GOLDEN BRIA
HOLDINGS, INC.

June 19, 2020

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: **2019 Annual Report SEC 17-A - 12/31/2019**

Gentlemen:

Please see attached Annual Report of Golden Bria Holdings, Inc. for the year 2019.

Thank you.

Miles M. Teretit
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)

Maria Teresa P. Tumbaga	(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, 2019**

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** — Address of principal office
   1746 — Postal Code

8. **8873-2922 / 8873-2543**
   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:

₱ 30.6 billion as of December 31, 2019

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, 2019** (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, have established projects all over the country, making it one of the largest deathcare developer in the country. 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 in Las Pinas 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 2019, the Company's shares are valued at P436.00 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 2018, the Company, through its deathcare business Golden Haven, was able to expand to 32 locations with 35 developments all over the Philippines including both expansion and new project properties, making it one of the country's largest memorial park developers.

Over the past year, the Company was also able to launch 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 2018, the company has widened its reach to 51 projects in 40 locations across the country. Its continual growth gives true meaning to the company's goal in providing an ordinary Filipino a home that they can call their own. Over the past year, the Company was also able to launch projects in new locations where Bria Homes have not built previously, including Alaminos, Laguna, Lipa, Batangas, and Montalban, Rizal.

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 Angeles, Pampanga, the Company was able to expand the services and products it offers to more segments of the death care industry.

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

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. The Company is already expanding its portfolio in a transition from simply being "Murang Pabahay" to becoming the Filipino's "Home of Choice". A monicker it wishes to achieve by adding new horizontal and vertical residential concepts in higher market segments, thereby completing the spectrum and ensuring that there is an apt Bria home for the everyday Filipino's defining moments of success.

It has **51 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 40 cities and municipalities**.

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.

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, 2019, the balance of the Company's maintenance funds in the aggregate amounted to ₱710 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.

Research and Development

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.

Insurance

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 51 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, Packages for chapel viewing room, inclusive of body preparation and caskets, range from PHP 60,000.00 to PHP 450,000.00. 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, 2019:

Department	Headcount
Operations	263
Technical	60
Administration	293
Total*	**616**

*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.

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, 2019, the aggregate balance of the Company's maintenance funds was ₱ 710 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, 2019, Company's total landsize for deathcare developments all over the country with regional distribution summarized in the table below:

Location	Area (in hectares)
Luzon	115.66
Visayas	43.74
Mindanao	77.95
Total	**237.35**

As of December 31, 2019, 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, 2019 are set out in the table below:

Location	Area (in hectares)
Luzon	388.8
Visayas	38.7
Mindanao	225.8
Total	**653.3**

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 2019.

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	2019 High	Low	Close
1st	400.00	325.00	370.60
2nd	418.40	377.00	407.80
3rd	449.80	407.80	432.00
4th	440.00	410.00	436.00

Quarter	2020 High	Low	Close
1st	440.00	300.00	368.00

The market capitalization of HVN as of December 31, 2019 based on the closing price of ₱436.00/share on December 27, 2019, the last trading date for the fourth quarter of 2019, was approximately ₱ 280.84 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, 2019 (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, 2019, 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 2019 VS YEAR-END 2018

RESULTS OF OPERATIONS

Revenues

The revenues of the Company increased from **₱5,821 million** for the year ended December 31, 2018 to **₱8,645 million** for the year ended December 31, 2019, increasing by **49%.** This growth was primarily attributable to the following:

- Real estate sales increased by **49%** from **₱5,655 million** for the year ended December 31, 2018 to **₱8,454 million** in the year ended December 31, 2019, due mainly to increases in sales of residential units and memorial park lots.

- Interment income grew from **₱33 million** for the year ended December 31, 2018 to **₱39 million** for the year ended December 31, 2019, increasing by **18%**, due to a higher number of interment services rendered for the year.

- Interest income on contract receivables increased from **₱97 million** for the year ended December 31, 2018 to **₱110 million** for the year ended December 31, 2019. This **14%** change was due mostly to an increase on in-house financed sales over the year compared to previous year.

- Income from chapel services increased from **₱36 million** for the year ended December 31, 2018 to **₱42 million** for the year ended December 31, 2019. The **16%** increase was due to the higher number of memorial services and cremation packages rendered for the year.

Costs and Expenses

Cost and expenses of the Company increased from **₱4,100 million** for the year ended December 31, 2018 to **₱5,808 million** for the year ended December 31, 2019. The **42%** increase in the account was mainly attributable to the following:

- Cost of sales and services increased from **₱2,881 million** for the year ended December 31, 2018 to **₱4,372 million** in the year ended December 31, 2019. The **52%** 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 year.

- Other operating expenses increased by **18%**, from **₱1,218 million** for the year ended December 31, 2018 to **₱1,437 million** in the year ended December 31, 2019. The increase was due primarily to increases in commissions due to higher sales, increase in advertising expense and salaries and wages due to new projects opened or launched during the year.

Other Income – Net

Other income – net decreased from an income of **₱78 million** for the year-end 2018 to a loss of (**₱16 million)** for the year-end 2019. The **122%** decrease was due primarily to the increase in finance costs on the bank loans availed by the company.

Tax Expense

Tax expense increased from **₱232 million** for year-end 2018 to **₱252 million** for year-end 2019. This was attributable to the higher taxable income base in year-end 2019 compared to the same period from the previous year.

Net Income

As a result of the movements above, total net profits increased from **₱1,568 million** for the year-end 2018 to **₱2,568 million** recorded in year-end 2019, or an increase of **64%**.

For the year-end 2019, 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. Except as discussed in the notes to financial statements Events after the report date on the potential impact of the COVID-19 outbreak.

There are no significant elements of income or loss, which did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of December 31, 2019 vs. December 31, 2018

The Company's total assets was recorded at **₱27,590 million** as of December 31, 2019, increasing by **50%,** from **₱18,384 million** recorded as of December 31, 2018, due to the following:

- Cash on-hand and in-banks increased by **457%**, from **₱501 million** as of December 31, 2018 to **₱2,796 million** as of December 31, 2019, mainly due to the proceeds of the loans availed by the Company during the last quarter of the year.

- Total contracts receivable and contract assets, including non-current, increased by **55%** from **₱8,152 million** as of December 31, 2018 to **₱12,632 million** as of December 31, 2019 due mainly to the increase in the contracts receivable resulting from an increase in sales on account recorded over the year compared to previous year.

- Other receivables increased by **127%** from **₱996 million** as of December 31, 2018 to **₱2,263 million** as of December 31, 2019 due primarily to an increase in receivables from contractors and advances to employees brought about by expansion and development recorded during the year.

- Real estate inventories increased by **21%**, from **₱6,445 million** as of December 31, 2018 to **₱7,785 million** as of December 31, 2019 due to the expansion of existing Company projects and launches of new projects as well as reclassification from investment properties during the year.

- Other current assets, increased by **19%,** from **₱1,301 million** as of December 31, 2018 to **₱1,554 million** as of December 31, 2019, due mostly from purchased construction materials related to construction of residential houses as well as an increase in prepaid commissions brought about by higher sales during the year.

- Right of use assets-net increased by **100%,** from **nil** as of December 31, 2018 to **₱16 million** as of December 31, 2019, due primarily to the adoption of PFRS 16 for the year.

- Investment properties decreased by **83%**, from **₱587 million** as of December 31, 2018 to **₱101 million** as of December 31, 2019, due mainly to the reclassification of certain parcels of land to real estate inventories due to change in use for the said assets.

- Other non-current assets increased by **49%**, from **₱62 million** as of December 31, 2018 to **₱93 million** as of December 31, 2019, due mainly to the increase in security deposit for the year.

The total liabilities of the Company increased by **54%**, from **₱ 12,305 million** as of December 31, 2018 to **₱18,965 million** as of December 31, 2019, due to the following:

- Total Interest-bearing loans, including non-current, increased by **282%**, from **₱1,997 million** as of December 31, 2018 to **₱7,626 million** as of December 31, 2019, due mostly to interest-bearing loans obtained by the Company during the year.

- Raw land payable decreased by **11%** from **₱1,582 million** as of December 31, 2018 to **₱1,404 million** as of December 31, 2019 due to settlements made on the acquisition of land on account in line with the Company's expansion plans.

- Customers' deposits increased by **42%** from **₱1,899 million** as of December 31, 2018 to **₱2,695 million** as of December 31, 2019, due to an increase in sales reservation for the year.

- Lease liabilities including non-current portion increased by **100%** from **nil** as of December 31, 2018 to **₱16 million** as of December 31, 2019, due to adoption of the PFRS 16 for the year.

- Income tax payable increased by **19%** from **₱20 million** as of December 31, 2018 to **₱23 million** as of December 31, 2019 due primarily to an increase income and tax adjustments made for the year.

- Deferred tax liabilities (net) increased by **14%,** from **₱998 million** as of December 31, 2018 to **₱1,134 million** as of December 31, 2019 due primarily to an increase in unrealized gross profit during the period.

- Reserve for perpetual care increased by **66%** from **₱426 million** as of December 31, 2018 to **₱710 million** as of December 31, 2019 due to the parallel increase in memorial lot sales on account recorded for the period.

- Retirement benefit obligation increased from **₱38million** as of December 31, 2018 to **₱78 million** as December 31, 2019 due to an increase in the present value of the obligation as recorded for the period.

Total stockholder's equity increased by **42%** from **₱6,079 million** as of December 31, 2018 to **₱8,624 million** as of December 31, 2019, due to the following:

- An **104%** increase in retained earnings, from **₱2,459 million** in December 31, 2018, to **₱5,027 million** as of December 31, 2019, mainly due to the increase net income recorded for the year ended December 31, 2019.

- A **382%** decrease in revaluation reserves from **₱6 million** as of December 31, 2018 to negative **₱16 million** as of December 31, 2019 mainly due to the revaluation of 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		2019	2018
Liquidity:			
Current Ratio	Current Assets/Current Liability	2.02 :1	1.51 :1
Solvency:			
Debt-to-Equity Ratio	Total Debt/Total Equity	0.88 :1	0.33 :1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	3.20 :1	3.02 :1
Interest-rate-coverage:			
Interest-rate-coverage ratio	EBITDA/Finance Costs	12.61 : 1	20.30 : 1
Profitability:			
Return-on-equity	Net Income/Equity	29.77%	25.79%

Material Changes to the Company's Statement of Financial Position as of December 31, 2019 compared to December 31, 2018 (increase/decrease of 5% or more)

- Cash on-hand and in-banks increased by **₱2,294 million** or **457%**, from **₱501 million** as of December 31, 2018 to **₱2,796 million** as of December 31, 2019, mainly due to loans availed by the Company during the period.

- Total contracts receivable and contract assets, including non-current, increased by **₱4,480 million** or **55%** from **₱8,152 million** as of December 31, 2018 to **₱12,632 million** as of December 31, 2019 due to an increase in sales on account recorded over the period compared to previous year.

- Other receivables increased by **₱1,266 million** or **127%** from **₱996 million** as of December 31, 2018 to **₱2,263 million** as of December 31, 2019 due primarily to an increase in receivables from contractors and brokers brought about by expansion recorded during the period.

- Real estate inventories increased by **₱1,340 million** or **21%**, from **₱6,445 million** as of December 31, 2018 to **₱7,785 million** as of December 31, 2019 due to the expansion of existing Company projects and launches of new projects as well as reclassification from investment properties during the year.

- Other current assets increased by **₱253 million** or **19%,** from **₱1,301 million** as of December 31, 2018 to **₱1,554 million** as of December 31, 2019, due mostly from purchased construction materials related to construction of residential houses as well as an increase in prepaid commissions about by higher sales during the year.

- Right of use assets-net increased by **100%,** from **nil** as of December 31, 2018 to **₱16 million** as of December 31, 2019, due primarily to the adoption of PFRS 16 for the year.

- Investment properties decreased by **₱487 million** or 83%, from **₱587 million** as of December 31, 2018 to **₱101 million** as of December 31, 2019, due mainly to reclassification of certain parcels of land to real estate inventories due to change in use for the said assets.

- Other non-current assets increased by **49%**, from **₱62 million** as of December 31, 2018 to **₱93 million** as of December 31, 2019, due mainly to the increase in security deposit for the year.

- Total Interest-bearing loans, including non-current, increased by **₱5,629 million** or **282%**, from **₱1,997 million** as of December 31, 2018 to **₱7,626 million** as of December 31, 2019, due mostly to interest-bearing loans obtained by the Company during the period.

- Raw land payable decreased by **₱178 million** or **11%** from **₱1,582 million** as of December 31, 2018 to **₱1,404 million** as of December 31, 2019 due to settlements made on the acquisition of land on account in line with the Company's expansion plans.

- Customers' deposits increased by **₱795 million** or **42%** from **₱1,899 million** as of December 31, 2018 to **₱2,695 million** as of December 31, 2019, due to an increase in sales reservation for the year.

- Lease liabilities including non-current portion increased by **100%** from **nil** as of December 31, 2018 to **₱16 million** as of December 31, 2019, due to adoption of the PFRS 16 for the year.

- Income tax payable increased by **₱4 million** or **19%** from **₱19 million** as of December 31, 2018 to **₱23 million** as of December 31, 2019 due primarily to an increased income and tax adjustments made for the year.

- Deferred tax liabilities (net) increased by **₱137 million** or **14%,** from **₱998 million** as of December 31, 2018 to **₱1,134 million** as of December 31, 2019 due primarily to an increase in unrealized gross profit during the period.

- Reserve for perpetual care increased by **₱283 million** or **66%** from **₱426 million** as of December 31, 2018 to **₱710 million** as of December 31, 2019 due to the parallel increase in memorial lot sales on account recorded for the period.

- Retirement benefit obligation increased by **₱40 million,** from **₱38 million** as of December 31, 2018 to **₱78 million** as December 31, 2019 due to an increase in the present value of the obligation as recorded for the period.

- Total stockholder's equity increased by **₱2,545 million** or **42%,** from **₱ 6,079 million** as of December 31, 2018 to **₱8,624 million** as of December 31, 2019. This change was primarily due to the **104%** increase in retained earnings from **₱2,459 million** as of December 31, 2018 to **₱5,027 million** as of December 31, 2019, and a **382%** decrease in revaluation reserves from **₱6 million** as of December 31, 2018 to negative **₱16 million** as of December 31, 2019

Material Changes to the Company's Statement of income for the year ending 2019 compared to year ending 2018 (increase/decrease of 5% or more)

- Real estate sales increased by **₱2,799 million**, from **₱5,655 million** for the year ended December 31, 2018 to **₱8,453 million** in the year ended December 31, 2019. The **49%** increase was due primarily to the increase in sales of memorial park lots and of residential units.

- Interest income on contract receivables increased by **₱13 million**, from **₱97 million** for the year ended December 31, 2018 to **₱110 million** for the year ended December 31, 2019. The **14%** increase was due mainly to the increase of bank financed sales compared to in-house financed transactions made during the period.

- Income from chapel services increased by **₱6 million**, or by **16%**, from **₱36 million** for the year ended December 31, 2018 to **₱42 million** for the year ended December 31, 2019 due to the increase in memorial and cremation services rendered during the period.

- Interment income increased by **₱6 million** or **18%,** from **₱33 million** for the year ended December 31, 2018 to **₱39 million** for the year ended December 31, 2019, due to an increase in the number of interment services rendered for the year.

- Cost of sales and services increased by **₱1,490 million** or **52%,** from **₱2,881 million** for the year ended December 31, 2018 to **₱4,372 million** in the year ended December 31, 2019, due to parallel increase in memorial park lot and residential lot sales made during the year.

- Other operating expenses increased by **₱218 million,** from **₱1,218 million** for the year ended December 31, 2018 to **₱1,436 million** in the year ended December 31, 2019. The **18%** increase was due primarily to increases in commissions due to higher sales, and in salaries and wages due to new projects launched during the year.

- Other income – net decreased by **₱94 million or 122%** from an income of **₱78 million** for the year-end 2018 to a loss of **(₱16 million)** for the year-end 2019. This was due primarily to the increase in finance costs on the bank loans availed by the company.

- The Company's tax expense increased by **₱21 million,** from **₱232 million** for year-end 2018 to **₱252 million** for year-end 2019. The **9%** increase was mainly attributable to the increase in deferred tax expense relating to origination and reversal of temporary differences recorded over the period.

- Net Profit grew by **₱1,000 million,** from **₱1,568 million** for year ended December 31, 2018 to **₱2,568 million** for the year ended December 31, 2019. The **64%** 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 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.

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 2017, 2018 and 2019.

	Expenditure *(in ₱ millions)*
2017 (actual)	2,790.10
2018 (actual)	3,840.00
2019 (actual)	4,188.10

**Consolidated amount of the parent and the subsidiary*

The Company's capital expenditures have, in the past, been financed by internally generated funds and long-term borrowings.

Components of the Company's capital expenditures for 2017, 2018 and 2019 are summarized below:

	For the years ended December 31,		
	2017	2018	2019
		(in ₱ millions)	
Land acquisition	1,089.40	1,314.08	852.70
Memorial park development	181.00	105.05	145.30
Memorial chapel construction	78.00	-	8.00
Land development	521.10	800.21	953.00
Construction	788.60	1,416.88	2118.00
Property and equipment	132.00	203.78	111.10
Total	**2,790.10**	**3,840.00**	**4,188.10**

Item 7. Financial Statements

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2019 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:

	2018*	2019*
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	₱ 2,350,000.00	₱ 2,150,000.00
All other fees	–	–
Total	**₱ 2,350,000.00**	**₱ 2,150,000.00**

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

<u>Changes in and Disagreement with Accountants on Accounting and Financial Disclosure</u>

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 2019 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, 2019 included in this report.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

<u>Board of Directors and Executive Officers</u>

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.	70	Director, Chairman of the Board	Filipino
Maribeth C. Tolentino	54	Director and President	Filipino
Frances Rosalie T. Coloma	57	Director	Filipino
Rizalito J. Rosales	49	Director	Filipino
Camille A. Villar	34	Director	Filipino
Ana Marie V. Pagsibigan	50	Independent Director	Filipino
Garth F. Castañeda	38	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, 2019.

Name	Age	Position	Citizenship
Gemma M. Santos	57	Corporate Secretary	Filipino
Maria Teresa P. Tumbaga	47	Chief Financial Officer, Chief Information Officer, Treasurer	Filipino
Jo Marie Lazaro - Lim	40	Assistant Corporate Secretary	Filipino
Miles M. Teretit	35	Chief Accountant & Compliance Officer	Filipino
Kate Cator	36	Investor Relations 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, 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 Vista Land & Lifescapes, Inc. and of Starmalls, Inc., which are both publicly listed companies. 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, and was appointed President of the Company on August 30, 2017.

FRANCES ROSALIE T. COLOMA, *Director,* 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, and a director of Vista Land & Lifescapes, Inc., both of which are publicly listed companies. Ms. Coloma has been a director of the Company since July 2016 and was appointed Chief Financial Officer and Chief Information Officer on 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 Vista Land & Lifescapes, Inc., a publicly listed company, 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 of Primerose Properties Development, Inc., and Corporate Secretary of Consolidated Holdings Management of the Philippines, Inc. 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. and a director of KISH Design Hub, 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 Vista Land & Lifescapes, Inc., a publicly listed company. She was appointed as corporate secretary on 22 December 2017.

MARIA TERESA P. TUMBAGA, *Chief Financial Officer, Chief Information Officer, Treasrurer,* graduated from the Polytechnic University of the Philippines with a degree in Bachelor of Science in Accountancy. Ms. Tumbaga previously served as a Group Admin Head and Finance Head for Vista Land & Lifescapes, Inc. before being appointed Group Admin Head of Bria Homes, Inc.

JO MARIE LAZARO-LIM, *Assistant Corporate Secretary*. Ms. Lazaro-Lim, graduated from the University of Sto. Tomas with a degree in Bachelor of Arts in Legal Management and she earned her law degree from San Beda College of Law. She is the Compliance Officer and Assistant Corporate Secretary of Starmalls, Inc. and Corporate Secretary of All Home Corp.

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.

KATE D. CATOR, *Investor Relations Officer*, graduated in 2004 from the Polytechnic University of the Philippines - Manila with a degree in Bachelor of Science in Accountancy. She is a Certified Public Accountant. She joined Golden Haven in 2008, she previously served as Finance Head and Head Accountant and is currently the Credit and Collections Head of Golden Bria Holdings, Inc. She was appointed Investor Relations Officer on 15 October 2019.

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 2018, 2019 (actual), and 2020 (projected) are shown below:

Name and Principal Position		Year	Salary	Bonus	Others
Manuel B. Villar, Jr.	Chairman				
Maribeth C. Tolentino	President of Golden Bria Holdings, Inc.				
Rizalito J. Rosales	President of Bria Homes, Inc.				
Ma. Teresa P. Tumbaga	Chief Financial Officer / Chief Information Officer / Treasurer				
Miles M. Teretit	Compliance Officer				
Aggregate executive compensation for above named officers		**Actual 2018**	**₱32.19M**	**₱3.07M**	**None**
		Actual 2019	**₱35.90M**	**₱3.69M**	**None**
		Projected 2020	**₱43.08M**	**₱4.46M**	**None**
Aggregate executive compensation of all other officers and directors, unnamed		**Actual 2018**	**₱32.19M**	**₱3.07M**	**None**
		Actual 2019	**₱35.90M**	**₱3.69M**	**None**
		Projected 2020	**₱43.08M**	**₱4.46M**	**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, 2019:

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	70,050,470	10.88%

Security ownership of directors and executive officers as of December 31, 2019:

[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 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.

