



November 14, 2016

PHILIPPINE STOCK EXCHANGE

3rd Floor, Tower One and Exchange Plaza

Ayala Triangle, Ayala Ave., Makati City

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

Subject: Golden Haven Memorial Park, Inc.: **SEC 17Q – September 30, 2016**

Gentlemen:

Please find SEC Form 17Q for the nine months ended September 30, 2016 filed with the Securities and Exchange Commission today.

Very truly yours,

A handwritten signature in black ink, appearing to read "Roy Joseph S. Fernandez".

Roy Joseph S. Fernandez
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)

Roy Joseph S. Fernandez
Contact Person

873-2922
Company Telephone Number

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17-Q
FORM TYPE

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Annual Meeting					

Secondary License Type, If Applicable

Dept. Requiring this Doc.		

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings					
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Domestic					
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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 quarter ended **September 30, 2016**
2. SEC Identification Number **108270**
3. BIR Tax Identification No. **768-991-000**
4. **Golden Haven Memorial Park, Inc.**
Exact name of the registrant as specified in its charter
5. **Philippines**
Province, country or other jurisdiction of incorporation
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**
Registrant's telephone number, including area code
9. **N/A**
Former name, former address and former fiscal year, if change since last report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA
- | Title of each Class | Number of Shares of Common Stock Outstanding |
|---------------------|--|
| Common stock | 494,117,649 |
11. Are any of the registrant's securities listed on the Philippine Stock Exchange?
Yes No
12. Check 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 Section 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)
Yes No
- (b) has been subject to such filing requirements for the past 90 days.
Yes No

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Golden Haven Memorial Park, Inc.
Statement of Financial Position
As of September 30, 2016 and December 31, 2015
(Amount In Thousands)

	Notes	UNAUDITED 09/30/2016	AUDITED 12/31/2015
ASSETS			
CURRENT ASSETS			
Cash on-hand and in-banks	4	494,997	114,644
Contracts receivable	5	527,294	445,147
Due from related parties	16	81,283	70,212
Other receivables	5	30,849	29,903
Memorial lot inventories – net	6	387,797	217,770
Other current assets	9	19,339	14,351
Total Current Assets		1,541,559	892,027
NON-CURRENT ASSETS			
Contracts receivable	5	979,260	828,946
Property and equipment – net	7	90,088	24,791
Investment properties	8	58,862	41,335
Total Non-current Assets		1,128,210	895,072
		2,669,769	1,787,099
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Interest-bearing loans	10	1,229	5,972
Trade and other payables	11	406,162	264,237
Customers’ deposits		6,438	5,929
Dividends payable	17	–	650,000
Income tax payable		7,219	14,955
Total Current Liabilities		421,048	941,093
NON-CURRENT LIABILITIES			
Interest-bearing loans	10	500,000	3,047
Retirement benefit obligation		76	76
Deferred tax liabilities – net	15	294,233	255,975
Reserve for perpetual care	12	177,764	152,252
Total Non-current Liabilities		972,073	411,350
		1,393,121	1,353,443
EQUITY			
	17		
Capital stock		494,118	20,000
Additional paid-in capital		632,415	-
Revaluation reserves		(2,536)	(2,536)
Retained earnings		152,651	417,192
Total Equity		1,276,648	434,656
		2,669,769	1,787,099



Golden Haven Memorial Park, Inc.
Statement of Comprehensive Income
For the nine months ended September 30, 2016 and 2015
(Amount In Thousands)

	Notes	UNAUDITED JUL - SEP Q3-2016	UNAUDITED JAN-SEP 2016	UNAUDITED JUL - SEP Q3-2015	UNAUDITED JAN-SEP 2015
REVENUES	2				
Real estate sales		176,969	570,235	173,088	474,956
Interment income		6,262	20,178	5,641	15,789
Interest income on contract receivables	5	5,253	16,925	5,615	15,370
		188,484	607,338	184,344	506,115
COSTS AND EXPENSES	13				
Costs of sales and services		73,922	238,192	81,900	210,389
Other operating expenses		45,474	189,834	54,841	156,944
		119,396	428,026	136,741	367,333
OPERATING PROFIT		69,088	179,312	47,603	138,782
OTHER INCOME – Net	14	4,415	14,202	7,059	13,256
PROFIT BEFORE TAX		73,503	193,514	54,662	152,038
TAX EXPENSE	15	(22,051)	(58,054)	(16,399)	(45,611)
NET PROFIT		51,452	135,460	38,263	106,427
TOTAL COMPREHENSIVE INCOME		51,452	135,460	38,263	106,427
Basic and Diluted Earnings Per Share	18	0.11	0.41	191.315	532.135



Golden Haven Memorial Park, Inc.
Statements of Changes in Equity
For the nine months ended September 30, 2016 and 2015
(Amount In Thousands)

	Notes	Capital		Additional Paid-in Capital	Revaluation Reserves	Retained Earnings		Total Equity
		Stock	Capital			Appropriated	Unappropriated	
Balance at January 1, 2016		20,000	-	-	(2,536)	400,000	17,192	434,656
Stock dividends	17	400,000	-	-	-	(400,000)	-	-
Issuance of new shares		74,118	632,415	-	-	-	-	706,533
Total comprehensive income for the period	15	-	-	-	-	-	135,459	135,459
Balance at September 30, 2016	17	494,118	632,415	-	(2,536)	-	152,651	1,276,648
Balance at January 1, 2015		20,000	-	-	(2,473)	1,060,000	6,077	1,083,604
Total comprehensive income for the year	15	-	-	-	-	-	106,427	106,427
Balance at September 30, 2015	17	20,000	-	-	(2,473)	1,060,000	112,504	1,190,031



Golden Haven Memorial Park, Inc.
 Statements of Cash Flows
 For the nine months ended September 30, 2016 and 2015
 (Amount In Thousands)

