



**May 15, 2018**

**PHILIPPINE STOCK EXCHANGE**

9th Floor, Philippine Stock Exchange Tower,  
28th Street corner 5th Avenue, BGC Taguig City


Attention: Mr. Jose Valeriano B. Zuño III  
OIC – Head, Disclosure Department

Subject: Golden Bria Holdings, Inc.: **SEC 17Q – March 31, 2018**

Gentlemen:

Please see attached SEC 17Q Report.

Thank you.

  
Frances Rosalie T. Coloma  
Officer-in-Charge

# COVER SHEET

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S.E.C. Registration Number									

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(Company's Full Name)

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

<b>Frances Rosalie T. Coloma</b>
Contact Person

<b>(02) 873-2922</b>
Company Telephone Number

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<b>17-Q</b>
FORM TYPE

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Annual Meeting					

<b>N/A</b>
Secondary License Type, If Applicable

Dept. Requiring this Doc.		

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings		
Domestic		Foreign

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To be accomplished by SEC Personnel concerned

File Number									

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2018
2. SEC Identification Number 108270
3. BIR Tax Identification No. 768-991-000
4. Golden Bria Holdings, Inc.  
Exact name of issuer as specified in its charter
5. Philippines  
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code:  (SEC Use Only)
7. San Ezekiel, C5 Extension, Las Piñas City, Philippines 1746  
Address of Principal Office Postal Code
8. (632) 873-2922 / (632) 873-2543  
Issuer's telephone number, including area code
9. Golden Haven, Inc.  
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
<b>Common stock</b>	<b>644,117,649</b>

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

Yes  No

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 the registrant was required to file such reports)

Yes  No

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

Yes  No

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**GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY**  
*(Formerly known as Golden Haven, Inc.)*  
*(A Subsidiary of Fine Properties, Inc.)*  
**STATEMENTS OF FINANCIAL POSITION**  
**As of March 31, 2018 and December 31, 2017**  
**(Amount in Thousands)**

	Notes	UNAUDITED March 2018	AUDITED December 2017
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash on-hand and in-banks	4	₱484,438	₱795,866
Contracts receivable	5	4,019,091	3,676,913
Due from related parties	18	59,223	106,129
Other receivables	5	918,781	502,634
Real estate inventories	6	5,297,590	4,728,968
Other current assets	7	831,323	728,723
<b>Total Current Assets</b>		<b>11,610,446</b>	<b>10,539,233</b>
<b>Non-current Assets</b>			
Contracts receivable	5	2,077,361	1,932,099
Available-for-sale financial assets	8	38,298	40,131
Property and equipment – net	9	279,199	277,586
Investment properties	10	439,233	377,527
Security deposits		44,381	38,906
<b>Total Non-current Assets</b>		<b>2,878,472</b>	<b>2,666,249</b>
<b>TOTAL ASSETS</b>		<b>₱14,488,918</b>	<b>₱13,205,482</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Interest-bearing loans	11	₱665,354	₱606,070
Trade and other payables	12	3,568,385	3,020,275
Rawlands payables	12	1,429,596	1,156,069
Customers' deposits	13	1,042,396	922,675
Due to related parties	18	959,818	1,007,227
Income tax payable		8,985	2,091
<b>Total Current Liabilities</b>		<b>7,674,534</b>	<b>6,714,407</b>
<b>Noncurrent Liabilities</b>			
Interest-bearing loans	11	869,981	895,952
Deferred tax liabilities – net	17	907,345	811,859
Reserve for perpetual care	14	283,011	266,270
Retirement benefit obligation		1,149	1,149
<b>Total Noncurrent Liabilities</b>		<b>2,061,486</b>	<b>1,975,230</b>
<b>Total Liabilities</b>		<b>9,736,020</b>	<b>8,689,637</b>
<b>EQUITY</b>			
Capital stock	19	644,118	644,118
Additional paid-in capital		2,970,209	2,970,209
Revaluation reserves		3,297	5,130
Retained earnings		1,135,274	896,388
<b>Total Equity</b>		<b>4,752,898</b>	<b>4,515,845</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱14,488,918</b>	<b>₱13,205,482</b>

See accompanying Notes to Financial Statements



**GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY**  
*(Formerly known as Golden Haven, Inc.)*  
*(A Subsidiary of Fine Properties, Inc.)*  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the three months ended March 31, 2018 and 2017**  
**(Amount in Thousands)**

	<b>Notes</b>	<b>UNAUDITED JAN – MAR Q1-2018</b>	<b>UNAUDITED JAN – MAR 2018</b>	<b>UNAUDITED JAN – MAR Q1-2017</b>	<b>UNAUDITED JAN – MAR 2017</b>
Real estate sales	2	<b>₱1,148,328</b>	<b>₱1,148,328</b>	₱779,060	₱779,060
Interment income		7,824	7,824	5,908	5,908
Interest income on contract receivables	5	19,182	19,182	15,396	15,396
Income from chapel services		7,575	7,575	612	612
		<b>1,182,909</b>	<b>1,182,909</b>	800,976	800,976
<b>COSTS AND EXPENSES</b>	<b>15</b>				
Costs of sales and services		598,451	598,451	420,138	420,138
Other operating expenses		255,139	255,139	198,383	198,383
		<b>853,590</b>	<b>853,590</b>	618,521	618,521
<b>OPERATING PROFIT</b>		<b>329,319</b>	<b>329,319</b>	182,455	182,455
<b>OTHER INCOME – Net</b>	16	11,947	11,947	8,008	8,008
<b>PROFIT BEFORE TAX</b>		<b>341,266</b>	<b>341,266</b>	190,463	190,463
TAX EXPENSE	17	102,380	102,380	57,139	57,139
<b>NET INCOME</b>		<b>238,886</b>	<b>238,886</b>	133,324	133,324
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Unrealized fair value gain/(loss) on available-for-sale financial assets		(1,833)	(1,833)	1,099	1,099
		<b>(1,833)</b>	<b>(1,833)</b>	1,099	1,099
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱237,053</b>	<b>₱237,053</b>	₱134,423	₱134,423
<b>Basic and Diluted Earnings Per Share</b>	<b>20</b>	<b>₱0.37</b>	<b>₱0.37</b>	₱0.27	₱0.27

See accompanying Notes to Financial Statements



**GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY**  
*(Formerly known as Golden Haven, Inc.)*  
*(A Subsidiary of Fine Properties, Inc.)*

**STATEMENT OF CHANGES IN EQUITY**  
**For the period ended March 31, 2018 and 2017**  
**(Amount in Thousands)**

	Notes	Capital Stock	Paid-in Capital	Revaluation Reserves	Retained Earnings	Total Equity
Balance at January 1, 2018		₱644,118	₱2,970,209	₱5,130	₱896,388	₱4,515,845
Total comprehensive income for the period	17	—	—	(1,833)	238,886	237,053
<b>Balance at March 31, 2018</b>	<b>19</b>	<b>₱644,118</b>	<b>₱2,970,209</b>	<b>₱3,297</b>	<b>₱1,135,274</b>	<b>₱4,752,898</b>
Balance at January 1, 2017		₱494,118	₱628,928	(₱2,405)	₱197,415	₱1,318,056
Issuance of shares		150,000	—	—	—	—
Total comprehensive income for the period		—	—	1,099	133,324	134,423
<b>Balance at March 31, 2017</b>		<b>₱644,118</b>	<b>₱2,970,209</b>	<b>(₱1,306)</b>	<b>₱330,739</b>	<b>₱1,452,479</b>

See accompanying Notes to Financial Statements



**GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY**  
*(Formerly known as Golden Haven, Inc.)*  
*(A Subsidiary of Fine Properties, Inc.)*  
**STATEMENT OF CASH FLOWS**  
**For the three months ended March 31, 2018 and 2017**  
**(Amount in Thousands)**

