



March 27, 2017

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

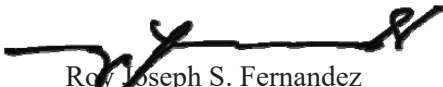
Subject: Golden Haven Memorial Park Inc.: **Other Disclosures**

Gentlemen:

In compliance with the disclosure requirements in connection with the Information Statement filed on March 1, 2017 for the Annual Stockholders' Meeting of the Company to be held on April 1, 2017, attached are the following:

1. Proof of Publication of the Company's Notice of 2017 Annual Stockholders' Meeting in two (2) newspapers of general circulation; and
2. Audited Financial Statements as of and for the year ended December 31, 2016 with Management's Discussion and Analysis

Thank you.



Roy Joseph S. Fernandez
Officer-in-Charge

COVER SHEET

1	0	8	2	7	0					
S.E.C. Registration Number										

G	O	L	D	E	N		H	A	V	E	N		M	E	M	O	R	I	A	L				
P	A	R	K	,			I	N	C	.														

(Company's Full Name)

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

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

Roy Joseph S. Fernandez	873-2922
Contact Person	Company Telephone Number

12	31	17C	04
Month	Day	FORM TYPE	Month
Calendar Year			Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.	Amended Articles Number/Section

	Total Amount of Borrowings	
Total No. of Stockholders	Domestic	Foreign


To be accomplished by SEC Personnel concerned

File Number	LCU
Document I.D.	Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **March 27, 2017**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **108270**
3. BIR Tax Identification Number **000-768-991**
4. **Golden Haven Memorial Park, Inc.**
Exact name of issuer as specified in its charter
5. **Philippines**
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)
Industry Classification Code:
7. **San Ezekiel, C5 Extension, Las Piñas City, Philippines**
Address of principal office
8. **(632) 873-2922 / (632) 873-2543**
Issuer's telephone number, including area code
9. **N/A**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock Outstanding
and Amount of Debt Outstanding

Common Shares

494,117,649 Shares

11. Indicate the item numbers reported herein:

Item No. 9 – Other Events

In compliance with the disclosure requirements in connection with the Information Statement filed on March 1, 2017 for the Annual Stockholders' Meeting of the Company to be held on April 1, 2017, attached are the following:

1. Proof of Publication of the Company's Notice of 2017 Annual Stockholders' Meeting in two (2) newspapers of general circulation; and
2. Audited Financial Statements as of and for the year ended December 31, 2016

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on behalf by the undersigned hereunto duly authorized.

GOLDEN HAVEN MEMORIAL PARK, INC.
Issuer

By:


JERRY M. NAVARRETE
President

Date: 27 March 2017

of solar energy is definitely moving in the right direction." As part of the company's focus on solar energy, Limcoaco said Ayala recently invested in a Silicon Valley-based solar firm startup which is into optimizing solar photovoltaic (PV) panel technology.

Ayala unit AC Energy Holdings, Inc., also recently announced acquiring full ownership of solar energy firms Bronzeoak Clean Energy (BCE) and San Carlos Clean Energy (SCCE).

The deal will fold into AC Energy San Carlos Solar Energy, Inc., Negros Island Solar Energy, Inc., Monte Solar Energy, Inc., San Carlos BioPower, Inc., South Negros BioPower, Inc. and North Negros BioPower, Inc.

BCE, meanwhile, has completed five solar power projects with a total capacity of 143 MW, among them are the 18 MW Montesol, the 18 MW and 14 MW plants located in La Carlota city, the 48 MW located in the municipality of Manapla and the 45 MW Sacasol

SYNOPSIS OF THE ANNUAL STATEMENT

As of 31 December 2015

ADMITTED ASSETS

Bonds	P 2,286,468,428.85
Stocks	4,562,488,036.32
Real Estate	98,274,868.92
Security Fund	340,821.00
Other investments	118,187,725.37
Other Loans	10,778,954.69
Cash on Hand & in Banks	2,897,792,457.72
Premiums Receivable	1,291,336,587.04
Premiums due From Ceding Companies	311,697,685.74
Premiums Reserve Withheld by Ceding Companies	29,368,214.60
Reinsurance Recoverable on Losses	6,515,047,400.86
Loss Reserve Withheld by Ceding Companies	100,780,513.83
Accrued Investment Income	34,255,813.48
Electronic Data Processing Equipment	54,145,721.46
Other Admitted Assets	249,919,704.57
TOTAL ADMITTED ASSETS	P 18,559,501,142.44

LIABILITIES

Losses and Claims Payable	P 7,759,024,262.93
Loss Adjustment Expense Payable	102,307,291.67
Reserve for Unearned premium	1,691,427,198.06
Catastrophe Loss Reserve	140,954,725.40
Premiums Due to Reinsurer	2,289,984,559.79
Premiums Reserve Withheld for Reinsurers	506,892,555.99
Loss Reserve Withheld for Reinsurers	28,155,892.83
Commission Payable	468,306,570.79
Accrued Expenses	180,600,350.97
Taxes Payable	614,441,691.15
Accounts Payable	999,827,720.10
Other Liabilities	369,522,188.84
TOTAL LIABILITIES	P 15,129,027,004.52

NETWORTH

Capital Stock Paid-up	P 845,292,500.00
Capital Paid in excess of par value	780,882,008.00
Contributed Surplus	50,000.00
Contingency Surplus	4,485,618.05
Special Surplus Funds:	
Fluctuation Reserve - Stocks	2,983,934,181.62
Fluctuation Reserve Foreign Exchange	65,207,708.97
Remuneration loss on pension obligation	(148,647,467.00)
Retained Earnings	(1,080,730,409.72)
TOTAL NETWORTH	P 3,430,474,137.92

TOTAL LIABILITIES & NETWORTH

TOTAL LIABILITIES & NETWORTH	P 18,559,501,142.44
---	----------------------------

(This synopsis prepared from 2015 Annual Statement, approved by the Insurance Commissioner is published pursuant to Section 231 of the Amended Insurance Code)

IC-FNL-DP-002-F-01 REV.0



GOLDEN HAVEN

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the annual meeting of the stockholders of GOLDEN HAVEN MEMORIAL PARK, INC. (the "Company") for the year 2017 will be held on **Saturday, April 1, 2017 at 10:00 am at the Villar Hall, Villar SIPAG, San Ezekiel, C5 Extension, Las Pitas City.** The order of business thereat will be as follows:

1. Call to order
2. Proof of service of the required notice of the meeting
3. Certification of the presence of a quorum
4. Presentation of the President's Report, Management Report and Audited Financial Statements for the year 31 December 2016
5. Ratification of all acts and resolutions of the Board of Directors and Management for the year ended 31 December 2016 until 31 March 2017
6. Election of the members of the Board of Directors, including the Independent Directors, for the year 2017
7. Approval of the change of date, time and venue of the Annual Meeting of Stockholders of the Company, as set forth in Section 1 of Article II of the Company's Amended By-Laws
8. Approval of the change of venue of the Special Meeting of the Stockholders of the Company, as set forth in Section 2 of Article II of the Company's Amended By-Laws
9. Appointment of External Auditors
10. Adjournment

For the purpose of the meeting, only stockholders of record at the close of business on February 24, 2017 will be entitled to vote thereat.

Please bring some form of identification, such as passport, driver's license, or company I.D. in order to facilitate registration, which will start at 9:30 A.M.

A copy of the Audited Financial Statements of the Company as of and for the year ended December 31, 2016 with Management Discussion and Analysis shall be posted in the Company's website (www.goldenhaven.com.ph) on or before March 27, 2017. A hard copy of the same audited financial statements will be provided to any requesting shareholder, as soon as said audited financial statements becomes available but in no case later than March 27, 2017.

TIMOTHY JOSEPH M. MENDOZA
Corporate Secretary

ALOT, E. C. MAM
N LATTING AYINAM

Where to stay in Philippines

at the following hotel subscribers of the Manila Bulletin:

88 Courtyard Hotel

Paragon Tower Hotel Manila

FERRAL HOTEL

GREAT EASTERN HOTEL

Cebu Pacific

Philippine Airlines

Sir William Hotel

Southomes Apartelle

Conglomerates... From B1

and majority stockholder of Phoenix Petroleum Philippines Inc. obtained shares from Netherlands-based KGL Investment B.V. which owns about 60 percent of KGLI-NM.

KGLI-NM controls Negros Navigation Co. (Nenaco) which owns 88.31 percent of 2Go.

2Go chairman Francis Chua said aside from Uy, other local

investors also bought into the fund.

Last February, during the company's board meeting, Uy was elected as a director of 2Go, successfully gaining entry into the company. Also elected to the board were Uy's associates Elmer Serrano, Jose Amor Morado and Joseph Tan.

Commenting on the logistics business in general, Ayala Corp. chief finance officer TG Lim-

caoco said in a recent briefing the business is lucrative and is less regulated compared to other industries.

Limcaoco also said the oldest conglomerate, for its part, would remain on the lookout for opportunities in the digital and e-commerce space and could invest up to \$100 million.

The Ayala Group has recently acquired a 49 percent stake in online fashion retailer Zalora Philippines.

Duterte's political will

The good news is... President Duterte has recognized the risk to our political and economic stability that the impeachment calls will bring. He has called on his political allies to just stop calling for the Vice President's impeachment. Here is how he responded to a question during a press conference:

"Look, you know we just had an election. Guys, lay off. Let's stop it. You can

do other things, but do not tinker with the structure of government. I will not countenance it."

"Elected 'yang tao eh. So why do you have to? Just because she keeps on harping me? Hayaan mo, this is a democracy, freedom of speech. Wala na-

man... There are... There is no or there

BOO CHANCO

are no overt acts committed. *Kakapang lang ng election. Bakit mo sisirain ang bayan?*"

The bad news is... his supposed ally, the House Speaker, will hear none of it. He announced they will still put the impeachment complaints on the House agenda.

This is not the first time the House Speaker has disregarded President Duterte. The emergency power to deal with the transport crisis which Mr. Duterte sought even before he took his oath of office is nowhere near being passed by the House of Representatives. Worse, the Speaker had been undermining DOT Sec Art Tugade every opportunity he gets.

It isn't as if it is beyond the capacity of the House to act speedily. They passed a cigarette tax proposal favored by Mighty Corporation in less than a week, four days to be exact, last December. They disregarded the objection to the bill made by Duterte's Secretary of Finance.

Indeed, Duterte's so-called allies in the House continue to defy him. The Tax Reform bill, the cornerstone of this administration's economic and fiscal program, is not getting the kind of enthusiastic support one would expect for a measure that would spell the success or failure of Mr. Duterte's watch.