	UNAUDITED JUL - SEP Q3-2016	UNAUDITED JAN-SEP 2016	UNAUDITED JUL - SEP Q2-2015	UNAUDITED JAN-SEP 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	73,504	193,514	54,662	152,038
Adjustments for:				
Interest income	(5,639)	(18,057)	(6,051)	(15,807)
Depreciation and amortization	2,061	6,371	1,569	4,536
Interest expense	141	9,261	148	2,233
Operating profit before working capital changes	70,067	191,089	50,328	143,000
Decrease (increase) in:				
Contracts receivable	(71,599)	(232,460)	(53,198)	(147,397)
Due from related parties	(15,075)	(11,071)	(1,289)	(8,560)
Other receivables	30,665	(946)	(6,390)	(5,915)
Memorial lot inventories	(193,509)	(170,027)	(15,444)	(20,345)
Other current assets	1,172	(4,988)	(980)	(8,332)
Increase (decrease) in:				
Trade and other payables	(80,494)	141,927	33,057	32,979
Customers' deposits	78	509	981	936
Other liabilities	12,715	25,511	6,735	16,283
Cash generated from (used in) operations	(245,980)	(60,456)	13,800	2,649
Interest received	5,639	18,057	6,051	15,807
Interest paid	(141)	(9,261)	(148)	(2,233)
Cash paid for income taxes	(6,824)	(27,532)	(4,097)	(9,593)
Net Cash Provided From (Used In) Operating Activities	(247,306)	(79,192)	15,606	6,630
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	(65,204)	(71,668)	2,648	(843)
Additions to investment properties	—	(17,527)	(7,303)	(7,307)
Cash Used in Investing Activities	(65,204)	(89,195)	(4,655)	(8,150)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net availments (payments) of interest-bearing loans	(4,814)	492,208	(1,062)	5,040
Payment of Dividends	—	(650,000)	—	—
Proceeds from issuance of new shares - net	(65,243)	706,532	—	—
Net cash provided by (used in) financing activities	(70,057)	548,740	(1,062)	5,040
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(382,567)	380,353	9,889	3,520
CASH AND CASH EQUIVALENTS, BEG	877,564	114,644	74,290	80,659
CASH AND CASH EQUIVALENTS, END	494,997	494,997	84,179	84,179

GOLDEN HAVEN MEMORIAL PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Golden Haven Memorial Park, Inc. (“GHMPI” or the “Company”) was incorporated in the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) in November 16, 1982. The Company is presently engaged in the development and sale of memorial lots. Presently, the Company has only one dominant segment. Accordingly, no segment information or disclosure is presented in the financial statements.

The registered office of the Company, which is also its principal place of business, is located at San Ezekiel, C5 Extension, Las Piñas City. Previously, the company’s registered office address was at No. 40 Real St. Zapote, Las Piñas City. On March 8, 2016, the Company’s Board of Directors (BOD) and stockholders approved the change of the Company’s registered office from No. 40 Real St. Zapote, Las Piñas City to San Ezekiel, C5 Extension, Las Piñas City. On March 17, 2016, such change in address was approved by the Securities and Exchange Commission (SEC).

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

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

(b) Presentation of Financial Statements

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

These financial statements were prepared in compliance of the requirements of Securities Regulation Code (SRC) Rule 68, as amended, for statutory filing and in relation to the Company’s planned application for listing of its common shares on the Philippine Stock Exchange (PSE). The Company 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.

(c) *Functional and Presentation Currency*

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

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

2.2 **Adoption of New and Amended PFRS**

(a) *Effective in 2015 that are Relevant to the Company*

The Company adopted for the first time the following amendment and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after July 1, 2014, for its annual reporting period beginning January 1, 2015:

PAS 19 (Amendment)	:	Employee Benefits – Defined Benefit Plans – Employee Contributions
Annual Improvements	:	Annual Improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle)

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

- (i) PAS 19 (Amendment), *Employee Benefits– Defined Benefit Plans – Employee Contributions*. The amendment clarifies that if the amount of the contributions to defined benefit plans from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. The amendment did not have a significant impact on the Company's financial statements since the Company's defined benefit plan does not require employees or third parties to contribute to the benefit plan.
- (ii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Company but had no material impact on the Company's financial statements as these amendments merely clarify the existing requirements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.
- PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be

disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.

Annual Improvements to PFRS (2011-2013 Cycle)

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32, *Financial Instruments: Presentation*.
- PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3, *Business Combinations*, and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset in accordance with PAS 40 or a business combination in accordance with PFRS 3.

(b) Effective in 2015 that are not Relevant to the Company

The following annual improvements to PFRS are mandatory for accounting periods beginning on or after July 1, 2014 but are not relevant to the Company's financial statements:

PFRS (2010-2012 Cycle)

- PFRS 2 (Amendment) : Share-based Payment –
Definition of Vesting
Condition
- PFRS 3 (Amendment) : Business Combinations –
Accounting for Contingent
Consideration in a
Business Combination
- PFRS 8 (Amendments) : Operating Segments –
Aggregation of Operating
Segments, and Reconciliation of
the Total of the Reportable
Segments' Assets to the Entity's Assets

PFRS (2011-2013 Cycle)

- PFRS 3 (Amendment) : Business Combinations – Scope
Exceptions for Joint Ventures

(c) Effective Subsequent to 2015 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2015 which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 1 (Amendment), *Presentation of Financial Statements–Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (ii) PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 38 (Amendment), *Intangible Assets– Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.
- (iii) PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 41 (Amendment), *Agriculture– Bearer Plants* (effective from January 1, 2016). The amendment defines a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.
- (iv) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 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 loss 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 accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in

order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

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 amendment 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.

Management is currently assessing the impact of PFRS 9 on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(v) Annual Improvements to PFRS (2012-2014 Cycle) (effective from January 1, 2016). Among the improvements, the following amendments are relevant to the Company but management does not expect these to have material impact on the Company's financial statements:

- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to “service” financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.
- PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

2.3 Financial Assets

Financial assets are recognized when the Company 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 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 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.

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company 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.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

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

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

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

Non-compounding interest 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.

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

financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.4 Memorial Lot Inventories

Memorial lot inventories are valued at the lower of cost and net realizable value. The cost of memorial lot inventories includes the acquisition cost of the land (including incidental acquisition costs), construction and development costs and other necessary expenses incurred in bringing the memorial lots ready for sale. The construction and development costs were mainly contracted by the Company from various contractors.

Reacquired memorial lots arising from forfeited or back-out sales are recorded at cost.

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.

2.5 Other Current Assets

Other current assets pertain to other resources controlled by the Company 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 Company and the asset has a cost or value that can be measured reliably.

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

2.6 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; expenditures for repairs and maintenance are charged to expense as incurred.

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	5 years
Park maintenance tools and equipment	5 years
Office furniture, fixtures and equipment	3-5 years
System development cost	3-5 years

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 2.13).

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.

2.7 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 2.13).