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, 2019*

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

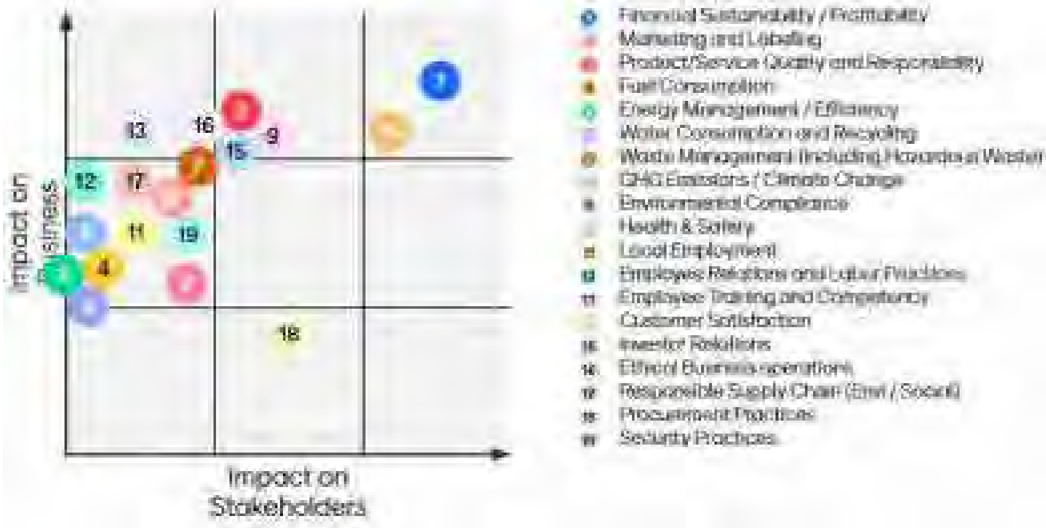
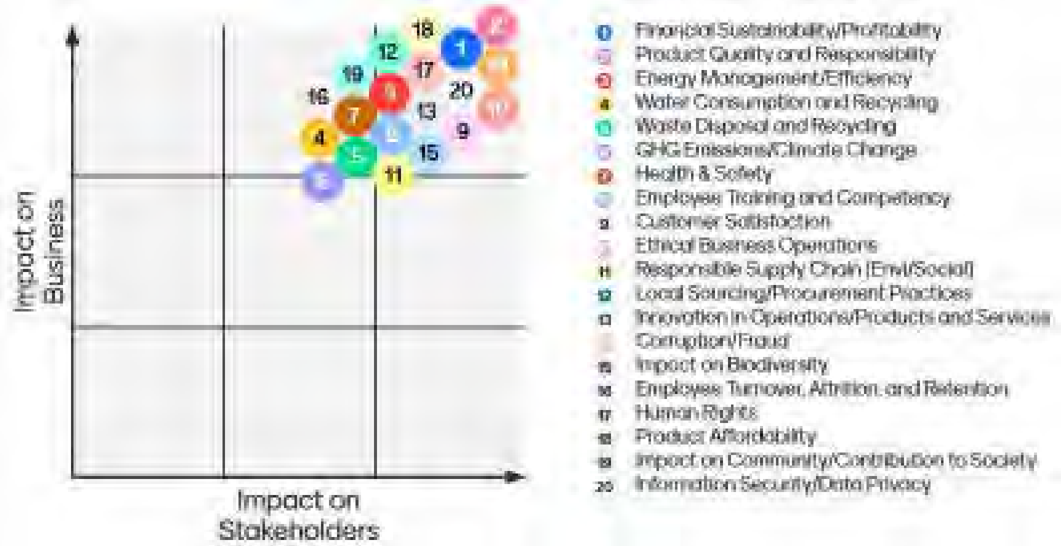
Item 13. ***To be disclosed separately.***

PART V – SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	Golden Bria Holdings Inc.
Location of Headquarters/ Operations	Golden Haven: San Ezekiel, C5 Extension, Las Piñas City Bria Homes: Edsa Cor. Shaw Boulevard, Mandaluyong City
Report Boundary: Legal entities included in this report	Golden Haven, Inc.: ▪ Las Piñas (Chapel) ▪ Las Piñas/Ezekiel (Park) ▪ Cebu (Park) ▪ Cagayan De Oro (Park) ▪ Zamboanga (Park) ▪ Bulacan (Park) ▪ Iloilo (Park) Bria Homes: ▪ Region III (Central Luzon) ▪ Region IV-A (Calabarzon) ▪ Region V (Bicol Region) ▪ Region VII (Central Visayas) ▪ Region X (Northern Mindanao) ▪ Region XI (Davao Region) ▪ Region XII (Soccskargen) ▪ National Capital Region
Business Model, including Primary Activities, Brands, Products, and Services	Golden Haven: Development of memorial parks, chapels, and columbarium facilities Bria Homes: Real estate development (affordable houses and condo units)
Reporting Period	January 1 to December 31, 2019
Highest Ranking Person responsible for this report	Golden Haven: Maribeth C. Tolentino, President Bria Homes: Rizalito J. Rosales, President and COO

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.
Golden Bria was guided by the Global Reporting Initiative (GRI) Standards in compiling this report. The material topics covered were identified from a list of items that are most relevant to the sectors to which Golden Haven and Bria Homes belong to. A materiality workshop was then conducted and participated in by key personnel to assess the topics that are most material and directly influence (1) the Company's significant impacts specifically on the economic, environmental, and social aspects and (2) the decisions of its stakeholders. The resulting materiality matrix is shown below. Those aspects found in the high and medium levels of criticality were prioritized in this sustainability report. Golden Haven:  Bria Homes: 

Level of Criticality		Material Topic	Relevant GRI Standard	Contributing SDGs
Golden Haven	**Bria Homes**			
High	High	Financial Sustainability/ Profitability	GRI 201: Economic Performance	8
High	High	Customer Satisfaction	-	-
Medium	High	Product/Service Quality and Responsibility	GRI 307: Environmental Compliance GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment GRI 416: Customer Health and Safety GRI 419: Socioeconomic Compliance	12
Medium	-	Environmental Compliance	GRI 307: Environmental Compliance GRI 308: Supplier Environmental Assessment	7, 11, 12, 13, 14, 15
Medium	High	Ethical Business Operations	GRI 205: Anti-Corruption GRI 206: Anti-Competitive Behavior GRI 307: Environmental Compliance GRI 405: Diversity and Equal Opportunity GRI 406: Non-Discrimination GRI 408: Child Labor GRI 409: Forced or Compulsory Labor GRI 412: Human Rights Assessment	5, 8, 10, 16
Medium	-	Investor Relations	-	-
Low	High	Waste Management	GRI 306: Effluents and Waste	11, 12
Low	High	Employee Training and Competency	GRI 404: Training and Education	4
Low	High	Responsible Supply Chain and Procurement Practices	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	12
Low	-	Employee Relations and Labor Practices	GRI 402: Labor Management Relations	5, 8, 10
Low	High	Health and Safety	GRI 403: Occupational Health and Safety GRI 416: Customer Health and Safety	8, 12

Low	High	Security Practices (Information Security/ Data Privacy)	GRI 410: Security Practices	-
Low	-	Local Employment	GRI 401: Employment	8
Low	High	Fuel Consumption/ Energy Management and Efficiency	GRI 302: Energy GRI 305: Emissions	7, 12
Low	-	Marketing and Labeling	GRI 417: Marketing and Labeling	-
-	High	Corruption/Fraud	GRI 205: Anti-Corruption	16
-	High	Innovation in Operations/ Products and Services	-	9
-	High	Impact on Biodiversity	GRI 304: Biodiversity	13, 14, 15
-	High	Employee Turnover, Attrition, and Retention	GRI 401: Employment	8
-	High	Human Rights	GRI 408 Child Labor GRI 409 Forced or Compulsory Labor GRI 411 Rights of Indigenous Peoples GRI 412 Human Rights Assessment	5, 6, 10, 16
-	High	Product Affordability	-	-
-	High	Impact on Community/ Contribution to Society	GRI 413 Local Communities	4, 6, 8, 9, 11
Low	Medium	Water Consumption and Recycling	GRI 303 Water and Effluents	6, 12
Low	Medium	GHG Emissions/ Climate Change	GRI 305: Emissions	11, 13

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (in PhP)
Direct economic value generated	8,880,116,840
a. Revenue	8,644,695,262
b. Other revenues	233,098,093
c. Interest income	2,323,485
Direct economic value distributed	6,312,504,936
a. Operating costs	4,371,551,613
b. Employee wages and benefits	286,667,101
c. Payment to suppliers	1,372,038,518
d. Taxes given to government	282,247,704
1. Income tax	252,329,601
2. Other taxes	29,918,103
Direct economic value retained	2,567,611,904

Note/s:

1. Direct economic value distributed = Operating costs + Employee wages and benefits + Payment to suppliers + Taxes given to government
2. Payment to suppliers = PhP 1,436,469,101 + PhP 252,154,621 (finance cost) – (Employee wages and benefits + Other taxes)
3. Direct economic value retained = Direct economic value generated – Direct economic value distributed

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Besides the products and services that it provides nationwide, Golden Bria helps in improving the financial stability of its stakeholders by generating a steady income growth, annually declaring dividends for its stockholders, and offering thousands of employment opportunities across the country, to name a few. A significant portion of the Group's revenue flows back to the society through the following: 1. Employees ▪ Provision of competitive compensation and additional benefits that are beyond what the government requires ▪ Annual performance evaluation that serves as a channel for salary increases and promotions 2. Suppliers ▪ Offering of generous rates for services and purchase prices for materials 3. Government ▪ Prompt payment of taxes and other fees	Golden Haven, Bria Homes, Investors, Business partners, Employees, Suppliers, Government, Job seekers	Golden Bria abides by the principles of transparency, materiality, and completeness in reporting its financial performance. The Group prepares its financial statements using the measurement bases for each type of asset, liability, income, and expense specified by the Philippine Financial Reporting Standards (PFRS). A third-party auditing firm reviews and audits these annual financial reports before publication. The Group also announces its financial and operating performance through press releases every quarter.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Like any other company, Golden Bria understands that it is vulnerable to business risks, especially those concerning its	Golden Haven, Bria Homes, Investors, Business Partners,	Apart from the monthly review of financial statements, Golden Bria conducts budget and forecast

financial performance. For this reason, it has identified potential threats, several of which are cash flow interest rate risk, credit risk, liquidity risk, and foreign exchange risk. Movements in the property market may also substantially affect the Group.	Employees, Customers	activities Significant purchases such as raw land acquisition and loans are subject to the approval of the Executive Committee. All cash flows, from operations to investing and financing, are also reflected in the management reports. The Board of Directors regularly reviews and approves changes to policies designed to manage each of these risks. Golden Bria also has measures in place that aim to prevent and eliminate the effects of such risks as shown below: ▪ Enter into fixed rate debts ▪ Transact with recognized and creditworthy third parties only ▪ Monitor cash flow, debt maturity profile, and overall liquidity position The Group has an established Enterprise Risk Management and a Board Risk Oversight Committee (BROC) to mitigate financial risks.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunity to grow the Group's investment properties and incorporate sustainability in its financial decisions	Golden Haven, Bria Homes, Investors, Business Partners, Employees	Both Golden Haven and Bria Homes continue to be aggressive in their project launches and other operational targets while keeping track of the continuously changing needs and preferences of the market by conducting market studies and surveys. The Group ensures that potential long-term effects of financial decisions are carefully deliberated on and that all risks and opportunities are viewed through the lens of each Company's economic, environmental, and social impacts in making such decisions.

Climate-Related Risks and Opportunities

Governance Disclose the organization's governance around climate related risks and opportunities	
a. Describe the board's oversight of climate-related risks and opportunities	Golden Bria has a Board Risk Oversight Committee (BROC) that supervises its risk management system through the implementation of an Enterprise Risk Management (ERM) policy. The ERM consists of strategies that cover all risks, including climate-related risks, which may potentially affect the Group's operations. Hence, the Board, through the BROC, regularly monitors its performance to ensure that it is up-to-date and effective.
b. Describe management's role in assessing and managing climate-related risks and opportunities	Apart from identifying all key business risks and opportunities and ensuring that they are properly measured and monitored, the management also regularly updates the Board on the status of the Group's risk management initiatives. The Board therefore always has up to date information as basis for their recommendations on further improvement of its performance.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Extreme natural catastrophes such as typhoons, flooding, and earthquakes are the priority climate-related risks that Golden Bria has identified.
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	One of the possible outcomes that may occur when the Group suffers an uninsured loss or a loss that is in excess of the insured limits is losing a portion, if not all, of the capital invested in a property. Another is losing the future turnover from a property while still having the liabilities for all its construction costs and other financial obligations.
c. Describe the resilience of the organization's strategy, taking into	In consideration of the identified climate-related risks and the possible scenarios that may emerge

consideration different climate-related scenarios including a 2⁰C or lower scenario	from them, Golden Bria performs a thorough technical due diligence that includes environmental studies on a property and its surrounding areas. Additional measures for specific climate-related risks such as potential effects of global warming will be included in the Group's risk management strategies in the future.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a. Describe the organization's processes for identifying and assessing climate-related risks	Golden Bria follows a process in the identification of climate-related risks as discussed in its Enterprise Risk Management, which is being assessed yearly by the BROC.
b. Describe the organization's processes for managing climate-related risks	Once a particular climate-related risk has been identified and deemed significant, Golden Bria seeks the help of the applicable department/s in managing the said risk through the formulation of appropriate strategies and management plan. Doing this helps ensure that risks in all levels and areas of both Companies are responsibly managed.
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Climate-related risks are identified in the same manner as other key business risks. Golden Bria's Enterprise Risk Management policy enumerates these risks and discusses how their potential impacts on its operations are assessed as well as how the established mitigating measures are designed to eliminate any adverse outcomes.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	▪ Number of days that projects have been delayed ▪ Frequency of property downtime and disruptions in the operations ▪ Repair and/or replacement costs from damaged or destroyed equipment, buildings, and other assets ▪ Maintenance expenses from wear and tear on buildings
b. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	▪ Regular monitoring and maintenance of all assets

	▪ Employee trainings and information dissemination on protocols during natural catastrophes or severe weather conditions

Procurement Practices

Proportion of Spending on Local Suppliers

<table>
<tr><th rowspan="2">Disclosure</th><th colspan="4">Quantity</th></tr>
<tr><th colspan="2">Golden Haven</th><th colspan="2">Bria Homes</th></tr>
<tr><td rowspan="8">Percentage of procurement budget used for significant locations of operations that is spent on local suppliers</td><td rowspan="2">Las Piñas
(Park and Chapel)</td><td rowspan="2">100%</td><td>Region 3</td><td>100%</td></tr>
<tr><td>Region 4-A</td><td>100%</td></tr>
<tr><td>Cebu (Park)</td><td>100%</td><td>Region 5</td><td>100%</td></tr>
<tr><td>Cagayan De Oro (Park)</td><td>100%</td><td>Region 7</td><td>100%</td></tr>
<tr><td>Zamboanga (Park)</td><td>100%</td><td>Region 10</td><td>100%</td></tr>
<tr><td>Bulacan (Park)</td><td>100%</td><td>Region 11</td><td>100%</td></tr>
<tr><td rowspan="2">Iloilo (Park)</td><td rowspan="2">100%</td><td>Region 12</td><td>100%</td></tr>
<tr><td>NCR</td><td>100%</td></tr>
</table>

Being a crucial element in the operations of most businesses to which Golden Bria is not an exception, the overall process of procurement must be carefully designed and regularly evaluated as it poses great influence on the final purchasing decision. For this reason, Golden Haven and Bria Homes employ a set of stringent conditions that suppliers must meet to guarantee that they can deliver the needed products and services whenever deemed necessary.

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td colspan="3">Golden Haven</td></tr>
<tr><td>Golden Haven follows strict selection criteria for its suppliers that includes the price, quality, lead time/delivery, long-term relationship potential, customer value, product/
service availability, and financial and manpower/
equipment capacity. Not only do these requirements guarantee that the Company's demands will be met, they also encourage its suppliers to implement responsible business practices.</td><td>Golden Haven, Suppliers</td><td>Apart from site and plant visits, the Company requires the following documents from potential suppliers to assess their eligibility and qualifications:
▪ DTI/BIR/Financial Statements
▪ Proposal letter
▪ Company profile
▪ Quotation
▪ Business registration/ Permits
Three candidates are then selected and invited to bid for a certain project. Once a supplier has been chosen and approved, Golden Haven ensures that they meet the</td></tr>
</table>

		quality standards of the Company throughout the duration of the contract.
100% of the Company's procurement budget was spent on local suppliers.		Golden Haven requires potential and present suppliers to meet its requirements completely. For this year, only local suppliers were able to do such.
Bria Homes		
The quality of Bria's products and services depend on the capability of its suppliers to meet its specific needs. Thus, the Company observes the following set of standards in choosing its suppliers: ▪ Price ▪ Reliability ▪ Financial Stability ▪ Location ▪ Quality ▪ Strong Relationship/ Partnership Approach ▪ Strong Service and Clear Communication	Bria Homes, Suppliers	Bria requires its suppliers to maintain a good working relationship with the Company and ensures that they meet its high standards in business practices.
100% of the Company's procurement budget was spent locally.		Bria prioritizes local suppliers over foreign suppliers in its procurement process.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
Golden Haven has always demonstrated its commitment to supporting local suppliers by making use of locally supplied materials. Doing so, however, comes with risks. One of which is, sometimes, the quality of work and products do not meet the Company's standards. Other problems such as unavailability of modern equipment and lack of specific materials required for a project also arise.	Golden Haven	As Golden Haven's operations rely on the dependability of its suppliers, it ensures that constant supervision is carried out and alternative materials/equipment are identified and ready to be outsourced in rare cases that suppliers cannot deliver.

Bria Homes		
Although Bria prioritizes local suppliers, it recognizes that doing so also has its risks: quality issues, the inability to meet some specifications and supply the volume of goods needed, sharp price increases triggered by increase in demand, and high maintenance costs, to name a few.	Bria Homes	Understanding that risks are inherent to any business and must be addressed, the Company abides by a simple risk minimization plan that helps it identify and manage them: ▪ Avoid: think of alternatives ▪ Prevent: act to prevent the risk from happening in the first place ▪ Retain: retain the risk while putting up protective measures to ensure the Company's safety
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
Opportunity to improve on the Company's present supplier selection process and procurement practices	Golden Haven, Suppliers	It is the Company's standard operating procedure (SOP) to apply a well-balanced and strictly maintained control in its procurement practices. It also ensures proper communication with direct suppliers and regular monitoring of supplies.
Bria Homes		
Opportunity to improve on the Company's current supplier selection criteria and procurement practices	Bria Homes, Suppliers	The Company implements the following practices: ▪ Establishing alliances with key suppliers ▪ Optimizing company-owned inventory ▪ Establishing appropriate levels of control and minimizing risks Bria also continuously develops its procurement practices by drafting a detailed map of its spending and updating it on a regular basis while driving substantial but sustainable savings at the same time.

Anti-Corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of directors and management that have received anti-corruption training	N/A	N/A	%
Percentage of employees that have received anti-corruption training	N/A	N/A	%

Corruption not only rob businesses of profit, but also damages their reputation in the eyes of their stakeholders, especially employees and customers. Whether in the form of extortion, embezzlement, or bribery, corruption is harmful to any organization as it betrays the trust of the public. Thus, recognizing the importance of measures against corruption, Golden Bria has an anti-corruption policy embedded in its Code of Business Conduct and Ethics that is promulgated and disseminated through trainings.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Golden Haven		
The Company ensures that all employees are regularly reminded of the Code of Business Conduct and Ethics through appropriate training sessions.	Golden Haven, Employees	The Company requires all employees to attend a staff orientation and corporate values session during its annual team building. This serves as an avenue to discuss and raise awareness on the importance of the values that Golden Haven upholds and how they can be applied to each respective job function.
Bria Homes		
The importance that Bria places on anti-corruption awareness is reflected in the percentage of employees and business partners to whom its anti-corruption policies have been disseminated to. By doing this, the Company guarantees that integrity and honesty are always upheld and	Bria Homes, Employees, Suppliers, Contractors	The significance of disclosure has always been emphasized to employees since their first day with the Company. Any gift of any form, for instance, is strictly mandated by the Human Resources department to be declared for transparency.

applied in the workplace and in any transaction.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
The Company understands that a risk of corruption among its employees is always present. For this reason, Golden Haven constantly stresses to its employees the value of refraining from all corruption-related activities as any dishonest business may compromise the operations of the Company and lead to conflicts of interest.	Golden Haven, Employees	Golden Haven strictly prohibits its employees to accept gifts and/or bribes from clients, suppliers, contractors, and any other external party.
Bria Homes		
Because the procurement of supplies is an integral part of its operations, the supplier selection process is at greater risk of corruption than most other dealings in the Company. In response to this, Bria ensures that proper measures are in place to ensure both the quality of materials acquired and the values of the Company.	Bria Homes, Employees, Suppliers	Apart from maintaining an open communication with its employees and partners, Bria's managers see to it that all transactions are transparent and above board.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
Opportunity to strengthen the imposition of the Company's anti-corruption policies and incorporate them into its employees' performance in the workplace	Golden Haven, Employees	Adherence to Golden Haven's corporate values is among the criteria of employees' annual performance evaluation.
Bria Homes		
Opportunity to offer anti-corruption-related training to its employees whether they be conducted in-house or externally	Bria Homes, Employees	In order for its employees to better understand the potential impacts and risks that corruption brings to the Company, Bria plans to organize classroom trainings on anti-corruption not only for those who are in direct contact with suppliers and contractors, but for employees that are working in the back office as well.

Incidents of Corruption

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Number of incidents in which directors were removed or disciplined for corruption	0	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	1	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Golden Haven		
As there had been no incidents of corruption in 2019, there are no significant impacts identified.	Golden Haven, Employees	Golden Haven believes that cases of corruption should never be tolerated as they could lead not only to a lack of trust between the Company and its employees, but to serious conflicts in the future as well. Hence, in the event that an employee is suspected to be involved in any corruption-related activities, Golden Haven guarantees to investigate the matter earnestly. If he/she is then found to be guilty, the Company will decide if his/her actions are enough to serve as a ground for termination.
Bria Homes		
A case of corruption in 2019 prompted the Company to be sterner in the implementation of its anti-corruption policy and the monitoring of all transactions that may be tainted with corruption. This applies to all areas and levels of the organization.	Bria Homes, Employees, Legal Counselors	Bria's Human Resources department and legal counselors work together in enforcing anti-corruption policies and procedures in the Company. In suspected cases of corruption, employees who are allegedly involved are investigated in accordance with a due process.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Golden Bria		
Insufficient and ineffective sanction imposed to offenders may lead to recurrences and distrust within the organization. The image of the Group may also be compromised.	Golden Haven, Bria Homes, Employees, Suppliers, Contractors	The management ensures that all transactions are monitored and undergo due process to eliminate corruption in the Group's operations.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Bria		
Opportunity to continuously develop the Group's existing business processes and communication practices when corruption issues arise	Golden Haven, Bria Homes	Apart from keeping all communication channels open in all its locations of operations, Golden Haven and Bria Homes limit any unnecessary access to cash and other equivalents to avoid cases of embezzlement among their employees.