	UNAUDITED JAN – MAR Q1-2018	UNAUDITED JAN – MAR 2018	UNAUDITED JAN – MAR Q1-2017	UNAUDITED JAN – MAR 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>₱341,266</b>	<b>₱341,266</b>	<b>₱190,463</b>	<b>₱190,463</b>
Adjustments for:				
Interest income	<b>(19,182)</b>	<b>(19,182)</b>	<b>(8,624)</b>	<b>(8,624)</b>
Depreciation and amortization	<b>12,362</b>	<b>12,362</b>	<b>12,111</b>	<b>12,111</b>
Interest expense	<b>16,144</b>	<b>16,144</b>	<b>3,508</b>	<b>3,508</b>
Operating profit before working capital changes	<b>350,590</b>	<b>350,590</b>	<b>197,458</b>	<b>197,458</b>
Decrease (increase) in:				
Contracts receivable	<b>(487,439)</b>	<b>(487,439)</b>	<b>(203,986)</b>	<b>(203,986)</b>
Due from related parties	<b>46,906</b>	<b>46,906</b>	<b>(76,651)</b>	<b>(76,651)</b>
Other receivables	<b>(416,147)</b>	<b>(416,147)</b>	<b>(135,162)</b>	<b>(135,162)</b>
Real estate inventories	<b>(530,619)</b>	<b>(530,619)</b>	<b>(112,021)</b>	<b>(112,021)</b>
Other current assets	<b>(102,600)</b>	<b>(102,600)</b>	<b>25,661</b>	<b>1,458</b>
Security deposits	<b>(5,475)</b>	<b>(5,475)</b>	<b>(955)</b>	<b>(955)</b>
Increase (decrease) in:				
Trade and other payables	<b>500,699</b>	<b>500,699</b>	<b>216,626</b>	<b>216,626</b>
Rawlands payable	<b>273,528</b>	<b>273,528</b>	<b>(28,741)</b>	<b>(28,741)</b>
Customers' deposits	<b>119,720</b>	<b>119,720</b>	<b>83,035</b>	<b>83,035</b>
Other liabilities	<b>16,741</b>	<b>16,741</b>	<b>9,697</b>	<b>9,697</b>
Cash used in operations	<b>(234,096)</b>	<b>(234,096)</b>	<b>(25,039)</b>	<b>(25,039)</b>
Interest received	<b>19,182</b>	<b>19,182</b>	<b>8,624</b>	<b>8,624</b>
Cash paid for income taxes	<b>–</b>	<b>–</b>	<b>(11,248)</b>	<b>(11,248)</b>
Net Cash Used in Operating Activities	<b>(214,914)</b>	<b>(214,914)</b>	<b>(51,867)</b>	<b>(51,867)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of investment properties	<b>(99,708)</b>	<b>(99,708)</b>	<b>(81,441)</b>	<b>(81,441)</b>
Acquisitions of property and equipment	<b>(13,975)</b>	<b>(13,975)</b>	<b>(11,280)</b>	<b>(11,280)</b>
Cash Used in Investing Activities	<b>(113,683)</b>	<b>(113,683)</b>	<b>(92,721)</b>	<b>(92,721)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net availments (payments) of interest bearing loans	<b>33,313</b>	<b>33,313</b>	<b>(37,308)</b>	<b>(37,308)</b>
Dividends Paid	<b>–</b>	<b>–</b>	<b>(88,286)</b>	<b>(88,286)</b>
Interest paid	<b>(16,144)</b>	<b>(16,144)</b>	<b>(9,731)</b>	<b>(9,731)</b>
Net Cash From (Used in) Financing Activities	<b>17,169</b>	<b>17,169</b>	<b>(135,325)</b>	<b>(135,325)</b>
NET DECREASE IN CASH	<b>(311,428)</b>	<b>(311,428)</b>	<b>(279,913)</b>	<b>(279,913)</b>
CASH AT BEGINNING OF PERIOD	<b>795,866</b>	<b>795,866</b>	<b>670,938</b>	<b>670,938</b>
CASH AT END OF PERIOD	<b>₱484,438</b>	<b>₱484,438</b>	<b>₱391,025</b>	<b>₱391,025</b>

See accompanying Notes to Financial Statements



**GOLDEN BRIA HOLDINGS, INC. AND A SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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 March 31, 2018, the Parent Company is 83.39% effectively owned subsidiary of Fine Properties, Inc. (FPI), respectively, 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 amendment 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 20.1); 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 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, in the special board meeting, the Parent Company's BOD approved the change in corporate name from Golden Haven, Inc. to Golden Bria Holdings, Inc. The amendments to the Parent Company's Articles of Incorporation and By-laws were approved by the SEC on March 6, 2018.

On March 23, 2017, the Bureau of Internal Revenue (BIR) approved the change in the 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 change in the BHI's registered office is yet to be approved by the SEC. The new registered address of the BHI is also its principal place of business. The registered office of HVN, which is also its principal place of business, is located at San Ezekiel, C5 Extension, Las Piñas City. The registered office of FPI is located at 3<sup>rd</sup> 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 20).

### ***1.2 Business Combination***

The financial statements comprise the financial statements of the Parent Company and its subsidiary (collectively referred herein as the Group). As of March 31, 2018, the Parent Company holds 99.99% interest in BHI.

BHI is presently engaged in developing and selling real estate properties, particularly, residential house and lots (see Note 1.1). 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 in 2017.

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

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

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

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.

In applying the pooling of interest method, the Parent Company opted not to restate the financial information in the financial statements for periods prior to the transaction as allowed under Philippine Interpretations Committee (PIC) Q&A No. 2012-01, PFRS 3.2 – *Application of Pooling of Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements*. Under the pooling of interest, the business combination is accounted as follows:

- the assets and liabilities of BHI and HVN are reflected in the 2017 consolidated financial statements at carrying values. No adjustments are made to reflect fair values or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. The accounting policies of HVN and BHI are consistent, hence, no adjustment required to harmonize their accounting policies;
- no goodwill was recognized as a result of the business combination;

- the consolidated statement of comprehensive income reflects the results of HVN and BHI for the full year, irrespective of when the combination took place;
- retained earnings reflects the accumulated earnings of HVN and BHI as if the entities had been combined at the beginning of the year;
- the revaluation reserves under equity of BHI, which includes fair value gains on available-for-sale financial assets is carried over in the 2017 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;
- the capital stock represents the legal capital of the Parent Company;
- 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	₱7,919,014,623
Liabilities assumed	(5,427,711,979)
Net assets of BHI	2,491,302,644
Consideration (see Note 20.1)	(3,014,027,483)
Equity reserves recognized	<u>(₱522,724,839)</u>

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 2.1 *Basis of Preparation of Financial Statements*

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

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

As discussed in Note 1.2, BHI became a subsidiary of the Parent Company in 2017. Accordingly, starting 2017, the Group prepares consolidated financial statements.

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

(b) *Presentation of Financial Statements*

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

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

(c) *Functional and Presentation Currency*

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

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

## 2.2 *Adoption of New and Amended PFRS*

(a) *Effective in 2017 that are Relevant to the Group*

The Group adopted for the first time the following amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2017:

PAS 7 (Amendments) :	Statement of Cash Flows – Disclosure Initiative
PAS 12 (Amendments) :	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses

Discussed below are the relevant information about these amendments.

- (i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative*.  
The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). They require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, they suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

Management has applied these amendments in the current year and has not disclosed comparative figures as allowed by the transitional provisions. A reconciliation between the opening and closing balances of liabilities arising from financing activities is presented in Note 27.

- (ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses*. The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference. The application of this amendment had no impact on the Group's financial statements.

(b) *Effective in 2017 that is not Relevant to the Group*

The only improvement to existing standards effective for annual periods beginning on or after January 1, 2017 is the annual improvement to PFRS (2014-2016 cycle) – PFRS 12, *Disclosure of Interests in Other Entities*, in relation to scope clarification on disclosure of summarized financial information for interests classified as held for sale, which is not relevant to the Group.