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

2.8 Financial Liabilities

Financial liabilities, which include trade and other payables [except output value-added tax (VAT) and other tax-related payables], and reserve for perpetual care, are recognized when the Company 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– Net in the statement of comprehensive income.

Reserve for perpetual care is recognized upon sale of memorial lots to customers. It represents a portion of the contract price, as indicated in the price list, which depends upon the type of lot and location.

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 Company 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.

2.9 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 Company 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.

2.10 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 Company 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 Company 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.

2.11 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 Company for real estate sold and services rendered, excluding 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 Company; 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) *Sale of memorial lots* – For financial reporting purposes, the Company recognizes income from sales of memorial lots, which are generally completed and ready for use, using the full accrual method. 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.

For tax reporting purposes, revenue on sale of memorial lots 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)* – 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.

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 2.15)

2.12 Leases – Company as Lessee

Leases which do not transfer to the Company 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 Company 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.

2.13 Impairment of Non-financial Assets

The Company'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 Company'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.

2.14 Employee Benefits

The Company 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 Company, even if plan assets for funding the defined benefit plan have been acquired. The Company's defined benefit post-employment plan covers all regular full-time employees.

The liability (asset) recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of 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 Finance income or Finance costs under Other Income – Net 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 Company pays fixed contributions into an independent entity (e.g. Social Security System). The Company 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) *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 Company expects to pay as a result of the unused entitlement.

2.15 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.

2.16 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 Company 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 Company 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.

2.17 Equity

Capital stock represents the nominal value of shares that have been issued.

Revaluation reserves comprise gains and losses arising from remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amount of dividends declared.

2.18 Related Party Relationships and Transactions

Related party transactions are transfers of resources, services or obligations between the Company 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 Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual; and, (d) the Company'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.

2.19 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 18).

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

2.20 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company'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 Company'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 Company'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) Distinction Between Investment Properties and Owner-managed Properties

The Company classifies its acquired properties as Property and Equipment if used in operations, and as Investment Property if the Company intends to hold the properties for capital appreciation.

(b) Distinction Between Operating and Finance Leases

The Company has entered into various lease agreements. 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.

(c) 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 2.10 and relevant disclosures are presented in Note 19.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key 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) Recognition of Revenue from Sale of Memorial Lots

The Company uses certain percentage benchmark based on collection in determining whether to recognize any revenue from the sale of memorial lots under full accrual method. Management believes that the revenue recognition criteria is appropriate based on the Company's collection history from its customers. Buyer's interest in the property is considered to have been vested when the payment threshold for each type of inventory lot has been received from the buyer and the Company has ascertained the buyer's commitment to complete the payment of the total contract price over the remaining collection period.

(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 Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectibility of the accounts, including, but not limited to, the length of the Company'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 Company 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 period ended September 30, 2016 and 2015.

(c) Determination of Net Realizable Value of Memorial Lot Inventories

In determining the net realizable value of memorial lot inventories, management takes into account the most reliable evidence available at the time the estimates are made. Future realization of the carrying amounts of memorial lots, which is affected by future price

changes, is considered a source of estimation uncertainty and may cause significant adjustments to the carrying amounts of the Company's memorial lots within the next reporting period. The carrying amounts of the existing memorial lot inventories classified per park creation are disclosed in Note 6.

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

The Company 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 7. Based on management's assessment, as at September 30, 2016 and December 31, 2015, 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.

(e) *Fair Value Measurement of Investment Properties*

The Company's investment properties 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 Company engages the services of professional and independent appraiser applying the relevant valuation methodologies.

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.

A significant change in the beginning inputs and sources of information of the fair value disclosed for those assets may result in adjustment in the carrying amount of the assets reported in the financial statements if the fair value will indicate improvement.

(f) *Determination of Realizable Amount of Deferred Tax Assets*

The Company 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 September 30, 2016 and December 31, 2015, will be fully utilized in the coming years.

(g) *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 2.13). 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 the period ended September 30, 2016 and 2015, no impairment losses were recognized on property and equipment, investment properties and other non-financial assets (see Notes 7, 8 and 9, respectively).

(b) *Valuation of Post-employment Defined Benefit Obligation*

The determination of the Company'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 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.

4. CASH ON-HAND AND IN-BANKS

Cash on-hand and in-bank amounted to P494,997 thousand as of September 30, 2016. Cash in banks generally earn interest based on daily bank deposit rates. The total interest income earned amounted to P1,132 thousand and P449 thousand on September 30, 2016 and 2015, respectively, and is presented as part of Finance income under Other Income – Net in the statements of comprehensive income (see Note 14.1).

5. CONTRACTS AND OTHER RECEIVABLES

5.1 *Contracts Receivable*

This account is composed of the following:

	<i>(in thousands)</i>
Current	P527,294
Non-current	979,260
	<u>P1,506,554</u>

Contract receivable with maximum term of five years have an annual effective interest rate of 6% to 15%. Contract receivables are included in the 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 (Note 2.3). Interest income related to this account of P16,925 thousand and P15,370 thousand on September 30, 2016 and 2015, respectively, are reported under Revenues in the statements of comprehensive income.

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

The Company's contracts receivable are effectively collateralized by the memorial lots sold to the buyers considering that the title over the right in the memorial lots will only be transferred upon full payment.

5.2 *Other Receivables*

Other receivable amounted to P30,849 thousand and P29,903 thousand as of September 30, 2016 and December 31, 2015, respectively. These comprise mostly advances to suppliers of construction and development projects and short-term non-interest bearing advances to employees, which are collected either through salary deduction or cash. All of the Company's other receivables have been reviewed for indicators of impairment. However, no receivables were found to be impaired as of September 30, 2016 and December 31, 2015.

6. MEMORIAL LOT INVENTORIES

Memorial lots inventories consist of acquisition costs of the land, construction and development costs other necessary costs incurred in bringing the memorial lots ready for sale.

6.1 *Memorial Lots*

The breakdown of the Company's memorial lot inventories per branch are shown below.

	<i>(in thousands)</i>
San Ezekiel	P222,193
Cebu	120,018
Bulacan	57,943
Zamboanga	52,665
Iloilo	35,127
Las Piñas	33,110
Cagayan de Oro	24,996
Lots for sale and development	546,052
Reserve for land development cost	(158,254)
	<u>P387,797</u>

Which are composed of:

	<i>(in thousands)</i>
Cost of land	P67,893
Construction and development cost	319,905
	<u>P387,797</u>

As at September 30, 2016 the Company opened additional lots and vaults amounting to P121 million in San Ezekiel, Cebu, Iloilo, Cagayan de Oro, Zamboanga and Bulacan. As at December 31, 2015, the Company opened additional lots inventory amounting to P60 million in Zamboanga.

