GOLDEN BRIA HOLDINGS, INC.

April 15, 2019

PHILIPPINE STOCK EXCHANGE
Philippine Stock Exchange Tower
5th Avenue corner 28th Street, Bonifacio Global City, Taguig City
Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

PHILIPPINE DEALING AND EXCHANGE CORPORATION
37th Floor, Tower 1, The Enterprise Center
6766 Ayala Ave., cor. Paseo de Roxas, Makati City
Attention: Atty. Joseph B. Evangelista
Head, Issuer Compliance and Disclosure Department

Subject: Golden Bria Holdings, Inc: **2018 Annual Report SEC 17-A - 12/31/2018**

Gentlemen:

Please see attached Annual Report of Golden Bria Holdings, Inc. for the year 2018.

Thank you.

Frances Rosalie T. Coloma
Officer-in-Charge

COVER SHEET

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S.E.C. Registration Number

G O L D E N   B R I A   H O L D I N G S , I N C .

(Company's Full Name)

S A N   E Z E K I E L , C 5   E X T E N S I O N ,
L A S   P I Ñ A S   C I T Y

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

Frances Rosalie T. Coloma	(02) 873-2922
Contact Person	Company Telephone Number

1 2	3 1	17-A	0 7	1 5
Month	*Day*	FORM TYPE	*Month*	*Day*
Calendar Year			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2018**

2. SEC Identification Number **108270**

3. BIR Tax Identification No. **768-991-000**

4. Exact name of issuer as specified in its charter **Golden Bria Holdings, Inc. (formerly Golden Haven, Inc.)**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. ____ (SEC Use Only)
   Industry Classification Code:

7. **San Ezekiel, C5 Extension, Las Piñas City, Philippines** — **1746**
   Address of principal office — Postal Code

8. **(632) 873-2922 / (02) 873-2543**
   Issuer's telephone number, including area code

9. **Golden Haven, Inc.**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**644,117,649**

11. Are any or all of these securities listed on a Stock Exchange?

    Yes [**x**] No [ ] **Name of Stock Exchange:** **Philippine Stock Exchange**
    Class of Securities Listed: **Common Stocks**

12. Check whether the issuer:

    (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

    Yes [**x**] No [ ]

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

    Yes [**x**] No [ ]

13. Aggregate market value of voting stocks held by non-affiliates:

₱22.8 billion as of December 31, 2018

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ]   No [ ] **NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of SEC Form 17-A into which the document is incorporated:

Consolidated Financial Statements as of and for the year ended **December 31, 2018** (incorporated as reference for Item 7 and 12 of SEC Form 17-A)

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PART I – BUSINESS

Item 1. Business

Overview

Golden Bria Holdings, Inc. (the "Company"), formerly Golden Haven, Inc., incorporated in November 1982, is one of Philippines' leading developers of memorial parks in the country in terms of number of projects, overall sales, and land developed. Aside from the development and sale of memorial parks, the Company likewise develops, constructs and operates columbarium and memorial chapel facilities. With the acquisition of Bria Homes, Inc. ("Bria"), the Company is now also engaged in the construction and development of residential projects in various places all over the Philippines.

In relation to its deathcare business, which continues to operate under the brand **Golden Haven**, the Company has, over the past year, grown to 27 projects all over the country, making it the largest deathcare developer in the country in terms of number of developments. The Company also has columbaries projects within a selection of its memorial parks, with the largest being the 20,000-vault columbarium beneath Golden Haven's Sanctuario de San Ezekiel Moreno, located along C5 Road, Pulang Lupa, Las Piñas. The company has also expanded its business into Memorial Chapel Services, with last year's opening of the Golden Haven Memorial Chapel in Las Piñas and the more recent acquisition of a new memorial chapel in Angeles, Pampanga. These developments expanded the company's deathcare product offerings to funeral and cremation services, bringing it closer to becoming the country's first fully integrated deathcare service provider.

For its park developments, the Company offers memorial lots at varying sizes and price points. The four basic lot packages are lawn lot; garden niche; family patio; and family estate. Purchasers of a family estate lot can elect to construct a mausoleum, with the design and construction of which must conform to the Company's parameters as part of the terms of the purchase. The Company also provides, as an additional service and at additional cost to the client, construction and associated services for these mausoleums.

As for its residential development business, operating under **Bria Homes**, is a corporation duly organized and existing under the laws of the Republic of the Philippines. The primary purpose of Bria is to acquire, own, use, improve, develop, subdivide, sell, mortgage, engage, lease, develop, and hold for investment or otherwise improve, manage, or dispose of real estate of all kinds including buildings, houses, apartments, and other structures of whatever kind. Bria is principally engaged in the mass housing business with housing projects located in over 20 of the most progressive cities and municipalities around the country.

Bria Homes, Inc. is the fastest growing mass housing developer in the Philippines. It caters to ordinary Filipinos who dreams of having high quality and affordable homes. Bria established its national footprint by continuously growing and making quality projects. To date, Bria, has over 50 projects and developments around the country.

The company listed with the Philippine Stock Exchange (PSE) on 29 June 2016, at an initial price of P10.52 per share. As of 31 December 2018, the Company's shares are valued at P325.00 per share.

Recent Developments and Acquisitions

In accordance with the Company's plan to further expand and diversify both its project and product profile, Golden Bria was able to significantly expand its holdings for both deathcare projects and for residential developments over the past year.

Since 31 December 2017, the Company, through its deathcare business Golden Haven, was able to acquire 17 new properties all over the Philippines including both expansion and new project properties. These new acquisitions have effectively increased the company's total size in terms of project area to over

177 hectares all over the Philippines as of 31 December 2018, making it one of the country's largest memorial park developers.

Over the past year, the Company was also able to acquire its second Memorial Chapel property in Angeles, Pampanga, which effectively expanded its growing memorial chapel and funeral service business, ultimately progressing towards its vision to become the first complete, full-service death care company in the country.

For the Company's residential development business, under Bria Homes, Inc., the company also took on an expansion mindset for the past year. Since 31 December 2017, the company has acquired 27 properties all over the country, effectively adding over 280 hectares of land for residential development to the Company's already expansive property bank. Over the past year, the Company was also able to launch projects in new locations where Bria Homes have not built previously, including Bataan, Leyte, Pangasinan, Tarlac, and Compostela Valley.

Products and Services

Death care Business

The death care services market comprises products and services acquired or availed of during the period of mourning and grief following the death of a loved one. This line of products and services generally includes funeral services and funerary arrangements (care for the deceased and cosmetic embalming in preparation for viewing), burial or cremation services, and the sale of caskets, urns and memorabilia.

As of the date of this filing, the Company's key products and services consist of the sale of memorial lots and columbarium vaults made available to the public through the Company's developments. With the opening of its Memorial Chapel in Las Pinas and the acquisition of a new memorial park in Pampanga, the Company was able to expand the services and products it offers to more segments of the death care industry. As of the date this filing, the Company offers their products and services through its 26 projects with locations all over the Philippines.

Most of the foregoing developments are wholly-owned by the Company with the exception of the some park developments which have been undertaken through a joint venture with a third-party land owner.

Residential Development Business

In the light of the acquisition of Bria Homes Inc., the Company is now also engaged in the residential development business with mass housing projects located around the country.

Bria Homes, Inc. is the fastest growing mass housing developer in the Philippines. It caters to ordinary Filipinos who dream of having high quality and affordable homes. It has **over 50 projects and residential developments** across some of the most progressive cities and municipalities nationwide. The Company established its national footprint by continuously growing and making quality projects. As of current, the Company is **present in more than 20 cities and municipalities** nationwide.

Distribution Methods of Products

Death care Business

The Company relies extensively on third party agents to sell its products and services in the country. As the terms of engagement by the Company of these agents are non-exclusive, these agents, in general, may likewise offer products and services of the Company's competitors. The Company cannot give any assurance that these agents will give adequate focus to the Company's products and services and not favor or give priority to any other products these agents may otherwise offer. If a large number of these agents were to reduce focus on the Company's products and services, or otherwise terminate their arrangements with the Company, there can be no assurance that the Company would be able to replace these agents in a timely or effective manner.

The Company also has limited control over these third party agents and cannot monitor all aspects of their work. With this limited control, the Company cannot give assurance that none of its third party agents will make misleading representations and promises on the Company's products and services, leading to customer disputes and damage to the Company's reputation.

Residential Development Business

The Company believes it has one of the most extensive marketing networks of all Philippines housing development companies.

Local Marketing Network

The Company's local marketing and distribution network of independent contractors and agents for its housing development activities consists of various teams with a combined total of more than 14,000 active agents. Of these marketing teams, over 700 are accredited licensed realtors.

The Company believes that it offers its marketing teams competitive compensation terms. The Company's commission structure and incentive schemes vary relative to the network's affiliation and sales structure.

The Company's exclusively contracted marketing teams are compensated through a monthly allowance and are provided administrative support by the Company, including office space and expense allowances. Broker companies are compensated with relatively higher commissions with funding allocations for business development programs.

International Marketing Network

The Company believes that the OF (Overseas Filipinos) population constitutes a significant portion of the demand for its housing and land development projects. The demand comes from both the direct purchase by the OF or purchase by relatives of the OF financed by OF remittances. As such, the Company seeks to adequately service and reach the OF and international markets. For that purpose, the Company has established an extensive international marketing network.

This network consisted of over 50 partners and more than 1,300 independent agents located in countries and regions with large OF populations, including the United States, as of 31 December 2018.

Through this network, the Company is well-represented in key cities abroad with the highest concentration of OF communities. The Company's presence is significant in countries and regions such as North America, Europe, Middle East and Asia including Japan. These international brokers are established in their respective areas and serve as the Company's marketing and promotion agents in their territories, to promote the Company and its products. In addition, some of these agents have bought houses from the Company in the past. The Company believes that its long standing relationships with these agents over the years distinguish it from its competitors.

The Company, together with these international brokers and agents, regularly sponsors road shows and participates in international fairs and exhibits, Filipino social and professional gatherings, and other OF-related events.

Awareness efforts are primarily conducted through periodic TV advertising on Philippine primetime television and sustained TV advertising on The Filipino Channel, as well as print advertising on national and geo-based publications.

Land Development and Acquisition

Death care Business

Part of the Company's key strategies is to continue to work on developing existing, undeveloped and contiguous land areas of its memorial parks, which would allow it to increase its inventories to meet emerging market demand for its products. Development activities will include site preparation, landscaping, beautification and other related civil works on the relevant areas intended to make the same suitable for further development into memorial park spaces.

As of December 31, 2018, the Company has properties for its developments with a total size of 177 hectares.

The Company also considers the feasibility of obtaining required governmental licenses, permits, authorizations, and adding necessary improvements and infrastructure, including sewage, roads and electricity against a purchase price that will maximize margins within the limits of available financing.

Residential Development Business

The Company sources land for its projects either through direct purchase. The evaluation process on land acquisitions focuses on 4 major factors: (a) legality of the documents covering the piece of property; (b) valuation of the property; (c) technical characteristics of the property; and (d) other factors impacting on the suitability and feasibility of future projects. As and when needed, the Company also engages third parties, such as surveyors and engineers, to verify that the land it seeks to acquire is covered by the technical description of the title.

Before the Company acquires land to develop land, the Company also conducts its own valuation of the property based on, among other factors, other similar properties in the market and an assessment of the potential income derivable from any development suitable for the property.

Before directly acquiring land, the Company conducts engineering and environmental assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

The Company has developed specific procedures to identify land that is suitable for its needs and performs market research to determine demand for housing in the markets it wishes to enter. These factors include:

- the general economic condition of the broad environment of the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- site's accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighboring environment and amenities.

The Company also considers the feasibility of obtaining required governmental licenses, permits, authorizations, and adding necessary improvements and infrastructure, including sewage, roads and electricity against a purchase price that will maximize margins within the limits of available financing.

Joint ventures

The Company has grown its land bank primarily through direct purchases. However, the Company, particularly for its memorial park business, has also entered into joint venture agreements with land owners or other park developers. These joint venture arrangements are seen to offer certain advantages to the Company, particularly because the Company is not required to pay for the land in advance. The Company's interest in these joint ventures varies depending on the value of the land against the estimated development cost.

Historically, the Company has not experienced any material difficulties in finding joint venture partners to supply land and currently does not expect to experience any such difficulties in the future. The Company believes that this is due to its strong track record, and the track record of its affiliates, which boasts numerous successfully completed projects all over the country, which gives its joint venture partners confidence that their specific project will be handled successfully. Further, there is a prevalence of land owners in the Philippines who wish to develop their land in a multitude of ways, but who may not have the resources, both financial and expertise, to do so.

The Company's joint venture arrangements typically require the joint venture partner to contribute the land to the project, with the Company bearing all costs related to land development, or the continuance thereof, and the construction of park facilities. The Company and its joint venture partner then agree on which of the resulting subdivided saleable lots will be allocated to the Company and which lots will be allocated to the joint venture partner, in accordance with their respective joint venture interests.

Sales and marketing costs are allocated to both the Company and the joint venture partner, with the joint venture agreement specifying a percentage of the contract price for the lots allocated to the joint venture partner as the sales and marketing costs (including commissions to brokers) attributable to the sale of such lots. However, the Company is responsible for organizing and conducting actual sales and marketing activities.

Site development and construction

Development and Operation of Death Care Facilities

In developing a death care facility, the Company conducts a site evaluation to assess the suitability of a property for development into any one type of death care facility, such as a memorial park, a columbarium, a crematorium or whether such property is best suited for ancillary services such as memorial chapels. Aside from property costs, land access, water and power supply and other infrastructure determine a site's suitability for each type of death care facility. The Company simultaneously conducts a market assessment, considering potential market size, the income levels and the presence of established competition in the area.

After a favorable feasibility study, the Company begins the project development process starting with the process of securing regulatory approvals and clearances from various government departments, including the DENR, the LLDA and, if necessary, the DAR, as well as the local government units having jurisdiction over the project area. For more information on the regulations applicable to the Company and its business, see the section "Regulatory and Environmental Matters".

Concurrent with its regulatory compliance efforts, the Company undertakes the process of master planning, design and engineering. Golden Haven has its own architects, engineers, and design experts to plan its developments, with a technical team composed of over 80 employees. On occasion, the Company may engage third party architects, designers and planners. Design and architectural and engineering development timetables vary by project, depending on its scale and design.

Once a project has received a development permit form the relevant local government unit, the Company then applies for a permit to sell from the HLURB to allow the pre-selling of memorial lots and columbarium niches.

Land development, landscaping, infrastructure, and construction work for the Company's projects are all contracted out to various independent contractors. Over its history, the Company has utilized a total of more than 50 independent contractors, and is not dependent on any single firm or contractor.

As of the date of this filing, the Company believes that it has secured all material licenses, permits, consents and registrations from the relevant regulatory authorities which it is required to obtain under applicable law to enable it to engage in the development, operation and maintenance of memorial parks and columbaria.

Residential Development Business

For its residential development activities, the Company begins its project development process after extensive site evaluation by the Company and certain third party contractors, acquisition of the land (either directly or through a joint venture agreement) and a final decision by the Company to develop such land.

Before the site development process can begin, the Company must obtain regulatory approvals and clearances from various government departments. These include the DENR and the DAR, as well as from the local government unit with jurisdiction over the area where the project will be located. For more information, see "Regulatory and Environmental Matters" for a discussion of government regulations with which the Company must comply in the course of developing its projects.

The Company routinely secures the required governmental approvals for its projects during the planning, construction and marketing stages of project development. The Company is not aware of any pending legislation or governmental regulation that is expected to materially affect its business. The Company believes that it has at all times obtained the required government approvals relevant for each project depending on its respective stage of development.

The site development process involves the planning of the potential project, including determination as to the suitable market segment, master planning, design of houses and landscape design. Development timetables vary from project to project, as each project differs in scale and design. Typically, site development after land acquisition takes at least one year, during which time the Company prepares both the master plan for the entire project (which can take several months and may be revised over the course of the project) and detailed plans for each project phase (which can take up to two months), obtains the necessary government approvals and permits and conducts pre-marketing activities. Once the project has received a development permit from the relevant local government unit and a permit to sell from the HLURB, pre-sales of subdivision lots can begin (often on an initial phase of the project), as well as some initial development work on the project site. Future expansion of the project will depend on the level of sales. As one phase is sold, a new phase of the project will be open for sales and this process is repeated until project completion.

The Company, as often as possible, utilizes its in-house design capabilities and market research data to plan developments. Aside from determining the feasibility of a project, the objective of this study is to determine the property type for development (i.e., whether a project will be developed as a lot-only project, a house and lot project or a combination of both). The Company believes that its extensive experience and expertise in residential real estate development allows it to reduce costs, maintain competitive prices and increase sales. From time to time, the Company hires third-parties to design and plan projects. The work performed by these third-parties must comply with specifications provided by the Company and, in all cases, is subject to the Company's review. In particular, the Company hires third-parties, including international firms, to design projects which are complex and require specific technical expertise and to design specific high-end projects.

For its housing units, the Company internally develops the construction designs. The Company's architects and engineers are trained to design structures to maximize efficiency and minimize production costs. The Company's current designs allow customers to upgrade finishing details on a customized basis after the housing units are delivered and future vertical expansion through the addition of a second storey. The Company will continue to invest in the development of design and planning construction to further reduce costs and continue to meet customer needs.

The Company finances the development of projects through a combination of pre-sales and internally-generated funds, particularly for the construction of common areas and facilities during the early stages of a project. The Company also maintains some flexibility in timing the progress of its development projects to match the progress of pre-sales. Thus, the progress of a development is greatly influenced by the level of pre-sales.

Maintenance Fund

Death care Business

Since the sale of the Company's memorial lots and columbarium vaults require it to perform certain future and perpetual obligations, such as the payment of real estate and any other taxes that may be imposed on the memorial park or the columbarium facility, as well as the continuing operation or maintenance thereof, the Company has established perpetual care funds or maintenance funds designed to address these future and continuing obligations.

In general, the cost of these undertakings (or anticipated cost thereof) is incorporated into the purchase price for the memorial lot or the columbarium vault in the form of a one-time maintenance fee, and a portion of the proceeds collected from purchasers is then allocated into the relevant maintenance fund. Where the sale of the product is by way of installments, this maintenance fee is likewise collected ratably from each installment and set aside for such purpose.

The Company's maintenance funds typically take the form of funds escrowed with, and managed by, a third party manager under an escrow and management agreement entered into by the Company for this purpose, and the income from such maintenance funds are then used to finance the operating and maintenance costs of the applicable death care facility. Under this fund management arrangement:

- The Company has no right to amend the fund management arrangements established that may in any way reduce or impair the principal of the maintenance fund, or divert income thereof to any purpose other than the perpetual care and maintenance of the relevant memorial park or columbarium, including expenses for the maintenance and preservation of the scenery, background and landscape of its areas, cleaning, pruning and maintenance of the grounds, boundaries, walks, roadways and structures. Any release of income from the maintenance fund must be supported by receipts, billing statements, statements of account and similar documents evidencing the use of such funds for the maintenance and administrative costs of the relevant memorial park or columbarium.

- The Company has no right or authority to decrease the principal amount of the maintenance fund except for major rehabilitation of the relevant memorial park or columbarium as a result of natural calamities, fire, earthquake, typhoons, floods, civil war and the like.

- The escrow agent and fund manager may, in its sole discretion, invest the maintenance funds into the following forms of investments: (i) treasury notes or bills, BSP Certificates of Indebtedness or other government securities, bonds or other evidence of indebtedness, the servicing and repayment of which are fully guaranteed by the Government, (ii) deposits with the fund manager and other banks, and (iii) loans or investments upon the direction of the Company or of a court of competent jurisdiction or other competent authority in writing indicating the nature of the transaction, the borrower's or other party's name, the amount involved and the collateral, if any.

- In the event that the income of the maintenance fund for a period is not adequate, the balance of any repair and maintenance expenses is then financed directly by the Company.

As of December 31, 2018, the balance of the Company's maintenance funds in the aggregate amounted to ₱426.4 million.

Contracts with Suppliers

Death care Business

In general, the Company enters into fixed-priced standard form contracts, awarded after a bidding process, with its contractors, with the cost of materials included as part of the contract price. Payments are generally on a percentage of completion or milestone basis. In each development, contractors are managed and evaluated by a project manager, directly employed by the Company.

Project duration from launch to completion for a memorial park project or a columbarium project typically takes anywhere from one to two years, depending on the scale and size of the memorial park project or the columbarium project.

After completion of a project, the Company then engages independent contractors to operate and maintain its memorial parks and columbarium facilities. These contractors customarily provide the security, janitorial, gardening and repair and maintenance requirements of each development. The Company engages several firms, based on a competitive selection process and for fixed terms or durations, and is not dependent on any single provider for each of these various services.
However, because of the technical and highly-specialized nature of memorial services and cremations, the Company restricts the management and operation of its memorial service facilities and its crematorium to in-house personnel, rather than rely on contracted or third party personnel. Each memorial service facility or crematorium will have its own manager, accounting and administrative, and customer support staff as well as the technical experts providing the services offered.

The Company has likewise standardized its maintenance protocols, including periodic re-planting, repainting and other maintenance activities, to which each contractor is expected to conform.

Residential Development Business

For its housing development activities, site development and construction work is contracted out to various qualified and accredited independent contractors. For larger projects, such as site development work, contracts are awarded on the basis of competitive bidding. For smaller-scale projects, such as the construction of certain structures within a project or of specific housing units, the Company will directly contract specific contractors based on its previous experience with such contractor for a specific type of project. In all cases, the Company's accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. The Company maintains relationships with over 40 accredited independent contractors and deals with each of them on an arm's-length basis. The Company is not and does not expect to be dependent upon one or a limited number of suppliers or contractors.

The Company does not enter into long-term arrangements with contractors. The awarded contracts typically cover the provision of contractor's services in relation to a particular project or particular housing units. To ensure compliance with Company requirements and to maintain the quality of the developments, the Company has a team of project engineers who perform the following functions:

- Directly managing site development and construction activities;

- Coordinating the activities of the Company's contractors and suppliers;
- Overseeing quality and cost controls; and
- Ensuring compliance with zoning and building codes and other regulatory requirements.

Typically, the Company enters into fixed-price contracts with its contractors, with the cost of materials included as part of the price.

Housing unit construction will typically take two to four months to complete depending on the size. Most construction materials are provided by the contractors themselves in accordance with the terms of their contracts. In certain cases, the Company guarantees payment to the Company-specified suppliers for purchases by contractors of construction materials. In these cases, the Company makes direct payments to such suppliers, with the amounts paid by the Company for construction materials deducted from payments to the contractors.

Progress payments are made to contractors during the term of the contract based on the accomplishment of pre-determined project performance milestones. The Company usually retains 5% to 10.0% of each progress payment in the form of cash for up to three months from the date the contracted work is completed and accepted by the Company. The amounts retained are used to meet contingency costs, such as addressing claims from purchasers thereby limiting the financial burden on the Company

The Company has a broad base of suppliers.

<u>Research and Development</u>

Death care Business

While the Company engages in research and development activities focusing on the types of materials and designs used for memorial park and memorial chapel developments all over the world, as well as market studies on potential locations and new products, and gathering market data on the local customer base, the expenses incurred by the Company in connection with these activities are not material.

The Company's research and development activities also include organizing regular trips for its operations personnel, architects and engineers to various cities in America, Europe, and Asia to enable them to become more attuned to high quality developments and latest trends from overseas.

Residential Development Business

While the Company engages in research and development activities focusing on the types of construction materials used for its housing units, construction methodology, value-engineering for its projects and quality assurance, as well as market studies and gathering data on target retail customer base, the expenses incurred by the Company in connection with these activities are not material.

The Company's research and development activities include organizing regular trips for its operations personnel, architects and engineers to various cities to enable them to become more attuned to high quality developments and latest trends from overseas.

<u>Insurance</u>

Death care Business

The Company has insurance coverage for its real and personal properties, columbaries and its main office, covering fire, lighting, earthquake, typhoon and flood. The Company also maintains motor vehicle insurance, and death and total or partial disability for its employees with benefits depending on the employee's position in the Company. However, there is no assurance that the amount of cover will be adequate in the event of a covered event or that the insurers will pay in claims promptly and in full.

The Company does not carry any business interruption insurance.

Residential Development Business

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company's insurance policies include coverage for, among other things, buildings and improvements, machinery and equipment, furniture, fixtures and fittings against damage from fire and natural perils, machinery breakdown, third-party liability to the public and construction works. The Company does not carry business interruption insurance.

Sales and Marketing

Death care Business

Target Market

The Company believes that purchasers of its memorial lots, niches and eventually, its memorial services, are typically heads of households, between 25 to 55 years of age, with a median family income of between ₱75,000 to ₱100,000, and have generally attained financial stability.

In general, clients purchase the Company's memorial lots and niches in advance or before the need for such products arises.

The Company believes that proximity to the home of a prospective client dictates such client's decision to purchase a death care product or avail of death care services. Accordingly, the Company has built, and it will continue to build, death care facilities, products and services in various strategic locations across the country. The Company also believes that rising incomes and economic development in the provinces will drive demand for its products throughout the Philippines.

Sales and Agency Network

The Company has over 4,000 independent accredited agents organized into more than 150 sales networks located nationwide to generate sales of memorial lots and columbarium vaults.

The Company's agents are compensated solely on a commission basis. Agents are generally not exclusive and can offer real estate packages and other product and service offerings, including products and services that may compete with those of the Company.

The Company, through its internal marketing and sales organization, manages and monitors the performance of its sales teams and individual agents. Aside from the evaluation, training and management of the Company's independent agents, its sales and marketing organization is responsible for market evaluations, pricing and credit packages, and the preparation of marketing materials such as fliers and brochures.

Residential Development Business

Target Market

With the Company's continual growth together with its core values, the Company is truly the perfect choice for ordinary Filipinos - from OFWs to local office workers, from factory employees to entrepreneurs, from balikbayan to retirees. Until every Filipino attains the Bria Home they deserve, it will continue to welcome Filipinos to their new homes. Since its establishment, it primes itself on the development of affordable house and lot packages and easy-on-the-pocket condominium units that caters to ordinary Filipino families who aspire to acquire their own homes. It had become the perfect choice for average Filipino workers who wanted to invest in a home that is both high quality and affordable.

To date, the Company has a total of 30 developments across some of the country's most progressive towns and cities.

Sales and Agency Network

The Company believes it has one of the most extensive marketing networks of all Philippines housing development companies.

Local Marketing Network

The Company's local marketing and distribution network of independent contractors and agents for its housing development activities consists of various teams with a combined total of approximately 14,771 active agents. Of these marketing teams, 713 are accredited licensed realtors and 12 teams are direct marketing groups.

The Company believes that it offers its marketing teams competitive compensation terms. The Company's commission structure and incentive schemes vary relative to the network's affiliation and sales structure.

The Company's exclusively contracted marketing teams are compensated through a monthly allowance and are provided administrative support by the Company, including office space and expense allowances. Broker companies are compensated with relatively higher commissions with funding allocations for business development programs.

International Marketing Network

The Company believes that the OF (Overseas Filipinos) population constitutes a significant portion of the demand for its housing and land development projects. The demand comes from both the direct purchase by the OF or purchase by relatives of the OF financed by OF remittances. As such, the Company seeks to adequately service and reach the OF and international markets. For that purpose, the Company has established an extensive international marketing network.

This network consisted of over 50 partners and more than 1,300 independent agents located in countries and regions with large OF populations, including the United States, as of 31 December 2018.

Through this network, the Company is well-represented in key cities abroad with the highest concentration of OF communities. The Company's presence is significant in countries and regions such as North America, Europe, Middle East and Asia including Japan. These international brokers are established in their respective areas and serve as the Company's marketing and promotion agents in their territories, to promote the Company and its products. In addition, some of these agents have bought houses from the Company in the past. The Company believes that its long standing relationships with these agents over the years distinguish it from its competitors.

The Company, together with these international brokers and agents, regularly sponsors road shows and participates in international fairs and exhibits, Filipino social and professional gatherings, and other OF-related events.

Awareness efforts are primarily conducted through periodic TV advertising on Philippine primetime television and sustained TV advertising on The Filipino Channel, as well as print advertising on national and geo-based publications.

Pricing and Installment Plans

Death care Business

The price of a memorial lot or niche is location specific and is dependent on several factors, including the cost of land, development and construction costs and the estimated operating costs of a memorial park or columbarium, pricing of competitors within proximity of the development, income levels of the target market, among other considerations.

Selling of prospective memorial parks and niches begin as soon as the Company has completed securing all of the necessary government approvals and has completed the preparation of marketing materials. At launch, the Company has pre-determined the number of memorial lots or niches to be offered at the launch price. Succeeding releases of memorial lots and niches are at increasing prices, depending on market demand and the acquisition of any necessary government approval.

Aside from cash purchases, the Company also offers installment plans for its memorial lots and niches allowing for monthly payments over a term of between one to five years. Mandatory down payment is typically in between 15% to 20% of the purchase price. Monthly amortizations are inclusive of an effective interest rate of 6% to 12% per annum depending on the term of the installment plan.

Installment sales are documented through a purchase agreement between the purchaser and the Company. Under these agreements, in the event of a default, the purchaser forfeits all rights to the subject memorial park lot or columbarium vault. Any refund, after evaluation and deemed valid, shall be governed by the applicable laws at the time of the purchase; otherwise, the Company retains all payments made by the purchaser as liquidated damages.

The Company believes that through the combination of its customer selection process, pricing and installment plans, it has adequately managed the risk of defaults.

Upon full payment of a memorial lot or the niche, the Company issues to its purchasers a certificate evidencing the buyer's perpetual right to use the memorial lot or the niche, as applicable.

For its memorial chapels and crematorium, the Company charges a fixed daily rate for the lease of its chapel viewing rooms. Packages for chapel viewing room, inclusive of body preparation and caskets, range from PHP 60,000.00 to PHP 350,000.00.

There is also a separate rate applied from cremation services, with rates ranging from PHP 18,000.00 to PHP 165,000.00. Booking for these services require a down payment upon reservation, with balance paid upon use. The Company also offers bundled promotional rates that include both chapel viewing room, and cremation services at discounted rates.

Residential Development Business

The Company's customers can generally purchase the Company's products through:

- Government-assisted financing.
- in-house (Company-provided) financing;
- bank financing; and
- cash purchases;

Under these four major modes of payments, the Company designs flexible and creative financing packages for its customers to make their acquisitions possible.

Customers of the Company obtain financing from the Government. Government-subsidized loans under the government financial institution programs still continue to be the largest source of purchaser financing for the socialized market.

The Company also offers in-house financing to buyers. There are cases wherein in-house financing schemes serve as stepping stones to facilitate transactions. In these instances, the buyers use the in-house financing facility but convert to bank financing within a certain period.

There are also instances where customers of the company obtain Mortgage loans from private banks. These are offered to buyers who are perceived to be acceptable credit risks and certain housing price points. To streamline the loan processing application, the Company has arrangements with several banks regarding the processing of applications with respect to the financing of unit purchases.

