc.** operating under the name and style of **El Puerto Marina Beach Resort and Vacation Club**

3. Country of Incorporation - Philippines

4. BIR TIN : 006 513 839 000

5. Development of real property and resorts and operation of timeshare facilities

6. Industry Classification Code

7. Principal Office Address: Don Martin Domingo St. Pangapisan North Lingayen Pangasinan 2401
   Telephone No.: (375) 632 5769

   Metro Manila Address: Rms. 503-504 Oakridge Plaza
   Paseo de Magallanes, Makati City 1232
   Tel. No.: 736-70-79

8. The registrant is a resident of the Philippines and its principal business is in the Philippines

9. Fiscal year is 31 December

10. Filing Fee

Estimated Gross Proceeds	276,852,720
Registration Fee	276,853
Legal Research Fee	2,769
	279,621

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 One Thousand Twenty (1,020) timeshare units for an estimated aggregate price of Two Hundred Seventy Six Million Eight Hundred Fifty-Two Thousand Seven Hundred Twenty Pesos (P276,852,720) under a **20-years Alternate** availment system as follows:

Unit Type	No.	Type of Week	No. of Alternate Weeks	No. of Timeshare	Offer Price	Estimated Gross Proceeds
2 Bedroom	6	Premium Red	8	48	356,880	17,130,240
		Red	44	264	310,020	81,845,280
		White	24	144	278,340	40,080,960
		Blue	26	156	247,320	38,581,920
1 Bedroom	2	Premium Red	8	16	325,860	5,213,760
		Red	44	88	278,340	24,493,920
		White	24	48	247,320	11,871,360
		Blue	26	52	215,640	11,213,280
Studio	2	Premium Red	8	16	294,180	4,706,880
		Red	44	88	247,320	21,764,160
		White	24	48	215,640	10,350,720
		Blue	26	52	184,620	9,600,240
Total	**10**			**1,020**		**276,852,720**

Note: The above prices are inclusive of VAT

The specific "even" or "odd" years of occupancy will be clearly stated in the timeshare certificates.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT.

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.

A Resort Calendar will be released by the Club every year.

No dividend shall be distributed as this is a non-proprietary offering and as such the investor shall have no participation over the assets of the corporation in the event of liquidation.

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 February 27, 2019

TABLE OF CONTENTS

Summary Information

The Offer

This Prospectus relates to an offer to sell One Thousand Twenty (1,020) timeshare weeks on a twenty year alternate availment system over 10 units of the El Puerto Marina Beach Resort & Vacation Club for an estimated aggregate price of Two Hundred Seventy Six Million Eight Hundred Fifty-Two Thousand Seven Hundred Twenty Pesos (P276,852,720)

The Alternate Availment System offers a timeshare investor with an opportunity to purchase a timeshare unit at a cheaper price because one unit is shared by two purchasers on an “odd” “even” year sharing system. The “odd” “even” year accommodation is clearly indicated in the Timeshare Certificate issued upon full payment.

The sale of the timeshares will not result in 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 timeshare 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 timeshare is expected to generate gross proceeds of Two Hundred Seventy Six Million Eight Hundred Fifty Two Thousand Seven Hundred Twenty Pesos (P276,852,720). 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 Lingayen, Pangasinan was managed under a single proprietorship by spouses Rolando Verzosa and Flordeliza B. Verzosa.

The Corporation, Adventure Bay Resort and Theme Park, Inc. was originally registered as a leisure corporation on 6 October 2006 with Registration No. CS 200615471.

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 November 3, 2010 it further amended its Articles of Incorporation for the purpose of developing timeshares over the property and sell timeshares to the public in the Philippines. It now carries its trade name, El Puerto Marina Beach Resort and Vacation Club.

On December 11, 2015 the Corporation increased its capital stock from Five Million Pesos (PhP5,000,000.) to Thirty Million Pesos (PhP30,000,000.00) and fully subscribed and paid up Ten Million Two Hundred Thousand (PhP10,200,000.) of its Authorized Capital Stock.

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 page 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

Audited Financial Statements as of and for the
Years ended December 31, 2017 and 2016 and Unaudited
Interim Financial Statements as of September 30, 2018

Statements of Financial Position

	9/30/2018	12/31/2017	12/31/2016
Current assets	10,083,544	12,219,961	9,924,559
Non-current assets	32,465,291	28,969,520	29,278,211
Total Assets	42,548,835	41,189,481	39,202,770
Current liabilities	7,190,619	6,599,923	5,356,765
Non-current liabilities	20,373,589	21,084,909	21,966,496
Equity	14,984,628	13,504,649	11,879,509
Total Liabilities and Equity	42,548,835	41,189,481	39,202,770

Statements of Comprehensive Income

	9 Months Ended	Year Ended Dec. 31	
	Sept. 30, 2018	2017	2016
Revenues	29,591,063	38,376,042	35,065,765
Cost of sales and services an timeshare	23,602,557	30,452,927	28,571,319
Gross Profit	5,988,506	7,923,115	6,494,446

Administrative expenses	(3,707,774)	(5,309,971)	(3,853,283)
Finance cost	(172,636)	(299,971)	(387,176)
Interest income	6,161	6,755	9,519
Income before income tax expense	2,114,257	2,319,928	2,263,506
Income tax expense	634,277	694,788	677,374
Income for the year	1,479,980	1,625,140	1,586,132
Other comprehensive income for the year	-	-	-
Total comprehensive income (loss)for the year	1,479,980	1,625,140	1,586,132
Earnings per share	16.26	15.93	15.55

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)
Alternate Availment System	This method affords the purchaser with an opportunity to buy one timeshare unit at a cheaper price because, the purchaser is sharing one unit with another purchaser of the same unit on an “odd” “even” year usage. The acommodation on the“odd” “even” year category shall be clearly indicated on the Timeshare Certificate which is issued upon full payment of the purchase price.
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.
Exchange Fee	Fee paid by a Holiday Timeshare holder in the event of a successful exchange with other R.C.I accredited resorts.

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.
Member	A person who has been registered by the Company as owner of the Timeshare Certificate
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.
R. C.I.	Resorts Condominium International, 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
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

Seasons of the year:

Red is the peak season covering 01 January to 29 May of a calendar year and 28 November to 31 December for international usage.[Weeks 1-22 and 49-52].

White, is the period in each calendar year covering 30 May to 24 July and 31 October to 27 November for international exchange usage. [Weeks 23-29 and 44-48]

	Blue. This is generally referred to as the regular season covering July 25 to October 30. [Weeks 30 -43]. One blue week, usually Week 43 or October 24 to 30 is reserved for maintenance work on the venue.
Timeshare Certificate	A document confirming the registration of a member as holder of a Timeshare Certificate indicating therein particulars of the ownership.
Timeshare Ownership	The exclusive right to occupy for a specific week of a category purchased.
Timeshare Venue	El Puerto Marina Beach Resort and Vacation Club

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.

1. 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

The process of exchanging weeks with R.C.I. affiliated resorts will be done outside of the Philippines, consequently, there is no guarantee that a holder of a timeshare certificate can successfully exchange his vacation rights at the time desired as scheduling is done by the RCI. The mechanics of occupancy is regulated by the Exchange Provider so that adherence to the rules on reservation and Space Banking has to be observed.

In the event the timeshare holders cannot book on their desired dates via RCI they nonetheless may still enjoy use of the home resort and other leisure facilities owned by the Registrant as they wait for an RCI available space. Timeshare holders with the El Puerto Marina Beach Resort & Vacation Club are assured of accommodation thereat.

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.

2. 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 5,000 RCI affiliated resorts worldwide.

An insurance policy was taken out from the Philippine British Assurance Company, Inc. for Fourteen Million Nine Hundred Thousand pesos (Php14,900.000.) on15 September 2017. Insurance was against the following risks:

Sudden and accidental physical destruction of or damage to property caused by:
Fire, lightning, earthquake, typhoon, flood, falling aircraft, vehicle impact, and explosion, riot, strikes and malicious damage for the following amounts:

Two buildings….. eight million five hundred thousand pesos (PhP8,500,000.)
On contents ……. three million five hundred thousand pesos (PhP3,500,000.)
On open pavilion.. three million five hundred thousand pesos (PhP3,500,000.)

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. Both corporations are controlled by majority ownership by the couple and their children.

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. Recent developments however seem favorable to the Verzosa spouses. This case has been pending with the Supreme Court for almost ten years.

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 from the State. This would be similar to sports facilities located in Boracay, BCDA and other real properties held by the State. In this case the stakeholders, purchasers of the timeshare, 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 therefrom. 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 years RCI Membership Fee – 1 year maintenance levy – 12% VAT
Refundable amount = Purchase Price – P20,000 Admin Cost –(Net Amount/40years x no. of years usage)

Sample computation:
Assuming usage = 20 years and the Purchase Price = P428,000
Net Amount =428,000-10,000(2-yr RCI Membership)- P7,000(1-yr maintenance levy) – P51,360(VAT) = P359,640
Refundable Amount =359,640-20,000-(359,640/40x20)
= 359,640-20,000-179,820
=159,820

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

USE OF PROCEEDS

The offer is expected to raise gross proceeds of P 276,852,720. These proceeds shall be utilized in the order of priority, as follows:

Gross Proceeds		276,852,720
Marketing Discounts		63,501,558
VAT		21,766,196
Registration Fee	279,621	
Cost of Timeshare		125,984,815
RCI Membership Fee		10,200,000
Annual Maintenance Levy		6,528,000
CAPEX		16,000,000

Additional Expenses of Issuance and Distribution	380,000	
Payment of Advances		5,000,000
Working Capital		14,604,103
		264,244,294
Balance		12,608,426

Balance of the proceeds shall inure to the coffers of the Corporation, for such purposes as may be warranted in the ordinary course of business, i.e., future investments.