On December 31, 2015, certain parcels of land previously classified as investment properties which amounted P8 million were reclassified to Memorial Lot Inventories due to change in use and intention for the asset (see Note 8).

Reserve for land development cost pertains to estimated costs of developing the memorial lots.

6.2 *Cost of Memorial Lots Sold*

The details of cost of memorial lots sold are shown below.

	<i>(in thousands)</i>
Memorial lot inventories at beginning of year – net	P217,770
Additions and lot improvements	398,771
Memorial lots inventories at end of September- net	(387,797)
	<u>P228,744</u>

7. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the end of September 30, 2016 are shown in the succeeding page.

	Leasehold Improvements	Service Vehicle	Service Equipment	Park Maintenance Tools and Equipment	Office Furniture, Fixture and Equipment	System Development Cost	Construction in Progress	Total
September 30, 2016								
Cost	P6,167	P30,556	P8,292	P16,560	P22,277	P3,890	P66,312	P154,054
Accumulated depreciation and amortization	(4,204)	(22,043)	(4,746)	(13,589)	(15,897)	(3,488)	-	(63,967)
Net Carrying Amount	P1,963	P8,513	P3,547	P2,971	P6,380	P402	P66,312	P90,088

Depreciation and amortization expense is included as part of Other Operating Expenses account in the statements of comprehensive income (see Note 13.2).

Certain fully depreciated assets with acquisition costs of P13.3 million as of September 30, 2016 and December 31, 2015 are still being used in operations.

8. INVESTMENT PROPERTIES

The changes to 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	P41,335
Additions	17,527
Balance at end of period	<u>P58,862</u>

The Company's investment properties consist mainly of land. Certain investment properties totaling P8 million in 2015 was reclassified to Memorial Lot Inventories due to change in management intention for the said properties (see Note 6.1). There are no reclassification to memorial lot inventories for the period ended September 30, 2016. Management no longer intends to hold the properties for capital appreciation but rather as memorial lots for development and for sale. No gain or losses were recognized during the transfer since the investment properties are measured at cost.

Management has assessed that there were no significant circumstances during the reporting periods that may indicate impairment loss on the Company's investment properties.

9. OTHER CURRENT ASSETS

This account consists of the following as of September 30, 2016:

	<i>(in thousands)</i>
Prepaid expenses	P7,531
Deferred input VAT	4,919
Security deposits	1,493
Other assets	5,396
	<u>P19,339</u>

Prepaid expenses pertain to advances to contractors and suppliers.

Deferred input VAT pertains to the unamortized portion of input VAT from purchase of capital goods, which are subject to amortization.

10. INTEREST-BEARING LOANS

On March 2016, the Company obtained interest-bearing loan amounting to P500 million from a local commercial bank for working capital requirements. The loan is payable within 180 days subject to extension and are subject to average annual effective interest rates of 4.5%.

In 2015, the Company obtained interest-bearing bank loans amounting to P14.9 million from a local commercial bank for working capital requirements. The loans are payable within one to three years and are subject to average annual effective interest rates of 8.00%. The outstanding balance of these loans as of September 30, 2016 and December 31, 2015 amounted to P1.2 million and P9.0 million, respectively, and are presented as current and non-current Interest-bearing Loans account in the September 30, 2016 and December 31, 2015 statement of financial position. Interest expense and bank charges pertaining to these loans amounted to P9.3 million, and are shown as part of Finance costs under Other Income – Net account in the September 30, 2016 statement of comprehensive income (see Note 14.1). There are no outstanding interest payable as of September 30, 2016 related to these loans.

11. TRADE AND OTHER PAYABLES

This account consists of:

	Note	(in thousands)
Accounts payable		₱119,167
Deferred output tax		152,006
Raw lands payable		39,406
Due to affiliates	16.2	85,000
Retention payable		1,673
VAT payable		3,295
Withholding taxes payable		4,024
Other payables		1,591
		<u>₱406,162</u>

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

12. RESERVE FOR PERPETUAL CARE

Under the terms of the contract between the Company 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 September 30, 2016 and December 31, 2015 amounting to P177,764 thousand and P152,252 thousand, respectively, represents the total amount of perpetual care from all outstanding sales contracts, net of amount already remitted for fully collected memorial lots into the Trust Fund amounting to P137,930 thousand and P128,785 thousand as of September 30, 2016 and December 31, 2015, respectively.

As an industry practice, the amount turned over to the Trust Fund is only for fully collected contracts in as much as the outstanding contracts may still be forfeited and/or rescinded. The income earned from the Trust Fund will be used in the perpetual care and maintenance of the memorial lots. Once placed in the Trust Fund, the assets, liabilities, income and expense of the Trust Fund are considered distinct and separate from the assets and liabilities of the Company, and thus, do not form part of the accounts of the Company.

The details of the Trust Fund as of September 30, 2016 are shown below.

Assets:	<i>(in thousands)</i>
Cash	P0
Financial Assets at Fair Value through Profit or Loss	3,011
Available for Sale (AFS) financial assets	4,038
Investment in Mutual Funds	130,888
Other Assets	22
Liability – Accrued trust fees and other expenses	(29)
	<u>P137,930</u>

13. COSTS AND EXPENSES

13.1 Costs of Sale and Services

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

	<i>(in thousands)</i>
Cost of land	P48,651
Construction and development cost	180,093
Cost of memorial lot sold	<u>228,744</u>
Cost of interment	9,448
	<u>P238,192</u>

13.2 Other Operating Expenses

The details of other operating expenses are shown below.

	<i>(in thousands)</i>
Commission	P45,559
Salaries and wages	43,457
Prompt payment Discount	14,599
Promotions	13,355
Outside services	9,834
Taxes and licenses	9,569
Depreciation and amortization	6,371
Professional fees	5,789
Utilities	4,697
Collection fees	4,134
Representation	3,586
Transportation and travel	3,570
Insurance	3,028
Rentals	2,717
Management fees	1,650
Office supplies	1,601
Repairs and maintenance	1,513
Trainings and seminars	1,368
Advertising	310
Meetings and Conferences	67
Miscellaneous	13,060
	<u>P189,834</u>

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

14. OTHER INCOME – Net

14.1 Other Income (Charges)

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

	<i>(in thousands)</i>
Other revenues	P22,331
Finance income	1,132
Finance costs	(9,261)
	<u>P14,202</u>

14.2 Other Revenues

This account consists of (see Note 14.1):

	<i>(in thousands)</i>
Forfeited sales	P11,845
Transfer fees	6,135
Interest on past due accounts	3,043
Service tent rentals	423
Others	885
	<u>P22,331</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.