ENVIRONMENT

Resource Management

Energy Consumption within the Organization

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Energy consumption (renewable sources)	No data	No data	GJ
Energy consumption (gasoline)	58,005	279,220	L
Energy consumption (diesel)	78,785	479,675	L
Energy consumption (electricity)	1,142,873	1,031,514	kWh

Note/s:

1. Golden Haven's gasoline consumption was for vehicles only while diesel fuel was used for vehicles, memorial park equipment, generator sets, and cremation machine.
2. Bria Homes' fuel consumption was for vehicles only.

Reduction of Energy Consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

Note/s:
1. There is no baseline data to compare to as this is Golden Bria's first sustainability report.

As experts struggle to promulgate the importance and urgency of energy efficiency, Golden Bria has long been devoted to its commitment in efficiently managing its resources. Wherefore, Golden Haven and Bria Homes have their respective management plans in place to adequately monitor and regulate their energy consumption.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Golden Haven		
Golden Haven's energy consumption was from the use of electricity and fuel for vehicles, generators, cremation machine, and other memorial park equipment.	Golden Haven	Vehicle and interment equipment use plays a major role in the Company's primary business operations. Therefore, Golden Haven implemented regular odometer monitoring and a trip ticketing system to track and roughly estimate its fuel consumption and emissions. In addition, it also employs various energy-conserving practices in effort to improve its energy performance: ▪ Switching off nonessential lights, appliances, equipment, etc. ▪ Carefully planning schedules ahead of time to maximize the routes of vehicles
Bria Homes		
With the continuous efforts to control its energy consumption, Bria used 279,219.68 liters of gasoline and 479,675.46 liters of diesel fuel for its vehicles and 1M kWh of electricity for its offices from 18 locations.	Bria Homes, Employees	As Bria's operations require the regular transport of materials and employees, efficiency in fuel consumption is essential. Consequently, the Company had implemented a cost-consciousness measure by providing limitation on the daily fuel consumption in the form of a trip ticketing system. The Company also strictly implements a policy that mandates all employees to turn off unnecessary lights, computers, and other electrical equipment when not in use.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Golden Haven		
Insufficient knowledge of the Company's employees on the importance of conserving energy may interfere with their cooperation in its goal to execute a more energy-efficient day-to-day operations.	Golden Haven, Employees	Golden Haven constantly encourages its employees to be mindful of their energy use, especially electricity. This is supplemented by a policy that serves to spread consciousness on the value of conservation.
Bria Homes		
A lack of knowledge on the Company's real time performance in terms of its renewable energy use may result in complacency without seeing the need for improvement and adjustments.	Bria Homes	Bria considers monitoring and recording how much of its energy use comes from renewable sources in the future.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
Opportunity to gradually shift to the use of energy-saving alternatives and renewable energy sources	Golden Haven	As a response to its pledge to reduce its carbon footprint, the Company started utilizing energy-saving bulbs and solar power systems such as solar powered lamp posts in place of its energy-intensive counterparts. Golden Haven is also exploring other technologies, like the Grid-tied Solar Power System, to improve on its energy consumption.
Bria Homes		
Opportunity to gradually shift to the use of energy-saving alternatives and renewable energy sources.	Bria Homes operations	Bria had its subdivision streetlights in all locations converted from ordinary fluorescent bulbs to solar-powered lamps. Furthermore, the Company prioritizes the use of energy-efficient equipment and devices. Various innovative options are also being considered for future use.

Water Consumption within the Organization

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Water withdrawal	81,375	740,565	Cubic meters
Water consumption	22,881	740,565	Cubic meters
Water recycled and reused	0	0	Cubic meters

Note/s:
1. Golden Haven's water consumption was calculated by subtracting water discharge from water withdrawal.

The water crisis that the country had been experiencing for the past years clearly demonstrates the serious need for water conservation and how important it is to support conservation advocacies inspired by it. According to the World Health Organization, access to improved water sources still presents a challenge to 1 out of 10 people. Golden Bria is therefore actively doing its part in its day-to-day operations through the implementation of various water-saving practices.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Golden Haven		
Apart from domestic consumption, the 30,000 cubic meters of consumed water was mainly used in the watering of plants and trees in memorial parks.	Golden Haven	Golden Haven strictly enforces a water conservation policy in all levels and areas of the organization. Employees are encouraged to be conscious and control their consumption of water. The following water-efficient applications are also being considered for use in the future: ▪ Collecting rainwater ▪ Scheduled watering to reduce the rapid evaporation of water ▪ Use of water-saving containers for plants to require infrequent watering ▪ Recycling water used for domestic purposes
Bria Homes		
Bria's water consumption is categorized into two uses only: domestic and construction. The former is mostly for office cleaning, toilets, and kitchen use while the latter is for cleaning and project maintenance purposes.	Bria Homes operations, Employees	Bria has a water consumption reduction policy in place that directs all employees to keep their water use to a minimum and serves as a source of awareness on the significance of water conservation as well.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Golden Bria		
Having no means to record the reduction in the Group's water consumption hinders it from monitoring its performance over time.	Golden Haven, Bria Homes	Both Golden Haven and Bria Homes recognize that monitoring water consumption is important and therefore plans to do so in the future.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
Opportunity to harness rainwater during wet season to decrease the need for huge amounts of groundwater and water taken from third-party sources	Golden Haven	The Company is planning to introduce a rainwater collection and distribution system on its existing memorial parks and offices as well as in new project locations.
Bria Homes		
Opportunity to save significant amounts of water in all locations including construction sites	Bria Homes operations, Employees	Apart from the water consumption reduction policy, the Company regularly advises its employees to prevent the nonessential use of water to decrease wastage of clean water. Other related practices that Bria imposes are: ▪ Watering plants in the early morning as to not lose too much water from evaporation ▪ The use of drums for water storage in construction sites to control and monitor their water consumption accordingly

Materials Used by the Organization

Disclosure	Quantity			
	Golden Haven		Bria Homes	
Materials used by weight or volume				
a. renewable	Grass	14,800 kgs	Bamboo	No data
			Recycled glass	No data
			Lumber	5,378 M
b. non-renewable	Concrete	1,350,760 kgs	Cement	205,901 bags

	Marble	22,469 kgs	Metals	11,138,877.50 pcs
	Paint	9,427 liters	Aggregate	28,143 cu.m.
Percentage of reclaimed products and their packaging materials	Concrete vault	9%		0%
	Marble marker	9%		

Raw materials are essential in the manufacture and development of any product and service. Thus, it is only right to say that they should be thoroughly managed from cradle to grave. Golden Bria ensures that proper supervision of acquired materials are applied throughout their life cycle by employing appropriate measures starting from their purchase to their disposal.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Golden Haven		
Golden Haven utilizes non-renewable materials such as concrete, marble, and paint for the construction and maintenance of its facilities. Grass, a renewable resource, is important in the services provided in its memorial parks where the landscape has to be maintained at all times.	Golden Haven, Suppliers	Golden Haven purchases grass from suppliers, supplemented by an in-house nursery from where it gets most of its supply. Not only does this lessen the cost of procuring materials, it also helps the Company in reducing its carbon footprint as it is located relatively nearer.
Bria Homes		
Apart from the use of renewable materials in its construction operations, Bria ensures that no material will be put to waste by partnering with third-party buyers and the local government units where it operates.	Bria Homes, Local Government Units	In observance of material efficiency and to maximize the use of its acquired supplies, Bria sells all scrap materials from every project site to third-party buyers. Donation of used oil drums to the local government units is also being planned for implementation in 2020.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Golden Haven		
Paint, aside from being a non-renewable material, is also a hazardous waste. Hence, the said material poses a threat not only to the health of employees who are often exposed to it, but to the environment as well if not discarded properly.	Golden Haven	Golden Haven ensures that its employees are provided with the appropriate protective equipment and given training on how to properly dispose of such materials.
Bria Homes		
As most of the materials acquired for the construction of houses are non-renewable, Bria faces the risks of rapid depletion of supplies and an increase in price because of high demand.	Bria Homes, Suppliers	The ability to execute a project heavily relies on the dependability of suppliers. For this reason, Bria ensures that suppliers can meet its demands anytime. The Company also reviews the bill of materials (BOM) every quarter to monitor the price of each and validate the supplies used. To avoid inventory gaps of necessary materials, Bria sees to it that enough stock has been ordered before beginning a new phase of a project so as not to delay its completion and have any setback on the timeline. The Company also identifies and keeps a record of substitute materials that can be used in the rare event that the preferred supplies are not available.

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Golden Haven		
Opportunity to cut down on procurement expenses and reduce the Company's waste by acquiring and utilizing materials that are durable and can be used for a long time	Golden Haven, Suppliers	As the Company always emphasizes the importance of being efficient in its use of materials, it has been a common practice in all its facilities to recycle or reuse materials and equipment such as vaults, markers, and other interment materials whenever possible. This is also to contribute to the overall decrease in the Company's generation of waste.
Bria Homes		
Opportunity to shift to renewable materials for the majority of the Company's supplies utilized in the construction of the buildings	Bria Homes, Suppliers	Bria Homes aims to track its inventory of renewable materials used in the construction of its houses. This data will be used as the basis for further improvement of its material efficiency. Renewable alternatives are also being considered as replacement for non-renewable supplies while still taking into account the quality of the Company's projects.

Ecosystems and Biodiversity

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	0	0	
Habitats protected or restored	0	0	Ha
IUCN Red List species and national conservation list species with habitats in areas affected by operations	0	0	

The threat to biodiversity in the modern world brought about by various factors such as habitat destruction, illegal exploitation of natural resources and wildlife, and climate change has become heavily human-influenced. The very reason why this has been considered a pressing matter and, therefore, should be dealt with accordingly and immediately. Golden Haven and Bria Homes, despite having operations that do not directly cause any adverse impact on biodiversity, do their share through advocacies and by supporting environmental causes.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No existing facility or ongoing project of both Golden Haven and Bria Homes is located in or near any areas of high biodiversity. Hence, both Companies have identified no significant impacts.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
There are no significant risks identified.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunity to participate in environmental causes, particularly on biodiversity, and conduct its own programs and projects for the environment	Golden Haven, Bria Homes	As part of their commitment to incorporating environmental awareness into decisions, day-to-day operations, and programs, Golden Haven and Bria Homes are aiming to organize various environment-related projects and engage in environmental advocacies. A management plan is also being deliberated on should one or both Companies have any negative impacts on biodiversity in the future.

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Direct (Scope 1) GHG Emissions	346.14	1,923.52	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	813.95	734.64	Tonnes CO_2e
Emission of ozone-depleting substances (ODS)	0	No data	Tonnes CO_2e

Note/s:

1. Sources of emission factors used in calculating both Companies' GHG emissions are as follows:
    a. Scope 1: IPCC 2006 Guidelines for National Greenhouse Gas Inventories for stationary combustion and the US EPA Climate Leaders (updated May 2008) for transport fuel
    b. Scope 2: Department of Energy

Despite the Philippines having the lowest level of air pollution in Southeast Asia, the majority of the cities that were included in IQAir's 2019 World Air Quality Report exceeded the World Health Organization's safety limits. Securing the 57th rank out of 98 in the "World's most polluted countries" list in 2019, the country's PM2.5 levels was at an average of 17.6 µg/m3, a 21% increase from the previous year. Consequently, Golden Bria aims to contribute to the improvement of the Philippines' air quality by managing its emissions and maintaining it to minimum amounts as possible.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Golden Haven's major sources of Scope 1 emissions are mobile (vehicle) and stationary (generator sets, cremation machine, and memorial park equipment) while Bria Homes' direct GHG emissions are from the use of fuel for transportation only. Both Companies' Scope 2 emissions, on the other hand, are from their electricity consumption.	Golden Haven, Bria Homes	Golden Haven and Bria Homes have both established an energy conservation policy composed of several initiatives aimed to increase their energy efficiency. One of these is that air conditioning units' usage must be properly monitored. They must also be well maintained to decrease the need for replacement of refrigerants, most of which have zero ozone-depleting potential. Products with completely no emission of ozone-depleting substances are also being considered for use in the near future.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Both Companies currently have no definite means to monitor their GHG emissions, especially hazardous gas emissions. However, relating the impact of emissions on the natural environment, Golden Haven and Bria Homes believe that emissions affect the air quality on its development and surrounding communities.	Golden Haven, Bria Homes	Moving forward, Golden Haven and Bria Homes are considering the feasibility of the use of cost-efficient, clean energy technologies.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunity to decrease the amount of greenhouse gases produced during operations by taking advantage of the locations' natural surroundings and the implementation of ecological practices	Golden Haven, Bria Homes, Customers, Local communities, Employees	Golden Haven substantially reduces the number of trees cut down for the development of raw land where its facilities will be constructed. All roadsides are planted with trees and luscious softscape aimed to showcase the beauty of their locations.

		Meanwhile, Bria Homes ensures that green spaces, available for the recreation and relaxation of its homeowners, are always included in the development of its properties.

Air Pollutants

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
NO_x	No data	No data	kg
SO_x	No data	No data	kg
Persistent organic pollutants (POPs)	No data	No data	kg
Volatile organic compounds (VOCs)	No data	No data	kg
Hazardous air pollutants (HAPs)	No data	No data	kg
Particulate Matter (PM)	No data	No data	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
As Golden Haven and Bria Homes do not record their emission of air pollutants yet, there are no significant impacts identified.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
There are no significant risks identified.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Opportunity to begin the monitoring and improvement of the Company's impact in terms of its emission of air pollutants	Golden Haven, Bria Homes	Golden Haven and Bria Homes are actively doing their share in the goal of reducing the amount of air pollutants emitted by strictly enforcing the following: ▪ Thorough evaluation of refrigerant specifications before purchasing ▪ Phasing out any disinfectant spray that emits air pollutants ▪ Monitoring of dust emission and careful dust dispersion control within project sites

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Total solid waste generated	840,805	N/A	kg
Reusable	31,535	N/A	kg
Recyclable	4,348	N/A	kg
Composted	379,601	N/A	kg
Incinerated	N/A	N/A	kg
Residuals/Landfilled	425,321	N/A	kg

Golden Bria adheres to the Environmental Management Bureau's call to observe proper waste segregation through the regular updating and strict implementation of its solid waste management plan. Golden Haven and Bria Homes also ensure that appropriate measures are employed in the use and disposal of hazardous wastes.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Golden Haven		
50% of the waste that Golden Haven generated were not disposed of in landfills (45% - composted, 4% - reused, 1% - recycled)	Golden Haven, Customers	Implementation of proper waste segregation, the "Reduce, Reuse, Recycle" principle, and careful use and handling of all materials
Composting of biodegradables such as dried leaves and grass benefit the environment as it recycles organic resources. Reusable and recyclable wastes also save landfill space.		
The Company provides better service to its customers by offering to reuse interment materials as optional for service.		
Bria Homes		
As there is no available data to provide on the quantity of solid waste that Bria generated in 2019, there have been no significant impacts identified.	Bria Homes, Employees	Proper waste segregation as well as the "Reduce, Reuse, Recycle" principle are employed in all project sites. Bria also consistently advises its employees to carefully use and handle all materials as to be able to maintain efficiency and

		maximize their utility and usefulness.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
There are no significant risks identified.		
Bria Homes		
Not knowing the amount of the Company's generated waste due to a lack of record may result in a disregard for the need to constantly improve on its waste disposal procedures.	Bria Homes	Bria is planning to institute processes and procedures for monitoring the amount of waste that it produces that it will have data reference for the continuous update of its solid waste management plan.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
Opportunity to (1) reuse products and materials that are still in good condition to save on cost and decrease the amount of generated waste and (2) raise awareness on the importance of proper waste disposal among its employees and customers alike.	Golden Haven, Local communities, Customers	Golden Haven donates used memorial caskets that are in good condition to its neighboring *barangays*.
		The Company recovers and collects left behind trash such as cans and plastic cups that can still be used as pots for its nursery.
		Golden Haven discourages the use of plastic materials. However, if plastic must be used, then the Company always advises people to dispose of them in appropriate waste bins.
Bria Homes		
Opportunity to practice efficiency in the use of acquired products by reusing them	Bria Homes	Bria ensures that all used products and materials that are still in good condition will not be put to waste. Containers, for instance, are reused as storage for other construction materials or garbage cans regardless of size and shape. This practice also generates profit as the Company sells other reusable materials such as used tires.

Hazardous Waste

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Total weight of hazardous waste generated	13	0	kg
Total weight of hazardous waste transported	0	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Golden Haven		
Formaldehyde is used for embalming, one of the primary services of the Company.	Golden Haven	Golden Haven has a sewage treatment plant where all hazardous wastes are taken to immediately.
Bria Homes		
Given that Bria Homes has not generated and transported any hazardous waste in the reporting year, there have been no identified significant impacts.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
Formaldehyde poses a serious risk to the health of employees that are regularly exposed to it.	Golden Haven	The Company has a septic tank used exclusively for hazardous wastes such as formaldehyde. This is properly monitored and managed with an accredited siphoning service being routinely arranged to dispose of the collected hazardous wastes.
Bria Homes		
There are no significant risks identified.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
Opportunity to decrease the amount of hazardous waste generated	Golden Haven	To minimize the generation of hazardous waste, employees make accurate measurements and only use the maximum allowable dosage of formaldehyde for mortuary. Stock capacity is also constantly monitored.

Bria Homes
There are no significant opportunities identified.

Effluents

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Total volume of water discharges	58,493.92	0	cubic meters
Percent of wastewater recycled	0	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Golden Haven		
Golden Haven is continuously improving on its water consumption efficiency as it actively implements water conservation measures in the workplace, which is evident in its almost 30% consumption rate.	Golden Haven	The Company constantly reminds its employees to practice water conservation and avoiding the unnecessary use of water.
Bria Homes		
As there have been no recorded water discharges in 2019, Bria Homes had identified no significant impacts.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Golden Haven		
If not supervised and regulated properly, contaminated water and hazardous liquids can cause soil and underground contamination.	Golden Haven	Employees are always advised to be cautious in handling substances that may lead to contamination when not managed accordingly, especially hazardous wastes. The improper disposal of such is also strictly prohibited.
Bria Homes		
There are no significant risks identified.		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Golden Haven		
Opportunity to monitor and improve the quality of the Company's wastewater	Golden Haven	Golden Haven is planning to construct sewage treatment plants (STP) in all its facilities. Treated water can then be reused for other purposes.
Bria Homes		
There are no significant opportunities identified.		

Environmental Compliance

Non-Compliance with Environmental Laws and Regulations

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0	#
No. of cases resolved through dispute resolution mechanism	0	0	#

Golden Bria recognizes the importance of complying to all laws and regulations. Not only does it prevent possible interruptions or suspensions of operations, strict observation of these rules conveys the Group's reliability and integrity to its stakeholders. Hence, Golden Haven and Bria Homes make sure that they adhere to laws and regulations by securing all necessary permits.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Both Golden Haven and Bria Homes have no violations to any environmental laws or regulations in 2019.	Golden Haven, Bria Homes	Golden Haven and Bria Homes ensure to actively observe environmental laws and regulations through its diligent efforts to acquire an Environmental Compliance Certificate and other necessary environmental permits.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
There are no significant risks identified.		

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Opportunity to go for a record of being entirely and consistently compliant to environmental laws and regulations	Golden Haven, Bria Homes	Both Companies aim to implement more environmental programs/projects to supplement its compliance and raise standards to go beyond observation of laws and regulations.

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Total number of employees	119	1,074	#
a. Number of female employees	82	207	#
b. Number of male employees	37	867	#
Attrition rate	33	4	%
Ratio of lowest paid employee against minimum wage	1:1	1:1	ratio

Note/s:
1. Golden Haven's total number of employees covers organic employees only as the Company does not keep a record of its contract workers.
2. Attrition rate = turnovers/total number of employees
3. The ratio of both Companies applies to all regions within the scope of this report.

Employee Benefits
Golden Haven

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	8%	3%
PhilHealth	Y	No data	No data
Pag-IBIG	Y	No data	No data
Parental leaves	Y	2%	0%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical Benefits	Y	(cannot be disclosed due to data privacy)	

(aside from PhilHealth)			
Housing assistance (aside from Pag-IBIG)	Y	0%	0%
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	Y	0%	0%
Company stock options	Y	0%	0%

Bria Homes

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	12%	15%
PhilHealth	Y	6%	3%
Pag-IBIG	Y	6%	3%
Parental leaves	Y	<1%	<1%
Vacation leaves	Y	54%	42%
Sick leaves	Y	9%	7%
Medical Benefits (aside from PhilHealth)	Y	(cannot be disclosed due to data privacy)	

Employees are a company's most valuable asset, being the direct link of interactions between company and customer. Employees also bring the company's culture beyond its walls and into the community. Golden Bria recognizes that its employees are behind its every milestone and are the key to its success. Hence, the Group ensures that they are given the utmost importance through fair compensation and treatment and by fostering their career and personal growth as well as promoting transparency and participation in decision-making.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
Knowing that its employees are the key to its exemplary reputation in the death care industry, Golden Haven ensures that they are given the utmost importance by offering them a competitive compensation program. Its prominent record had also undoubtedly appealed to more people as 9% of its employees in 2019 were newly hired.	Golden Haven offers a wide range of benefits above those government-mandated as it provides a competitive salary, annual increase depending on the employee's performance, bonuses, and budgeted activities and parties that encourage the employees to stay and grow their careers with the Company.
Bria Homes	

The Company offers a competitive compensation program that substantially boosts the retention rate of its employees, evident in its 4% attrition rate for the year 2019.	Bria offers its employees a competitive salary and set of benefits, including more health benefits than what PhilHealth offers. Its employees have the privilege to have their own health cards and insurance as well as leaves beyond the government-required service incentive leave and monthly day offs. Annual appraisals that serve as good avenues for promotions and salary increases are also among the generous benefits that the Company's staff can enjoy.
Bria ensures that a proper workplace turnover in cases of retirement, resignation, or termination of employment is in place and will be implemented.	The Company conducts a "Newbie Orientation" and a one-week discussion between a new employee and the resignee or the Team Leader as part of the shadowing process. Training of new employees is also a collaborative effort between different departments. The Company's IT department, for instance, provides a one-week training to newly hired employees of the Accounting department for the use of relevant application software.
What are the Risk/s Identified?	**Management Approach**
Golden Bria	
There are no significant risks identified	
What are the Opportunity/ies Identified?	**Management Approach**
Golden Haven	
Opportunity to compensate the excellent performance of its employees and enhance the Company's succession or turnover process.	Golden Haven provides trainings to peak performers. Whenever people resign or are separated, the Company immediately hires a replacement before the effective date of separation.
Bria Homes	
Opportunity to improve on the Company's employee retention performance	The Company regularly monitors employee morale to prevent possible resignations. Bria is also planning to offer more trainings, especially for the Continuing Professional Development (CPD) of its employees, in the next few years.

