GOLDEN HAVEN

March 30, 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.: SEC 17A – December 31, 2016

Gentlemen:

Please see attached SEC 17A Report.

Thank you.

Roy Joseph S. Fernandez
Officer-in-Charge

COVER SHEET

1	0	8	2	7	0					

S.E.C. Registration Number

GOLDEN HAVEN MEMORIAL PARK, INC.

(Company's Full Name)

SAN EZEKIEL, C5 EXTENSION, LAS PIÑAS CITY

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

Roy Joseph S. Fernandez
Contact Person

(02) 873-2922
Company Telephone Number

1	2	3	1

Month *Day*
Calendar Year

17-A
FORM TYPE

0	4	0	1

Month *Day*
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2016**

2. SEC Identification Number **108270**

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

4. Exact name of issuer as specified in its charter **GOLDEN HAVEN MEMORIAL PARK, INC.**

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

6. [ ] (SEC Use Only)
   Industry Classification Code:

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

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

9. **N/A**
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**494,117,649**

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

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

12. Check whether the issuer:

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

    Yes [**x**] No [ ]

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

    Yes [**x**] No [ ]

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

₱1.2 billion as of December 31, 2016

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

Consolidated Financial Statements as of and for the year ended December 31, 2016 (incorporated as reference for Item 7 and 12 of SEC Form 17-A)

TABLE OF CONTENTS

PART I – BUSINESS

Item 1. Business

Overview

Golden Haven Memorial Park, Inc. (the "Company"), incorporated in November 1982, is one of Philippines' leading developers of memorial parks in the country in terms of land developed. As of December 31, 2016, the Company has a total of eight memorial park projects, covering a gross area of 66.7 hectares spread across various parts of the Philippines. This includes the first six parks in Las Piñas, Bulacan, Cebu, Cagayan de Oro Iloilo, and Zamboanga, and an additional two new parks acquired in Nueva Vizcaya and Pampanga.

Aside from the development and sale of memorial parks, the Company likewise develops, constructs and operates columbarium facilities. As of December 31, 2016, the Company has four existing columbaries within its memorial parks in Las Piñas, Cebu, Cagayan de Oro, and Zamboanga and a stand-alone columbarium (the "Ezekiel Columbarium") located beneath the Sanctuario de San Ezekiel Moreno, a chapel constructed by the Company along C5 Road, Pulang Lupa, Las Piñas. As of the date of this filing, the company has also opened its first memorial chapel and crematorium facility called the Golden Haven Memorial Chapels and Crematorium, located beside Sanctuario de San Ezekiel Moreno in Las Piñas.

The Company maintains its purpose as a developer of ideally located, uniquely designed, and well-maintained memorial parks, and as a provider of quality private death care services. The Company believes that accessibility is, and remains a key factor in the selection of its locations, and each of the Company's parks is strategically located within a five to 10 kilometer radius from its target communities. Eschewing standardized park designs, the Company's planners design and develop each memorial park to have its own theme, inspired by Mediterranean, Italian, American or Asian architecture and design motifs. Regimented maintenance practices also ensure that each memorial park developed by the Company will remain a comfortable and peaceful place to visit.

These same criteria of ideal location, unique designs and strict standards of maintenance and upkeep also ground the development of the Company's columbaries and memorial chapel facilities.

On 29 June 2016, the company listed with the Philippine Stock Exchange (PSE), at an initial price of P10.52 per share. As of 29 March 2017, the company's shares are valued at P16.40 per share.

Recent Developments and Acquisitions

As of the date of this filing, the Company has completed two major developments – the acquisition of two new memorial park projects in Nueva Vizcaya and Pampanga, and the completion of the Golden Haven Memorial Chapels and Crematorium in Las Piñas.

The Golden Haven Nueva Vizcaya Park is a development on a 6.0 hectare property located in Bambang, Nueva Vizcaya. The park is designed with a Spanish-Andalusian theme and is meant to cater to an underserved local market looking for private memorial park services. The park will have 14,216 lots available for sale by the second quarter of 2017.