(c) *Effective Subsequent to 2017 but not Adopted Early*

There are new PFRS, amendments, annual interpretations and improvements to existing standards effective for annual periods subsequent to 2017, which are adopted by the FRSC. Management will adopt the following relevant pronouncements presented below and in the succeeding pages in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's financial statements:

- (i) PAS 40 (Amendment), *Investment Property – Reclassification to and from Investment Property* (effective from January 1, 2018). The amendment states that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendment provided a non-exhaustive list of examples constituting change in use.
- (ii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will replace PAS 39, *Financial Instruments: Classification and Measurement*, and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
  - an expected credit loss (ECL) model in determining impairment of all financial assets that are not measured at fair value through profit or loss

(FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

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

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The standard also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Based on an assessment of the Group's financial assets and liabilities as at March 31, 2018, which has been limited to the facts and circumstances existing at that date, management has identified the following areas that are expected to be most affected by the application of PFRS 9 (2014):

- On classification and measurement of the Group's financial assets, management holds most financial assets to hold and collect the associated cash flows. Management expects its financial assets, which mainly consist of contracts and other receivables, to continue to be accounted for at amortized cost.
  - In applying the ECL methodology of PFRS 9 (2014), the Group will use the 12-month ECL for contract receivables as these receivables are long-term and interest-bearing. For other financial assets and other receivables, the Group will apply a simplified model of recognizing lifetime ECL as these items do not have a significant financing component. Further, equity securities, whether designated as FVTPL or fair value through other comprehensive income (FVTOCI), are not subjected to impairment.
  - The Group's equity securities, regardless if quoted or not, will be measured at fair value with changes in fair value presented either in profit or loss or in other comprehensive income. To present changes in other comprehensive income requires making an irrevocable designation on initial recognition or at the date of transition.
- (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, *Business Combinations*, between an investor and its associate or joint

venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business.

Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

- (iv) PFRS 15, *Revenue from Contract with Customers* (effective from January 1, 2018). This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Relative to the adoption of PFRS 15 in the Philippines, the FRSC also approved the issuance of Philippine Interpretations Committee Question & Answer No. 2016-04, Application of PFRS 15, “*Revenue from Contracts with Customers*”, on Sale of Residential Properties under Pre-completion Contracts, which provides that sales of residential properties under pre-completion stage can be recognized over time until completion of construction.

The Group has also assessed that a significant financing component is common to its contracts to sell real properties as the timing of collections of promised consideration is not aligned with the timing of the satisfaction of performance obligation. Such timing difference usually extends beyond twelve months.

- (v) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation* (effective from January 1, 2019). The amendment clarifies that prepayment features with negative compensation attached to financial instruments may still qualify under the solely payments of principal and interest (SPPI) test. As such, the financial assets containing prepayment features with negative compensation may still be classified at amortized cost or at FVTOCI). Management is currently assessing the impact of these amendments on the Group's financial statements.
- (vi) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases “on-balance sheet” by recognizing a “right-of-use” asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the “right-of-use” asset is accounted for similar to a purchased

asset subject to depreciation or amortization. The lease liability is accounted for similar to a financial liability which is amortized using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

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

Management is currently assessing the impact of this new standard on the Group's financial statements.

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

Management is currently assessing the impact of this interpretation in its financial statements.

- (viii) Annual Improvements to PFRS 2015-2017 Cycle (effective from January 1, 2019). Among the improvements, the following amendments are relevant to the Group but had no material impact on the Group's financial statements as these amendments merely clarify existing requirements:
- PAS 12 (Amendments), *Income Taxes – Tax Consequences of Dividends*. The amendments clarify that all income tax consequence of dividend payments should be recognized in profit or loss.
  - PAS 23 (Amendments), *Borrowing Costs – Eligibility for Capitalization*. The amendments clarify that any specific borrowing which remains outstanding after the related qualifying asset is ready for its intended purpose, such borrowing will then form part of the entity's general borrowings when calculating the capitalization rate for capitalization purposes.
  - PFRS 3 (Amendments), *Business Combinations*, and PFRS 11 (Amendments), *Joint Arrangements – Remeasurement of Previously Held Interests in a Joint Operation*. The amendments clarify that previously held interest in a joint operation shall be remeasured when the Group obtains



control of the business. On the other hand, previously held interests in a joint operation shall not be remeasured when the Group obtains joint control of the business.

### **2.3 Basis of Consolidation**

The Group's 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 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, entities are deconsolidated from the date that control ceases.

### **2.4 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*

This is applicable for business combination involving entities in accordance with the guidance under PIC Q&A 2012-01 (see Note 1.2).

**2.5 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 28, 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.

**2.6 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 and Measurement of Financial Assets*

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

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

A more detailed description of the categories of financial assets that are relevant to the Group is presented.

(i) *Loans and Receivables*

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

The Group's financial assets categorized as loans and receivables are presented as Cash, Contract Receivable, Other Receivables (excluding Advances to contractors and Advances to employees), Due from Related Parties and Security deposits (Current and Non-current) in the statement of financial position. Cash includes cash on hand and demand deposits that generally earn interest based on daily bank deposit rates.

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

(ii) *AFS Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are presented as Available-for-sale Financial Assets account in the non-current assets section of the statement of financial position unless management intends to dispose of the investment within 12 months from the end of the reporting period. The Group's AFS financial assets include equity securities of a publicly listed entity.

All financial assets within this category are subsequently measured at fair value, except for equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost, less impairment loss, if any. Gains and losses are recognized in other comprehensive income, net of any income tax effects, and are reported as Revaluation Reserves account in equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss.

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

(b) *Impairment of Financial Assets*

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

*(i) Carried at Amortized Cost – Loans and Receivables*

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

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

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

*(ii) Carried at Fair Value – AFS Financial Assets*

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

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

*(c) Items of Income and Expense Related to Financial Assets*

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Other Income in the statement of comprehensive income.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

*(d) Derecognition of Financial Assets*

The financial assets are (or where applicable, a part of a financial asset or part of a group of financial assets) 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.

### **2.7 Real Estate Inventories**

Real estate inventories include raw land, residential and memorial lots, residential houses and condominium units. 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 2.18).

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 properties for sale are written down to their net realizable values when such accounts are less than their carrying values.

### **2.8 Other Current Assets**

Other current assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

### **2.9 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 cost of construction of the Golden Haven Las Piñas Chapel and Crematorium. 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 2.16).

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.

#### ***2.10 Investment Properties***

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less any impairment in value (see Note 2.16).

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

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

#### ***2.11 Financial Liabilities***

Financial liabilities, which include interest-bearing loans, trade and other payables except tax-related payables, rawlands payable, reserve for perpetual care and due to related parties, are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under the Other Income in the statement of comprehensive income.

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

Trade and other payables, and reserve for perpetual care 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.

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

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

### ***2.12 Offsetting Financial Instruments***

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

### ***2.13 Provisions and Contingencies***

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

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

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

## 2.14 Revenue and Expense Recognition

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

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that future economic benefits will flow to the Group; and, the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (a) *Real estate sales* – For financial reporting purposes, revenue from sale of real estate property and sale of memorial lot, which is presented as Real Estate Sales in the statement of comprehensive income, is accounted for using the full accrual method. Under the full accrual method, sale is recognized when: (a) the development of the real estate property is fully completed, (b) the collectibility of the sales price is reasonably assured; and, (c) the earnings process is virtually complete. The collectability of the sales price is considered reasonably assured when: (a) the related loan documents have been delivered to the banks; or (b) the full down payment comprising a substantial portion of the contract price or at least a certain percentage of the total contract price is received and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

If the criteria under the full accrual method are not met, the deposit method is applied. Under this method, the cash received from the buyers are shown as Customers' Deposits in the statement of financial position. Revenue and cost related to forfeited or cancelled sales are reversed in the current year as they occur. Any collections received from customers which will not be refunded are recognized as forfeited collections which is presented as Other Income account in the statement of comprehensive income.

For tax reporting purposes, revenue on sale of real estate is recognized in full when 25% or more of the contract price is collected within the initial year of sale. Otherwise, revenue is recognized based on the percentage of collection or installment method.

- (b) *Rendering of services (presented as Interment Income and Income from Chapel Services)* – Revenue is recognized when the performance of contractually-agreed tasks have been substantially rendered.
- (c) *Interest income* – This is recognized as the interest accrues taking into account the effective yield on the asset.

Acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of title of the property to the Group, are charged to the Raw land. These costs are reclassified to the Property development costs as soon as the Group starts the development of the property. Related property development costs are then accumulated in this account. A reclassification from Property development costs to Residential houses and lots, Condominium units for sale and Memorial Lots is made once the project has been made available for sale to market.

Real estate costs that relate to the acquisition, development, improvement and construction of the real estate properties are capitalized. The capitalized costs of real estate properties are charged to earnings when the related revenues are recognized.