Employee Training and Development

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Total training hours provided to employees	1,776	320	Hours
a. Female employees	1,400	72	Hours

b. Male employees	376	248	Hours
Average training hours provided to employees			
a. Female employees	17	0.72	hours/ employee
b. Male employees	10	4.59	hours/ employee

Note/s:

1. Average training hours = Total training hours per gender/Total number of employees trained per gender
2. Golden Haven had a total of 27 external trainings while Bria had 12 internal trainings conducted in the reporting year.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
Golden Haven ensures that its employees are continuously improving on their skills and qualifications by providing various training programs that will substantially help them on their respective job functions. Such trainings also benefit the Company as they help employees achieve identified goals.	Some of Golden Haven's employee training programs are enumerated below. Staff level: ▪ Image Enhancement ▪ Business Communication ▪ Work Attitude ▪ Values Enhancement Supervisorial level: ▪ Leadership Enhancement Program ▪ Problem-Solving and Decision-Making ▪ Supervisory Development Program Managerial level: ▪ Management Development Program ▪ Creative Problem-Solving and Decision-Making ▪ Coaching and Counselling
Bria Homes	
An average of 2.08 hours of training per person had greatly helped the Company's employees perform better in the workplace, observable in their increased confidence in doing their respective job functions.	With the help of the annual evaluation process, Bria identifies the specific areas requiring improvement for each employee and organizes training sessions per level whenever deemed necessary. The Company also complies with the trainings required for each work function.
What are the Risk/s Identified?	**Management Approach**
Golden Haven	
Low growth in the personal development of the Company's employees, low productivity in its operations, low employee morale, and an increase in the attrition rate are only some of the inherent risks that Golden Haven must prepare for and manage.	The Company provides its employees comprehensive training and development programs as listed above.

Bria Homes	
Bria has identified two possible risks in the training and development of its employees: 1. Ranks will be evident in groupings 2. Employee resignations	The Company organizes trainings in a way that employees with similar job functions are grouped together regardless of rank. Bria also does not require its employees to be bound by a contract before enrolling in certain trainings.
What are the Opportunity/ies Identified?	**Management Approach**
Golden Haven	
Opportunity to compensate the excellent performance of the Company's employees	Golden Haven regularly evaluates the performance of all employees through its performance appraisal system, complemented by training evaluations, to monitor if there has been an increase in their efficiency and know which aspects can be improved. Through this system, high-performing employees with the most potential are rewarded with promotions and/or salary adjustment.
Bria Homes	
Opportunity to recognize the professional growth of its employees that contributed to the overall quality of the Company's workforce	Bria acknowledges every milestone of its employees and uses it as reference for the necessary training and monitoring of their improvement.

Labor-Management Relations

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
% of employees covered with Collective Bargaining Agreements	0	0	%
Number of consultations conducted with employees concerning employee-related policies	0	<5	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
Golden Haven's employees have a myriad of avenues where they can voice their concerns and suggestions for the management to assess and consider. The Company also ensures that the opinions of its employees are rightfully heard in any work-related decision.	Enumerated below are the different channels that Golden Haven's employees can use to present their concerns: a. An annual values session where employee concerns and grievances are gathered and forwarded to the management for direct action b. A suggestion box system where employees can write their concerns and suggestions anonymously

	c. An open-door policy that mandates the management to be open to all issues and grievances that their employees may have The Company also employs a 360-degree feedback system wherein inputs from all position levels are considered in making work-related decisions.
Bria Homes	
Although there are no collective bargaining agreements between the Company and its employees to date, Bria believes that labor-related concerns must be addressed right away as they have the potential to considerably affect the performance of its employees and result in greater conflicts in the future. This is reflected on the several employee consultations conducted in 2019.	Bria ensures that its employees can voice out their concerns and opinions anytime by keeping an open communication channel managed by key personnel assigned by the Human Resources department to record and respond to such concerns.
What are the Risk/s Identified?	**Management Approach**
Golden Haven	
There are no significant risks identified.	
Bria Homes	
Confidentiality is always a risk in any labor-related concern. The fear of having their identity revealed might be hindering employees in expressing their problems and/or opinions. Another is the failure to follow the due process in addressing these concerns.	The Company sees to it that every step taken in addressing any concerns raised by employees is according to the due process. Legal counsels are also involved in the procedure to guarantee that the identity of employees will be protected.
What are the Opportunity/ies Identified?	**Management Approach**
Golden Haven	
Opportunity to acknowledge the participation of its employees to the accomplishment of the Company's goals as well as the importance of embedding those goals to their personal and professional development	Golden Haven regularly holds events wherein important milestones and achievements are presented while recognizing the contributions of each employee to such successes. It also ensures that its employees are always motivated, involved, heard, and inspired to inculcate culture based on the Company's values.
Bria Homes	
Opportunity to make improvements not only on the part of the employee's manager but on the entire organization as well	Bria regularly reviews its employees' concerns, evaluates the areas for improvement, and implements measures for development. The Company also provides leadership trainings to its team leaders and managers to ensure that they have the right skills and character to manage their people.

Opportunity to enlighten its employees of their rights and the responsibilities of the Company as employer	The Company constantly reminds its employees of their rights and the benefits that they are entitled to as staff of Bria Homes.

Diversity and Equal Opportunity

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
% of females in the workforce	73	19	%
% of males in the workforce	27	81	%
Number of employees from indigenous communities and/or vulnerable sector*	0	0	#

*Vulnerable sector includes the elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
Golden Haven is an equal opportunity employer. 72% of Golden Haven's employees are females while 28% are males.	Golden Haven values the skills, qualifications, and contributions of each employee and does not discriminate based on any particular trait. No gender is prioritized during recruitment. So long as an applicant fits the required qualifications for a position, he/she is given the opportunity to become a part of the Company.
Bria Homes	
The Company's workforce is composed of 1,074 members, majority of whom are male (81%) which has long been the norm in the construction industry. 49% of its new hires are females while 51% are males.	Bria implements a non-discrimination policy and offers equal employment opportunities to all applicants during the recruitment process. It also makes sure that its employees are compensated fairly.
What are the Risk/s Identified?	**Management Approach**
Golden Bria	
There are no significant risks identified.	
What are the Opportunity/ies Identified?	**Management Approach**
Golden Haven	
Opportunity to employ a more inclusive recruitment process	The Company accepts applicants regardless of gender, age, and civil status during the recruitment process.
Bria Homes	
Opportunity to attract more new applicants	The Company presents fair and equal opportunities for interested applicants that are well-suited for the positions.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
Total Man Hours	892,800	35,088,480	Man Hours
No. of work-related injuries/ ill-health	3	8	#
No. of work-related fatalities	0	0	#
No. of safety drills	6	17	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
The Company ensures that all its employees are in good health and made aware of the necessary basic emergency responses.	Employees are provided with annual physical examinations as well as regular vaccinations (for chapel personnel). In case of emergencies requiring basic medical treatments, first aid kits are available in every facility.
Bria Homes	
The wellbeing of all Bria's employees is cared for by implementing a health and safety policy in the workplace and several health and wellness programs.	Beneficial activities provided to employees are listed below: ▪ Calisthenics ▪ Monthly Health Bulletins ▪ Annual Physical Examinations
What are the Risk/s Identified?	**Management Approach**
Golden Haven	
Presently, Golden Haven does not conduct a regular assessment of safety hazards and risks in the workplace.	The Company's safety protocol is set to be supplemented by a safety risk management plan that will be disseminated across all levels of the organization.
Bria Homes	
Operations ordinarily pose health and safety risks from which employees must be protected. These risks include: a. Accidents and illness cases b. Non-compliance to local laws and regulations resulting to a penalty of P40,000 (DO 198, Section 29 and DO 13, Section 5) c. Low employee productivity due to work-related accidents or illnesses d. Lack of knowledge on the proper safety practices in the workplace	To identify safety hazards and risks, Bria conducts monthly site safety inspections using a Job Hazard Analysis (JHA). It then comes up with a management plan that is carried out through thorough follow-ups and continuous discussion during toolbox meetings with all employees and subcontractors involved. Employees are made aware of the Company's health and safety policies, procedures and updates through the conduct of the following:

<table>
<tr><td></td><td>
a. Regular emails on health and safety bulletins and information
b. Environment and Human Health, Safety, and Security (EHSS) group chat
c. Monthly toolbox meetings and site inspections
d. Annual EHSS orientation/refresher
e. Organization of health and safety trainings:
▪ Construction Occupational Safety and Health (COSH)
▪ First Aid training
▪ Pollution Control Officer (PCO) training
f. Disaster preparedness trainings that involve the (1) employees' responsibilities, (2) identification of possible threats or disasters and preventive actions, and (3) discussion of disaster communication, emergency preparedness and response, emergency evacuation and accountability procedure, and the use of emergency equipment
</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th><th>Management Approach</th></tr>
<tr><td colspan="2">Golden Haven</td></tr>
<tr><td>The Company assures that any emergency relating to health and safety are properly taken care of through employee trainings and information dissemination.</td><td>Golden Haven's employees go through emergency preparedness and Red Cross trainings. It also has health and safety policies in place that are disseminated through email and other online communication platforms.</td></tr>
<tr><td colspan="2">Bria Homes</td></tr>
<tr><td>Bria has protocols in place during any accident and disaster to ensure the safety of its employees and prevent casualties.</td><td>The Company implements an Accident Reporting and Investigation Procedure as detailed below:
a. Verbally advise the Project Safety Officer, Project in Charge and/or Project Manager after the occurrence of an accident.
b. All injuries should be recorded in a register.
c. First aid treatment shall be administered by a trained First Aider for minor injuries. For major injuries, the patient or victim must immediately be transported to the nearest hospital for immediate medical attention.
</td></tr>
</table>

	d. A total work stoppage may be issued in case of accident or dangerous occurrence concerning the work areas. e. A written incident report shall be submitted within 24 hours from the time of the accident. The protocols for disasters are as follows: a. Remain calm and activate the disaster response team in the workplace. b. Follow the disaster preparedness and response plan c. Follow posted emergency evacuation procedure according to each disaster: ▪ Typhoon ▪ Flood ▪ Fire ▪ Tsunami ▪ Volcanic eruption ▪ Earthquake

Labor Laws and Human Rights

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
No. of legal actions or employee grievances involving forced or child labor	0	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace? No

Topic	Y/N		If Yes, cite reference in the company policy
	Golden Haven	Bria Homes	
Forced labor	N	N	N/A
Child labor	N	N	N/A
Human Rights	N	N	N/A

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Despite having no formal policies banning forced labor, child labor, and other human rights-related issues, Golden Bria safeguards the wellbeing of its employees and ensures that all their needs are taken care of, which is evident in the 0 cases of legal actions and employee grievances filed in 2019.	Golden Haven and Bria Homes carefully select the members of their workforce by conducting a series of exams and interviews designed to assess not only their skills and qualifications but their character as well. It is also an unwritten policy of both Companies that the rights of their employees must be respected and strictly observed. This includes the prohibition of forced and child labor, harassment, bullying, and discrimination in the workplace.
What are the Risk/s Identified?	**Management Approach**
There are no significant risks identified.	
What are the Opportunity/ies Identified?	**Management Approach**
Opportunity for the Group to organize trainings in human rights policies and procedures and their application to its employees' respective job functions	Golden Bria is considering to include human rights in its list of employee trainings to be conducted in the future.

Supply Chain Management

Topic	Golden Haven (Y/N)	If yes, cite reference in the company policy	Bria Homes (Y/N)	If yes, cite reference in the company policy
Environmental performance	Y	Applied through regular practice	Y	Included in the company accreditation process
Forced labor	Y		Y	
Child labor	Y		Y	
Human Rights	Y		Y	
Bribery and corruption	Y		Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
Two of the important criteria in Golden Haven's process of selecting its suppliers are distance and background/reputation.	The Company thoroughly considers the location of a potential supplier's warehouse/store. Choosing nearby suppliers not only lessens its carbon footprint, but also

	helps it examine whether there are disturbances within their vicinity that may significantly affect the surrounding natural environment. Golden Haven also analyzes the reputation of a potential supplier and ensures that they are compliant to laws and regulations.
Bria Homes	
Apart from the purpose of evaluation, Bria Homes is able to instill the importance of monitoring one's environmental and social impacts to its suppliers through the Company accreditation process.	The accreditation process helps the Company guarantee a supplier's ability to meet its specifications and quality standards. Bria maintains the assessment of a supplier's production capacity, compliance with standards and regulations, and legitimacy of operations, to name a few, in order to abide by its principle that cost is not a question of numbers, but of value.
What are the Risk/s Identified?	**Management Approach**
Golden Haven	
There are three major risks that may significantly affect the Company's supply chain: a. Extreme weather events ▪ Cancellation of deliveries and/or unavailability of some products and services due to strong typhoons b. Catastrophes ▪ Unexpected disasters may cause delays on its supply process which, in turn, may lead to its inability to cater to the needs of its clients c. Supplier Inconsistency	It has always been the Company's practice to have a stock of supplies enough for 1 to 2 months in preparation for any unexpected event that may cause a delay in its daily operations.
Bria Homes	
Below are the top priority risks that the Company has identified in its supply chain management: 1. Price fluctuations of raw materials that can considerably affect the cost of construction 2. Labor shortages due to the demand for workers on the government's infrastructure programs	Bria's purchasing group, which is assigned to search, select, and accredit suppliers, is also responsible for the negotiation of lock-in prices for an agreed period and the management of materials inventory. Meanwhile, in response to the risk of labor shortage, the Company coordinates with the local communities in employing laborers from the surrounding areas where its project sites are located.
What are the Opportunity/ies Identified?	**Management Approach**
Golden Haven	
Opportunity to promote the safe use of its products and services	Each material and task has its own standard operating procedure that is required to be

	observed by any employee assigned to handle them. Golden Haven also makes sure that its products and services are made of high-quality materials, which is the primary reason why the sourcing and screening of suppliers are carefully reviewed by the management.
Bria Homes	
Opportunity to build long-term partnerships with suppliers	Bria ensures that a healthy working relationship with suppliers is maintained through regular communication and fair compensation for the products and services provided.

Relationship with Community

Significant Impacts on Local Communities

Golden Haven

Business operations with significant (positive or negative) impacts on local communities	Mandatory waste segregation and donation of plastic wastes from facilities in Las Piñas to Villar SIPAG
Location	Las Piñas City
Vulnerable groups (if applicable)	N/A
Does the particular operation have impacts on indigenous people (Y/N?)	No
Collective or individual rights that have been identified that or particular concern for the community	Right to a healthy environment
Enhancement measures	Construction of materials recovery facilities (MRF) outside the memorial park to improve the segregation and collection of plastic wastes.

Bria Homes

Business operations with significant (positive or negative) impacts on local communities	Bria *Kakampi* Program
Location	Nationwide
Vulnerable groups (if applicable)	Young adults (18 onwards)
Does the particular operation have impacts on indigenous people (Y/N?)	No
Collective or individual rights that have been identified that or particular concern for the community	Access to decent livelihood regardless of education attainment
Enhancement measures	Provision of free digital selling platforms

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _None_

Certificates	Quantity		Units
	Golden Haven	Bria Homes	
FPIC process is still undergoing	0	0	#
CP secured	0	0	#

Being one of the primary stakeholders of any organization, local communities are directly affected by its operations. Therefore, they must always be considered in every proceeding and decision. Consequently, Golden Bria understands the responsibility that it has on the communities wherein it operates. It is for this reason that the Group implements various programs for the benefit of its surrounding communities as a way of giving back.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
The Company believes that its initiative to actively segregate its wastes, especially biodegradables and plastics, prevented a considerable amount from occupying space in landfills.	Golden Haven partnered with Villar SIPAG, the social responsibility arm of the Villar Group of Companies, to reuse and recycle its plastic wastes. Its biodegradables, on the other hand, are turned into compost, which are then used to maintain its memorial parks.
Bria Homes	
A full-time marketing team leader ensures that the financial growth of his/her respective area is both inclusive and sustainable. This is done through the implementation of programs that are focused on the improvement of the communities' environmental and societal conditions.	The Company allots a portion of its sales revenue for the following environmental and social programs: a. *Plantahanan*: tree planting activities and excursions into neighboring natural wonders b. *Brigada Eskwela*: Back-to-school programs that consist of donations of school supplies and repairs of facilities if needed c. Bria *Kakampi* Program: Helps people augment their incomes by being affiliated with us as part-time sellers and referrers. Targets are non-committal, but their hard work is incentivized d. *Kasalang Bayan*: Mass weddings for members of the local communities Bria also engages with the local communities per area at least once a month, establishing a holistic and consistent relationship with them.
What are the Risk/s Identified?	**Management Approach**
Golden Bria	

There are no significant risks identified.

What are the Opportunity/ies Identified?	Management Approach
Golden Haven	
Opportunity to interact more with the Company's neighboring communities	Golden Haven is planning to organize and implement several CSR programs for its surrounding communities aimed to offer a better quality of life through the provision of equal opportunities for earning and environment-focused development projects.
Bria Homes	
Opportunity to help the Company's neighboring communities improve their quality of life	Bria provides the local communities with equal opportunities for earning and programs for the environment.

Customer Management

Customer Satisfaction

Disclosure	Golden Haven		Bria Homes	
	Score	**Did a third-party conduct the customer satisfaction study?**	**Score**	**Did a third party conduct the customer satisfaction study?**
Customer Satisfaction	84% - Excellent 11% - Very Good	No	No data	N/A

To be of service to customers is the reason that businesses exist. Accordingly, Golden Bria ensures that it is always updated on the changes of its customers' needs and preferences that the Group may serve them better.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
The Company ensures that it is reachable in the easiest and most convenient ways possible anytime that its customers would like to share their feedback on its products and services.	Below are Golden Haven's means of gathering feedback from its customers: ▪ Customer Satisfaction survey form ▪ Social media reviews ▪ Customer service email These are very accessible to the Company's customers by making sure that they are available in multiple channels. Survey forms, for instance, are given during memorial services.
Bria Homes	

What are the Risk/s Identified?	Management Approach
Bria has no active system in place to record and monitor the satisfaction score in 2019. Concerns raised by customers are addressed through the Company's official Facebook account.	
Golden Haven	
Errors in the burial process in the form of delays in excavation were the main problem that the Company faced in its operations in 2019.	Golden Haven resolved the issue by changing the time frame wherein it implements the interment process. It also increased its manpower to efficiently cover the said issue and any other complication that it may encounter in the future.
Bria Homes	
There are no significant risks identified.	
What are the Opportunity/ies Identified?	**Management Approach**
Golden Haven	
Opportunity to improve on the Company's current customer engagement methods	Golden Haven introduced a digital kiosk located at the front of its offices to provide timely and relevant information to visitors. The Company also added multiple payment channels including online payments through PesoPay. Online viewing of the wake process called "Wake Connect" had been made available as well for bereaved family members located far from its chapels.
Bria Homes	
Opportunity to engage more with the Company's customers, concurrently catering to a greater number of needs and concerns in a shorter amount of time	In 2020, Bria is set to establish a department dedicated solely to addressing its customers' needs with the help of a system designed to monitor their concerns and discussions.

Health and Safety

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
No. of substantiated complaints on product or service health and safety*	2	0	#
No. of complaints addressed	2	0	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
The Company's customers have raised some issues on the drainage system in its flagship park during heavy rains.	Golden Haven had acted on the concern immediately by installing submersible pumps with the reinforcement of the drainage system in the problem area.
Bria Homes	
As there have been no complaints on the health and safety aspects of Bria's products and services, there are no significant impacts identified.	
What are the Risk/s Identified?	**Management Approach**
Golden Haven	
As Golden Haven's flagship park was built in 1984, complications such as the one mentioned above are expected to happen.	The Company ensures that continuous development practices such as installation of the latest systems are applied. Preemptive measures are also in place to safeguard the safety of its customers.
Bria Homes	
There are no risks identified.	
What are the Opportunity/ies Identified?	**Management Approach**
Golden Haven	
As much as the Company wants to prevent any complication especially regarding the health and safety of its employees and customers, there are unanticipated problems that it must be ready for.	Golden Haven has an established standard practice that any health and safety issue should promptly be relayed to the department or function that is most suited to resolve it. This is done mainly through the collaboration of the Company's management, technical team, and whichever department is concerned.
Bria Homes	
There are no opportunities identified.	

Marketing and Labelling

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
No. of substantiated complaints on marketing and labelling	12	0	#
No. of complaints addressed	12	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
Every concern and need of the Company's customers are addressed and catered to.	Golden Haven takes on a traditional approach when addressing the local market by doing the best method to reach out to its potential customers: through face-to-face interaction.
Bria Homes	
Bria's goal of catering to both local and international markets is executed through the effective implementation of the following marketing activities: ▪ Sales booths and product exhibits ▪ Grand Open House activities ▪ Distribution of marketing materials ▪ Telemarketing ▪ Sponsorship of conventions and other events ▪ Corporate presentations ▪ Digital marketing ▪ Alternative marketing channels Having received no complaints from its customers in these approaches reflect the success of the Company's marketing strategies as well as the reputability of its products and services.	The Corporate Communications group of Bria is tasked to review and approve marketing materials. These are then produced and published by the local marketing teams with the help of accredited third-party suppliers.
What are the Risk/s Identified?	**Management Approach**
Golden Bria	
There are no significant risks identified.	
What are the Opportunity/ies Identified?	**Management Approach**
Golden Haven	
Opportunity to modernize the Company's marketing strategies by adding the utilization of online platforms to its approach	Golden Haven recognizes that the modern world is continuously changing and offering new and innovative ways to do business. Therefore, to keep pace with the times, the Company implemented key marketing activities that include lead generation in the form of presentations, saturation drives, and social media marketing as well as sales-generation activities through park-based events, seasonal events, and corporate partnerships.

Bria Homes	
Opportunity to try different methods and further enhance the Company's present marketing strategies	Bria holds monthly meetings with its sales and marketing teams for the improvement, if necessary, of its existing marketing strategies and materials.