The thing is... people voted for Duterte because they saw him as a strong leader. They did not choose someone who will end up a political wimp ignored by his own allies.

But, pray tell... outside of the war on drugs, where else has Mr. Duterte shown any political will since he took power? *Sa totoo lang...* again, outside of the war on drugs, Duterte has proven to be a rather laid back president who is more than eager to let those around him run government any which way they see fit. *Kanya kanyang discarte!*

True, the details of day to day management should be left to Cabinet members. But President Duterte should never let people forget who is boss. Certainly, the House Speaker has forgotten that fact. In defying Duterte's order to lay off VP Leni, the Speaker even boasted the House is independent of Malacanang.

I know... that's hilarious. The House is independent of Malacanang? When did this happen? The so-called super majority didn't happen because congressmen want to be independent of Malacanang. Next to Duterte, the most important executive official to them is Budget Secretary Ben Diokno.

Then maybe, Duterte and the House Speaker are merely playing good cop, bad cop. Duterte sounds off as a statesman and the House Speaker does the dirty work. But it's horrible to play around with the national interest at risk in this high stakes political maneuvering.

Then there is the economy. Despite the constant announcements of big ticket projects approved by NEDA, the line agencies aren't visibly moving to get anything started.

The administration seems distracted

from doing the important and things. For example, nothing big has done to attack poverty.

Indeed the DSWD under the co the National Democratic Front (let the pretension and say what real even opposing the conditional cash program and the tax reform propos don't want the poor to feel the gov-

cares for them because that will ext the fire of discontent they are fan spark their hoped for revolution.

Then nothing much has been about the problem of creating jo terte promised OFWs in Bangk soon going abroad to work w choice rather than a necessity. Du sounding like P-Noy who said as But Duterte, like P-Noy, has done earthshaking to get that promise f

I am worried Duterte is now s one trick pony, able to think only anti-drug war and nothing else. Pe order is essential to a functioning e but the President's fingerprints must in many other areas of national cor

Has Duterte increased transpar government as he had promised? think so. Government accountability not improved over the last nine of Duterte's watch.

But Mr. Duterte gets credit for k

true to his word that he will go

vested interests. He allowed F

Secretary Sonny Dominguez to go

Mighty Corporation, a sacred cow

the Aquino watch.

Let us see if the Secretary of Just

follow through with that over P9

tax evasion case. Indeed, there sh

supplemental cases because P9 b

below earlier estimates of the ci

company's liability.

Duterte's insistence on his P3

compromise is disturbing given the

ty of Mighty's potential tax liability.

compromise of P3 billion will rewa

Mighty has allegedly been doing b

DOF findings.

President Duterte deserves credi

ing all out in support of embattled

Secretary Gina Lopez. He even went

as he declared he is ready to forgo

ment income from mining, if he ca

convinced the rape of the country's

stop.

But in Gina's case, the personal i

for members of Congress to reject

be too great even for Duterte to ov

This is a most serious test of Duterte'

cal will. If his call for Gina's confirm

ignored, he comes out looking like

cal wimp.

The business world is waiting

Mr. Duterte has political will to ca

his promised economic and fiscal r

Both former presidents Gloria Arro

Benigno Aquino III got their boost

was ascertained they stand behind

fiscal and economic policies. That'

our stock market boomed and the p

came the region's best performing c

A strong or a weak peso is not t

measure of a sound economy but

is a good barometer of how the

views us. A president and his ec

managers can bullshit all they wa

fancy powerpoint presentations i

national road shows, but currency

cannot be fooled. They simply buy

our peso based on what they see

all the noise.

President Duterte has not yet ex

his political will in a way that woul

us feel he is in overall control. He is

to use his political capital. Yet, his s

ers want to give him extraordinary

of a dictator when he hasn't even

wants to use powers he already ha

Many of those around Mr. Dut

just pampering his ego to cover u

own less than honorable agenda. I

good to see President Duterte sho

indeed the boss and for more of t

stuff than just the nightly carnage

anti drug war.

Boo Chanco's e-mail address is bc

gmail.com. Follow him on Twitter @b



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the annual meeting of the stockholders of **GOLDEN HAVEN MEMORIAL PARK, INC.** (the "Company") for the year 2017 will be held on **Saturday, April 1, 2017 at 10:00 am at the Villar Hall, Villar SIPAG, San Ezekiel, C5 Extension, Las Piñas City.** The order of business thereat will be as follows:

1. Call to order
2. Proof of service of the required notice of the meeting
3. Certification of the presence of a quorum
4. Presentation of the President's Report, Management Report and Audited Financial Statements for the year 31 December 2016
5. Ratification of all acts and resolutions of the Board of Directors and Management for the year ended 31 December 2016 until 31 March 2017
6. Election of the members of the Board of Directors, including the Independent Directors, for the year 2017
7. Approval of the change of date, time and venue of the Annual Meeting of Stockholders of the Company, as set forth in Section 1 of Article II of the Company's Amended By-Laws
8. Approval of the change of venue of the Special Meeting of the Stockholders of the Company, as set forth in Section 2 of Article II of the Company's Amended By-Laws
9. Appointment of External Auditors
10. Adjournment

For the purpose of the meeting, only stockholders of record at the close of business on February 24, 2017 will be entitled to vote thereat.

Please bring some form of identification, such as passport, driver's license, or company I.D. in order to facilitate registration, which will start at 9:30 A.M.

A copy of the Audited Financial Statements of the Company as of and for the year ended December 31, 2016 with Management Discussion and Analysis shall be posted in the Company's website (www.goldenhaven.com.ph) on or before March 27, 2017. A hard copy of the same audited financial statements will be provided to any requesting shareholder, as soon as said audited financial statements becomes available but in no case later than March 27, 2017.

TIMOTHY JOSEPH M. MENDOZA
Corporate Secretary

5TH ASIA PACIFIC
REAL ESTATE
INVESTMENT SUMMIT
PHILIPPINES

www.5APREISP.com

UNRAVELING THE NEW PHILIPPINES: HEIGHTENED OPTIMISM, SURGING INVESTMENT

31 March 2017 | Dusit Thani Manila | Philippines

FEATURED EXPERT DISCUSSANTS



JOSE E.B. ANTONIO
APREA, Philippine Chapter
Chairman



PETER VERWER
APREA
Chief Executive Officer



TERESITA J. HERBOSA
NEDA
Chairperson



ADORACION M. NAVARRO
NEDA
Undersecretary



ANTONETTE C. TIOIKO
Department of Finance
Undersecretary



EDUARDO V. FRANCISCO
BOO Capital & Investment Corp.
President



JANUARIO JESUS B. ATENCIO
550 Holdings
President & CEO



BRUVINA SURESH
Linnu Philippines, Inc.
Chief Executive Officer



ISAAC S. DAVID
AlloyMTD Philippines
Chairman



MICHAEL DE GUZMAN
Marquise
Managing Director



JOSE MARI DEL ROSARIO
PNHMA Morote Hotel, Inc.
President & CEO



VIVENCIO B. DIZON
BCDA
President & CEO



HANKY Y. LEE
The Henry Hotel
Chairman



KARIM G. GARCIA
Meta Pacific Investments Corp.
VP, Business Development



ARTHUR G. GINDAP
The Asset Ltd.
Regional General Manager



NICHOLAS GRAMBAS
Sibley Auer LLP
Partner



JAVIER O. HERNANDEZ
Ten Kinds Development Corp.
President



CINDY TAN JARABATA
TAJARA Leisure
President



FRANCISCO ED. UM
ACCRALAW
Senior Partner

COVER SHEET

1	0	8	2	7	0					
S.E.C. Registration Number										

G	O	L	D	E	N		H	A	V	E	N		M	E	M	O	R	I	A	L				
P	A	R	K	,			I	N	C	.														

(Company's Full Name)

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

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

Roy Joseph S. Fernandez	873-2922
Contact Person	Company Telephone Number

12	31	AAFS	04
Month	Day	FORM TYPE	Month
Calendar Year			Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.	Amended Articles Number/Section

	Total Amount of Borrowings	
	Domestic	Foreign
Total No. of Stockholders		

To be accomplished by SEC Personnel concerned

File Number	LCU
Document I.D.	Cashier

GOLDEN HAVEN MEMORIAL PARK, INC.
(A Subsidiary of Fine Properties, Inc.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015
(Amounts in Philippine Pesos)

	Notes	2016	2015
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	4	P 445,952,579	P 114,643,585
Contracts receivable	5	509,479,472	445,146,994
Due from related parties	16	70,871,002	70,212,101
Other receivables	5	101,240,211	29,902,601
Memorial lot inventories – net	6	344,994,214	217,770,422
Other current assets	9	9,762,409	14,351,044
		<u>1,482,299,887</u>	<u>892,026,747</u>
Total Current Assets			
NON-CURRENT ASSETS			
Contracts receivable	5	986,290,580	828,946,300
Property and equipment – net	7	141,972,692	24,790,965
Investment properties	8	267,306,979	41,334,899
Retirement benefit assets	17	47,208	-
		<u>1,395,617,459</u>	<u>895,072,164</u>
Total Non-current Assets			
TOTAL ASSETS		<u>P 2,877,917,346</u>	<u>P 1,787,098,911</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Interest-bearing loans	10	P 310,316	P 5,971,611
Trade and other payables	11	344,704,317	234,215,523
Rawlands payable	11	192,058,542	30,020,051
Customers' deposits	2	11,390,375	5,929,014
Dividends payable	18	-	650,000,000
Income tax payable		11,247,854	14,954,725
		<u>559,711,404</u>	<u>941,090,924</u>
Total Current Liabilities			
NON-CURRENT LIABILITIES			
Interest-bearing loans	10	500,000,000	3,047,174
Deferred tax liabilities – net	15	301,890,319	255,975,324
Reserve for perpetual care	12	198,259,890	152,252,485
Retirement benefit obligation	17	-	76,299
		<u>1,000,150,209</u>	<u>411,351,282</u>
Total Non-current Liabilities			
Total Liabilities		<u>1,559,861,613</u>	<u>1,352,442,206</u>
EQUITY	18		
Capital stock		494,117,649	20,000,000
Additional paid-in capital		628,928,339	-
Revaluation reserves		(2,405,172)	(2,535,595)
Retained earnings		197,414,917	417,192,300
		<u>1,318,055,733</u>	<u>434,656,705</u>
Total Equity			
TOTAL LIABILITIES AND EQUITY		<u>P 2,877,917,346</u>	<u>P 1,787,098,911</u>

See Notes to Financial Statements.