The Golden Haven Pampanga Park is an American Heritage themed memorial park located on a 2.2 hectare property in San Fernando, Pampanga. Looking to cater to the densely populated cities of San Fernando, Mexico, and Angeles, as well as the upcoming Clark Green City, the park has been subdivided into 5,090 lots, available for sale by the second quarter of 2017.

The Company also completed construction of its first Memorial Chapel and Crematorium Facility in the fourth quarter of 2016. The new Golden Haven Memorial Chapel and Crematorium features 12 professionally designed memorial chapel viewing rooms, and two brand new cremation machines. The facility was launched on March 1, 2017.

As of the date of this filing, the company has entered into agreements for the acquisition of four properties for future memorial park projects, specifically, two properties in Batangas (Bauan and Padre Garcia), and one in General Santos City, and a joint venture project in Subic, Zambales. The company aims to complete and to open all four projects for sale within the year.

Products and Services

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

As of the date of this filing, the Company's key products and services principally consist of the sale of memorial lots and columbarium vaults made available to the public through the Company's developments. On March 1, 2017, the Company opened its first memorial chapel and crematorium facility, allowing it to expand the services and products it offers to more segments of the death care industry. As of the date this filing, the company offers their products and services in the following locations:

- The Ezekiel Complex, which houses the Ezekiel Columbarium, and the Golden Haven Memorial Chapels and Crematorium
- Golden Haven Las Piñas Park
- Golden Haven Cebu Park
- Golden Haven Cagayan de Oro Park
- Golden Haven Zamboanga Park
- Golden Haven Iloilo Park
- Golden Haven Bulacan Park
- Golden Haven Pampanga Park
- Golden Haven Nueva Vizcaya Park

With the exception of the Golden Haven Cagayan de Oro Park, all of the foregoing developments are wholly-owned by the Company. On the other hand, the development of the Golden Haven Cagayan de Oro Park has been undertaken through a joint venture with a third-party land owner, under the terms of which, the Company retains rights to 70% of the total saleable areas while the joint venture partner receives the remaining 30% thereof.

Distribution Methods of Products

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

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

Land Development and Acquisition

Part of the Company's key strategies is to continue to work on developing existing, undeveloped and contiguous land areas of its memorial parks, which would allow it to increase its inventories to meet

emerging market demand for its products. Development activities will include site preparation, landscaping, beautification and other related civil works on the relevant areas intended to make the same suitable for further development into memorial park spaces.

As of December 31, 2016, the Company has properties for its developments with a total size of 66.7 hectares in the following locations:

- Las Piñas City
- Cebu
- Cagayan de Oro
- Zamboanga
- Iloilo
- Bulacan
- Pampanga
- Nueva Vizcaya

Likewise, the Company has also completed the acquisition of a 1.3-hectare undeveloped property located in the province of Iloilo contiguous to its existing memorial park in the area, the Golden Haven Iloilo Park. The Company will develop this area as an additional phase or as an expansion of the Golden Haven Iloilo Park.

Joint ventures

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

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

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

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

The joint venture partner is also required to warrant his/her title over the land and, if necessary, to clear the land of tenants and informal occupants before the Company commences development work on the land. All costs relating to clearing the land of tenants and informal occupants are the responsibility of the joint venture partner, although the Company may provide cash advances to cover a portion of these costs, which will then be deducted from any sale proceeds attributable to the joint venture partner.

Business Strategies

The Company aims to continue to pursue its goal of becoming the biggest, fully-integrated death care provider in the Philippines. To achieve this objective, key components of the Company's strategies include:

- *Expansion of death care facilities by active and strategic acquisitions of land and/or existing death care facilities*

  Aside from the launch of new sales phases within its existing memorial parks and columbaries, the Company intends to continue its strategic expansion throughout the country. This expansion, via land acquisitions and the acquisition and re-development of existing memorial parks, will focus on those locations or areas where the are real estate projects by affiliate companies have been established, or being developed to capitalize on the marketing synergies between the two companies.

  With a view to establishing its brand presence in multiple key cities, the Company aims to expand its land bank through multiple acquisitions in a diverse set of cities and provinces nationwide. Leveraging on its experience and track record in land development, land acquired is expected to vary based on the needs of the Company's target population, the type of services required in the area, or customer (or prospective customer) preferences in general. Direct acquisition of raw land or developed property remains the preferred means of expansion, with the possibility of entering joint ventures as a secondary means of acquisition.