Cost of timeshare:

Commission	41,570,176
Gift Certificate	4,896,000
Venue Rentals	4,443,781
Exhibits	3,864,000
Telephone line	259,200
Cellphone	565,200
Utilities	972,000
Buffet	12096000
Owner's Pack	3,060,000
Miscellaneous	1,985,000
Competition	2,664,000
Bonuses	612,000
Team Building Budget	432,000
SPIF Budget	2,672,082
Allowances	
Operations	2,304,000
Sales	8,352,000
Marketing	26,795,520
Administration	8,441,856
	125,984,815

Commission pertains to payments made to marketers of timeshares.

Special Performance Incentive Fund (SPIF) 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.

Allocation for CAPEX

Refurbishing of additional rooms	3,500,000
Furniture & Fixtures	4,500,000
Appliances	4,500,000
Linens and Utensils	3,500,000
	16,000,000

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

Advertising	5,533,642
Professional fees	1,593,000
Finance Cost	1,161,528
Taxes and licenses	312,366
Other expenses	3,303,567
Security service	2,700,000
	14,604,103

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 keep 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 which in compliance with SEC Circular of securing the **Certified Investment Solicitor's License (CSI).** They are not "selling agents" rather are considered employees of the company. The marketing program 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.

The marketing staff is composed of personnel employed by the Company on an allowance plus commission basis. Total compensation in the amount of Php 87,463,552 shall be paid by the company to its employees engaged in selling their product during the three (3) years estimated selling period

Prospective clients are invited for the marketing staff to enlighten them on the Timeshare Program. . The prequalification 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. In addition to the form, personal interviews are conducted to further clarify entries in the form. 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.

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 five thousand (5,000) resorts in over one hundred (100) countries worldwide.

Sales venue for the timeshares have been 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 Lingayen, Pangasinan because of the amenities, the ambiance it offers vis a vis the price of the security offered.

A new sales office has been opened at the Magallanes Commercial Complex in Makati City to boost the sale of the securities.

The sale of Timeshares may be paid for in cash or on installment basis but cash purchases are best because the usage of the venue is made 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:

- 10% down payment, balance payable in 60 – 90 days without interest.
- 10% down payment, balance payable in thirty-six (36) 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 having received 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

Timeshare 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 Timeshare Certificates shall have the right to use the facilities for seven (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 Timeshare Certificate within sixty (60) business 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 40% payment of the purchase price of timeshare, the purchaser will be registered with El Puerto Marina Beach Resort and 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 El Puerto Marina Beach Resort and Vacation Club in Pangasinan or it may be exchanged for other RCI affiliated resorts.

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.

<u>Alternate Availment System</u>

To make the purchase of timeshares affordable to those who are really interested in the program but do not have sufficient cash or expected income to cope with the payments, the registrant devised a method by which the purchaser may buy at a more affordable price than those regularly sold for a full share.

In this case, the purchaser shall get a certificate where it is indicated that he holds ownership over " odd" years while the other half of the timeshare shall be sold and clearly described in the certificate as "even" years. Overlapping of usage and increase in the number of timeshares available for sale is not possible because one timeshare will be sold to two people who shall use the accommodation every other year.

The two purchasers of one timeshare will never meet at any time during the timeshare term. Usage by the timeshare holders will be subject to the seasons chosen by the owner at the time of purchase but the main control of this exercise will be with the RCI via the Space Banking system. No timeshare may be used unless the week has been banked with the RCI. This method is discussed in subsequent chapter on the subject of Resort Condominium International, the Exchange Provider.

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 Lingayen, 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:

- category of the purchased timeshare, as in Premium Red, Red, White or Blue, representing seasons of the year
- kind of room invested in, as in studio, one bedroom, two bedroom; and
- 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 Timeshare 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 Timeshare Ownership Week and unit type owned.
- Date of entry as member.

Rights of Security Holders

- Timeshare Certificate will be issued by the Club and will be the legal document evidencing Membership with the Club. The Certificate will state the Unit Type and Holiday Season in which members have been registered.

- Whether or not he has fully paid 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 date of Purchase Agreement, except for the non-refundable Processing and Administration Fee of Twenty Thousand Pesos (Php20,000.00). 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.

- The Club will enroll the members with RCI on complete payment of the purchase price, for two years membership or in the case of installment purchase, upon 40% payment of the purchase price, however the latter may not as yet avail of the exchange but qualifies for other perks offered such as the mini breaks. This refers to the eligibility for a 3 Days-2 nights accommodation at the venue after thirty percent (30%) payment of the purchase price.

- Registration takes approximately six to eight weeks to be completed. After occupancy commences they will be entitled to bank week(s) with RCI and request an exchange to RCI affiliated Resorts & use RCI additional membership benefits as specified in the RCI literature.

- The Purchaser shall receive the Timeshare Certificate within sixty (60) business days from the date of full payment of the purchase price.

- After two years, a Member may also affiliate with the RCI and avail of the benefits o of the Exchange Program subject to fees and other charges imposed in connection with the affiliation.

- Any Member may apply to dispose of his exclusive right of occupation to any person, eighteen (18) years old and above, whether by sale, gift, or otherwise, by means of a signed Certificate of Transfer appearing on the dorsal portion of the Timeshare Membership Certificate. The transferee’s right to acquire the ownership of the Timeshare shall however first be prequalified by the Club according to its Rules as required by the Securities and Exchange Commission.

- 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 Club, provided that the member will, in any event during the period, remain fully responsible for all obligations incumbent on the holder of the Timeshare Membership Certificate.

- Upon the death of a Member, his personal representative may apply to pass off his exclusive right of occupation in accordance with the Philippines law on succession, both testate and intestate. No dividend shall be distributed as this is a non-proprietary offering and as such the investor shall have no participation over the assets of the corporation in the event of liquidation.

- No dividend shall be distributed as this is a non-proprietary offering and as such the investor shall have no participation over the assets of the corporation in the event of liquidation.

Obligations of the Security Holders

Every Member, and on death his legal representative, shall continue to be bound by the terms and conditions of the membership until such time as a pre-qualified heir or assignee or transferee is registered with the Club and a new Timeshare Certificate issued in the name of the heir/transferee/assignee.

The Members shall be assessed the annual maintenance levy in the form of an invoice issued by the Club. Such invoice shall be accompanied by an explanatory note and details of how the Members can make the payment.

Invoices may be issued in advance of the year in respect of which the charge is raised save that no payment shall be issued before 1st November in the year preceding the year to which the charge relates. The method and procedure of payment may from time to time vary as the Club may introduce alternative payment dates, discounts and other incentives for prompt payment as it considers appropriate.

The Levy shall include all reasonable costs and expenses assessed by the Club for its management and related services including, but without prejudice to, the generality of the foregoing:

- Maintenance, repair, redecoration, cleaning, and (where necessary) renewal of the interior and exterior of the Units and Club Facilities and the cost of services provided by the Developer for the benefit of the Members whether exclusive or in common with others so entitled.
- Maintenance, repairs and (when necessary) replacement of furniture, equipment, utensils, provisions, furnishings, fittings and fixtures in or about or used with the Units.
- Insurance of the Units and the contents provided for their full reinstatement cost, and other insurance whether or not relating to the Units which the Club shall consider necessary or appropriate for all the Members' benefit.
- All outgoings incurred in respect of the Units including electricity, gas, water, rates, contributions to the community of property owners to which the Units belong (if any) and any taxes or other charges or impositions whether of an annual or recurring nature or otherwise.
- All works and acts which are required to be done to comply with any statutory provisions or the directions or notices of any governmental, local or public authority.
- Any bank or administrative charges levied on the Club generally or in particular to take account of the costs of collecting annual maintenance levy in foreign currencies and all reasonable charges incurred in its collection from the Members involving routine collection according to the schedule of invoices and reminder letters specified herein.

- All reasonable charges including staff wages and expenses which may be incurred in the management and the provision of services by the Club or its agents including the provision of reception services, housekeeping, laundry, technicians, gardeners, maintenance of Club Facilities, reserve units, entertainment, activities programs and security services.

The Powers of the Club

The Club shall have the power to do all things that may be necessary to carry out its purposes 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 (AML) 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.

At all times the Club shall have the following rights:

To enter the Member's Unit for:

- housekeeping purposes
- minor maintenance works
- inventory checking of the contents
- To evict the Member or guest in the event of bad conduct or breach of his obligations under this Constitution.
- To allocate any Unit of the same Type owned by the Member when he/she makes a reservation or requests a deposit with RCI.

Obligations of the Club

The Club shall keep a register of Members and shall issue a Timeshare Membership Certificate, within 60 business days from full payment of the purchase price, which shall entitle the Member to exclusively occupy a unit for the Weekly Period allocated. Membership Certificates shall not be issued such that the Weekly Period for any year, as indicated therein, is duplicated. Furthermore the aggregate number of Weekly Periods conferred on all Membership Certificates issued for a particular unit, for any year shall not exceed the aggregate number of Weekly Periods for that year in all the units.

The Club shall issue one Timeshare Membership Certificate per Weekly Period purchased, which shall indicate its period of validity, the unit and the Weekly Period allocated to the Member.

Transfer of Timeshare Ownership Rights

Members may transfer his right of accommodation to any person without restriction save only to the pre-qualification requirement, at any time and whether by sale gift or otherwise, by completing the Certificate of Transfer contained on the reverse of the Timeshare Certificate.

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

Where more than one Member is named on a Timeshare Certificate the Membership shall be termed joint Timeshare Membership Certificate. On the death of one joint Membership Owner the surviving joint Membership Owner (s) shall automatically inherit the deceased's share of Timeshare Certificate Ownership according to the "Right of Survivorship".

Where joint Timeshare Certificate Owners wish to separate or transfer their joint Timeshare Certificate Ownership all must sign the Certificate of Transfer on the reverse of the Timeshare Certificate.

Before a Timeshare Certificate will be accepted for transfer, all Management Charge must be fully paid and qualification to be a timeshare owner of the transferee must have been complied with.