GOLDEN HAVEN MEMORIAL PARK, INC.
(A Subsidiary of Fine Properties, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2016	2015	2014
REVENUES	2			
Real estate sales	16	P 772,080,140	P 650,798,166	P 555,440,507
Interment income		22,108,159	21,499,794	19,703,869
Interest income on contract receivables	5	20,399,147	20,499,328	19,590,271
		<u>814,587,446</u>	<u>692,797,288</u>	<u>594,734,647</u>
COSTS AND EXPENSES	13			
Costs of sales and services		332,166,938	293,147,058	250,517,637
Other operating expenses		<u>247,674,620</u>	<u>203,971,292</u>	<u>150,568,375</u>
		<u>579,841,558</u>	<u>497,118,350</u>	<u>401,086,012</u>
OPERATING PROFIT		234,745,888	195,678,938	193,648,635
OTHER INCOME – Net	14	<u>22,933,479</u>	<u>20,654,277</u>	<u>12,851,424</u>
PROFIT BEFORE TAX		257,679,367	216,333,215	206,500,059
TAX EXPENSE	15	(<u>77,456,750</u>)	(<u>65,218,011</u>)	(<u>61,871,857</u>)
NET PROFIT		<u>180,222,617</u>	<u>151,115,204</u>	<u>144,628,202</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit post-employment obligation	17	186,319	(90,008)	(1,747,403)
Tax income (expense)	15	(<u>55,896</u>)	<u>27,002</u>	<u>524,221</u>
		<u>130,423</u>	(<u>63,006</u>)	(<u>1,223,182</u>)
TOTAL COMPREHENSIVE INCOME		<u>P 180,353,040</u>	<u>P 151,052,198</u>	<u>P 143,405,020</u>
Basic and Diluted Earnings Per Share	19	<u>P 0.49</u>	<u>P 755.58</u>	<u>P 723.14</u>

See Notes to Financial Statements.

GOLDEN HAVEN MEMORIAL PARK, INC.
(A Subsidiary of Fine Properties, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 257,679,367	P 216,333,215	P 206,500,059
Adjustments for:				
Interest income	4, 5	(23,166,027)	(21,495,384)	(20,627,657)
Depreciation and amortization	7	12,487,002	5,700,616	6,780,469
Interest expense	14	7,505,449	1,539,022	150,139
Operating profit before working capital changes		254,505,791	202,077,469	192,803,010
Increase in contracts receivable		(221,676,758)	(186,241,535)	(146,059,617)
Increase in other receivables		(71,996,511)	(35,044,329)	(2,833,262)
Increase in memorial lot inventories		(127,223,792)	(5,153,787)	(103,486,220)
Decrease (increase) in other current assets		4,541,427	(6,188,352)	(14,175)
Increase in trade and other payables		110,488,794	25,538,098	10,558,335
Increase (decrease) in rawlands payable		162,038,491	20,768,421	(1,308,123)
Increase (decrease) in customers' deposits		5,461,361	(1,203,178)	1,098,632
Increase (decrease) in retirement benefit obligation		113,903	(251,073)	(1,053,983)
Increase in other liabilities		46,007,405	18,392,988	8,928,179
Cash generated from (used in) operations		162,260,111	32,694,722	(41,367,224)
Interest received		23,166,027	21,495,384	20,707,136
Cash paid for income taxes		(35,304,522)	(18,044,128)	(14,081,204)
Net Cash From (Used in) Operating Activities		150,121,616	36,145,978	(34,741,292)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to investment properties	8	(225,972,080)	(2,008,152)	-
Acquisitions of property and equipment	7	(129,668,729)	(8,039,574)	(13,667,076)
Proceeds from disposals of property and equipment	7	-	418,096	120,271
Net Cash Used in Investing Activities		(355,640,809)	(9,629,630)	(13,546,805)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares of stock	18	703,045,988	-	-
Dividends paid	18	(650,000,000)	-	-
Proceeds from availments of interest-bearing loans and borrowings	10	500,000,000	9,018,785	-
Repayment of interest-bearing loans and borrowings	10	(8,708,469)	-	-
Interest paid		(7,509,332)	(1,550,336)	(150,139)
Net Cash From (Used in) Financing Activities		536,828,187	7,468,449	(150,139)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		331,308,994	33,984,797	(48,438,236)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		114,643,585	80,658,788	129,097,024
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 445,952,579	P 114,643,585	P 80,658,788

Supplemental Information on Non-cash Investing and Financing Activities:

- 1) The Company transferred certain parcels of land previously classified as Investment Properties to Memorial Lot Inventories with carrying amount of P7.6 million in 2015 (see Note 8). There was no such transaction in 2016.
- 2) Due from related parties amounting to P150.0 million was offset against dividends payable in 2015 (see Notes 16 and 18). There was no such transaction in 2016.

See Notes to Financial Statements.

GOLDEN HAVEN MEMORIAL PARK, INC.
(A Subsidiary of Fine Properties, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Additional Paid-in Capital	Revaluation Reserves	Retained Earnings		Total Equity
					Appropriated	Unappropriated	
Balance at January 1, 2016	18	P 20,000,000	P -	(P 2,535,595)	P 400,000,000	P 17,192,300	P 434,656,705
Issuance of capital stock	18	74,117,649	628,928,339	-	-	-	703,045,988
Reversal of appropriation of retained earnings	18	-	-	-	(400,000,000)	400,000,000	-
Stock dividends	18	400,000,000	-	-	-	400,000,000	-
Total comprehensive income for the year	15, 17	-	-	130,423	-	180,222,617	180,353,040
Balance at December 31, 2016	18	P 494,117,649	P 628,928,339	(P 2,405,172)	P -	P 197,414,917	P 1,318,055,733
Balance at January 1, 2015		P 20,000,000	P -	(P 2,472,589)	P 1,060,000,000	P 6,077,096	P 1,083,604,507
Reversal of appropriation of retained earnings	18	-	-	-	(660,000,000)	660,000,000	-
Cash dividends	18	-	-	-	-	800,000,000	(800,000,000)
Total comprehensive income for the year	15, 17	-	-	63,006	-	151,115,204	151,052,198
Balance at December 31, 2015	18	P 20,000,000	P -	(P 2,535,595)	P 400,000,000	P 17,192,300	P 434,656,705
Balance at January 1, 2014		P 20,000,000	P -	(P 1,249,407)	P 120,000,000	P 801,448,894	P 940,199,487
Appropriation of retained earnings	18	-	-	-	940,000,000	(940,000,000)	-
Total comprehensive income for the year	15, 17	-	-	1,223,182	-	144,628,202	143,405,020
Balance at December 31, 2014	18	P 20,000,000	P -	(P 2,472,589)	P 1,060,000,000	P 6,077,096	P 1,083,604,507

See Notes to Financial Statements.



P&A
Grant Thornton

An instinct for growth™

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

T +63 2 988 2288
F +63 2 886 5506
grantthornton.com.ph

Report of Independent Auditors

The Board of Directors and Stockholders
Golden Haven Memorial Park, Inc.
(A Subsidiary of Fine Properties Inc.)
San Ezekiel, C5 Extension
Las Piñas City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Golden Haven Memorial Park, Inc. (the Company), which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2016, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2016 in accordance with Philippine Financial Reporting Standards (PFRS).

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

Offices in Cebu, Davao, Cavite

BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-4

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition for Real Estate Sales

Description of the Matter

The Company recognizes revenue from real estate sales using the full accrual method after establishing that collection of the total contract price is reasonably assured. The Company determines that collection is reasonably assured based on the percentage of collection of the total contract price.

Revenue recognition from real estate sales was significant to our audit as it is the main source of revenues of the Company. Further, revenue recognition involves significant management judgments and estimates in ascertaining the collectability of the contract price. An error in application of judgment and estimate could cause a material misstatement in the financial statements.

The Company's policy for revenue recognition is more fully described in Note 2 to the financial statements.

How the Matter was Addressed in the Audit

We tested, on a sample basis, the application of the percentage of collection threshold on sales contracts entered into during the year. We also tested the reasonableness of the collection threshold as basis of determining revenue recognition criterion on the collectability of contract price.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A and Annual Report for the year ended December 31, 2016 (but does not include the financial statements and our auditors' report thereon). The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2016 required by the Bureau of Internal Revenue as disclosed in Note 25 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

PUNONGBAYAN & ARAULLO


By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 5908627 January 3, 2017, Makati City
SEC Group A Accreditation
Partner - No. 1036-AR-2 (until Mar. 15, 2020)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-32-2016 (until Oct. 3, 2019)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

March 24, 2017

GOLDEN HAVEN MEMORIAL PARK, INC.
(A Subsidiary of Fine Properties, Inc.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016, 2015 AND 2014
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Golden Haven Memorial Park, Inc. (the Company) was incorporated in the Philippines on November 16, 1982. The Company is presently engaged in the development and sale of memorial lots. The Company is a 98% owned subsidiary of Fine Properties, Inc. (FPI), which is a holding company.

The Company's shares of stock are listed at the Philippine Stock Exchange (PSE) beginning June 29, 2016 (see Note 18).

The registered office of the Company, which is also its principal place of business, is located at No. 40 Real St., Zapote, Las Piñas City. The registered office of FPI is located at 3rd Level, Starmall Las Piñas, CV. Starr Avenue, Pamplona, Las Piñas City.

On March 8, 2016, the Board of Directors (BOD) and stockholders of the Company approved the following amendments to the Company's Article of Incorporation and By-laws, which amendments were approved by the SEC on March 17, 2016:

- (a) change in the Company's principal office from No. 40 Real St., Zapote, Las Piñas City to San Ezekiel, C5 Extension, Las Piñas City; and,
- (b) increased the authorized capital stock from P20.0 million divided into 200,000 shares to P1,000.0 million divided into 996.0 million common shares with P1 par value per share and 400.0 million voting, non-cumulative, non-participating, non-convertible and non-redeemable preferred shares with P0.01 par value per share.

Presently, the Company has only one dominant segment. Accordingly, no segment information or disclosure is presented in the financial statements.

The financial statements of the Company as of and for the year ended December 31, 2016 (including the comparative financial statements as of December 31, 2015 and for the years ended December 31, 2015 and 2014) were authorized for issue by the Company's BOD on March 24, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized 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.