The costs of real estate sales before the completion of the contemplated construction are determined based on actual costs incurred plus estimated costs to complete the real estate property. The estimated costs to complete the real estate property are deducted in the Real Estate Inventories account in the current assets section of the statement of financial position. Additional costs incurred in connection with the developed land and completed real estate properties and other selling and administrative costs are charged to profit or loss when incurred.

Cost and expenses are recognized in profit or loss upon receipt of goods or utilization of services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which is included as part of the cost of the related qualifying assets (see Note 2.18).

### ***2.15 Leases – Company as Lessee***

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

### ***2.16 Impairment of Non-financial Assets***

The Group's property and equipment, investment properties and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

## 2.17 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 asset (liability) recognized in the 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 zero-coupon government bonds as published by Philippine Dealing & Exchange Corp., 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.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the losses on the return on plan assets are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest is reported as part of Other Income in the statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

### (b) *Post-employment Defined Contribution Plan*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity (e.g. Social Security System). The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

### (c) *Short-term Benefits*

The Group recognizes a liability, net of amounts already paid, and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this

amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided.

(d) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in Trade and Other Payables account in the statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

## **2.18 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.

## **2.19 Income Taxes**

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

## **2.20 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 additional paid-in capital, net of any related income tax benefits. Also included is the difference between the consideration for the acquisition and the net assets of BHI under the pooling of interest method.

Revaluation reserves comprise gains and losses arising from remeasurements of post-employment defined benefit plan and fair valuation of AFS financial assets arising from gains or losses due to the revaluation of AFS securities.

Retained earnings, the appropriated portion of which is not available for distribution, represent all current and prior period results of operations as reported in the statement of comprehensive income, reduced by the amount of dividends declared, if any.

### ***2.21 Related Party Transactions and Relationships***

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

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

### ***2.22 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 period (see Note 21).

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares (see Note 21).

### ***2.23 Events After the End of the Reporting Period***

Any post-year-end event that provides additional information about the Group's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

## **3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the Group's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

### ***3.1 Critical Management Judgments in Applying Accounting Policies***

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

#### ***(a) Impairment of AFS Financial Assets***

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee.

Based on recent evaluation of information and circumstances affecting the Group's AFS financial assets, management concluded that the assets are not impaired as of December 31, 2017. However, future changes in those information and circumstances might significantly affect the carrying amount of the assets.

*(b) Distinction Among Investment Properties, Owner-managed Properties and Real Estate Inventories*

The Group classifies its acquired properties as Property and Equipment if used in operations, as Investment Properties if the Group intends to hold the properties for capital appreciation or rental and as Real Estate Inventories if the Group intends to develop the properties for sale.

*(c) Distinction Between Operating and Finance Leases*

The Group has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Management has assessed that its existing lease agreements at the end of each reporting period qualifies under operating lease.

*(d) Business Combinations*

In applying the business combination under the pooling-of-interest method of accounting, significant judgement was exercised by management in assessing the existence of common control and when it was established and that control is not transitory. Under the pooling-of-interest method, the acquired assets and liabilities are recorded at their existing carrying values rather than at fair value. Management determined that HVN and BHI are under common control and therefore, accounted the business combination under the pooling of interest method.

*(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 2.13 and relevant disclosures are presented in Note 22.

### **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 2.14(a), real estate sales are recognized when the development of the real estate property is fully completed and the collectability of the sales price is reasonably assured. The Group recognizes its revenue from real estate sales in full when full down payment comprising a substantial portion of the contract price or at

least a certain percentage of the total contract price is received. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on the Group's collection history from customers and number of back-out sales in prior years. Buyer's interest in the property is considered to have vested when the full down payment or at least certain percentage of the contract price has been received from the buyer and the Group ascertained the buyer's commitment to complete the payment of the total contract price.

(b) *Impairment of Contracts and Other Receivables*

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Group's relationship with the counterparties (including related party), the counterparties current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any difference between loss estimate and actual loss experience.

The carrying values of contracts receivable and other receivables are shown in Note 5. Based on management's assessment, there were no impairment losses required to be recognized on contracts receivable and other receivables in March 31, 2018 and 2017.

(c) *Fair Value Measurement for AFS Financial Asset*

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Group's AFS financial assets and the amounts of fair value changes recognized on those assets are disclosed in Notes 8.

(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 March 31, 2018 and 2017

(e) *Estimation of Useful Lives of Property and Equipment*

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment are analyzed in Note 9. Based on management's assessment as at March 31, 2018 and 2017, there is no change in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(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 25.2.

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 March 31, 2018 and 2017 will be fully utilized in the coming years (see Note 17).

(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 2.16). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

In 2017, 2016 and 2015, no impairment losses were recognized on property and equipment, investment properties and other non-financial assets (see Notes 7, 9 and 10).

(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 2.17 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 19.2.

#### 4. CASH

The account consists of the following:

	<i>(in thousands)</i>
Cash on hand	₱3,142
Cash in bank	481,296
	<u>₱484,438</u>

Cash on hand comprises of revolving fund, commission fund and petty cash fund intended for the general use of the Group. Cash in banks generally earn interest at rates based on daily bank deposit rates. The related interest income earned amounted to ₱58 thousand and ₱110 thousand on March 31, 2018 and 2017, respectively, is presented as Finance Income under Other Income – net account in the statements of comprehensive income (see Note 16.1).

#### 5. CONTRACTS AND OTHER RECEIVABLES

##### 5.1 *Contracts Receivables*

The account consists of the following:

	<i>(in thousands)</i>
Current	₱4,019,091
Non-current	2,077,361
	<u>₱6,096,452</u>

Contracts receivables represent receivables from sale of residential houses and lots, subdivision lots, memorial lots and condominium units and are normally collectible within 1 to 15 years. Contracts receivables have an annual effective interest rate of 6.00% to 16.00% in 2018 and 2017. Interest income related to contracts receivables amounted to ₱19.2 million and ₱15.4 million on March 2018 and 2017, respectively, and are reported under Revenues in the statements of comprehensive income.

All of the Group's contracts receivables have been reviewed for indicators of impairment. However, no receivables were found to be impaired.

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 ₱274.5 million. As of March 31, 2018, the unpaid portion of the cash consideration amounting to ₱196.4 million is presented as part of Trade payables under Trade and Other Payables account in the 2017 consolidated statement of financial position (see Note 12.1).

## 5.2 Other Receivables

The account consists of the following:

	<i>(in thousands)</i>
Advances to contractors and others	₱652,490
Receivable from contractors and brokers	235,445
Receivables from other services	23,078
Advances to employees	7,075
Others	693
	₱918,781

Advances to contractors and others mainly represent advances to contractors or suppliers for operational disbursements and expenses subject to liquidation.

Advances to employees represent cash advances and noninterest-bearing short-term loans granted to the Company's employees, which are collected through liquidation and salary deduction.

## 6. REAL ESTATE INVENTORIES

This account consists of the following:

	<i>(in thousands)</i>
Raw land	₱2,918,736
Residential lots for sale	1,107,106
Property development costs	440,986
Memorial lots for sale	439,157
Residential houses for sale	329,728
Condominium units for sale	61,877
	₱5,297,590

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.

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.

Condominium units for sale pertain to the accumulated land costs, contracted services and other development costs incurred in developing the Group's condominium projects.

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.

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.

In 2018, certain parcels of land previously classified as investment properties which amounted to ₱38.0 million, were reclassified to Real estate inventories due to change in use and intention for the said assets (see Note 10).

## 7. OTHER CURRENT ASSETS

This account consists of the following as of March 31, 2018:

	<i>(in thousands)</i>
Construction materials	₱592,254
Prepaid commission	137,665
Creditable withholding taxes	41,670
Input VAT	16,285
Prepaid expenses	11,579
Deferred input vat	4,958
Security deposits	2,825
Other assets	24,087
	<u>₱831,323</u>

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.

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group's AFS financial assets includes investment in equity shares of a listed company. The Group's investments in equity shares amounting to ₱38.3 million as at March 31, 2018 and is carried at fair value determined based on quoted prices in active markets (see Note 25.1). Accumulated net fair value gains on AFS financial assets as of March 31, 2018 is presented as Revaluation Reserves account in the 2017 consolidated statement of financial position.