Customer privacy

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
No. of substantiated complaints on customer privacy	0	0	#
No. of complaints addressed	0	0	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
As there had been no incidents of leaks in customers' information in 2019, there are no significant impacts identified.	
Bria Homes	
In compliance with the Data Privacy Act, Bria is fully committed in securing its customers' data, evident in the zero incidents of customer privacy breach in 2019. The Company assures all its stakeholders that their confidential data are secured.	Bria has established appropriate control to protect its customers' data and continuously strengthens these measures in response to its strong commitment to their right to data privacy. The Company also always upholds confidentiality in all its proceedings, especially those involving any sensitive information.
What are the Risk/s Identified?	**Management Approach**
Golden Haven	
Behavioral advertising is one of the commonly used advertising techniques by various businesses today. This, however, presents a serious risk to customers as it collects information on a user's browsing behavior in order to be able to provide targeted ads.	Should the Company decide to consider using behavioral advertising, it assures that any study that may be conducted in the future for such advertisements of its products and services will be completely anonymized for the sake of its customers' privacy.
Bria Homes	

As the Company requests for access to some information of its customers, there is always the possibility that potential risks to their privacy may arise.	Bria's Research department constantly monitors and analyzes web traffic data and ensures that cookies are not used in this service. No other third party can gain access to the generated information and only non-personal data are analyzed by the said department.
What are the Opportunity/ies Identified?	**Management Approach**
Golden Haven	
The Company uses customers' personal information only for the purpose of disseminating information and updates regarding its products and services as well as to respond to inquiries.	Golden Haven may only disclose personal information to third parties under any of the following circumstances: a. Required by law or a court decision/process b. Conduct billing processes and other business transactions c. Updates and marketing purposes d. Research purposes
Bria Homes	
Opportunity to further strengthen the Company's measures on the protection of its customers' data through research and exploration	Bria continuously seeks new technologies, on top of what it already has, to secure all data and ensure the privacy of its customers. The Company has also dedicated a DPA team solely for this purpose.

Data Security

Disclosure	Quantity		Units
	Golden Haven	Bria Homes	
No. of data breaches, including leaks, thefts and losses of data	0	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Golden Haven	
As there have been no breaches in the Company's data security in 2019, there are no significant impacts identified.	
Bria Homes	

Bria's zero encounters with problems in its data security in 2019 additionally testifies to the integrity of the Company and how its dedication to protecting its stakeholders' information is being effectively implemented.	Regardless of receiving no complaints on its data security, Bria actively employs physical and technical security measures and other procedures for the protection of the Company's confidential information against any illegal destruction, alteration, and disclosure.
What are the Risk/s Identified?	**Management Approach**
Golden Haven	
There are no significant risks identified.	
Bria Homes	
The primary threats to data security that the Company has identified and manages are breaches, leaks, and losses of data.	Bria uses an intrusion detection system that monitors possible security breaches and alerts the organization of any attempt to interfere with or disturb the system. It also reviews and evaluates all software applications before installation in Company computers and devices to ensure the compatibility of security features with the overall operation.
What are the Opportunity/ies Identified?	**Management Approach**
Golden Haven	
Opportunity to continuously strengthen the Company's data security system in place	Golden Haven ensures that its systems are always up to date with the latest versions available. This is done through regular updates and monitoring of the system's efficiency in securing sensitive data.
Bria Homes	
There are no significant opportunities identified.	

United Nations' Sustainable Development Goals

Product of Service Contribution to UN SDGs

Key products and services and their contributions to sustainable development.

Golden Haven

Key Products and Services	Societal Value/ Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Memorial parks	11	Land conversion	Golden Haven strives to retain the natural topography of an area during the development of its memorial parks. For this reason, the Company reduces the number of trees cut down and highlights the beauty of their locations through the display of luscious softscape using plants that are native to the areas wherever possible.
Chapel	11	No significant potential impacts identified	
Columbarium	11	No significant potential impacts identified	
Donation of plastic wastes to Villar SIPAG for recycling and reuse	12, 17	Employees and customers of the Company may not be too keen on discontinuing the use of plastic products thinking that their wastes will be donated and reused anyway.	The Company greatly discourages the utilization of single-use plastics and offers alternatives such as reusable containers.

Bria Homes

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Affordable housing	11	No significant potential impacts identified	
Bria *Kakampi* Program	1, 8, 10	Bria *Kakampi* Program aims to provide livelihood opportunities to economically disadvantaged people as sellers or referrers of Bria Homes. regardless the risk of them having no higher educational attainment.	Bria provides comprehensive training and skills development sessions upon employee onboarding.

Corporate Social Responsibility Programs:

Key Programs/Practices	Societal Value/ Contribution to UN SDGs
Golden Haven	
Tree planting for all employees inside memorial parks	13, 15
Bria Homes	
Plantahanan	13, 15
Brigada Eskwela	4, 11
Nutrition Month	3
Livelihood Expos	8, 10
Libreng Sakay	11
Kasalang Bayan	16

PART VI – 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, 2019.

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 2019 through official disclosure letters dated:

January 11, 2019
Quarterly Summary of Application of Proceeds from the Initial Public Offering

April 16, 2019
Annual Report

April 26, 2019
Notice of Annual or Special Stockholder's Meeting

May 15, 2019
BOD Meeting Resolution – Approval and authorization of the release of the Unaudited Financial Statements of the Company as of and for the three months ended March 31, 2019.

May 16, 2019
1Q2019 Quarterly Report

May 26, 2019
Preliminary Information Statement for Annual Meeting

May 31, 2019
Integrated Annual Corporate Governance Report

June 20, 2019
Results of Annual Meeting

June 20, 2019
Results of Organizational Meeting of Board of Directors

August 15, 2019
Quarterly Report

October 4, 2019
Change of Corporate Contact Number

October 15, 2019
BOD Meeting Resolution – Resignation and Appointment of Officer

October 15, 2019
Appointment of Officer

November 14, 2019
Approved and authorized the release of the Unaudited Financial Statements of the Company as of and for the nine months ended September 30, 2019

November 14, 2019
Quarterly Report

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 MANDALUYONG CITY on [illegible] 2020

By:

MARIBETH C. TOLENTINO
President

GEMMA M. SANTOS
Corporate Secretary

MARIA TERESA P. TUMBAGA
Chief Financial Officer

MILES M. TERETIT
Chief Accountant

SUBSCRIBED AND SWORN to before me this [illegible] at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Maribeth C. Tolentino	EC5649483	05 Oct 2015 / DFA Manila
Gemma M. Santos	P4547774A	29 Sep 2017 / DFA NCR North
Maria Teresa P. Tumbaga	P5623614A	16 Jan 2018 / DFA Manila
Miles M. Teretit	P3059562A	09 Sept 2017 / DFA Manila

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Page No. 37
Book No. XXIII
Series of 2020

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2020
ROLL NO. 57146
IBP Lifetime Member No. [illegible]
PTR No. 4334284 / 05 Jan. 2020 / Mandaluyong City
MCLE Compliance No. VI-[illegible] issued 11 April 2019
Notarial Commission Appointment No. [illegible]-19
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

GOLDEN BRIA
HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Golden Bria Holdings, Inc.** (the Company), is responsible for the preparation and fair presentation of the consolidated financial statements, and the additional supplementary information, for the years ended December 31, 2019, 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements, and the additional supplementary information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, have audited the financial statements of the Company in accordance with the Philippine Standards on Auditing, and in their report to the Board of Directors and stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

Manuel B. Villar, Jr.
Chairman of the Board

Maribeth C. Tolentino
President and Chief Operating Officer

Teresa P. Tumbaga
Chief Financial Officer

Signed this 05th day of June, 2020.

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 8988 22 88

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. and a subsidiary (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019 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.

Emphasis of Matter

We draw attention to Note 30 to the consolidated financial statements, which describes the likely negative impact of the business disruption as a result of the corona virus outbreak to the Group's financial condition and performance after the end of the reporting period. Our opinion is not modified with respect to this matter.

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) Revenue Recognition on Real Estate Sales and Determination of Related Costs

Description of the Matter

The Group's revenue recognition process, policies and procedures on real estate sales, which consists of sale of residential houses and lots, condominium units and memorial lots, are significant to our audit because these involve the application of significant judgment and estimation. In addition, real estate sales and costs of real estate sales amounted to P8.5 billion or 97.8% of consolidated Revenues and Income and P4.4 billion or 75.3% of consolidated Cost and Expenses, respectively, for the year ended December 31, 2019. Areas affected by revenue recognition, which requires significant judgments and estimates, include determining when a contract will qualify for revenue recognition, measuring the progress of the development of real estate projects, which defines the amount of revenue to be recognized and determining the amount of actual costs incurred as cost of real estate sales. 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 on real estate sales are more fully described in Note 2 to the consolidated financial statements. The significant judgments applied and estimates used by management related to revenue recognition are more fully described in Note 3 to the consolidated financial statements. The breakdown of real estate sales and costs of real estate sales are also disclosed in Note 16 to the consolidated financial statements.

How the Matter was Addressed in the Audit

i) Residential Houses 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 houses 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 and costs recognition on real estate sale of residential houses and lots, and condominium units included, among others, the following:

- obtaining an understanding of the Group's revenue and cost 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 by inspecting sample agreements for compliance with a set of criteria for revenue recognition and test of controls over recognition and allocation of revenues and costs per project;

- 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 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;

- ascertaining the qualification of the project engineers who prepared the budgets and reviewed the actual performance of the completed projects with reference of their budgeted costs;

- performing substantive analytical review procedures over revenues and costs 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.

ii) Memorial Lots

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 and cost recognition policy, revenue processes and controls over the recognition and measurement of revenues from real estate sales of memorial lots by inspecting sample agreements for compliance with a set of criteria for revenue recognition and test of controls over recognition and allocation of revenues and costs per project;

- 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;

- ascertaining the qualification of the project engineers who prepared the budgets and reviewed the actual performance of the completed projects with reference of their budgeted costs;

- 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.

(b) Existence and Valuation of Real Estate Inventories

Description of the Matter

As of December 31, 2019, the Group's real estate inventories, which relates to significant number of projects located at the major areas throughout the country amounted to P7.8 billion. These include subdivision lots, houses, 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 consolidated financial statements. The analysis of the Group's real estate inventories is disclosed in Note 7 to the consolidated financial statements.

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; and,

- 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.

(c) Performing Significant Portion of Audit Remotely

Description of the Matter

As disclosed in Note 30 of the consolidated financial statements, a novel strain of coronavirus (COVID-19) started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by implementation of enhanced community quarantine (ECQ) and social distancing measures and restrictions within the Luzon area with other cities and provinces in the country enacting similar measures thereafter. The ECQ and social distancing measures implemented by the government resulted in performing a significant portion of the engagement remotely.

The change in working conditions is relevant and significant to our audit since it creates an increased risk of misstatement due to less in-person access to the Group's management and personnel, and lack of access to the physical records and original documents. Given the changes in how the audit will be performed, the audit requires exercising enhanced professional skepticism.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of performing the audit remotely included the following:

- Considering the nature of the engagement and the engagement team's knowledge of the entity and its environment when determining whether it is possible to perform a significant portion, if not all of the engagement remotely;

- Following the requirements of the PSA including providing proper supervision and review, even when working remotely;

- Obtaining information through electronic means, which includes sending and receiving of confirmation electronically, obtaining calculations in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;

- Determining the reliability of audit evidence provided electronically using enhanced professional skepticism;

- Performing inquiries through video call in order to judge body language and other cues and to have a more interactive audit engagement;

- Examining critical hard copy documents (e.g., contracts, billing invoices, purchase invoices and official receipts) physically in response to the risk in revenues and costs, which is considered to be significant.

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, 2019 (but does not include the consolidated 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, 2019 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 Consolidated 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 consolidated 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 consolidated 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 consolidated 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. 8116543, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

June 5, 2020

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2019	2018
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 2,795,688,210**	P 501,479,281
Contracts receivable	6	**8,872,413,641**	4,499,709,981
Contract assets	16	**1,422,315,531**	1,396,224,260
Due from related parties	20	**7,981,939**	8,273,812
Other receivables	6	**2,262,686,714**	996,468,894
Real estate inventories	7	**7,784,854,391**	6,445,038,998
Other current assets	8	**1,553,691,003**	1,301,019,846
Total Current Assets		**24,699,631,429**	15,148,215,072
NON-CURRENT ASSETS			
Contracts receivable	6	**2,337,075,926**	2,256,189,684
Property and equipment – net	9	**343,263,774**	330,115,161
Right-of-use assets - net	10	**16,309,214**	-
Investment properties	11	**100,607,675**	587,411,575
Other non-current assets	8	**92,754,230**	62,417,131
Total Non-current Assets		**2,890,010,819**	3,236,133,551
TOTAL ASSETS		**P 27,589,642,248**	P 18,384,348,623
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans	12	**P 2,812,540,744**	P 1,170,462,895
Trade and other payables	13	**4,325,825,459**	4,392,255,571
Rawland payable	13	**1,404,119,507**	1,582,158,966
Customers' deposits	14	**2,694,677,972**	1,899,366,550
Due to related parties	20	**952,552,860**	952,552,860
Lease liabilities	10	**8,394,087**	-
Income tax payable		**23,191,895**	19,513,102
Total Current Liabilities		**12,221,302,524**	10,016,309,944
NON-CURRENT LIABILITIES			
Interest-bearing loans	12	**4,813,340,231**	826,324,569
Lease liabilities	10	**8,072,461**	-
Deferred tax liabilities – net	19	**1,134,373,597**	997,787,144
Reserve for perpetual care	15	**709,813,851**	426,433,783
Retirement benefit obligation – net	21	**78,264,393**	38,432,645
Total Non-current Liabilities		**6,743,864,533**	2,288,978,141
Total Liabilities		**18,965,167,057**	12,305,288,085
EQUITY	22		
Capital stock		**644,117,649**	644,117,649
Additional paid-in capital		**2,970,208,753**	2,970,208,753
Revaluation reserves – net		**(16,381,725)**	5,815,526
Retained earnings		**5,026,530,514**	2,458,918,610
Net Equity		**8,624,475,191**	6,079,060,538
TOTAL LIABILITIES AND EQUITY		**P 27,589,642,248**	P 18,384,348,623

See Notes to Consolidated Financial Statements.

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
REVENUES	16			
Real estate sales		P 8,453,461,670	P 5,654,913,982	P 3,570,985,034
Interest income on contract receivables	6	110,446,969	97,217,413	73,039,495
Income from chapel services	16	41,889,569	36,225,834	13,069,056
Interment income		38,897,054	32,879,843	28,032,253
		8,644,695,262	5,821,237,072	3,685,125,838
COSTS AND EXPENSES	17			
Costs of sales and services		4,371,551,613	2,881,322,089	1,874,788,066
Other operating expenses		1,436,469,101	1,218,336,558	850,314,219
		5,808,020,714	4,099,658,647	2,725,102,285
OPERATING PROFIT		2,836,674,548	1,721,578,425	960,023,553
OTHER INCOME (CHARGES)				
Finance costs	10, 12, 21	(252,154,621)	(96,349,426)	(40,587,011)
Finance income	5, 21	2,323,485	1,309,891	1,018,278
Others	18	233,098,093	172,819,583	88,191,548
		(16,733,043)	77,780,048	48,622,815
PROFIT BEFORE TAX		2,819,941,505	1,799,358,473	1,008,646,368
TAX EXPENSE	19	(252,329,601)	(231,604,343)	(309,673,179)
NET PROFIT		2,567,611,904	1,567,754,130	698,973,189
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will be reclassified subsequently to profit or loss				
Unrealized fair value gains on available-for-sale financial assets	8	-	-	7,767,214
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of retirement benefit obligation	21	(31,710,358)	12,074,922	(331,067)
Tax income (expense)	19	9,513,107	(3,622,477)	99,320
		(22,197,251)	8,452,445	7,535,467
TOTAL COMPREHENSIVE INCOME		P 2,545,414,653	P 1,576,206,575	P 706,508,656
Basic and Diluted Earnings Per Share	23	P 3.99	P 2.43	P 1.41

See Notes to Consolidated Financial Statements.

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Capital Stock (see Note 22)	Additional Paid-in Capital (see Notes 1 and 22)	Revaluation Reserves (see Notes 8 and 22)	Retained Earnings (see Note 2)	Total Equity
Balance at January 1, 2019	P 644,117,649	P 2,970,208,753	P 5,815,526	P 2,458,918,610	P 6,079,060,538
Total comprehensive income (loss) for the year	-	-	(22,197,251)	2,567,611,904	2,545,414,653
Balance at December 31, 2019	**P 644,117,649**	**P 2,970,208,753**	**(P 16,381,725)**	**P 5,026,530,514**	**P 8,624,475,191**
Balance at January 1, 2018					
As previously reported	P 644,117,649	P 2,970,208,753	P 5,130,295	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 2,458,918,610	P 6,079,060,538
Balance at January 1, 2017	P 494,117,649	P 628,928,339	(2,405,172)	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 896,388,106	P 4,515,844,803

See Notes to Consolidated Financial Statements.

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
(A Subsidiary of Fine Properties, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 2,819,941,505**	P 1,799,358,473	P 1,008,646,368
Adjustments for:				
Interest expense	12, 21	**249,175,605**	93,974,898	40,524,232
Interest income	5, 6	**(112,770,454)**	(98,527,304)	(74,060,176)
Depreciation and amortization	17	**108,029,825**	67,722,172	43,789,629
Loss on write-off of available for sale financial asset	8	**-**	32,363,390	-
Operating profit before working capital changes		**3,064,376,481**	1,894,891,629	1,018,900,053
Increase in contracts receivable		**(4,453,589,902)**	(1,159,239,716)	(1,892,449,553)
Increase in contract assets		**(26,091,271)**	(1,396,224,260)	-
Decrease (increase) in other receivables		**(1,266,217,820)**	(493,835,382)	363,154,478
Increase in real estate inventories		**(623,819,985)**	(1,585,162,318)	(178,767,611)
Increase in other assets		**(284,134,746)**	(599,413,925)	(172,784,803)
Increase (decrease) in trade and other payables		**(66,430,112)**	1,375,085,283	(1,588,562,261)
Increase (decrease) in rawlands payable		**(178,039,459)**	426,090,301	964,010,123
Increase in customers' deposits		**795,311,422**	976,690,931	382,462,619
Increase in retirement benefit obligation		**11,152,036**	49,659,730	867,360
Increase in other liabilities		**289,995,887**	160,163,189	68,110,024
Cash used in operations		**(2,737,487,469)**	(351,294,538)	(1,035,059,571)
Interest received		**112,770,454**	98,527,304	74,057,773
Interest paid		**1,852,620**	-	-
Cash paid for income taxes		**(102,551,249)**	(27,652,570)	(34,464,693)
Net Cash Used in Operating Activities		**(2,725,415,644)**	(280,419,804)	(995,466,491)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of investment properties	11	**(229,191,508)**	(334,281,622)	(251,186,325)
Acquisitions of property and equipment	9	**(119,101,433)**	(125,650,398)	(154,606,085)
Collections of advances to related parties	20	**291,873**	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	20	**-**	(165,649)	(100,020,772)
Acquisition of investment in a subsidiary		**-**	-	(3,014,027,483)
Net Cash Used in Investing Activities		**(348,001,068)**	(360,522,216)	(3,452,871,978)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availments of interest-bearing loans	29	**6,888,902,680**	1,163,912,784	762,444,112
Repayment of interest-bearing loans	29	**(1,259,809,169)**	(669,147,151)	(151,430,778)
Additional borrowings from related parties		**-**	-	996,057,453
Interest paid on loan borrowings		**(249,410,527)**	(93,536,831)	(40,524,232)
Repayment of lease liabilities	29	**(12,057,343)**	-	-
Repayment of amount due to related parties	20, 29	**-**	(54,673,970)	(7,207,642)
Proceeds from issuance of shares of stock	22	**-**	-	3,014,027,483
Net Cash From Financing Activities		**5,367,625,641**	346,554,832	4,573,366,396
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,294,208,929**	(294,387,188)	125,027,927
INCREASE IN CASH AND CASH EQUIVALENTS DUE TO BUSINESS COMBINATION		**-**	-	224,885,963
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**501,479,281**	795,866,469	445,952,579
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 2,795,688,210**	P 501,479,281	P 795,866,469

Supplemental Information on Non-cash Investing and Financing Activities:

1) The Group transferred certain parcels of land previously classified as Investment Properties to Real Estate Inventories with carrying amount of P783.9 million, P124.4 million and 140.9 million in 2019, 2018 and 2017, respectively. In 2019, the Group reclassified P67.9 million of real estate inventories to investment properties (see Note 11).

2) In 2019, the Group recognized right-of-use assets and lease liabilities amounting to P27.8 million and P26.7 million, respectively (see Notes 10 and 29).

See Notes to Consolidated 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, 2019, 2018 AND 2017
(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, 2019, 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 office address of BHI is also its principal place of business. The registered office address 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 22).

1.2 Business Combination

The 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 P3,014.0 million (see Note 22).

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 22.1)	(3,014,027,483)
Equity reserves recognized	(P 522,747,069)

1.3 Approval of Financial Statements

The consolidated financial statements of the Group as of and for the year ended December 31, 2019 (including the comparative consolidated financial statements of the Group as of December 31, 2018 and for the years ended December 31, 2018 and 2017) were authorized for issue by the Parent Company's BOD on June 5, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated 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 Consolidated Financial Statements

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

The consolidated 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 consolidated 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 Consolidated Financial Statements

The consolidated 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 consolidated statement of comprehensive income.

The Group presents a third consolidated 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 consolidated statement of financial position at the beginning of the preceding period. The related notes to the third consolidated statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

These consolidated 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 consolidated 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 2019 that are Relevant to the Group*

The Group adopted for the first time the following PFRS, amendments, interpretation and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2019:

PAS 19 (Amendments)	:	Employee Benefits – Plan Amendment, Curtailment or Settlement
PFRS 9 (Amendments)	:	Financial Instruments – Prepayment Features with Negative Compensation
PFRS 16	:	Leases
International Financial Reporting Interpretations Committee (IFRIC) 23	:	Uncertainty over Income Tax Treatments
Annual Improvements to PFRS (2015-2017 Cycle)		
PAS 12 (Amendments)	:	Income Taxes – Tax Consequences of Dividends
PAS 23 (Amendments)	:	Borrowing Costs – Eligibility for Capitalization
PFRS 3 and PFRS 11 (Amendments)	:	Business Combination and Joint Arrangements –Remeasurement of Previously Held Interests in a Joint Operation

Discussed below and in the succeeding pages are the relevant information about these pronouncements.

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement*. The amendments clarify that past service cost and gain or loss on settlement is calculated by measuring the net defined benefit liability or asset using updated actuarial assumptions and comparing the benefits offered and plan assets before and after the plan amendment, curtailment or settlement but ignoring the effect of the asset ceiling that may arise when the defined benefit plan is in a surplus position. Further, the amendments now require that if an entity remeasures its net defined benefit liability or asset after a plan amendment, curtailment or settlement, it should also use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the change to the plan. The application of these amendments had no significant impact on the Group's consolidated financial statements.