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. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the 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 2016 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2016:

PAS 1 (Amendments)	:	Presentation of Financial Statements – Disclosure Initiative
PAS 16 and 38 (Amendments)	:	Property, Plant and Equipment, and Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization
PAS 16 and 41 (Amendments)	:	Property, Plant and Equipment, and Agriculture – Bearer Plants
Annual Improvements	:	Annual Improvements to PFRS (2012-2014 Cycle)

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

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure Initiative*. The amendments encourage entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, they clarify 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. Moreover, the amendments clarify that an entity's share in other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. They further clarify 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 (Amendments), *Property, Plant and Equipment*, and PAS 38 (Amendments), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization*. The amendments in PAS 16 clarify 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, amendments to PAS 38 introduce 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 amendments also provide 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 (Amendments), *Property, Plant and Equipment*, and PAS 41 (Amendments), *Agriculture – Bearer Plants*. The amendments define 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 amendments further clarify that produce growing on bearer plants remains within the scope of PAS 41.
- (iv) Annual Improvements to PFRS (2012-2014 Cycle). Among the 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:
 - PAS 19 (Amendments), *Employee Benefits – Discount Rate: Regional Market Issue*. The amendments clarify 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.
 - PFRS 7 (Amendments), *Financial Instruments: Disclosures – Servicing Contracts*. The amendments provide 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.

(b) *Effective in 2016 that are not Relevant to the Company*

The following new PFRS, amendments and annual improvements to existing standards are mandatorily effective for annual periods beginning on or after January 1, 2016 but are not relevant to the Company’s financial statements:

PAS 27 (Amendments)	:	Separate Financial Statements – Equity Method in Separate Financial Statements
PFRS 11 (Amendments)	:	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
PFRS 14	:	Regulatory Deferral Accounts

PFRS 10, PFRS 12 and PAS 28 (Amendments)	: Consolidated Financial Statements, Disclosure of Interests in Other Entities, and Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception
Annual Improvements to PFRS (2012-2014 Cycle)	
PAS 34 (Amendments)	: Interim Financial Reporting – Disclosure of Information “Elsewhere in the Interim Financial Report”
PFRS 5 (Amendments)	: Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal
PFRS 7 (Amendments)	: Financial Instruments: Disclosures – Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements

(c) *Effective Subsequent to 2016 but not Adopted Early*

There are new PFRS and amendments to existing standards effective for annual periods subsequent to 2016, 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 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). They require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, they suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

(ii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will replace PAS 39, *Financial Instruments: Recognition and Measurement* and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
- an expected 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 (2014) 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.

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

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

Management is currently assessing the impact of this standard on the Company’s financial statements.

- (iv) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases “on-balance sheet” by recognizing a “right of use” asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the “right-of-use” asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similarly to as financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee’s benefit).

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

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

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 Instruments: Presentation*.

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 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 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

Construction in progress represents properties under construction and is stated at cost. This includes cost of construction of the Golden Haven Las Piñas Chapel and Crematorium. The account is not yet depreciated until such time that the assets are completed and available for use.

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

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 interest-bearing loans, trade and other payables [except output value-added tax (VAT) and other tax-related payables], rawlands payable 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 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) *Real estate sales* – 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 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.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted additional paid-in capital, net of any related income tax benefits.

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 Transactions and Relationships

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 19).

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of potential dilutive shares (see Note 19).

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 Among Investment Properties, Owner-managed Properties and Memorial Lot Inventories

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

(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 20.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding pages are the key assumptions concerning the future, and other sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) *Recognition of Revenue from Sale of Memorial Lot Inventories*

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 collectability 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 2016, 2015 and 2014.

(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 December 31, 2016 and 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 as discussed in Note 23.2.

For investment properties with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of fair value of those properties.

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 December 31, 2016 and 2015 will be fully utilized in the coming years (see Note 15).

(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 2016, 2015 and 2014, no impairment losses were recognized on property and equipment, investment properties and other non-financial assets (see Notes 7, 8 and 9, respectively).

(h) *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.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 17.2.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31 follows:

	<u>2016</u>	<u>2015</u>
Cash on hand and in banks	P 445,952,579	P 84,703,998
Short-term placements	<u>-</u>	<u>29,939,587</u>
	<u>P 445,952,579</u>	<u>P 114,643,585</u>

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods between 30 to 60 days and earn annual effective interest rates of 0.99%, 1.13%, and 1.69% in 2016, 2015 and 2014, respectively. The total interest income earned amounted to P2.8 million, P1.0 million and P1.1 million in 2016, 2015 and 2014, respectively, and is presented as Finance income under Other Income 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:

	<u>2016</u>	<u>2015</u>
Current	P 509,479,472	P 445,146,994
Non-current	<u>986,290,580</u>	<u>828,946,300</u>
	<u>P 1,495,770,052</u>	<u>P 1,274,093,294</u>

Contracts receivable with maximum term of five years have an annual effective interest rate of 6% to 15.00% in 2016, 2015 and 2014. Interest income related to this account of P20.4 million in 2016, P20.5 million in 2015 and P19.6 million in 2014 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 receivables amounted to P101.2 million and P29.9 million as of December 31, 2016 and 2015, respectively. These comprise mostly advances to suppliers for 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 December 31, 2016 and 2015.

6. MEMORIAL LOT INVENTORIES

Memorial lot inventories consist of acquisition costs of the land, construction and development costs, and 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.

	<u>Note</u>	<u>2016</u>	<u>2015</u>
San Ezekiel	P	205,312,444	P 246,263,563
Cebu		120,646,876	140,920,894
Zamboanga		55,173,668	71,352,812
Bulacan		54,409,377	79,198,763
Las Piñas		42,587,378	38,470,775
Iloilo		40,343,637	49,437,549
Cagayan de Oro		25,197,620	34,478,220
Lots for sale and development		543,671,000	660,122,576
Reserve for land development cost		(198,676,786)	(442,352,154)
	6.2	<u>P 344,994,214</u>	<u>P 217,770,422</u>

Which are composed of:

	<u>2016</u>	<u>2015</u>
Cost of land	P 94,137,511	P 42,623,010
Construction and development cost	<u>250,856,703</u>	<u>175,147,412</u>
	<u>P 344,994,214</u>	<u>P 217,770,422</u>

In 2016, the Company opened additional lot inventories amounting to P20.1 million in Cebu, P18.9 million in Zamboanga and P14.3 million in Iloilo, while in 2015, additional lot inventories amounting to P59.9 million was opened in Zamboanga.

In 2015, certain parcels of land previously classified as investment properties which amounted to P7.6 million, were reclassified to Memorial Lot Inventories due to change in use and intention for the asset (see Note 8). There were no land reclassified as lot inventories in 2016.

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.

	Notes	2016	2015
Memorial lot inventories			
at beginning of year - net		P 217,770,422	P 205,022,304
Additions and lot improvements		445,970,396	294,889,844
Memorial lot inventories			
at end of year - net	6.1	(344,994,214)	(217,770,422)
	13.1	P 318,746,604	P 282,141,726

7. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2016 and 2015 are shown below.

	Leasehold Improvements	Service Vehicle	Service Equipment	Park Maintenance Tools and Equipment	Office Furniture, Fixtures and Equipment	System Development Cost	Construction in Progress	Total
December 31, 2016								
Cost	P 11,056,031	P 33,371,139	P 8,726,271	P 16,597,644	P 25,558,098	P 2,525,172	P 114,214,099	P 212,048,454
Accumulated Depreciation and amortization	(6,689,674)	(23,999,486)	(5,087,984)	(13,210,246)	(18,701,192)	(2,207,180)	-	(70,075,762)
Net carrying amount	P 4,186,357	P 9,371,653	P 3,638,287	P 3,387,398	P 6,856,906	P 317,992	P 114,214,099	P 141,972,692
December 31, 2015								
Cost	P 6,446,250	P 28,415,661	P 6,547,690	P 15,989,115	P 21,373,667	P 4,043,111	P -	P 82,815,497
Accumulated depreciation and amortization	(4,036,596)	(20,336,205)	(3,843,010)	(12,177,601)	(14,164,939)	(3,466,181)	-	(58,024,532)
Net carrying amount	P 2,409,654	P 8,079,456	P 2,704,680	P 3,811,517	P 7,208,728	P 576,930	P -	P 24,790,965
January 1, 2015								
Cost	P 5,887,228	P 26,142,071	P 4,519,315	P 16,407,214	P 18,673,272	P 3,564,919	P -	P 75,194,019
Accumulated depreciation and amortization	(3,153,536)	(18,386,667)	(3,338,375)	(11,664,250)	(12,889,957)	(2,891,131)	-	(52,323,916)
Net carrying amount	P 2,733,692	P 7,755,404	P 1,180,940	P 4,742,964	P 5,783,315	P 673,788	P -	P 22,870,103

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2016 and 2015 are as follows:

	Leasehold Improvements	Service Vehicle	Service Equipment	Park Maintenance Tools and Equipment	Office Furniture, Fixtures and Equipment	System Development Cost	Construction in Progress	Total
Balance at January 1, 2016, net of accumulated depreciation	P 2,409,654	P 8,079,456	P 2,704,680	P 3,811,517	P 7,208,728	P 576,930	P -	P 24,790,965
Additions	3,206,818	4,955,478	2,178,581	1,635,229	3,213,652	264,871	114,214,099	129,668,729
Depreciation charges for the year	(430,116)	(3,663,281)	(1,244,975)	(2,059,348)	(3,565,474)	(523,809)	-	(12,487,002)
Balance at December 31, 2016, net of accumulated depreciation	P 4,186,357	P 9,371,653	P 3,638,287	P 3,387,398	P 6,856,906	P 317,992	P 114,214,099	P 141,972,692
Balance at January 1, 2015, net of accumulated depreciation	P 2,733,692	P 7,755,404	P 1,180,940	P 4,742,964	P 5,783,315	P 673,788	P -	P 22,870,103
Additions	559,022	2,273,590	2,028,375	-	2,700,395	478,192	-	8,039,574
Disposal	-	-	-	(418,096)	-	-	-	(418,096)
Depreciation charges for the year	(883,060)	(1,949,538)	(504,635)	(513,351)	(1,274,982)	(575,050)	-	(5,700,616)
Balance at December 31, 2015, net of accumulated depreciation	P 2,409,654	P 8,079,456	P 2,704,680	P 3,811,517	P 7,208,728	P 576,930	P -	P 24,790,965

Certain fully depreciated assets with acquisition costs of P13.9 million and P13.3 million as of December 31, 2016 and 2015, respectively, are still being used in operations.