## 9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at March 31, 2018 is shown below.

	Leasehold Improvements	Service Vehicle	Service Equipment	Park Maintenance Tools and Equipment	Furniture, Fixtures and Equipment	System Development Cost	Building	Total
March 31, 2017								
Cost	₱24,965	₱94,162	₱12,373	₱26,827	₱73,471	₱11,480	₱185,147	₱428,425
Accumulated depreciation and amortization	(16,059)	(44,859)	(7,921)	(19,993)	(40,322)	(7,900)	(12,172)	(149,226)
Net carrying amount	<u>₱8,906</u>	<u>₱49,303</u>	<u>₱4,452</u>	<u>₱6,834</u>	<u>₱33,149</u>	<u>₱3,580</u>	<u>₱172,975</u>	<u>₱279,199</u>

The amount of depreciation and amortization is presented as part of Cost of Sales and Services and Other Operating Expenses in the statements of comprehensive income (see Note 15). Depreciation expense of park maintenance tools and service equipment were charged under park operations, which is subsequently closed to perpetual care fund (see Note 14).

## 10. INVESTMENT PROPERTIES

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

	<i>(in thousands)</i>
Balance at beginning of year	₱377,527
Additions during the year	99,708
Reclassification to real estate inventories	(38,002)
Balance at end of year	<u>₱439,233</u>

The Group's investment properties consist of land. Certain investment properties totaling ₱38.0 million were reclassified to memorial lots for sale under Real Estate Inventories due to change in management intention for the said properties (see Note 6). Management no longer intends to hold such properties for capital appreciation but rather as memorial lots for development and for sale. No gain or loss was recognized during the transfer since the investment properties are measured at cost.

None of the Group's investment properties have generated rental income. There were also no significant directly attributable cost 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 25.2.

## 11. INTEREST-BEARING LOANS

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

	<i>(in thousands)</i>
Current	₱665,354
Non-current	869,981
	<u>₱1,535,335</u>

The bank loans represent secured loans from local commercial banks. The loans which have maturities ranging from 1 to 15 years bear annual interest rates ranging from 5.5% to 8.5% in 2018 and 2017.

Interest expense incurred on these loans amounted to ₱16.1 million and 9.7 million for the years ended March 31, 2018 and 2017, respectively. A portion of the interest expense amounting to ₱4.5 million was capitalized by the Group as part of real estate inventories in 2017, while the remainder is presented as part of Finance Cost under Other Income – net account in the statements of comprehensive income (see Note 16.1). There is no outstanding interest payable as of March 31, 2018 related to these loans.

The loans are net of debt issue cost amounting to ₱8.2 million as of March 31, 2018. The amortization of debt issue cost amounting to ₱2.4 million is presented as part of Finance Cost under Other Income – net account in the statement of comprehensive income (see Note 16.1).

Certain loans of the Group are secured by contract receivables with a carrying amount of ₱1.0 billion.

## 12. TRADE AND OTHER PAYABLES AND RAWLANDS PAYABLE

### 12.1 Trade and Other Payables

This account consists of:

	<i>(in thousands)</i>
Trade payables	₱2,818,653
Accrued expenses	343,947
Deferred output tax	231,456
Commission payable	112,215
Retention payable	51,712
Withholding taxes payable	6,534
VAT payable	3,180
Other payables	688
	<u>₱3,568,385</u>

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 5).

Deferred output tax is the portion of VAT attributable to outstanding contract receivables. This is reversed upon payment of monthly amortization from customers.

Accrued expenses pertain to accruals of professional fees, salaries and other employee benefits, utilities, advertising, marketing and other administrative expenses. Commission payable refers to the liabilities of the Group as of the end of the reporting periods to its sales agents for every sale that already reached the revenue recognition threshold of the Group.

Retention payable pertains to the amount withheld from payments made to contractors to ensure compliance and completion of contracted projects equivalent to 10% of every billing made by the contractor. Upon completion of the contracted projects, the amounts are remitted to the contractors.

### 12.2 Rawlands Payable

Rawlands payable pertains to the amount of outstanding liability regarding the acquisitions of raw lands from third parties which will be used in the development of the Company's subdivision projects.

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 ₱1.4 billion and ₱1.2 billion as of March 31, 2018 and December 31, 2017, respectively.

### 13. CUSTOMERS' DEPOSITS

Customers' deposits pertain to reservation fees and advance payments from buyers which did not meet the revenue recognition criteria as of the end of the reporting periods. As of March 31, 2018, Customers' Deposits account, as presented in the current liabilities section of the statements of financial position, amounted to ₱1.04 billion.

### 14. RESERVE FOR PERPETUAL CARE

Under the terms of the contract between the Group and the purchasers of memorial lots, a portion of the amount paid by the purchasers is set aside as Perpetual Care Fund (Trust Fund). The balance of the reserve for perpetual care for memorial lots as of March 31, 2018 and December 31, 2017 amounting to P283.0 million and P266.3 million, respectively, represents the total amount of perpetual care from all outstanding sales contracts, net of amount already remitted for fully collected memorial lots into the Trust Fund.

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.

### 15. COSTS AND EXPENSES

#### 15.1 *Costs of Sales and Services*

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

	<i>(in thousands)</i>
Cost of real estate sales	₱592,111
Cost of interment	3,283
Cost of chapel services	3,057
	<u>₱598,451</u>

Cost of real estate sales consists of:

	<i>(in thousands)</i>
Cost of land	₱201,733
Construction and development costs	390,378
	<u>₱592,111</u>

## 15.2 Operating Expenses by Nature

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

	<i>(in thousands)</i>
Commission	₱76,237
Salaries and wages	45,857
Outside services	26,905
Advertising	17,124
Promotions	14,151
Depreciation and amortization	12,362
Transportation and travel	5,761
Prompt payment discount	5,281
Utilities	4,550
Repairs and maintenance	4,351
Professional fees	4,269
Taxes and licenses	4,109
Rentals	3,968
Management fees	3,573
Cost of interment	3,283
Office supplies	3,213
Collection fees	2,564
Insurance	2,348
Representation	1,881
Meetings and conferences	1,186
Training and seminars	548
Miscellaneous expenses	14,901
	<u>₱255,139</u>

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

## 16. OTHER INCOME – Net

### 16.1 Other Income (Charges)

Presented below are the details of other income (charges).

	<i>(in thousands)</i>
Finance income	₱58
Other revenues	28,033
Finance Costs	(16,144)
	<u>₱11,947</u>

## 16.2 Other Revenues

This account consists of:

	<i>(in thousands)</i>
Forfeited sales	₱13,941
Interest on past due Accounts	11,089
Transfer fee	2,183
Service Tent rental	221
Others	599
	<u>₱28,033</u>

Others include penalties from customers with lapsed payments, restructured accounts, and other fees collected for transactions incidental to the Company's operations such as payment for passbooks, memorial garden construction fee, among others.

## 17. TAXES

### 17.1 Registration with the Board of Investments (BOI)

On December 12, 2016, 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 the Lumina Tanza Phase 2, Lumina Homes San Pablo and Lumina General Trias (Phase 1 and 2) projects. Under the registration, the applicable rights and privileges provided in the Omnibus Investment Code of 1987 shall equally apply and benefit BHI with certain incentives including income tax holiday (ITH) for a period of four years from the date of registration.

### 17.2 Current and Deferred Taxes

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

	<i>(in thousands)</i>
Current	₱6,894
Deferred	95,486
	<u>₱102,380</u>

BHI has NOLCO and MCIT, which can be claimed as deduction from future taxable income and regular corporate income tax liabilities within three years from 2017, amounting to ₱20.5 million and ₱4.8 million, respectively.

The Group is subject to the minimum corporate income tax (MCIT), which is computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. The Parent Company reported RCIT in 2017, 2016 and 2015 as the RCIT is higher than MCIT in such years. However, BHI reported MCIT in 2017 amounting to ₱4.8 million since most of its income are under ITH (see Note 17.1)

In March 31, 2018 and 2017, the Group claimed itemized deductions in computing for its income tax due.



## 18. RELATED PARTY TRANSACTIONS

### 18.1 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 movements in the Due from Related Parties account are shown below.

	<i>(in thousands)</i>
Balance at beginning of period	₱106,129
Payments	(46,112)
Balance at end of year	₱59,223

### 18.2 Due to Affiliates

The Group obtained short-term, unsecured, noninterest-bearing advances from related parties for working capital requirements payable in cash upon demand. The outstanding balance amounting to ₱959.8 million and ₱1,007 million as of March 31, 2018 and December 31, 2017, respectively, is presented as Due to Related Parties.