(ii) PFRS 9, (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation.* The amendments clarify that prepayment features with negative compensation attached to financial assets may still qualify under the "solely payments of principal and interests" (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at fair value through other comprehensive income (FVOCI). The application of these amendments had no significant impact on the Group's consolidated financial statements.

(iii) PFRS 16, *Leases.* The new standard replaced PAS 17, *Leases*, and its related interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, Standard Interpretations Committee (SIC) 15, *Operating Leases – Incentives* and SIC 27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* For lessees, it requires an entity to account for leases "on-balance sheet" by recognizing a "right-of-use" asset and lease liability arising from contract that is, or contains, a lease.

For lessors, the definitions of the type of lease (i.e., finance and operating leases) and the supporting indicators of a finance lease are substantially the same with the provisions under PAS 17. In addition, basic accounting mechanics are also similar but with some different or more explicit guidance related to variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

The Group has adopted PFRS 16 using the modified retrospective approach as allowed under the transitional provisions of the standard. Accordingly, comparative information were not restated.

The accounting policies of the Group as a lessee were updated to fully conform with PFRS 16, which are disclosed in Note 2.14.

Discussed below and in the succeeding page are the relevant information arising from the Group's adoption of PFRS 16 and how the related accounts are measured and presented on the Group's consolidated financial statements as at January 1, 2019.

a. For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from PAS 17 and IFRIC 4 and has not applied PFRS 16 to arrangements that were previously not identified as leases under PAS 17 and IFRIC 4.

b. The Group recognized lease liabilities in relation to leases which had previously been classified as operating leases under PAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of January 1, 2019. The Group's weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 10.9%.

c. The Group has elected not to include initial direct costs in the measurement of right-of-use assets at the date of initial application. The Group also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid lease payments and estimated cost to restore the leased asset that existed as at January 1, 2019.

d. For leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Group has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

e. For those leases previously classified as finance leases, the Group recognized the related right-of-use asset and lease liability at the date of initial application at the same amounts as the carrying amount of the capitalized asset and finance lease obligation under PAS 17 immediately before transition.

f. The Group has also used the following practical expedients, apart from those already mentioned above, as permitted by the standard:

   i. application of a single discount rate to a portfolio of leases with reasonably similar characteristics;

   ii. reliance on its historical assessments on whether leases are onerous as an alternative to performing an impairment review on right-of-use assets. As at January 1, 2019, the Group has no onerous contracts; and,

   iii. use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Relative to the adoption of PFRS 16 in the Philippines, the FRSC also approved the issuance of the following Philippine Interpretation Committee (PIC) Question and Answer (Q&A):

(a) *PIC Q&A No. 2019-09*, *Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17, Leases, on Transition to PFRS 16 and the Related Deferred Tax Effects*, clarifies the accounting treatment for any existing prepaid rent or rent liability in transition from PAS 17 to PFRS 16 using the modified retrospective approach and the related deferred tax effects;

(b) *PIC Q&A 2019-11, Determining the Current Portion of an Amortizing Loan/Lease Liability*, clarifies the proper classification/presentation between current and non-current portion of amortizing loan/lease liability in the statement of financial position; and,

(c) *PIC Q&A 2019-12, Determining the Lease Term under PFRS 16, Leases,* clarifies the lease term upon consideration of an option to either extend or terminate the lease.

The following table shows the effects of the adoption of PFRS 16 in the carrying amounts and presentation of certain accounts in the consolidated statement of financial position as at January 1, 2019.

	Note	Carrying Amount (PAS 17) December 31, 2018	Reclassification	Remeasurement	Carrying Amount (PFRS 16) January 1, 2019
Assets:					
Other current assets	2.2(a)(iii)(c)	P1,301,019,846	(P 1,044,453)	P -	P1,299,975,393
Right-of-use assets – net	2.2(a)(iii)(c)	-	1,044,453	25,485,769	26,530,222
Liabilities:					
Lease liabilities	2.2(a)(iii)(b)				
Current		-	-	10,084,302	10,084,302
Non – Current		-	-	15,401,467	15,401,467
Impact on net assets			P -	P -	

A reconciliation of the opening lease liabilities recognized at January 1, 2019 and the total operating lease commitments determined under PAS 17 at December 31, 2018 is shown below.

	Notes	
Operating lease commitments, December 31, 2018 (PAS 17)	24.1	P 9,672,178
Recognition exemptions:		
Leases of low value assets	2.2(a)(iii)(d)	(479,130)
Leases with remaining term of less than 12 months	2.2(a)(iii)(d)	(3,744,729)
Reasonably certain extension options	2.2(a)(iii)(f)	23,638,459
Operating lease liabilities before discounting		29,086,778
Discount using incremental borrowing rate	2.2(a)(iii)(b)	(3,601,009)
Lease liabilities, January 1, 2019 (PFRS 16)		P 25,485,769

(iv) IFRIC 23, *Uncertainty over Income Tax Treatments*. This 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. The application of this interpretation had no significant impact on the Group's consolidated financial statements.

Annual Improvements to PFRS 2015-2017 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2019, are relevant to the Group but had no significant impact on the Group's consolidated financial statements:

- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that an entity should recognize the income tax consequence of dividend payments in profit or loss, other comprehensive income or equity according to where the entity originally recognized the transactions that generated the distributable profits.

- PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that if any specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, such borrowing is treated as part of the entity's general borrowings when calculating the capitalization rate.

- PFRS 3 (Amendments), *Business Combinations*, and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation*. The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

(v) SEC Memorandum Circular No. 04-2020, *Deferment of the Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry* (IFRIC Agenda Decision). In March 2019, the IFRIC in its agenda decision concluded that the principles and requirements in International Accounting Standard 23, *Borrowing Costs*, provide an adequate basis for an entity to determine whether to capitalize borrowing costs in the fact pattern described as follows:

- a real estate developer (entity) constructs a residential multi-unit real estate development (building) and sells the individual units in the building to customers;

- the entity borrows funds specifically for the purpose of constructing the building and incurs borrowing costs in connection with that borrowing;

- before construction begins, the entity signs contracts with customers for the sale of some of the units in the buildings (sold units);

- the entity markets for sale the remaining units (unsold units). Accordingly, the entity intends to enter into contracts with customers for the unsold units as soon as it finds suitable customers; and,

- the terms and relevant facts and circumstances of the contracts with customers are such that, applying International Financial Reporting Standard 15, *Revenue from Contracts with Customers*, par. 35(c), the entity transfers control of each unit over time and therefore, recognizes revenue over time.

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition - i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer. Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

In relation to the above issues, the SEC, in its Memorandum Circular No. 04-2020, provided for the relief to the Real Estate Industry by deferring the implementation of the IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, real estate companies in the Philippines shall adopt the IFRIC interpretations and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. However, a real estate company may opt not to avail of the relief provided and instead comply in full with the requirements of the IFRIC interpretations.

The Group opted to avail the relief provided by the SEC to defer the implementation of the IFRIC Agenda Decision until December 31, 2020. The Group's accounting policies with respect to capitalization of borrowing costs on real estate inventories under construction are disclosed in Notes 2.6 and 2.17.

Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:

- interest expense would have been higher;
- cost of real estate inventories would have been lower;
- total comprehensive income would have been lower;
- retained earnings would have been lower; and,
- the carrying amount of real estate inventories would have been lower.

(b) Effective in 2019 that are not Relevant to the Group

The only amendment to existing standards, which is mandatorily effective for annual periods beginning on or after January 1, 2019 but are not relevant to the Group's consolidated financial statements is PFRS 28 (Amendments), *Investment in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures.*

(c) Effective Subsequent to 2019 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2019, 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 consolidated financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency.

(ii) Revised Conceptual Framework for Financial Reporting (effective from January 1, 2020). The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the consolidated financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised framework from January 1, 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised framework.

(iii) 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, 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.

(d) *SEC* Memorandum Circular (MC) No. 04-2020, *Deferment of the Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23) for Real Estate Industry* (IFRIC Agenda Decision).

The IFRIC concluded that any inventory (work-in-progress) for unsold units under construction that the entity recognizes is not a qualifying asset, as the asset is ready for its intended sale in its current condition - i.e., the developer intends to sell the partially constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in-progress relating to that unit to the customer. Accordingly, no borrowing costs can be capitalized on such unsold real estate inventories.

In relation to the above issues, the SEC, in its Memorandum Circular No. 04-2020, provided for the relief to the Real Estate Industry by deferring the implementation of the IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, real estate companies in the Philippines shall adopt the IFRIC interpretations and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. However, a real estate company may opt not to avail of the relief provided and instead comply in full with the requirements of the IFRIC interpretations.

The Group opted to avail the relief provided by the SEC to defer the implementation of the IFRIC Agenda Decision until December 31, 2020. The Group's accounting policies with respect to capitalization of borrowing costs on real estate inventories under construction are disclosed in Notes 2.6 and 2.17.

Had the Group elected not to defer the IFRIC Agenda Decision, it would have the following impact in the consolidated financial statements:

(a) interest expense would have been higher;
(b) cost of real estate inventories would have been lower;
(c) total comprehensive income would have been lower;
(d) retained earnings would have been lower; and,
(e) the carrying amount of real estate inventories would have been lower.

(e) SEC MC No.14 Series of 2018 and MC No. 3 Series of 2019

The SEC issued MC No. 14 in 2018 and MC No. 3 in 2019 which provided relief by deferral of the application on the following items for three years until calendar year ending December 31, 2020:

- Concept of the significant financing component in the contract to sell;

  PFRS 15 requires that in determining the transaction price, an entity shall adjust the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component.

- Treatment of land and uninstalled materials in the determination of POC (PIC Q&A No. 2018-12-E);

  Uninstalled materials delivered on-site but not yet installed such as steels and rebars, elevators and escalators, which are yet to be installed or attached to the main structure are excluded in the assessment of measurement of progress. Land shall also be excluded in the assessment.

- Accounting for common usage service area charges (PIC Q&A No. 2018-12-H); and,

  According to the consensus of the PIC Q&A No. 2018-12-H, the following should be considered by the role of a real estate developer in providing goods or services:

  a) Electricity usage – Agent
  b) Water usage – Agent
  c) Air-conditioning charges – Principal
  d) Common use service area (CUSA) charges and administrative and handling fees – Principal

- Accounting for cancellation of real estate sales (PIC Q&A No. 2018-14).

  According to the consensus of the PIC Q&A No. 2018-14, repossessed inventory may initially be recognized at either costs or fair value plus repossession costs. Either approaches should be applied consistently.

  The Group elected to defer the adoption of the accounting for the significant financing component in a contract to sell under PIC Q&A 2018-12 in accordance with MC No. 14 series of 2018 and the measurement of repossessed inventory at fair value under PIC Q&A 2018-14 in accordance 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:

  - There would have been a significant financing component when there is a difference between the POC of the real estate project and the right to the consideration based on the payment schedule stated in the contract. The Group would have recognized an interest income when the POC of the real estate project is greater than the right to the consideration and interest expense when lesser. Both interest income and expense are calculated using the effective interest rate method. This will impact the retained earnings as at January 1, 2018 and real estate sales in 2019.

  - There would have been an increase in the retained earnings balance as at January 1, 2018 and net profit in 2019 as a result of the gain from repossession. This is because repossessed inventory would have been recorded at either fair value plus repossession costs or fair value less repossession costs. The Group currently records repossessed inventory at its carrying amount and recognize in profit or loss the difference between the carrying amount of the repossessed inventory and receivable.

2.2 Basis of Consolidation

The Group's consolidated financial statements 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 consolidated 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 (see Note 1.2).

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 consolidated 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

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 SPPI 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 consolidated statement of financial position as Cash and Cash Equivalents, Contracts Receivables, Due from Related Parties, Security deposits (presented under Other Assets) and Other Receivables (except Advances to contractors).

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

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 consolidated statement of comprehensive income as part of Finance Income.

(b) Impairment of Financial Assets

At the end of the reporting period, the Group assesses and recognizes allowance for ECL on a forward-looking basis associated with its financial assets carried at amortized cost and contract assets. 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 using provision matrix, the Group uses its historical experience, external indicators and forward-looking information. The Group also assesses impairment of contract and other receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due (see Note 25.2).

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

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *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 Group would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

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

(c) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of 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 retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also 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 consolidated statement of financial position) are recognized in the consolidated 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 parcels of land 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).

Transfers from other accounts (such as Memorial lots and Rawland) are made to investment property when and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers from investment property are made when, and only when, there is a change in use, evidenced by commencement of the owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of property for subsequent measurement is its carrying value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

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.

2.10 Financial Liabilities

Financial liabilities, which include interest-bearing loans, trade and other payables except tax-related payables, rawland payable, reserve for perpetual care, due to related parties and lease liabilities, 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 consolidated 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 consolidated 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 consolidated 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 perpetual 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 consolidated 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 consolidated 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:

a. the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
b. each party's rights regarding the goods or services to be transferred or performed can be identified;
c. the payment terms for the goods or services to be transferred or performed can be identified;
d. 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,
e. 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:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- 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(b). 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(b)]:

(a) *Real estate sales on pre-completed residential houses 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 completed residential house and lots* – Revenue from real estate sales is recognized at point in time when the control over the real estate property is transferred to the buyer.

(c) *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.

(d) *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. 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(b)].

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.

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.

2.14 Leases – Group as Lessee

The Group accounts for its leases as follows:

(a) Accounting for Leases in Accordance with PFRS 16 (2019)

For any new contracts entered into on or after January 1, 2019, the Group considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.15).

On the other hand, the Group measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statement of financial position, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

(b) Accounting for Leases in Accordance with PAS 17 (2018)

Leases which transfer to the Group substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased property at the inception of the lease or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

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 or identified asset or assets and the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

2.15 Impairment of Non-financial Assets

The Group's property and equipment, investment properties, right-of-use assets 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 consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO 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, 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. The interest rates are based from the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL). BVAL provide 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 return on plan assets (excluding amount included in net interest) are reflected immediately in the consolidated 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, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions to the plan or benefit payments. Net interest is reported as part of Finance Income or Finance Costs in the consolidated 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 consolidated 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 current tax and deferred 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 assets and liabilities 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.

Retained earnings represent all current and prior period results of operations as reported in the consolidated 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 entities in the Group and their 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. Related 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 post-employment plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total consolidated assets based on its latest consolidated financial statements that were entered into with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Group's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Group's consolidated total assets based on the latest consolidated financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

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 23).

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares (see Note 23).

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 consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated 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 consolidated financial statements:

(a) *Determination of Lease Term of Contracts with Renewal and Termination Options (2019)*

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For office leases, the factors that are normally the most relevant are (a) if there are significant penalties should the Group pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Group is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Group included the renewal period as part of the lease term for office leases due to the significance of these assets to its operations. These leases have a short, non-cancellable lease period (i.e., 4 to 10 years) and there will be a significant negative effect on production if a replacement is not readily available. However, the renewal options for leases of transportation equipment were not included as part of the lease term because the Group has historically exercises its option to buy these transportation equipment at the end of the lease term.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) 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 houses and lots* – Management determines that revenues from sale of pre-completed residential condominium units and houses and lots are satisfied over time, while completed real estate properties is satisfied at a point in 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.

(c) Determination of ECL on Contract and Other Receivables, Contract Assets and Due from Related Parties

The Group uses a provision matrix to calculate ECL for contract and other receivables and contract assets. 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 contract and other receivables are disclosed in Note 25.2.

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.

(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 and administrative purposes, 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) 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 24.

3.2 Key Sources of Estimation Uncertainty

Presented below and 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, 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) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 25.2.

(d) 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, 2019 and 2018.

(e) Estimation of Useful Lives of Property and Equipment and Right-of-use Assets

The Group estimates the useful lives of property and equipment and right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and right-of-use assets 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 and right-of-use assets are analyzed in Notes 9 and 10.1, respectively. Based on management's assessment as at December 31, 2019 and 2018, 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.

(f) 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 27.3.

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.

(g) *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, 2019 and 2018 will be fully utilized in the coming years (see Note 19).

(h) *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 consolidated 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 2019, 2018 and 2017, no impairment losses were recognized on property and equipment, investment properties, right-of-use assets and other non-financial assets (see Notes 8, 9, 10 and 11).

(i) *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 21.2.

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, 2019 and 2018.

	Residential	Deathcare	Total
2019			
Revenues	P 7,164,775,078	P 1,479,920,184	P 8,644,695,262
Cost of sales and services	(3,763,180,114)	(608,371,499)	(4,371,551,613)
Gross profit	3,401,594,964	871,548,685	4,273,143,649
Other operating expenses	970,470,244	465,998,857	1,436,469,101
Finance cost	209,883,118	42,721,503	252,154,621
Depreciation and amortization	(63,486,583)	(44,543,243)	(108,029,826)
	1,116,866,779	464,177,117	1,580,593,896
Segment profit before tax, finance cost and depreciation and amortization	**P 2,284,728,185**	**P 407,371,568**	**P 2,692,549,753**
Segment Assets	**P 22,541,537,683**	**P 4,939,514,951**	**P 27,481,052,634**
Segment Liabilities	**P 14,584,541,677**	**P 2,270,507,108**	**P 16,855,048,785**
2018			
Revenues	P 4,438,467,159	P 1,382,769,913	P 5,821,237,072
Cost of sales and services	(2,310,270,093)	(571,051,996)	(2,881,322,089)
Gross profit	2,128,197,066	811,717,917	2,939,914,983
Other operating expenses	796,562,334	421,774,224	1,218,336,558
Finance cost	68,079,612	28,269,814	96,349,426
Depreciation and amortization	(32,282,296)	(35,439,876	(67,722,172)
	832,359,650	414,604,162	1,246,963,812
Segment profit before tax, finance cost and depreciation and amortization	P 1,295,837,416	P 396,810,755	P 1,692,951,171
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
Finance cost	40,394,323	80,981,334	40,587,011
Depreciation and amortization	(13,182,894)	(30,606,735)	(43,789,629)
	550,186,187	377,714,060	847,111,601
Segment profit before tax and depreciation and amortization	P 648,081,401	P 234,356,124	P 963,226,171
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.

4.3 Reconciliation

Presented below and in the succeeding page is a reconciliation of the Group's segment information to the key financial information presented in its consolidated financial statements.

	2019	2018	2017
Revenues –			
Total revenue of reportable segments	**P 8,644,695,262**	P 5,821,237,072	P 3,685,125,838
Costs and other operating expenses:			
Total costs and expenses of reportable segments	**5,699,990,888**	4,031,936,475	2,681,312,665
Depreciation and amortization	**108,029,826**	67,722,172	43,789,629
	5,808,020,714	4,099,658,647	2,725,102,294
Other Income (Charges)			
Finance cost	**(252,154,621)**	(96,349,426)	(40,587,011)
Finance income	**2,323,485**	1,309,891	1,018,278
Other income	**233,098,093**	172,819,583	88,191,548
	(16,733,043)	77,780,048	48,622,815
Profit before tax	**P 2,819,941,505**	P 1,799,358,473	P 1,008,646,359

	2019	2018	2017
Assets:			
Total segment asset	**P 27,481,052,634**	P 17,788,663,236	P 12,681,696,094
Due from related parties	**7,981,939**	8,273,812	106,128,935
Investment properties	**100,607,675**	587,411,575	377,527,304
AFS financial assets	**-**	-	40,130,604
Total assets as reported in consolidated statements of financial position	**P 27,589,642,248**	P 18,384,348,623	P 13,205,482,937

	2019	2018	2017
Liabilities:			
Total segment liabilities	**P 16,855,048,785**	P 10,335,434,979	P 6,868,461,091
Due to related parties	**952,552,860**	952,552,860	1,007,226,830
Income tax payable	**23,191,815**	19,513,102	2,090,932
Deferred tax liabilities	**1,134,373,597**	997,787,144	811,859,281
Total liabilities as reported in consolidated statements of financial position	**P 18,965,167,057**	P 12,305,288,085	P 8,869,638,134

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 16.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31 follows:

	2019	2018
Cash on hand	**P 5,155,572**	P 4,332,100
Cash in banks	**1,160,532,638**	497,147,181
Short-term placements	**1,630,000,000**	-
	P 2,795,688,210	P 501,479,281

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. In 2019, the Group invested in short-term placements amounting to P1,630.0 million, which are made for varying periods from 15 to 30 days and earn effective interest ranging from 4.5% to 7.1%. No similar tranctions occurred in 2018. The related interest income is presented as Finance Income under Other Income (Charges) section in the consolidated statements of comprehensive income.

6. CONTRACTS AND OTHER RECEIVABLES

6.1 Contracts Receivables

This account is composed of the following:

	2019	2018
Current	**P 8,872,413,641**	P4,499,709,981
Non-current	**2,337,075,926**	2,256,189,684
	P11,209,489,567	P6,755,899,665

Contracts receivables represent receivables from sale of residential houses and lots, subdivision lots, memorial lots, and condominium units, which are normally collectible within one to five years. Contracts receivables have an annual effective interest rate of 6.0% to 12.0% in 2019, 2018 and 2017. Interest income related to contracts receivables amounts to P110.4 million, P97.2 million and P73.0 million in 2019, 2018 and 2017, respectively, and are reported under Revenues in the consolidated 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, 2019 and 2018, the unpaid portion of the cash consideration amounting to P78.2 million and P141.2 million, respectively, is presented as part of Trade payables under Trade and Other Payables account in the consolidated statements of financial position (see Note 13.1).

In 2019 and 2018, certain receivables amounting to P2,935.8 million and P1,293.9 million were used as collateral security against interest-bearing loans (see Note 12).

6.2 Other Receivables

The composition of this account as of December 31 is shown below.

	2019	2018
Receivable from contractors and brokers	**P 1,689,781,549**	P 496,812,616
Advances to contractors and others	**456,025,151**	453,276,607
Receivables from other services	**29,870,144**	21,283,707
Advances to employees	**21,147,352**	10,653,804
Others	**65,862,518**	14,442,160
	P 2,262,686,714	P 996,468,894

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.

	2019	2018
Raw land	**P3,530,454,406**	P 3,125,660,005
Residential houses and lots for sale	**2,430,100,648**	2,398,510,720
Memorial lots for sale	**1,231,755,435**	480,229,995
Property development costs	**532,425,981**	375,473,695
Condominium units for sale	**60,117,921**	65,164,583
	P7,784,854,391	P 6,445,038,998

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, construction 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 P783.9 million and P124.4 million in 2019 and 2018, respectively, were transferred to Real estate inventories due to change in use for the said assets (see Note 11).