15. CURRENT AND DEFERRED TAXES

Provision for income tax consists of:

	<i>(in thousands)</i>
Current (RCIT)	P19,796
Deferred	38,258
	<u>P58,054</u>

The Company 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 Company reported RCIT in September 30, 2016 and 2015, as the RCIT is higher than MCIT in such periods.

In September 30, 2016 and 2015, the Company claimed itemized deductions in computing for its income tax due.

16. RELATED PARTY TRANSACTIONS

16.1 Due from Related Parties

The Company grants unsecured, noninterest-bearing advances to parent company and related parties under common ownership, which are payable in cash on demand.

In 2015, the BOD approved the assignment of the remaining balance of the Company's outstanding due from related parties under common ownership to the parent company. Also in

2015, due from the parent company amounting to P150,000 thousand were offset against the Company's cash dividends payable to the parent company (see Note 17.3).

The outstanding advances arising from these transactions amounting to P81,283 thousand and P70,212 thousand as at September 30, 2016 and December 31, 2015, respectively, is presented as Due from Related Parties in the statements of financial position.

The changes in the Due from Related Parties account are shown below.

	<i>(in thousands)</i>
Balance at beginning of period	P70,212
Net Additions	11,071
Balance at end of period	<u>P81,283</u>

16.2 Due to Affiliates

On February 22, 2016, the Company acquired a property from its Parent, Fine Properties, Inc. amounting to P11.9 million, and in 2015, the Company obtained short-term unsecured, noninterest-bearing advances from related parties for working capital requirements payable on demand. The details of Due to affiliates presented as part of Trade and Other Payables account as at September 30, 2016 is as follows:

	<i>(in thousands)</i>
Balance at beginning of period	P18,377
Net Additions	66,623
Balance at end of period	<u>P85,000</u>

17. EQUITY

17.1 Capital Stock

	<u>September 30, 2016</u>	<u>December 31, 2015</u>
<u>Common</u>		
Authorized	996,000,000	200,000
Par value per share	P 1.00	P 100.00
Issued shares	494,117,649	200,000
Value of shares issued	P 494,117,649.00	P 20,000,000.00
<u>Preferred</u>		
Authorized	400,000,000	-
Par value per share	P 0.01	-
Issued shares	-	-
Value of shares issued	-	-

Common Shares

On March 21, 2016, the board of the Company approved of the following:

- (a) Registration of up to 494,117,647 common shares of the Company representing 420,000,000 issued and outstanding common shares and 74,117,647 unissued common shares to be issued and offered and sold in connection with the initial public offering of the Company with the Securities and Exchange Commission (SEC) and the listing of the 494,117,647 common shares on the main board of the Philippine Stock Exchange (PSE), subject to the registration requirements of the SEC and the listing requirements of the PSE

- (b) Increase in the numbers of the Board of Directors of the Company from five to seven, two of whom must be independent directors as required under the Securities Regulation Code and the amendment of the Company's articles of incorporation and by-laws to reflect such change.
- (c) Approval and adoption of the lock-up provisions prescribed under the prevailing rules and regulations of the PSE and the amendment of the Company's articles of incorporation to reflect the said lock-up provisions
- (d) Creation of the audit, nomination and compensation and remuneration committees in the Board of Directors of the Company and the amendment of the Corporation's by-laws to reflect the creation of the board committees.
- (e) The following amendments to the by-laws of the Company:
 - Amendment of the closing date of the stock and transfer book of the Company and validation period of proxies, in each case, in accordance with the provisions of the Securities Regulation Code;
 - Incorporation of a provision on the transfer procedures for uncertified shares
 - Amendments on the notice procedure for stockholders' meetings;
 - Incorporation of a provision on the voting requirement for matters presented to the board for approval;
 - Incorporation of a provision allowing the holding of board meetings through videoconference or teleconference; and
 - Amendment of the section on dividends to be consistent with the provisions of the Corporation Code.

On March 17, 2016, the SEC approved the increase in the authorized capital stock of the company from P20,000,000 divided into 200,000 common shares with par value of P100.00 per share, or an aggregate par value of P20,000,000, to P1,000,000,000 divided into: (i) 996,000,000 common shares with par value of P1.00 per share, or an aggregate par value of P996,000,000; and (ii) 400,000,000 preferred shares with par value of P0.01 per share, or an aggregate par value of P4,000,000.

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

On June 9, 2016, PSE approved the initial listing of up to 494,117,649 common shares under the Main Board of the Exchange, with the following details:

- a) 420,000,000 common shares, representing the total number of issued and outstanding shares of the Company prior to the Initial Public Offering (IPO) of the Company's shares
- b) Up to 74,117,647 common shares, representing the total number of shares to be offered to the public on a primary basis with an Offer Price of up to P10.62 per Offer Share.

Based on the Company's IPO pricing, it was determined that the Offer Price will be at P10.50.

On June 14, 2016, the SEC issued the Order of Registration and Certificate of Permit to Offer Securities for the registration and offer for sale to the public of up to 494,117,649 common shares. The sale of up to 74,117,647 common shares shall be offered and sold by way of a primary offering at an offer price of up to P 10.50.

On June 29, 2016, the Company was officially listed in the Main Board of the Philippine Stock Exchange under the ticker "HVN". The offer shares of 74,117,647 were priced at P10.50/share at the initial public offering.

Preferred Shares

The preferred shares of the company are voting, non-cumulative, non-participating, non-convertible, and non-redeemable.

17.2 Revaluation Reserves

As of September 30, 2016 and December 31, 2015, the Company has accumulated actuarial losses, net of tax, due to remeasurement of post-employment defined benefit plan amounting to P2.5 million.

17.3 Retained Earnings

On January 29, 2016, the BOD approved the reversal of the appropriated retained earnings of P400,000 thousand to unappropriated retained earnings to be made available for stock dividend declaration. The stock dividend of P400 million was declared on March 8, 2016 and was distributed following the SEC approval of the capital increase on March 17, 2016 (See Note 17.1).