Cash-basis acquisitions are usually given special discounts. Negotiated discounts are also allowed for accelerated payment schedules and other bulk payments. This is to encourage capable buyers to pay upfront for their property acquisition.

In-house financing

The Company has established processes and procedures designed to screen homebuyers applying for in-house financing to ensure that they are financially capable of paying their monthly amortizations. The Company conducts strict and thorough credit checks which include but are not limited to:

- employment/career/business background checks;
- credit card verification using national credit databases; and
- conducting physical verification of claims regarding residences and properties owned by the buyer.

The Company typically finances 90% to 94% of the total purchase price of the property being sold. The loans are then repaid through equal monthly installments over periods ranging from five to 15 years. The interest rates charged by the Company for in-house financing typically range from 10% per annum to 15% per annum, depending on the term of the loan, with the financing agreement providing for an escalation of the interest rate in the event of a general rise in interest rates charged by the banks and other financial institutions.

Where a buyer has obtained in-house financing for a purchase, the Company will retain the title to the property until full payment of the loan. During this period, if the buyer defaults on the payment of the monthly installments due, the Company has the right to cancel the sale and retain payments already made by the buyer. The Company faces certain risks relating to the cancellation of sales involving its residential projects and if the Company were to experience a material number of sales cancellations, the Company's historical revenues would be overstated.

Mortgage loans

Mortgage loans from commercial banks are available to individuals who meet the credit risk criteria set by the relevant bank and those individuals who are able to comply with such bank's documentary requirements and credit investigation. To assist prospective buyers obtain mortgage financing from commercial banks, the Company has arrangements with several commercial banks. Further, the Company ensures that all of its units are properly and completely documented to adequately comply with the bank's requirements.

In addition to taking security over the property, a bank may also seek repayment guarantees from the Home Guaranty Corporation ("HGC"). The HGC is a Government-owned and controlled corporation that operates a credit guaranty program in support of the Government's efforts to promote home ownership. It provides risk guarantees and fiscal incentives for loans and credit facilities for residential purposes provided by banks and financial institutions. In the event a buyer defaults in connection with an HGC-registered loan or credit facility, the HGC guarantees the payment to the extent of the outstanding balance, interest and yield. The interest and yield on loans and credits guaranteed by the HGC is exempt from taxation.

Customer service and warranties

The Company believes it is important to ensure that quality service is afforded to homebuyers throughout and after the relevant sales period, including during house lay-out, construction, move-in and introduction to the homeowners' association. The Company's Customer Care Department (the "CCD") has qualified staff dedicated to addressing these concerns.

Apart from the standard contractual warranties on the purchased unit, for each project the Company engages the services of a professional property management group which oversees the affairs of the homeowners' association. This helps homebuyers to achieve a smooth introduction to their new neighborhood and further enhances good customer relations. The property management group's functions include financial management, security, landscape maintenance and association social activities.

Construction stage

At this stage, the production team takes over and starts the actual construction of the unit. However, the CCD still takes active part by coordinating with the homebuyers and updating them on the developments of his housing unit. At any time of the construction, the homebuyer can opt to enroll in a CCD program where he can schedule a visit and inspection of his housing unit with the assistance of a technical staff who will be on hand to explain or answer any questions or requests.

Move-in and introduction to homeowners' association

Upon completion of the house, the CCD facilitates turn-over of the unit to the homebuyer. This includes delivery of certificates of warranty/guarantee on the housing unit and a comprehensive homeowner's kit. The Company has an established system to address homebuyer's concerns especially in the first 3 months of move-in. The Company puts great emphasis on the timing of responding to any such concerns, ensuring that repairs/rectification procedures are at par with the Company's standards. While there is a standard policy on repairs, the Company, on a case-to-case basis, extends its services beyond these procedures to better achieve total customer satisfaction.

Competition

Death care Business

The Philippine death care industry is fragmented. Companies within the industry provide only segments of the death care value chain which covers a range of products and services starting from memorial services (inclusive of embalming, cleaning, and cosmetic restoration), memorial chapel spaces leased out for the wake period prior to cremation or burial, death care merchandise sales (caskets, urns, keepsakes, tombstones, and other similar products), cremation, burial services, to the sale of memorial lots and columbarium niches.

Although the Company is unique in its capacity to offer products and services in more than one segment of the death care industry, the Company competes against other service providers in various segments of the death care value chain.

For the sale of memorial lots, the Company competes against other large developers such as the Manila Memorial Parks Group, the Holy Cross Memorial Parks Group, the Eternal Gardens Memorial Parks Group and the Forest Lake Memorial Parks Group.

Aside from the foregoing major developers, the Company competes against smaller memorial park developers throughout the country. These would typically be family-owned corporations with relatively smaller memorial park projects in select provinces.

There are likewise several developers of columbarium projects in the country. The Company believes that most of these developers would be single-project companies, typically in Metro Manila and surrounding provinces. Several parish churches in Metro Manila have built small columbaries within or adjacent to the church compound which are offered to the public.

With respect to memorial services, the Company will compete against several established companies in the country, such as St. Peter Chapels, La Funeraria Paz, Loyola Memorial Chapels and the Cosmopolitan Memorial Chapels.

Residential Development Business

The residential development market in the Philippines is intensely competitive. The Company has significant competitors for its socialized housing and land development business. Nevertheless, the Company's strong regulatory know-how, solid execution track record and nationwide footprint are difficult to replicate and effectively serve as a strong barrier against competition on a nationwide level. Because of the availability of joint venture arrangements with landowners and the ability to finance these projects through unit pre-sales, it is relatively easy for smaller players to enter into this business. There is, therefore, competition for land that is suitable for project development. There is also competition among various developers for residential real estate brokers.

Currently, the Company's competitors in its residential development business include companies such as Deca Homes (8990 Holdings, Inc.), Homemark Inc., Charles Building (Charles Builder Group of Companies), New Apec, Fiesta Communities, Borland, Axeia, Lynville, Pro Friends and others. On the basis of publicly available information and its own market knowledge, the Company believes that it is positioned to be one of the leading property developers in the Philippines that is focused on the mass market segment. The Company's management also believes that the Company is able to offer competitive commissions and incentives for brokers and that the Company is able to compete on the basis of the pricing of its various products as well as brand recognition.

Transactions with related parties

Please refer to Item 12 of this report ("Certain Relationships and Related Transactions).

Intellectual Property

The Company owns a variety of intellectual property rights for its brands, including the trade or business name "Golden Haven" and the Golden Haven trademark, and has applications for registration of additional trademarks, including the Santuario de San Ezekiel Moreno, Bria Homes and Bria Flats trademark, pending with the Intellectual Property office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's developments.

Trademarks are considered as one of the most effective marketing tool of a Company, because trademarks can easily be identified and remembered. As such, they are considered as brand or service identifiers. While Philippine law does not require the registration of trademark used or to be used by companies, nor is it required for business operations, the registration of company trademarks is necessary in order for the company to have the exclusive right to use the same in connection with the services it provides.

Regulatory and Environmental Matters

Death care Business

The development of death care facilities such as memorial parks, columbaries and crematory facilities is highly complex, and the construction, operation and maintenance thereof are subject to extensive and continuing regulation in the Philippines. The following is a discussion of the material Philippine legislation governing the death care business, though it does not purport to be a comprehensive description of all laws that may apply to the Company, its business and its operations.

As of the date of this filing, the Company believes that it has secured all material licenses, permits, consents and registrations from the relevant regulatory authorities that it is required to obtain under applicable law to enable it to engage in the development, operation and maintenance of memorial parks and columbaries.

Zoning and Land Use

Death care industry encompasses funeral homes, memorial parks or cemeteries and crematoria. Zoning is the delineation or division of a city or municipality into functional zones where only specific land uses are allowed.

Local Government Code

Land use may be limited by zoning ordinance enacted by Local Government Units ("LGUs"). Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. The appropriate *Sanggunian Bayan* or the *Sangguniang Panglungsod* has the power to enact integrated zoning ordinances in consonance with the approved comprehensive land use plan.

The *Sangguniang Bayan* or the *Sangguniang Panglusod* also has the power to regulate the establishment, operation, and maintenance of funeral parlors and the burial or cremation of the dead.

Agrarian Reform Law

Under Republic Act No. 6657, otherwise known as the "Comprehensive Agrarian Reform Law of 1988", the approval by the DAR is necessary for the reclassification or conversion of land to non-agricultural use.

National Building Code of the Philippines

Presidential Decree No. 1096, otherwise known as the "National Building Code of the Philippines", establishes the framework of minimum standards and requirements for all buildings and structures by guiding, regulating, and controlling their location, site, design, quality of materials, construction, use, occupancy, and maintenance, including their environment, utilities, fixtures, equipment, and mechanical electrical, and other systems and installations.

A building permit from the Building Official shall be required in all construction, alteration, repair, movement, conversion or demolition of any building or structure.

Funeral establishments, memorial parks or cemeteries and crematoria must comply with the pertinent provisions of the National Building Code of the Philippines.

Housing and Land Use Regulatory Board

Executive Order No. 648 series of 1981 ("E.O. No. 648"), as amended by Executive Order No. 90, declared the HLURB as the planning, regulatory and quasi-judicial instrumentality of the government for land use development. HLURB has the power to promulgate zoning and other land use control standards and guidelines which shall govern land use plans and zoning ordinances of LGUs. Pursuant to this, HLURB enacted rules and regulations for memorial parks or cemeteries and funeral establishments.

Funeral Establishments

HLURB, pursuant to E.O. No. 648, issued the "Implementing Rules and Regulations to Govern the Processing of Applications for Locational Clearance of Funeral Establishments" ("IRR for Funeral Establishments") on 10 March 1999. These regulations set out the guidelines for the application of locational clearance, design standards and necessary permits for the operation of funeral establishments.

Under the IRR for Funeral Establishments, funeral establishments are classified into three categories: (a) Category I - funeral establishments with chapels and embalming facilities and offering funeral services; (b) Category II - funeral establishments with chapels and offering funeral services without embalming facilities; and (c) Category III - funeral establishments offering only funeral services from the house of the deceased to the burial place. Depending on the category, a funeral establishment may only be established within a specific zone.

A locational clearance is required for all proposed funeral establishments. In addition, all funeral establishments must comply with the Code on Sanitation of the Philippines on sanitary permits and sanitary requirements for funeral chapels, embalming and dressing room and morgue.

The DOH and the respective LGU shall have the authority to monitor funeral establishments.

Memorial Parks or Cemeteries

HLURB, pursuant to E.O. No. 648, promulgated the "Rules and Regulations for Memorial Parks/Cemeteries". These regulations set out the guidelines for the development and operations of proposed and existing memorial parks or cemeteries and define location restrictions, design parameters and road specifications.

All memorial parks or cemeteries must be located in areas zoned for cemetery purposes, in accordance with the comprehensive land use plan or zoning ordinance, or in the absence thereof, in areas deemed appropriate by the HLURB. They shall not be allowed in environmentally critical areas, as defined in Presidential Proclamation No. 2146 series of 1981, or on grounds where water table is not higher than four and 4.50 meters below ground surface as certified by the National Water Resources Board ("NWRB").

The LGU concerned must approve the Preliminary Memorial Park or Cemetery Plan and Final Memorial Park or Cemetery Plan. Approval of the Preliminary Memorial Park or Cemetery Plan shall be valid only for a period of one hundred eight days from date of approval and may be revalidated once after expiration of said period.

The approval of the Final Memorial Park or Cemetery Plan is shown by the issuance of a development permit by the LGU concerned. The development permit shall be valid for a period of two years from date of issue; however, if physical development is not commenced within said period, the grantee of the permit may apply for its revalidation within the next succeeding year. If development permit expires, no development shall be allowed unless a new application for approval is filed.

All existing memorial parks or cemeteries, or proposed memorial parks or cemeteries which are being developed for perpetual lease or sale of plots and has accomplished at least 20% of the total development, must be registered with the HLURB is necessary. The survey returns of the mother title including the technical description of each lot (i.e., section and block with number of lots per block in each section of the lot), which shall form part of the certificate of lease or deed of sale, shall be registered with the HLURB. No owner or dealer shall lease or sell any plot without a license issued by the HLURB.

Crematoria

The Rules and Regulations for Memorial Parks/Cemeteries also set out the minimum requirements for the construction of crematoria. All crematoria must comply with design parameters such as types of rooms, design of the smoke stack and crematorium oven temperature.

Code on Sanitation of the Philippines

Presidential Decree No. 856 ("P.D. No. 856"), otherwise known as the "Code on Sanitation of the Philippines", is the consolidation of health laws and regulation on sanitation to ensure that protection and promotion of health. Chapter XXI of P.D. No. 856 covers the disposal of dead persons. The sanitary requirements for funeral establishments, memorial parks or cemeteries and crematoria are laid out in the Code on Sanitation. The Regional Health Director, or his duly authorized representative, shall have the authority to monitor and implement the sanitary rules and regulations.

The DOH, through Administrative Order No. 2010-0033 ("DAO No. 2010-0033") issued on 6 December 2010, has promulgated revised implementing rules and regulations to regulate the practice of embalming. Embalmers are required to obtain license from the DOH, which is renewable every three years, before they are allowed to practice. DAO No. 2010-033 has also expanded the coverage of communicable diseases, which require documentary requirements for the deceased to be transported from the place of death to burial or cremation.

Funeral Establishments

Funeral establishments are required to obtain sanitary permit issued by the local health office, which shall be valid for one year ending on the last day of December and shall be renewed every first month of the year.

Memorial parks or cemeteries

Memorial parks or cemeteries are required to obtain operational clearance issued by the regional health director and sanitary permit issued by the local health office.

Crematoria

All crematoria shall submit a feasibility study reviewed by the regional health office and approved by the Secretary of Health. A sanitary permit issued by the local health office shall also be required of all crematoria. The sanitary permit shall be valid for one year ending on the last day of December and shall be renewed every first month of the year.

Environmental Laws

Philippine Environmental Impact Statement System

The Philippine Environmental Impact Statement System was established by virtue of Presidential Decree No. 1586. Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an Environmental Compliance Certificate ("ECC") prior to project construction and operation. Through its regional offices or through the Environmental Management Bureau ("EMB"), the DENR determines whether a project is environmentally critical or located in an environmentally critical area.

As a prerequisite for the issuance of an ECC, an environmentally critical project is required to submit an Environmental Impact Statement ("EIS") to the EMB while a project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the proper DENR regional office, without prejudice to the power of the DENR to require a more detailed EIS. The EIS refers to both the document and the environmental impact assessment of a project, including a discussion of direct and indirect consequences to human welfare and ecology as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, at a minimum, they contain all relevant information regarding the environmental effects of a project. The entire process of organization, administration and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS system. The EIS system successfully culminates in the issuance of an ECC.

The ECC is a government certification that (i) the proposed project or undertaking will not cause a significant negative environmental impact, (ii) the proponent has complied with all the requirements of the EIS system, and (c) the proponent is committed to implement its approved environmental management plan in the EIS or, if an IEE was required, that it will comply with the mitigation measures suggested therein. The ECC contains specific measures and conditions that the project proponent must undertake before and during the operation of a project, and in some cases, during the abandonment phase of the project to mitigate identified environmental impact.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued to projects determined by the DENR to pose significant public risks to life, health, property and the environment. The EGF is intended to answer for damages caused by such projects as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. The EMF shall be used to support activities of a multi-partite monitoring team that will be organized to monitor compliance with the ECC and applicable laws, rules, and regulations.

All development projects, installations and activities that discharge liquid waste into and pose a threat to the environment of the Laguna de Bay Region are also required to obtain a discharge permit from the Laguna Lake Development Authority.

Memorandum Circular No. 005-14 issued by the EMB on 7 July 2014 provides EMB with the guidelines in determining whether a proposal has potential impact to the environment. Criteria used in the categorization includes, among others, the likelihood, duration, frequency and magnitude of the potential impact as well as the spatial and temporal extent of the projected impact. To facilitate the expedient screening, a ready matrix for determining the category in which proposed projects fall is provided. Memorial parks or cemeteries with an area of more than five hectares while funeral establishments and crematoria with an area of more than one hectare are required to secure an ECC.

Philippine Clean Air Act of 1999

Republic Act No. 8749, otherwise known as the "Philippine Clean Air Act of 1999", focuses primarily on pollution prevention and provides for a comprehensive management program for air pollution. The law bans burning of municipal, biomedical and hazardous waste. However, crematoria are expressly exempt from this prohibition.

Consistent with the policies of said law, all planned sources of air pollution that have the potential to emit 100 tons per year or more of any regulated air pollutant, or when required under the ECC, must secure an Authority to Construct from the EMB prior to commencement of construction or modification activities. Once new source construction or modification is completed, the source owner shall request the EMB to convert to Authority to Construct to Permit to Operate. The Authority to Construct is a one-time permit.

Permit to Operate is valid for the period specified but not beyond one year from the date of issuance, unless sooner suspended or revoked. It may be renewed at least thirty days before its expiration date.

Philippine Clean Water Act of 2004
Republic Act No. 9275, otherwise known as the "Philippine Clean Water Act of 2004", focuses primarily on water quality management in all water bodies and the abatement and control of pollution from land based sources. All owners or operators of facilities that discharge regulated effluents pursuant to this Act are required to secure a permit to discharge. The discharge permit shall be the legal authorization granted by the DENR to discharge wastewater.

Ecological Solid Waste Management Act
Republic Act No. 9003, otherwise known as the "Ecological Solid Waste Management Act of 2000", provides the legal framework for the systematic, comprehensive, and ecological solid waste management program which shall ensure protection of the public health and the environment. Solid waste management is required to be observed by funeral establishments, memorial parks or cemeteries and crematoria, in accordance with the Code on Sanitation of the Philippines.

Regulatory and Environmental Matters

Residential Development Business

The Company secures various government approvals such as license to sell, development permits, environmental compliance certificate, etc. as part of the normal course of its business

The Company has no principal products with pending government approval as of December 31, 2018.

The Company typically spends about 1% of the total costs of development for environmental laws compliance. By doing such compliance, the company is able to help in the preservation of the environment as part of its social corporate responsibility.

Property Taxation

Real property taxes are payable annually based on the property's assessed value. The assessed value of property and improvements vary depending on the location, use and the nature of the property. Land is ordinarily assessed at 20% to 50% of its fair market value; buildings may be assessed at up to 80% of their fair market value; and machinery may be assessed at 40% to 80% of its fair market value. Real property taxes may not exceed 2% of the assessed value in municipalities and cities within Metro Manila or in other chartered cities and 1% in all other areas. An additional special education fund tax of 1% of the assessed value of the property is also levied annually.

Employees

The following table provides a breakdown of the Company's regular employees as of December 31, 2018:

Department	Headcount
Operations	189
Technical	82
Administration	244
Total*	**515**

*consolidated number for death care and residential development business

The Company has no collective bargaining agreements with its employees and none of its employees belong to a labor union. The Company believes its relationships with its employees are generally good.

Considering the expansion of the Company's memorial park and columbarium projects, and the launch of its memorial services and crematorium, the Company expects to increase headcount by five to seven employees for each new death care project or facility. The Company does not expect to incur any difficulties in the recruitment of these additional employees**.**

Risks related to the Company's Business

Risk relating to competition

Death care Business

The Philippine death care services industry is fragmented and is made up of several non-integrated service providers providing pre-need burial packages, memorial service packages and memorial lots or niches. At present, the Company believes that it is the only company in the Philippines that is positioned to provide the full range of integrated death care services, covering the provision of memorial, crematory and chapel services to the sale of death care merchandise, memorial lots and columbarium niches.

Despite this competitive positioning, the Company competes against several major companies in each aspect of death care. Some of its competitors have had a longer operating history and higher name recognition and there is no assurance that the Company will be a customer's first choice when death care services are required. Some of the current competitors and new entrants may also offer integrated services death care services, reducing the competitive positioning that the Company aims to achieve.

Aside from these major companies, the Company also competes against smaller, typically family-owned companies that operate memorial parks and provide other death care services in towns and provinces that the Company operates or intends to operate in. These smaller companies can offer death care services at substantially lower prices than the Company's offerings. Given the competition from various industry participants, the Company will continuously have to market, promote, and price its products and services but there is no assurance that such efforts will be successful.

Residential Development Business

The Company faces significant competition in the Philippine residential property development market. In particular, the Company competes with other developers in locating and acquiring (either directly or through joint venture arrangements) parcels of land of suitable size in prime locations and at attractive prices. The Company's continued growth also depends in large part on its ability either to acquire quality land at attractive prices or to enter into joint venture agreements with land-owning partners under terms that yield reasonable returns. Based on the Company's current development plans, the Company believes that it has sufficient land reserves for property developments for the next several years. If the Philippine economy continues to grow and if demand for residential properties remains relatively strong, the Company expects that competition among developers for land reserves that are suitable for property development (whether through acquisitions or joint venture agreements) will intensify and that land acquisition costs, and its cost of sales, will increase as a result.

The Philippine residential property development market is highly competitive. The Company's existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers, including several leading developers from Asia and other parts of the world. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and greater name recognition than the Company. Competition from other developers may adversely affect the Company's ability to develop and sell its products, and continued development by other market participants could result in saturation of the residential real estate market.

To mitigate this risk, the Company conducts regular market study and business intelligence updates in order to understand industry and market dynamics.

Risks relating to land acquisition and land bank management

Beyond the sales of its existing and prospective inventory, the Company's future growth and development are heavily dependent on its ability to acquire or enter into agreements to develop additional tracts of land suitable for memorial parks, chapels, columbaria, memorial service facilities projects and mass residential housing developments at commercially viable prices. Future land acquisition efforts may be adversely affected by competition for targeted properties from other death care service providers and mass residential housing developers, as well developers of other forms of real estate projects. There is no assurance that the Company can be successful in acquiring properties for its expansion or that the Company can acquire land at costs that will allow the Company to achieve the same level of profitability previously enjoyed.

Aside from competition, the ability to acquire lands for expansion can be adversely affected by existing and prospective Government policies and rules regarding land use, zoning and conversion. The Company may encounter instances where zoning conversion applications from agricultural land to cemetery land, for example, may not be granted or may entail time periods or costs that are significantly longer or greater than expected. In such situations, the financial position and growth prospects of the Company may adversely be affected.

In addition other factors make the task of acquisition difficult, including (a) ideal location; (b) suitable size; (c) economically acceptable price; and (d) legal and informal settler issues.

The Company may have difficulty in attracting land owners to enter into joint venture agreements with it. Key issues revolve around profit and development cost sharing which affect expected investment returns. Other issues could be differences in intangible objectives, land ownership squabbles and other non-economic hindrances.

In the event the Company is unable to acquire suitable land, or to enter into agreements with joint venture partners to develop suitable land at acceptable prices, with reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

a) The Company also faces risks relating to the management of its land bank, which could adversely affect its margins.

   The land banking function is critical to the success and future operations of the Company. The Company must continuously acquire land for replacement and expansion of land inventory within its current markets. The risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. The Company cannot assure investors that the measures it employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. This would require the Company to continue to carry the cost of acquired but undeveloped land on its balance sheet, as well as reduce the amount of property available for sale. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

   The Company mitigates this risk by having an in-house group composed of senior managers whose primary responsibility is to search (for suitable properties), negotiate (including joint-venture options), acquire and manage its strategic land bank. The land bank management group is comprised of technical, finance and legal experts, and is aided by the Company's network of brokers. The Company also maintains goodwill amongst the owners of major tracts of land in the Philippines. Through the foregoing, the Company continually identifies attractive locations for future projects, prospective partners and negotiates joint venture arrangements to ensure a long-term pipeline of developmental projects.

b) Titles over land owned by the Company may also be contested by third parties.

The Philippines has adopted a system of land registration which is intended to conclusively confirm land ownership, and which is binding on all persons (including the Government); however, it is not uncommon for third parties to claim ownership of land which has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. From time to time the Company has had to defend itself against third parties who claim to be the rightful owners of land which has been either titled in the name of the persons selling the land to the Company or which has already been titled in the name of the Company.

Historically, these claims have not had a material adverse effect on the Company and its business, but in the event that a greater number of similar third-party claims are brought against the Company in the future, or any such claims are made against land that is material to the Company's housing and land development, memorial projects, the Company's management may be required to devote significant time and incur significant costs in defending against such claims. Should any of these claims prosper, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could adversely affect the Company's business, financial condition and results of operations, as well as on its business reputation.

To mitigate this risk, the Company uses legal and technical research to establish the integrity of the legal title to any piece of land before concluding any transaction, be it an acquisition or joint venture.

Risks relating to specific target markets on residential development segment

The Company's sales to OFWs and expatriate Filipinos comprise a significant portion of the Company's revenues. While the Company sees this segment as continuously growing, and providing it with buyers in the years to come, it is also prone to downturns, which can affect the Company's performance. These downturns may lead to (a) reduced deployment of new OFWs; (b) reduced remittances from abroad; (c) a lower purchasing power of expatriate Filipinos than currently enjoyed; or (d) any combination or all of the above, and could adversely affect demand for the Company's residential development projects from OFWs and expatriate Filipinos. Such reduction in demand could have a material adverse effect on the Company's business, financial condition and results of operations.

To mitigate the possible impact of a sudden downturn in the OFW market, it is the Company's business strategy to diversify its product offerings to serve as wide a market as possible. Any adverse developments in any one property sector may be offset or mitigated by more positive developments in other sectors. The Company also closely monitors the factors that may affect the OFW market so that the Company can take the necessary corrective measures.

Risk relating to property development and construction management

a) The Company is in a business that carries significant risks distinct from those involved in the ownership and operation of established properties. This includes the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. Slippages may occur in obtaining required Government approvals and permits, resulting in more costs than anticipated, or inability to complete the project on schedule and within budget.

Likewise, the time and the costs involved in completing the development and construction of projects can be adversely affected by many factors, including: (a) shortages of materials, equipment, skilled labor; (b) adverse weather conditions; (c) peso depreciation; (d) natural disasters; (e) labor disputes with contractors and subcontractors; (f) accidents; (g) changes in laws or in Government priorities; and (h) other unforeseen problems or circumstances. Where land to be used for a project is occupied by tenants and/or informal settlers, the Company may have to take steps, and incur additional costs, to remove such occupants and, if required by law, to provide relocation facilities for them. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. This may also result in sales and resulting profits from a particular development not being recognized in the year wherein which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns.

Further, increasing demand for the Company's death care services requires a continuous ability to foresee, recognize and adapt to shifting consumer preferences and changes in the traditions, practices and cultural beliefs of the market. For example, a shift from the tradition of using memorial lots to vaults will adversely affect the demand for memorial park projects. A shift in the tradition of storing urns in columbarium facilities to home storage or spreading of ashes will affect the performance of columbarium projects. Emerging trends, such as resonation, cremation, green burials, among others, may reduce the demand for certain services that the Company currently offers. While the Company monitors prevailing market preferences, traditions and practices as part of its marketing and product development efforts, there can be no assurance that the Company will successfully identify, or adapt to, any such disruptive trends in time. Additionally, the emergence of such disruptive trends may require additional investments and costs to allow the Company to adapt to these changes, and any such costs may adversely affect the Company's results of operations and profit margins.

The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect its results of operations or financial condition.

To mitigate this risk, the Company continuously seeks to improve its internal control procedures and internal accounting and to enhance project management and planning. Further, the Company substantially finances its development projects through pre-sales and internally generated funds, which allows it to maintain some flexibility in timing the progress of its projects to match market conditions.

b) The Company relies to a significant extent on independent contractors for the development and construction of the Company's products. Their availability and quality of workmanship may not meet the Company's quality standards, or cause project delays and cost overruns. The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

The Company relies on independent contractors to provide various services, including land clearing and infrastructure development, various construction projects and building and property fitting-out works. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor who is willing to undertake a particular project within the Company's budget, which could result in costs increases or project delays. Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's quality standard requirements. Contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to pre-sell its housing and land development projects. This would impair the Company's ability to reduce its capital investment requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

As with most major property development companies, the Company manages these development and construction risks by ensuring that contractual arrangements with builders, engineers, suppliers and other contractors clearly specify costs, responsibilities and the appropriate benefits or penalties that may accrue to all parties in the event of favorable or adverse developments. The Company also maintains an experienced in-house team of engineers and technicians who are tasked to oversee and manage each project. As and when needed, the Company may also avail of the services of independent project managers and quantity surveyors to supplement its in-house project management capabilities

Risks relating to external marketing groups

The Company relies extensively on third party agents to sell its products and services in the country. As the terms of engagement by the Company of these agents are non-exclusive, these agents, in general, may likewise offer products and services of the Company's competitors. The Company cannot give any assurance that these agents will give adequate focus to the Company's products and services and not favor or give priority to any other products these agents may otherwise offer. If a large number of these agents were to reduce focus on the Company's products and services, or otherwise terminate their arrangements with the Company, there can be no assurance that the Company would be able to replace these agents in a timely or effective manner.

The Company also has limited control over these third party agents and cannot monitor all aspects of their work. With this limited control, the Company cannot give assurance that none of its third party agents will make misleading representations and promises on the Company's products and services, leading to customer disputes and damage to the Company's reputation.

The Company mitigates this risk by establishing its own in-house sales force, which are tasked to market and sell only Company products. The Company also provides its brokers and sales agents with competitive commission schemes and other incentives. Beyond this, the Company gives its sales force skills-build-up programs as a way of planning and managing their career growth with the Company. A parallel effort is the continuous recruitment of competent brokers and sales agents.

Risks relating to project and end-buyer financing

a) Fluctuations in interest rates, changes in Government borrowing patterns and Government regulations could have a material adverse effect on the Company's and its customers' ability to obtain financing.

   Interest rates, and factors that affect interest rates, such as the Government's fiscal policy, could have a material adverse effect on the Company and on the demand for its products. For example:

   - In connection with the Company's property development business, higher interest rates make it more expensive for the Company to borrow funds to finance ongoing projects or to obtain financing for new projects.

   - Because a substantial portion of the Company's customers procure financing (either from banks or using the Company's in-house financing program) to fund their property purchases, higher interest rates make financing, and therefore purchases of real estate, more expensive, which could adversely affect demand for the Company's residential projects.

   In order to mitigate these risks, the Company substantially finances its development projects through pre-sales and internally generated funds. In this way, the Company maintains some flexibility in timing the progress of its development projects to match market conditions. The Company attempts to keep its costs down and selling price stable by lowering material costs through purchasing in bulk.

b) The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

The Company offers in-house financing to customers, which may expose the Company to risks of customers missing on their payments and/or defaulting on their obligations that may lead to sales cancellations. The Company cannot adequately assure the resale of any property whose prior sale has been cancelled.

The Company has used funds obtained from receivables rediscounting facilities with commercial banks to balance its liquidity position. An inability to sell receivables would remove a source of potential external financing, increasing its reliance on internally generated funds or non-receivable external financing.