## 19. EQUITY

### 19.1 Capital Stock

	<b><u>March 31, 2018</u></b>	<b><u>Dec. 31, 2017</u></b>
<b><u>Common</u></b>		
Authorized	996,000,000	996,000,000
Par value per share	₱1.00	₱1.00
Issued shares	644,177,649	644,177,649
Value of shares issued	₱644,177,649	₱644,177,649
<b><u>Preferred</u></b>		
Authorized	400,000,000	400,000,000
Par value per share	₱0.01	₱0.01
Issued shares	—	—
Value of shares issued	—	—

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 ₱20.0935 per share or an aggregate subscription price of ₱3,014,027,483 (see Note 1.2).

As at March 31, 2018, there are 5 holders of the listed common shares owning at least one board lot of 100 shares. Such listed shares closed at ₱308.00 per share as of March 28, 2018.

### 19.2 Revaluation Reserves

As of March 31, 2018, the Parent Company has accumulated actuarial gain, net of tax, due to remeasurement of post-employment defined benefit plan ₱3.3 million.

### 19.3 Retained Earnings

On January 29, 2016, the Parent Company's BOD approved the reversal of the remaining appropriated retained earnings of P400.0 million to unappropriated retained earnings to be made available for stock dividend declaration.

On March 8, 2016, the Parent Company declared stock dividends in the aggregate amount of P400.0 million, payable out of the unrestricted retained earnings of the Parent Company as of December 31, 2015. The shares were issued on March 17, 2016 following the SEC approval of the capital increase on March 17, 2016.

## 20. EARNINGS PER SHARE

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

	<i>(in thousands)</i>
Net profit	P238,886
Divided by the number of outstanding common shares	644,117
Basic and diluted earnings per share	P0.37

The Group has no dilutive potential common shares as at March 31, 2018, hence, diluted earnings per share equals the basic earnings per share.

## 21. COMMITMENTS AND CONTINGENCIES

### 21.1 Operating Lease Commitments

The Group has leases with terms ranging from one 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 P3.97 million, P3.08 million as of March 31, 2018 and 2017, respectively, of which the major portion is shown as Rentals under Other Operating Expenses in the statements of comprehensive income (see Note 15.2).

### 21.2 Capital Commitments on Use of Proceeds

The Group has capital commitments to utilize the proceeds from the issuance of its common shares amounting to P703.0 million (net of P75.2 million offering-related expenses) for its land bank development, land acquisition, construction of Las Piñas chapel and crematorium and general corporate purposes. As of March 31, 2018, the balance of proceeds amounting to P36.4 million remains unutilized.

### 21.3 Others

There are other commitments and contingent liabilities that arise in the normal course of the Group's operations which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these events and conditions will not have material effects on the Group's financial statements.

## 22. 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 page.

### 22.1 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.

### 22.2 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 counter-party 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 Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The position and credit limits are established appropriate to the type, nature and volume of business undertaken and the financial status of the counterparty and reviewed on a regular basis. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the statements of financial position are summarized below.

	<i>(in thousands)</i>
Cash on-hand and in-banks	P484,438
Contracts receivable	6,096,452
Due from related parties	59,223
Security deposits	44,381
	<u>P6,684,494</u>

Cash in banks are insured by the Philippine Deposit Insurance Commission up to a maximum coverage of ₱0.5 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.

All contracts receivable are subject to credit risk exposure. However, the Group does not identify specific concentrations of credit risk with regard to contracts receivable as the amounts recognized resemble a large number of receivables from various customers and is

not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The due from related parties are considered negligible since the counterparties are in good financial condition.

### 22.3 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 March 31, 2018, the Group's financial liabilities have contractual maturities which are presented below.

	<i>(in thousands)</i>
Cash on-hand and in-banks	₱484,438
Contracts receivable	6,096,452
Due from related parties	59,223
Security deposits	44,381
	<b>₱6,684,494</b>

	Past due but not impaired					Total Past due accounts
	Not past due	not more than 3 months	More than 3mos but not more than 6 mos	More than 6mos but not more than 1 year	More than 1 year	
Contracts receivable	₱5,271,249	₱246,785	₱173,293	₱192,709	₱212,416	₱825,203
Due from affiliates	59,223	-	-	-	-	-
Other receivables	918,781	-	-	-	-	-

## 23. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### 23.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below.

	Notes	Carrying Values <i>(in thousands)</i>	Fair Values
<i>Financial Assets</i>			
Loans and receivables			
Cash on-hand and in-banks	4	₱484,438	₱484,438
Contracts receivables	5	6,096,452	6,096,452
Due from related parties	16.1	59,223	59,223
Security deposits	9	44,381	44,381
		6,684,494	6,684,494
AFS financial assets		38,298	38,298
		<b>₱6,722,792</b>	<b>₱6,722,792</b>

	Notes	Carrying Values (in thousands)	Fair Values
<i>Financial Liabilities</i>			
At amortized cost:			
Interest-bearing loans	11	P1,535,335	P1,535,335
Trade and other payables	12	3,568,385	3,568,385
Due to related parties	18	959,818	959,818
Rawland payables	12	1,429,596	1,429,596
Reserve for perpetual care	14	283,011	283,011
		P7,776,145	P7,776,145

See Notes 2.6 and 2.11 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 23.

### 23.2 Offsetting of Financial Assets and Financial Liabilities

As of March 31, 2018, the Group has not set-off financial instruments in 2018 and 2017 and does not have relevant offsetting arrangements. Currently, all other financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. As such, the Group's outstanding receivables from and payables to the same related parties as presented in Note 18 can be potentially offset to the extent of their corresponding outstanding balances.

## 24. FAIR VALUE MEASUREMENT AND DISCLOSURES

### 24.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Shares listed in the PSE classified as AFS financial assets are included in Level 1 as the prices are determined based on quoted prices in active markets for identical assets.

#### **24.2 Fair Value Measurement for Non-financial Assets**

The Group's investment properties amounting to ₱439.2 million and ₱377.5 million are categorized under level 3 hierarchy of non-financial assets measured at cost as of March 31, 2018 and December 31, 2017, respectively.

## **25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES**

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	<i>(in thousands)</i>
Total interest-bearing loans	₱1,535,335
Total adjusted equity	4,752,898
Debt-to-equity ratio	0.32 : 1.00

## **26. SEGMENT REPORTING**

### **26.1 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.

There were no segment information for the years ended December 31, 2016 and 2015 as the Parent Company has only one reportable segment during those years.

### 26.2 Analysis of Segment Information

The following table present revenue and profit information regarding business segments of the Group for the period ended March 31, 2018.

	<b>Death Care</b>	<b>Residential</b>	<b>Total</b>
Revenues	₱317,096	₱865,813	₱1,182,909
Cost of sales and services	(146,974)	(451,477)	(598,451)
Gross profit	170,122	414,336	584,458
Other operating expenses	99,649	155,490	255,139
Depreciation and amortization	(6,251)	(6,111)	(12,362)
	93,398	149,379	242,777
Segment profit before tax and depreciation and amortization	₱76,724	₱264,957	₱341,681
Segment Assets	₱3,043,515	₱10,908,649	₱13,952,164
Segment Liabilities	₱1,539,682	₱6,329,175	₱7,868,857

### 26.3 Reconciliation

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

	<i>(in thousands)</i>
<b>Assets:</b>	
Total segment asset	₱13,952,164
Due from related parties	59,223
AFS financial assets	38,298
Investment property	439,233
Group Total Assets	₱14,488,918
<b>Liabilities:</b>	
Total segment liabilities	₱7,868,857
Due to related parties	959,818
Deferred tax liabilities	907,345
Group Total Liabilities	₱9,736,020

Currently, the Group's operation is concentrated in the Philippines; hence, it has no geographical segment.

**Financial Soundness Indicator**

Below are the financial ratios that are relevant to the Company for the period ended March 31, 2018 and 2016.