8. OTHER ASSETS

This account consists of the following as of December 31:

	2019	2018
Current:		
Construction materials	**P 1,110,701,708**	P 928,999,792
Prepaid commission	**279,145,834**	203,286,640
Prepaid expenses	**87,221,553**	82,192,018
Creditable withholding taxes	**63,288,174**	64,872,674
Security deposits	**5,785,155**	4,140,140
Deferred input VAT	**3,556,649**	2,980,416
Input VAT	**-**	11,743,850
Other assets	**3,991,930**	2,804,316
	1,553,691,003	1,301,019,846
Non-current:		
Security deposits	**87,754,230**	62,417,131
Other assets	**5,000,000**	-
	92,754,230	62,417,131
	P1,646,445,233	P1,363,436,978

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. 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 17) 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 2019 and 2018 are shown below.

	Leasehold Improvements	Service Vehicle	Service Equipment	Park Maintenance Tools and Equipment	Chapel and Office Furniture Fixtures and Equipment	System Development Cost	Chapel and Office Building	Total
December 31, 2019								
Cost	P 42,804,671	P 70,962,113	P 138,372,024	P 33,528,808	P 149,900,959	P 18,809,564	P 204,591,312	P 658,969,451
Accumulated depreciation and amortization	(28,899,292)	(44,458,301)	(72,065,311)	(26,700,658)	(100,643,053)	(6,518,050)	(36,421,012)	(315,705,677)
Net carrying amount	**P 13,905,379**	**P 26,503,812**	**P 66,306,713**	**P 6,828,150**	**P 49,257,906**	**P 12,291,514**	**P 168,170,300**	**P 343,263,774**
December 31, 2018								
Cost	P 31,332,309	P 62,822,874	P 105,473,292	P 29,309,844	P 114,713,080	P 4,656,436	P 191,560,183	P 539,868,018
Accumulated depreciation and amortization	(19,700,058)	(36,611,603)	(40,430,394)	(23,061,909)	(64,346,572)	(3,524,464)	(22,077,857)	(209,752,857)
Net carrying amount	P 11,632,251	P 26,211,271	P 65,042,898	P 6,247,935	P 50,366,508	P 1,131,972	P 169,482,326	P 330,115,161
January 1, 2018								
Cost	P 23,604,757	P 53,251,120	P 46,722,999	P 25,597,081	P 77,579,328	P 3,921,403	P 185,095,614	P 415,772,302
Accumulated depreciation and amortization	(15,574,179)	(29,632,094)	(19,483,854)	(19,217,584)	(42,098,536)	(2,876,956)	(9,303,158)	(138,186,361)
Net carrying amount	P 8,030,578	P 23,619,026	P 27,239,145	P 6,379,497	P 35,480,792	P 1,044,447	P 175,792,456	P 277,585,941

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2019 and 2018 are as follows:

	Leasehold Improvements	Service Vehicle	Service Equipment	Park Maintenance Tools and Equipment	Chapel and Office Furniture Fixtures and Equipment	System Development Cost	Chapel and Office Building	Total
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 11,632,251	P 26,211,271	P 65,042,898	P 6,247,935	P 50,366,508	P 1,131,972	P 169,482,326	P 330,115,161
Additions	11,472,362	8,139,239	32,898,732	4,218,964	35,187,879	14,153,129	13,031,128	119,101,433
Depreciation and amortization charges for the year	(9,199,234)	(7,846,698)	(31,634,917)	(3,638,749)	(36,296,481)	(2,993,587)	(14,343,154)	(105,952,820)
Balance at December 31, 2019, net of accumulated depreciation and amortization	**P 13,905,379**	**P 26,503,812**	**P 66,306,713**	**P 6,828,150**	**P 49,257,906**	**P 12,291,514**	**P 168,170,300**	**P 343,263,774**
Balance at January 1, 2018, net of accumulated depreciation and amortization	P 8,030,578	P 23,619,026	P 27,239,245	P 6,379,497	P 35,480,792	P 1,044,447	P 175,792,456	P 277,585,941
Additions	8,249,941	9,571,754	59,192,126	3,712,763	37,724,212	735,033	6,464,569	125,650,398
Disposal	(522,389)	-	(441,833)	-	(590,459)	-	-	(1,554,681)
Depreciation and amortization charges for the year	(4,125,879)	(6,979,509)	(20,946,540)	(3,844,325)	(22,248,037)	(647,508)	(12,774,699)	(71,566,497)
Balance at December 31, 2018, net of accumulated depreciation and amortization	P 11,632,251	P 26,211,271	P 65,042,898	P 6,247,935	P 50,366,508	P 1,131,972	P 169,482,326	P 330,115,161

The amount of depreciation and amortization is presented as part of Cost of Sales and Services and Other Operating Expenses in the consolidated statements of comprehensive income (see Note 17). Depreciation expense of park maintenance tools and service equipment were charged under park operations, which is subsequently closed to perpetual care fund.

Certain service vehicles with a carrying value totaling to P12.1 million and P1.2 million were used as collateral security against interest-bearing loans (see Note 12).

10. LEASES

The Group has leases for certain office spaces. With the exception of short-term leases, each lease is reflected on the consolidated statement of financial position as right-of-use assets and a lease liabilities.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying lease asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office spaces, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The Group has leased 25 office spaces with an average remaining lease term of three years.

10.1 Right-of-use Assets

The carrying amounts of the Group's right-of-use assets as at December 31, 2019 and the movements during the period are shown below.

	Note		
Balance as of December 31, 2018		P	-
Effect of adoption of PFRS 16	2.2(a)(iii)		26,530,222
Balance as of January 1, 2019			26,530,222
Additions			1,267,540
Amortization			(11,488,548)
Balance as of December 31, 2019		**P**	**16,309,214**

The total amortization on the right-of-use assets is presented as part of Depreciation and amortization under Other operating expense in the consolidated statement of comprehensive income (see Note 17.2).

10.2 Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as at December 31, 2019 as follows:

Current	P	8,394,087
Non-current		8,072,461
	P	**16,466,548**

The use of extension and termination options gives the Group added flexibility in the event it has identified more suitable premises in terms of cost and/or location or determined that it is advantageous to remain in a location beyond the original lease term. The future cash outflows to which the Group is potentially exposed to are not reflected in the measurement of lease liabilities represent the amount of monthly rent remaining for the lease term and security deposit to be forfeited. An option is only exercised when consistent with the Group's regional markets strategy and the economic benefits of exercising the option exceeds the expected overall cost. As of December 31, 2019, the Group has no historical experience of exercising termination option for its existing lease agreements.

As at December 31, 2019, the Group has no lease committment, which had not yet commenced.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at December 31, 2019 is as follows:

	Within 1 year	1 to 2 years	2 to 3 years	Total
Lease payments	P 9,522,248	P 4,570,107	P 4,391,785	P 18,484,140
Finance charges	(1,128,161)	(561,481)	(327,950)	(2,017,592)
Net present values	**P 8,394,087**	**P 4,008,626**	**P 4,063,835**	**P 16,466,548**

10.3 Lease Payments Not Recognized as Liabilities

The Group has elected not to recognize a lease liability for short-term leases or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expenses relating to short-term leases amounted to P11.2 million and are presented as Rentals as part of Other Operating Expenses in the 2019 consolidated statement of comprehensive income (see Note 17.2). At December 31, 2019, the Group is committed to short-term leases, and the total commitment at that date is P7.4 million.

10.4 Additional Profit or Loss and Cash Flow Information

In 2019, the total cash outflow in respect of long-term and short-term leases amounted to P12.1 million and P11.2 million, respectively. Interest expense in relation to lease liabilities amounted to P1.9 million and is presented as part of Finance costs under Other Income (Charges) in the 2019 consolidated statement of comprehensive income.

10.5 Security Deposits

Refundable security deposits represent the lease deposits made to third parties for the lease of the Group's office spaces.

Related rental deposits for these leases amounted to P5.8 million and P4.1 million as of December 31, 2019 and 2018 and are presented as part of the Other Assets in the consolidated statements of financial position (see Note 8).

11. INVESTMENT PROPERTIES

The changes in the carrying amounts of investment properties as presented in the consolidated statements of financial position are as follows:

	Note	2019	2018
Balance at beginning of year		**P 587,411,574**	P 377,527,304
Additions during the year		**229,191,508**	334,281,622
Transfer from real estate inventories		**67,917,593**	-
Transfer to real estate inventories	7	**(783,913,001)**	(124,397,351)
Balance at end of year		**P 100,607,675**	P 587,411,575

The Group's investment properties consist of land which is intended for capital appreciation. Certain investment properties totaling P783.9 million in 2019 and P124.4 million in 2018 were reclassified to Raw Land Inventory and Memorial Lot Inventories (see Note 7). Accordingly, the Group did not recognize any gain or loss in connection with the reclassification of the assets.

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 27.3.

12. INTEREST-BEARING LOANS

Short-term and long-term interest-bearing loans and borrowings pertain to bank loans which are broken down as follows:

	2019	2018
Current	**P2,812,540,744**	P1,170,462,895
Non-current	**4,813,340,231**	826,324,569
	P7,625,880,975	P1,996,787,464

The bank loans represent secured and unsecured 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 2019 and 2018.

In 2019 and 2018, the Group obtained P15.9 million and P2.6 million loan, respectively, for the acquisition of service vehicle payable within three months to three years with annual effective interest rate of 8.5% to 9.0% (see Note 9).

In 2019 and 2018, the Group obtained interest-bearing loans amounting to P7,378.9 million and P1,163.9 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 P252.1 million, P96.3 million and P40.6 million for the years ended December 31, 2019, 2018 and 2017, respectively. A portion of the interest expense amounting to P23.9 million was capitalized (at a capitalization rate of 4.7%) by the Group as part of real estate inventories in 2017 while the remainder is presented as part of Finance Costs under Other Income (Charges) section in the consolidated statements of comprehensive income. No similar transactions in 2019 and 2018. There are no outstanding interest payable as of December 31, 2019 and 2018 related to these loans.

The loans are net of debt issue cost amounting to P28.7 million, P11.9 million and P6.6 million as of December 31, 2019, 2018 and 2017. The amortization of debt issue cost amounting to P6.3 million, P4.4 million and P2.0 million in 2019, 2018 and 2017, 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 P2,935.8 million and P1,293.9 million as of December 31, 2019 and 2018 (see Note 6.1 and 26.2).

13. TRADE AND OTHER PAYABLES AND RAWLAND PAYABLE

13.1 Trade and Other Payables

This account consists of:

	Note	**2019**	2018
Trade payables	6	**P 3,221,012,200**	P 3,342,067,141
Accrued expenses		**573,972,167**	541,364,007
Deferred output VAT		**286,574,415**	244,005,612
Commission payable		**127,207,643**	184,254,897
Retention payable		**75,802,464**	60,067,953
Withholding taxes payable		**10,608,580**	9,031,212
VAT payable		**8,376,536**	11,193,591
Other payables		**22,271,454**	271,158
		P4,325,825,459	P 4,392,255,571

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.

13.2 Rawland Payable

Rawland payable pertains to the amount of outstanding liability regarding the acquisitions of raw land from third parties, which will be used in the development of the Group's subdivision projects.

In 2019 and 2018, 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 P1,404.1 million and P1,582.2 million as of December 31, 2019 and 2018, respectively.

14. 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, 2019 and 2018, Customers' Deposits account, as presented in the current liabilities section of the consolidated statements of financial position, amounted to P2.7 billion and P1.9 billion, respectively (see Note 2.13).

15. 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, 2019 and 2018 amounting to P709.8 million and P426.4 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 P134.8 million and P128.7 million as of December 31, 2019 and 2018, 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, 2019 and 2018 are shown below.

	2019	2018
Assets:		
Cash	**P 955**	P 70
Investment in unit investment trust funds	**3,522,186**	2,274,750
Investment in other securities and debt instruments	**3,680,813**	4,365,668
Loans and receivables	**31,187**	38,834
Investment in mutual funds	**127,657,432**	122,075,451
Liability –		
Accrued trust fees and other expenses	**(56,237)**	(57,766)
	P 134,836,336	P 128,697,007

16. REVENUES

16.1 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 2019 and 2018 is presented below and in the succeeding page.

	Segments		
	Residential	**Deathcare**	**Total**
Geographical areas			
2019			
Luzon	P4,901,951,215	P 662,926,860	P5,564,878,075
Mindanao	1,923,601,880	465,017,692	2,388,619,572
Visayas	339,221,983	351,975,632	691,197,615
	P7,164,775,078	**P1,479,920,184**	**P8,644,695,262**
2018			
Luzon	P3,329,115,850	P 546,507,820	P3,875,623,670
Mindanao	734,837,653	470,824,358	1,205,662,011
Visayas	374,513,656	365,437,735	739,951,391
	P4,438,467,159	P1,382,769,913	P5,821,237,072
Type of product or services			
2019			
Low-cost housing	P6,960,181,384	P -	P6,960,181,384
Memorial lots	-	1,338,035,068	1,338,035,068
Residential condominium	155,245,218	-	155,245,218
Interest income on contract receivables	49,348,476	61,098,493	110,446,969
Chapel services	-	41,889,569	41,889,569
Interment	-	38,897,054	38,897,054
	P7,164,775,078	**P1,479,920,184**	**P8,644,695,262**

	Segments		
	Residential	Deathcare	Total
2018			
Low-cost housing	P4,048,460,064	P -	P4,048,460,064
Memorial lots	-	1,262,780,442	1,262,780,442
Residential condominium	343,673,476	-	343,673,476
Interest income on contract receivables	46,333,619	50,883,794	97,217,413
Chapel services	-	36,225,834	36,225,834
Interment	-	32,879,843	32,879,843
	P4,438,467,159	P1,382,769,913	P5,821,237,072

These are presented in the consolidated statements of comprehensive income under Revenues as follows:

	2019	2018
Real estate sales:		
Residential condominium	**P 155,245,218**	P 343,673,476
Low-cost housing	**6,960,181,384**	4,048,460,064
Memorial lots	**1,338,035,068**	1,262,780,442
	8,453,461,670	5,654,913,982
Interment income	**38,897,054**	32,879,843
Interest income on contract receivables	**110,446,969**	97,217,413
Income from chapel services	**41,889,569**	36,225,834
	P8,644,695,262	P5,821,237,072

16.2 Contract Assets

A reconciliation of the movements of contract assets is shown below.

	2019	2018
Balance at beginning of year	**P1,396,224,260**	P -
Transfers from contract assets recognized at the beginning of year to trade receivables	**(1,131,568,598)**	-
Additions during the year	**1,157,659,869**	1,396,224,260
Balance at end of year	**P1,422,315,531**	P1,396,224,260

The Group recognizes contract assets, due to timing difference of payment and satisfaction of performance obligation, to the extent of satisfied performance obligation on all open contracts as of the end of the reporting period.

Changes in the contract assets and contract liabilities are recognized by the Group when a right to receive payment is already established and upon performance of unsatisfied performance obligation, respectively.

16.3 Direct Contract Costs

The Group incurs sales commissions upon execution of contracts to sell real properties to customers. Incremental costs of commission incurred to obtain contracts are capitalized and presented as Prepaid commission under Other Current Assets in the consolidated statements of financial position (see Note 8). These are amortized over the expected construction period on the same basis as how the Group measures progress towards complete satisfaction of its performance obligation in its contracts. The total amount of amortization for 2019, 2018 and 2017 is presented as part of Commission under Operating Expenses (See Note 17.2).

The movement in balances of deferred commission in 2019 and 2018 is presented below.

	2019	2018
Balance at beginning of year	**P 203,286,640**	P 126,095,039
Additional capitalized cost	**281,874,757**	190,596,284
Reversal due to back out	**(41,192,791)**	(23,513,184)
Amortization for the period	**(164,822,772)**	(89,891,499)
Balance at end of year	**P 279,145,834**	P 203,286,640

16.3 Transaction Price Allocated to Unsatisfied Performance Obligation

The aggregate amount of transaction price allocated to partially or wholly unsatisfied contracts amounted to P3.2 billion and P7.1 billion as of December 31, 2019 and 2018, respectively, which the Group expects to recognize as follows:

	2019	2018
Within a year	**P 402,778,679**	P 5,068,825,810
More than one year to three years	**2,768,761,502**	2,006,550,506
Balance at end of year	**P 3,171,540,181**	P 7,075,376,316

17. COSTS AND EXPENSES

17.1 Costs of Sales and Services

Presented below are the details of costs of sale and services.

	2019	2018	2017
Cost of real estate sales	**P4,339,104,493**	P2,852,891,079	P1,853,650,435
Cost of interment	**16,914,466**	14,577,508	14,598,807
Cost of chapel services	**15,532,654**	13,853,502	6,538,824
	P4,371,551,613	P2,881,322,089	P1,874,788,066

Cost of real estate sales is comprised of:

	2019	2018	2017
Cost of land	**P2,347,226,616**	P1,187,040,428	P 583,485,940
Construction and development costs	**1,991,877,877**	1,665,850,651	1,270,164,495
	P4,339,104,493	P2,852,891,079	P1,853,650,435

17.2 Operating Expenses by Nature

The details of operating expenses by nature for the year ended December 31 are shown below.

	Notes	2019	2018	2017
Cost of land		**P2,347,226,616**	P1,187,040,428	P 583,485,940
Construction and development costs		**1,991,877,877**	1,665,850,651	1,270,164,495
Commission		**423,476,891**	347,188,158	223,567,844
Salaries and employee benefits	21.1	**285,823,245**	256,104,806	173,702,895
Advertising		**141,635,420**	86,918,895	74,821,138
Outside services		**115,616,053**	98,408,368	71,931,904
Depreciation and amortization	9, 10	**108,029,825**	60,429,511	36,786,338
Promotions		**77,147,032**	63,435,423	49,744,038
Transportation and travel		**34,809,833**	29,126,946	19,058,280
Miscellaneous	8	**28,866,530**	55,854,476	49,681,843
Taxes and licenses		**29,918,103**	15,029,956	11,853,146
Utilities		**28,069,618**	22,490,998	16,383,623
Repairs and maintenance		**23,790,988**	40,129,420	24,525,833
Management fees		**23,787,026**	25,183,992	4,434,942
Prompt payment discount		**19,915,150**	21,846,109	11,095,649
Cost of interment		**16,914,466**	14,577,508	14,598,807
Office supplies		**16,616,562**	15,091,850	9,392,547
Cost of chapel services		**15,532,654**	13,853,502	6,538,824
Representation		**13,831,315**	8,290,887	7,843,445
Collection fees		**12,012,592**	11,369,460	8,816,751
Insurance		**11,187,652**	10,237,645	6,806,258
Rentals	24.1	**11,186,793**	18,248,825	14,465,051
Trainings and seminars		**10,724,281**	13,667,097	15,938,271
Meetings and conferences		**10,474,908**	10,276,271	7,628,823
Professional fees		**9,549,284**	9,007,465	11,835,600
		P5,808,020,714	P4,099,658,647	P2,725,102,285

Miscellaneous mainly consist of subscription dues and other fees such as registration, transfer and mortgage fees.

These expenses are classified in the consolidated statements of comprehensive income as follows:

	2019	2018	2017
Cost of real estate sales	**P 4,339,104,493**	P2,852,891,079	P 1,853,650,435
Cost of interment	**16,914,466**	14,577,508	14,598,807
Cost of chapel services	**15,532,654**	13,853,502	6,538,824
Other operating expenses	**1,436,469,101**	1,218,336,558	850,314,219
	P 5,808,020,714	P4,099,658,647	P 2,725,102,285

18. OTHER INCOME

This account consists of:

	2019	2018	2017
Forfeited sales	**P 217,658,225**	P 152,116,928	P 74,590,647
Interest on past due accounts	**6,566,346**	8,957,384	3,179,523
Transfer fees	**5,670,956**	8,655,587	5,133,166
Service tent rentals	**1,108,441**	796,928	486,928
Others	**2,094,125**	2,292,756	4,801,284
	P 233,098,093	P 172,819,583	P 88,191,548

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.

19. TAXES

19.1 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 Lumina Quezon phase 2, Bria La Hacienda, Bria San Pablo, Lumina Gensan, Bria Flats Mykonos, Bria Flats Levitha, Bria Flats Corfu, Bria Flats Rhodes, Bria Flats Capri, Bria Sta. Maria, Bria Homes Digos, Bria Homes Tagum, Bria Flats Crimson, Bria Flats Scarlet, Bria Flats Magenta, and Lumina Classic 2B in 2019; 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.

19.2 Current and Deferred Taxes

The components of tax expense reported in consolidated profit or loss and in consolidated other comprehensive income for the years ended December 31 follow:

	2019	2018	2017
Reported in consolidated profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 110,650,684**	P 49,001,106	P 20,254,647
Minimum corporate income tax (MCIT) at 2%	**-**	35,873	4,849,468
Application of excess MCIT	**(4,885,341)**	-	-
	105,765,343	490,046,979	25,104,115
Final tax at 20%, 15% and 7.5%	**464,697**	261,978	203,656
	106,230,040	49,298,957	25,307,771
Deferred tax expense relating to origination and reversal of temporary differences	**146,099,561**	182,305,386	284,365,408
	P 252,329,601	P 231,604,343	P 309,673,179
Reported in consolidated other comprehensive income (loss)			
Deferred tax expense (income) relating to origination and reversal of temporary differences	**(P 9,513,107)**	P 3,622,477	(P 99,320)

The reconciliation of tax on pretax profit computed at the applicable statutory rate to tax expense is as follows:

	2019	2018	2017
Tax on pretax profit	**P 845,982,452**	P 539,807,542	P 302,593,910
Adjustment for income subjected to lower tax rate	**(232,348)**	(130,989)	(101,828)
Tax effect of:			
Non-taxable income	**(757,055,730)**	(500,255,218)	-
Non-deductible expenses	**163,635,227**	192,183,008	7,181,097
	P 252,329,601	P 231,604,343	P 309,673,179

The net deferred tax liabilities recognized in the consolidated statements of financial position as of December 31, 2019 and 2018 relate to the following:

	2019	2018
Unrealized gross profit	**P1,158,402,729**	P1,014,417,848
Retirement benefit obligation	**(23,479,319)**	(11,529,794)
Leases	**(385,148)**	-
Unamortized past service cost	**(164,665)**	(215,569)
MCIT	**-**	(4,885,341)
	P1,134,373,597	P 997,787,144

The deferred tax expense (income) recognized in the consolidated statements of comprehensive income for December 31 relate to the following:

	Consolidated Profit or Loss			Consolidted Other Comprehensive Income		
	2019	2018	2017	**2019**	2018	2017
Unrealized gross profit	**(P 143,984,881)**	(P 190,960,257)	(P 295,561,180)	**P -**	P -	P -
MCIT	**(4,885,341)**	35,873	4,849,468	**-**	-	-
Retirement benefit obligation	**2,436,418**	14,807,625	259,488	**9,513,107**	(3,622,477)	(99,320)
Leases	**385,148**	-	-	**-**	-	-
Unamortized past service cost	**(50,905)**	(50,905)	(50,905)	**-**	-	-
NOLCO	**-**	(6,137,721)	6,137,721	**-**	-	-
Deferred Tax Income (Expense)	**(P 146,099,561)**	(P 182,305,386)	(P 284,365,408)	**P 9,513,107**	(P 3,622,477)	(P 99,320)

BHI has MCIT, which can be claimed as deduction from future taxable income and RCIT liabilities within three years from 2018, amounting to P4.9 million was claimed in 2019.