To mitigate these risks, the Company attempts to decrease the occurrence of financial defaults and sales cancellations due to the inability to pay by enforcing strict credit investigation policies and procedures. For ongoing in-house loans, the Company monitors each and every account to assist buyers and to provide immediate remedial measures in problem cases. The Company also spreads the financing risk by encouraging buyers to avail of commercial bank retail financing facilities.

c) The Company's business and financial performance could be adversely affected by a material number of sales cancellations.

As a developer and seller of residential real estate, the Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

Historically, the Company has not experienced a material number of cancellations to which the Maceda Law has applied; however, this is no assurance that such an event will not happen. An economic downturn, high interest rate episodes, and others could trigger such sales cancellations. Should this happen, the Company may not have enough funds on hand to pay the necessary cash refunds to buyers, or the Company may have to incur indebtedness in order to pay such cash refunds. As mentioned earlier, the Company cannot assure the resale of a cancelled property, particularly during periods of economic slowdowns or downturns. Any of these events would adversely affect the Company's business, financial condition and results of operations.

In the event the Company experiences a material number of sales cancellations, the Company's historical revenues would have been overstated because such historical revenues would not have accurately reflected subsequent customer defaults or sales cancellations. Investors are also cautioned not to rely on the Company's historical income statements as indicators of the Company's future revenues or profits.

There can be no assurance that the Company will not suffer from substantial sales cancellations and that such cancellations will not have a material adverse effect on its financial condition and results of operations.

To mitigate this risk, the Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions and sells installment contract receivables. The Company ensures that all buyers are made aware of their responsibilities and obligations, and the resulting penalties for non-compliance. Each and every account is monitored to assist buyers and to provide immediate remedial measures in problem cases.

The Company faces risks associated with certain recent memorial park acquisitions.

As of the date of this filing, the Company has entered into agreements for the acquisition of properties with the objective of developing these properties into memorial parks with products conforming to the Company's product and pricing policies. As of the date of this report, the terms of the sale of certain properties that the Company has agreed to acquire have not yet been completed. While the Company believes that it has exercised prior due diligence in evaluating such acquisitions, there can be no assurance that the Company will not in the future be involved in or subject to claims, allegations or suits with respect to the previous business and operations of these memorial parks which arose prior to the acquisitions. Should such claims, allegations or suits arise, claimants may (rightfully or wrongly) seek redress or compensation for their claims against the Company's present management or assets, and the Company may still be at risk under principles of successor-in-interest liability. Despite the fact that the Company has, as part of such acquisitions, provided for indemnities against certain liabilities or claims or established other contractual protections, any adverse claim or liability could expose the Company to negative publicity, which could have a material adverse effect on its business and prospects, financial condition, and results of operations.

Risk relating to management of growth

a) The Company intends to continue to pursue an aggressive growth strategy for its new memorial park developments; the construction and sales of more columbarium facilities, the provision of additional facilities for memorial services, sale of death care merchandise, and mass residential property and land development business. The Company foresees that this strategy will mean that management resources will be reallocated from the Company's current operations. The growth strategy will also entail creating and managing relationships with a larger group of third parties such as customers, suppliers, contractors, service providers, lenders, etc. This expansion of the Company's operations will require significant capital expenditure to finance new development projects, causing the Company to take on additional debt. It thus becomes necessary to manage the internal control and compliance functions so that compliance with legal and contractual obligations is maintained and, at the same time, operational and compliance risks are minimized.

The Company faces several risks in the execution of these initiatives; these include overestimated demand and sales expectations, actual supply and cost of land for its development, construction cost overruns, the timely grant of regulatory approvals and permits, and the performance of the Company's personnel and third party contractors.

Even with these safeguards, there is no assurance that the Company will not experience any difficulties in the course of implementing its growth strategy. These difficulties can come in the form of capital constraints, construction delays, operational difficulties at new operational locations or difficulties in operating existing businesses and training personnel to manage and operate the expanded business. An inability or failure to successfully adapt to growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. If the Company is not able to manage these execution risks, its expansion initiatives may fall short of expectations and these problems could adversely affect the Company's reputation, the business, and results of operations or financial condition.

To mitigate this risk, the Company substantially finances its development projects through pre-sales and internally generated funds. In this way, the Company maintains some flexibility in timing the progress of its development projects to match market conditions.

b) The Company is still in the process of fully upgrading and integrating its operational and financial reporting systems and may experience difficulty in providing the Company's management and investors with financial information, particularly for interim periods.

To mitigate this risk, the Company conducts regular meetings and requires briefing from key departments.

The Company faces risks relating to its prospective memorial parks and columbaria, chapels and memorial service facilities, including risks relating to project cost and completion.

A significant part of the Company's business is the development and sale of its memorial parks, and the development and sale of its columbarium projects. The Company also anticipates a steady stream of recurring revenues and income from services provided by its recently opened crematoriums, chapels and memorial service facilities. All these developments involve significant risks, such as the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales or which may not be commercially viable. In addition, the time and the costs involved in completing the development and construction of these projects can be adversely affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, peso depreciation, natural disasters, labor disputes with contractors and subcontractors, accidents, changes in laws or in Government priorities and other unforeseen problems or circumstances. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. Especially in the case of revenues recognized from sales of its memorial lots and columbarium projects, project delays may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Further, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. The Company cannot provide any assurance that such events will not occur in a manner that would materially and adversely affect its results of operations or financial condition.

Abrupt movements in inflation and yields on investment assets may adversely affect the Company's ability to meet its costs of maintaining its memorial parks and columbaria.

The Company relies on financial budgeting models to set up funds aimed to meet maintenance obligations of its memorial parks and columbaria and these models rely on assumptions with respect to sales volumes and collections, maintenance costs over time, and returns on the funds' investment assets. Significantly adverse deviations from these assumptions, such as slower than expected sales volumes, higher costs of materials and labour, the occurrence of natural disasters, fire and other similar events, and the yields on the investment funds assets, can make actual returns generated by investment funds insufficient to meet the Company's maintenance obligations. Such situations will reduce the Company's profits and cash flow in the future.

Compliance with environmental, health, safety and other government regulations and costs associated therewith may adversely affect the Company's results of operations or profit margins.

The Company's operations require compliance with government environmental, health, safety and other regulations and the procurement of various approvals, permits and licences from certain government agencies. For example, before any of the Company's properties may be fully developed into memorial parks or columbarium facilities, such development must have complied with pertinent regulations relating to, among others, land conversion, zoning and environmental clearances from the Housing and Land Use Regulatory Board ("HLURB"), the Laguna Lake Development Authority ("LLDA"), Department of Natural Resources ("DENR"), Department of Agrarian Reform ("DAR") and Department of Health ("DOH"), and other local government agencies. Other death care services, on the other hand, require periodic approvals, registrations and reportorial compliance with the DOH. The Company has incurred and will continue to incur costs and expenses to comply with such laws and regulations. Violations of these laws or regulations could result in regulatory actions with substantial penalties and there can be no assurance that the Company will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to environmental, health and safety matters, the costs of which could be material. In addition, any significant change in such laws or regulations or their interpretation, or the introduction of higher standards or more stringent laws or regulations could result in increased compliance costs or capital expenditures and can have adverse effects on the Company's profitability and growth prospects.

Risks relating to natural catastrophes

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injuries or loss of property. Also, the value and attractiveness of memorial parks or columbarium facilities and housing units, for example, may be damaged by the occurrence of extremely destructive natural disasters and will adversely affect the Company's business and financial performance. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could adversely affect the Company's business, financial condition and results of operations.

Risks relating to over-reliance on some key Company personnel

The Company's directors and members of its senior management have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. While the Company has provided its Directors and key Senior Management with generous compensation, a highly skilled and reputable executive is always subject to piracy by competitors. Additionally, key personnel could also be lost due to catastrophic diseases (i.e., cerebral stroke, cancer, heart attacks), incapacitated by an accidents and death.

To lessen the potential negative impact of these events, the Company has institutionalized critical operational systems and procedures as a way of minimizing the over-dependence on individuals. The Company also has established organizational development policies and procedures to ensure the continuous development of its officers and staff. Performances are regularly monitored and appraised, and appropriate and timely action is taken to reward or correct the performances of its officers and staff. The Company maintains a continuous training program and an informal apprenticeship agenda to provide a constant pool of executive-calibre personnel ready for promotion.

The Company's ability to plan, design and execute current and future projects depends on its ability to attract, train, motivate and retain highly skilled personnel, particularly architects and engineers. However, this valuable human resource is also in demand by the Company's competitors. It is important to point out that other development companies face the same risks.

Any inability on the part of Company to hire and, more importantly, retain qualified personnel could impair its ability to undertake project design, planning and execution activities in-house. If these situations occur, the Company will be left with no recourse but engage third-party consultants thereby incurring additional costs.

To mitigate this risk, the Company provides its technical personnel with competitive compensation and incentive programs.

A substantial portion of the lands forming part of Golden Haven Iloilo Park are presently subject of land use conversion proceedings which, if adversely decided, may prevent the Company from using or continuing to use such lands as memorial park lots.

Several parcels of land forming part of the Company's Golden Haven Iloilo Park, with an aggregate land area of approximately five hectares and which were previously classified as agricultural lands, are presently subject of land use conversion proceedings initiated by the Company (or at its instance) with the DAR.

Under prevailing law, the approval by the DAR is necessary for the reclassification or conversion of the use of lands from agricultural to non-agricultural use. Otherwise, developers of lands previously classified as agricultural lands may be made subject to sanctions imposed by the DAR and may be prevented from undertaking any non-agricultural activities on such lands.

The Company believes that the application for the land use conversion over the relevant lands forming part of the Golden Haven Iloilo Park will be approved by the DAR in due course, considering that such lands have long been re-classified and rezoned for non-agricultural purposes by the applicable legislative bodies of the relevant local government units. Further, as of the date of this filing, the Company holds all the requisite permits to develop and sell such lands as memorial park lots (including the development permit from the local governments of Iloilo and the permit to sell from the HLURB).

Nevertheless, in the event that the application for the land use conversion over the relevant lands forming part of the Golden Haven Iloilo Park is denied or otherwise disapproved by the DAR, the Company may be exposed to sanctions imposed by the DAR and may be prevented from undertaking (or continuing to undertake) its development activities within the affected area of the Golden Haven Iloilo Park, either of which, in turn, may adversely affect the Company's results of operations, business and financial performance.

The investment assets of the Company's maintenance funds may not be sufficient to cover future death care services costs, specifically, the costs of operation and maintenance of the Company's memorial parks and columbaria, or such investment assets may suffer significant losses or experience sharp declines in their returns, which would have a material adverse effect on the Company's results of operations and its ability to discharge its obligations under sold funeral services packages and to properly maintain its memorial parks or columbaria.

Part of the Company's business involves discharging ongoing or future obligations, such as maintaining its memorial parks and columbarium facilities. To discharge these obligations, the Company has engaged professional fund managers to maintain and manage its maintenance funds that can only be utilized for such specific purposes. As of December 31, 2018, the aggregate balance of the Company's maintenance funds was ₱ 426.4 million.

These investments are subject to inherent investment risks, and there is no assurance that the investments will not suffer losses in the future, or that the return on the investments will be sufficient to cover future cemetery and columbarium facilities maintenance costs.

Realized losses on the maintenance funds are recorded as other losses in the Company's statements on profit and loss and therefore would have a direct impact on its profits for the year. In addition, as these funds are maintained to discharge the Company's obligations of maintaining its memorial parks and columbaries, significant losses on these funds may result in insufficient funds for these purposes. Maintenance funds may fail to yield adequate returns to support the maintenance of the applicable cemetery using income of the fund. In such event, the Company may be required to cover any such shortfall using its cash resources, which may have a material adverse effect on the Company's liquidity.

Certain of the lands used by the Company for its memorial park lots remain titled in the names of the previous owners thereof.

The Company's key properties include its lands (raw and partially developed) designated or undergoing development into death care facilities such as memorial parks and columbaria, as well as those lands where existing death care facilities have been built or located.

Certain of such lands, including those used or otherwise underlying its existing memorial parks, remain registered in the names of the previous owners thereof despite the completion of the sale to and purchase by the Company of title to and ownership thereof, as evidenced by duly executed and fully-consummated deeds of sale executed with such previous owners. As of the date of this Prospectus, the Company has initiated or is otherwise in the process of completing all administrative procedures necessary for the cancellation of the prior certificates of title covering such lands and the issuance of new certificates of title over the same properties in the name of the Company.

Under Philippine law, the certificates of title issued by the Register of Deeds issued over registered lands comprises the best evidence of ownership over such land, and third persons who may otherwise deal or transact with such lands are entitled to rely on such certificates of title. Since the relevant lands have not been registered in the name of the Company, it is therefore possible that third persons who hold claims against the previous owners of such lands may seek to enforce their claims against such previous owners against such lands to the extent the latter remain registered in the names of such persons.

The Company believes that the registration of its acquisition of the relevant lands will be completed in due course, and that the risk that the relevant Registers of Deeds will deny such formal registration or that third persons would be able to make claims against such lands is low, considering that the purchase thereof has been adequately documented, all taxes, charges or fees for which the Company is liable applicable to or arising from such purchase have been paid or otherwise accounted for, and the Company presently holds the original owners' duplicates of title covering such lands. Nevertheless, if such registration is denied or interested third persons successfully enforce their claims against such lands, the Company's current and prospective operations, its business and financial performance may be adversely affected.

The Company's major shareholder could affect matters concerning the Company.

Fine Properties, the ultimate parent company, continues to hold a substantial majority of the Company's outstanding voting stock, including the Common Shares. As a result, the Company's principal shareholder will be able to significantly affect the outcome of any shareholder voting, including the election of directors or most other corporate actions which require a vote by a corporation's shareholders, thereby affecting matters concerning the Company. The interest of the Company's major shareholder may not necessarily be aligned with those of minority shareholders of the Company, and Fine Properties is not under any legal obligation to exercise its rights as a shareholder in the Company in the Company's best interests or the best interests of the Company's other shareholders. If the interests of Fine Properties conflict with the interests of the Company, the Company could be disadvantaged by the actions that Fine Properties chooses to pursue.

Risks relating to the Company's reputation

Infringement of the Company's intellectual property rights over the various names, brands and logos, which are used for its operations would have a material adverse effect on the Company's business. There can be no assurance that the actions the Company has taken will be adequate to prevent third parties from using these names, brands and logos or from naming their products using the same.

In addition, there can be no assurance that third parties will not assert rights in, or ownership of the Company's name, trademarks and other intellectual property rights. Because the Company believes that the reputation and track record it has established under its brands is key to its future growth, the Company's business, financial condition and results of operations may be materially and adversely affected by the use of these names and of any associated trademarks by third parties or if the Company was restricted from using such marks.

The Company, through its corporate communications team maintains a clear, accurate brand and company image and perception in the market to mitigate this risk. The legal team also monitors all intellectual ownership issues of the Company.

Other risks that the Company may be exposed are the following:

- Risks relating to the general Philippine economic condition
- Risks relating to operating in a highly-regulated environment
- Risks relating to political uncertainties
- Risks relating to international credit valuators
- Risks relating to Philippine foreign ownership limitations
- Risks relating to changes in construction material, labor, power and other costs.

To mitigate the aforementioned risks, the Company shall continue to adopt appropriate risk management tools as well as conservative financial and operational controls and policies to properly manage the various business risks it faces.

Working Capital

The Company finances its working capital requirements mostly through a combination of internally-generated cash, pre-selling, joint ventures, borrowings and proceeds from investment properties.

Item 2. Properties

Death care Business

The Company's key properties consist of its lands (raw and partially-developed) designated or undergoing development into death care facilities, its death care facilities such as its memorial parks and columbaria (existing and under construction) and its inventory of the memorial lots and/or columbarium vaults available for sale to the public. Except as otherwise discussed in this filing, the Company holds legal and/or beneficial title to each of its existing death care facilities, including the land on which such death facilities have been built or are intended to be built.

As of December 31, 2018, Company has a total of 23 deathcare developments all over the country with regional distribution summarized in the table below:

Location	Area (in hectares)
Luzon	82.73
Visayas	31.86
Mindanao	62.41
Total	**177.00**

As of December 31, 2018, the Company has a total of five columbarium facilities with a total of 26,796 vaults offered all over the country.

Notwithstanding the sale of any of its memorial lots or columbarium vaults, title thereto is retained by the Company and a purchaser only receives certificates evidencing his or her perpetual right to use the memorial lot or columbarium vault. This perpetual right, however, may be transferred to any person designated by the original purchaser subject to compliance with the Company's procedures and regulations regarding such transfers.

Certain of the lands forming part of the Golden Haven Las Piñas Park and Golden Haven Cebu Park are subject to encumbrances, including rights of way and public easements granted to third parties including the Government. The Company believes that none of such encumbrances, rights of way or public easements materially affects its title to or ownership of the relevant lands, or the value thereof.

In addition, certain lands held by the Company remain registered in the names of the previous owners thereof. However, as of the date of this filing, ownership over such lands has been acquired by the Company via duly executed and fully-consummated deeds of sale executed with such prior owners, and each such purchase has been either annotated, in the process of being annotated on the relevant certificates of title covering such lands or proceedings for the cancellation of the prior certificate of title and the issuance of a new certificate of title in the name of the Company have been initiated.

Residential Development Business

Details of the Company's total land size as of December 31, 2018 are set out in the table below:

Location	Area (in hectares)
Luzon	347.4
Visayas	33.0
Mindanao	175.23
Total	**555.6**

Item 3. Legal Proceedings

The Company is not subject to any civil or criminal lawsuit or other legal actions. The Subsidiaries are subject to various civil and criminal lawsuits and legal actions arising in the ordinary course of business. Typical cases include adverse claims against a Subsidiary's title over parcels of land and claims brought by buyers seeking the return of deposits or cancellations of sales. In the opinion of the Company's management, none of the lawsuits or legal actions to which the Subsidiaries are currently subject will materially affect the daily operations of their business nor will they have a material adverse effect on the Company's consolidated financial position and results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of security holders during the fourth quarter of 2018.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

Market Information

Registrant's common shares are listed with the Philippine Stock Exchange. The Registrant was listed on June 29, 2016.

Quarter	2018		
	High	Low	Close
1st	327.00	21.00	308.00
2nd	318.80	250.00	265.00
3rd	330.00	249.80	314.00
4th	325.00	293.40	325.00

Quarter	2019		
	High	Low	Close
1st	400.00	325.00	370.60

The market capitalization of HVN as of December 31, 2018 based on the closing price of ₱325.00/share on December 28, 2018, the last trading date for the fourth quarter of 2018, was approximately ₱209.3 billion.

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

Common

There are approximately 14 holders of common equity security of the Company as of December 31, 2018 (based on the number of accounts registered with the Stock Transfer Agent). The following are the holders of the common securities of the Company:

	Name	No. of Shares	Percentage
1	FINE PROPERTIES, INC. [1]	412,057,800	63.97%
2	CAMBRIDGE GROUP, INC. [2]	158,744,255	24.65%
3	PCD NOMINEE CORPORATION (FILIPINO)	70,050,470	10.88%
4	MARIBETH C. TOLENTINO[1]	2,835,000	0.44%
5	CAMILLE A. VILLAR[1]	333,700	0.05%
6	PCD NOMINEE CORPORATION (NON-FILIPINO)	83,622	0.01%
7	MYRA P. VILLANUEVA	6,600	0.00%
8	MYRNA P. VILLANUEVA	2,300	0.00%
9	MILAGROS P. VILLANUEVA	2,300	0.00%
10	MANUEL B. VILLAR[1]	1,000	0.00%
11	FRANCES ROSALIE T. COLOMA[1]	500	0.00%
12	RIZALITO J. ROSALES[1]	100	0.00%
13	ANA MARIE V. PAGSIBIGAN[1]	1	0.00%
14	GARTH F. CASTAÑEDA[1]	1	0.00%
	TOTAL OUTSTANDING ISSUED AND SUBSCRIBED (COMMON)	**644,117,649**	**100.00%**

[1] *lodged under PCD Nominee Corp. (Filipino)*

[2] *8,744,255 lodged under PCD Nominee Corp. (Filipino)*

Dividend Policy

Under the Corporation Code, the Company's shareholders are entitled to receive a proportionate share in cash dividends that may be declared by the Board out of the surplus profits derived from operations. The same right exists with respect to a stock dividend declaration, the declaration of which is subject to the approval of shareholders representing at least two-thirds of the outstanding capital stock entitled to vote.

The amount of dividends to be declared will depend on the profits, investment requirements and capital expenditures at that time.

As of December 31, 2018, the Company has not defined a minimum percentage of net earnings to be distributed to its common shareholders. Dividends may be declared only from the Company's unrestricted retained earnings, except when, among others: (i) justified by definite corporate expansion, or (ii) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured, or (iii) when it can be clearly shown that the retention of earnings is necessary under special circumstances obtaining in the Company, its assets and operations, such as when there is a need for special reserves for probable contingencies.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by a company must have a record date not less than 10, nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividends

On 29 December 2015, the Board declared cash dividends in the amount of ₱800 million. On 8 March 2016, the Board, with the approval of the Company's shareholders representing two-thirds of its outstanding capital stock in a special meeting duly called for the purpose and held on the same date, declared stock dividends in the amount of ₱400 million.

Other than the foregoing, the Company has not declared dividends in any form since the time of its incorporation.

Recent Sale Of Unregistered Or Exempt Securities Including Recent Issuance Of Securities Constituting An Exempt Transaction

On December 27, 2017, the Board of Directors authorized the issuance of 150,000,000 common shares to Cambridge Group, Inc., out of the unissued authorized capital stock of the Company, at the subscription price of ₱20.0935 per share or an aggregate subscription price of ₱3, 014,027,483. The issuance is undertaken pursuant to the stockholders' approval for the issuance by way of private placement of up to 150,000,000 shares of the Company on October 16, 2017.

Stock Options

None

Item 6. Management's Discussion and Analysis or Plan of Operation

REVIEW OF YEAR-END 2018 VS YEAR-END 2017

RESULTS OF OPERATIONS

Revenues

The revenues of the Company increased from **₱3,685 million** for the year ended December 31, 2017 to **₱5,775 million** for the year ended December 31, 2018, increasing by **56.7%.** This growth was primarily attributable to the following:

- Real estate sales increased by **58.4%** from **₱3,571 million** for the year ended December 31, 2017 to **₱5,655 million** in the year ended December 31, 2018, due mainly to increases in sales of residential units and memorial park lots.

- Interment income grew from **₱28 million** for the year ended December 31, 2017 to **₱33 million** for the year ended December 31, 2018, increasing by **17.3%**, due to a higher number of interment services rendered for the year.

- Interest income on contract receivables decreased from **₱73 million** for the year ended December 31, 2017 to **₱51 million** for the year ended December 31, 2018. This **30.3%** change was due mostly to an increase in bank or government financed sales compared in-house financed sales over the year compared to previous year.

- Income from chapel services increased from **₱13 million** for the year ended December 31, 2017 to **₱36 million** for the year ended December 31, 2018. The **177.2%** increase was due to the higher number of memorial services and cremation packages availed of by consumers from the company during the year.

Costs and Expenses

Cost and expenses of the Company increased from **₱2,725 million** for the year ended December 31, 2017 to **₱4,100 million** for the year ended December 31, 2018. The **50.4%** increase in the account was mainly attributable to the following:

- Cost of sales and services increased from **₱1,875 million** for the year ended December 31, 2017 to **₱2,881 million** in the year ended December 31, 2018. The **53.7%** increase was due mainly to an increase in both residential units and memorial lots sold, as well as the increase in services rendered over the period.

- Other operating expenses increased by **43.3%**, from **₱851 million** for the year ended December 31, 2017 to **₱1,218 million** in the year ended December 31, 2018. The increase was due primarily to increases in commissions due to higher sales and in salaries and wages due to new projects opened or launched during the period.

Other Income – Net

Other income – net increased from **₱49 million** for the year-end 2017 to **₱124 million** for the year-end 2018. The **155.3%** increase was due primarily to increases in finance income on past due accounts and forfeited sales.

Tax Expense

Tax expense decreased from **₱310 million** for year-end 2017 to **₱232 million** for year-end 2018. The **25.2%** change is attributable to the decrease in deferred tax expense relating to origination and reversal of temporary differences recorded over the period.

Net Income

As a result of the movements above, total net profits increased from **₱699 million** for the year-end 2017 to **₱1,568 million** recorded in year-end 2018, or an increase of **124.3%**.

For the year-end 2018, there were no seasonal aspects that had a material effect on the financial condition or results of the operations of the Group. Neither were there any trends, events, or uncertainties that have had or are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Group is not aware of events that will cause a material change in the relationship between the costs and the revenues.

There are no significant elements of income or loss, which arises from the Company's continuing operations.

FINANCIAL CONDITION

As of December 31, 2018 vs. December 31, 2017

The Company's total assets was recorded at **₱18,384 million** as of December 31, 2018, increasing by **39.2%,** from **₱13,205 million** recorded as of December 31, 2017, due to the following:

- Cash on-hand and in-banks decreased by **37%**, from **₱796 million** as of December 31, 2017 to **₱501 million** as of December 31, 2018, mainly due to expansion related activities done during the year.

- Total contracts receivable and contract assets, including non-current, increased by **45.3%** from **₱5,609 million** as of December 31, 2017 to **₱8,152 million** as of December 31, 2018 due to an increase in sales on account recorded over the period compared to previous year.

- Due from related parties decreased by **92.2%** from **₱106 million** as of December 31, 2017 to **₱8 million** as of December 31, 2018 due primarily to collections during the year.

- Other receivables increased by **98.2%** from **₱503 million** as of December 31, 2017 to **₱996 million** as of December 31, 2018 due primarily to an increase in receivables from contractors and brokers brought about by expansion recorded during the period.

- Real estate inventories increased by **36.3%**, from **₱4,729 million** as of December 31, 2017 to **₱6,445 million** as of December 31, 2018 due to the expansion of existing Company projects and launches of new projects during the period.

- Other current assets, including security deposits, increased by **78.5%,** from **₱728 million** as of December 31, 2017 to **₱1,301 million** as of December 31, 2018, due mostly from purchased construction materials related to construction of residential houses as well as an increase in prepaid commissions, security deposits and creditable withholding taxes brought about by higher sales during the year.

- Property and equipment increased by **18.9%,** from **₱278 million** as of December 31, 2017 to **₱330 million** as of December 31, 2018, due primarily to the purchase of additional property and equipment for the year.

- Investment properties increased by **55.6%**, from **₱378 million** as of December 31, 2017 to **₱587 million** as of December 31, 2018, due mainly to acquisition for the year.

The total liabilities of the Company increased by **41.6%**, from **₱ 8,690 million** as of December 31, 2017 to **₱12,305 million** as of December 31, 2018, due to the following:

- Total Interest-bearing loans, including non-current, increased by **32.9%**, from **₱1,502 million** as of December 31, 2017 to **₱1,997 million** as of December 31, 2018, due mostly to interest-bearing loans obtained by the Company during the year.

- Trade and other payables increased by **45.4%** from **₱3,020 million** as of December 31, 2017 to **₱4,392 million** as of December 31, 2018, due mostly to an increase in trade payables as part of the company's expansion program.

- Raw land payable increased by **36.9%** from **₱1,156 million** as of December 31, 2017 to **₱1,582 million** as of December 31, 2018 due to the acquisition of land on account in line with the Company's expansion plans.

- Customers' deposits increased by **105.8%** from **₱923 million** as of December 31, 2017 to **₱1,899 million** as of December 31, 2018, due to an increase in sales for the year.

- Due to related parties decreased by **5.4%** from **₱1,007 million** as of December 31, 2017 to **₱953 million** as December 31, 2018 due to repayments of advances from affiliates during the year.

- Income tax payable increased by **833%** from **₱2 million** as of December 31, 2017 to **₱20 million** as of December 31, 2018 due primarily to an increase income and tax adjustments made for the year.

- Deferred tax liabilities (net) increased by **22.9%,** from **₱812 million** as of December 31, 2017 to **₱998 million** as of December 31, 2018 due primarily to an increase in unrealized gross profit during the period.

- Reserve for perpetual care increased by **60.2%** from **₱266 million** as of December 31, 2017 to **₱426 million** as of December 31, 2018 due to the parallel increase in memorial lot sales on account recorded for the period.

- Retirement benefit obligation increased from **₱1 million** as of December 31, 2017 to **₱38 million** as December 31, 2018 due to an increase in the present value of the obligation as recorded for the period.

Total stockholder's equity increased by **34.6%** from **₱4,516 million** as of December 31, 2017 to **₱6,079 million** as of December 31, 2018, due to the following:

- An **174.3%** increase in retained earnings, from **₱896 million** in December 31, 2017, to **₱2,459 million** as of December 31, 2018, mainly due to the increase net income recorded for the year ended December 31, 2018.

- A **13.4%** increase in revaluation reserves from **₱5 million** as of December 31, 2017 to **₱6 million** as of December 31, 2018 mainly due to the remeasurements in post-employment defined benefit plan.

Considered as the top five key performance indicators of the Company for the period as shown below:

KEY PERFORMANCE INDICATORS		2018	2017
Liquidity:			
Current Ratio	Current Assets/Current Liability	1.51 :1	1.57 :1
Solvency:			
Debt-to-Equity Ratio	Total Debt/Total Equity	0.33 :1	0.33 :1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	3.02 :1	2.92 :1
Interest-rate-coverage:			
Interest-rate-coverage ratio	EBITDA/Finance Costs	19.62 : 1	26.97 : 1`
Profitability:			
Return-on-equity	Net Income/Equity	25.79%	15.48%

Material Changes to the Company's Statement of Financial Position as of December 31, 2018 compared to December 31, 2017 (increase/decrease of 5% or more)

- Cash on-hand and in-banks decreased by **₱294 million** or **37%**, from **₱796 million** as of December 31, 2017 to **₱501 million** as of December 31, 2018, mainly due to expansion related activites done over the period.

- Total contracts receivable and contract assets, including non-current, increased by **₱2,543 million 45.3%** from **₱5,609 million** as of December 31, 2017 to **₱8,152 million** as of December 31, 2018 due to an increase in sales on account recorded over the period compared to previous year.

- Due from related parties decreased by **92.2%** from **₱106 million** as of December 31, 2017 to **₱8.27 million** as of December 31, 2018 due primarily to collections during the year.

- Other receivables increased by **₱494 million** or **98.2%** from **₱503 million** as of December 31, 2017 to **₱996 million** as of December 31, 2018 due primarily to an increase in receivables from contractors and brokers brought about by expansion recorded during the period.

- Real estate inventories increased by **₱1,716 million** or **36.3%**, from **₱4,729 million** as of December 31, 2017 to **₱6,445 million** as of December 31, 2018 due to the expansion of existing Company projects and launches of new projects during the period.

- Other current assets, including security deposits, increased by **₱572 million** or **78.5%,** from **₱728 million** as of December 31, 2017 to **₱1,301 million** as of December 31, 2018, due mostly from purchased construction materials related to construction of residential houses as well as an increase in prepaid commissions, security deposits and creditable withholding taxes brought about by higher sales during the year.