Upon delivery to the Club of the Timeshare Certificate evidencing the Exclusive Rights of Occupation to be transferred, together with a completed Certificate of Transfer signed by the transferors and the transferees, and payment of the transfer fee of Php 15,000, which amount shall be determined from time to time; The Club shall replace the name of the transferors by that of the transferees in the Register of Members and issue a new Timeshare Certificate in the name of the transferees.

From the date of entry of the name of the transferees in the Register of Members all the obligations of the transferor (other than obligations of the transferors accrued at the time of the disposal of the Timeshare Certificate by the transferors to the transferees) shall thereupon cease and the transferees shall be entitled to exercise their rights as Members

Suspension of Membership and Cancellation of *Timeshare* Certificates

A. On Grounds of Breach Not Connected with the Management Charge.

If a Member shall have committed a substantial breach of the obligation imposed on him hereunder or acted in a manner which might be considered as a gross violation of the standard of good conduct reasonably expected of a Member then the rights under this Constitution may be immediately suspended by the Club giving notice in this respect to the Member. Such suspension shall remain in force until the breach is corrected to the satisfaction of the Club.

If the act complained of is a continuing act and the Member does not desist within a period of 14 days (or 24 hours if the Member is on-site) of being served a notice requesting discontinuance, then the Club may suspend such membership until such time as the Member shall discontinue such conduct and provide an undertaking in writing that there will be no repetition of such conduct whereupon the suspension shall be lifted.

A Member served with notice referred to in paragraph above is entitled to request RCI to arbitrate the dispute and the decision of RCI shall be binding on both the Member and the Club.

B. *On Grounds of Default in Payment or Non- Payment of the Annual Maintenance Levy*

If the payment is not received the Club or its agent shall send two reminder notices, the second reminder to be sent by registered post or the equivalent thereto.

If a Member has not paid the AML within 60 days of being invoiced (or 1st January, whichever is the later.) the Club shall send the first reminder notice and impose a late payment penalty surcharge of 10% of the amount invoiced and thereafter a further cumulative charge of 2% of the amount outstanding per month. If a Member has not paid the AML within 30 days of receiving the first reminder notice the Club may at its discretion suspend all the rights of the Member in default.

If the default is not remedied within the 30-day period the Club or its agent shall serve a second reminder notice by registered post requesting the payment of the arrears in full (including any arrears that may have arisen since the date of the first notice).

If the arrears are not discharged within 15 days of receipt of such second notice, then the Club shall suspend the Member's rights as enumerated in the House Rules. At the discretion of the Club or its agent the Member in default may be provided with further reminder notices with the cost of such notices, including print, postage and administration, being added to the defaulting Members' arrears.

The effect of suspension is that all the Member's rights under the Purchase Agreement and the Constitution are frozen. The Timeshare Certificate shall cease to be valid and the Club shall be at liberty to grant new Exclusive Rights of Occupation over the Weekly Period specified therein.

The Member may apply to the Club for the lifting of the suspension and the issue of a new Timeshare Certificate. The Club will do so on receipt of a Re-Activation Fee. Such Re-Activation Fee shall not be more than twice the then current Administration Fee charged for primary sales plus RCI enrolment fee. The Club shall only be under an obligation to issue a new Timeshare Certificate with the same Unit Type and season as was stated on the Member's original Timeshare Certificate but not the particular Weekly Period nor the specific unit in which the original Weekly Period was owned. The Club shall be obliged to issue a new Timeshare Certificate within two months of all such re-activation monies being received.

Procedure for Termination of Membership

After sixty (60) days of being sent written notice of a substantial breach, the Member's exclusive rights of occupation shall be suspended until the default is remedied. If the default is not remedied within sixty (60) days of the notice first being given, the Club shall send a further notice to the Member advising that failure to comply within (30) days, will result in permanent cancellation of the Member's exclusive right of occupation. If the breach is not remedied within that period of notice, the Member's right of exclusive occupation shall be cancelled and sold as soon as possible at whatever price the Club can get and proceeds of the sales applied to the satisfaction of the arrears and any expenses incurred by the Club in effecting the sale. The balance, if any shall be remitted to the Member.

Rules of Occupation

All Members and guests shall be obliged to observe the following:

- To observe the check in/out days and check in/ check- out times i.e. check in-Sunday 4 o'clock PM and check out Sunday 11 o'clock AM. They are to vacate the unit at the due time.
- Not to do any act which may result in any damage, deterioration or dilapidation to the unit and the furnishing and fittings therein or to any portion of the Resort.
- Not to remove from the unit any contents or fittings.

- To pay for all expenses incurred when staying at the Club including all restaurant and bar bills, all telephone calls and all other expenses of a personal nature.
- In the event that repair and maintenance work needs to be carried out on the unit occupied or its contents, to allow access on reasonable notice (except in the case of an emergency) to enable such work to be carried out provided that the Club will carry out such work with due diligence and speed to minimize any inconvenience to the Members' use and enjoyment of the unit.
- Not to commit any act or patterns of exchange which spoil the holiday experiences of other guests and RCI exchanges staying on the Resort.
- Not to do anything which would make void or voidable insurance policies covering the Club or anything that would increase the premium of such policies.
- To indemnify the Club against any costs or expenses incurred in respect of any failure to observe any of the conditions set above.

The Club has the right, in the event of any serious and continuing breach of the above conditions, to remove the Member and/or their guests from the Club.

Guest Certificates

A Member may permit another person or persons (whether as a gift or for rental) to use and to take advantage of his Weekly Period or any bonus week obtained upon whatsoever terms he shall agree.

Notwithstanding the issue of a guest certificate, the Member shall remain liable for the Annual Maintenance Levy and in all other obligations contained herein.

A Member wishing to allow another to use his Weekly Period should obtain from Member Services a guest certificate and should abide by the same rules and regulations applicable to a member. The guest is liable in all respects to observe the requirements as to Use by Guests.

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) business days from Board approval.

The estimated annual Maintenance Levy is computed as follows:

Type of Unit	Maintenance Levy	Selling Period Year 1	Year 2	Year 3	Total
2 Bedroom	7,000	917,000	917,000	2,450,000	4,284,000
1 Bedroom	6,000	426,000	426,000	372,000	1,224,000
Studio	5,000	355,000	350,000	315,000	1,020,000
		1,698,000	1,693,000	3,137,000	6,528,000

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 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 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. Timeshare Certificate 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:

- Thousands of 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

Type of Unit	RCI Membership Fee	Selling Period Year 1	Year 2	Year 3	Total
2 Bedroom	10,000	1,310,000	1,310,000	3,500,000	6,120,000
1 Bedroom	10,000	710,000	710,000	620,000	2,040,000
Studio	10,000	710,000	700,000	630,000	2,040,000
		2,730,000	2,720,000	4,750,000	10,200,000

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

Reinstatement Fee S$360

A member will pay the RCI exchange fee only if an availment is to be made and the exchange is successful although as a member, payment of an annual membership fee is required to be a member of good standing..

RCI Exchange Fee

Asian and Domestic	S$188.00
International	388.00

Spacebank Extension Fees

3 months	S$30
6 months	60
12 months	120

Guest Certificate S$70

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 223 Mountbatten, #03 11/27, Singapore 398008. Tel. Nos: +65 6223 4333, Fax: +65 6223 4334. Email asiamembers@rci.com. Its toll free telephone number is 1-800-6510048.

UNDERTAKING TO COMPLY WITH SEC DIRECTIVES

The Corporation undertakes to comply with the following commitments:

1. The Club shall qualify the prospective members before the actual sale/transfer of the share/certificates is executed.

2. Report under oath to the Securities and Exchange Commission (SEC) any increase fees upon the Board approval within thirty (30) business days.

3. Notify the Club members of the increase in fees upon the Board's approval of said increase.

4. Post notices and other communications on the charging fees, on bulletin boards situated at conspicuous places at the site.

5. The Certificates shall be issued within sixty (60) business days from the date of full payment.

INTEREST OF NAMED EXPERTS AND INDEPENDENT COUNSEL

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

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 the 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

The resort caters to tourists, foreigners and locals who enjoy the exhilaration and freedom offered by the open seas and rural environment. Our strength lies in affordable prices we offer for our accommodations as well as the amenities and facilities that investors can enjoy.
We have well-trained staff to efficiently provide for the needs of our guests. After twelve (12) years in operation we are proud to claim that we have not received adverse feedback on our operations.
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, for a fee, 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 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 Company is in compliance with laws and regulations governing the offer and sale of timeshares and does not foresee any adverse effect on the operations of government regulations either existing or probable, on the business. In addition, it has complied with all the permits and licenses necessary for development of the resort.

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.

In further compliance with environmental regulations re sanitation, the company acquired five units of sealed septic tanks for a total of PhP250,000.00.

The cost of annual compliance with environmental laws is P150,000.00

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 or government regulations either existing or probable, on the 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. 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.
10. No material amount of proceeds shall be used to acquire assets or finance the acquisition of other business.
11. The registrant does not offer the securities abroad.
12. No material amounts of other funds are necessary to accomplish the specified purpose/s for which the offering is made.
13. None of the securities to be registered are offered for the account of security holders.
14. There is no material Reclassification, Merger, Consolidation or Purchase or Sale of a Significant Amount of Assets (not in the ordinary course of business).
15. The property is under lease from Rolando and Flordeliza Versoza who are also Stockholders and Directors of the Club.

DESCRIPTION OF THE PROPERTY

Location and Accessibility

The Resort is approximately two (2) hectares, under contract of lease 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 four hour drive from Makati. 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.

New access roads have made travel to the North accessible via the new NLEX and SCTEX offering a comfortable trip of four (4) hours to the venue, barring traffic leading to the North from EDSA.

The Property

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

Two 2-storey Hotels

The first two-storey, which was the subject of a previously approved timeshare registration, has thirteen (13) fully air-conditioned units.