8. INVESTMENT PROPERTIES

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

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	P 41,334,899	P 46,921,078
Additions	225,972,080	2,008,152
Reclassification to memorial lot inventories	<u>-</u>	<u>(7,594,331)</u>
Balance at end of year	<u>P 267,306,979</u>	<u>P 41,334,899</u>

The Company's investment properties consist mainly of land. Certain investment properties totaling P7.6 million in 2015 were reclassified to Memorial Lot Inventories due to change in management intention for the said properties (see Note 6.1). Management no longer intends to hold such 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.

The fair value and other information about the measurement and disclosures related to the investment properties are presented in Note 23.2.

9. OTHER CURRENT ASSETS

This account consists of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Prepaid expenses	P 5,117,310	P 7,592,855
Deferred input VAT	2,244,788	4,923,818
Security deposits	1,657,824	1,509,271
Other assets	<u>742,487</u>	<u>325,100</u>
	<u>P 9,762,409</u>	<u>P 14,351,044</u>

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

In 2016 and 2015, the Company obtained interest-bearing bank loans amounting to P500.0 million and P14.9 million, respectively, from a local commercial bank for working capital requirements. These loans are payable within three months to three years and are subject to average annual effective interest rates of 4.5% and 8.0%, in 2016 and 2015, respectively. The outstanding balance of these loans as of December 31, 2016 and 2015 amounted to P500.3 million and P9.0 million, respectively, and are presented as Interest-bearing Loans account in the current and non-current section in the statements of financial position. Interest expense pertaining to these loans amounted to P7.5 million and P1.0 million and are shown as part of Finance costs under Other Income account in the statements of comprehensive income (see Note 14.1). Portion of the interest expense from the loan obtained in 2016 amounting to P5.6 million was capitalized by the Company as part of memorial lot inventories. There are no outstanding interest payable as of December 31, 2016 and 2015 related to these loans.

11. TRADE AND OTHER PAYABLES AND RAWLANDS PAYABLE

11.1 Trade and Other Payables

This account consists of:

	Notes	2016	2015
Accounts payable	16.1	P 151,452,170	P 65,716,512
Deferred output tax		161,531,360	137,454,005
Due to affiliates	16.3	18,377,019	18,377,019
VAT payable	25.1(a)	8,329,956	3,294,656
Retention payable		3,263,735	8,292,126
Withholding taxes payable		1,643,121	899,265
Other payables		106,956	181,940
		<u>P 344,704,317</u>	<u>P 234,215,523</u>

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

11.2 Rawlands Payable

In 2016 and 2015, the Company purchased various rawlands for expansion amounting to P226.0 million and P13.5 million, respectively. The outstanding balance arising from these transactions amounted to P192.1 million and P30.1 million as of December 31, 2016 and 2015, respectively.

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 December 31, 2016 and 2015 amounting to P198.3 million and P152.3 million, respectively, represents the total amount of perpetual care from all outstanding sales contracts, net of amount already remitted for fully collected memorial lots into the Trust Fund amounting to P125.8 million and P128.8 million as of December 31, 2016 and 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, thus, do not form part of the accounts of the Company.

The details of the Trust Fund as of December 31, 2016 and 2015 are shown below.

	<u>2016</u>	<u>2015</u>
Assets:		
Cash	P -	P 18,964,235
Investment in unit investment trust funds	3,965,859	38,734,000
Investment in government securities	-	10,798,736
Accumulated income and market gains	-	3,393,683
Investment in other securities and debt instruments	2,965,078	42,470,197
Loans and receivables	21,900	14,538,577
Investment in mutual funds	118,853,376	-
Liability –		
Accrued trust fees and other expenses	(54,379)	(114,315)
	<u>P 125,751,834</u>	<u>P 128,785,113</u>

13. COSTS AND EXPENSES

13.1 Costs of Sales and Services

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

	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cost of memorial lots sold	6.2	P 318,746,604	P 282,141,726	P 242,076,425
Cost of interment		<u>13,420,334</u>	<u>11,005,332</u>	<u>8,441,212</u>
		<u>P 332,166,938</u>	<u>P 293,147,058</u>	<u>P 250,517,637</u>

Cost of memorial lots sold is comprised of:

	<u>2016</u>	<u>2014</u>	<u>2014</u>
Cost of land	P 75,293,132	P 53,939,621	P 41,382,374
Construction and development cost	<u>243,453,472</u>	<u>228,202,105</u>	<u>200,694,051</u>
	<u>P 318,746,604</u>	<u>P 282,141,726</u>	<u>P 242,076,425</u>

13.2 Other Operating Expenses

The details of other operating expenses are shown below.

	<u>Notes</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Salaries and employee benefits	17.1	P 54,172,126	P 44,714,203	P 31,968,499
Commission		52,346,312	50,583,552	38,875,301
Prompt payment discount		25,775,028	10,948,382	7,535,638
Promotions		15,042,404	18,782,783	13,166,718
Outside services		13,417,422	12,731,192	7,192,650
Trainings and seminars		11,495,801	7,132,145	4,542,581
Professional fees		10,004,349	6,309,025	4,065,181
Depreciation and amortization	7	9,173,117	5,700,616	6,780,469
Taxes and licenses	25.1(f)	8,962,419	2,567,573	2,184,918
Meetings and conferences		6,172,922	5,611,747	3,763,063
Utilities		5,945,554	5,080,322	4,063,621
Collection fees		4,898,734	5,367,101	4,068,795
Transportation and travel		4,811,144	4,887,213	4,100,522
Insurance		3,977,385	2,238,118	1,744,569
Rentals	16.1, 20.1	3,921,959	3,374,890	3,179,882
Representation		3,430,851	3,264,161	2,800,194
Office supplies		2,024,395	1,902,827	1,559,308
Management fees		1,800,000	1,800,000	1,838,592
Repairs and maintenance		1,796,082	1,091,886	758,080
Advertising		1,133,119	1,828,512	1,013,472
Miscellaneous		<u>7,373,497</u>	<u>8,055,044</u>	<u>5,366,322</u>
		<u>P 247,674,620</u>	<u>P 203,971,292</u>	<u>P 150,568,375</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).

	Notes	2016	2015	2014
Other revenues	14.2	P 27,675,931	P 21,208,557	P 11,884,698
Finance income	4, 17.2	2,766,880	996,056	1,116,865
Finance costs	10, 17.2	(7,509,332)	(1,550,336)	(150,139)
		<u>P 22,933,479</u>	<u>P 20,654,277</u>	<u>P 12,851,424</u>

14.2 Other Revenues

This account consists of (see Note 14.1):

	2016	2015	2014
Forfeited sales	P 13,669,068	P 13,977,297	P 4,712,033
Transfer fees	7,872,980	4,457,582	2,240,178
Interest on past due accounts	3,248,261	1,714,524	3,769,079
Service tent rentals	525,270	757,667	636,823
Others	<u>2,360,352</u>	<u>301,487</u>	<u>526,585</u>
	<u>P 27,675,931</u>	<u>P 21,208,557</u>	<u>P 11,884,698</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. TAXES

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

	2016	2015	2014
<i>Reported in profit or loss:</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	P 31,044,275	P 28,545,751	P 13,333,610
Final tax at 20% and 7.5%	<u>553,376</u>	<u>199,212</u>	<u>233,373</u>
	<u>31,597,651</u>	<u>28,744,963</u>	<u>13,556,983</u>
Deferred tax expense relating to origination and reversal of temporary differences	<u>45,859,099</u>	<u>36,473,048</u>	<u>48,314,874</u>
	<u>P 77,456,750</u>	<u>P 65,218,011</u>	<u>P 61,871,857</u>

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Reported in other comprehensive income (loss)</i>			
Deferred tax expense (income) relating to origination and reversal of temporary differences	P 55,896	(P 27,002)	(P 524,221)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax on pretax profit	P 77,303,810	P 64,899,965	P 61,950,018
Adjustment for income subjected to lower tax rate	(276,688)	(99,606)	(111,687)
Tax effect of non-deductible expenses	<u>429,628</u>	<u>417,652</u>	<u>33,526</u>
	<u>P 77,456,750</u>	<u>P 65,218,011</u>	<u>P 61,871,857</u>

The net deferred tax liabilities recognized in the statements of financial position as of December 31, 2016 and 2015 relate to the following:

	<u>2016</u>	<u>2015</u>
Unrealized gross profit	P 302,193,536	P 256,366,497
Unamortized past service cost	(317,378)	(368,283)
Retirement benefit obligation	<u>14,161</u>	(22,890)
Net deferred tax liabilities	<u>P 301,890,319</u>	<u>P 255,975,324</u>

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

	<u>Profit or Loss</u>			<u>Other Comprehensive Income</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Unrealized gross profit	(P 45,827,039)	(P 36,425,537)	(P 48,272,181)	P -	P -	P -
Unamortized past service cost	(50,905)	31,205	148,415	-	-	-
Retirement benefit obligation	<u>18,845</u>	(78,716)	(191,108)	(55,896)	27,002	524,221
Deferred Tax Income (Expense)	<u>(P 45,859,099)</u>	<u>(P 36,473,048)</u>	<u>(P 48,314,874)</u>	<u>(P 55,896)</u>	<u>P 27,002</u>	<u>P 524,221</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 2016, 2015 and 2014 as the RCIT is higher than MCIT in such years.

In 2016, 2015 and 2014, the Company claimed itemized deductions in computing for its income tax due.

16. RELATED PARTY TRANSACTIONS

The significant transactions of the Company in the normal course of business with its related parties are described below.

		2016		2015		2014	
	Notes	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)	Amount of Transaction	Outstanding Receivable (Payable)
Parent Company:							
Sales of memorial lots	16.4	P 88,970,268	P -	P -	P -	P -	P -
Advances granted	16.2	658,901	70,871,002	-	70,212,101	-	125,584,040
Cash dividends	16.2, 18	(634,872,000)	-	(784,872,000)	(634,872,000)	-	-
Stockholders:							
Lease of office space	16.1	-	-	(600,000)	(3,800,000)	(600,000)	(3,200,000)
Cash dividends	18	(15,128,000)	-	(15,128,000)	(15,128,000)	-	-
Related Parties Under Common Ownership:							
Advances granted	16.2	-	-	81,320,665	-	8,827,122	81,320,665
Advances obtained	16.3	-	(18,377,019)	-	(18,377,019)	(2,808,900)	(18,377,019)
Key Management Personnel – Compensation							
Compensation	16.5	11,647,007	-	9,414,859	-	7,720,269	-

None of the Company's outstanding balances with related parties has indication of impairment; hence, no impairment losses were recognized in the years presented.