On December 29, 2015, the BOD approved the declaration of cash dividends of P4,000 per common share or a total of P800.0 million, payable to stockholders of record as of the date of declaration. The balance of dividends payable amounting to P650.0 million, net of advances set-off amounting to P150.0 million (see Note 16.1), was presented as Dividends Payable in the statement of financial position as at December 31, 2015. The dividends payable was fully paid on May 19, 2016. There was no similar transaction in 2014 and 2013.

The BOD approved an appropriation of retained earnings of P940,000 thousand and P40,000 thousand in 2014 and 2013, respectively, for additional capital expansion, which will be completed within the next three years. In 2015, the BOD approved the reversal of a portion of appropriated retained earnings amounting to P660,000 thousand.

18. EARNINGS PER SHARE

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

Net profit (in thousands)	P135,460
Divided by the weighted number of outstanding common shares (in thousands)	<u>332,428</u>
Basic and diluted earnings per share	<u><u>P0.41</u></u>

The Company has no dilutive potential common shares as at September 30, 2016; hence, diluted earnings per share equals the basic earnings per share.

19. COMMITMENTS AND CONTINGENCIES

19.1 Operating Lease Commitments

The Company 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.

The total rentals from this operating lease amounted to P2,717 thousand and P1,692 thousand on September 30, 2016 and 2015, respectively, of which the major portion is shown as Rentals under Other Operating Expenses in the statements of comprehensive income (see Note 13.2).

19.2 Others

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.

20. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management focuses on actively securing the Company'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 Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The significant financial risks, unless otherwise stated, to which the Company is exposed to are described below and in the succeeding pages.

20.1 Interest Rate Risk

Currently, the Company has no material financial assets and financial liabilities with floating interest rates.

20.2 Credit Risk

The Company 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 Company also employs credit administration activities to ensure that all facets of credit are properly maintained.

The Company 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 Company'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.

	Notes	(in thousands)
Cash on-hand and in-banks	4	₱494,997
Contracts receivable	5	1,506,554
Due from related parties	16.1	81,283
Security deposits	9	1,493
		<u>₱2,084,327</u>

September 30, 2016	Not Past Due	Past Due but not impaired				Total Past due accounts
		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	₱834,551	₱ 160,418	₱ 127,240	₱ 152,930	₱ 231,414	₱ 672,002
Due from affiliates	81,283	—	—	—	—	—

Other receivables	30,849	-	-	-	-	-
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Cash in banks are insured by the Philippine Deposit Insurance Commission up to a maximum coverage of P500,000 for every depositor per banking institution. Also, the Company's contracts receivable are effectively collateralized by 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 Company 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.

20.3 Liquidity Risk

The Company 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.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits or short-term placements.

21. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

21.1 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	Fair Values
<i>Financial Assets</i>			
		<i>(in thousands)</i>	
Cash on-hand and in-banks	4	₱494,997	₱494,997
Contracts	5	1,506,554	1,506,554
Due from related parties	16.1	81,283	81,283
Security Deposits	9	1,493	1,493
		₱2,084,327	₱2,084,327

	Notes	Carrying Values	Fair Values
<i>Financial Liabilities</i>			
<i>At amortized cost:</i>			
Interest-bearing loans	10	₱501,229	₱501,229
Trade and other payables	11	406,162	406,162
Reserve for perpetual car	12	177,764	177,764
		₱1,085,155	₱1,085,155

See Notes 2.3 and 2.8 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 20.

21.2 Offsetting of Financial Assets and Financial Liabilities

Except as more fully described in Notes 16 and 17, the Company has not set-off financial instruments on September 30, 2016 and 2015 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 Company's outstanding receivables from and payables to the same related parties as presented in Note 16 can be potentially offset to the extent of their corresponding outstanding balances.

22. FAIR VALUE MEASUREMENT AND DISCLOSURES

22.1 Fair Value Hierarchy

In accordance with PFRS 13, 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.

As of September 30, 2016 and December 31, 2015, the Company has no financial assets or financial liabilities that are measured at fair value.

22.2 Fair Value Measurement for Non-financial Assets

The Company's investment properties amounting to P58,862 thousand and P41,335 thousand are categorized under level 3 hierarchy of non-financial assets measured at cost as of September 30, 2016 and December 31, 2015, respectively.

23. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company'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 Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company 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 Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company 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:

Total interest-bearing loans (in millions)	501,229
Total adjusted equity (in millions)	<u>1,276,648</u>
Debt-to-equity ratio	<u>0.39 : 1.00</u>

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Company for the period ended September 30, 2016 and 2015.

		<u>30-Sep-16</u>	<u>2015</u>
Liquidity:			
Current Ratio	Current Assets/Current Liability	3.66:1	0.95 : 1
Solvency:			
Debt-to-Equity Ratio	Total Debt/Total Equity	0.39:1	0.02 : 1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	2.09:1	4.11 : 1
		<u>30-Sep-16</u>	<u>30-Sep-15</u>
Interest-rate-coverage:			
Interest-rate-coverage ratio	Profit Before Tax and Interest/Finance Costs	13.63 : 1	68.89 : 1
Profitability:			
Return-on-equity	Net Income/Equity Stock	14.15%	34.77%

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS COVERING 9-MONTHS OF 2016 VS. 9-MONTHS OF 2015

Revenues

Real estate sales

The Company recorded **₱ 570,235 thousand** in real estate sales for the 9-months of 2016, a **20%** increase from **₱ 474,956 thousand** from the same period in 2015. The growth was mainly attributable to the increase of sales of columbarium vaults and memorial lots.

Interment income

There was a **28%** increase in income from interment services, to **₱ 20,178 thousand** in 9-months of 2016 from **₱ 15,789 thousand** in the same period 2015. The increase was attributable to the increase in the number of services rendered in 9-months 2016, compared to 2015.

Interest income on contract receivables

Income from interest on contract receivables increased by **10%**, to **₱ 16,925 thousand** in 9-months of 2016 from **₱ 15,370 thousand** in 9-months of 2015. The increase is due to the increase in the sales or account recorded for the 9-months of 2016 compared to the same period previous year.

Costs and Expenses

Costs of sales and services

The **13%** increase in cost of sales and services to **₱ 238,193 thousand** in 9-months of 2016 from **₱210,389 thousand** in 9-months 2015, was due to the increase of sales and services for the period.