- Property and equipment (net) increased by **₱52 million** or **18.9%,** from **₱279 million** as of December 31, 2017 to **₱330 million** as of December 31, 2018, due primarily to the purchase of additional property and equipment during the period.

- Investment properties increased by **₱210 million** or **55.6%**, from **₱378 million** as of December 31, 2017 to **₱587 million** as of December 31, 2018, due mainly to land acquisition recorded for the year.

- Total Interest-bearing loans, including non-current, increased by **₱1,147 million** or **32.9%**, from **₱1,502 million** as of December 31, 2017 to **₱1,997 million** as of December 31, 2018, due mostly to interest-bearing loans obtained by the Company during the period.

- Trade and other payables increased by **₱1,372 million** or **45.4%** from **₱3,020 million** as of December 31, 2017 to **₱4,392 million** as of December 31, 2018, due mostly to an increase in trade payables as part of the company's expansion program.

- Raw land payable increased by **₱426 million** or **36.9%** from **₱1,156 million** as of December 31, 2017 to **₱1,582 million** as of December 31, 2018 due to the acquisition of land on account in line with the Company's expansion plans.

- Customers' deposits increased by **₱976 million** or **105.8%** from **₱923 million** as of December 31, 2017 to **₱1,899 million** as of December 31, 2018, due to an increase in sales for the year.

- Due to related parties decreased by **₱55 million** or **5.4%** from **₱1,007 million** as of December 31, 2017 to **₱952 million** as December 31, 2018 due to repayments of advances from affiliates during the year.

- Income tax payable increased by **₱18 million** or **833%** from **₱2 million** as of December 31, 2017 to **₱20 million** as of December 31, 2018 due primarily to an increase income and tax adjustments made for the year.

- Deferred tax liabilities (net) increased by **₱186 million** or **22.9%,** from **₱812 million** as of December 31, 2017 to **₱998 million** as of December 31, 2018 due primarily to an increase in unrealized gross profit during the period.

- Reserve for perpetual care increased by **₱160 million** or **60.2%** from **₱266 million** as of December 31, 2017 to **₱426 million** as of December 31, 2018 due to the parallel increase in memorial lot sales on account recorded for the period.

- Retirement benefit obligation increased by **₱37 million,** from **₱1 million** as of December 31, 2017 to **₱38 million** as December 31, 2018 due to an increase in the present value of the obligation as recorded for the period.

- Total stockholder's equity increased by **₱1,563 million** or **34.6%,** from **₱ 4,516 million** as of December 31, 2017 to **₱6,079 million** as of December 31, 2018. This change was primarily due to the **174.3%** increase in retained earnings from **₱896 million** as of December 31, 2017 to **₱2,459 million** as of December 31, 2018, and a **13.4%** increase in revaluation reserves from **₱5 million** as of December 31, 2017 to **₱6 million** as of December 31, 2018

Material Changes to the Company's Statement of income for the year ending 2018 compared to year ending 2017 (increase/decrease of 5% or more)

- Real estate sales increased by **₱2.084 million**, from **₱3,571 million** for the year ended December 31, 2017 to **₱5,655 million** in the year ended December 31, 2018. The **58.4%** increase was due primarily to the increase in sales of memorial park lots and of residential units.

- Interest income on contract receivables decreased by **₱22 million**, from **₱73 million** for the year ended December 31, 2017 to **₱51 million** for the year ended December 31, 2018. The **30.3%**

decrease was due mainly to the increase of bank and government financed sales compared to in-house financed transactions made during the period.

- Income from chapel services increased by **₱23 million**, or by **177%**, from **₱13 million** for the year ended December 31, 2017 to **₱36 million** for the year ended December 31, 2018 due to the increase in memorial and cremation services rendered during the period.

- Interment income increased by **₱5 million** or **17.3%,** from **₱28 million** for the year ended December 31, 2017 to **₱33 million** for the year ended December 31, 2018, due to an increase in the number of interment services rendered for the year.

- Cost of sales and services increased by **₱1,007 million** or **53.7%,** from **₱1,875 million** for the year ended December 31, 2017 to **₱2,881 million** in the year ended December 31, 2018, due primarily to the increase in memorial park lot and residential lot sales made during the period.

- Other operating expenses increased by **₱368 million,** from **₱851 million** for the year ended December 31, 2017 to **₱1,218 million** in the year ended December 31, 2018. The **43.3%** increase was due primarily to increases in commissions due to higher sales, and in salaries and wages due to new projects launched during the period.

- Other income – net increased by **₱76 million**, from **₱49 million** for the year ended December 31, 2017 to **₱124 million** for the year-end 2018. This was due primarily to the increase in interest income on forfeited sales and past due accounts.

- The Company's tax expense decreased by **₱78 million,** from **₱310 million** for year-end 2017 to **₱232 million** for year-end 2018. The **25.2%** decrease was mainly attributable to the decrease in deferred tax expense relating to origination and reversal of temporary differences recorded over the period.

- Net Profit grew by **₱869 million,** from **₱699 million** for year ended December 31, 2017 to **₱1,568 million** for the year ended December 31, 2018. The **124.3%** increase was primarily due to the higher sales and revenues from operations of the company during the period.

There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Company.

REVIEW OF YEAR-END 2017 VS YEAR-END 2016

RESULTS OF OPERATIONS

Revenues

Revenues increased from **₱815 million** for the year ended December 31, 2016 to **₱3,685 million** for the year ended December 31, 2017. The **352%** increase in the account was primarily attributable to the following:

- Real estate sales increased from **₱772 million** for the year ended December 31, 2016 to **₱3,571 million** in the year ended December 31, 2017. The **363%** increase was due primarily to the real estate sales recorded by Bria Homes which amounted to **₱2,551 million** for the year ended December 31, 2017. Sales of columbarium vaults and memorial lots also increased by **32%** from **₱772 million** for the year ended December 31, 2016 to **₱1,020 million** for the year ended December 31, 2017.

- Interment income increased by **27%** from **₱22 million** for the year ended December 31, 2016 to **₱28 million** for the year ended December 31, 2017 due to increase in the number of interment services rendered for the year.

- Interest income increased by **258%** from **₱20 million** for the year ended December 31, 2016 to **₱73 million** for the year ended December 31, 2017 due primarily to the recorded interest income from Bria Homes amounting to **₱41 million** for the year ended December 31, 2017. Interest income from contracts receivable pertaining to the death care business also increased by **59%** from **₱20 million** for the year ended December 31, 2016 to **₱32 million** for the year ended December 31, 2017.

- Income from chapel services increased by **100%** from nil for the year ended December 31, 2016 to **₱13 million** for the year ended December 31, 2017 as the Company started its chapel business during the year.

Costs and Expenses

Cost and expenses increased from **₱580 million** for the year ended December 31, 2016 to **₱2,752 million** for the year ended December 31, 2017. The **370%** increase in the account was primarily attributable to the following:

- Cost of sales and services increased from **₱332 million** for the year ended December 31, 2016 to **₱1,875 million** in the year ended December 31, 2017. The **464%** increase was due primarily to the cost of real estate sales recorded by Bria Homes which amounted to **₱1,393** million for the year ended December 31, 2017. Sales of columbarium vaults and memorial lots also increased by **32%** from **₱772** million for the year ended December 31, 2016 to **₱ 1,020 million** for the year ended December 31, 2017.

- Other operating expenses increased from **₱248 million** for the year ended December 31, 2016 to **₱850 million** in the year ended December 31, 2017. The **243%** increase was due primarily to the other operating expenses recorded by Bria Homes which amounted to **₱523 million** for the year ended December 31, 2017. Other operating expenses of the parent company also increased by **45%** from **₱332 million** for the year ended December 31, 2016 to **₱481 million** for the year ended December 31, 2017.

Other Income – Net

Other income – net increased by **112%**, to **₱49 million** for the year-end 2017 from **₱23 million** for the year-end 2016. This was due primarily to the increase in the other income – net of Bria Homes which amounted to **₱24 million** for the year-end 2017. Other income-net of the parent company increased by 9% from **₱23 million** for the year-end 2016 to **₱25 million** for the year ended 2017.

Tax Expense

The Company's tax expense increased by **300%,** to **₱310million** for year-end 2017 from **₱77 million** for year-end 2016. This was attributable to the higher taxable income base in year-end 2017 compared to the same period from the previous year. Tax expense attributable to Bria Homes amounted to **₱217 million.**

Net Income

As a result of the movements above, total net profits increased by **288%**, to **₱699 million** from **₱180 million** recorded in year-end 2016. Net income attributable to Bria Homes amounted to **₱482 million.**

For the year-end 2017, the acquisition of Bria Homes, Inc. and the added operating results that corresponds from it has material impact on sudden increase in the Company's reported operating results. The growth is part of the Company's plan for continuous expansion as it progress. Other than the foregoing, the Company is not aware of events that will cause a material change in the relationship between the costs and the revenues. There were no seasonal aspects that had a material effect on the financial condition or results of the operations of the Company. Neither were there any trends, events, or uncertainties that have had or are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations.

There are no significant elements of income or loss which arises from the Company's continuing operations.

FINANCIAL CONDITION

As of December 31, 2017 vs. December 31, 2016

As of December 31, 2017, total assets totaled to **₱13,205 million**, increased by **359%** from **₱ 2,878 million** recorded as of December 31, 2016, due to the following:

- Cash and cash equivalents increased by **78%**, from **₱446 million** as of December 31, 2016 to **₱796 million** as of December 31, 2017, mainly due to advances obtained from related parties and proceeds from loan. Additional cash and cash equivalents from Bria Homes amounted to **₱584 million**.

- Total contracts receivable, including non-current, increased by **275%** from **₱1,496 million** as of December 31, 2016 to **₱5,609 million** as of December 31, 2017 due to higher sales on account recorded and additional contracts receivable of Bria Homes of **₱3,656 million.**

- Due from related parties increased by **50%** from **₱71 million** as of December 31, 2016 to **₱106 million** as of December 31, 2017 due to advances granted to the affiliates during the year and additional due to related parties of Bria homes of **₱48 million**.

- Other receivables increased by **396%** from **₱101 million** as of December 31, 2016 to **₱503 million** as of December 31, 2017 due to increase in non-trade receivables recorded and additional non-trade receivables of Bria Homes of **₱399 million.**

- Real estate inventories increased by **1,271%**, from **₱345 million** as of December 31, 2016 to **₱4,729 million** as of December 31, 2017 due to active opening and expansion of Company projects and additional inventory of Bria Homes of **₱4,315 million.**

- Real estate inventories increased by **1,271%**, from **₱345 million** as of December 31, 2016 to **₱4,729 million** as of December 31, 2017 due to active opening and expansion of Company projects and additional inventory of Bria Homes of **₱4,315 million.**

- Other current assets including security deposits increased by **7,763%,** from **₱10 million** as of December 31, 2016 to **₱768 million** as of December 31, 2017 due mostly from purchased construction materials related to construction of residential houses and increase in prepaid commissions, security deposits and creditable withholding taxes during for the year. Other current assets attributable to Bria Homes amounted to **₱751 million.**

- Increase in available-for-sale securities which amounted to **₱40 million** brought about by the investment in equity shares of a listed company during the year of Bria Homes.

- Property and equipment increased by **96%,** from **₱142 million** as of December 31, 2016 to **₱278 million** as of December 31, 2017 due to the construction of the Chapel and Crematorium amounting to **₱185** million classified as property and equipment and additional property and equipment of Bria Homes of **₱34 million.**

- Investment properties increased by **41%**, from **₱267 million** as of December 31, 2016 to **₱377 million** as of December 31, 2017 due primarily to active acquisitions of land for capital appreciations and for future expansion of the Company projects.

The total liabilities of the Company increased by **457%**, from **₱ 1,560 million** as of December 31, 2016 to **₱8,690 million** as of December 31, 2017, due to the following:

- Interest-bearing loans, including non-current portion, increased by **200%**, from **₱500 million** as of December 31, 2016 to **₱1,502 million** as of December 31, 2017 mainly due to the interest bearing loan of Bria of **₱1,000 million.**

- Trade and other payables increased by **826%** from **₱326 million** as of December 31, 2016 to **₱3,020 million** as of December 31, 2017 due to increase in trade payables as part of the expansion program and the trade and other payables of Bria Homes, Inc. of **₱2,630 million.**

- Raw land payable increased by **502%** from **₱192 million** as of December 31, 2016 to **₱1,156 million** as of December 31, 2017 due to acquisition of land on account as part of the Company's expansion roll out and raw land payable of Bria Homes of **₱892 million.**

- Customers' deposits increased by **8,000%** from **₱11 million** as of December 31, 2016 to **₱923 million** as of December 31, 2017 due to an increase in sales for the year and customers' deposit of Bria Homes of **₱878 million.**

- Due to related party increased by **5,381%** from **₱18 million** as of December 31, 2016 to **₱1,007 million** as December 31, 2017 due to advances from affiliates during the year.

- Income tax payable decreased by **81%** from **₱11 million** as of December 31, 2016 to **₱2 million** as of December 31, 2017 due to settlements for the year.

- Deferred tax liabilities (net) increased by **169%** from **₱302 million** as of December 31, 2016 to **₱812 million** as of December 31, 2017 due to the increase in temporary difference during the year and deferred tax liabilities (net) of Bria Homes of **₱437 million** as of December 31, 2017.

- Reserve for perpetual care increased by **34%** from **₱198 million** as of December 31, 2016 to **₱266 million** as of December 31, 2017 due to higher sales on account recorded for the period within which the fund for those sales are yet to be remitted to the trustee.

- Retirement benefit obligation increased from **nil** as of December 31, 2016 to **₱1 million** as December 31, 2017.

Total stockholder's equity increased by **243%** from **₱ 1,318 million** as of December 31, 2016 to **₱4,516 million** as of December 31, 2017, due to the following:

- Increase in capital stock by **30%,** from **₱ 494 million** as of December 31, 2016, to **₱ 644 million** as of December 31, 2017, due primarily to the issuance of common stock by way of private placement to Cambridge Group, Inc.

- Increase in Additional Paid-in Capital from **₱ 629 million** as of December 31, 2016 to **₱2,970 million** as of December 31, 2017 due to the issuance of new shares above par value to Cambridge Group Inc.

- Increase in retained earnings from **₱197 million** in December 31, 2016, to **₱896 million** as of December 31, 2017, due to the net income recorded for the year ended December 31, 2017.

Considered as the top five key performance indicators of the Company for the period as shown below:

KEY PERFORMANCE INDICATORS		2017	2016
Liquidity:			
Current Ratio	Current Assets/Current Liability	1.57 :1	2.65 :1
Solvency:			
Debt-to-Equity Ratio	Total Debt/Total Equity	0.33 :1	0.38 :1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	2.92 :1	2.18 :1
Interest-rate-coverage:			
Interest-rate-coverage ratio	EBITDA/Finance Costs	26.97 : 1	37.00 : 1
Profitability:			
Return-on-equity	Net Income/Equity	15.48%	13.67%

Material Changes to the Company's Statement of Financial Position as of December 31, 2017 compared to December 31, 2016 (increase/decrease of 5% or more)

- Cash and cash equivalents increased by **78%**, from **₱446 million** as of December 31, 2016 to **₱796 million** as of December 31, 2017, mainly due to advances obtained from related parties and proceeds from loan. Additional cash and cash equivalents from Bria Homes amounted to **₱584 million**.

- Total contracts receivable, including non-current, increased by **275%** from **₱1,496 million** as of December 31, 2016 to **₱5,609 million** as of December 31, 2017 due to higher sales on account recorded and additional contracts receivable of Bria Homes of **₱3,656 million.**

- Due from related parties increased by **50%** from **₱71 million** as of December 31, 2016 to **₱106 million** as of December 31, 2017 due to advances granted to the affiliates during the year and additional due to related parties of Bria homes of **₱48 million**.

- Other receivables increased by **396%** from **₱101 million** as of December 31, 2016 to **₱503 million** as of December 31, 2017 due to increase in non-trade receivables recorded and additional non-trade receivables of Bria Homes of **₱399 million.**

- Real estate inventories increased by **1,271%**, from **₱345 million** as of December 31, 2016 to **₱4,729 million** as of December 31, 2017 due to active opening and expansion of Company projects and additional inventory of Bria Homes of **₱4,315 million.**

- Real estate inventories increased by **1,271%**, from **₱345 million** as of December 31, 2016 to **₱4,729 million** as of December 31, 2017 due to active opening and expansion of Company projects and additional inventory of Bria Homes of **₱4,315 million.**

- Other current assets including security deposits increased by **7,763%,** from **₱10 million** as of December 31, 2016 to **₱768 million** as of December 31, 2017 due mostly from purchased construction materials related to construction of residential houses and increase in prepaid commissions, security deposits and creditable withholding taxes during for the year. Other current assets attributable to Bria Homes amounted to **₱751 million.**

- Increase in available-for-sale securities which amounted to **₱40 million** brought about by the investment in equity shares of a listed company during the year of Bria Homes.

- Property and equipment increased by **96%,** from **₱142 million** as of December 31, 2016 to **₱278 million** as of December 31, 2017 due to the construction of the Chapel and Crematorium amounting to **₱185** million classified as property and equipment and additional property and equipment of Bria Homes of **₱34 million.**

- Investment properties increased by **41%**, from **₱267 million** as of December 31, 2016 to **₱377 million** as of December 31, 2017 due primarily to active acquisitions of land for capital appreciations and for future expansion of the Company projects.

- Interest-bearing loans, including non-current portion, increased by **200%**, from **₱500 million** as of December 31, 2016 to **₱1,502 million** as of December 31, 2017 mainly due to the interest bearing loan of Bria of **₱1,000 million.**

- Trade and other payables increased by **826%** from **₱326 million** as of December 31, 2016 to **₱3,020 million** as of December 31, 2017 due to increase in trade payables as part of the expansion program and the trade and other payables of Bria Homes, Inc. of **₱2,630 million.**

- Raw land payable increased by **502%** from **₱192 million** as of December 31, 2016 to **₱1,156 million** as of December 31, 2017 due to acquisition of land on account as part of the Company's expansion roll out and raw land payable of Bria Homes of **₱892 million.**

- Customers' deposits increased by **8,000%** from **₱11 million** as of December 31, 2016 to **₱923 million** as of December 31, 2017 due to an increase in sales for the year and customers' deposit of Bria Homes of **₱878 million.**

- Due to related party increased by **5,381%** from **₱18 million** as of December 31, 2016 to **₱1,007 million** as December 31, 2017 due to advances from affiliates during the year.

- Income tax payable decreased by **81%** from **₱11 million** as of December 31, 2016 to **₱2 million** as of December 31, 2017 due to settlements for the year.

- Deferred tax liabilities (net) increased by **169%** from **₱302 million** as of December 31, 2016 to **₱812 million** as of December 31, 2017 due to the increase in temporary difference during the year and deferred tax liabilities (net) of Bria Homes of **₱437 million** as of December 31, 2017.

- Reserve for perpetual care increased by **34%** from **₱198 million** as of December 31, 2016 to **₱266 million** as of December 31, 2017 due to higher sales on account recorded for the period within which the fund for those sales are yet to be remitted to the trustee.

- Retirement benefit obligation increased from **nil** as of December 31, 2016 to **₱1 million** as December 31, 2017.

- Total stockholder's equity increased by **243%** from **₱ 1,318 million** as of December 31, 2016 to **₱4,516 million** as of December 31, 2017. This change was primarily due to the **30%** or **₱150 million** increase in capital stock due from the issuance of shares to Cambridge Group, Inc., and the **₱ 2,341 million** increase in additional paid-in capital from the acquisition of Bria shares.

Material Changes to the Company's Statement of income for the year ending 2017 compared to year ending 2016 (increase/decrease of 5% or more)

- Real estate sales increased from **₱772 million** for the year ended December 31, 2016 to **₱3,571 million** in the year ended December 31, 2017. The **363%** increase was due primarily to the real estate sales recorded by Bria Homes which amounted to **₱2,551 million** for the year ended December 31, 2017. Sales of columbarium vaults and memorial lots also increased by **32%** from **₱ 772 million** for the year ended December 31, 2016 to **₱1,020 million** for the year ended December 31, 2017.

- Interment income increased by **27%** from **₱22 million** for the year ended December 31, 2016 to **₱28 million** for the year ended December 31, 2017 due to increase in the number of interment services rendered for the year.

- Interest income increased by **258%** from **₱20 million** for the year ended December 31, 2016 to **₱ 73 million** for the year ended December 31, 2017 due primarily to the recorded interest income from Bria Homes amounting to **₱41 million** for the year ended December 31, 2017. Interest income from contracts receivable pertaining to the death care business also increased by **59%** from **₱20 million** for the year ended December 31, 2016 to **₱32 million** for the year ended December 31, 2017.

- Income from chapel services increased by **100%** from nil for the year ended December 31, 2016 to **₱13 million** for the year ended December 31, 2017 as the Company started its chapel business during the year.

- Cost of sales and services increased from **₱332 million** for the year ended December 31, 2016 to **₱1,875 million** in the year ended December 31, 2017. The **464%** increase was due primarily to the cost of real estate sales recorded by Bria Homes which amounted to **₱1,393** million for the year ended December 31, 2017. Sales of columbarium vaults and memorial lots also increased by **32%** from **₱772** million for the year ended December 31, 2016 to **₱1,020 million** for the year ended December 31, 2017.

- Other operating expenses increased from **₱248 million** for the year ended December 31, 2016 to **₱850 million** in the year ended December 31, 2017. The **243%** increase was due primarily to the other operating expenses recorded by Bria Homes which amounted to **₱523 million** for the year ended December 31, 2017. Other operating expenses of the parent company also increased by **45%** from **₱332 million** for the year ended December 31, 2016 to **₱481 million** for the year ended December 31, 2017.

- Other income – net increased by **112%**, to **₱49 million** for the year-end 2017 from **₱23 million** for the year-end 2016. This was due primarily to the increase in the other income – net of Bria Homes, which amounted to **₱24 million** for the year-end 2017. Other income-net of the parent company increased by 9% from **₱23 million** for the year-end 2016 to **₱25 million** for the year ended 2017.

- The Company's tax expense increased by **300%,** to **₱310million** for year-end 2017 from **₱77 million** for year-end 2016. This was attributable to the higher taxable income base in year-end 2017 compared to the same period from the previous year. Tax expense attributable to Bria Homes amounted to **₱217 million.**

- Overall Net Profit grew by **288%**, from **₱180 million** for year-end 2016 to **₱699 million** for year-end 2017 primarily due to the higher results of operation of the company and the contribution of Bria homes to the consolidated operations.

There are no other material changes in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there are no material events and uncertainties known to management that would impact or change reported financial information and condition on the Company.

Factors which may have material impact in Company's operations

Economic factors
The economic situation in the Philippines significantly affects the performance of the Company's business. For the residential products, the Company is sensitive to changes in domestic interest and inflation rates. Higher interest rates tend to discourage potential consumers as deferred payment schemes become more expensive for them to maintain. An inflationary environment will adversely affect the Company, as well as other memorial park developers, by increases in costs such as land acquisition, labor, and materials. Although the Company may pass on the additional costs to buyers, there is no assurance that this will not significantly affect the Company's sales.

Competition

Please refer to the discussion on Competition found in Item 1 of this report.

Capital Expenditures
The table below sets out the Company's capital expenditures in 2016, 2017 and 2018 together with its budgeted capital expenditures for 2019.

	Expenditure
	(in ₱ millions)
2016 (actual)	435.85
2017 (actual)*	2,790.10
2018 (actual)*	3,840.00
2019 (budgeted)*	5,079.93

**Consolidated amount of the parent and the subsidiary*

The Company's capital expenditures have, in the past, been financed by internal funds. Funds from its IPO in 2016 are also being used to fund capital expenditures.

Components of the Company's capital expenditures for 2016, 2017 and 2018 are summarized below:

	For the years ended December 31,		
	2016	2017	2018
		(in ₱ millions)	
Land acquisition	62.50	1,089.40	1,314.08
Memorial park development	243.68	181.00	105.05
Memorial chapel construction	114.21	78.00	-
Land development	-	521.10	800.21
Construction	-	788.60	1,416.88
Property and equipment	15.46	132.00	203.78
Total	**15.46**	**2,790.10**	**3,840.00**

The Company has budgeted ₱5,079.93 million for capital expenditures for 2019. The planned capital expenditures for 2019 are summarized below:

	Expenditures
Capital Projects	*(in ₱ millions)*
Land acquisition	1,505.89
Memorial park development	108.00
Memorial chapel construction	112.00
Land development	1,173.77
Construction	1,892.97
Property and equipment	287.30
Total	**5,079.93**

The figures in the foregoing capital expenditure plans are based on the Company's management's estimates and have not been appraised by an independent organization. In addition, these capital expenditure plans are subject to a number of variables, including: possible cost overruns; construction/development delays; the receipt of environmental and other regulatory approvals; changes in management's views of the desirability of current plans; the identification of new projects; and macroeconomic factors such as the Philippines' economic performance and interest rates. There can be no assurance that the Company will execute the foregoing capital expenditure plans as contemplated at or below estimated costs.

Item 7. Financial Statements

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2018 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountants

Punongbayan & Araullo, independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2016, 2017, and 2018, included in this report.

Punongbayan & Araullo has acted as the Company's external auditors since June 15, 2015. Nelson J. Dinio is the current audit partner for the Company and the other subsidiaries. The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. Punongbayan & Araullo has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. Punongbayan & Araullo will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by Punongbayan & Araullo:

	2017*	2018*
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 2,800,000.00	₱ 2,350,000.00
All other fees	–	–
Total	**₱ 2,800,000.00**	**₱ 2,350,000.00**

**Consolidated audit fees of the parent and the subsidiary*

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

Since the incorporation of the Registrant in 1982, there was no instance where the Registrant's public accountants resigned or indicated that they decline to stand for re-election or were dismissed nor was there any instance where the Registrant had any disagreement with its public accountants on any accounting or financial disclosure issue.

The 2017 audit of the Registrant is in compliance with paragraph (3)(b)(iv) of SRC Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

For Changes in Accounting Policies, refer to Note 2 – Adoption of New and Amended PFRS under Summary of Significant Accounting Policies discussion on the Financial Statements as of and for the year ended December 31, 2018 included in this report.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

The overall management and supervision of the Company is undertaken by its Board. The Company's executive officers and management team cooperate with the Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Currently, the Board consists of seven members, of which two are independent directors. The following are the names, ages and citizenship of the incumbent directors/independent directors of the Registrant:

Name	Age	Position	Citizenship
Manuel B. Villar, Jr.	69	Director, Chairman of the Board	Filipino
Maribeth C. Tolentino	53	Director and President	Filipino
Frances Rosalie T. Coloma	56	Director, Chief Financial Officer and Chief Information Officer	Filipino
Rizalito J. Rosales	46	Director	Filipino
Camille A. Villar	33	Director	Filipino
Ana Marie V. Pagsibigan	49	Independent Director	Filipino
Garth F. Castañeda	37	Independent Director	Filipino

The following are the names, ages and citizenship of the Registrant's executive officers in addition to its executive and independent directors listed above as of December 31, 2018.

Name	Age	Position	Citizenship
Gemma M. Santos	56	Corporate Secretary	Filipino
Mark Aurelio B. Dantes	32	Investor Relations Officer	Filipino
Miles M. Teretit	33	Chief Accountant & Compliance Officer	Filipino

The following states the business experience of the incumbent directors and officers of the Registrant for the last five (5) years:

MANUEL B. VILLAR, JR., *Director and Chairman of the Board.* Mr. Villar, 68, was Senator of the Philippines from 2001 to June 2013. He served as Senate President from 2006 to 2008. He also served as a Congressman from 1992 to 2001 and as Speaker of the House of Representatives from 1998 to 2000. A Certified Public Accountant, Mr. Villar graduated from the University of the Philippines in 1970 with the degree of Bachelor of Science in Business Administration and in 1973 with the degree of Masters in Business Administration. He founded Camella Homes in the early 1970s and successfully managed said company over the years, to become the largest homebuilder in the Philippines now known as the Vista Land Group. Mr. Villar is also Chairman of the Board of Starmalls, Inc. He was appointed as Chairman of the Board of the Company in 12 May 2017.

MARIBETH C. TOLENTINO, *Director and President.* Ms. Tolentino is a Certified Public Accountant and graduated from the University of the East with a Bachelor's degree in Business Administration. She previously served as the General Manager of the Company from 1999 to 2005. Ms. Tolentino currently serves as the President of Vista Residences, Inc., Camella Homes, Inc. and Household Development Corporation and as director of Vista Land & Lifescapes, Inc., Vista Residences, Inc. and Camella Homes, Inc. Ms. Tolentino was appointed Chief Operations Officer of the Company in February 2016.

FRANCES ROSALIE T. COLOMA, *Director, Chief Financial Officer and Chief Information Officer,* graduated cum laude from the University of the Philippines with a Bachelor of Science degree in Business Administration and Accountancy. She is a Certified Public Accountant. She worked as Finance Manager of Alcatel Philippines Inc. and Intel Philippines, Inc., Country Controller of Ericsson Telecommunications Philippines Inc., and Deal Finance Manager of Accenture Delivery Center, Philippines. She was also the Assistant General Manager of Maersk Global Services, Philippines, and is currently the Chief Financial Officer of the Starmalls group. Ms. Coloma has been a director of the Company since July 2016 and was appointed Chief Financial Officer in June 15, 2017.

RIZALITO J. ROSALES, *Director,* Mr. Rosales graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Management, minor in Marketing. He attended his post-graduate studies in business from De La Salle University. He is the current president of Bria Homes, Inc., and was the Managing Director for Vista Residences and Corporate Planning Officer of VLL from 2007-2016. He was also Division Head for Polar Realty from 2003-2006 and Crown Asia from 2001-2003 after holding various Marketing and Sales functions in the company since 1995.

CAMILLE A. VILLAR, *Director*. Ms. Villar, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She took Management in Business Administration, Global Executive MBA Program in IESE Business School, Barcelona, Spain. She joined the Corporate Communications Group of Brittany in 2007 until she assumed the position of Managing Director of the Vista Land Commercial Division. She is also a Director of AllValue Holdings Corp. She has been a director of the Company since 30 August 2017.

ANA MARIE V. PAGSIBIGAN, *Independent Director*. Atty. Pagsibigan graduated from the University of the Philippines with a Bachelor's degree in History and from San Sebastian College with a Bachelor's degree in Law. She previously served as a director and the legal counsel of Great Domestic Insurance. She is currently the legal counsel to SEDAS Security Specialists. Atty. Pagsibigan was appointed as independent director of the Company on May 2016.

GARTH F. CASTANEDA, *Independent Director*. Atty. Castaneda graduated from the University of Sto. Tomas with a Bachelor's degree in Accountancy and from the University of the Philippines with a Bachelor's degree in Law. He previously served as a consultant of the Privatization Management Office. He is currently a partner at SYMECS Law and serves as a director and the Corporate Secretary of each of Phoenix Solar Philippines, Inc. and Communications Wireless Group (Philippines), Inc. Atty. Castaneda was appointed as independent director of the Company on May 2016.