		<b>31-Mar-18</b>	<b>2017</b>
<b>Liquidity:</b>			
Current Ratio	Current Assets/Current Liability	1.51:1	1.57:1
<b>Solvency:</b>			
Total Liabilities-to-Equity Ratio	Total Liabilities/Total Equity	2.05:1	1.92:1
<b>Asset-to-equity:</b>			
Asset-to-Equity ratio	Total Assets/Total Equity	3.05:1	2.92:1
		<b>31-Mar-18</b>	<b>31-Mar-17</b>
<b>Interest-rate-coverage:</b>			
Interest-rate-coverage ratio	Profit Before Tax and Interest/Finance Costs (Including capitalized interest)	22.14:1	14.10:1
<b>Profitability:</b>			
Return-on-equity	Net Income/ Total Equity	20%	15%



## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### RESULTS OF OPERATIONS COVERING 3-MONTHS OF 2018 VS. 3-MONTHS OF 2017

#### Revenues

##### **Real estate sales**

The Group recorded **₱1,148,328 thousand** in real estate sales for the 3-months of 2018, a **47%** increase from **₱779,060 thousand** from the same period in 2017. The growth was mainly attributable to the increase in real estate sales recorded by Bria Homes and sales of columbarium vaults and memorial lots of Golden Haven.

##### **Interment income**

There was a **32%** increase in income from interment services, to **₱7,824 thousand** in 3-months of 2018 from **₱5,908 thousand** in the same period 2017. The increase was attributable to the increase in the number of services rendered in 3-months 2018, compared to 2017.

##### **Interest income on contract receivables**

Income from interest on contract receivables increased by **25%**, to **₱19,182 thousand** in 3-months of 2018 from **₱15,396 thousand** in 3-months of 2017 due to the increase in sales on account in 3-months of 2018 compared to the same period of the previous year.

##### **Income from Chapel Services**

Income from chapel services increased from **₱612 thousand** to **₱7,575 thousand** due to the increase in the number of services rendered in 3-months 2018, compared to 2017.

#### Costs and Expenses

Cost and expenses increased to **₱853,590 thousand** in 3-months ended March 31, 2018 from **₱618,521 thousand** for the same period ended in 2017. The **38%** increase in the account was primarily attributable to the following:

##### **Costs of sales and services**

The **42%** increase in cost of sales and services, to **₱598,451 thousand** in 3-months of 2018 from **₱420,138 thousand** in 3-months 2017, was due to the increase in memorial lot, columbarium and residential units sold in 3-months 2018 compared to 3-months 2017.

##### **Operating expenses**

An increase of **29%** in operating expenses, to **₱255,139 thousand** in 3-months 2018 from **₱198,383 thousand** in 3-months of 2017 was mainly due to the following:

- Increase in commissions from **₱51,629 thousand** in 3-months of 2017 to **₱76,237 thousand** in 3-months of 2018 due to an increase in the number of sales made in the period compared to same period previous year;

- Increase in outside services from **₱18,809 thousand** in 3-months of 2017 to **₱26,905 thousand** in 3-months of 2018 due to the increase in payment for services rendered by 3<sup>rd</sup> party contractors as a result of the acquisition of rawland and expansion to new areas;
- Increase in salaries and wages from **₱39,126 thousand** in 3-months of 2017 to **₱45,857 thousand** in 3-months of 2018 due mostly to a number of personnel hired by the Group due to the expansion to new areas

#### Other Income

Other income - net increased by **49%** to **₱11,947 thousand** 3-months of 2018 from **₱8,008 thousand** in 3-months of 2017. The increase was mainly attributable to increase in sales forfeitures and interest income on past due accounts.

#### Tax Expense

The Group's tax expense increased by **79%**, to **₱102,380 thousand** for 3-months of 2018 from **₱57,139 thousand** for 3-months of 2017. This was attributable to the higher taxable income base in 3-months of 2018 compared to the same period from the previous year.

#### Net Income

As a result of the movements above, total net profits increased by **79%**, to **₱238,886 thousand** in 3-months 2018 from **₱133,324 thousand** recorded in 3-months of 2017.

For the 3-months of 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 arise from the Group's continuing operations.

### **FINANCIAL CONDITION AS OF MARCH 31, 2018 VS. DECEMBER 31, 2017**

At the end of 3-months of 2018, total assets were recorded at **₱14,488,918 thousand**, remaining relatively stable compared to the **₱13,205,482 thousand** recorded as of December 31, 2017. This was due to the following:

- Cash and cash equivalents decreased by **39%**, from **₱795,886 thousand** as of December 31, 2017 to **₱484,438 thousand** as of March 31, 2018, mainly due to the construction of memorial lot, columbarium and residential units and acquisition various investment properties and related property and equipment incurred during the period.
- Total contracts receivable, including non-current, increased by **9%** from **₱5,609,012 thousand** as of December 31, 2017 to **₱6,096,452 thousand** as of March 31, 2018 due to higher sales on account recorded.
- Due from related parties decreased by **44%**, from **₱106,129 thousand** as of December 31, 2017 to **₱59,223 thousand** as of March 31, 2018 due to settlement of advances made to related parties.

- Other receivables increased by **83%**, from **₱502,634 thousand** as of December 31, 2017 to **₱918,781 thousand** as of March 31, 2018 due to increase in non-trade receivables recorded during the period.
- Real estate inventories increased by **12%**, from **₱4,728,968 thousand** of December 31, 2017 to **₱5,297,590 thousand** as of March 31, 2018 due to active opening and expansion of Group projects during the period.
- Other current assets including security deposits increased by **14%**, from **₱767,629 thousand** as of December 31, 2017 to **₱875,704 thousand** as of March 31, 2018 due mostly from purchased construction materials related to construction of residential houses and increase in prepaid commissions, security deposits and creditable withholding taxes during for the period.
- Investment properties increased by **16%**, from **₱377,527 thousand** as of December 31, 2017 to **₱439,233 thousand** as of March 31, 2018 due primarily to active acquisitions of land for capital appreciations and for future expansion of the Group projects.

The total liabilities of the Group increased by **12%**, from **₱8,689,637 thousand** as of December 31, 2017 to **₱9,736,020 thousand** as of March 31, 2018. This was due to the following:

- Trade and other payables increased by **18%** from **₱3,020,275 thousand** as of December 31, 2017 to **₱3,568,385 thousand** as of March 31, 2018 due to increase in trade payables as part of the expansion program of the Group during the period.
- Rawland payables increased by **24%**, from **₱1,156,069 thousand** as of December 31, 2017 to **₱1,429,596 thousand** as of March 31, 2018 due to acquisition of land on account as part of the Group's expansion roll out during the period.
- Customers' deposits increased by **13%** from **₱922,675 thousand** as of December 31, 2017 to **₱1,042,396 thousand** as of March 31, 2018 due to an increase in reservations sales for the period.
- Income tax payable increased to **₱8,985 thousand** as of March 31, 2018 from **₱2,091 thousand** as of December 31, 2017 due to the current tax expense incurred during the period.
- Deferred tax liabilities (net) increased by **12%** from **₱811,859 thousand** as of December 31, 2017 to **₱907,345 thousand** as of March 31, 2018 due to the increase in temporary difference for the period.
- Reserve for perpetual care increased by **6%** from **₱266,270 thousand** as of December 31, 2017 to **₱283,011 thousand** as of March 31, 2018 due to higher memorial lot sales on account recorded for the period.

Total stockholder's equity increased by **5%** or **₱237,053 thousand** from **₱4,515,845 thousand** as of December 31, 2017 to **₱4,752,898 thousand** as of March 31, 2018, due to the following the increase in retained earnings by **27%**, from **₱896,388 thousand** in December 31, 2017, to **₱1,135,274 thousand** as of March 31, 2018, due to net income earned during the period.