For this registration, another two-story hotel with six fully furnished units were constructed. To complete the current offer of ten rooms, are four (4) loft-type beach houses with complete amenities as the hotel rooms. These are two-bedroom beach houses at the beach front.

The aforementioned timeshare units offer the following:

2 bedroom units on 84 sqm. floor area with the following amenities:

- 2 toilet and bath with hot and cold shower
- Living room
- Queen size bed,
- 2 single beds and sofa bed for 2 persons
- Dresser
- Cabinets
- Night table with lamp shade
- Microwave
- Partial kitchen and dining
- Refrigerator
- Cable TV
- Hairdryer (upon request)
- Telephone
- Veranda of the 2nd floor units with full view of the Lingayen Gulf

One bedroom suites on 56 sqm. floor area have the following amenities:

- One toilet and bath with hot and cold shower
- Living room
- Queen size bed and sofa bed for 2 persons
- Night table with lamp shade

- Dresser
- Hairdryer (upon request)
- Cabinets
- Cable TV
- Microwave
- Refrigerator
- Verandah on the 2nd floor units with full view of Lingayen Gulf
- Telephone
- Partial kitchen and dining

Studio Units on 42 sqm floor area have:

- 1 toilet and bath with hot and cold shower
- Personal refrigerator
- Cabinet
- Dresser
- Queen size bed with pull-out for 1 extra guest
- Night table with Lamp shade
- Telephone
- Partial kitchen
- Microwave
- Cable TV
- Hairdryer (upon request)

Verandah with full view of the Gulf on the 2nd floor units

Loft- type beach houses considered 2 bed room units with 75 sqm floor area including a veranda

- 1 toilet and bath with hot and cold shower
- Living room
- Refrigerator
- Cabinet
- Dresser
- 3 Double beds and 1 single bed at the loft
- 1 sofa bed for 2 persons on the lower floor
- Microwave
- Cable TV
- Hairdryer (upon request)
- Dresser
- Night table with Lamp shade
- Telephone
- Partial kitchen and dining

Open Pavilion (Club House)

The open pavilion currently serves as the restaurant and a function and party venue. It also serves as the Administration office where guests registered. 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 infinity pool, the hotel and the bungalows.

Bungalow

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.

The Designer Pool

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.

The SPA

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. This is available for a fee.

Tiki Bar

Located adjacent to the pool and serves drinks and snacks for pool guests.

Fish Pond and Fishing Alley

The fish pond contains Tilapia, Dalag, Seabass, Catfish, Pacu and Bangus. The catch can weigh up to more than three (3) kilos.

Five Swimming Pools

- 1,200 sq.m. wave pool
- 200 sq.m kiddie pool with wide slide
- 400 sq.m. kiddie pool with play structure
- 100 sq.m. pool with Tiki head slide
- 110 sq.m. infinity pool with bar

  There is a projected 180 meters long "Raging River" which shall be offered later as another swimming pool, after its operation is fine-tuned.

Other Leisure Facilities Available:

- Beach Volleyball
- Bon Fire
- Billiard Table
- Table Tennis
- Frisbees
- Surf Boards, Body Boards and Skim Boards
- Kayaks
- Boat
- Banana Boat
- 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
- Staff house
- Housekeeping Stock Room
- Kitchen Stock Room
- Power House
- Pump House
- Generator House
- CCTV Room

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

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.

Legal Proceedings

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 Verzosa couple 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. The resort is located beyond the 2-lane boardwalk constructed by the Municipal government.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

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. It is not publicly traded, however, they timeshares may be traded for an equivalent week at another resort affiliated with the RESORT CONDOMINIUM INTERNATIONAL where the Resort is accredited.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATION

Key Performance Indicators:

	Sept. 30 2018	Dec. 31 2017	Dec. 31 2016
Current/Liquidity Ratios			
Current assets	10,083,544	12,219,961	9,924,559
Current liabilities	7,190,619	6,599,923	5,356,765
	1.40:1	1.85:1	1.85:1
Solvency Ratios			
Income for the year	1,479,979	1,625,140	1,586,132
Depreciation	1,872,827	2,872,959	2,935,729
	3,352,806	4,498,099	4,521,861
Total liabilities	27,564,207	27,684,832	27,323,261
	0.12:1	0.16:1	0.17:1
Debt-to- equity ratio			
Total liabilities	27,564,207	27,684,832	27,323,261
Total equity	14,984,628	13,504,649	11,879,509
	1.84:1	2.05:1	2.30:1

Asset-to-Equity Ratio			
Total assets	27,564,207	41,189,481	39,202,770
Total equity	14,984,628	13,504,649	11,879,509
	1.84:1	3.05:1	3.30:1
Interest Rate Coverage Ratios			
Income before income tax expense	2,114,256	2,319,928	2,263,506
Interest expense	172,636	299,971	387,176
	12.25	7.73	5.85
Profitability Ratios			
Gross profit margin ratio			
Gross profit	5,988,506	7,923,115	6,494,446
Total revenue	29,591,063	38,376,042	35,065,765
	0.20	0.21	0.19
Return on sales			
Income before income tax expense	2,114,256	2,319,928	2,263,506
Total revenue	29,591,063	38,376,042	35,065,765
	0.07	0.06	0.06
Return on Assets			
Income before income tax expense	2,114,256	2,319,928	2,263,506
Total assets	42,548,835	41,189,481	39,202,770
	0.05	0.06	0.06
Return on Investment			
Income before income tax expense	2,114,256	2,319,928	2,263,506
Total equity	14,984,628	13,504,649	11,879,509
	0.14	0.17	0.19

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 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. In 2010 an amendment was approved authorizing the Registrant to engage in the additional business of developing and marketing its timeshares.

Financial Condition

September 30, 2018 and December 31, 2017

The total assets of P 42,548,835 as at September 30, 2018 was slightly higher compared to the year-end level of P 41,189,481 in 2017. Changes in the components of total assets that contributed to this rise were: cash **down** by 44.89% (P2,178,039) from P 4,851,736 in 2017 to P2,673,697 in 2018; and accounts receivables, by 11.17% (P 11,205) from P 100,310 of the previous year to P89,105 of the current year; other current assets **up** 0.94% (P65,628) from P7,013,603 to P7,079,231 accompanied by the acquisition of property and equipment worth P5,368,598 in 2018.

Total liabilities dropped 0.44% (P120,625) from the previous year's balance of P27,684,832 to P 27,564,207 brought about by the **decline** in accounts payable and accrued expenses by 7.40% (P273,515) from P3,694,314 to P3,420,799; and in loans payable by 18.85% (P632,617) from P3,356,057 in 2017 to P2,723,440 in 2018 accompanied by income tax payable of P634,277 as of 2018.

2017 compared to 2016

There was an improvement of 5.07% or P1,986,711 as total assets rose from P39,202,770 in 2016 to P41,189,481 in 2017. Current assets grew 23.13% or P2,295,402 to P12,219,961 from P9,924,559 of the previous year notably due to the following: increase in cash by P3,009,102 or 163.30% from P1,842,634 and in prepaid rent by 47.28% or P97,422 to P303,460; and a decline by 10% or P721,475 in prepaid sales and marketing to P6,493,293 from P7,214,768. Additions to property and equipment in 2017 amounted to P2,493,413.

Accounts payable-trade and accounts payable others were both higher at P1,141,649 and P2,267,655, respectively, in 2017 as against P928,845 and P968,695 in 2016. Statutory liabilities on the other hand, declined by 24.41% or P92,053 to P285,010 from P377,063 brought about by the reduction in output vat payable and withholding taxes payable.

Total loans payable was lower by P1,020,174 or 23.31% at P3,356,057 from P4,376,231 of 2016 while deposit from customers had a slight change of 1.50% or 162,064 from P10,774,436 to P10,612,372 of the current year. Accrued retirement payable went up 24.85% or P221,404 from P890,865 in 2016. The was no change in advances from stockholders.

2016 compared to 2015

The Company's total assets of P39,202,770 as at December 31, 2016 is 1.75% or P700,265 lower than P39,903,035 as at December 31, 2015. Current assets were lower by 23.01% or P2,965,862 from P12,890,421 of 2015 to P9,924,559 of 2016. Components of current assets include: cash and cash equivalents, P1,842,634 in 2016 and P2,961,539 in 2015; accounts receivable – an increase of P42,914 or 72.19% from P 59,449 to P102,363; inventories – which consist of hotel and kitchen supplies and souvenir items was higher by P61,475 or 24.50% at P312,384 from P250,909; and prepayments and other current assets composed mainly prepaid sales and marketing expenses – which decreased by 20.19% or P1,825,507 from P9,040,275 to P7,214,768.

Additions to property and equipment were made in 2016 such as acquisition of additional office equipment worth P756,558 and furniture and fixture at P 263,211, building improvements worth P3,500,000 and construction in progress amounting to P514,420. Deferred tax assets increased by P159,883 or 148.90% from P107,377.

Total liabilities were lower by P2,286,397 or 7.72% from P29,609,508 to P27,323,261. This net reduction can be attributed to the increase in : trade payable by 25.53% or P188,908 from P739,937 to P928,845; accounts payable- others by 24.80% or P192,466 from P776,229 to P968,695; statutory liabilities by 89.32% or P177,897 from P199,166 to P377,063 and accrued retirement payable by 148.90% from 357,923 to P890,865 accompanied by a decrease in: deposit from customers- current by P975,736 or 33.19% from P2,939,787 to P1,964,051; advances from stockholders by P1,529,768 from P10,439,588 to P8,909,820 and total loans payable by P1,056,554 or 19.45% from P5,432,785 to P4,376,231.

Results of operation

The company's revenue is sourced from resort operation and from sale of timeshares. Resort operation consists of accommodation, party packages, food and beverages and others (pool, spa, etc).