Other operating expenses

An increase of **21%** in other operating expenses to **₱ 189,834 thousand** in 9-months 2016 from **₱156,944 thousand** in 9-months of 2015 was mainly due to the following:

- Increase in salaries and wages from **₱ 31,890 thousand** in 9-months of 2015 to **₱ 43,457 thousand** in 9-months of 2016 due mostly to an increase in manpower hired by the company due to the expansion to new areas
- Increase in commission from **₱ 36,720 thousand** in 9-months of 2015 to **₱ 45,559 thousand** in 9-months of 2016 due to an increase in sales for the period compared to same period previous year.
- Increase in taxes and licenses from **₱ 1,581 thousand** in 9-months of 2015 to **₱ 9,569 thousand** in 9-months of 2016 due to the taxes and registration fees related to the Company's bilateral loan.

Other Income-net

Other income-net increased by **7%** to **₱ 14,202 thousand** in 9-months of 2016 from **₱ 13,256 thousand** in 9-months of 2015. This was due to a parallel increase in sales forfeitures and other fees normally brought about by the higher sales recorded for 9-months of 2016 compared to 9-months of 2015.

Tax Expense

The Company's tax expense increased by 27%, to **₱ 58,054 thousand** for 9-months of 2016 from **₱ 45,611 thousand** for 9-months of 2015. This was attributable to the higher taxable income base in 9-months of 2016 compared to the same period from the previous year.

Net Income

As a result of the movements above, total net profits increased by 27%, to **₱ 135,460 thousand** from **₱ 106,427 thousand** recorded in 9-months of 2015.

For the 9-months of 2016, there were no seasonal aspects that had a material effect on the financial condition or results of the operations of the Company. Neither were there any trends, events, or uncertainties that have had or are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company 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 Company's continuing operations.

FINANCIAL CONDITION AS OF SEPTEMBER 30, 2016 VS. DECEMBER 31, 2015

At the end of 9-months of 2016, total assets totaled to **₱ 2,669,769 thousand**, increased by 49% from **₱ 1,787,099 thousand** recorded as of December 31, 2015, due to the following:

- Cash and cash equivalents increased by 332% from **₱ 114,644 thousand** as of December 31, 2015 to **₱ 494,997 thousand** as of September 30, 2016, mainly due to the proceeds from a loan and the initial public offering done during the second quarter of 2016.
- Total contracts receivable, including non-current, increased by 18% from **₱ 1,274,093 thousand** as of December 31, 2015 to **₱ 1,506,554 thousand** as of September 30, 2016 due to higher sales on account recorded.
- Due from related parties increased by 16% from **₱ 70,212 thousand** as of December 31, 2015 to **₱ 81,283 thousand** as of September 30, 2016 due to advances made to related parties.
- Memorial lot inventories increased by 78% from **₱ 217,770 thousand** as of December 31, 2015 to **₱ 387,797 thousand** as of September 30, 2016 due to active opening and expansion of Company projects.
- Other current assets increased by 35% from **₱ 14,351 thousand** as of December 31, 2015 to **₱ 19,339 thousand** as of September 30, 2016 due mostly to an increase in prepaid expenses for the development of expansion projects for the period.
- Property and equipment increased by 263% from **₱ 24,791 thousand** as of December 31, 2015 to **₱ 90,088 thousand** as of September 30, 2016 due to acquisitions for the period of property and equipment as part of expansion and for the use memorial chapel.
- Investment properties increased by 42%, from **₱ 41,335 thousand** as of December 31, 2015 to **₱ 58,862 thousand** as of September 30, 2016 due to the acquisitions of rawland for expansion in the period.

The total liabilities of the Company increased by 3% from **₱ 1,352,443 thousand** as of December 31, 2015 to **₱ 1,393,121 thousand** as of September 30, 2016, due to the following:

- Interest-bearing loans, including non-current portion, increased by **₱ 492,210 thousand**, from **₱ 9,019 thousand** as of December 31, 2015 to **₱ 501,229 thousand** as of September 30, 2016 mainly due to a loan obtained from a local bank obtained within the period.
- Trade and other payables increased by 54% from **₱ 264,237 thousand** as of December 31, 2015 to **₱ 406,162 thousand** as of September 30, 2016 due to increase in trade payables as part of the expansion program.
- Customers' deposits increased by 9% from **₱ 5,929 thousand** as of December 31, 2015 to **₱ 6,438 thousand** as of September 30, 2016 due to an increase in sales over the time period.
- Dividends payable decreased by 100% from **₱ 650,000 thousand** as of December 31, 2015 to **nil** as of September 30, 2016 due to full payment of the cash dividends in the second quarter of 2016.
- Income tax payable decreased by 52% from **₱ 14,955 million** as of December 31, 2015 to **₱ 7,219 thousand** as of September 30, 2016 due to payments for the period.
- Deferred tax liabilities (net) increased by 15% from **₱ 255,975 thousand** as of December 31, 2015 to **₱ 294,233 thousand** as of September 30, 2016 due to the increase in temporary difference for the period.
- Reserve for perpetual care increased by 17% from **₱ 152,252 thousand** as of December 31, 2015 to **₱ 177,764 thousand** as of September 30, 2016 due to higher sales on account recorded for the period within which the fund for those sales are yet to be remitted to the trustee.

Total stockholder's equity increased by **₱ 841,992 thousand** from **₱ 434,656 thousand** as of December 31, 2015 to **₱ 1,276,648 thousand** as of September 30, 2016, due to the following:

- Increase in capital stock by **₱ 474,118 thousand** from **₱ 20,000 thousand** as of December 31, 2015, to **₱ 494,118 thousand** as of September 30, 2016, due primarily to the issuance of common stock as part of the stock dividends declared and the initial public offering made during that period.
- Increase in Additional Paid-in Capital from **nil** as of December 31, 2015 to **₱ 632,415 thousand** as of September 30, 2016 due to the issuance of new shares above par value during the initial public offering.
- Decrease in retained earnings from **₱417,192 thousand** in December 31, 2015, to **₱ 152,651 thousand** as of September 30, 2016, due mainly to the declaration of cash and stock dividends.

MATERIAL CHANGES TO THE COMPANY'S STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2016 COMPARED TO DECEMBER 31, 2015 (INCREASE/DECREASE OF 5% OR MORE)

- Cash and cash equivalents increased by 332% from **₱ 114,644 thousand** as of December 31, 2015 to **₱ 494,997 thousand** as of September 30, 2016, mainly due to the proceeds from a loan and the initial public offering done during the period.