16.1 Lease of Office Space

The Company leases its main office from a certain stockholder. The lease is renewable annually. Rental expense is shown as part of Rentals under Other Operating Expenses account in the 2015 and 2014 statements of comprehensive income (see Note 13.2). The lease agreement was terminated in 2016. The amount of unpaid rental which are generally noninterest-bearing, unsecured and settled through cash as of December 31, 2015 is presented as part of Accounts Payable under Trade and Other Payables account in the 2015 statement of financial position (see Note 11). There was no outstanding balance as of December 31, 2016.

16.2 Due from Related Parties

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

In 2015, the Company's 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 P150.0 million, respectively, were offset against the Company's cash dividends payable to the parent company (see Note 18).

The outstanding advances arising from these transactions amounting to P70.9 million and P70.2 million as at December 31, 2016 and 2015, respectively, is presented as Due from Related Parties account in the statements of financial position.

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

	<u>Note</u>	<u>2016</u>	<u>2015</u>
Balance at beginning of year		P 70,212,101	P 206,904,705
Additions		658,901	13,307,396
Advances set-off	18	<u>-</u>	(150,000,000)
Balance at end of year		<u>P 70,871,002</u>	<u>P 70,212,101</u>

16.3 Due to Affiliates

In 2015, the Company obtained short-term, unsecured, noninterest-bearing advances from related parties for working capital requirements payable in cash upon demand amounting to P18.4 million. The outstanding balance is presented as Due to affiliates under Trade and Other Payables account (see Note 11) as at December 31, 2016 and 2015.

16.4 Sale of Memorial Lots

In 2016, the Company sold memorial lots to its parent company amounting to P89.0 million. There were no outstanding balance from this transaction.

16.5 Key Management Personnel Compensation

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Short term benefits	P 9,899,956	P 8,733,494	P 7,449,893
Post-employment benefits	<u>1,747,051</u>	<u>681,365</u>	<u>270,376</u>
	<u>P 11,647,007</u>	<u>P 9,414,859</u>	<u>P 7,720,269</u>

17. EMPLOYEE BENEFITS

17.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

	<u>Notes</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits		P 53,263,197	P 43,887,904	P 31,426,048
Post-employment defined benefit	17.2	<u>908,929</u>	<u>826,299</u>	<u>542,451</u>
	13.2	<u>P 54,172,126</u>	<u>P 44,714,203</u>	<u>P 31,968,499</u>

17.2 *Post-employment Defined Benefit Plan*

(a) *Characteristics of the Post-Employment Defined Benefit Plan*

The Company maintains a funded, non-contributory post-employment benefit plan. The post-employment plan covers all regular full-time employees.

The Company's post-employment defined benefit plan is based solely on the requirement of Republic Act No. 7641, *Retirement Pay Law*. The optional retirement age is 60 with a minimum of five years of credited service. Normal retirement benefit is based on the employee's final salary and years of credited service.

(b) *Explanation of Amounts Presented in the Financial Statements*

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented in succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2015.

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

	<u>2016</u>	<u>2015</u>
Fair value of plan assets	P 10,963,945	P 9,624,079
Present value of the obligation	(10,916,737)	(9,700,378)
	<u>P 47,208</u>	<u>(P 76,299)</u>

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

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	P 9,624,079	P 8,408,782
Interest income	489,866	382,600
Actual contributions	850,000	1,100,000
Losses on return on plan assets	-	(267,303)
Balance at end of year	<u>P 10,963,945</u>	<u>P 9,624,079</u>

The Company's plan assets is composed of mutual funds. The plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

The plan asset earned a return of P489,866 and P115,297 in 2016 and 2015, respectively.

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

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	P 9,700,378	P 8,657,460
Current service cost	908,929	826,299
Interest expense	493,749	393,914
Actuarial losses (gains) arising from:		
Changes in demographic assumptions	(6,594,671)	(6,275,260)
Experienced adjustments	4,127,800	3,927,871
Changes in financial assumptions	<u>2,280,552</u>	<u>2,170,094</u>
Balance at end of year	<u>P 10,916,737</u>	<u>P 9,700,378</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Reported in profit or loss:</i>			
Current service cost	P 908,929	P 826,299	P 533,090
Interest expense			
(income) – net	3,883	11,314	(79,479)
Acquired obligation	<u>-</u>	<u>-</u>	<u>9,361</u>
	<u>P 912,812</u>	<u>P 837,613</u>	<u>P 462,972</u>
<i>Reported in other comprehensive income (losses):</i>			
Actuarial gains (losses) arising from:			
Changes in demographic assumptions	P 6,594,671	P 6,275,260	P -
Experience adjustments	(4,127,800)	(3,927,871)	102,045
Changes in financial assumptions	(2,280,552)	(2,170,094)	(1,472,794)
Losses on return on plan assets	<u>-</u>	<u>(267,303)</u>	<u>(376,654)</u>
	<u>P 186,319</u>	<u>(P 90,008)</u>	<u>(P 1,747,403)</u>

Current service cost and acquired obligation are presented as part of Salaries and employee benefits under the Other Operating Expenses account in the statements of comprehensive income (see Note 17.1).

Net interest expense (income) is presented as part of Finance Costs or Finance income under Other Income in the statements of comprehensive income (see Note 14.1).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

For the determination of the retirement benefit obligation, the following actuarial assumptions were used:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rates	5.09%	5.09%	4.55%
Expected rate of salary increases	10.00%	10.00%	7.75%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is five years for both male and female. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) *Investment and Interest Risks*

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bond will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in savings deposit accounts and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has only investments in cash in banks.

(ii) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding page.

(i) *Sensitivity Analysis*

The following table summarizes the effect of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31:

	Impact on Retirement Benefit Obligation		
	<u>Change in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
Discount rate	+6.09%/-4.09%	(P 8,267,134)	P 11,439,564
Salary growth rate	+11.00%/-9.00%	11,384,755	(8,279,460)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

(ii) *Asset-liability Matching Strategies*

To efficiently manage the retirement plan, the Company through its Retirement Committee, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to ensure that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in fixed interest financial assets, primarily in short term placements. The Company monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

The plan asset is currently composed of special deposit accounts as the Company believes that these investments are the best returns with an acceptable level of risk.

There has been no change in the Company's strategies to manage its risks from previous period.

(iii) *Funding Arrangements and Expected Contributions*

The plan is currently underfunded by P1.3 million as at year-end, while there are no minimum funding requirement in the Philippines, there is a risk that the Company may not have the cash if several employees retire within the same year.

The Company expects to make contribution of P1.3 million to the plan during the next reporting period.

The maturity profile of undiscounted expected benefit payment from the plan as of December 31, 2016 and 2015:

More than 10 years to 15 years	P 19,390,430
More than 15 years to 20 years	17,351,597
More than 20 years	<u>53,060,585</u>
	<u>P 89,802,612</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 23 years.

18. EQUITY

18.1 Capital Stock

Capital stock consists of:

	Shares			Amount		
	2016	2015	2014	2016	2015	2014
Common shares						
Authorized						
Balance at beginning of year	200,000	200,000	200,000	P 20,000,000	P 20,000,000	P 20,000,000
Increase during the year	<u>995,800,000</u>	-	-	<u>976,000,000</u>	-	-
Balance at end of year	<u>996,000,000</u>	<u>200,000</u>	<u>200,000</u>	<u>P 996,000,000</u>	<u>P 20,000,000</u>	<u>P 20,000,000</u>
Issued and outstanding						
Balance at beginning of year	200,000	200,000	200,000	P 20,000,000	P 20,000,000	P 20,000,000
Issuance of stock dividend	<u>400,000,000</u>	-	-	<u>400,000,000</u>	-	-
Change due to decrease in par value	19,800,000	-	-	-	-	-
Issuance during the year	<u>74,117,649</u>	-	-	<u>74,117,649</u>	-	-
Balance at end of year	<u>494,117,649</u>	<u>200,000</u>	<u>200,000</u>	<u>P 494,117,649</u>	<u>P 20,000,000</u>	<u>P 20,000,000</u>
Preferred shares						
Authorized						
Balance at beginning of year	-	-	-	P -	P -	P -
Change due to decrease in par value	<u>400,000,000</u>	-	-	<u>4,000,000</u>	-	-
Balance at end of year	<u>400,000,000</u>	<u>-</u>	<u>-</u>	<u>P 4,000,000</u>	<u>P -</u>	<u>P -</u>

On March 17, 2016, the SEC approved the increase in the Company's authorized capital stock from P20.0 million divided into 200,000 common shares with par value of P100 per share to P1.0 billion divided into 996,000,000 common shares with par value of P1 per share and 400,000,000 preferred shares with par value of P0.01 per share.

On April 1, 2016, the Company applied for the registration of its common shares with the SEC and the listing of the Company's shares on the PSE. The PSE approved the Company's application for the listing of its common shares on June 8, 2016 and the SEC approved the registration of the 74,117,649 common shares of the Company on June 14, 2016.

On June 29, 2016, by way of an initial public offering (IPO), sold 74,117,649 shares of its common stock at an offer price of P10.50 and generated net proceeds of approximately P703.0 million. In addition, the IPO resulted to the recognition of additional paid-in capital amounting to P628.9 million, net of IPO-related expenses amounting to P75.2 million.

As of December 31, 2016, there are 14 holders of the listed common shares owning at least one board lot of 100 shares. Such listed shares closed at P17.00 per share as of December 29, 2016 (the last trading day in 2016).

18.2 Revaluation Reserves

As of December 31, 2016, 2015 and 2014, the Company has accumulated actuarial losses, net of tax, due to remeasurement of post-employment defined benefit plan amounting to P2.4 million, P2.5 million and P2.5 million, respectively (see Note 17.2).

18.3 Retained Earnings

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

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

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 cash dividends declared in 2016.

The BOD approved an appropriation of retained earnings of P940 million in 2014 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 P660.0 million.

19. EARNINGS PER SHARE

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net profit	P 180,222,617	P 151,115,204	P 144,628,202
Divided by the weighted number of outstanding common shares	<u>369,005,931</u>	<u>200,000</u>	<u>200,000</u>
Basic and diluted earnings per share	<u>P 0.49</u>	<u>P 755.58</u>	<u>P 723.14</u>

The Company has no dilutive potential common shares as at December 31, 2016, 2015 and 2014; hence, diluted earnings per share equals the basic earnings per share.

20. COMMITMENTS AND CONTINGENCIES

20.1 Operating Lease Commitments

The Company have leases with terms ranging from three to five years with renewal options upon mutual written agreement between the parties, and include annual escalation in rental rates.

The total rentals from this operating lease amounted to P3.9 million, P3.4 million and P3.2 million in 2016, 2015 and 2014, respectively, of which the major portion is shown as Rentals under Other Operating Expenses in the statements of comprehensive income (see Note 13.2).