January to September of 2018 compared to January to September of 2017

The company's total revenue for the current year was P 29,591,063 consisting of P 8,367,129 from resort operation and P 21,223,934 from sale of timeshares. This total proceeds was 3.23% (P989,265) lower than P 30,580,328 of the last year. Earnings from resort operation was higher at P8,367,129 compared to P 6,118,677 of last year, this was from accommodation, food and beverages, packages, pool and tours. Sale of timeshares declined by 13.24% (P 3.237,717) from P 24,461,651 in 2017 to P 21,223,934 in 2018 .

Total direct cost, made up of cost of sales and of service – resort and cost of timeshare was down by 2.98% (P 724,910) from P 24,327,467 of 2017 to P23,602,557of 2018. Cost of sales declined by16.24% (P 591,243) from P 3,641,058 to P 3,049,815. Cost of service was higher by 10.26% (P297,308) from P 2,897,725 to P 3,195,033; cost of timeshare was lower by 2.42% (P430,974) from P 17,788,684 of 2017 to P17,357,710. The rise in revenue from resort was accompanied by a higher cost of service but a lower cost of sales. The drop in cost of sales can be due to the 17.46% (P415,535) **decline** in cost of food and beverage from P2,329,423 to P 1,963,888; in cost of pool by 83.95% (P115,653) from P137,760 to 22,107; in cost of package by 8.39% (P57,662) from P687,359 to P 629,697; in cost of souvenir by 95.79% (P31,008) from P32,371 to P 1,363 and in cost of tours by 50.12% (P27,067) from P54,000 to P26,933. Cost of service increased from P2,897,725 to P3,195,033 by10.26% (P297,308) as salaries and wages also rose by 21.43% (P315,776) from P1,473,356 to P1,789,132 and the presence of outside services worth P209,000 for the current year but accompanied by a decline in depreciation charges and payroll related expenses. The reduced cost of timeshare can be attributed to the decline in receipts from sale of timeshares. Cost of timeshares include commission which was lower by 33.30% (P1,198,784) from P3,599,826 to P2,401,042; salaries and wages which increased by 58.26% (P2,247,299) from P 3,857,092 to P6,104,391; marketing expense which was lower by 45.49% (P2,729,626) from P5,999,940 to P3,270,314; rent expense which was down by 28.27% (P297,759) from P1,053,261 to P755,502; light, power and water which was lower by 47.16% (P146,860) from P311,393 to P164,533; taxes and licenses which increased by 506.81% (P523,307) from P103,254 to P626,561; professional fee which was down by 67.38% (P307,840) from P456,840 to P149,000; RCI Membership fee of P1,276,442 of the current year and P193,369 last year or a rise of 560.11% (P1,083,073); and depreciation at P1,415,693 of the current year as against P900,932 of the previous year

Administrative expenses for the current year was P 3,874,250 which is 3.29% (P131,732) lower than P 4,005,982 of last year. Among the changes in the components of admin expenses were as follows: salaries and wages which was up by 41.93% (P223,629) from P533,379 to P757,008 ; light, power and water which was 12.86% (P138,262) higher from P1,075,171 to P1,213,433; repairs and maintenance which at P175,734 was 77.66% (P610,820) lower than P786,554; taxes and licenses which at P292,719 was 661.69% (P254,289) higher than P38,430; and interest expense, which was 25.90% (P 60,340) lower at P172,636 from P232,976; and professional fee which was P65,000 for the previous year and none for this year. This year's provision for retirement was P150,000, there was none last year.

The company's net income of P 1,479,979 for the period January to September of the current year was 5.90% (P92,836) lower than P1,572,815 of the same period last year.

2017 compared to 2016

The decline in revenue from resort operation, P2,128,707 or 21.25% from P10,019,445 to P7,890,738 was offset by the rise in sale of timeshare, P5,438,984 or P21.72% from P25,046,320 to P30,485,304.

The drop in revenue from resort operation was due to lower sales in party packages(e.g: catering services and use of facilities for conferences, seminars, celebrations,) and others (pool, spa, etc) while the rise in sale of timeshare is significantly due to the intensified campaign of the company's marketing arm.

Cost of sales and service slightly changed from P8,595,809 to P8,583,789. Cost of sales was P4,627,239 and P4,748,116 while cost of service was P3,956,789 and P3,847,693 , respectively in 2017 and 2016.

Year on year, costs incurred in the sale of timeshare went up 9.48% or P1,893,628 to P21,869,138 rom P19,975,510. This upward movement in cost of timeshares can be explained by the higher sales from timeshares. Among the components of cost of timeshares are advertising which was 53.85% or P2,285,145 higher at P6,528,793 in 2017; rent increased 12.67% or P154,873 from P1,222,712 to P1,377,585; salaries, wages and 13th month pay, P5,255,172 in 2017 which was 15.15% or P691,257 higher than 2016; and commission which declined by 32.47% or P2,010,015 to P4,180,174 from P6,190,189 in 2016.

Of the items of administrative costs, significant changes were recorded in the following accounts: communication, light and water, a climb of P612,877 or 67.17% from P912,378 to P1,525,255; repairs and maintenance, higher by P475,465 or 135.19% at P827,165 from P351,700; security service, a rise of P228,000 or 38% to P828,000 from P600,000; salaries, wages and 13th month pay, an increase of P211,105 or 36.62% to P787,588 from P576,483; legal and professional fee, which rose by 122.22% or P110,000 to P200,000 to P90,000; and provision for retirement which declined by P311,537 or 58.46% to 221,405 from P532,942 of the previous year.

Finance cost was lower at P299,971 in 2017 compared to P387,176 in 2016.

Net income for the current year was slightly higher at P1,625,140 vis-a vis P1,586,132 of the previous year.

2016 compared to 2015

Total revenue for 2016 was 53.02% or P12,149,835 higher than P22,915,930 of 2015. This revenue was from resort operation at P10,019,445 which was 9.93% or P1,104,314 lower than P11,123,759 of the previous year and from sale of timeshare which was higher by P13,254,149 or 112.40% from P11,972,171 to P25,046,320. The reduction in resort revenue was due to lower accommodation at P4,505,520 from P6,023,251and sale of food and beverages at P988,395 from P1,724,767 offset by higher party package at P3,562,302 which is P922,795 or 34.96% more than P2,639,507 in 2015.

Cost of sales increased by P1,740,437 or 57.87% from P3,007,679 to P4,748,116. Cost of service was likewise higher at P3,847,693 from P3,533,234. This was due to the rise in depreciation by P331,396 or 23.04% and SSS, Philhealth and Pag-ibig by 29.78% or P48,568 as against the minimal decrease in salaries, wages and 13th month and other direct costs.

Cost of timeshare rose by 108.80% or P10,408,771 from P9,566,739 to P19,975,510 attributable to the increase in: commission, by 151.87% or P3,732,470 from P2,457,719 to P6,190,189; salaries, wages and 13th month, by 182.62% or P2,949,048 from P1,614,867 to P4,563,915; advertising, by 223.96% from P1,309,946 to P4,243,648; depreciation by 29.07% or P262,572 from P903,163; transportation, gas and oil, by 34.82% or P116,228 from P333,789; RCI membership fee, by 27.76% or P86,024 from P309,932; SSS, Philhealth and Pag-ibig, by 101.39% or P151,290 from P149,220; legal and professional fee, by 103.08% or P134,000 from P130,000; taxes and licenses, by 52.91% or P17,113 from P32,341;and other expenses, by 84.57% or P284,708 from P336,639 offset by decrease in: communication, light and water, by 25.21% or P135,479 from P537,498; office supplies, by 57.04% or P55,459 from P97,220; and employee benefit, by 20% or P16,058 from P80,305. The overall increase in cost of timeshares can be attributed to the higher sale of timeshare in 2016.

Administrative expenses at P3,853,283 for 2016 was 23.15% or P1,160,476 lower than P5,013,759 for 2015. This reduction can be attributed to the decrease in the following components, among others: salaries, wages and benefits, by 62.26% or P951,050 from P1,527,533; communication, light and water, by 32.69% or P443,017 from P1,355,395; professional fee, by 64.14% or P161,000 from P251,000 and other expenses, by 47.72% or P102,925 from P215,704 offset by increase in security services by 103.18% or P304,696 from P295,304 and provision for retirement benefit, by 48.90% or P175,019 from P357,923.

Finance cost in 2016 was P 387,176 which was 25.07% or P77,603 higher than P 309,573 of the previous year.

The company's net income of P1,586,132 was 51.85% higher than P1,044,512 2015.

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

If the registrant knows of events that will cause material change in the relationship between costs and revenues (such as future increase in cost of labor or materials or price increases or inventory adjustments), the change in relationship shall be discussed.

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

There are no known trends or events or uncertainties that will result or reasonably likely to result in the company's liquidity increasing or decreasing in any material way.

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

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

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

There are no material commitments for capital expenditures save for the allocation under the application for registration of additional timeshares still pending with the SEC.

Compliance with OGA Recommendation

(Annex E, 9/30/2018 UIFS)

PFRS 15. The said standard has already been effective since January 1, 2018 hence, the Company should have already adopted PFRS 15 and determined the overall impact of adopting the same.

Currently, the adoption of PFRS 15 has no material impact on the amounts reported in the unaudited interim financial statements as of September 30, 2018. Should any significant impact develop, overall determination/assessment thereof shall be disclosed in accordance with the standard.

The Company's accounting policy on classification, subsequent measurement and impairment of its financial assets should be updated and should comply with the provisions of revised PFRS.

Financial Assets
A financial asset is recognized when the entity becomes party to the contractual provisions of the instrument. They are initially recognized at fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability. Regular way purchases and sales of financial assets are recognized on the trade-date, i.e. the date that the Company commits to purchase or sell the asset.

Financial assets are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:
(a) The entity's business model for managing the financial asset;
(b) The contractual cash flow characteristics of the financial asset.

The entity's financial asset are subsequently measured at amortized cost inasmuch as the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets consist of cash, accounts receivable and trust fund.

Impairment

The entity shall recognize a loss allowance for expected credit losses (ECL) on a financial asset that is measured at amortized cost and or at fair value through other comprehensive income, a lease receivable, a contract asset or a loan commitment and a financial guaranty contract to which the impairment requirements apply.