GEMMA M. SANTOS, *Corporate Secretary*. Atty. Santos, graduated cum laude with the degree of Bachelor of Arts, Major in History from the University of the Philippines in 1981, and with the degree of Bachelor of Laws also from the University of the Philippines in 1985. She is a practicing lawyer and Senior Partner of Picazo Buyco Tan Fider & Santos Law Offices and Corporate Secretary of various Philippine companies, including public companies Roxas Holdings, Inc., Max's Group, Inc. and SSI Group, Inc. She was appointed as corporate secretary on 22 December 2017.

MARK AURELIO B. DANTES, *Investor Relations Officer*. Mr. Dantes, graduated from the University of the Philippines with a Bachelor's degree in Journalism. He holds a Master's degree in Business Administration from the National University of Singapore. Prior to joining the Company, Mr. Dantes joined the Corporate Communications Group of the Commercial Division of Vista Land & Lifescapes, Inc. Mr. Dantes was appointed as Investor Relations Officer of the Company on 1 October 2015.

MILES M. TERETIT, *Compliance Officer*. Ms. Teretit graduated from University of the East Manila with a Bachelor of Science degree in Business Administration, Major in Accounting. She is a certified public accountant. She worked as senior associate in SGV, Corporate Planning Manager in PepsiCola Products Philippines, Inc. and is currently the Chief Accountant of Golden Bria Holdings, Inc. Ms. Teretit was appointed Compliance Officer of the Company on 16 July 2018.

Family relationships

Mr. Manuel B. Villar Jr. is the father of Ms. Camille A Villar. They are both part of the Company's Board of Directors.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

To the best knowledge of the Company, none of its present directors, executive officers or its nominees for independent directors has been subject to the following:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;

- Any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities;

- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC 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.

Item 10. Executive Compensation

<u>Executive Compensation</u>

The compensation for its executive officers for the years 2017, 2018 (actual), and 2019 (projected) are shown below:

Name and Principal Position		Year	Salary	Bonus	Others
Manuel B. Villar, Jr.	Chairman				
Maribeth C. Tolentino	President of Golden Haven, Inc.				
Frances Rosalie T. Coloma	Chief Financial Officer / Chief Information Officer				
Rizalito J. Rosales	President of Bria Homes, Inc.				
Ma. Teresa P. Tumbaga	Treasurer of Bria Homes, Inc.				
Aggregate executive compensation for above named officers		**Actual 2017**	**₱26.48M**	**₱2.14M**	**None**
		Actual 2018	**₱32.19M**	**₱3.07M**	**None**
		Projected 2019	**₱35.90M**	**₱3.72M**	**None**
Aggregate executive compensation of all other officers and directors, unnamed		**Actual 2017**	**₱26.48M**	**₱2.14M**	**None**
		Actual 2018	**₱32.19M**	**₱3.07M**	**None**
		Projected 2019	**₱35.90M**	**₱3.72M**	**None**

Standard arrangements

Each director of the Company receives a per diem of ₱15,000 determined by the Board of Directors for attendance in a Board meeting and a ₱15,000 allowance for attendance in a committee meeting (except for independent directors). On April 10, 2018, the per diem for attendance in a Board meeting was increased to ₱15,000 and the allowance for attendance in a committee meeting was also increased to ₱ 15,000.

Other arrangements

Except for each of the individual Directors' participation in the Board, no Director of the Company enjoys other arrangements such as consulting contracts or similar arrangements.

Employment contract between the company and executive officers

There are no special employment contracts between the Company and the named executive officers.

Warrants and options held by the executive officers and directors

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

Significant employee

While the Company values the contribution of each of its executive and non-executive employees, the Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of the Registrant's voting securities as of December 31, 2018:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership[1]
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Fine Properties, Inc./ Record Owner is not the beneficial owner[2]	Filipino	412,057,800	63.97%
Common	Cambridge Group, Inc. Lower Ground Floor, Building B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City	Fine Properties, Inc./ Record Owner is not the beneficial owner[2]	Filipino	158,744,255	24.65%
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial owner[3]	Filipino	68,022,380	10.56%

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[1] Based on the Company's total issued and outstanding capital stocks as of December 31, 2018 of 644,117,649 common shares.

[2] Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of Fine Properties, Inc. The right to vote the shares held by Fine Properties, Inc. has in the past been, and is expected to be exercised by Mr. Manuel B. Villar, Jr.

[3] PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Depository & Trust Corporation, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines (PCD). Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of

[2] Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of Fine Properties, Inc. The right to vote the shares held by Fine Properties, Inc. has in the past been, and is expected to be exercised by Mr. Manuel B. Villar, Jr.

[3] PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Depository & Trust Corporation, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines (PCD). Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients. Except as indicated above, as of Record Date, the Registrant is not aware of any investor beneficially owning shares lodged with the PCD, which comprise more than five percent (5%) of the Registrant's total outstanding capital stock.

Security ownership of directors and executive officers as of December 31, 2018:

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership		Citizenship	Percent of Class[1]
Common	Manuel B. Villar, Jr. C. Masibay St. BF Resort Village, Talon, Las Piñas City	1,000	Indirect	Filipino	0.00%
Common	Maribeth C. Tolentino Block 1 Lot 2 Merida Subdivision BF Resort Village, Talon, Las Piñas City	2,835,000	Indirect	Filipino	0.44%
Common	Rizalito J. Rosales Block 11 Lot 3 Joshua St, Camella Las Piñas Classic Pilar, Las Piñas City	100	Indirect	Filipino	0.00%
Common	Frances Rosalie T. Coloma 1-10 Granwood Villas BF Homes, Quezon City	500	Indirect	Filipino	0.00%
Common	Camille A. Villar C. Masibay St. BF Resort Village, Talon, Las Piñas City	333,700	Indirect	Filipino	0.05%
Common	Anna Marie V. Pagsibigan 21 Matungao Bulacan, Bulacan	1	Indirect	Filipino	0.00%
Common	Garth F. Castañeda Unit 802, The Amaryllis Condominium 12th Street cor. E. Rodriguez Ave. Quezon City	1	Indirect	Filipino	0.00%
Total		**3,170,302**			**0.49%**

[1] *Based on the Company's total outstanding and issued capital stocks of 644,117,649 common shares as of December 31, 2018*

Except as indicated in the above table, the above named officers have no indirect beneficial ownership in the registrant.

Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

<u>Voting Trust Holders of 5.0% or More</u>

The Registrant is not aware of any person holding more than 5.0% of a class of shares under a voting trust or similar agreement.

<u>Changes in Control</u>

The Registrant is not aware of any arrangements, which may result in a change in control of the Registrant. No change in control of the Registrant has occurred since the beginning of its last fiscal year.

Item 12. Certain Relationships and Related Transactions

The Company, in the ordinary course of its business, engages in transactions with related parties. The Company's policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

For further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from and amounts payable related to parties, see Note 16 of the Company's financial statements as of December 31, 2018 included in this report.

PART IV – CORPORATE GOVERNANCE

Item 13. *To be disclosed separately.*

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17 – C

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Consolidated Financial Statements of the Company as of and for the year ended December 31, 2018.

The other exhibits, as indicated in the Index to Financial Statements and Supplementary Schedules are either not applicable to the Company or require no answer.

Reports on SEC Form 17-C

The following current reports have been reported by Golden Bria Holdings, Inc. during the year 2018 through official disclosure letters dated:

February 2, 2018
BOD Meeting Resolution - Amendments to Articles of Incorporation & By-Laws

February 2, 2018
Changes in Directors and/or Officers

February 19, 2018
Notice of Annual or Special Stockholder's Meeting

February 21, 2018
Change in Number of Issued and/or Outstanding Shares

February 23, 2018
Results of Special Stockholder's Meeting - Change in Corporate Name and/or Stock Symbol

February 23, 2018
Results of Special Stockholder's Meeting - Amendments to Articles of Incorporation & By-Laws

March 7, 2018
SEC Approval - Change in Corporate Name and/or Stock Symbol

March 7, 2018
SEC Approval - Amendments to Articles of Incorporation & By-Laws

April 10, 2018
BOD Meeting Resolution – 2016 Audited Financial statements release approval

April 16, 2018
Annual Report

May 15, 2018
BOD Meeting Resultion - release of the Unaudited Financial Statements of the Company as of and for the three months ended March 31, 2018; Approval of date of Annual Meeting

May 15, 2018
Notice of Annual Meeting

May 16, 2018
1Q2018 Quarterly Report

May 25, 2018
Preliminary Information Statement for Annual Meeting

May 31, 2018
Integrated Annual Corporate Governance Report

June 18, 2018
Definitive Information Statement for Annual Meeting

July 17, 2018
Results of Annual Meeting

July 17, 2018
Results of Organizational Meeting of Board of Directors

August 13, 2018
BOD Meeting Resultion - release of the Unaudited Financial Statements of the Company as of and for the three months ended June 30, 2018

August 13, 2018
Resignation/Election of Directors or Officers

August 15, 2018
Quarterly Report

August 17, 2018
Press Release

August 20, 2018
General Information Sheet – Amended

September 7, 2018
Clarification of News Reports

November 14, 2018
Quarterly Report

November 16, 2018
Press Release

Reports on SEC Form 17-C, as amended (during the last 6 months)

None

SIGNATURES

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

By:

MARIBETH C. TOLENTINO
President and Chief Executive Officer

GEMMA M. SANTOS
Corporate Secretary

FRANCES ROSALIE T. COLOMA
Chief Financial Officer

MILES M. TERETIT
Chief Accountant

SUBSCRIBED AND SWORN to before me this ______________________ at MANDALUYONG CITY ______________ affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Maribeth C. Tolentino	SSS ID 03-7209295-3	Philippines
Gemma M. Santos	P6347774A	29 Sep 2017 / DFA NCR South
Frances Rosalie T. Coloma	P2801722A	05 Apr 2017 / DFA Manila
Miles M. Teretit	PRC ID 0118565	10 Oct 2016 / Manila Philippines

Doc. No. 151
Page No. 95
Book No. I
Series of 2018

ATTY. [illegible]
NOTARY PUBLIC
UNTIL DECEMBER [illegible]
[illegible]

GOLDEN HAVEN, INC (formerly GOLDEN HAVEN MEMORIAL PARK, INC.)

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
Form 17-A, Item 7

Consolidated Financial Statements

Supplementary Schedules

Others

GOLDEN BRIA HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Golden Bria Holdings, Inc. and Subsidiary** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders or members.

Punongbayan & Araullo, the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

APR 1 2 2019

Signed this __________ day of ____________ 2019.

MANUEL B. VILLAR, JR.
Chairman of the Board

MARIBETH C. TOLENTINO
President

FRANCES ROSALIE T. COLOMA
Chief Financial Officer

SUBSCRIBED AND SWORN, to before me this APR 1 2 2019 at MANDALUYONG CITY, affiants exhibiting to me their respective identification documents, to wit:

Name	Passport No.	Date and Place of Issue
Manuel P. Villar, Jr.	EB0011147	14 OCT 2014 / DFA MANILA
Mylbeth C. Tolentino	SSS ID 03-7209203-3	PHILIPPINES
Francis Rinaldo T. Cabrera	P2601723A	05 APR 2017/ DFA MANILA

who has satisfactory proven to me their identities through their valid identification cards, and that they are the same persons who personally signed before me the foregoing and acknowledges that they executed the same.

Doc. No. 6
Page No. 1
Book No. III
Series of 2019.

ATTY. ARBIN EDMAR F. CAREÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2020
ROLL No. 57[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]
[illegible]

P&A
Grant Thornton
An instinct for growth™

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 988 2288

Report of Independent Auditors

The Board of Directors and Stockholders
Golden Bria Holdings, Inc. and a Subsidiary
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties Inc.]
San Ezekiel, C5 Extension
Las Piñas City

Opinion

We have audited the consolidated financial statements of Golden Bria Holdings, Inc. (the Parent Company) and a subsidiary (collectively referred as, the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for years ended December 31, 2018 and 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Parent Company for the year ended December 31, 2016, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and their consolidated financial performance and their consolidated cash flows for the years then ended, and the Parent Company's financial performance and its cash flows for the year ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Adoption of PFRS 15, Revenue from Contracts with Customers, on Real Estate Sales

Description of the Matter

The Group adopted PFRS 15, *Revenue from Contracts with Customers*, using the modified retrospective approach to all contracts not yet completed as of January 1, 2018. The adoption of PFRS 15 is significant to our audit due to the complexity of the application of the new standard and it materially affects the Group's recognition of real estate sales, which is the core source of income of the Group.

In addition, the adoption requires application of significant judgments and estimates which affect the amounts of transactions and balances reported in the consolidated financial statements. Areas affected by the adoption which require significant judgments and estimates include determining when a contract will qualify for revenue recognition and measuring the progress of the development of real estate projects which defines the amount of revenue to be recognized. These areas were significant to our audit as an error in application of judgments and estimates could cause a material misstatement in the consolidated financial statements.

The Group's policy for revenue recognition and the effect of the adoption of PFRS 15 are more fully described in Note 2 to the consolidated financial statements. The significant judgments and estimates used in the preparation of the consolidated financial statements relative to the adoption of PFRS 15 are more fully described in Note 3 to the consolidated financial statements.

How the Matter was Addressed in the Audit

i) Residential House and Lots and Condominium Units

As disclosed in Notes 2 and 3 to the consolidated financial statements, the Group recognizes revenue from the real estate sale of residential house and lots, and condominium units over time proportionate to the progress of the project development. The Group uses the input method in determining the percentage-of-completion after satisfying the gating criteria of PFRS 15, including establishing that collection of the total contract price is reasonably assured.

Our audit procedures to address the risk of material misstatement relating to revenue recognition on real estate sale of residential house and lots, and condominium units included, among others, the following:

- obtaining an understanding of the Group's revenue recognition policy, revenue processes and controls over the recognition and measurement of revenues from real estate sale of residential house and lots, and condominium units;

- determining, among others, whether the parties to the contract have approved the contract in writing; each party's rights regarding the real estate sale of house and lots and condominium units and progress of development thereof can be identified; the payment terms can be identified; the risk, timing or amount of the future cash flows is expected to change as a result of the contract has been identified; and, the collection of the consideration is probable;

- reviewing the reasonableness of the stage of completion on selected real estate projects by analysing the cost incurred to date to as a proportion of the total estimated and budgeted costs to confirm that real estate sales recognized properly reflects the percentage of completion of inventories.

- recalculating the percentage of collection per sales contract, on a sample basis, based on total accumulated principal payments as of the reporting date over contract price to determine if the Group established the buyers' commitment to complete their obligations over the sales contract;

- recomputing the revenues and costs recognized for the year based on the percentage of completion and tracing the revenues and costs recognized to the accounting records;

- performing substantive analytical review procedures over revenues such as, but not limited to, yearly and monthly analyses of real estate sale of house and lots and condominium units per project based on our expectations, which include corroborating evidence from other audit procedures, and verifying that the underlying data used in the analyses are complete;

- evaluating the appropriateness of the Group's application of PFRS 15 on its real estate sale of house and lots and condominium units and the related issuances by the Philippine Interpretations Committee and the Securities and Exchange Commission; and,

- performing the above procedures to the comparable period in the consolidated financial statements, as a result of the Group's adoption of PFRS 15, which was applied using the modified approach to all contracts not yet completed as of January 1, 2018, including the review of the adjustments made by the Group in its consolidated financial statements as of January 1, 2018.

ii) Memorial Lots

How the Matter was Addressed in the Audit

As disclosed in Notes 2 and 3 to the consolidated financial statements, the Group recognizes revenue at a point in time when development of memorial lots are substantially completed after satisfying the gating criteria of PFRS 15, including establishing that collection of the total contract price is reasonably assured.

Our audit procedures to address the risk of material misstatement relating to revenue recognition of real estate sales of memorial lots included, among others, the following:

- obtaining an understanding of the Group's revenue recognition policy, revenue processes and controls over the recognition and measurement of revenues from real estate sales of memorial lots;

- determining, among others, whether the parties to the contract have approved the contract in writing; each party's rights regarding the real estate sales of memorial lots; the payment terms can be identified; the risk, timing or amount of the future cash flows is expected to change as a result of the contract has been identified; and, the collection of the consideration is probable;

- recalculating the percentage of collection per sales contract, on a sample basis, based on total accumulated principal payments as of the reporting date over contract price to determine if the Group established the buyers' commitment to complete their obligations over the sales contract;

- tracing the revenues and costs recognized to the accounting records;

- performing substantive analytical review procedures over revenues such as, but not limited to, yearly and monthly analyses of real estate sales of memorial lots per project based on our expectations, which include corroborating evidence from other audit procedures, and verifying that the underlying data used in the analyses are complete;

- evaluating the appropriateness of the Group's application of PFRS 15 on real estate sales of memorial lots and the related issuances by the Philippine Interpretations Committee and the Securities and Exchange Commission; and

- performing the above procedures to the comparable prior period presented in the consolidated financial statements, as a result of the Group's adoption of PFRS 15, which was applied using the modified approach to all contracts not yet completed as of January 1, 2018, including the review of the adjustments made by the Group in its consolidated financial statements as of January 1, 2018.

(b) Existence and Valuation of Real Estate Inventories

Description of the Matter

As of December 31, 2018, the Group's real estate inventories which relates to significant number of projects located at the major areas throughout the country amounted to P6.4 billion. These include subdivision lots, houses and lots, land development, memorial lots, condominium units and raw land. Real estate inventories are stated at the lower of cost and net realizable value, which is the estimated selling price less costs to complete and sell.

An assessment of the net realizable value of real estate inventories is carried out at each reporting date. It requires estimation of selling prices, which consider recent market prices and conditions, and costs to complete and sell, which are subject to a number of variables including the accuracy of designs, market conditions in respect of materials and sub-contractor costs and construction issues. Accordingly, a change in the management estimation of selling prices and estimated cost to complete and sell could have a material impact on the carrying value of real estate inventories in the Group's financial statements.

Due to the voluminous transactions and the significance of management judgment and estimates involved, we have identified the risks relating to existence and valuation of real estate inventories as significant in our audit.

The Group's accounting policy relative to real estate inventories and the sources of estimation uncertainty on the net realizable value of real estate inventories are disclosed in Notes 2 and 3 to the financial statements. The analysis of the Group's real estate inventories is disclosed in Note 7.

How the Matter was Addressed in the Audit

Our audit procedures included, among others:

Existence

- performing ocular inspection of selected real estate projects near the reporting date to confirm the existence and current condition of such projects at the end of the reporting period;

- examining documents such as land titles, suppliers' and contractors' agreements, invoices, official or collection receipts and accomplishment billings, supporting the costs of real estate inventories capitalized, including the costs of acquired land, during the reporting period to corroborate with other audit procedures relating to existence assertion;

Valuation

- reviewing the reasonableness and appropriateness of the Group's calculation of the valuation of its real estate inventories at lower of cost and net realizable value; and,

- comparing the estimated selling prices, and costs to complete and sell, on a sample basis, against the contract prices of recently completed sales, and historical data related to restoration costs, commissions and other related expenses.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A and Annual Report for the year ended December 31, 2018 (but does not include the financial statements and our auditors' report thereon). The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Nelson J. Dinio.

PUNONGBAYAN & ARAULLO

By: **Nelson J. Dinio**
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 7333691, January 3, 2019, Makati City
SEC Group A Accreditation
Partner - No. 1036-AR-2 (until Mar. 15, 2020)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-32-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

April 10, 2019

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2018	2017
A S S E T S			
CURRENT ASSETS			
Cash	5	**P 501,479,281**	P 795,866,469
Contracts receivable	6	**4,499,709,981**	3,676,912,811
Contract assets	2	**1,396,224,260**	-
Due from related parties	19	**8,273,812**	106,128,935
Other receivables	6	**996,468,894**	502,633,512
Real estate inventories	7	**6,445,038,998**	4,728,968,498
Other current assets	8	**1,301,019,846**	728,723,272
Total Current Assets		**15,148,215,072**	10,539,233,497
NON-CURRENT ASSETS			
Contracts receivable	6	**2,256,189,684**	1,932,099,197
Property and equipment – net	9	**330,115,161**	277,585,941
Investment properties	10	**587,411,575**	377,527,304
Other non-current assets	8	**62,417,131**	79,036,998
Total Non-current Assets		**3,236,133,551**	2,666,249,440
TOTAL ASSETS		**P 18,384,348,623**	P 13,205,482,937
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans	11	**P 1,170,462,895**	P 606,069,721
Trade and other payables	12	**4,392,255,571**	3,020,275,566
Rawlands payable	12	**1,582,158,966**	1,156,068,665
Customers' deposits	13	**1,899,366,550**	922,675,619
Due to related parties	19	**952,552,860**	1,007,226,830
Income tax payable		**19,513,102**	2,090,932
Total Current Liabilities		**10,016,309,944**	6,714,407,333
NON-CURRENT LIABILITIES			
Interest-bearing loans	11	**826,324,569**	895,952,110
Deferred tax liabilities – net	18	**997,787,144**	811,859,281
Reserve for perpetual care	14	**426,433,783**	266,270,594
Retirement benefit obligation	20	**38,432,645**	1,148,816
Total Non-current Liabilities		**2,288,978,141**	1,975,230,801
Total Liabilities		**12,305,288,085**	8,689,638,134
EQUITY	21		
Capital stock		**644,117,649**	644,117,649
Additional paid-in capital		**2,970,208,753**	2,970,208,753
Revaluation reserves – net		**5,815,526**	5,130,295
Retained earnings		**2,458,918,610**	896,388,106
Total Equity		**6,079,060,538**	4,515,844,803
TOTAL LIABILITIES AND EQUITY		**P 18,384,348,623**	P 13,205,482,937

See Notes to Financial Statements.

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Notes	**2018 (Consolidated)**	2017 (Consolidated)	2016 (Parent Company)
REVENUES	2,15			
Real estate sales		**P 5,654,913,982**	P 3,570,985,034	P 772,080,140
Interment income		**32,879,843**	28,032,253	22,108,159
Interest income on contract receivables	6	**50,883,794**	73,039,495	20,399,147
Income from chapel services		**36,225,834**	13,069,056	-
		5,774,903,453	3,685,125,838	814,587,446
COSTS AND EXPENSES	16			
Costs of sales and services		**2,881,322,089**	1,874,788,066	332,166,938
Other operating expenses		**1,218,336,558**	850,314,219	247,674,620
		4,099,658,647	2,725,102,285	579,841,558
OPERATING PROFIT		**1,675,244,806**	960,023,553	234,745,888
OTHER INCOME (CHARGES)				
Finance costs	11, 20	**(96,349,426)**	(40,587,011)	(7,509,332)
Finance income	5, 6	**47,643,510**	1,018,278	2,766,880
Others	17	**172,819,583**	88,191,548	27,675,931
		124,113,667	48,622,815	22,933,479
PROFIT BEFORE TAX		**1,799,358,473**	1,008,646,368	257,679,367
TAX EXPENSE	18	**(231,604,343)**	(309,673,179)	(77,456,750)
NET PROFIT		**1,567,754,130**	698,973,189	180,222,617
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Unrealized fair value gains (loss) on available-for-sale financial assets	8	**-**	7,767,214	-
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit post-employment obligation	20	**12,074,922**	(331,067)	186,319
Tax income (expense)	18	**(3,622,477)**	99,320	(55,896)
		8,452,445	7,535,467	130,423
TOTAL COMPREHENSIVE INCOME		**P 1,576,206,575**	P 706,508,656	P 180,353,040
Basic and Diluted Earnings Per Share	22	**P 2.43**	P 1.41	P 0.39

See Notes to Financial Statements.

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Capital Stock (see Note 21)	Additional Paid-in Capital (see Note 21)	Revaluation Reserves (see Notes 8 and 21)	Retained Earnings (see Note 21) Appropriated	Retained Earnings (see Note 21) Unappropriated	Total Equity
Balance at January 1, 2018						
As previously reported	P 644,117,649	P 2,970,208,753	P 5,130,295	P -	P 896,388,106	P 4,515,844,803
Effect of PFRS 15	-	-	-	-	(5,223,626)	(5,223,626)
As restated	644,117,649	2,970,208,753	5,130,295	-	891,164,480	4,510,621,177
Derecognition of available for sale securities	-	-	(7,767,214)	-	-	(7,767,214)
Total comprehensive income for the year	-	-	8,452,445	-	1,567,754,130	1,576,206,575
Balance at December 31, 2018	**P 644,117,649**	**P 2,970,208,753**	**P 5,815,526**	**P -**	**P 2,458,918,610**	**P 6,079,060,538**
Balance at January 1, 2017	P 494,117,649	P 628,928,339	(P 2,405,172)	P -	P 197,414,917	P 1,318,055,733
Issuance of capital stock	150,000,000	2,864,027,483	-	-	-	3,014,027,483
Excess of cost over net assets of subsidiary	-	(522,747,069)	-	-	-	(522,747,069)
Total comprehensive income for the year	-	-	7,535,467	-	698,973,189	706,508,656
Balance at December 31, 2017	P 644,117,649	P 2,970,208,753	P 5,130,295	P -	P 896,388,106	P 4,515,844,803
Balance at January 1, 2016	P 20,000,000	P -	(P 2,535,595)	P 400,000,000	P 17,192,300	P 434,656,705
Issuance of capital stock	74,117,649	628,928,339	-	-	-	703,045,988
Reversal of appropriation of retained earnings	-	-	-	(400,000,000)	400,000,000	-
Stock dividends	400,000,000		-	-	(400,000,000)	-
Total comprehensive income for the year	-	-	130,423	-	180,222,617	180,353,040
Balance at December 31, 2016	P 494,117,649	P 628,928,339	(P 2,405,172)	P -	P 197,414,917	P 1,318,055,733

See Notes to Financial Statements.

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
(A Subsidiary of Fine Properties, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	Notes	**2018 (Consolidated)**	2017 (Consolidated)	2016 (Parent Company)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 1,799,358,473**	P 1,008,646,368	P 257,679,367
Adjustments for:				
Interest income	5, 6	**(98,527,304)**	(74,060,176)	(23,166,027)
Interest expense	11, 20	**93,974,898**	40,524,232	7,505,449
Depreciation and amortization	9	**67,722,172**	43,789,629	12,486,919
Loss on write-off of available for sale financial asset	8	**32,363,390**	-	-
Operating profit before working capital changes		**1,894,891,629**	1,018,900,053	254,505,708
Increase in contracts receivable		**(1,159,239,716)**	(1,892,449,553)	(221,676,758)
Increase in contract assets		**(1,396,224,260)**	-	-
Decrease (increase) in other receivables		**(493,835,382)**	363,154,478	(71,996,511)
Increase in real estate inventories		**(1,585,162,318)**	(178,767,611)	(127,223,792)
Decrease (increase) in other current assets		**(575,903,188)**	(165,013,990)	4,541,427
Increase in security deposits		**(23,510,737)**	(7,770,813)	-
Increase (decrease) in trade and other payables		**1,375,085,283**	(1,588,562,261)	110,488,794
Increase in rawlands payable		**426,090,301**	964,010,123	162,038,491
Increase in customers' deposits		**976,690,931**	382,462,619	5,461,361
Increase in retirement benefit obligation		**49,659,730**	867,360	113,903
Increase in other liabilities		**160,163,189**	68,110,024	46,007,405
Cash generated from (used in) operations		**(351,294,538)**	(1,035,059,571)	162,260,028
Interest received		**98,527,304**	74,057,773	23,166,027
Cash paid for income taxes		**(27,652,570)**	(34,464,693)	(35,304,522)
Net Cash From (Used in) Operating Activities		**(280,419,804)**	(995,466,491)	150,121,533
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of investment properties	10	**(334,281,622)**	(251,186,325)	(225,972,080)
Acquisitions of property and equipment	9	**(125,650,398)**	(154,606,085)	(129,668,646)
Collections of advances to related parties	19	**98,020,772**	64,762,839	-
Proceeds from disposals of property and equipment	9	**1,554,681**	2,205,848	-
Advances granted to related parties	19	**(165,649)**	(100,020,772)	-
Acquisition of investment in subsidiary	1	**-**	(3,014,027,483)	-
Net Cash Used in Investing Activities		**(360,522,216)**	(3,452,871,978)	(355,640,726)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of interest-bearing loans and borrowings	28	**1,163,912,784**	762,444,112	500,000,000
Repayment of interest-bearing loans and borrowings	28	**(669,147,151)**	(151,430,778)	(8,708,469)
Interest paid on loan borrowings		**(93,536,831)**	(40,524,232)	(7,509,332)
Repayment of amount due to related parties	19, 28	**(54,673,970)**	(7,207,642)	-
Proceeds from issuance of shares of stock	21	**-**	3,014,027,483	703,045,988
Advances obtained from due to related parties	19, 28	**-**	996,057,453	-
Dividends paid	21	**-**	-	(650,000,000)
Net Cash From Financing Activities		**346,554,832**	4,573,366,396	536,828,187
NET INCREASE (DECREASE) IN CASH		**(294,387,188)**	125,027,927	331,308,994
INCREASE IN CASH DUE TO BUSINESS COMBINATION		**-**	224,885,963	-
CASH AT BEGINNING OF YEAR		**795,866,469**	445,952,579	114,643,585
CASH AT END OF YEAR		**P 501,479,281**	P 795,866,469	P 445,952,579

See Notes to Financial Statements.

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Organization and Operations

Golden Bria Holdings, Inc. (HVN or the Parent Company), formerly Golden Haven, Inc., was incorporated in the Philippines on November 16, 1982. The Parent Company's primary purpose is to invest, purchase or otherwise to acquire and own, hold, use, sell, assign, transfer, lease mortgage, exchange, develop, manage or otherwise dispose of real property, such as but not limited to memorial lots and chapels, or personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporations. As of December 31, 2018, the Parent Company is 63.97% effectively owned subsidiary of Fine Properties, Inc. (FPI), which is a holding company (see Note 1.2).

The Parent Company opened a memorial chapel, which began operations in 2017. A new revenue stream, which includes memorial service (chapel and outside viewing) and cremation. Also, in the same year, the Parent Company's Board of Directors (BOD) and stockholders in a special board meeting approved the following amendments to the Company's Article of Incorporation and By-laws, which amendments were approved by the Securities and Exchange Commission (SEC) on October 20, 2017:

(a) the change in corporate name from Golden Haven Memorial Park, Inc. to Golden Haven, Inc.;

(b) the private placement of 150,000,000 in common shares (see Note 21.1); and,

(c) to include in its primary purpose the investing, purchasing or otherwise to acquire and own, hold, use, sell, assign, transfer, lease mortgage, exchange, develop, manage or otherwise dispose of real property, such as but not limited to memorial lots and chapels, or personal property of every kind and description, including shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any corporations.