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 2019, 2018 and 2017 as the RCIT is higher than MCIT in such years. However, BHI reported RCIT in 2019 and MCIT in both 2018 and 2017.

In 2019, 2018 and 2017, the Group claimed itemized deductions in computing for its income tax due.

20. 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			Outstanding Balances	
		2019	2018	2017	**2019**	2018
FPI:						
Advances granted (collections)	20.1	**(P 291,873)**	(P 165,649)	(P 64,762,839)	**P 5,981,939**	P 6,273,812
Related Parties Under Common Ownership:						
Advances granted	20.1	**-**	(98,020,772)	100,020,772	**2,000,000**	2,000,000
Advances obtained	20.2	**-**	54,673,970	988,849,811	**(952,552,860)**	(952,552,860)
Issuance of shares	1.2, 22	**-**	-	3,014,027,483	**-**	-
Payable to HDC	6, 13	**-**	-	-	**(151,295,109)**	(151,295,109)
Key Management Personnel –						
Compensation	20.3	**35,595,553**	35,265,757	28,617,907	**-**	-

20.1 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 P8.0 million and P8.3 million as at December 31, 2019 and 2018, 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.

	2019	2018
Balance at beginning of year	**P 8,273,812**	P 106,128,935
Additions	**-**	165,649
Collections	**(291,873)**	(98,020,772)
Balance at end of year	**P 7,981,939**	P 8,273,812

Based on management's assessment, no impairment losses need to be recognized in 2019, 2018 and 2017 from its receivables from related parties.

20.2 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, 2019 and 2018.

The movements in the Due to Related Parties account are shown below.

	2019	2018
Balance at beginning of year	**P 952,552,860**	P1,007,226,830
Repayments	**-**	(54,673,970)
Balance at end of year	**P 952,552,860**	P 952,552,860

20.3 Key Management Personnel Compensation

The compensation of key management personnel for the years ended December 31 follows:

	2019	2018	2017
Short term benefits	**P 35,901,795**	P 32,193,745	P 26,479,511
Post-employment benefits	**3,693,758**	3,072,012	2,138,396
	P 39,595,553	P 35,265,757	P 28,617,907

21. EMPLOYEE BENEFITS

21.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

		2019	2018	2017
Short-term employee benefits		**P 280,574,077**	P 209,029,793	P 172,835,535
Post-employment defined benefit	21.2	**5,249,168**	47,075,013	867,360
	17.2	**P 285,823,245**	P 256,104,806	P 173,702,895

21.2 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 Consolidated Financial Statements

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented in below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2019 and 2018.

The amounts of retirement benefit obligation (asset) recognized in the consolidated statements of financial position are determined as follows:

	2019	2018
Present value of the obligation	**P 87,480,211**	P 47,083,899
Fair value of plan assets	**(9,215,818)**	(8,651,254)
	P 78,264,393	P 38,432,645

The movements in the fair value of plan assets are presented below.

	2019	2018
Balance at beginning of year	**P 8,651,254**	P 9,669,716
Interest income	**640,193**	555,972
Loss on plan assets (excluding amounts included in net interest)	**(75,629)**	(1,573,804)
Balance at end of year	**P 9,215,818**	P 8,651,254

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 P75,629 and P1.6 million in 2019 and 2018, respectively.

The movements in the present value of defined benefit obligation recognized in the books are as follows:

	2019	2018
Balance at beginning of year	**P 47,083,899**	P 10,817,902
Current service cost	**5,249,168**	47,075,013
Interest expense	**3,512,415**	2,930,500
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**23,868,938**	(15,506,569)
Experienced adjustments	**19,394,002**	(158,555)
Changes in demographic assumptions	**(11,628,211)**	2,016,328
Benefits paid	**-**	(90,720)
Balance at end of year	**P 87,480,211**	P 47,083,899

The components of amounts recognized in consolidated profit or loss and in consolidated other comprehensive income in respect of the post-employment defined benefit plan are as follows:

	2019	2018	2017
Reported in profit or loss:			
Current service cost	**P 5,249,168**	P 47,075,013	P 867,360
Interest expense (income) – net	**2,872,222**	2,374,528	(2,403)
	P 8,121,390	P 49,449,541	P 864,957
Reported in other comprehensive income (losses):			
Actuarial gains (losses) arising from:			
Changes in financial assumptions	**(P 23,868,938)**	P 15,506,569	P 10,987,613
Experience adjustments	**(19,394,002)**	158,555	(9,531,092)
Changes in demographic assumptions	**11,628,211**	(2,016,328)	65,336
Loss on plan assets	**(75,629)**	(1,573,804)	(1,852,924)
	(P 31,710,358)	P 12,074,992	(P 331,067)

Current service cost and acquired obligation are presented as part of Salaries and employee benefits under the Other Operating Expenses account in the consolidated statements of comprehensive income (see Note 17.2).

Net interest expense (income) is presented as part of Finance Costs or Finance income under Other Income (Charges) in the consolidated statements of comprehensive income.

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:

	2019	2018	2017
Discount rates	**5.10%**	7.48%	5.75%
Expected rate of salary increases	**7.75%**	7.75%	5.00%

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
2019:			
Discount rate	**+/8.40%/-6.4%**	**(P 25,232,626)**	**P 31,454,818**
Salary growth rate	**+/6.00%/-4.0%**	**31,505,137**	**(25,309,872)**
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)

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 consolidated 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 P78.3 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 2020.

The maturity profile of undiscounted expected benefit payment from the plan are as follows:

	2019	2018
More than 10 years to 15 years	**P 104,099,821**	P 61,159,196
More than 15 years to 20 years	**63,606,031**	68,779,074
More than 20 years	**696,629,276**	1,019,359,667
	P 864,335,128	P1,149,297,937

The weighted average duration of the defined benefit obligation at the end of the reporting period is 26.2 years.

22. EQUITY

22.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2019	2018	2017	**2019**	2018	2017
Common shares						
Authorized						
Balance at beginning and 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**	644,117,649	494,117,649	**P 644,117,649**	P 644,117,649	P 494,117,649
Issuance during the year	**-**	-	150,000,000	**-**	-	150,000,000
Balance at end of year	**644,117,649**	644,117,649	644,117,649	**P 644,117,649**	P 644,117,649	P 644,117,649
Preferred shares						
Authorized						
Balance at beginning and 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 P20.1 per share or an aggregate subscription price of P3,014.0 million (see Note 1.2).

As at December 31, 2019 and 2018, there are 7 holders of the listed common shares owning at least one board lot of 100 shares. Such listed shares closed at P436 per share as of December 27, 2019 (the last trading day in 2019).

22.2 Revaluation Reserves

As of December 31, 2019 and 2018, revaluation reserves pertains to accumulated actuarial losses and gains, net of tax, due to remeasurement of post-employment defined benefit plan amounting to P16.4 million and P5.8 million, respectively (see Note 21.2).

23. EARNINGS PER SHARE

The basic and diluted earnings per share were computed as follows:

	2019	2018	2017
Net profit	**P 2,567,611,904**	P 1,567,754,130	P 698,973,189
Divided by the weighted number of outstanding common shares	**644,117,649**	644,117,649	495,761,485
Basic and diluted earnings per share	**P 3.99**	P 2.43	P 1.41

The Group has no dilutive potential common shares as at December 31, 2019, 2018 and 2017; hence, diluted earnings per share equals the basic earnings per share.

24. COMMITMENTS AND CONTINGENCIES

24.1 Operating Lease Commitments (2018 and 2017)

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 P18.2 million and P14.5 million in 2018 and 2017 respectively, which is shown as Rentals under Other Operating Expenses in the consolidated statements of comprehensive income (see Note 17.2).

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

24.2 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 consolidated 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 consolidated financial statements.

25. 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 below and in the succeeding pages.

25.1 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.

25.2 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 consolidated statements of financial position are summarized below.

	Notes	**2019**	2018
Cash and cash equivalents	5	**P 2,795,688,210**	P 501,479,281
Contracts receivable	6	**11,209,489,567**	6,755,899,665
Contract assets	16	**1,422,315,531**	1,396,224,260
Due from related parties	20.1	**7,981,939**	8,273,812
Security deposits	8	**93,539,385**	66,557,271
Other receivables	6.2	**1,883,055,608**	643,043,588
		P17,412,070,240	P 9,371,477,877

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, 2019 and 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, 2019 and 2018.

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 Group until the contract assets or receivables are fully collected. Therefore, there is also no expected loss given default on the contract asset.

The Group considers credit enhancements in determining the expected credit loss. Contract receivables and contract assets from real estate sales are collateralized by the real properties. The estimated fair value of collateral and other security enhancements held against trade receivables are presented below.

	Gross Maximum Exposure	**Fair Value of Collaterals**	**Net Exposure**
2019			
Contract receivables	P 11,209,489,567	P 12,565,244,082	P -
Contract assets	1,422,315,531	5,333,130,460	-
	P 12,631,805,098	**P 18,898,374,542**	**P -**
2018			
Contract receivables	P 6,746,885,341	P 7,918,687,044	P -
Contract asset	1,396,224,260	1,551,172,186	-
	P 8,143,109,601	P 9,469,859,230	P -

Some of the unimpaired contract receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period and are presented below.

	2019	2018
Current (not past due)	**P 10,323,157,998**	P 6,246,336,142
Past due but not impaired:		
More than one month but not more than 3 months	**89,433,200**	51,919,667
More than 3 months but not more than 6 months	**119,256,760**	67,842,814
More than 6 months but not more than one year	**333,424,666**	185,448,354
More than one year	**344,216,943**	204,352,688
	P 11,209,489,567	P 6,755,899,665

ECL for due from related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the due from related parties as these are entities whose credit risks for liquid funds are considered negligible, since counterparties are in good financial condition. As of December 31, 2019 and 2018, impairment allowance is not material.

Security deposits are subject to credit risk. The Group's security deposits pertain to receivable from lessors and third party utility providers. Based on the reputation of those counterparties, management considers that these deposits will be refunded when due.

25.3 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, 2019 and 2018, the Group’s financial liabilities have contractual maturities which are presented below.

	Within 12 months	More than One Year to Five Years
2019		
Trade and other payables	P4,020,265,928	P -
Rawland payable	1,404,119,507	-
Interest-bearing loans and borrowings	2,812,540,744	4,813,340,231
Due to related parties	952,552,860 P	
Lease liabilities*	9,522,248	8,961,892
Reserve for perpetual care	-	709,813,851
	P9,199,001,287	**P5,532,115,974**
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

**Inclusive of future interest costs*

26. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

26.1 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 consolidated statements of financial position are shown below.

		2019		2018	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
At amortized cost:					
Cash and Cash Equivalents	5	**P 2,795,688,210**	**P 2,795,688,210**	P 501,479,281	P 501,479,281
Contracts receivable	6	**11,209,489,567**	**11,649,093,549**	6,755,899,665	7,180,288,945
Due from related parties	20.1	**7,981,939**	**7,981,939**	8,273,812	8,273,812
Security deposits	7	**93,539,385**	**93,539,385**	66,557,271	66,557,271
Other receivable	6.2	**29,870,144**	**29,870,144**	643,043,588	643,043,588
		P 14,136,569,245	**P 14,576,173,227**	P 7,975,253,617	P 8,399,642,897
Financial Liabilities					
At amortized cost:					
Interest-bearing loans	12	**P 7,625,880,975**	**P 10,541,713,327**	P 1,996,787,464	P 2,497,359,581
Trade and other payables	13	**4,020,265,928**	**4,020,265,928**	4,128,025,156	4,128,025,156
Due to related parties	20.1	**952,552,860**	**952,552,860**	952,552,860	952,552,860
Rawland payable	13.2	**1,404,119,507**	**1,404,119,607**	1,582,158,966	1,582,158,966
Lease liabilities	10	**16,466,548**	**16,466,548**	-	-
Reserve for perpetual care	15	**709,813,851**	**709,813,851**	426,433,783	426,433,783
		P 14,729,099,669	**P 17,644,932,121**	P 9,085,958,229	P 9,586,530,346

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 25.

26.2 Offsetting of Financial Assets and Financial Liabilities

Except as more fully described in Note 20, the Group has not set-off financial instruments in 2019 and 2018 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 20 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 12). In case of the Group's default on loan amortization, cash in bank amounting to P584.0 million and P200.9 million can be applied against its outstanding loans amounting to P7,625.9 million and P1,996.7 million as of December 31, 2019 and 2018, respectively. In addition, the Group has payables to HDC amounting to P78.2 million and P141.2 million that are collateralized by contract receivable by the same amount as of December 31, 2019 and 2018. Also, certain loans of the Group are secured by contract receivables with a carrying amount of P2,935.8 million and P1,293.9 million as of December 31, 2019 and 2018 (see Note 12).

27. FAIR VALUE MEASUREMENT AND DISCLOSURES

27.1 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.

27.2 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 and cash equivalents, 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 parties, rawland payable, lease liabilities 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.

27.3 Fair Value Measurement for Non-financial Assets

The Group's investment properties amounting to P100.6 million and P587.4 million are categorized under level 3 hierarchy of non-financial assets measured at cost as of December 31, 2019 and 2018, respectively (see Note 11).

The fair value of the Group's investment properties, pertaining to parcels of land, amounting to P427.0 million and P1,600.0 million as of December 31, 2019 and 2018 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.

28. 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 consolidated statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2019	2018
Total liabilities	**P 18,965,167,057**	P 12,305,288,085
Total equity	**8,624,475,191**	6,079,060,538
Debt-to-equity ratio	**2.20:1.00**	2.02:1.00

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Presented below is the supplemental information on the Group's liabilities arising from financing activities (see Notes 10, 12 and 20):

	Interest-bearing Loans	**Due to Related Parties**	**Lease Liabilities**	**Total**
Balance at January 1, 2019	P 1,996,787,464	P 952,552,860	P -	P2,949,340,324
Effect of adoption of PFRS 16	-		25,485,769	25,485,769
Cash flows from financing activities:				
Additional borrowings	6,888,902,680	-	-	6,888,902,680
Repayments of borrowings	(1,259,809,169)	-	(12,057,343)	(1,271,866,512)
Non-cash financing activity:				
Interest expense on lease liabilities	-	-	1,852,620	1,852,620
Additional lease liabilities	-	-	1,185,502	1,185,502
Balance at December 31, 2019	**P 7,625,880,975**	**P 952,552,860**	**P 16,466,548**	**P8,594,900,383**
Balance as of January 1, 2018	P 1,502,021,831	P 1,007,226,830	P -	P2,509,248,661
Cash flows 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 -	P2,949,340,324

30. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group and other businesses have been significantly exposed to the risks brought about by the outbreak of the new coronavirus disease, COVID-19. Governmental efforts being implemented to control the spread of the virus include travel bans, quarantines, social distancing and suspension of non-essential services. The Group's management is carefully reviewing all rules, regulations, and orders and is responding accordingly.

Though the disruption is currently expected to be temporary, the Group anticipates that these will have an adverse impact on economic and market conditions and affect its business. Work stoppage on construction sites and slowdown on the supply chain may potentially lead to delays on the targeted completion and turnover of the Group's projects.

While management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19, the ultimate impact of the pandemic is highly uncertain and subject to change. The severity of these consequences will depend on certain developments, including the duration and spread of the outbreak and the impact on the Group' customers, suppliers, other contractors and employees. Specifically, the slowdown of construction's progress will result in the decline in revenues during the year while fixed costs may continue to be incurred. Moreover, the collection of receivables and demand for housing and condominium units may be impeded due to the impact of the outbreak to the liquidity of the Group's customers. Financial consequences of aforementioned impact are uncertain and cannot be predicted as of the date of the issuance of the Group's consolidated financial statements. Accordingly, management is not able to reliably estimate the impact of the outbreak on the Group's consolidated financial position and results of operation for future periods.

The Group would continue to conduct its business while placing paramount consideration on the health and welfare of its employees, customers, and other stakeholders. The Group has implemented measures to mitigate the transmission of COVID-19, such as complying with the quarantine rules and implementing health protocols and social distancing for employees and other contractors. The Group has also activated business continuity plans, both at the corporate level and business operations level, and conducted scenario planning and analysis to activate contingency plans.

31. OTHER INFORMATION REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION

Republic Act (RA) No. 11232, *An Act Providing for the Revised Corporation Code of the Philippines* (the Revised Corporation Code) took effect on March 8, 2019. The new provisions of the Revised Corporation Code or any amendments thereof have no significant impact to the Group's financial statements.

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Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Consolidated Financial Statements

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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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Golden Bria Holdings, Inc. and a subsidiary for the year ended December 31, 2019, on which we have rendered our report dated June 5, 2020. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Nelson J. Dinio**
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8116543, January 2, 2020, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002-FR-5 (until Mar. 26, 2021)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

June 5, 2020

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
List of Supplementary Information
December 31, 2019

Schedule	Content	Page No.
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	N/A
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable/Payable from/to Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Long-term Debt	1
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	2
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	3
Other Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	
	Map Showing the Relationship Between the Company and its Related Entities	

Golden Bria Holdings, Inc. and Subsidiary
Schedule D - Long-Term Debt
December 31, 2019

Title of issue and type of obligation	*Amount authorized by indenture*	*Amount shown under caption "Current portion of long-term debt" in related balance sheet*	*Amount shown under caption "Long-Term Debt" in related balance sheet*
Long -term loan (Domestic)	P 7,625,880,975	P 2,812,540,744	P 4,813,340,231

Golden Bria Holdings, Inc. and Subsidiary
Schedule E - Indebtedness to Related Parties (Long-term Loans from Related Companies)
December 31, 2019

Name of Related Party	*Balance at Beginning of Period*		*Balance at End of Period*	
Brittany Estates Corporation	P	11,138,258	P	11,138,258
Cambridge Group, Inc.		901,878,629		901,878,629
Fine Properties Inc.		39,535,973		39,535,973
Total	**P**	**952,552,860**	**P**	**952,552,860**

Golden Bria Holdings, Inc. and Subsidiary
Schedule G - Capital Stock
December 31, 2019

				Number of shares held by		
Title of Issue	***Number of shares authorized***	***Number of shares issued and outstanding as shown under the related balance sheet caption***	***Number of shares reserved for options, warrants, conversion and other rights***	***Related parties***	***Directors, officers and employees***	***Others***
Common shares - P1 par value	996,000,000	644,117,649	-	570,802,055	3,170,302	70,145,292
Preferred shares - P.01 par value	400,000,000	-	-	-	-	-

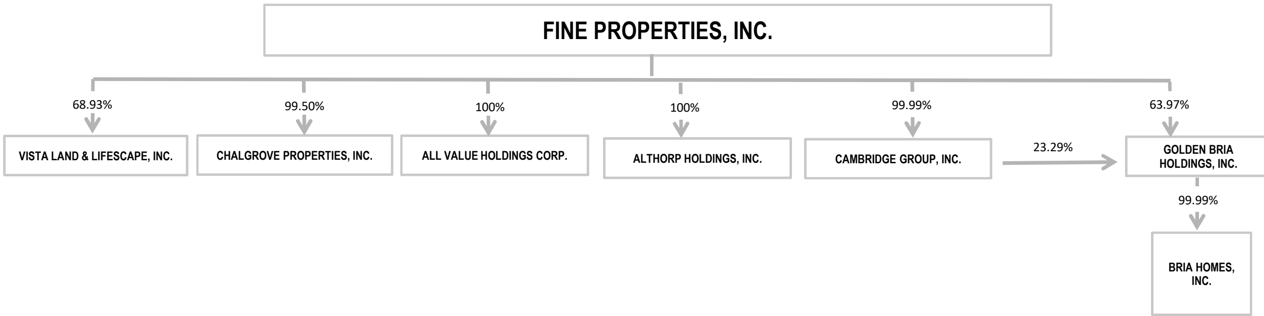
GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
(Formerly Golden Haven, Inc.)
[A Subsidiary of Fine Properties, Inc.]
San Ezekiel C5, Extension
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2019

Unappropriated Retained Earnings at Beginning of Year		P 2,458,918,610
Outstanding Reconciling Items, net of tax		
Deferred tax assets		(7,117,596)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Period, as Adjusted		2,451,801,014
Net Profit Realized during the period		
Net profit per audited financial statements	P 2,567,611,904	
Deferred tax income	(2,821,566)	2,564,790,338
Dividends declared during the year		-
Retained Earnings Restricted for Treasury Shares		-
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year		**P 5,016,591,352**

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY

SHOWING THE RELATIONSHIPS BETWEEN AND AMONG COMPANIES IN THE GROUP

ULTIMATE PARENT COMPANY AND SUBSIDIARY



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Report of Independent Auditors on Components of Financial Soundness Indicators

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

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Golden Bria Holdings, Inc. and a subsidiary (the Group) as of December 31, 2019 and 2018 and for the three years ended December 31, 2019 , on which we have rendered our report dated June 5, 2020. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and 2018 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8116543, January 2, 2020, Makati City
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

June 5, 2020

GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY
ANNEX 68-E - SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2019 and 2018

Ratio	Formula	2019	2018
Current ratio	Current assets / Current liabilities	2.02	1.51
Acid test ratio	Quick assets / Current liabilities (Quick assets include current assets less real estate inventories)	1.38	0.87
Solvency ratio	EBITDA / Total debt (Total debt includes interest bearing loans and borrowings)	0.42	0.98
Debt-to-equity ratio	Total debt / Total stockholders' equity (Total debt includes interest bearing loans and borrowings)	0.88	0.33
Asset-to-equity ratio	Total assets / Total stockholders' equity	3.20	3.02
Interest rate coverage ratio	EBIT / Total Interest expense	12.18	19.68
Return on equity	Net profit / Average total equity	0.35	0.30
Return on assets	Net profit/ Average total assets	0.11	0.10
Net profit margin	Net profit / Total revenues	0.30	0.27