At each reporting date, the entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition.

If at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance at an amount equal to 12 Month ECL.

If the entity measured the loss allowance for an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the credit risk on the financial instrument has not increased significantly, the entity shall measure the loss allowance at an amount equal to the 12-month ECL at the current reporting date.

The entity shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized in accordance with PFRS 9.

Employees

Currently, the Company has thirty (30) regular employees in Pangasinan responsible for the daily operations of the resort and hotel, and twenty (20) employees in its Pasig office consisting of four (4) managerial and sixteen (16) administrative staff.

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.

Benefits mandated by law, plus medical insurance, are accorded to employees.

In the sale and marketing of timeshares, the following personnel mostly in the field of sales and marketing are being 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.

AVP Operations	1	Contract Officer	2
Marketing Manager	1	Button-up Officer	2
Marketing Administration	1	Coffee Boy	1
Exhibit Manager	1	Chief Accountant	1
Exhibitors	20	Payroll Accountant	1
Telemarketers	12	Owner's Referral Manager	1
Customer Service Manager	1	Confirmer	2
Collection Manager	1	Customer Service Officer	2
Venue Manager	2	Collection Officer	3
Table Officer	4	Accounting Officer	2
Holiday Consultants	20	Receptionist	2

DIRECTORS AND EXECUTIVE OFFICERS

Rolando M. Verzosa, Filipino, 53 years of age, Chairman, President / CEO (since inception) is a graduate of the Mapua Institute of Technology with a degree of Bachelor of Science in Civil and Sanitary Engineering. Presently he is COO of Technololux Equipment Supply Corp and a Director of TGI Friday High Street. He is married to Flordeliza B. Verzosa with two sons namely Roland Charles B. Verzosa and Mark Andrew B. Verzosa.

Flordeliza Bernal - Verzosa, Filipino, 53 years old, Director, Treasurer, COO (since inception). She graduated at Mapua Institute of Technology with a degree of BS Management and Industrial Engineering. She held the positions of Manager, Trax Division, IT Dept of Lufthansa Tecknik Philippines from year 2000-2005 and Manager, MEMIS Division IT Group Maintenance and Engineering Department of Philippine Airlines from 1985 to 1998. Spouse of Rolando Verzosa

Raul G. Gerodias, Filipino, 53 years old, Director, Corporate Secretary (since inception). He graduated from Ateneo de Manila University with a degree of BS Management, Bachelor of Laws, Ateneo de Manila University, Master of Laws, University of Pennsylvania, Philadelphia, Pennsylvania USA. He holds the position of :

Name of Office	Position	Date
Gerodias Suchianco Estrella Law Firm	Founding Partner	Jan.1, 2006
GSE Management Services, Inc.	Chairman/President	Nov. 8_____ - present
Ateneo Law '88 Inc.	Chairman/President	Sept. 10, 2008 - present
A & L Equities Inc.	Corporate Secretary	Jan. 14, 1999 - present
AB Fiber Corporation	Chairan/President	Jan. 21, 2011 - present
AB Food and Beverage Phils., Inc.	Director/Corp. Secretary	4/27/2009 - present
AB Leisure Global Inc.	Director/Corp. Secretary	3/16/2010 - present
Adventure Bay Resort and Theme Park, Inc.	Director/Corp. Secretary	12/15/2006 - present
AirMaverick Inc.	Chairman	4/27/11 - present
ALK Holdings Management, Inc.	Chairman/President	12/15/2006 - present
Alpha Point Property Holdings, Inc.	Chairman/President	5/10/2010 - present
All Waste Services, Inc.	Corporate Secretary	6/14/2017 - present
ASC Phils. Inc.	Director/Corp. Secretary	5/30/2008- present
Ashwell Holdings, Inc.	Director/Corp. Secretary	3/30/2007 - present
Auracie Wellness Corp	Corporate Secretary	1/30/15 - present
Assetvalues Holding Company., Inc.	Director	12/5/2007 - present
Bahn Mi Kitchen Services, Inc.	Director	12/19/2016- present
Bansalangin Properties Holding Corp.	Director/Corp. Secretary	9/13/17 - present
Central Bay Reclamation and Development Corporation	Chairman/President	1/30/2013- present
Community Waterhope Foundation, Inc.	Trustee	01/04/2011- present
Continuitas Corporation	Chairman/President	6/19/2013- present
Cyber Bay Corporation	Director/President	12/27/2012-present
Createch Wellness Corp.	Corporate Secretary	6/21/2013- present
Culinary Best Source, Inc.	Corporate Secretary	2/25/2009-present
DACS Holdings, Inc.	Corporate Secretary	5/28/1999-present
Diez Corporation	Director	8/16/2012-present
Elegant Infoventures, Inc.	Director	05/03/2013- present
Ferrier Hodgson Management Services, Inc.	Corporate Secretary	1/21/2014-present
Ferrier Hodgson Philippines, Inc.	Corporate Secretary	10/17/2013-present
FH Asset Management Corp.	Corporate Secretary	08/05/2014-present
FH Corporate Services, Inc.	Corporate Secretary	08/05/2014-present
FTI Consulting Philippines, Inc. (FTI Consulting Administrative Services, Inc.)	Corporate Secretary	08/12/2014- present
Five Star Finance Corp.	Corporate Secretary	07/05/1999- present
Fujitsu Die-Tech Corporation of the Philippines	Corporate Secretary	8/14/2014-present
Denso Ten Philippines Corporation (formerly: Fujitsu Ten Corporation of the Philippines)	Corporate Secretary	8/16/2012- present
Fritz & Macziol Asia, Inc.	Director	8/25/2006- present
Globalpeak Holdings, Inc.	Director	06/11/2008-present
Harada Automotive Antenna (Philippines), Inc. (formerly: Nippon antenna (Phils) Inc.	Corporate Secretary	2/29/1999- present

Harada Philippines Development and Management Inc. (formerly: NAC Development Corporation)	Corporate Secretary	6/24/2005- present
Healthwealth International Corp.	Corporate Secretary	3/28/2006-present
HKR Equipment Corp.	Corporate Secretary	5/22/2008-present
I & Lu Tobacco Company, Inc.	Corporate Secretary	10/14/2010- present
Kalzen One Philippines Inc.	Corporate Secretary	03/09/2017- present
Kewalram Philippines, Inc.	Director	9/26/2007- present
Kiden Development Corporation of the Phils.	Director/Corp. Secretary	08/10/2012- present
Kyani Philippines Inc.	Director/Corp. Secretary	5/22/2013- present
La Deca Farm Corporation	Corporate Secretary	8/29/96- present
LLF Farms, Inc.	Corporate Secretary	06/01/1998- present
Macondray Finance Corporation	Corporate Secretary	06/09/1999- present
Masagana Realty Company, Inc.	Corporate Secretary	02/01/1992- present
ME Products and Services, Inc. doing business under the name and style of Miss Esthe and Facia	Corporate Secretary	06/09/2017- present
Metro Promo Concepts Corp.	Director	06/08/2014- present
Music Group Companies*	Director	9//19/2011- present
Musungu Inc.	Director	4/23/2010- present
Noria Corporation	Corporate Secretary	2/14/2011- present
Paragon Trading & Services Corporation	Corporate Secretary	03/07/1992- present
Parexgroup Inc.	Director	06/05/2009- present
Phiippine Bio-Ethanol & Energy Investment Corp.	Director/Corp. Secretary	4/26/2010-present
Philippine Holdings, Inc.	Corporate Secretary	9/30/2015- present
Pixiedust, Inc.	Director	1/21/1999- present
Quento Media, Inc.	Director/Corp. Secretary	10/11/2012- present
Silver CDO Finance, Inc.	Corporate Secretary	06/01/1999- present
Silver Finance Inc.	Corporate Secretary	5/29/2000- present
Silver Holdings Groups, Inc.	Corporate Secretary	7/30/2009- present
Silver WDC Finance Corporation	Corporate Secretary	06/11/2001- present
Steltz International, Inc.	Corporate Secretary	05/08/2008- present
Straight Shooters Media, Inc.	Corporate Secretary	9/16/2010- present
Swiss Sense, Inc.	Director/Treasurer	4/13/2012- present
Swiss Sense Worldwide, Inc.	Director/Cor Sec /Treasurer	02/01/2012- present
Techno Holdings Corporation	Corporate Secretary	5/21/2008- present
Technolux Equipment & Supply Corporation	Corporate Secretary	5/22/2008- present
Teleaccess, Inc.	Corporate Secretary	08/04/2005- present
Terrabay Holdings, Inc.	Director	8/23/2000- present
Terramino Holdings, Inc.	Chairman/President	04/02/2011- present
TD Outsourcing Philippines, Inc.	Director	10/24/2013- present
The Finix Corporation	Corporate Secretary	07/09/2008- present
The Turf Company, Inc.	Corporate Secretary	4/17/2009- present
The European Hair Factory Inc.	Director	08/09/2011- present
TKG Corporation	Corporate Secretary	8/23/2011- present
Transpacifc Resource Recovery, Inc.	Director	11/06/2017- present
Union Leaf Holdings Corporation	Corporate Secretary	02/11/2009- present

Unistar Land and Property Corporation	Corporate Secretary	2/21/2008- present
Unitel Productions, Inc.	Corporate Secretary	09/01/2010- present
Universal Leaf Philippines, Inc.	Corporate Secretary	10/09/2010- present
Skytrooper Charter Phils., Inc.	Chairman	12/28/2011- present
Zoraymee Holdings, Inc.	Director	07/05/1999- present

William A. Stelton, Director, 66 years old, Filipino, Director (since Oct.15, 2007) a graduate of Letran College, 1969 with a degree of Bachelor of Science in Commerce. Presently he is the Chairman of Techno Holding Corporation (since 1990), Technolux Equipment & Supply Corp. (since 1975), The Turf Company (since 1989), The Finix Corporation (since 1995), Steltz International, Inc. (since 1998), HKR Equipment Corp. (since 1993), Bistro Americano (TGIFridays),Chairman/President since 1993, Bistro Italiano Corp.(Italiani's) Chairman/President since 1995), and Big Fish Corp. (Fish & Co.). Chairman/President since 2005.