In 2017, HVN acquired 99.99% ownership interest in Bria Homes, Inc. (BHI). Accordingly, BHI became a subsidiary of HVN (see Note 1.2). BHI is presently engaged in developing and selling real estate properties, particularly, residential houses, and lots.

On February 1, 2018, the Parent Company's BOD approved the change in the Parent Company's corporate name from Golden Haven, Inc. to Golden Bria Holdings, Inc. The said change was approved by the SEC and Bureau of Internal Revenue (BIR) on March 6, 2018 and May 18, 2018, respectively.

On November 10, 2016 and March 23, 2017, the SEC and BIR approved the change in BHI's registered office from 3L Starmall Las Piñas, CV Starr Avenue, Pamplona, Las Piñas City to Lower Ground Floor, Bldg. B Evia Lifestyle Center, Daang Hari Rd., Almanza Dos, City of Las Pinas. The new registered address of BHI is also its principal place of business. The registered office of HVN, which is also its principal place of business, is located at San Ezekiel, C5 Extension, Las Piñas City. The registered office of FPI is located at 3rd Level, Starmall Las Piñas, CV. Starr Avenue, Pamplona, Las Piñas City.

The Parent Company's shares of stock are listed at the Philippine Stock Exchange (PSE) beginning June 29, 2016 (see Note 21).

1.2 Business Combination

The 2018 and 2017 consolidated financial statements comprise the financial statements of the Parent Company and its subsidiary (collectively referred herein as the Group).

Prior to the acquisition of the Parent Company, BHI is 99.99% owned by Cambridge Group, Inc. (CGI), a related party under common ownership.

In 2017, FPI subscribed 5,000,000 shares issued by CGI, which represents 83.33% of ownership interest of CGI. Hence, the latter became a subsidiary of FPI starting 2017.

Also, in 2017, the Parent Company executed a Deed of Absolute Sale of Shares for its acquisition of substantially all issued and outstanding capital stock of BHI which is legally and/or beneficially owned by CGI. The Parent Company acquired 9,999,430 common shares for P301.42 per share or an aggregate purchase price of P3,014.03 million or 99.99% of the outstanding and issued shares of BHI. As a result, BHI became a wholly-owned subsidiary of the Parent Company.

The Parent Company believes the acquisition of BHI will diversify its real estate business by entering into the mass housing market, accelerate growth and enhance profitability through the creation of additional revenue streams independent of its current business and allow the Parent Company to maximize the value of its land bank by providing other avenues for its utilization, and build shareholders' value.

As condition to the acquisition of BHI, the Parent Company's BOD authorized the issuance of 150,000,000 common share to CGI by way of private placement out of the unissued authorized capital stock, at a subscription price of P20.0935 per share or an aggregate subscription price of P3,014.03 million (see Note 21).

Both the Parent Company and BHI are entities under common control of FPI. Accordingly, the Parent Company accounted for the acquisition of BHI under pooling of interest method of accounting [see Note 2.3 (b)].

The difference between the net assets of BHI at business combination and the amount of the shares issued by HVN to CGI amounting to P522.7 million is accounted for as equity reserves which were eventually closed to Additional paid-in capital.

The computation of the equity reserves recognized as a result of the combination of HVN and BHI is presented below:

Assets received	P 7,919,014,623
Liabilities assumed	(5,427,734,209)
Net assets of BHI	2,491,280,414
Consideration (see Note 21.1)	(3,014,027,483)
Equity reserves recognized	(P 522,724,069)

1.3 Approval of Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2018 (including the comparative consolidated financial statements of the Group as of December 31, 2017 and Parent Company's financial statements for the year ended December 31, 2016) were authorized for issue by the Parent Company's BOD on April 10, 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) *Statement of Compliance with Philippine Financial Reporting Standards*

The financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC), from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income, expense and other comprehensive income or loss in a single statement of comprehensive income.

As discussed in Note 1.2, BHI became a subsidiary of the Parent Company in 2017. Accordingly, starting 2017, the Group prepares consolidated financial statements. Since the Parent Company has no subsidiary prior to 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2016 is that of the Parent Company only.

The Group presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

These financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Group are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Group operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2018 that are Relevant to the Group

The Group adopted for the first time the following PFRS, amendments and interpretation to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2018:

PAS 40 (Amendments)	:	Investment Property – Transfers of Investment Property
PFRS 9	:	Financial Instruments
PFRS 15	:	Revenue from Contracts with Customers; Clarifications to PFRS 15
International Financial Reporting Interpretations Committee (IFRIC) 22	:	Foreign Currency Transactions and Advance Consideration

Discussed below are the relevant information about these standards, amendments and interpretation.

(i) PAS 40 (Amendments), *Investment Property – Transfers of Investment Property.* The amendment states that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendment provided a non-exhaustive list of examples constituting change in use. The application of this amendment has no impact on the Group's financial statements as the Group properly recognizes land held for capital appreciation as Investment Properties and only subsequently reclassifies it to Real Estate Inventories when these properties are used as memorial lots for development and sale (see Notes 7 and 10).

(ii) PFRS 9, *Financial Instruments* (issued in 2014). This new standard on financial instruments will replace PAS 39, *Financial Instruments: Recognition and Measurement,* and PFRS 9 issued in 2009, 2010 and 2013. This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments, i.e., financial assets at amortized cost, fair value through profit and loss (FVPL), and fair value through other comprehensive income (FVOCI);

- an expected credit loss (ECL) model in determining impairment of all debt financial assets that are not measured at fair value through profit or loss (FVPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of such financial assets; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

The Group applied PFRS 9 using transitional relief allowed by the standard. This allows the Group not to restate its comparative prior period's financial statements. However, the adoption of this standard has no significant impact on the classification and measurement of the Group's financial assets and liabilities. Most of the Group's financial assets are being held to collect the associated cash flows and will continue to be accounted for at amortized cost. In addition, the Group's application of ECL methodology on its financial assets at amortized costs did not result in any significant adjustments to the Group's financial statements as of January 1, 2018 and for the current year. The Group's new accounting policies relative to the adoption of PFRS 9 is fully disclosed in Note 2.5 and 2.10, while the related disclosure on credit risk is included in Note 24.2.

(iii) PFRS 15, *Revenue from Contract with Customers,* together with the *Clarifications to PFRS 15* (herein referred to as PFRS 15). This standard replaced PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize.

The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Relative to the adoption of PFRS 15 in the Philippines, the FRSC also approved the issuance of the following:

- Philippines Interpretation Committee (PIC) Question & Answer (Q&A) No. 2018-11, *Classification of Land by Real Estate Developer*, which requires real estate developers to classify land based on management's intention and apply the appropriate accounting treatment as required by relevant standards;

- PIC Q&A 2016-04, *Application of PFRS 15*, "*Revenue from Contracts with Customers," on Sale of Residential Properties under Pre-completion Contracts*. This Q&A clarifies that sales of residential properties under pre-completion stage is recognized over time on the basis that the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable sight to payment for performance completed to date.

- PIC Q&A 2018-12, *PFRS 15-Implementation Issues Affecting the Real Estate Industry*. This Q&A provides guidance on the application of PFRS 15 to real estate industry particularly on how and when to measure and recognize revenue arising from real estate sales.

- PIC Q&A 2018-14, *PFRS 15 - Accounting for Cancellation of Real Estate Sales*. This Q&A provides guidance on the appropriate accounting treatment for cancellation of real estate sales.

Relative to the adoption of PFRS 15 and relevant PIC Q&As, the SEC issued the following Memorandum Circulars (MC) which provide transition relief to the real estate industry by allowing certain provisions of the standard and interpretations for three years or until 2020.

- MC No. 14 Series of 2018. This circular allows the deferral of the following provisions from PIC Q&A 2018-12:

    (a) accounting for the significant financing component in a contract to sell;

    (b) inclusion of land in the determination of percentage of completion; and,

    (c) treatment of uninstalled materials in the determination of percentage of completion.

- MC No. 3 Series of 2019. This circular allows the deferral of the application of PIC Q&A 2018-12-H, *Accounting for Common Usage Area*, specific to the accounting for common usage service area, and PIC Q&A 2018-14.

The Group elected to defer the adoption of the relevant concepts in PIC Q&A 2018-12 and 2018-14 in accordance with MC No. 14 Series of 2018 and MC No. 3 Series of 2019.

Had the Group elected not to defer the above specific provisions, it would have the following impact in the consolidated financial statements:

- the exclusion of land and uninstalled materials in the determination of percentage of completion would reduce the percentage of completion of real estate projects resulting in a decrease in retained earnings as at January 1, 2018 as well as a decrease in the revenue from real estate sale of residential house and lots and condominium units for the year ended December 31, 2018;

- the mismatch between the percentage of completion of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income would have been recognized for the contract asset and interest expense for the contract liability using the effective interest rate method and this would have affected the retained earnings as at January 1, 2018 and the revenue from real estate sale of residential house and lots, and condominium units for the year ended December 31, 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes; and,

- upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been adopted). This would have increased retained earnings as at January 1, 2018 and recognized the gain from repossession for the year ended December 31, 2018. Currently, the Group records the repossessed inventory at its original carrying amount and recognizes any difference between the carrying amount of the derecognized contract receivable or contract asset and the repossessed property in profit or loss.

The Group's adoption of PFRS 15 has resulted in changes in its accounting policies (see Note 2.13) and adjustments to the opening balance of the Retained Earnings recognized in the Group's financial statements as of January 1, 2018. The Group has applied the new standard retrospectively without restatement of comparative periods presented, with the cumulative effect of initial application recognized as an adjustment to the opening balance of Retained Earnings account at January 1, 2018. In accordance with the transition provisions of PFRS 15, the standard has only been applied to contracts that are not completed as of January 1, 2018.

The Group's transition to PFRS 15 has resulted to a decrease in the Retained Earnings as of January 1, 2018 by P5.2 million.

The following adjustments are made to the Group's consolidated financial statements of December 31, 2018 and its beginning retained earnings and related accounts as January 1, 2018.

- reclassified portion of Contract Receivables relating to rights to payment which are conditioned upon the completion of units sold to Contract Assets account;

- restated the balances of Contract Receivables, Real Estate Inventories, Real Estate Sales, Cost of Sales and Services and beginning Retained Earnings to reflect the appropriate revenue recognition policy based on its determination of percentage-of-completion; and,

- capitalized commissions directly related to contract acquisitions, previously charged under Other Operating Expenses in the consolidated statement of comprehensive income, as part of Other Current Assets account in the consolidated statement of financial position.

The table below shows the effects of the adoption of PFRS 15 in the consolidated statement of financial position as of January 1, 2018.

	As Previously Reported	Effects of Adoption of PFRS 15	As Restated
Changes in Current Assets			
Contract receivables	P 3,676,912,811	(P 13,552,395)	P 3,663,360,416
Contract assets	-	1,200,336	1,200,336
Real estate inventories	4,728,968,498	6,510,830	4,735,479,328
Other current assets	728,723,272	617,603	729,340,875
Net decrease in current assets		(P 5,223,626)	
Changes in Equity			
Retained earnings	P 896,388,106	(P 5,223,626)	P 891,164,480

The following tables summarize the impact of adopting PFRS 15 in the Group's consolidated financial statements as of and for the year ended December 31, 2018.

	Consolidated Statement of Financial Position		
	As Reported	Effects of Adoption of PFRS 15	Amounts Without PFRS Adjustment
Changes in Current Assets			
Contract receivables	P 4,499,709,981	P 2,046,449,306	P 6,546,159,287
Contract assets	1,396,224,260	(1,396,224,260)	-
Real estate inventories	6,445,038,998	(1,127,628,506)	5,317,410,492
Other current assets	1,301,019,846	(58,139,253)	1,242,880,593
		(535,542,713)	
Changes in Non-Current Assets			
Contract receivables	2,256,189,684	9,014,322	2,265,204,006
Changes in Equity			
Retained earnings	P 2,458,918,610	(P 526,528,389)	P 1,932,390,221

	Consolidated Statement of Comprehensive Income		
	As Reported	Effects of Adoption of PFRS 15	Amounts Without PFRS Adjustment
Changes in Profit of Loss			
Revenues	P 5,774,903,453	(P 1,013,129,744)	P 4,761,773,709
Cost of sales and services	2,881,322,089	(539,516,982)	2,341,805,107
Other operating expenses	1,218,336,558	58,139,253	1,276,475,811
Net profit	P 1,567,754,130	(P 531,752,015)	P 1,036,002,115

(iv) IFRIC 22, *Foreign Currency Transactions and Advance Consideration*. The interpretation provides more detailed guidance on how to account for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation states that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary asset (arising from advance payment) or liability (arising from advance receipt). If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The application of this amendment has no impact on the Group's financial statements.

(b) Effective in 2018 that are not Relevant to the Group

The following amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2018 but are not relevant to the Group's financial statements:

PFRS 2 (Amendments)	:	Share-based Payment – Classification and Measurement of Share-based Payment Transactions
PFRS 4 (Amendments)	:	Insurance Contracts – Applying PFRS 9 with PFRS 4, Insurance Contracts
Annual Improvements to PFRS (2014-2016 Cycle)		
PAS 28 (Amendments)	:	Investment in Associates and Joint Ventures – Measuring an Associate or Joint Venture at Fair Value
PFRS 1 (Amendments)	:	First-time Adoption of Philippine Financial Reporting Standards – Deletion of Short-term Exemptions

(c) Effective Subsequent to 2018 but not Adopted Early

There are new PFRS, interpretation, amendments and annual improvements to existing standards effective for annual periods subsequent to 2018, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's financial statements:

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement* (effective January 1, 2019). The amendments require the use of updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

(ii) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similar to a purchased asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The management plans to adopt the modified retrospective application of PFRS 16 where the cumulative effect of initially applying the standard will be recognized as an adjustment to the opening balance of Retained Earnings account at the date of initial application. The Group will elect to apply the standard to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. Management has initially assessed that the adoption of this new standard will not have a material financial impact on the Group's financial statements.

(iii) IFRIC 23, *Uncertainty over Income Tax Treatments* (effective from January 1, 2019). The interpretation provides clarification on the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates when there is uncertainty over income tax treatments. The core principle of the interpretation requires the Group to consider the probability of the tax treatment being accepted by the taxation authority. When it is probable that the tax treatment will be accepted, the determination of the taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates shall be on the basis of the accepted tax treatment. Otherwise, the Group has to use the most likely amount or the expected value, depending on the surrounding circumstances, in determining the tax accounts identified immediately above.

(iv) PFRS 10 (Amendments), *Consolidated Financial Statements*, and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

(v) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the following amendments are relevant to the Group:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends.* The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization.* The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.

- PFRS 3 (Amendments), *Business Combinations*, and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation.* The amendments clarify that previously held interest in a joint operation shall be remeasured when the Group obtains control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the Group obtains joint control of the business.

2.2 Basis of Consolidation

The Group's consolidated financial statements as of and for the years ended December 31, 2018 and 2017 comprise the accounts of the Parent Company and its subsidiary as disclosed in Note 1, after the elimination of material intercompany transactions. All intercompany assets and liabilities, equity, income, expense and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the financial statements.

The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

A subsidiary is an entity (including structured entities) over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is from the date the Parent Company obtains control.

The Parent Company reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, an entity is deconsolidated from the date that control ceases.

2.3 Business Combinations

Business combination is subject to either of the following relevant policies:

(a) Acquisition Method

This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any noncontrolling interest in the acquiree, either at fair value or at the noncontrolling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any noncontrolling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss.

(b) Pooling of Interest Method

Under the pooling of interest, the assets and liabilities of the Group are reflected in the consolidated financial statements at carrying values. The difference between the net assets of the acquiree at business combination and the amount of consideration transferred by the acquirer is accounted for as equity reserve.

The consolidated statement of comprehensive income reflects the results of the Group, irrespective of when the combination took place and retained earnings reflects the accumulated earnings of the Group as if the entities had been combined at the beginning of the year. Any revaluation reserves under the equity of the Group, is carried over in the consolidated financial statement at its pooling of interest values determined as if the pooling of interest method has been applied since the entities were under common control.

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's BOD, its chief operating decision-maker. The BOD is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8, *Operating Segments,* are the same as those used in its financial statements, except depreciation and amortization that are not included in arriving at the operating profit of the operating segments.

In addition, corporate assets and liabilities which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

2.5 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification, Measurement and Reclassification of Financial Assets in Accordance with PFRS 9

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The financial assets category currently relevant to the Group is financial assets at amortized cost.

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

- the asset is held within the Group's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at transactions price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment value.

The Group's financial assets at amortized cost are presented in the statement of financial position as Cash, Contracts Receivables, Due from related parties, Security deposits (presented under Other Assets) and Other Receivables (except Advances to contractors).

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as part of Finance Cost.

(b) Classification, Measurement and Reclassification of Financial Assets in Accordance with PAS 39

Financial assets are assigned to different categories by management on initial recognition, depending on the purpose for which the investments were acquired and their characteristics. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables and Available-for-sale (AFS) financial assets.

A more detailed description of the categories of financial assets relevant to the Group as of December 31, 2017 follows:

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the end of each reporting period, which are classified as non-current assets.

The Group's financial assets categorized as loans and receivables are presented as Cash, Contracts Receivables, Due from related parties, Security deposits (presented under Other Assets) and Other Receivables (except Advances to contractors) in the statement of financial position. Cash include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

(ii) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets under the Other Non-current Financial Assets account in the statement of financial position unless management intends to dispose of the investment within 12 months from the reporting period. The Group's AFS financial assets include equity securities, investment in mutual funds and gold club shares.

All financial assets within this category are subsequently measured at fair value. Gain or loss from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured. Interest calculated using the effective interest method for all categories of financial assets is recognized in the statement of profit or loss. Dividends on equity instruments are recognized in profit or loss when the Group's right to receive payment is established.

A financial asset is reclassified out of the FVTPL category when the financial asset is no longer held for the purpose of selling or repurchasing it in the near term or under rare circumstances. A financial asset that is reclassified out of the FVTPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in profit or loss is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

(c) Impairment of Financial Assets Under PFRS 9

From January 1, 2018, the Group assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Group's identification of a credit loss event. Instead, the Group considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Group applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all contract and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Group also assesses impairment of contract receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due (see Note 24.2).

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of likelihood of default over a given time horizon.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Impairment of Financial Assets Under PAS 39

As of December 31, 2017, the Group assessed at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group recognizes impairment loss based on the category of financial assets as follows:

(i) Carried at Amortized Cost – Loans and Receivables

If there is objective evidence that an impairment loss on loans and receivables carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in the profit or loss.

(ii) Carried at Fair Value – AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from Revaluation Reserves to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

(e) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group y retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

2.6 Inventories

a) Real Estate Inventories

Real estate inventories include raw land, residential house and lots for sale, condominium units and property development costs. At the end of the reporting period, real estate inventories are valued at the lower of cost and net realizable value. Cost includes acquisition costs of the land plus the costs incurred for its development, improvement and construction, including capitalized borrowing costs (see Note 2.17). All costs relating to the real estate property sold are recognized as expense as the work to which they relate is performed.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Real estate inventories for sale are written down to their net realizable values when such accounts are less than their carrying values.

b) Construction Materials

Construction materials (presented as part of Other Current Assets) pertains to cost of uninstalled and unused construction and development materials at the end of the reporting period. It is recognized at purchase price and is subsequently recognized as part of real estate inventories when installed or used during construction and development of real estate projects.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations during the period in which the loss is determined.

Repossessed inventories arising from sales cancellation is recognized at cost. The difference between the carrying amount of the receivable or Contract Asset to be derecognized and the cost of the repossessed property is recognized in the consolidated statement of comprehensive income.

2.7 Other Current Assets and Advances to Contractors

Other current assets and Advances to contractors (presented as part of other receivables in the statement of financial position) are recognized in the financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

2.8 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets starting on the month following the date of acquisition or completion of the assets.

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Service vehicle	5 years
Service equipment	3-5 years
Park maintenance tools and equipment	3-5 years
Chapel and office furniture, fixtures and equipment	2-5 years
System development cost	3-5 years
Chapel and office building	15 years

Construction in progress represents properties under construction and is stated at cost. This includes costs of construction, applicable borrowing costs (see Note 2.17) and other direct costs. The account is not depreciated until such time that the assets are completed and available for use.

Leasehold improvements are amortized over their expected useful lives of five years (determined by reference to comparable assets owned) or the term of lease, whichever is shorter.

Fully depreciated and fully amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.15).

The residual values, estimated useful lives and method of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.9 Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less any impairment in value (see Note 2.15).

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

Transfers to memorial lots and improvements are made from investment properties when and only when, there is a change in use, evidenced by commencement of development with a view to sell.

2.10 Financial Liabilities

Financial liabilities, which include interest-bearing loans, trade and other payables except tax-related payables, rawlands payable, reserve for perpetual care and due to related parties, are recognized when the Group becomes a party to the contractual terms of the instrument. These are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under Finance Costs in the statement of comprehensive income.

Interest-bearing loans and borrowings, which are recognized at proceeds received, net of direct issue costs, are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.11 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Group currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

For financial assets and liabilities [i.e., advances to/from perpepetual care fund (PCF)] subject to enforceable master netting agreements or similar arrangements,each agreement between the Group and its counterparty allows for net settlement of the relevant financial assets and financial liabilities when both to elect on a net basis. In the absence of such election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

2.12 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.13 Revenue and Expense Recognition

Revenue comprises revenue from real estate sale and rendering of interment and chapel services measured by reference to the fair value of consideration received or receivable by the Group for goods sold and services rendered, excluding value-added tax (VAT) and trade discounts.

To determine whether to recognize revenue, the Group follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control over the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group uses the practical expedient in PFRS 15 with respect to non-disclosure of the aggregate amount of the transaction price allocated to unsatisfied or partially satisfied performance obligations as of the end of the reporting period and the explanation of when such amount will be recognized.

The Group develops real properties such as residential house and lot, condominium units and memorial lots. The Group often enters into contracts to sell real properties as they are being developed. The Group also provides interment and chapel services inside its memorial parks. The significant judgment used in determining the timing of satisfaction of the Group's performance obligation with respect to its contracts to sell real properties is disclosed in Note 3.1(a). Sales cancellations are accounted for on the year of forfeiture. Any gain or loss on cancellation is charged to profit or loss.

In addition, the following specific recognition criteria must also be met before revenue is recognized [significant judgments in determining the timing of satisfaction of the following performance obligations are disclosed in Note 3.1(a)]:

(a) *Real estate sales on residential house and lots*– Revenue from real estate sales is recognized over time proportionate to the progress of the development. The Group measures its progress based on actual costs incurred relative to the total expected costs to be incurred in completing the development.

(b) *Real estate sales on memorial lots*– Revenue from the Group's sale of memorial lots, which are substantially completed and ready for use, is recognized as the control transfers at the point in time with the customer.

(c) *Rendering of services* – income from interment and chapel services is recognized at a point in time when control over the services transfers to the customer.

Incremental costs of obtaining a contract to sell real estate property to customers are recognized as an asset and are subsequently amortized over the duration of the contract on the same basis as revenue from such contract is recognized [see Note 2.2(iv)]. Other costs and expenses are recognized in profit or loss upon utilization of services or receipt of goods or at the date they are incurred. Finance costs are reported on an accrual basis except capitalized borrowing costs (see Note 2.17).

Contract assets pertain to rights to consideration in exchange for goods or services that the Group has transferred to a customer that is conditioned on something other than passage of time. Under its contracts with customers, the Group will receive an unconditional right to payment for the total consideration upon the completion of the development of the property sold. Any rights to consideration recognized by the Group as it develops the property are presented as Contract Assets in the consolidated statement of financial position. Contract assets are subsequently tested for impairment in the same manner as the Group assesses impairment of its financial assets [see Note 2.5(c)].

Any consideration received by the Group in excess of the amount for which the Group is entitled is presented as Contract Liabilities in the consolidated statement of financial position. A contract liability is the Groups obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer [see Note 2.10(c)].

In addition, real estate sales are recognized only when certain collection threshold was met over which the Group determines that collection of total contract price is reasonably assured. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold.

If the transaction does not yet qualify as contract revenue under PFRS 15, the deposit method is applied until all conditions for recording the sale are met. Pending the recognition of revenue on real estate sales, consideration received from customers are recognized as Customers' Deposits in the consolidated statement of financial position. Customers' deposit is recognized at the amounts received from customers and will be subsequently applied against the contract receivables when the related real estate sales is recognized.

Subsequent cancellations of prior years' real estate sales are recognized in profit loss in the current year as they occur. The original cost of memorial lots sold are reverted back to inventory while the outstanding receivables at the time of cancellation is reversed. The resulting difference is recognized as part of Other operating income or expenses accounts in the statement of comprehensive income.

For income tax purposes, however, revenue and cost on real estate sales is reported using the installment method wherein the realization of gross profit real estate sales is computed based on collected contract receivables except where 25% or more of the contract price is collected within the initial year of sale, in which case, the entire gross profit is recognized as income for that year.

In 2017 and prior periods, the Group recognized revenues based on the provisions of PAS 18 which is to the extent that such revenues and the related costs incurred or to be incurred can be measured reliably and it is probable that future economic benefits will flow to the Group. Specifically, for real estate sales, revenues were recognized when the risks and rewards of ownership of the goods have passed to the buyer. For rendering of services, revenue is recognized when the performance of the contractually agreed tasks has been rendered. This is generally when the customer has approved the services that have been provided.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs, if any, which are included as part of the cost of the related qualifying asset (see Note 2.17).

2.14 Leases – Group as Lessee

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.15 Impairment of Non-financial Assets

The Group's property and equipment, investment properties and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.16 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan, defined contribution plan and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL)] and Philippine Dealing & Exchange, Corp. (PDEx) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL and PDEx provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the losses on the return on plan assets are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Income or Finance Costs in the statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) *Post-employment Defined Contribution Plan*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity (e.g. Social Security System). The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) *Short-term Benefits*

The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided.

(d) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.17 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset.

The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.18 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

2.19 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits. Also included is the difference between the consideration for the acquisition and the net assets of BHI under the pooling of interest method.

Revaluation reserves comprise gains and losses arising from remeasurements of post-employment defined benefit plan and fair valuation of AFS financial assets arising from gains or losses due to the revaluation of AFS securities.

Retained earnings, the appropriated portion of which is not available for distribution, represent all current and prior period results of operations as reported in the statement of comprehensive income, reduced by the amount of dividends declared, if any.

2.20 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.21 Earnings Per Share

Basic earnings per share (EPS) is determined by dividing the net profit for the period attributable to common shareholders by the weighted average number of common shares issued and outstanding during the year (see Note 22).

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares (see Note 22).

2.22 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Evaluation of the Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises critical judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group's performance obligation are satisfied as follows:

- *Residential condominium units and house and lots-* Management determines that revenues from sale of residential condominium units and house and lots is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments.

- *Memorial lots-* Management determines that its revenue from sale of memorial lots, which are substantially completed and ready for use, shall be recognized at a point in time when the control of goods have passed to the customer, i.e., upon issuance of purchase agreement (PA) to the customer.

(ii) Interment and Cremation Services

The Group determines that revenue from interment and cremation services shall be recognized at a point in time based on the actual services provided to the end of the reporting period as a proportion of the total services to be provided.

(b) Determination of ECL on Contract and Other Receivables and Due from Related Parties (2018)

The Group uses a provision matrix to calculate ECL for contract and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Group's trade and other receivables are disclosed in Note 24.2.

In relation to advances to related parties, PFRS 9 notes that the maximum period over which ECL should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines possible impairment based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized.

Based on the relevant facts and circumstances existing at the reporting date, management has assessed that all strategies indicate that the Group can fully recover the outstanding balance of its receivables, thus, no ECL is required to be recognized.

(c) Impairment of AFS Financial Assets (2017)

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee.

The information and circumstances affecting the Group's AFS financial assets as of December 31, 2017 is disclosed in Note 8.

(d) Distinction Among Investment Properties, Owner-managed Properties and Real Estate Inventories

The Group classifies its acquired properties as Property and Equipment if used in operations, as Investment Properties if the Group intends to hold the properties for capital appreciation or rental and as Real Estate Inventories if the Group intends to develop the properties for sale.

(e) Distinction Between Operating and Finance Leases

The Group has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Management has assessed that its existing lease agreements at the end of each reporting period qualifies under operating lease.

(f) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.12 and relevant disclosures are presented in Note 23.

3.2 Key Sources of Estimation Uncertainty

Presented in the succeeding pages are the key assumptions concerning the future, and other sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Basis for Revenue Recognition Benchmark

As discussed in Note 2.13(a), real estate sales are recognized when the collectibility of the sales price is reasonably assured. The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(b) Revenue Recognition for Performance Obligations Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(c) Impairment of Contracts and Other Receivables and Due from Related Parties (2017)

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Group's relationship with the counterparties (including related party), the counterparties current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimate and actual loss experience.

The management's assessment and carrying values of contracts receivable and other receivables are shown in Note 6.

(d) Fair Value Measurement for AFS Financial Asset

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's AFS financial assets and the amounts of fair value changes recognized on those assets are disclosed in Notes 8.

(e) Determination of Net Realizable Value of Real Estate Inventories

In determining the net realizable value of real estate inventories, management takes into account the most reliable evidence available at the time the estimates are made. Management determined that the carrying values of its real estate inventories are lower than their net realizable values based on the present market rates. Accordingly, management did not recognize any valuation allowance on these assets as of December 31, 2018 and 2017.

(f) Estimation of Useful Lives of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment are analyzed in Note 9. Based on management's assessment as at December 31, 2018 and 2017, there is no change in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(g) Fair Value Measurement of Investment Property

The Group's investment property composed of land are carried at cost at the end of the reporting period. In addition, the accounting standards require the disclosure of the fair value of the investment properties. In determining the fair value of these assets, the Group engages the services of professional and independent appraiser applying the relevant valuation methodologies as discussed in Note 26.3.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

(h) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets (offset against deferred tax liabilities) recognized as at December 31, 2018 and 2017 will be fully utilized in the coming years (see Note 18).

(i) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.15). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2018, 2017 and 2016, no impairment losses were recognized on property and equipment, investment properties and other non-financial assets (see Notes 8, 9 and 10).

(j) Valuation of Post-employment DBO

The determination of the Group's obligation and cost of post-employment defined benefit plan is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 2.16 and include, among others, discount rates and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 20.2.

4. SEGMENT REPORTING

4.1 Business Segments

The Group's operating businesses are organized and managed separately according to the nature of products and services provided. In identifying its reportable operating segments, management generally follows the Group's two main revenue sources, which represent the products and services provided by the Group, namely Residential Projects and Deathcare.

(a) *Residential* – this segment pertains to the housing market segment of the Group. It caters on the development and sale of residential house and lots, subdivision lots, and condominium units.

(b) *Deathcare* – the segment pertains to sale of memorial lots, interment income, and income from chapel services.

4.2 Analysis of Segment Information

Segment information is analyzed as follows for the years ended December 31, 2018 and 2017.