The future minimum rentals payable under these operating lease as of December 31 are as follows:

	<u>2016</u>	<u>2015</u>
Within one year	P 3,819,091	P 1,272,879
Beyond one year but within five years	<u>2,214,334</u>	<u>352,800</u>
	<u>P 6,033,425</u>	<u>P 1,625,679</u>

20.2 Capital Commitments on Use of Proceeds

The Company has capital commitments to utilize the proceeds from the issuance of its common shares amounting to P703.0 million (net of P75.2 million offering-related expenses) for its land bank development, land acquisition, construction of Las Piñas chapel and crematorium and general corporate purposes. As of December 31, 2016, the balance of proceeds amounting to P313.9 million remains unutilized.

20.3 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.

21. 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 in the succeeding pages.

21.1 Interest Rate Risk

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

21.2 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	2016	2015
Cash and cash equivalents	4	P 445,952,579	P 114,643,585
Contracts receivable	5	1,495,770,052	1,274,093,294
Due from related parties	16.2	70,871,002	70,212,101
Security deposits	9	1,657,824	1,509,271
		<u>P2,014,251,457</u>	<u>P1,460,458,251</u>

Cash in banks and placements are insured by the Philippine Deposit Insurance Commission up to a maximum coverage of P0.5 million for every depositor per banking institution. Also, the 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.

Some of the contracts receivable are past due as at the reporting date. The contract receivables that are past due but not impaired are as follows:

	<u>2016</u>	<u>2015</u>
More than three months but not more than six months	P 21,385,333	P 20,057,845
More than six months but not more than one year	34,666,160	30,780,488
More than one year	<u>101,260,790</u>	<u>96,304,548</u>
	<u>P 157,312,283</u>	<u>P 147,142,881</u>

21.3 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. As at December 31, 2016 and 2015, the contractual maturities of the Company's financial liabilities are presented below.

		<u>Current</u>		<u>Non-current</u>	
	<u>Notes</u>	<u>Within 6 Months</u>	<u>6 to 12 Months</u>	<u>1 to 5 Years</u>	<u>Later than 5 Years</u>
<u>2016</u>					
Interest-bearing loans	10	P 310,316	P -	P500,000,000	P -
Trade and other payables	11	18,899,693	155,943,308	-	-
Rawland payable		50,265,011	78,986,599	62,806,932	-
Reserve for perpetual care	12	<u>-</u>	<u>-</u>	<u>198,259,890</u>	<u>-</u>
		<u>P 69,475,020</u>	<u>P234,929,907</u>	<u>P761,066,822</u>	<u>P -</u>
<u>2015</u>					
Interest-bearing loans	10	P 3,277,148	P 3,199,205	P 3,178,660	P -
Trade and other payables	11	1,360,403	91,207,194	-	-
Rawland payable		-	30,020,051	-	-
Reserve for perpetual care	12	<u>-</u>	<u>-</u>	<u>152,252,485</u>	<u>-</u>
		<u>P 4,637,551</u>	<u>P124,426,450</u>	<u>P155,431,145</u>	<u>P -</u>

22. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

22.1 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.

		2016		2015	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial Assets					
Loans and receivables:					
Cash and cash equivalents	4	P 445,952,579	P 445,952,579	P 114,643,585	P 114,643,585
Contracts receivable	5	1,495,770,052	1,495,770,052	1,274,093,294	1,274,093,294
Due from related parties	16.2	70,871,002	70,871,002	70,212,101	70,212,101
Security deposits	9	1,657,824	1,657,824	1,509,271	1,509,271
		<u>P 2,014,251,457</u>	<u>P 2,014,251,457</u>	<u>P 1,460,458,251</u>	<u>P 1,460,458,251</u>
Financial Liabilities					
At amortized cost:					
Interest-bearing loans	10	P 500,310,316	P 500,310,316	P 9,018,785	P 9,018,785
Trade and other payables	11	174,843,001	174,843,001	92,567,597	92,567,597
Rawland payable	11	192,058,542	192,058,542	30,020,051	30,020,051
Reserve for perpetual care	12	198,259,890	198,259,890	152,252,485	152,252,485
		<u>P 1,065,471,749</u>	<u>P 1,065,471,749</u>	<u>P 283,858,918</u>	<u>P 283,858,918</u>

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 21.

22.2 Offsetting of Financial Assets and Financial Liabilities

Except as more fully described in Notes 16 and 18, the Company has not set-off financial instruments in 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.

23. FAIR VALUE MEASUREMENT AND DISCLOSURES

23.1 Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

23.2 Fair Value Measurement for Non-financial Assets

The Company's investment properties amounting to P267.3 million and P41.3 million are categorized under level 3 hierarchy of non-financial assets measured at cost as of December 31, 2016 and 2015, respectively.

The fair value of the Company's investment properties amounting to P1.3 billion and P1.1 billion as of December 31, 2016 and 2015 are determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Company's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location.

In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Company's non-financial assets indicated above is their current use.

The level 3 fair value of land was determined based on the observable recent prices of the reference properties, adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square foot; hence, the higher the price per square foot, the higher the fair value.

24. 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:

	<u>2016</u>	<u>2015</u>
Total liabilities (excluding dividends payable)	P 1,559,861,613	P 702,442,206
Total adjusted equity	<u>1,318,055,733</u>	<u>434,656,705</u>
Debt-to-equity ratio	<u>1.18 : 1.00</u>	<u>1.62 : 1.00</u>

25. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented in the succeeding pages is the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

25.1 Requirements under Revenue Regulations (RR) No. 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 issued are as follows.

(a) Output VAT

In 2016, the Company declared output VAT of P60,168,150 from sale of goods amounting to P501,401,248.

The tax base for the mentioned account is based on the Company's gross receipts for the year, hence, may not be the same as the amounts accrued in the 2016 statement of comprehensive income.

The outstanding output VAT payable amounting to P8,329,956 as of December 31, 2016 is presented as part of Trade and Other Payables account in the 2016 statement of financial position (see Note 11).

(b) *Input VAT*

The movements in input VAT in 2016 are summarized below.

Balance at beginning of year	P -
Capital goods subject to amortization	16,970,046
Services lodged under cost of goods sold	22,447,150
Tax credit	22,485,051
Applied against output VAT	(61,902,247)
Balance at end of year	<u>P -</u>

(c) *Taxes on Importation*

The Company has not paid or accrued any customs duties and tariff fees in 2016 as it had no importations for the year.

(d) *Excise Tax*

The Company did not have any transactions in 2016 which are subject to excise tax.

(e) *Documentary Stamp Tax*

In 2016, the Company paid P3.8 million for documentary stamp taxes on extension of loans.

(f) *Taxes and Licenses*

The details of the account (see Note 13.2) for 2016 is broken down as follows:

Documentary stamp taxes	P 3,822,538
Business taxes	2,298,550
Real property taxes	1,587,472
IPO Registration fees	1,158,229
Miscellaneous	<u>95,631</u>
	<u>P 8,962,419</u>

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2016 are shown below.

Compensation	P11,378,307
Expanded	<u>6,249,316</u>
	<u>P17,627,623</u>

The Company has no expenses subject to final withholding taxes.

(b) *Tax Assessments and Tax Cases*

The Company paid deficiency taxes totaling P0.5 million for its assessments of income tax deficiency payments and value added taxes covering the months of January to June of taxable year 2014.

As of December 31, 2016, the Company does not have any other final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any open taxable years.

25.2 Requirements under RR No. 19-2011

RR No. 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, itemized deductions and other significant tax information, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below and in the succeeding pages are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2016 statement of comprehensive income.

(a) *Taxable Revenues*

The composition of the Company's taxable revenues subject to regular tax rate for the year ended December 31, 2016 is presented below.

Real estate sales	P 532,316,561
Interment income	<u>22,108,159</u>
	<u>P 554,424,720</u>

(b) *Deductible Costs of Sales and Services*

Deductible costs of sale of memorial lots under the regular tax rates for the year ended December 31, 2016 comprise the following:

Cost of real estate sales	P 211,340,674
Cost of interment	<u>13,420,334</u>
	<u>P 224,761,008</u>

(c) *Taxable Non-operating and Other Income*

The details of taxable non-operating and other income in 2016 which are subject to regular tax rate are shown below.

Forfeited sales	P 13,669,068
Transfer fees	7,872,980
Interest income on past due accounts	3,248,261
Others	<u>2,885,622</u>
	<u>P 27,675,931</u>

(d) *Itemized Deductions*

The amounts of itemized deductions for the year ended December 31, 2016 are as follows:

Salaries and allowances	P 54,278,996
Commissions	52,346,312
Prompt payment discounts	25,775,028
Advertising and promotions	16,175,523
Other services	13,417,422
Trainings and seminars	11,495,801
Professional fees	10,004,349
Depreciation and amortization	9,173,117
Taxes and licenses	8,962,419
Finance costs	6,596,262
Meetings and conferences	6,172,922
Communication, light and water	5,945,554
Collection fees	4,898,734
Transportation and travel	4,811,144
Insurance	3,977,385
Rentals	3,921,959
Representation	3,430,851
Office supplies	2,024,395
Management and consultancy fee	1,800,000
Repairs and maintenance	1,796,082
Miscellaneous	<u>6,854,473</u>
	<u>P 253,858,728</u>

GOLDEN HAVEN MEMORIAL PARKS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVIEW OF YEAR-END 2016 VS YEAR-END 2015

RESULTS OF OPERATIONS

Revenues

Real estate sales

The company recorded **₱772.08 million** in real estate sales for the year-end 2016, a **19%** increase from **₱ 650.80 million** from the same period in 2015. The growth was mainly attributable to the increase of sales of columbarium vaults and memorial lots.

Costs and Expenses

Costs of sales and services

The **13%** increase in cost of sales and services, to **₱ 332.17 million** in year-end 2016 from **₱293.15 million** in year-end 2015, was due to the increase of sales and services rendered during the year.

Other operating expenses

An increase of **21%** in other operating expenses, to **₱247.67 million** in year-end 2016 from **₱203.97 million** in year-end of 2015 was mainly due to the following:

- Increase in salaries and wages from **₱44.71 million** in year-end 2015 to **₱54.17 million** in year-end 2016 due mostly to an increase in manpower hired by the company due to the expansion to new areas
- Increase in prompt payment discount from **₱10.95 million** in year-end 2015 to **₱25.78 million** in year-end 2016 due to the increase in the buyers that qualified for the prompt payment discount for the year.
- Increase in commission from **₱50.58 million** in year-end 2015 to **₱52.35million** in year-end 2016 due to the higher sales for the year.