Roberto M. Asuncion, 58 years of age, Filipino, Independent director, 2016. ***Work Experience***: Vice President for Information Technology at Lufthansa Technik Philippines from July 2003 to the present; Senior Lecturer for IT Strategy and Management Issue, Strategic Business Executive Program- University of Asia and the Pacific from July 2003 to the present. VP and Chief Information Officer- Global Research Co., Inc., 2001-2003. Chief Information Officer: Rustan Supercenters, Inc. (Shopwise), 1996-2001; Royal Duty Free Shops (Royal Subic and Royal Clarck), 1996-2001; Store Specialists, Inc. (Boutiques: Ferragamo, Polo, Calvin Klein , Zara, etc), 1996-1999; Rustan Marketing Specialists, Inc. (Exclusive franchise: Marks and Spencer), 1996-1999; Rustan Marketing Corporation (Personal Care & Fragrances, Small Applicances), 1996-1999. MIS Project Manager/Systems Manager for the Pharma Distribution Center – Zuellig Pharma Corporation, 1993-1996, Inter Pharma Holdings, 1995-1996. Consultant- Center for Research and Communication – 1992-1993; Research Assistant –Otto-Friedrich Universitat Bamberg (Germany), Institute of Information Management , 1989-1992; Project Manager for Microcomputer Systems, Citibank NA, Consumer Services Group Technology Division (Philippines) 1988-1989; Consultant, Dualtech Training Center, 1987-1988; Computer Operations Manager, US Naval Medical Research Unit No. 2 , 1986-1988; COBOL Program (On-the-Job Training), Siemens AG (Munich, Germany), Application Programs Department, 1983; Systems Analyst, San Miguel Corporation, {Magnolia Division (Philippines)}, 1980-1983; Instructor/Senior Lecturer in Mathematics and Computer Science, Otto-Friedrich Universitat Bamberg (Germany), University of Asia and the Pacific (Philippines), and University of the Philippines (Philippines), various dates between1980 to present. ***Education*****:** Ph.D in Information Management, cum laude (Dr. rer. Pol, Wirtschafts informatik), Otto-Friedrich Universitat, Germany, Area: Computer Demand Forcasting in Computer- Integrated Manufacturing Environment, 1992; Master of Arts in Applied Business Economics, University of Asia and the Pacific, Area: Currency Equation Model in Measuring the Underground Economies of the Philippines and Germany, 1992; M.Sc. Industrial Engineering (Operations Research) University of the Philippines (degree and course work), 1985; Technical University of Munich, Germany (Thesis Work), Area: Application of Dynamic Programming in Production Smoothing Problems, 1983-1985; BS Mathematics, UP, Area: Operations Research, 1978; Philippine Science High School, 1975.

John Patrick B. Rodeñas, Filipino, 36 years old, Independent director, 2016. He is an architect by profession with PRC ID No. 0020301. ***Work experience:*** PRSP Architects, Senior Associate, 2010-2016, Junior Associate, 2008-2010, Senior Architect, 2007-2008, Architect, 2005-2006. Project Architect (Design and Construction), Freelance Architect, 2003-2005. At PRSP Architects, he has been involved with the following projects: Dubai Maritime City (Dubai), *Central Office Building, Shipyard and Control Building, Labor Accommodation Building, Commercial and Multipurpose Building and Mosque;* El Shaddai Shrine and Formation Center (Parañaque); Amvel Mansions Condomimium (Parañaque); Amaia Skies (Cubao); Avida Towers, *New Manila*; *San Lazaro*; *San Lorenzo (Makati*); *Alabang, Cebu;* One Rockwell (Makati); SM Cyberzone (Makati); Hamilo Pico

Sands (Nasugbu, Batangas); Imez Aboitiz BPO (Cubao); Aegis Tower (Cebu); Hamston Square (Pasig); East of Galleria (Pasig); Robinsons Cybergate (Mandaluyong); Roxas Triangle Towers (Makati); Arbor Lanes @ Arca South (Taguig); Cebu Park Mixed-Use Development (Cebu), *CITP Seda Hotel, 2-Tower BPO Building, 5-Storey Mall, Retail and Commercial Strip;* Church of Two Hearts (Laguna). His personal projects include the following: 2-storey residential building (Tagaytay); 2-storey vacation house (Batangas); 3-storey residential building (Parañaque); 2-storey residential building (Laguna); and 5-storey PNP Headquarters (Dagupan). ***Education:*** He took up BS Architecture at Adamson University from 1998-2003.

Roland Charles B. Verzosa, Filipino, 29 yrs. old, Director (since inception) and VP-Finance & IT (since December 2015), a graduate of College Of Saint Benilde with a Degree of BS Management Major in Computer Applications. IT Quality Assurance Specialist of Globe Telecom, Inc from 2010-2013 and IT Project Manager of PLDT Global from 2013-2015.. He is the son of spouses Rolando M. Verzosa and Flordeliza B. Verzosa.

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.

There are no family relationships either by consanguinity or affinity among directors, executive officers or persons nominated or chosen to become directors or executive officers, save for spouses Rolando and Flordeliza Versoza who are parents of Roland Charles Versoza.

EXECUTIVE COMPENSATION

Name and Principal Position	Year	Salary (P)	Bonus(P)	Other Annual Compensation
Rolando M. Verzosa	2016-2017	None	none	
Chairman/President/CEO	2018	None	none	
Flordeliza B. Verzosa	2016-2017	None	none	
Director/Treasurer/COO	2018	None	none	
Raul G. Gerodias	2016-2017	None	none	
Director/Corporate Secretary	2018	None	none	
William A. Stelton	2016-2017	None	none	
Director	2018	None	none	
Roland Chales B. Verzosa	2016-2017	None	none	
Director	2018	None	none	
Roberto M. Asuncion	2016-2017	None	none	
Independent Director**	2018	None	none	
John Patrick B. Rodeñas	2016-2017	None	none	
Independent Director**	2018	None	none	

All Other Officers and Directors as	2016	P 1,154,583
a group unnamed	2017	P 1779,558
	2018	P 1,779,558*

*Estimate

There are no standard arrangements, pursuant to which directors of the registrant are compensated, directly or indirectly, for any services provided as a director, including any additional amounts payable for committee participation or special assignments, for the last completed fiscal year and the ensuing year.

There are no other arrangement, including consulting contracts, pursuant to which any director of the registrant was compensated, or is to be compensated,, directly or indirectly, during the registrant's last completed fiscal year, and the ensuing year, for any service provided as a director.

There are no employment contract between the registrant and a named executive officers.

There are no compensatory plan or arrangement, including payments to be received from the registrant, with respect to a named executive officer, if such plan or arrangement results or will result from the resignation, retirement or any other termination of such executive officer's employment with the registrant and its subsidiaries or from a change-in-control of the registrant or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, including periodic payments of installments, which exceeds P2,500,000.

OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

The company has an authorized capital stock of Thirty Million Pesos (PhP30,000,000.00) of which P10,200,000 has been subscribed and fully paid.

Security Ownership of Certain Record and Beneficial Owners as of September 30, 2018

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 56 Margarita St., Magallanes Village Makati City Chairman/President/CEO	Beneficial owner is the record owner	Filipino	48,916	47.96%
Common	Flordeliza B. Verzosa 56 Margarita St., Magallanes Village Makati City Director/Treasurer/COO	Beneficial owner is the record owner	Filipino	48,916	47.96%

Security Ownership of Management (as of September 30, 2018)

Title of Class	Name of Beneficial Owner	Amount and nature of beneficial ownership		Citizenship	% of Class
Common	Rolando M. Verzosa	4,891,600	r & b	Filipino	47.957%
Common	Flordeliza B. Verzosa	4,891,600	r & b	Filipino	47.957%
Common	Roland Charles B. Verzosa	416,400	r & b	Filipino	4.082%
Common	Roberto M. Asuncion	100	r & b	Filipino	0.001%
Common	John Patrick B. Rodeñas	100	r & b	Filipino	0.001%
Common	William A. Stelton	100	r & b	Filipino	0.001%
Common	Raul G. Gerodias	100	r & b	Filipino	0.001%
Total		10,200,000			100.00%

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.

Dividends

The Company has not declared any cash dividend for the two (2) most recent fiscal years.

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.

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.

There are advances from the company's major shareholders. These advances are non-interest bearing, not secured by collateral, no guarantees were given or received, and they are to be settled in cash. However, in order to support the Entity's operations, the shareholders have not been demanding full payment until the Entity has generated excess cash for its working capital.

CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

The accountants for the most recently concluded fiscal year was Virgilio R. Santos & Co. with Mr. Virgilio R. Santos as the signing/handling partner. The accountants for the prior year was Mariano, Chunpeng & Associates with Mr. Alfredo F. Mariano as the signing/handling partner. There has been no disagreement with the Accountants on matters of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

Audit and audit related fees for professional services rendered by the external auditor:

	2017	2016
Audit of Annual Financial Statements*	200,000	150,000
Other assurance and related services by the external auditor	none	none
All other fees	none	none

**VAT inclusive*

The Audit Committee pre-approves all audit and non-audit services as these are proposed or endorsed by the Board of Directors before the services as performed.

Members of the Audit Committee

The following persons are the current members of the audit committee as appointed and approved during the latest board of directors meeting:

Roberto M. Asuncion Chairman
Flordeliza B. Verzosa -- Member
Raul Gerodias - --- Member

AUDIT COMMITTEE CHARTER

This Audit Committee Charter (the "Charter') is promulgated by the Audit Committee (the "Committee") EL PUERTO MARINA RESORT AND VACATION CLUB to provide for the purpose, membership, structure, operations, duties and responsibilities of the Committee, including the procedures which shall guide the conduct of its functions.