	Residential	Deathcare	Total
2018			
Revenues	P 4,392,133,540	P 1,382,769,913	P 5,774,903,453
Cost of sales and services	(2,310,270,093)	(571,051,996)	(2,881,322,089)
Gross profit	2,081,863,447	811,717,917	2,893,581,364
Other operating expenses	796,562,334	421,774,224	1,218,336,558
Depreciation and amortization	(32,282,296)	(35,439,876)	(67,722,172)
	764,280,038	386,334,348	1,150,614,386
Segment profit before tax and depreciation and amortization	P 1,348,725,539	P 425,383,569	P 1,774,109,108
Segment Assets	P 14,297,676,402	P 3,490,986,834	P 17,788,663,236
Segment Liabilities	P 8,560,892,950	P 1,794,055,129	P 10,355,434,979

	Residential	Deathcare	Total
2017			
Revenues	P 2,591,813,020	P 1,093,312,818	P 3,685,125,838
Cost of sales and services	(1,393,545,432)	(481,242,634)	(1,874,788,066)
Gross profit	1,198,267,588	612,070,184	1,810,337,772
Other operating expenses	522,974,758	327,339,461	850,314,219
Depreciation and amortization	(13,182,894)	(30,606,735)	(43,789,629)
	509,791,864	296,732,725	806,524,590
Segment profit before tax and depreciation and amortization	P 688,475,724	P 315,337,459	P 1,003,813,183
Segment Assets	P 9,785,991,355	P 2,895,704,739	P 12,681,696,094
Segment Liabilities	P 6,365,689,653	P 502,771,438	P 6,868,461,091

The results of operations from the two segments are used by management to analyze the Group's operation and to allow them to control and study the costs and expenses. It is also a management indicator on how to improve the Group's operation. Expenses are allocated through direct association of costs and expenses to operating segments.

Segment information of the Group as of December 31, 2016 only pertains to the deathcare operations of the Parent Company, accordingly, analysis and reconciliation of segment information is so longer presented.

4.3 Reconciliation

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2018	2017
Revenues –		
Total revenue of reportable segments	**P5,774,903,453**	P3,685,125,838
Costs and other operating expenses:		
Total costs and expenses of reportable segments	**4,031,936,475**	2,681,312,665
Depreciation and amortization	**67,722,172**	43,789,629
	4,099,658,647	2,725,102,286
Other Income (Charges)		
Finance cost	**(96,349,426)**	(40,587,011)
Finance income	**47,643,510**	1,018,278
Other income	**172,819,583**	88,191,548
	124,113,667	48,622,815
Profit before tax	**P1,799,358,473**	P1,008,646,368

	2018	2017
Assets:		
Total segment asset	P 17,788,663,236	P12,681,696,094
Due from related parties	8,273,812	106,128,935
AFS financial assets	-	40,130,604
Investment property	587,411,575	377,527,304
Total assets as reported in statements of financial position	P18,384,348,623	P 13,205,482,937
Liabilities:		
Total segment liabilities	P 10,335,434,979	P 6,868,461,091
Due to related parties	952,552,860	1,007,226,830
Income tax payable	19,513,102	2,090,932
Deferred tax liabilities	997,787,144	811,859,281
Total liabilities as reported in statements of financial position	P 12,305,288,085	P 8,689,638,134

4.4 Disaggregation of Revenue from Contract with Customers and Other Counterparties

When the Group prepares its investor presentations and when the Group's Executive Committee evaluates the financial performance of the operating segments, it disaggregates revenue similar to its segment reporting as presented in Notes 4.1 and 4.2.

The Group determines that the categories used in the investor presentations and financial reports used by the Group's Executive Committee can be used to meet the objective of the disaggregation disclosure requirement of PFRS 15, which is to disaggregate revenue from contracts with customers and other counterparties and disclosed herein as additional information) into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. A summary of additional disaggregation from the segment revenues and other unallocated income are shown in the Note 15.

5. CASH

Cash as of December 31 follows:

	2018	2017
Cash on hand	**P 4,332,100**	P 2,799,524
Cash in banks	**497,147,181**	793,066,945
	P 501,479,281	P 795,866,469

Cash on hand comprises of revolving fund, commission fund and petty cash fund intended for the general use of the Group. Cash in banks generally earn interest at rates based on daily bank deposit rates. The related interest income is presented as Finance Income under Other Income (Charges) section in the statements of comprehensive income.

6. CONTRACTS AND OTHER RECEIVABLES

6.1 Contracts Receivables

This account is composed of the following:

	2018	2017
Current	**P 4,499,709,981**	P 3,676,912,811
Non-current	**2,256,189,684**	1,932,099,197
	P 6,755,899,665	P 5,609,012,008

Contracts receivables represent receivables from sale of residential houses and lots, subdivision lots, memorial lots, and condominium units, which are normally collectible within 1 to 15 years. Contracts receivables have an annual effective interest rate of 6.00% to 16.00% both in 2018 and 2017 and 6.00% to 15.00% in 2016. Interest income related to contracts receivables amounts to P50.9 million, P73.0 million and P20.4 million in 2018, 2017 and 2016, respectively, and are reported under Revenues in the statements of comprehensive income.

The Group's contracts receivables are effectively collateralized by the real estate properties sold to the buyers considering that the title over the rights in the real estate properties will only be transferred to the buyers upon full payment.

Included in the contracts receivables are receivables obtained by way of deed of assignment from Household Development Corporation (HDC), a related party under common ownership. In consideration of the assignment, BHI shall pay HDC a cash consideration totaling P274.5 million. As of December 31, 2018 and 2017, the unpaid portion of the cash consideration amounting to P141.2 million and P151.3 million, respectively, is presented as part of Trade payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 12.1).

6.2 Other Receivables

The composition of this account as of December 31 is shown below.

	2018	2017
Receivable from contractors and brokers	**P 496,812,616**	P 126,548,539
Advances to contractors and others	**453,276,607**	338,381,254
Receivables from other services	**21,283,707**	8,373,076
Advances to employees	**10,653,804**	6,155,232
Others	**14,442,160**	23,175,411
	P 996,468,894	P 502,633,512

Receivables from contractors pertains to excess of advances over the remaining liability related to construction development while receivables from brokers pertains to the collections they received on behalf of the Group that are yet to be remitted to the Group.

Advances to contractors and others mainly represent advances to contractors or suppliers as advance payments for purchase of construction materials, supplies and construction services.

Advances to employees represent cash advances and noninterest-bearing short-term loans granted to the Group's employees, which are collected through liquidation and salary deduction.

Others mainly pertain to receivables from the buyers for documentary fees and other assistance related to processing and transfer of lots and units sold.

7. REAL ESTATE INVENTORIES

Details of real estate inventories, which are stated at cost and is lower than NRV, are shown below.

	2018	2017
Residential house and lots for sale	**P2,398,510,720**	P 1,389,631,720
Memorial lots for sale	**480,229,995**	414,332,768
Condominium units for sale	**65,164,583**	232,685,524
Property development costs	**375,473,695**	81,648,497
Raw land	**3,125,660,005**	2,610,669,989
	P6,445,038,998	P4,728,968,498

Residential houses and lots for sale represent houses and lots in subdivision projects for which the Group has already been granted the license to sell by the Housing and Land Use Regulatory Board of the Philippines. Residential houses include units that are ready for occupancy and units under construction.

Memorial lots for sale consist of acquisition costs of the land, construction and development costs, and other necessary costs incurred in bringing the memorial lots ready for sale.

Condominium units for sale pertain to the accumulated land costs, contracted services and other development costs incurred in developing the Group's condominium projects.

The property development costs represent the accumulated costs incurred in developing the real estate properties for sale. Costs incurred comprise of actual costs of land, construction and related engineering, architectural and other consultancy fees related to the development of residential projects.

Raw land pertains to the cost of several parcels of land acquired by the Group to be developed and other costs incurred to effect the transfer of the title of the properties to the Group.

Certain parcels of land previously classified as investment properties which amounted to P124.4 million and P141.0 million in 2018 and 2017, respectively, were transferred to Real estate inventories due to change in use for the said assets (see Note 10).

8. OTHER ASSETS

This account consists of the following as of December 31:

	2018	2017
Current:		
Construction materials	**P 928,999,792**	P 529,733,461
Prepaid commission	**273,368,034**	126,095,039
Creditable withholding taxes	**64,872,674**	22,339,250
Prepaid expenses	**12,110,625**	6,775,507
Input VAT	**11,743,850**	13,433,777
Security deposits	**4,140,140**	2,423,389
Deferred input VAT	**2,980,416**	3,969,785
Other assets	**2,804,316**	23,953,064
	1,301,019,846	728,723,272
Non-current –		
Security deposits	**62,417,131**	38,906,394
Available for sale securities	**-**	40,130,604
	62,417,131	79,036,998
	P1,352,362,356	P 807,760,270

Construction materials pertain to aluminum forms and various materials to be used in the construction of residential houses. Deferred input VAT pertains to the unamortized portion of input VAT from purchases of capital goods which are subject to amortization.

The Group's AFS financial assets in 2017 includes investment in equity shares of a listed company. The Group's investments in equity shares amounting to P40.1 million as at December 31, 2017 is carried at fair value determined based on quoted prices in active markets (see Note 26.1). In 2017, the Group recognized unrealized fair value gain of P7.8 million and is presented under Other Comprehensive Income (Loss) account in the 2017 consolidated statement of comprehensive income. Accumulated net fair value gains on AFS financial assets as of December 31, 2017 is presented as part Revaluation Reserves account in the 2017 consolidated statement of financial position. In 2018, these AFS financial assets were written off; wherein the resulting loss is included as part of Miscellaneous under Other Operating Expense account in the 2018 consolidated statement of comprehensive income (see Note 16) while the related accumulated fair value gain amounting to P7.8 million was derecognized in the 2018 statement of changes in equity.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2018 and 2017 are shown below.

	Leasehold Improvement	Service Vehicle	Service Equipment	Park Maintenance Tools and Equipment	Chapel and Office Furniture, Fixtures and Equipment	System Development Cost	Chapel and Office Building	Construction in Progress	Total
Consolidated									
December 31, 2018									
Cost	P 31,332,509	P 61,922,674	P 105,472,292	P 29,305,844	P 114,713,080	P 4,656,436	P 191,560,153	P -	P 539,869,018
Accumulated depreciation and amortization	(19,700,256)	(35,611,403)	(40,429,394)	(23,007,909)	(64,346,572)	(3,516,464)	(22,077,817)	-	(209,733,917)
Net carrying amount	**P 11,632,253**	**P 26,211,271**	**P 65,042,898**	**P 6,297,935**	**P 50,366,508**	**P 1,139,972**	**P 169,482,336**	**P -**	**P 330,135,101**
December 31, 2017									
Cost	P 23,604,757	P 53,251,130	P 46,722,998	P 25,597,081	P 77,579,537	P 3,921,402	P 185,095,424	-	P 415,772,201
Accumulated depreciation and amortization	(20,574,184)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	[illegible]
Net carrying amount	P 3,030,573	P 32,619,026	P 27,239,145	P 6,379,497	P 35,480,792	P 1,044,447	P 175,792,456	P -	P 277,585,941
Parent Company									
January 1, 2017									
Cost	P 5,398,500	P 33,971,159	P 8,736,273	P 15,161,009	P 25,654,265	P 2,535,132	P -	P 114,214,099	P 213,048,455
Accumulated depreciation and amortization	(1,210,544)	(22,999,160)	(5,097,894)	(11,843,627)	(18,786,758)	(2,243,497)	-	-	[illegible]
Net carrying amount	P 4,187,956	P 8,073,650	P 3,638,380	P 3,317,382	P 6,867,507	P 290,716	P -	P 114,214,099	P 141,972,695

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2018 and 2017 are as follows:

	Leasehold Improvement	Service Vehicle	Service Equipment	Park Maintenance Tools and Equipment	Chapel and Office Furniture, Fixtures and Equipment	System Development Cost	Chapel and Office Building	Construction In Progress	Total
Balance at January 1, 2018	P 8,030,578	P 23,619,026	P 27,239,143	P 6,379,497	P 35,460,792	P 1,044,447	P 175,752,436	P -	P 277,585,941
Additions	8,549,941	4,571,754	38,190,130	3,713,786	37,728,111	709,061	9,464,268		125,650,098
Reclassifications	-	-	-	-	-	-		-	
Disposals	(222,149)		(441,611)		(900,329)	-		-	([illegible])
Depreciation and amortization charges for the year	([illegible])	([illegible])	([illegible])	([illegible])	([illegible])	([illegible])	([illegible])	-	([illegible])
Balance at December 31, 2018, net of accumulated depreciation and amortization	P 11,952,291	P 26,233,271	P 65,042,898	P 6,247,938	P 58,366,508	P 1,151,972	P 169,482,336	P -	P 330,335,161
Balance at January 1, 2017, net of accumulated depreciation and amortization	P 4,157,356	P 9,071,855	P 3,666,188	P 3,517,282	P 8,887,207	P 303,715	P -	P 114,214,099	P 141,872,892
Additions	5,629,302	16,176,588	12,538,070	6,006,126	25,147,186	806,361	55,112,655	-	124,606,395
Additions due to business combination of a subsidiary	2,637,404		20,450,777		4,214,460				27,302,641
Reclassifications		1,604,307	185,024	(17,568)	15,598,696	444,899	101,202,959	(114,214,099)	
Disposals	(44,896)	-	(457,355)		(502,747)	-		-	([illegible])
Depreciation and amortization charges for the year	([illegible])	([illegible])	([illegible])	([illegible])	([illegible])	([illegible])	([illegible])	-	([illegible])
Balance at December 31, 2017, net of accumulated depreciation and amortization	P 8,030,578	P 23,619,026	P 27,239,143	P 6,379,497	P 35,460,792	P 1,094,447	P 175,752,436	P -	P 277,585,941

The amount of depreciation and amortization is presented as part of Cost of Sales and Services and Other Operating Expenses in the statements of comprehensive income (see Note 16). Depreciation expense of park maintenance tools and service equipment were charged under park operations, which is subsequently closed to perpetual care fund.

10. INVESTMENT PROPERTIES

The changes in the carrying amounts of investment properties as presented in the statements of financial position are as follows:

	2018	2017
Balance at beginning of year	**P 377,527,304**	P 267,306,979
Additions during the year	**334,281,622**	251,186,325
Transfer to real estate inventories	**(124,397,352)**	(140,966,000)
Balance at end of year	**P 587,411,575**	P 377,527,304

The Group's investment properties consist of land. Certain investment properties totaling P124.4 million in 2018 and P141.0 million in 2017 were transferred to memorial lots for sale under Real Estate Inventories since these properties are being developed as memorial lots for sale during those years (see Note 7). No gain or loss was recognized during the transfer since the investment properties are measured at cost.

None of the Group's investment properties have generated rental income. There were also no significant directly attributable cost, purchase commitments and any restrictions as to use related to these investment properties during the reporting periods.

Management has assessed that there were no significant circumstances during the reporting periods that may indicate impairment loss on the Group's investment properties.

The fair value and other information about the measurement and disclosures related to the investment properties are presented in Note 26.3.

11. INTEREST-BEARING LOANS

Short-term and long-term interest-bearing loans and borrowings pertain to bank loans which are broken down as follows:

	2018	2017
Current	**P1,170,462,895**	P 606,069,721
Non-current	**826,324,569**	895,952,110
	P1,996,787,464	P 1,502,021,831

The bank loans represent secured loans from local commercial banks. The loans which have maturities ranging from 1 to 15 years bear annual interest rates ranging from 5.5% to 8.5% both in 2018 and 2017.

In 2018 and 2017, the Group obtained P2.6 million and P2.7 million loan, respectively, for the acquisition of service vehicle payable within three months to three years with annual effective interest rate of 7.6% to 9.0%.

In 2018 and 2017, the Group obtained interest-bearing loan amounting to P1,163.91 million and P759.8 million, respectively, from local commercial banks for working capital requirements. The related loan agreements do not contain loan covenant provisions.

Interest expense incurred on these loans amounted to P93.5 million, P62.5 million and P16.7 million for the years ended December 31, 2018, 2017 and 2016, respectively. A portion of the interest expense amounting to P23.9 million and P9.2 million was capitalized (at a capitalization rate of 4.7% and 1.8%, respectively) by the Group as part of real estate inventories in 2017 and 2016 (nil in 2018), respectively, while the remainder is presented as part of Finance Costs under Other Income (Charges) section in the statements of comprehensive income. There are no outstanding interest payable as of December 31, 2018 and 2017 related to these loans.

The loans are net of debt issue cost amounting to P11.9 million and P6.6 million as of December 31, 2018 and 2017 (nil in 2016). The amortization of debt issue cost amounting to P4.4 million and P2.0 million, respectively, is presented as part of Finance Cost under Other Income (Charges) section in the consolidated statements of comprehensive income.

Certain loans of the Group are secured by contract receivables with a carrying amount of P1,293.9 million and P987.9 million as of December 31, 2018 and 2017.

12. TRADE AND OTHER PAYABLES AND RAWLANDS PAYABLE

12.1 Trade and Other Payables

This account consists of:

	Note	**2018**	2017
Trade payables	6	**P3,342,067,141**	P2,347,979,496
Accrued expenses		**541,364,007**	299,665,024
Deferred output VAT		**244,005,612**	213,588,286
Commission payable		**184,254,897**	105,412,875
Retention payable		**60,067,953**	49,801,345
VAT payable		**11,193,591**	3,174,734
Withholding taxes payable		**9,031,212**	6,532,999
Other payables		**271,158**	120,807
		P4,392,255,571	P3,020,275,566

Trade payables comprise mainly of liabilities to suppliers and contractors arising from the construction and development of the Group's real estate properties. It also includes liability on assigned receivables which pertains to the outstanding balance of the cash consideration with respect to the receivables assigned by HDC to BHI (see Note 6).

Deferred output VAT is the portion of VAT attributable to outstanding contract receivables. This is reversed upon payment of monthly amortization from customers.

Accrued expenses pertain to accruals of professional fees, salaries and other employee benefits, utilities, advertising, marketing and other administrative expenses.

Commission payable refers to the liabilities of the Group as of the end of the reporting periods to its sales agents for every sale that already reached the revenue recognition threshold of the Group.

Retention payable pertains to the amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are remitted to the contractors.

12.2 Rawlands Payable

Rawlands payable pertains to the amount of outstanding liability regarding the acquisitions of raw lands from third parties which will be used in the development of the Group's subdivision projects.

In 2018 and 2017, the Group purchased various rawlands for expansion and development of the Group's subdivision and memorial lots projects. The outstanding balance arising from these transactions amounted to P1.6 billion and P1.2 billion as of December 31, 2018 and 2017, respectively.

13. CUSTOMERS' DEPOSITS

Customers' deposits pertain to reservation fees and advance payments from buyers, which did not meet the revenue recognition criteria as of the end of the reporting periods. As of December 31, 2018 and 2017, Customers' Deposits account, as presented in the current liabilities section of the consolidated statements of financial position, amounted to P1.9 billion and P922.7 million, respectively (see Note 2.13).

14. RESERVE FOR PERPETUAL CARE

Under the terms of the contract between the Group and the purchasers of memorial lots, a portion of the amount paid by the purchasers is set aside as Perpetual Care Fund (Trust Fund). The balance of the reserve for perpetual care for memorial lots as of December 31, 2018 and 2017 amounting to P426.4 million and P266.3 million, respectively, represents the total amount of perpetual care from all outstanding sales contracts, net of amount already remitted for fully collected memorial lots into the Trust Fund amounting to P128.7 million and P141.1 million as of December 31, 2018 and 2017, respectively.

As an industry practice, the amount turned over to the Trust Fund is only for fully collected contracts in as much as the outstanding contracts may still be forfeited and/or rescinded. The income earned from the Trust Fund will be used in the perpetual care and maintenance of the memorial lots. Once placed in the Trust Fund, the assets, liabilities, income and expense of the Trust Fund are considered distinct and separate from the assets and liabilities of the Group, thus, do not form part of the accounts of the Group.

The details of the Trust Fund as of December 31, 2018 and 2017 are shown below.

	2018	2017
Assets:		
Cash	**P 70**	P 81,745
Investment in unit investment trust funds	**2,274,750**	2,334,701
Investment in other securities and debt instruments	**4,365,668**	4,929,614
Loans and receivables	**38,834**	385,858
Investment in mutual funds	**122,075,451**	133,478,762
Liability –		
Accrued trust fees and other expenses	**(57,766)**	(157,771)
	P 128,697,007	P 141,052,909

15. REVENUES

Disaggregation of Revenues

The Group derives revenues from sale of real properties and deathcare operations. An analysis of the Group's major sources of revenues in 2018 is presented below.

	Segments		
	Residential	**Deathcare**	**Total**
Geographical areas			
Luzon	P3,282,782,231	P 546,507,820	P3,829,290,051
Visayas	374,513,656	365,437,735	739,951,391
Mindanao	734,837,653	470,824,358	1,205,662,011
	P4,392,133,540	**P1,382,769,913**	**P5,774,903,453**
Type of product or services			
Residential condominium	P 343,673,476	P -	P 343,673,476
Low-cost housing	4,048,460,064	-	4,048,460,064
Memorial lots	-	1,262,780,442	1,262,780,442
Interest income on contract receivables	-	50,883,794	50,883,794
Interment	-	32,879,843	32,879,843
Chapel services	-	36,225,834	36,225,834
	P4,392,133,540	**P1,382,769,913**	**P5,774,903,453**

These are presented in the statements of comprehensive income under Revenues as follows:

Real estate sales:	
Residential condominium	P 343,673,476
Low-cost housing	4,048,460,064
Memorial lots	1,262,780,442
	5,654,913,982
Interment income	32,879,843
Interest income on contract receivables	50,883,794
Income from chapel services	36,225,834
	P5,774,903,453

16. COSTS AND EXPENSES

16.1 Costs of Sales and Services

Presented below are the details of costs of sale and services.

	2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)
Cost of real estate sales	**P2,852,891,079**	P1,853,650,435	P 318,746,604
Cost of interment	**14,577,508**	14,598,807	13,420,334
Cost of chapel services	**13,853,502**	6,538,824	-
	P2,881,322,089	P1,874,788,066	P 332,166,938

Cost of real estate sales is comprised of:

	2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)
Construction and development costs	**P1,665,850,651**	P1,270,164,495	P 243,453,472
Cost of land	**1,187,040,428**	583,485,940	75,293,132
	P2,852,891,079	P1,853,650,435	P 318,746,604

16.2 Operating Expenses by Nature

The details of operating expenses by nature for the year ended December 31 are shown below.

	Notes	**2018 (Consolidated)**	2017 (Consolidated)	2016 (Parent Company)
Construction and development costs		**P1,665,850,651**	P1,270,164,495	P 243,453,472
Cost of land		**1,187,040,428**	583,485,940	75,293,132
Commission		**347,188,158**	223,567,844	52,346,312
Salaries and employee benefits	20.1	**256,992,969**	173,702,895	54,172,126
Advertising		**129,383,941**	74,821,798	1,133,119
Outside services		**98,274,193**	71,952,730	13,417,422
Depreciation and amortization	9	**67,722,172**	43,789,629	12,486,919
Repairs and maintenance		**40,129,420**	24,505,009	1,796,082
Rentals	23.1	**35,136,267**	14,465,051	3,921,959
Professional and management fees		**34,191,457**	16,270,542	11,804,349
Transportation and travel		**29,126,946**	19,058,281	4,811,144
Prompt payment discount		**21,846,109**	11,095,649	25,775,028
Promotions		**20,970,377**	49,744,039	15,042,404
Taxes and licenses		**16,299,891**	11,853,146	8,962,419
Office supplies		**15,091,850**	9,392,547	2,024,395
Trainings and seminars		**12,778,935**	15,938,271	11,495,801
Collection fees		**11,369,460**	8,816,751	4,898,734
Representation		**9,560,672**	7,843,445	3,430,851
Meetings and conferences		**9,006,488**	7,628,822	6,172,922
Utilities		**8,612,466**	16,383,623	5,945,554
Insurance		**7,228,735**	6,806,258	3,977,385
Miscellaneous	8	**75,857,062**	63,815,520	17,480,029
		P4,099,658,647	P2,725,102,285	P 579,841,558

Miscellaneous mainly consist of subscription dues and other fees such as registration, transfer and mortgage fees.

These expenses are classified in the statements of comprehensive income as follows:

	2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)
Cost of real estate sales	**P2,852,891,079**	P1,853,650,435	P 318,746,604
Cost of interment	**14,577,508**	14,598,807	13,420,334
Cost of chapel services	**13,853,502**	6,538,824	-
Other operating expenses	**1,218,336,558**	850,314,219	247,674,620
	P4,099,658,647	P2,725,102,285	P 579,841,558

17. OTHER INCOME

This account consists of:

	2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)
Forfeited sales	**P 152,116,928**	P 74,590,647	P 13,669,068
Interest on past due accounts	**8,957,384**	3,179,523	3,248,261
Transfer fees	**8,655,587**	5,133,166	7,872,980
Service tent rentals	**796,928**	486,928	525,270
Others	**2,292,756**	4,801,284	2,360,352
	P 172,819,583	P 88,191,548	P 27,675,931

Others include penalties from customers with lapsed payments, restructured accounts, and other fees collected for transactions incidental to the Group's operations such as payment for memorial garden construction fee, among others.

18. TAXES

18.1 Registration with the Board of Investments (BOI)

The BOI approved BHI's application for registration as an Expanding Developer of Economic and Low-Cost Housing Project on a Non-pioneer Status relative to its various units under its Bria Calamba Phase 1 and 2 project in December 2018; under the Northridge Central Lane, Northridge Grove Phase 2, Northridge View, Bria Home Binangonan and Bria General Santos projects in December 2017; and, under the Lumina Tanza Phase 2, Lumina Homes San Pablo and Lumina General Trias (Phase 1 and 2) projects in December, 2016.

Under the registration, the applicable rights and privileges provided in the Omnibus Investment Code of 1987 shall equally apply and benefit the BHI with certain incentives including income tax holiday (ITH) for a period of four years from the date of registration.

18.2 Current and Deferred Taxes

The components of tax expense reported in profit or loss and in other comprehensive income for the years ended December 31 follow:

	2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 49,001,106**	P 20,254,647	P 31,044,275
Minimum corporate income tax (MCIT) at 2%	**35,873**	4,849,468	-
Final tax at 20%, 15% and 7.5%	**261,978**	203,656	553,376
	49,298,957	25,307,771	31,597,651
Deferred tax expense relating to origination and reversal of temporary differences	**182,305,386**	284,365,408	45,859,099
	P 231,604,343	P 309,673,179	P 77,456,750
Reported in other comprehensive income (loss)			
Deferred tax expense (income) relating to origination and reversal of temporary differences	**P 3,622,477**	(P 99,320)	P 55,896

The reconciliation of tax on pretax profit computed at the applicable statutory rate to tax expense is as follows:

	2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)
Tax on pretax profit	**P 539,807,542**	P 302,593,910	P 77,303,810
Adjustment for income subjected to lower tax rate	**(130,989)**	(101,828)	(276,688)
Tax effect of:			
Non-taxable income	**(500,255,218)**	-	-
Non-deductible expenses	**192,183,008**	7,181,097	429,628
	P 231,604,343	P 309,673,179	P 77,456,750

The net deferred tax liabilities recognized in the consolidated statements of financial position as of December 31, 2018 and 2017 relate to the following:

	2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)
Unrealized gross profit	**P 1,014,417,848**	P 823,457,590	P 302,193,536
Retirement benefit obligation	**(11,529,794)**	(344,646)	14,161
MCIT	**(4,885,341)**	(4,849,468)	-
Unamortized past service cost	**(215,569)**	(266,474)	(317,378)
Net operating loss carry over (NOLCO)	**-**	(6,137,721)	-
	P 997,787,144	P 811,859,281	P 301,890,319

The deferred tax expense (income) recognized in the statements of comprehensive income for December 31 relate to the following:

	Profit or Loss			Other Comprehensive Income		
	2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)	**2018 (Consolidated)**	2017 (Consolidated)	2016 (Parent Company)
Unrealized gross profit	**(P 190,960,257)**	(P 295,561,180)	(P 45,827,039)	**P -**	P -	P -
Unamortized past service cost	**(50,905)**	(50,905)	50,905	**-**	-	-
NOLCO	**(6,137,721)**	6,137,721	-	**-**	-	-
MCIT	**35,873**	4,849,468	-	**-**	-	-
Retirement benefit obligation	**14,807,625**	259,488	(18,845)	**(3,622,477)**	**99,320**	(55,896)
Deferred Tax Income (Expense)	**(P 182,305,386)**	(P 284,365,408)	(P 45,859,099)	**(P 3,622,477)**	P **99,320**	(P 55,896)

BHI has MCIT, which can be claimed as deduction from future taxable income and RCIT liabilities within three years from 2017 and 2018, amounting to P4.8 million and P0.03 million, respectively.

The Group is subject to the minimum corporate income tax (MCIT), which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. The Parent Company reported RCIT in 2018, 2017 and 2016 as the RCIT is higher than MCIT in such years. However, BHI reported MCIT in 2018 and 2017 since most of its income are under ITH (see Note 18.1)

In 2018, 2017 and 2016, the Group claimed itemized deductions in computing for its income tax due.

19. RELATED PARTY TRANSACTIONS

The significant transactions of the Group in the normal course of business with its related parties are described below.

Related Party Category	Notes	Amount of Transactions 2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)	Outstanding Balances 2018 (Consolidated)	2017 (Consolidated)
FPI:						
Sales of memorial lots	19.3	**P -**	P -	P 88,970,268	**P -**	P -
Advances granted (collections)	19.1	**165,649**	(64,762,839)	658,901	**6,273,812**	6,108,163
Cash dividends	21	**-**	-	(634,872,000)	**-**	-
Stockholders:						
Cash dividends	21	**-**	-	(15,128,000)	**-**	-
Related Parties Under Common Ownership:						
Advances granted	19.1	**(98,020,772)**	100,020,772	-	**2,000,000**	100,020,772
Advances obtained	19.2	**54,673,970**	988,849,811	-	**(952,552,860)**	(1,007,226,830)
Issuance of shares	1.2, 21	**-**	3,014,027,483	-	**-**	-
Payable to HDC	6, 12	**-**	-	-	**(141,234,066)**	(151,295,109)
Key Management Personnel –						
Compensation	19.4	**17,480,078**	28,617,907	11,647,007	**-**	-

19.1 Due from Related Parties

In the normal course of business, the Group grants noninterest-bearing cash advances to its parent company and other related parties, including those under common ownership for working capital requirements, capital asset acquisition and other purposes. These advances are unsecured and generally payable in cash on demand or through offsetting arrangements with related parties.

The outstanding advances arising from these transactions amounting to P8.3 million and P106.1 million as at December 31, 2018 and 2017, respectively, is presented as Due from Related Parties account in the consolidated statements of financial position.

The movements in the Due from Related Parties account are shown below.