**MATERIAL CHANGES TO THE GROUP'S STATEMENT OF FINANCIAL POSITION  
AS OF MARCH 31, 2018 COMPARED TO DECEMBER 31, 2017  
(INCREASE/DECREASE OF 5% OR MORE)**

- Cash and cash equivalents decreased by **39%**, from **₱795,866 thousand** as of December 31, 2017 to **₱484,438 thousand** as of March 31, 2018, mainly due to the construction of memorial lot, columbarium and residential units and acquisition various investment properties and related property and equipment incurred during the period
- Total contracts receivable, including non-current, increased by **9%** from **₱5,609,012 thousand** as of December 31, 2017 to **₱6,096,452 thousand** as of March 31, 2018 due to higher sales on account recorded.
- Due from related parties decreased by **44%**, from **₱106,129 thousand** as of December 31, 2017 to **₱59,223 thousand** as of March 31, 2018 due to settlement of advances made to related parties.
- Other receivables increased by **83%**, from **₱ 502,634 thousand** as of December 31, 2017 to **₱918,781 thousand** as of March 31, 2018 due to increase in non-trade receivables recorded during the period.
- Real estate inventories increased by **12%**, from **₱4,728,968 thousand** of December 31, 2017 to **₱5,297,590 thousand** as of March 31, 2018 due to active opening and expansion of Group projects during the period.
- Other current assets including security deposits increased by **14%**, from **₱767,629 thousand** as of December 31, 2017 to **₱875,704 thousand** as of March 31, 2018 due mostly from purchased construction materials related to construction of residential houses and increase in prepaid commissions, security deposits and creditable withholding taxes during for the period.
- Investment properties increased by **16%**, from **₱377,527 thousand** as of December 31, 2017 to **₱439,233 thousand** as of March 31, 2018 due primarily to active acquisitions of land for capital appreciations and for future expansion of the Group projects.
- Trade and other payables increased by **18%** from **₱3,020,275 thousand** as of December 31, 2017 to **₱3,568,385 thousand** as of March 31, 2018 due to increase in trade payables as part of the expansion program of the Group during the period.
- Rawland payables increased by **24%**, from **₱1,156,069 thousand** as of December 31, 2017 to **₱1,429,596 thousand** as of March 31, 2018 due to acquisition of land on account as part of the Group's expansion roll out during the period.
- Customers' deposits increased by **13%** from **₱922,675 thousand** as of December 31, 2017 to **₱1,042,396 thousand** as of March 31, 2018 due to an increase in reservations sales for the period.
- Income tax payable increased to **₱8,985 thousand** as of March 31, 2018 from **₱2,091 thousand** as of December 31, 2017 due to the current tax expense incurred during the period.

- Deferred tax liabilities (net) increased by 12% from **₱811,859 thousand** as of December 31, 2017 to **₱907,345 thousand** as of March 31, 2018 due to the increase in temporary difference for the period.
- Reserve for perpetual care increased by 6% from **₱266,270 thousand** as of December 31, 2017 to **₱283,011 thousand** as of March 31, 2018 due to higher memorial lot sales on account recorded for the period.
- Total stockholder's equity increased by **₱237,053 thousand**, from **₱4,515,845 thousand** as of December 31, 2017 to **₱4,752,898 thousand** as of March 31, 2018. This change was primarily due to the 27% increase in retained earnings as a result of the increase in net income.

**MATERIAL CHANGES TO THE GROUP'S STATEMENT OF INCOME FOR THE 3-MONTHS OF 2018 COMPARED TO THE 3-MONTHS OF 2017  
(INCREASE/DECREASE OF 5% OR MORE)**

- Real estate sales increased by 47%, from **₱779,060 thousand** for the 3-months of 2017 to **₱1,148,328 thousand** for the 3-months of 2018. The growth was mainly attributable to the increase in real estate sales recorded by Bria Homes and sales of columbarium vaults and memorial lots of Golden Haven.
- Interment income increased by 32%, from **₱5,908 thousand** for the 3-months of 2017 to **₱7,824 thousand** in 3-months of 2018 due to the increase in the number of interment services rendered in 3-months 2018 compared to the same period last year.
- Interest income on contract receivables increased by 25% from **₱15,396 thousand** in 3-months of 2017 to **₱19,182 thousand** in 3-months of 2018 due to the increase in sales on account in 3-months of 2018 compared to the same period previous year.
- Income from chapel services increased by 1,138% from **₱612 thousand** to **₱7,575 thousand** due to the increase in the number of services rendered in 3-months 2018, compared to 2017.
- Costs of sales and services grew by 42% from **₱420,138 thousand** in 3-months 2017 to **₱598,451 thousand** in 3-months of 2018 as a result of the higher sales recorded in 3-months of 2018 versus same period of the previous year.
- Other operating expenses increased by 29%, from **₱198,383 thousand** in 3-months of 2017 to **₱255,139 thousand** in 3-months 2018. The increase was mainly due to an increase in commission, along with an increase in outside services and salaries and wages for the period.
- Tax Expense increased by 79%, from **₱57,139 thousand** for 3-months of 2017 to **₱102,380 thousand** for 3-months of 2018 due to a higher taxable income in 3-months of 2018 compared to the same period from previous year.
- Overall Net Profit grew by 79%, from **₱133,324 thousand** for 3-months of 2017 to **₱238,886 thousand** for 3-months of 2018 as a result of the movements above.

There are no other material changes on the Group's financial position 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.

## COMMITMENTS AND CONTINGENCIES

The Group is a lessee under non-cancellable operating lease agreements for its office spaces. The leases have terms ranging from three to five years with renewal options upon mutual written agreement between the parties, and include annual escalation in rental rates.

There are other commitments and contingent liabilities that arise in the normal course of the Company's operations, which are not reflected in the financial statements. Management is of the opinion that losses, if any, from these events and conditions will not have material effects on the Company's financial statements.

## PART II – OTHER INFORMATION

### Item 3. 3-months of 2018 Developments

#### A. New Projects of Investments in another line of business or corporation

*None.*

#### B. Composition of the Board of Directors

<u>Name</u>	<u>Position</u>
Manuel B. Villar, Jr.	Director, Chairman of the Board
Maribeth C. Tolentino	Director and President
Frances Rosalie T. Coloma	Director, Chief Financial Officer and Chief Information Officer
Joy J. Fernandez	Director and Treasurer
Camille A. Villar	Director
Ana Marie V. Pagsibigan	Independent Director
Garth F. Castaneda	Independent Director

#### C. Performance of the corporation or result/progress of operations

*Please see unaudited Financial Statements and Management Discussion and Analysis.*

#### D. Declaration of Dividends

*None.*

#### E. Contracts of merger, consolidation, or joint venture; contract of management, licensing, marketing, distributorship, technical assistance, or similar agreements.

*None.*

**F. Offering of rights, granting of Stock Options and corresponding plans thereof.**

*None.*

**G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate**

*Not applicable.*

**H. Other information, material events or happenings that may have affected or may affect the market price of security.**

*None.*

**I. Transferring of assets, except in normal course of business.**

*None.*

**Item 4. Other Notes as of 3-months of 2018 Operations and Financials.****J. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.**

*None.*

**K. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.**

*There are no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.*

**L. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.**

*See notes to Financial Statements and Management Discussion and Analysis.*

**M. Material events subsequent to the end of interim period that have not been reflected in the financial statements for the interim period.**

*See notes to Financial Statements and Management Discussion and Analysis.*

**N. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.**

*None.*

**O. Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.**

*None.*

**P. Existence of material contingencies and other material events or transactions during the interim period.**

*None.*

**Q. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.**

*None.*

**R. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.**

*None.*

**S. Material commitment for capital expenditures, general purpose and expected sources of funds.**

*The movement of capital expenditures being contracted arose from the regular land development and construction requirements which are well within the regular cash flow budget coming from internally generated funds.*

**T. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.**

*As of March 31, 2018, no known trends, events, or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 3-months of 2018 financial statements.*

**U. Significant elements of income or loss that did not arise from continuing operations.**

*None.*

**V. Causes for any material change/s from period to period in one or more line items of the financial statements.**

*None.*

**W. Seasonal aspects that had material effects on the financial condition or results of operations.**

*None.*

**X. Disclosures not made under SEC Form 17-C.**

*None.*



**SIGNATURES**

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

**Golden Bria Holdings, Inc.**  
Issuer

By:



**Frances Rosalie T. Coloma**  
CFO & CIO

Date: May 15, 2018

**Aging of Receivables as of March 31, 2018**

<i>(In Thousands)</i>	Current	Within 90 days	91 – 180 days	181 – 360 days	Over 1 Year	Total
Contracts receivable	₱5,271,249	₱246,785	₱173,293	₱192,709	₱212,416	₱6,096,452
Due from affiliates	59,223	–	–	–	–	59,223
Other receivables	918,781	–	–	–	–	918,781
<b>Total</b>	<b>₱6,249,253</b>	<b>₱246,785</b>	<b>₱173,293</b>	<b>₱192,709</b>	<b>₱212,416</b>	<b>₱7,074,456</b>