I. Purpose

Pursuant to the Manual of Corporate Governance of the **Club** (the "Manual"), the Audit Committee shall have oversight responsibilities for the financial reporting process, internal control, risk management, internal audit, external audit, management and legal, tax and regulatory compliance.

II. Structure

A. Membership.

The Committee shall be composed of at least three (3) members of the Board of Directors (the "Board"). The Chairman of the Committee shall be an independent director

.

B. Qualifications.

Each member of the Committee shall have the qualifications and none of the disqualifications of a director provided under the Manual. The members of the Committee shall preferably have accounting and finance backgrounds. At least one member shall be an independent director and another shall have audit experience. The members of the Committee must have a good understanding of the Corporation's business and the industry in which it operates.

C. Appointment and Removal.

The Chairman and members of the Committee shall be appointed, and may be removed from office, by a majority vote of the members of the Board constituting a quorum. In case of vacancy in the membership of the Committee, the Board shall appoint a new member from among the directors. In case of vacancy in the position of Chairman, the Board shall appoint a new Chairman from the members of the Committee.

D. Committee Secretary.
The Corporate Secretary or in his absence, the Assistant Corporate Secretary, shall act as the Committee Secretary who shall prepare the minutes of the meetings and keep the records of the Committee.

III. Operation

A. Meetings.
The Committee shall meet at such times and places as it considers appropriate, preferably at least four (4) times a year. The Chairman of the Committee, any Committee member, or the Corporate Secretary of the Corporation, may call a meeting of the Committee. The Chair shall preside in all meetings. In the absence of the Chair, any member shall preside. Meetings may be held, and the members can participate in meetings of the Committee, through teleconference, video conference or other similar means.

B. Quorum.
Attendance of at least two (2) Committee members shall constitute a quorum for all meetings.

C. Voting.
The affirmative vote of a majority of such quorum shall be required to authorize any corporate action.

D. Notices
A notice of each meeting of the Committee specifying the place, date, time, and agenda and matters to be discussed during the meeting shall be given to each member of the Committee personally, in writing or orally, or sent to him by mail, facsimile, electronic mail or other similar means at least two (2) days prior to the date of the meeting. Each member shall give the Committee Secretary his address, facsimile number and electronic mail address for the service of notices of meetings. A member may waive notice of any meeting of the Committee and may consent to shorter notice of any meeting. Any Committee meeting called by shorter notice shall be deemed to have been duly convened if it is so agreed by the members present in the meeting at which there is a quorum.

E. Minutes and Record
The Committee Secretary shall maintain minutes or other records of the Committee meetings and activities.

IV. Duties and Responsibilities

The duties and responsibilities of the Committee are as follows:

(a) Financial Reporting

1. Review all interim and annual financial statements before submission to the Board and prior to disclosure to the public, with particular focus on the following:

i compliance with pertinent Philippine and internationally accepted accounting standards, internal financial management, as well as tax, legal and other regulatory requirements;
ii) changes in accounting policies and practices;
iii) major financial reporting issues;
iv) reasonableness of estimates, assumptions, and judgments;

v) significant adjustments resulting from the audit;
vi) going concern assumptions;
vii) review of unusual or complex transactions including significant related party transactions;
viii)identification and correction of material errors, indications of fraud, and sufficiency of risk controls;
ix) clarification of significant legal risks, contingencies and issues;
x) disclosure of material information, subsequent events and related party transactions;
xi) review and approval of management representation letter in recognition of management's responsibility over the financial statements.

2. Review with management and external auditors the results of the audit, including any difficulties encountered and other issues warranting the attention of the Committee, and resolve any disagreements between management and the external auditors regarding financial reporting.

(b) Risk Management/Management

1. Discuss with management and the Internal Audit Group, the Club's risk management policies and procedures particularly those relating to risk identification, assessment and management.

2. Regularly evaluate the adequacy and effectiveness of management's activities in managing credit, market, liquidity, operational, legal and other risks of the Club and the Club's risk management policies and procedures.

3. To promote risk awareness in the organization, discuss with management the steps taken to monitor and control the **Club's** exposures and risks, which may include the preparation and implementation of a Business Continuity Plan.

4. Coordinate, monitor, and facilitate compliance with legal, tax and regulatory requirements by the Club.

5. Evaluate compliance with the relevant Club issuances governing management conduct.

(c) Internal Control

1. Review the adequacy and effectiveness of the *Club's* financial and internal controls and systems including financial reporting control and technology security, based on the state of internal controls provided by management and evaluation of internal control by the Internal Audit Group, and discuss recommendations for improving the same such as the inclusion of fraud prevention measures.

2. Review and make recommendations relating to any communication or report by regulatory agencies relating to the financial statements of the **Club** and ensure that management undertakes corrective actions, where necessary, in a timely manner.

3. Review, conduct investigations and make recommendations relating to any communication or report relating to any findings or major investigations on internal controls or financial reporting matters or fraud in connection therewith including issues raised by the external auditor and management's response thereto.

(d) Internal Audit

1. Review with management and the head of the Internal Audit Group the qualifications of an internal auditor and the organizational structure of the internal

audit function, to ensure adequacy of resources and independence of the Internal Audit Group.

2. Review and approve the annual audit plans prepared by the Internal Audit Group and major changes to the plans, if any, including the scope and extent of audit work to ensure adequacy of resources and independence of the Internal Audit Group and compliance with International Standards on the Professional Practice of Internal Auditing. The scope of the internal audit examination should cover the evaluation of adequacy and effectiveness of controls on governance, operations, information systems, protection of assets and compliance with applicable laws, rules and regulations.

3. Review with management significant findings and recommendations of the Internal Audit Group and management's response thereto including an action plan for implementation to correct weaknesses and any difficulties encountered by the auditors in the course of their audit.

4. Require the Internal Audit Group to submit an annual report to the Committee and management of its activities and performance relative to the audit plan approved by the Committee.

(e) External Audit

1. Review and evaluate the professional qualifications, performance and independence of the external auditor and the lead partner.

2. Review and approve with the external auditor, before the audit commences, the nature and scope of the audit plans, including scope, audit resources and expenses, and reporting obligations.

3. Review and approve the fees, remuneration and terms of engagement of the external auditor for audit and non-audit services.

4. Evaluate and approve non-audit work by external auditor, including the fees payable therefor, and evaluate any non-audit work undertaken to ensure that the same does not conflict with audit functions.

5. Review the reports or communications of the external auditors as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management and other material issues that affect the audit and financial reporting, and ensure that management or the Board will promptly address the issues raised.

6. Ensure that the external auditor complies with auditing standards.

7. Ensure that the external auditor or the lead, engagement, or handling partner having primary responsibility for the audit or review of the Corporation is changed every five (5) years or earlier.

V. Authority and Resources

A. Authority.

The Committee shall have the authority to conduct or order the investigation into any matter within the scope of its responsibilities. The Committee may invite members of management, organization staff, the Internal Audit Group or external auditor to attend and provide pertinent information or data.

B. Resources.

The Committee shall have full access to management, personnel and records in the performance of its duties and responsibilities. The Committee may also engage external legal counsel or independent professional advisors if it considers necessary in the performance of its
functions. The Committee shall be provided by the Club with sufficient resources to enable it to fully discharge its duties and functions hereunder including resources for the training and education of its members and staff.

VI. Reporting

The Chairman of the Committee, or in his absence, the Chairman of the meeting, shall report to the Board on the decisions and recommendations made by the Committee following each meeting. The Committee shall prepare an annual report of its activities to the Board and such other reports and certifications that the Board may require from the Committee such as those on critical compliance issues.

VII. Performance Assessment

A. The Committee shall assess its effectiveness to ensure that its performance meets and complies with best practices. In any such assessment, the Committee may be guided by a self-assessment worksheet which shall be in substantial compliance with the Guidelines for the Assessment of the Performance of Audit Committees of Companies Listed on the Exchange issued by the Securities and Exchange Commission.

B. The assessment shall be accomplished on an annual basis or in such short intervals as may be required by the Board. The results of the assessment shall be validated by the Compliance Officer and submitted to the Board.

C. The Committee shall establish a feedback mechanism to receive comments from management, the Internal Audit Group, general counsel, the external auditor, and any person, to facilitate dialogue within the organization about possible ways to improve its performance.

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 policy was taken out from the Philippine British Assurance Company, Inc. for Fourteen Million Nine Hundred Thousand pesos (Php14,900.000.) on15 September 2017. Insurance was against the following risks:

Sudden and accidental physical destruction of or damage to property caused by:
Fire, lightning, earthquake, typhoon, flood, falling aircraft, vehicle impact, and explosion, riot, strikes and malicious damage for the following amounts:

Two buildings….. eight million five hundred thousand pesos (PhP8,500,000.)
On contents ……. three million five hundred thousand pesos (PhP3,500,000.)
On open pavilion.. three million five hundred thousand pesos (PhP3,500,000.)

CONTRACT OF LEASE

A Contract of lease 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 is 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.

ENVIRONMNTAL COMPLIANCE CERTIFICATE

A Certification was issued on 4 April by the Environmental Management Bureau of Regional Office No. 1 of DENR, that Spouses Rolando and Flordeliza Verzosa filed an ECC Amendment Application for the Expansion Phase of its resort at Brgy. Pangapisan, North Lingayen Pangasinan. The application is in process/evaluation by their Technical personnel in the Clearance and Permitting Division.

In addition to this, the DENR-CENRO of Dagupan City, certified that there is an existing Miscellaneous Lease Application or Tenurial Arrangement over 6,124 sq.m. under MLA #015522-14 with approved Plan MLi-01-000008 as surveyed for Spouses Rolando and Flordeliza Verzos. Furthermore the DENR ruled that areas under Tenurial Arrangement are not subject to the payment of tax declaration.

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.