	2018	2017
Balance at beginning of year	**P 106,128,935**	P 70,871,002
Additions	**165,649**	100,020,772
Repayments	**(98,020,772)**	(64,762,839)
Balance at end of year	**P 8,273,812**	P 106,128,935

Based on management's assessment, no impairment losses need to be recognized in 2018, 2017 and 2016 from its receivables from related parties.

19.2 Due to Related Parties

The Group obtained short-term, unsecured, noninterest-bearing advances from related parties for working capital requirements payable in cash upon demand. The outstanding balance is presented as Due to Related Parties account as at December 31, 2018 and 2017.

The movements in the Due to Related Parties account are shown below.

	2018	2017
Balance at beginning of year	**P1,007,226,830**	P 18,377,019
Additions	**-**	996,057,453
Repayments	**(54,673,970)**	(7,207,642)
Balance at end of year	**P 952,552,860**	P 1,007,226,830

19.3 Sale of Memorial Lots

In 2016, HVN sold memorial lots to FPI amounting to P89.0 million. There were no outstanding balance from this transaction. There was no similar transaction occurred during 2018 and 2017.

19.4 Key Management Personnel Compensation

The compensation of key management personnel for the years ended December 31 follows:

	2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)
Short term benefits	**P 32,193,745**	P 26,479,511	P 9,899,956
Post-employment benefits	**3,072,012**	2,138,396	1,747,051
	P 35,265,757	P 28,617,907	P 11,647,007

20. EMPLOYEE BENEFITS

20.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

	Notes	**2018 (Consolidated)**	2017 (Consolidated)	2016 (Parent Company)
Short-term employee benefits		**P 209,917,956**	P 172,835,535	P 53,263,197
Post-employment defined benefit	20.2	**47,075,013**	867,360	908,929
	16.2	**P 256,992,969**	P 173,702,895	P 54,172,126

20.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Post-Employment Defined Benefit Plan

The Group maintains a funded, non-contributory post-employment benefit plan. The post-employment plan covers all regular full-time employees.

The Group's post-employment defined benefit plan is based solely on the requirement of Republic Act No. 7641, *Retirement Pay Law*. The optional retirement age is 60 with a minimum of five years of credited service. Normal retirement benefit is based on the employee's final salary and years of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented in below are based on the actuarial valuation report obtained from an independent actuary in 2018 and 2017.

The amounts of retirement benefit asset (obligation) recognized in the statements of financial position are determined as follows:

	2018	2017
Present value of the obligation	**P 47,083,899**	P 10,817,902
Fair value of plan assets	**(8,651,254)**	(9,669,086)
	P 38,432,645	P 1,148,816

The movements in the fair value of plan assets are presented below.

	2018	2017
Balance at beginning of year	**P 9,669,716**	P 10,963,315
Interest income	**555,972**	558,065
Loss on plan assets (excluding amounts included in net interest)	**(1,573,804)**	(1,852,294)
Balance at end of year	**P 8,651,254**	P 9,669,086

The Group's plan assets is composed of special deposit account. The plan assets do not comprise any of the Group's own financial instruments or any of its assets occupied and/or used in its operations.

The loss on plan assets amounted to P1.0 million and P1.3 milion in 2018 and 2017, respectively.

The movements in the present value of defined benefit obligation recognized in the books are as follows:

		2018		2017
Balance at beginning of year	**P**	**10,817,902**	P	10,916,737
Current service cost		**47,075,013**		867,360
Interest expense		**2,930,500**		555,662
Actuarial losses (gains) arising from:				
Changes in demographic assumptions		**2,016,328**	(	65,336)
Changes in financial assumptions	**(**	**15,506569)**	(	10,987,613)
Experienced adjustments	**(**	**158,555)**		9,531,092
Benefits paid	**(**	**90,720)**		-
Balance at end of year	**P**	**47,083,899**	P	10,817,902

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the post-employment defined benefit plan are as follows:

		2018 (Consolidated)		2017 (Consolidated)		2016 (Parent Company)
Reported in profit or loss:						
Current service cost	**P**	**47,075,013**	P	867,360	P	908,929
Interest expense (income) – net		**2,374,528**	(	2,403)		3,883
	P	**49,449,541**	P	864,957	P	912,812
Reported in other comprehensive income (losses):						
Actuarial losses (gains) arising from:						
Changes in financial assumptions	**P**	**15,506,569**	P	10,987,613	(P	2,280,552)
Experience adjustments		**158,555**	(	9,531,092)	(	4,127,800)
Changes in demographic assumptions	**(**	**2,016,328)**		65,336		6,594,671
Loss on plan assets	**(**	**1,573,804)**	(	1,852,924)		-
	P	**12,074,922**	(P	331,067)	P	186,319

Current service cost and acquired obligation are presented as part of Salaries and employee benefits under the Other Operating Expenses account in the statements of comprehensive income (see Note 16.2).

Net interest expense (income) is presented as part of Finance Costs or Finance income under Other Income in the statements of comprehensive income (see Note 17).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

For the determination of the retirement benefit obligation, the following actuarial assumptions were used:

	2018	2017	2016
Discount rates	**7.48%**	5.75%	5.09%
Expected rate of salary increases	**7.75%**	5.00%	10.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is five years for both male and female. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in savings deposit accounts and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has only investments in cash in banks.

(ii) Longevity and Salary Risks

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effect of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31:

	Impact on Retirement Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2018:			
Discount rate	**+/8.40%/-6.4%**	**(P 16,948,370)**	**P 18,326,968**
Salary growth rate	**+/6.00%/-4.0%**	**19,755,824**	**(15,903,467)**
2017:			
Discount rate	+6.75%/-4.75%	(P 9,707,797)	P 12,108,228
Salary growth rate	+6.00%/-4.00%	12,165,137	(9,641,240)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its Retirement Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to ensure that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in fixed interest financial assets, primarily in short term placements. The Group monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

The plan asset is currently composed of special deposit accounts as the Group believes that these investments are the best returns with an acceptable level of risk.

There has been no change in the Group's strategies to manage its risks from previous period.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P9 million as at year-end, while there are no minimum funding requirement in the Philippines, there is a risk that the Group may not have the cash if several employees retire within the same year.

The Group does not expect to contribute to the retirement fund in 2019.

The maturity profile of undiscounted expected benefit payment from the plan are as follows:

	2018 (Consolidated)	2017 (Parent Company)
More than 10 years to 15 years	**P 61,159,196**	P 7,705,543
More than 15 years to 20 years	**68,779,074**	8,191,644
More than 20 years	**1,019,359,667**	31,380,475
	P1,149,297,937	P 47,277,662

The weighted average duration of the defined benefit obligation at the end of the reporting period is 19.32 years.

21. EQUITY

21.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2018	2017	2016	**2018**	2017	2016
Common shares						
Authorized						
Balance at beginning of year	**996,000,000**	996,000,000	200,000	**P 996,000,000**	P 996,000,000	P 20,000,000
Increase during the year	**-**	-	995,800,000	**-**	-	976,000,000
Balance at end of year	**996,000,000**	996,000,000	996,000,000	**P 996,000,000**	P 996,000,000	P 996,000,000
Issued and outstanding						
Balance at beginning of year	**644,117,649**	494,117,649	200,000	**P 644,117,649**	P 494,117,649	P 20,000,000
Issuance of stock dividend	**-**	-	400,000,000	**-**	-	400,000,000
Change due to decrease in par value	**-**	-	19,800,000	**-**	-	-
Issuance during the year	**-**	150,000,000	74,117,649	**-**	150,000,000	74,117,649
Balance at end of year	**644,117,649**	644,117,649	494,117,649	**P 644,117,649**	P 644,117,649	P 494,117,649
Preferred shares						
Authorized						
Balance at beginning of year	**400,000,000**	400,000,000	-	**P 4,000,000**	P 4,000,000	P -
Change due to decrease in par value	**-**	-	400,000,000	**-**	-	4,000,000
Balance at end of year	**400,000,000**	400,000,000	400,000,000	**P 4,000,000**	P 4,000,000	P 4,000,000

On March 17, 2016, the SEC approved the increase in the Parent Company's authorized capital stock from P20.0 million divided into 200,000 common shares with par value of P100 per share to P1.0 billion divided into 996,000,000 common shares with par value of P1 per share and 400,000,000 preferred shares with par value of P0.01 per share.

On April 1, 2016, the Parent Company applied for the registration of its common shares with the SEC and the listing of the Parent Company's shares on the PSE. The PSE approved the Parent Company's application for the listing of its common shares on June 8, 2016 and the SEC approved the registration of the 74,117,649 common shares of the Parent Company on June 14, 2016.

On June 3, 2016, the SEC approved the listing of the Parent Company's common shares totaling 74.1 million. The shares were initially issued at an offer price of P10.50 per common share. In 2018 and 2017, there were no additional issuances.

On June 29, 2016, by way of an initial public offering (IPO), sold 74,117,649 shares of its common stock at an offer price of P10.50 and generated net proceeds of approximately P703.0 million. The IPO resulted in the recognition of additional paid-in capital amounting to P628.9 million, net of IPO-related expenses amounting to P75.2 million.

On December 27, 2017, the Parent Company's BOD authorized the issuance of 150,000,000 common shares to CGI, a related party under common ownership, out of the unissued authorized capital stock, at a subscription price of P20.0935 per share or an aggregate subscription price of P3,014.0 million (see Note 1.2).

As at December 31, 2018 and 2017, there are 14 holders of the listed common shares owning at least one board lot of 100 shares. Such listed shares closed at P325 per share as of December 29, 2018 (the last trading day in 2018).

21.2 Revaluation Reserves

In 2018 and 2016, revaluation reserves pertains to accumulated actuarial losses, net of tax, due to remeasurement of post-employment defined benefit plan of P5.8 million and P2.4 million (see Note 20.2). In 2017, revaluation reserves pertains to a revaluation gain from AFS and remeasurement of post-employment defined benefit plan amounting to P5.1 million.

21.3 Retained Earnings

On January 29, 2016, the Parent Company's BOD approved the reversal of the remaining appropriated retained earnings of P400.0 million to unappropriated retained earnings to be made available for stock dividend declaration.

On March 8, 2016, the Parent Company declared stock dividends in the aggregate amount of P400.0 million, payable out of the unrestricted retained earnings of the Parent Company as of December 31, 2015. The shares were issued on March 17, 2016 following the SEC approval of the capital increase on March 17, 2016.

22. EARNINGS PER SHARE

The basic and diluted earnings per share were computed as follows:

	2018 (Consolidated)	2017 (Consolidated)	2016 (Parent Company)
Net profit	**P 1,567,754,130**	P 698,973,189	P 180,222,617
Divided by the weighted number of outstanding common shares	**644,117,649**	495,761,485	457,566,479
Basic and diluted earnings per share	**P 2.43**	P 1.41	P 0.39

The Group has no dilutive potential common shares as at December 31, 2018, 2017 and 2016; hence, diluted earnings per share equals the basic earnings per share.

23. COMMITMENTS AND CONTINGENCIES

23.1 Operating Lease Commitments

The Group has leases with terms ranging from three to five years with renewal options upon mutual written agreement between the parties, and include annual escalation in rental rates.

The total rentals from this operating lease amounted to P35.1 million, P14.5 million and P3.9 million in 2018, 2017 and 2016, respectively, of which is shown as Rentals under Other Operating Expenses in the statements of comprehensive income (see Note 16.2).

The future minimum rentals payable under these operating lease as of December 31 are as follows:

	2018	2017
Within one year	**P 6,998,782**	P 10,962,012
Beyond one year but within five years	**2,673,396**	11,625,702
	P 9,672,178	P 22,587,714

23.2 Capital Commitments on Use of Proceeds

The Group has capital commitments as part of the offering proceeds to utilize the proceeds from the issuance of its common shares amounting to P703.0 million (net of P75.2 million offering-related expenses) for its land bank development, land acquisition, construction of Las Piñas chapel and crematorium and general corporate purposes. As of December 31, 2018, the proceeds were fully utilized.

22.3 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these events and conditions will not have material effects on the Group's financial statements.

24. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not engage in the trading of financial assets for speculative purposes nor does it write options. The relevant financial risks, unless otherwise stated, to which the Group is exposed to are described in the succeeding pages.

24.1 Interest Rate Risk

The Group has no financial instruments subject to floating interest rate, except cash in banks, which has historically shown small or measured changes in interest rates. As such, the Group's management believes that interest rate risks are not material.

24.2 Credit Risk

The Group operates under sound credit-granting criteria wherein credit policies are in place. These policies include a thorough understanding of the customer or counterparty as well as the purpose and structure of credit and its source of repayment. Credit limits are set and monitored to avoid significant concentrations to credit risk. The Group also employs credit administration activities to ensure that all facets of credit are properly maintained.

The maximum credit risk exposure of financial assets and contract assets is the carrying amount of the financial assets as shown on the statements of financial position are summarized below.

	Notes	**2018**	2017
Cash	5	**P 501,479,281**	P 795,866,469
Contracts receivable	6	**6,755,899,665**	5,609,012,008
Contract assets		**1,396,224,260**	-
Due from related parties	19.1	**8,273,812**	106,128,935
Security deposits	8	**66,557,271**	41,329,783
Other receivables	6.2	**643,043,588**	283,210,022
		P9,371,477,877	P 6,835,547,217

Cash in banks are insured by the Philippine Deposit Insurance Commission up to a maximum coverage of P0.5 million for every depositor per banking institution. Also, the Group's contracts receivable are effectively collateralized by residential houses and lots and memorial lots. Other financial assets are not secured by any collateral or other credit enhancements.

The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables and other receivables. To measure the expected credit losses, contract receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The other receivables relate to receivables from both third and related parties other than trade receivables and have substantially the same risk characteristics as the trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2018 or January 1, 2018, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The management determined that there is no required ECL to be recognized on the Group's contract receivables since the fair value of real estate sold when reacquired is sufficient to cover the unpaid outstanding balance of the related receivable arising from sale. Therefore, there is no expected loss given default as the recoverable amount from subsequent resale of the real estate is sufficient. Accordingly, no additional allowance was recorded by the Group as of December 31, 2018 and January 1, 2018 upon adoption of PFRS 9.

The Contract Asset account is secured to the extent of the fair value of the real estate sale of house and lot and condominium units sold since the title to the real estate properties remains with the Company until the contract assets or receivables are fully collected. Therefore, there is also no expected loss given default on the contract asset.

The due from related parties are considered negligible since the counterparties are in good financial condition.

24.3 Liquidity Risk

The Group manages its liquidity needs by carefully monitoring cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

As of December 31, 2018 and 2017, the Group's financial liabilities have contractual maturities which are presented below.

	Within 12 months	More than One Year to Five Years
2018		
Trade and other payables	P4,128,025,156	P -
Rawland payable	1,582,158,966	-
Interest-bearing loans and borrowings	1,004,914,590	897,577,271
Due to related parties	952,552,860	-
Reserve for perpetual care	-	426,433,783
	P7,667,651,572	**P1,324,011,054**

	Within 12 months	More than One Year to Five Years
2017		
Interest-bearing loans and borrowings	P 633,527,466	P 973,283,056
Trade and other payables	2,796,979,547	-
Due to related parties	1,007,226,830	-
Rawland payable	1,156,068,665	-
Reserve for perpetual care	-	266,270,594
	P5,593,802,508	P 1,239,553,650

25. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

25.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

	Notes	2018 Carrying Values	2018 Fair Values	2017 Carrying Values	2017 Fair Values
Financial Assets					
Loans and receivables:					
Cash	5	**P 501,479,281**	**P 501,479,281**	P 795,866,469	P 795,866,469
Contracts receivable	6	**6,755,899,665**	**6,755,899,665**	5,609,012,008	5,609,012,008
Due from related parties	19.1	**8,273,812**	**8,273,812**	106,128,935	106,128,935
Security deposits	7	**66,557,271**	**66,557,271**	41,329,783	41,329,783
Other receivable	6.2	**643,043,588**	**643,043,588**	283,210,022	283,210,022
		9,371,477,877	**9,371,477,877**	6,835,547,217	6,788,579,254
AFS financial assets	8	**-**	**-**	40,130,604	40,130,604
		P 9,371,477,877	**P 9,371,477,877**	P 6,875,677,821	P 6,828,709,858
Financial Liabilities					
At amortized cost:					
Interest-bearing loans	11	**P 1,996,787,464**	**P 1,996,787,464**	P 1,502,021,831	P 1,247,783,487
Trade and other payables	12	**4,128,025,156**	**4,128,025,156**	2,796,979,547	2,796,979,547
Due to related parties	19.1	**952,552,860**	**952,552,860**	1,007,226,830	1,007,226,830
Rawland payable	12.2	**1,582,158,966**	**1,582,158,966**	1,156,068,665	1,156,068,665
Reserve for perpetual care	14	**426,433,783**	**426,433,783**	266,270,594	266,270,594
		P 9,085,958,229	**P 9,085,958,229**	P 6,728,567,467	P 6,474,329,123

See Notes 2.5 and 2.10 for a description of the accounting policies for each category of financial instrument. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 24.

25.2 Offsetting of Financial Assets and Financial Liabilities

Except as more fully described in Note 19, the Group has not set-off financial instruments in 2018 and 2017 and does not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 19 can be potentially offset to the extent of their corresponding outstanding balances.

The Group has cash in certain local banks to which it has outstanding loans (see Note 11). In case of the Group's default on loan amortization, cash in bank amounting to P200.9 million and P195.9 million can be applied against its outstanding loans amounting to P1,996.7 million and P1,502.0 million as of December 31, 2018 and 2017, respectively. In addition, the Group has payables to HDC amounting to P141.2 million and P151.3 that are collateralized by contract receivable by the same amount as of December 31, 2018 and 2017.

26. FAIR VALUE MEASUREMENT AND DISCLOSURES

26.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

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

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Shares listed in the PSE classified as AFS financial assets are included in Level 1 as the prices are determined based on quoted prices in active markets for identical assets.

26.2 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The Group's financial assets which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed include cash, which are categorized as Level 1, and contract and other receivables, due from related parties and security deposits which are categorized as Level 3. Financial liabilities which are not measured at fair value but for which fair value is disclosed pertain to interest-bearing loans and borrowings, trade and other payables, due from related partie, rawland payable and reserve for perpetual care which are categorized under various levels.

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

26.3 Fair Value Measurement for Non-financial Assets

The Group's investment properties amounting to P587.4 million and P377.5 million are categorized under level 3 hierarchy of non-financial assets measured at cost as of December 31, 2018 and 2017, respectively.

The fair value of the Group's investment properties amounting to P1.6 billion and P1.4 billion as of December 31, 2018 and 2017 are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's non-financial assets indicated above is their current use.

The level 3 fair value of land was determined based on the observable recent prices of the reference properties, adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2018	2017
Total liabilities	**P 12,305,288,085**	P 8,689,638,134
Total equity	**6,079,060,539**	4,515,844,803
Debt-to-equity ratio	**2.02 : 1.00**	1.92 : 1.00

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the supplemental information on the Group's liabilities arising from financing activities (see Note 11 and 19):

	Interest-bearing loans	**Due to Related Parties**	**Total**
Balance at January 1, 2018	P 1,502,021,831	P 1,007,226,830	P 2,509,248,661
Cash flow from financing activities			
Additional borrowings	1,163,912,784	-	1,163,912,784
Repayments of borrowings	(669,147,151)	(54,673,970)	(723,821,121)
Balance as of December 31, 2018	**P 1,996,787,464**	**P 952,552,860**	**P 2,949,340,324**
Balance at January 1, 2017	P 1,502,021,831	P 1,007,226,830	P 2,509,248,661
Cash flow from financing activities			
Additions due to business combination	390,698,181	-	390,698,181
Additional borrowings	762,444,112	996,057,453	1,758,501,565
Repayments of borrowings	(151,430,778)	(7,207,642)	(158,638,420)
Balance as of December 31, 2017	P 1,502,021,831	P 1,007,226,830	P 2,509,248,661

29. EVENTS AFTER THE REPORTING PERIOD

On February 20, 2019, Republic Act No. 11232, *Revised Corporation Code of the Philippines* (Code), was signed into law. Among the amendments, the removal of the 50-year limitation to corporate term for stock corporations is deemed to be the most relevant to the Group. The management deemed further that other amendments and new provisions contained in the revised Code are not material to the Group.

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
List of Supplementary Information
December 31, 2018

Schedule	Content
Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68	
A	Financial Assets Financial Assets at Fair Value Through Profit or Loss Held-to-maturity Investments Available-for-sale Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Intangible Assets - Other Assets
E	Long-term Debt
F	Indebtedness to Related Parties
G	Guarantees of Securities of Other Issuers
H	Capital Stock
Others	
	Reconciliation of Retained Earnings (SEC Circular 11)
	Schedule of Philippine Financial Reporting Standards and Interpretations Adopted by the Securities and Exchange Commission and the Financial Reporting Standards Council as of December 31, 2018

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
SEC Released Amended SRC Rule 68
December 31, 2018
Schedule A - Financial Assets (Available-for-sale Financial Assets)
(Amounts in Philippine Pesos)

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds or notes*	*Amount shown on the balance sheet*	*Valued based on the market quotation at balance sheet date*	*Income received and accrued*

N/A

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
San Ezekiel, C5 Extension
Las Piñas City
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2018
(Amounts in Philippine Pesos)

Name	Balance at beginning of year	Additions	Amounts Collected
Advances to employees	6,155,232	21,651,645	6,155,232
Total	**P 6,155,232**	**P 21,651,645**	**P 6,155,232**

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
San Ezekiel, C5 Extension
Las Piñas City
De
Schedule E - Long-Term Debt
December 31, 2018
(Amounts in Philippine Pesos)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption"Current Portion of Interest Bearing Loans" in related statement of financial position	Amount shown under caption"NonCurrent Portion of Interest Bearing Loans" in related statement of financial position
Bank Loan	P 1,996,787,464	P 1,170,462,895	P 826,324,569
Total		1,170,462,895	826,324,569

Financial Reporting Standards Council as of December 31, 2018

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
San Ezekiel, C5 Extension
Las Piñas City
Schedule F - Indebtedness to Related Parties
December 31, 2018
(Amounts in Philippine Pesos)

Name of Related Parties	Balance at beginning of year	Balance at end of year
N/A		
		-
Total	P -	P -

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
Schedule H - Capital Stock
San Ezekiel, C5 Extension
Las Piñas City
December 31, 2018
(Amounts in Philippine Pesos)

			Number of shares held by	
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related statement of financial position*	*Directors, officers and employees*	*Others*
Common shares	996,000,000	644,117,649	7,939,002	636,178,647
Preferred shares	400,000,000	-	-	-

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
San Ezekiel, C5 Extension
December 31, 2018
Reconciliation of Retained Earnings Available for Dividend Declaration
As of and for the Year Ended December 31, 2018

Unappropriated Retained Earnings Available at Beginning of Year	P	891,164,480
Outstanding Reconciling Items, net of tax		
Deferred tax assets		-
Unappropriated Retained Earnings Available at Beginning of Year		
Dividend Declaration at Beginning of Year, as Adjusted		891,164,480
Net Profit Realized during the Year		
Net profit per audited financial statements		1,567,754,130
Dividend Declarations During the Year		-
Unappropriated Retained Earnings Available for		
Dividend Declaration at End of Year	**P**	**2,458,918,610**

GOLDEN BRIA HOLDINGS, INC. AND SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2018

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		a		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		a		
Practice Statement Management Commentary			a	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	a		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	a		
	Amendments to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	a		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	a		
	Amendments to PFRS 1: Government Loans	a		
	Amendments to PFRS 1: Deletion of Short-term Exemptions	a		
PFRS 2	Share-based Payment			a
	Amendments to PFRS 2: Vesting Conditions and Cancellations			a
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			a
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			a
PFRS 3 (Revised)	Business Combinations	a		
	Amendment to PFRS 3: Remeasurement of Previously Held Interests in a Joint Operation (*effective January 1, 2019)*			a
PFRS 4	Insurance Contracts			a
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			a
	Amendments to PFRS 4: Applying PFRS 9, *Financial Instruments*, with PFRS 4, *Insurance Contracts*			a
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			a
PFRS 6	Exploration for and Evaluation of Mineral Resources			a
PFRS 7	Financial Instruments: Disclosures	a		
	Amendments to PFRS 7: Transition	a		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	a		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	a		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	a		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	a		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	a		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			a
PFRS 8	Operating Segments	a		
PFRS 9	Financial Instruments (2014)	a		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation* (*effective January 1, 2019)*			a
PFRS 10	Consolidated Financial Statements	a		
	Amendments to PFRS 10: Transition Guidance	a		
	Amendments to PFRS 10: Investment Entities	a		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			a
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception			a
PFRS 11	Joint Arrangements			a
	Amendments to PFRS 11: Transition Guidance			a
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			a
	Amendment to PFRS 11: Remeasurement of Previously Held Interests in a Joint Operation (*effective January 1, 2019)*			a

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	a		
	Amendments to PFRS 12: Transition Guidance	a		
	Amendments to PFRS 12: Investment Entities	a		
	Amendments to PFRS 10: Investment Entities – Applying the Consolidation Exception	a		
PFRS 13	Fair Value Measurement	a		
PFRS 14	Regulatory Deferral Accounts			a
PFRS 15	Revenue from Contracts with Customers	a		
PFRS 16	Leases* *(effective January 1, 2019)*			a
PFRS 17	Insurance Contracts *(effective January 1, 2021)*			a
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	a		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	a		
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	a		
	Amendments to PAS 1: Disclosure Initiative	a		
PAS 2	Inventories	a		
PAS 7	Statement of Cash Flows	a		
	Amendments to PAS 7: Disclosure Initiative			a
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	a		
PAS 10	Events After the Reporting Period	a		
PAS 12	Income Taxes	a		
	Amendments to PAS 12 - Deferred Tax: Recovery of Underlying Assets	a		
	Amendments to PAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses	a		
	Amendment to PAS 12 - Tax Consequences of Dividends* (*effective January 1, 2019*)			a
PAS 16	Property, Plant and Equipment	a		
	Amendments to PAS 16: Bearer Plants	a		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	a		
PAS 17	Leases	a		
PAS 19 (Revised)	Employee Benefits	a		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions	a		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			a
PAS 21	The Effects of Changes in Foreign Exchange Rates	a		
	Amendments: Net Investment in a Foreign Operation	a		
PAS 23 (Revised)	Borrowing Costs	a		
	Amendment to PAS 23: Eligibility for Capitalization	a		
PAS 24 (Revised)	Related Party Disclosures	a		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			a
PAS 27 (Revised)	Separate Financial Statements	a		
	Amendments to PAS 27: Investment Entities	a		
	Amendments to PAS 27: Equity Method in Separate Financial Statements	a		
PAS 28 (Revised)	Investments in Associates and Joint Ventures	a		
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* *(effective date deferred indefinitely)*			a
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception	a		
	Amendment to PAS 28: Measurement of Investment in Associates at Fair Value through Profit or Loss			a
	Amendment to PAS 28: Long-term Interest in Associates and Joint Venture (*effective January 1, 2019*)			a
PAS 29	Financial Reporting in Hyperinflationary Economies			a
PAS 32	Financial Instruments: Presentation	a		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	a		
	Amendments to PAS 32: Classification of Rights Issues	a		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	a		
PAS 33	Earnings Per Share	a		
PAS 34	Interim Financial Reporting			a

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		**Adopted**	**Not Adopted**	**Not Applicable**
PAS 36	Impairment of Assets	a		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	a		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	a		
PAS 38	Intangible Assets			a
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	a		
PAS 40	Investment Property	a		
	Amendment to PAS 40: Reclassification to and from Investment Property	a		
PAS 41	Agriculture			a
	Amendments to PAS 41: Bearer Plants			a
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**	a		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			a
IFRIC 4	Determining Whether an Arrangement Contains a Lease	a		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**	a		
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			a
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			a
IFRIC 9	Reassessment of Embedded Derivatives**	a		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	a		
IFRIC 10	Interim Financial Reporting and Impairment			a
IFRIC 12	Service Concession Arrangements			a
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			a
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction**			a
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			a
IFRIC 17	Distributions of Non-cash Assets to Owners**	a		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	a		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine**	a		
IFRIC 21	Levies**	a		
IFRIC 22	Foreign Currency Transactions and Advance Consideration	a		
IFRIC 23	Uncertainty Over Income Tax Treatments *(effective *January 1, 2019*)			a
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			a
SIC-10	Government Assistance - No Specific Relation to Operating Activities			a
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			a
SIC-15	Operating Leases - Incentives	a		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	a		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	a		
SIC-29	Service Concession Arrangements: Disclosures			a
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	a		
SIC-32	Intangible Assets - Web Site Costs			a

* These standards will be effective for periods subsequent to 2018 and are not early adopted by the Group.

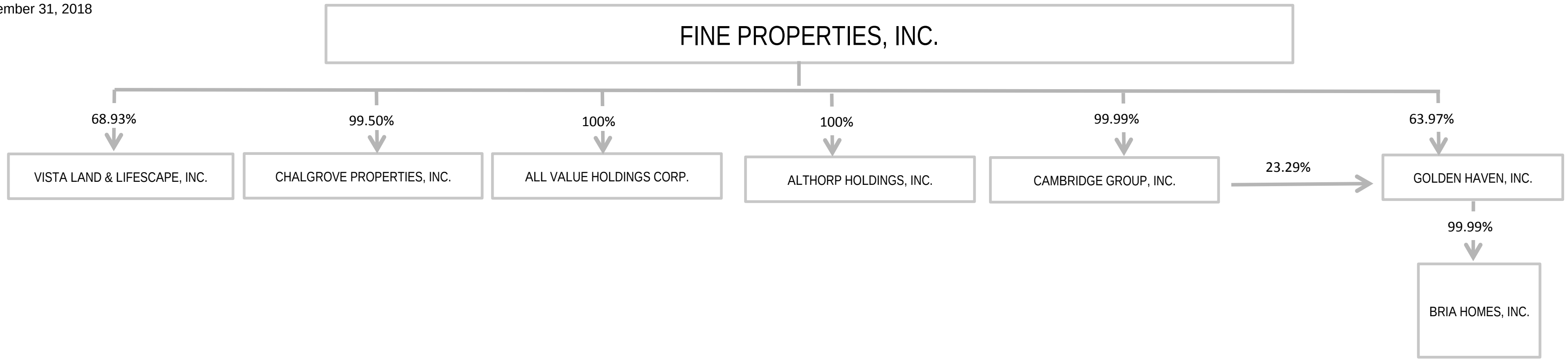
** These standards have been adopted in the preparation of financial statements but the Group has no significant transactions covered in both years presented.

G **GOLDEN HAVEN, INC. AND A SUBSIDIARY**

(F **SHOWING THE RELATIONSHIPS BETWEEN AND AMONG COMPANIES IN THE GROUP**

ULTIMATE PARENT COMPANY AND SUBSIDIARY

December 31, 2018



Indebtedness to Related Parties