Other Income – Net

Other income – net increased by **11%**, to **₱ 22.9 million** in year-end 2016 from **₱ 20.65 million** in year-end 2015. This was due to a parallel increase in sales forfeitures and other fees normally brought about by the higher sales recorded for year-end 2016 compared to year-end 2015.

Tax Expense

The Company's tax expense increased by **19%**, to **₱77.46 million** for year-end 2016 from **₱65.22 million** for year-end 2015. This was attributable to the higher taxable income base in year-end 2016 compared to the same period from the previous year.

Net Income

As a result of the movements above, total net profits increased by **19%**, to **₱180.22 million** from **₱151.12 million** recorded in year-end 2015.

For the year-end 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 December 31, 2016 vs. December 31, 2015

As of December 31, 2016, total assets totaled to **₱ 2,877.91 million**, increased by **61%** from **₱ 1,787.10 million** recorded as of December 31, 2015, due to the following:

- Cash and cash equivalents increased by **289%**, from **₱ 114.64 million** as of December 31, 2015 to **₱445.95 million** as of December 31, 2016, mainly due to the proceeds the initial public offering done during the second quarter of 2016 and proceeds from a loan.
- Total contracts receivable, including non-current, increased by **17%** from **₱ 1,274.10 million** as of December 31, 2015 to **₱ 1,495.77 million** as of December 31, 2016 due to higher sales on account recorded.
- Other current assets decreased by **32%**, from **₱ 14.35 million** as of December 31, 2015 to **₱ 9.76 million** as of December 31, 2016 due mostly to decrease in prepaid expenses and deferred input VAT for the year.
- Memorial lot inventories increased by **58%**, from **₱ 217.77 million** as of December 31, 2015 to **₱ 344.99 million** as of December 31, 2016 due to active opening and expansion of Company projects.
- Property and equipment increased by **473%**, from **₱ 24.79 million** as of December 31, 2015 to **₱ 141.97 million** as of December 31, 2016 due to the on-going construction of the Chapel and Crematorium amounting to P114.2 million classified as property, plant and equipment.
- Investment properties increased by **547%**, from **₱ 41.33 million** as of December 31, 2015 to **₱ 267.31 million** as of December 31, 2016 due to the acquisitions of investment properties for expansion projects.

The total liabilities of the Company increased by **15%**, from **₱ 1,352.44 million** as of December 31, 2015 to **₱ 1,559.86 million** as of December 31, 2016, due to the following:

- Interest-bearing loans, including non-current portion, increased by **₱ 491.30 million**, from **₱ 9.02 million** as of December 31, 2015 to **₱ 500.31 million** as of December 31, 2016 mainly due to a loan obtained from a local bank during the year.

- Trade and other payables increased by 47% from **₱ 234.22 million** as of December 31, 2015 to **₱344.70 million** as of December 31, 2016 due to increase in trade payables as part of the expansion program.
- Rawland payable increased by 540% from **₱30.02 million** as of December 31, 2015 to **₱192.06 million** as of December 31, 2016 due to acquisition of land on account as part of the Company's expansion roll out.
- Customers' deposits increased by 92% from **₱ 5.93 million** as of December 31, 2015 to **₱ 11.40 million** as of December 31, 2016 due to an increase in sales over the time period.
- Dividends payable decreased by 100% from **₱ 650.00 million** as of December 31, 2015 to **nil** as of December 31, 2016 due to full payment of the cash dividends in the second quarter of 2016.
- Income tax payable decreased by 25% from **₱ 14.96 million** as of December 31, 2015 to **₱ 11.28 million** as of December 31, 2016 due to settlements for the year.
- Deferred tax liabilities (net) increased by 18% from **₱ 255.98 million** as of December 31, 2015 to **₱ 301.89 million** as of December 31, 2016 due to the increase in temporary difference during the year.
- Retirement benefit obligation of **₱0.08 million** as of December 31, 2015 was reversed and was recorded as a retirement benefit asset of **₱0.05 million** as of December 31, 2016 due to actuarial adjustments.
- Reserve for perpetual care increased by 30% from **₱ 152.25 million** as of December 31, 2015 to **₱198.26 million** as of December 31, 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 **₱ 883.37 million** from **₱ 434.66 million** as of December 31, 2015 to **₱ 1,318.02 million** as of December 31, 2016, due to the following:

- Increase in capital stock by **₱ 474.12 million**, from **₱ 20.00 million** as of December 31, 2015, to **₱ 494.12 million** as of December 31, 2016, due primarily to the issuance of common stock as part of the stock dividends declared and the initial public offering made during the year.
- Increase in Additional Paid-in Capital from **nil** as of December 31, 2015 to **₱ 628.93 million** as of December 31, 2016 due to the issuance of new shares above par value during the initial public offering.
- Decrease in retained earnings from **₱417.19 million** in December 31, 2015, to **₱ 197.38 million** as of December 31, 2016, due mainly to the declaration of cash and stock dividends.

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

KEY PERFORMANCE INDICATORS		2016	2015
Liquidity:			
Current Ratio	Current Assets/Current Liability	2.65 :1	0.95 : 1
Solvency:			
Debt-to-Equity Ratio	Total Debt/Total Equity	0.38 :1	0.02 : 1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	2.18 :1	4.11 : 1
Interest-rate-coverage:			
Interest-rate-coverage ratio	Profit Before Tax and Interest/Finance Costs	10.88 : 1	68.89 : 1
Profitability:			
Return-on-equity	Net Income/Equity	13.67%	34.77%

Material Changes to the Company's Statement of Financial Position as of December 31, 2016 compared to December 31, 2015 (increase/decrease of 5% or more)

- Cash and cash equivalents increased by **289%**, from **₱ 114.64 million** as of December 31, 2015 to **₱445.95 million** as of December 31, 2016, mainly due to the proceeds the initial public offering done during the second quarter of 2016 and proceeds from a loan.
- Total contracts receivable, including non-current, increased by **17%** from **₱ 1,274.10 million** as of December 31, 2015 to **₱ 1,495.77 million** as of December 31, 2016 due to higher sales on account recorded.
- Other current assets decreased by **32%**, from **₱ 14.35 million** as of December 31, 2015 to **₱ 9.76 million** as of December 31, 2016 due mostly to decrease in prepaid expenses and deferred input VAT for the year.
- Memorial lot inventories increased by **58%**, from **₱ 217.77 million** as of December 31, 2015 to **₱ 344.99 million** as of December 31, 2016 due to active opening and expansion of Company projects.
- Property and equipment increased by **473%**, from **₱ 24.79 million** as of December 31, 2015 to **₱ 141.97 million** as of December 31, 2016 due to the on-going construction of the Chapel and Crematorium amounting to P114.2 million classified as property, plant and equipment.
- Investment properties increased by **547%**, from **₱ 41.33 million** as of December 31, 2015 to **₱ 267.31 million** as of December 31, 2016 due to the acquisitions of investment properties for expansion projects.
- Interest-bearing loans, including non-current portion, increased by **₱ 491.30 million**, from **₱ 9.02 million** as of December 31, 2015 to **₱ 500.31 million** as of December 31, 2016 mainly due to a loan obtained from a local bank during the year.
- Trade and other payables increased by **47%** from **₱ 234.22 million** as of December 31, 2015 to **₱344.70 million** as of December 31, 2016 due to increase in trade payables as part of the expansion program.

- Rawland payable increased by **540%** from **₱30.02 million** as of December 31, 2015 to **₱192.06 million** as of December 31, 2016 due to acquisition of land on account as part of the Company's expansion roll out.
- Customers' deposits increased by **92%** from **₱ 5.93 million** as of December 31, 2015 to **₱ 11.40 million** as of December 31, 2016 due to an increase in sales over the time period.
- Dividends payable decreased by **100%** from **₱ 650.00 million** as of December 31, 2015 to **nil** as of December 31, 2016 due to full payment of the cash dividends in the second quarter of 2016.
- Income tax payable decreased by **25%** from **₱ 14.96 million** as of December 31, 2015 to **₱ 11.28 million** as of December 31, 2016 due to settlements for the year.
- Deferred tax liabilities (net) increased by **18%** from **₱ 255.98 million** as of December 31, 2015 to **₱ 301.89 million** as of December 31, 2016 due to the increase in temporary difference during the year.
- Retirement benefit obligation of **₱0.08 million** as of December 31, 2015 was reversed and was recorded as a retirement benefit asset of **₱0.05 million** as of December 31, 2016 due to actuarial adjustments.
- Reserve for perpetual care increased by **30%** from **₱ 152.25 million** as of December 31, 2015 to **₱198.26 million** as of December 31, 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 **₱ 883.37 million**, or **203%**, from **₱ 434.66 million** as of December 31, 2015 to **₱ 1,318.02 million** as of December 31, 2016. This change was primarily due to the **2371%** or **₱ 474.19 million** increase in capital stock, and the **₱ 628.93 million** increase in additional paid-in capital as part of the initial public offering, with the corresponding **53%** or **₱ 219.81 million** decrease in retained earnings due to dividends declared.

Material Changes to the Company's Statement of income for the year ending 2016 compared to year ending 2015 (increase/decrease of 5% or more)

- Real estate sales increase by **19%**, from **₱ 650.80 million** for year-end 2015 to **₱ 772.08 million** for year-end 2016 due to the increase of sales of columbarium vaults and memorial lots.\
- Costs of sales and services grew by **13%** from **₱ 293.15 million** in year-end 2015 to **₱ 332.17 million** in year-end 2016 as a result of the higher sales and services rendered during the year.
- Other operating expenses for operations increased by **21%**, from **₱ 203.97 million** in year-end 2015 to **₱ 247.67 million** in year-end 2016. The increase was mainly due to an increase in salaries and wages, and prompt payment discount and commission.
- Other Income – net increased by **11%**, from **₱ 20.65 million** in year-end 2015 to **₱ 22.93 million** in year-end 2016, due to a parallel increase in sales forfeitures and other fees normally brought about by the higher sales recorded for year-end 2016 compared to year-end 2015.
- Tax Expense increased by **19%**, from **₱ 65.22 million** for year-end 2015 to **₱ 77.46 million** for year-end 2016 due to a higher taxable income base in year-end 2016 compared to the same period from previous year.
- Overall Net Profit grew by **19%**, from **₱ 151.12 million** for year-end 2015 to **₱ 180.22 million** for year-end 2016 primarily due to higher sales recorded with the opening of expansion projects.

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