- Total contracts receivable, including non-current, increased by **18%** from **₱ 1,274,093 thousand** as of December 31, 2015 to **₱ 1,506,554 thousand** as of September 30, 2016 due to an increase in sales on account recorded.
- Due from related parties decreased by **16%** from **₱ 70,212 thousand** as of December 31, 2015 to **₱ 81,283 thousand** as of September 30, 2016 due to advances made to related parties.
- Memorial lot inventories increased by **78%** from **₱ 217,770 thousand** as of December 31, 2015 to **₱ 387,797 thousand** as of September 30, 2016 due active development and expansions in the period.
- Property and equipment increased by **263%** from **₱ 24,791 thousand** as of December 31, 2015 to **₱ 90,088 thousand** as of September 30, 2016 due to acquisitions for the period of property and equipment as part of expansion and for the use of memorial chapel.
- Property and equipment increased by **263%** from **₱ 24,791 thousand** as of December 31, 2015 to **₱ 90,088 thousand** as of September 30, 2016 due to property and equipment acquisitions for expansion projects in the period.
- Investment properties increased by **42%** from **₱ 41,335 thousand** as of December 31, 2015 to **₱ 58,862 thousand** as of September 30, 2016 due to the acquisitions for the period.
- Interest-bearing loans, including non-current portion, increased by **5457%**, from **₱ 9,019 thousand** as of December 31, 2015 to **₱ 501,229 thousand** as of September 30, 2016 mainly due to a loan obtained from a local bank during the period.
- Trade and other payable increased by **54%** from **₱ 264,237 thousand** as of December 31, 2015 to **₱ 406,162 thousand** as of September 30, 2016 due to increase in trade payables for the period as part of the expansion program.
- Customers' deposits increased by **9%** from **₱ 5,929 thousand** as of December 31, 2015 to **₱ 6,438 thousand** as of September 30, 2016 due to higher sales for the period.
- Dividends payable decreased by **100%** from **₱ 650,000 thousand** as of December 31, 2015 to **nil** as of September 30, 2016 due to full payment of the cash dividends in May 2016.
- Income tax payable decreased by **52%** from **₱ 14,955 thousand** as of December 31, 2015 to **₱ 7,219 thousand** as of September 30, 2016 due to payments for the period.
- Deferred tax liabilities (net) increased by **15%** from **₱ 255,975 thousand** as of December 31, 2015 to **₱ 294,233 thousand** as of September 30, 2016 due to the increase in temporary difference for the period.
- Reserve for perpetual care increased by **17%** from **₱ 152,252 thousand** as of December 31, 2015 to **₱ 177,764 thousand** as of September 30, 2016 due to higher sales on account recorded for the period within which the fund for those sales are yet to be remitted to the trustee.
- Total stockholder's equity increased by **194%** from **₱ 434,657 thousand** as of December 31, 2015 to **₱ 1,276,648 thousand** as of September 30, 2016. This change was primarily due to the **2371%** or **₱ 474,118 thousand** increase in capital stock, and the **₱ 666,350 thousand** increase in additional paid in capital as part of the initial public offering, with the corresponding **63%** or **₱ 264,541 thousand** decrease in retained earnings due to dividends declared.

MATERIAL CHANGES TO THE COMPANY'S STATEMENT OF INCOME FOR THE 9-MONTHS OF 2016 COMPARED TO THE 9-MONTHS OF 2015 (INCREASE/DECREASE OF 5% OR MORE)

- Real estate sales increased by **20%**, from **₱ 474,956 thousand** for the 9-months of 2015 to **₱ 570,235 thousand** for the 9-months of 2016 due to the increase of sales in memorial park lots and columbarium vaults.
- Interment income increased by **28%**, from **₱ 15,789 thousand** for the 9-months of 2015 to **₱ 20,178 thousand** in 9-months of 2016 due to an increase of number of interment services rendered in 9-months 2016 compared to the same period last year
- Interest income on contract receivables increased by **10%** from **₱ 15,370 thousand** in 9-months of 2015 to **₱ 16,925 thousand** in 9-months of 2016 due mostly to the growth in sales recorded in 9-months of 2016 compared to the same period previous year.
- Costs of sales and services grew by **13%** from **₱ 210,389 thousand** in 9-months 2015 to **₱ 238,192 thousand** in 9-months of 2016 as a result of the increase in sales and services rendered in the 9-months of 2016 versus same period of the previous year.
- Other operating expenses for operations increased by **21%**, from **₱ 156,944 thousand** in 9-months of 2015 to **₱ 189,834 thousand** in 9-months 2016. The increase was mainly due to development and expansion efforts resulting in an increase in commissions, taxes and licenses, and salaries and wages.
- Other Income increased by **7%**, from **₱ 13,256 thousand** in 9-months of 2015 to **₱ 14,202 thousand** in 9-months 2016, mainly due to the increase in sales forfeited and other fees due to higher sales in that period compared to the same period previous year.
- Tax Expense increased by **27%**, from **₱ 45,611 thousand** for 9-months of 2015 to **₱ 58,054 thousand** for 9-months of 2016 due to a higher taxable income in 9-months of 2016 compared to the same period from previous year.
- Overall Net Profit grew by **27%**, from **₱ 106,427 thousand** for 9-months of 2015 to **₱ 135,459 thousand** for 9-months of 2016 primarily due to higher sales recorded with the opening of expansion projects.

There are no other material changes on the Company'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 Company 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. 9-months of 2016 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>
Jerry M. Navarrete	Director, Chairman of the Board and President
Joy J. Fernandez	Director and Treasurer
Maribeth C. Tolentino	Director and Chief Operating Officer
Cynthia S. Delfin*	Director
Frances Rosalie T. Coloma*	Director
Ana Marie V. Pagsibigan	Independent Director
Garth F. Castaneda	Independent Director

**Elected July 29, 2016 replacing Rosario H. Javier and Michael G. Regino*

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

Please see unaudited Financial Statements and Management Discussion and Analysis.

D. Declaration of Dividends

P 4,000.00 per share Special Cash Dividend

Declaration Date: December 29, 2015

Full Payment Date: May 19, 2016

2,000 shares for every 1 share Stock Dividend

Declaration Date: March 8, 2016

Issuance Date: March 17, 2016

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 9-months of 2016 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 and borrowings.

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 September 30, 2016, 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 9-months of 2016 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 Haven Memorial Park, Inc.
Issuer

By:


Roy Joseph S. Fernandez
Chief Financial Officer

Date: November 14, 2016