- *Expansion of death care services to include embalming, cleansing, dressing and cosmetic restoration of the deceased in preparation for viewing, and other memorial services*

  As of the date of this filing, the Company has opened its first memorial chapels and crematorium facility within the Ezekiel Complex in Las Piñas. The Las Piñas memorial chapels contain 12 viewing rooms of varying sizes, and is leased out to its clients for the traditional wake and viewing period before the deceased is buried or cremated. It also looks to offer video memorialization and online streaming capabilities to enable on-line participation of the deceased's relations during religious and other memorial ceremonies. The completion of this facility gives the company another possible avenue for recurring revenues.

  With the completion of this first facility and the opening of future memorial chapel and crematorium facilities, the Company is able to offer, in addition to its existing death care products, at-need burial or at-need cremation services covering embalming, cleansing, dressing and cosmetic restoration of the deceased in preparation for viewing, and other memorial services. The Company believes that by offering these expanded services, the Company would be able to simplify and reduce any duress experienced by its clients with the death care process. Further, the inclusion of such services in addition to its existing death care products enhances the Company's product and service portfolio, making its present and prospective offerings more attractive to its clients.

- *Expansion of death care products by development of pre-need death care plans and packages*

  The Company intends to expand its death care product portfolio by developing, by itself or through any one or more subsidiaries or affiliaties, planned pre-need death care packages, which would be designed to include a mix of the Company's suite of products, such as memorial lots and funeral services (embalming, cleaning, cosmetic restoration and the use of the Company's chapels during the viewing period), the supply of caskets or urns, and cremation or burial services – customized according to the client's preferences.

  The inclusion of pre-need death care plans will enable the Company to offer its entire range of products before these are actually required, at discounted rates compared to at-need purchases. Such packages will also allow clients to customize their requirements and to pay for the relevant products and services over an extended payment period.

- *Brand building and marketing both domestically and internationally*

  With projects in various cities and provinces, covering Luzon, Visayas and Mindanao, the Company plans to undertake aggressive nation-wide marketing and advertising efforts to enhance its brand recognition throughout the Philippines and to become the first name and the provider of choice for death care products and services.

  The Company intends to aggressively promote this position especially to overseas Filipino workers. In line with this, the Company intends to increase and strengthen arrangements with international brokers and agents who operate in key cities and countries in North America, Europe, the Middle East and Asia.

Site development and construction

Development and Operation of Death Care Facilities

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

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

Concurrent with its regulatory compliance efforts, the Company undertakes the process of master planning, design and engineering. Golden Haven has its own architects, engineers, and design experts to plan its developments, and at present has a technical services team of 20 employees. On occasion, the Company may engage third party architects, designers and planners. Design and architectural and engineering development timetables vary by project, depending on its scale and design.

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

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

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

Maintenance Fund

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

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

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

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

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

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

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

As of December 31, 2016, the balance of the Company's maintenance funds in the aggregate amounted to ₱125.8 million.

Contracts with Suppliers

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

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

After completion of a project, the Company then engages independent contractors to operate and maintain its memorial parks and columbarium facilities. These contractors customarily provide the security, janitorial, gardening and repair and maintenance requirements of each development. The Company engages several firms, based on a competitive selection process and for fixed terms or durations, and is not dependent on any single provider for each of these various services.

However, because of the technical and highly-specialized nature of memorial services and cremations, the Company restricts the management and operation of its memorial service facilities and its crematorium to in-house personnel, rather than rely on contracted or third party personnel. Each memorial service facility or crematorium will have its own manager, accounting and administrative, and customer support staff as well as the technical experts providing the services offered.

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

Research and Development

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

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

Insurance

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

The Company does not carry any business interruption insurance.

Sales and Marketing

Target Market

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

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

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

Sales and Agency Network

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

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

The Company, through its internal marketing and sales organization, manages and monitors the performance of its sales teams and individual agents. Aside from the evaluation, training and management of the Company's independent agents, its sales and marketing organization is responsible for market evaluations, pricing and credit packages, and the preparation of marketing materials such as fliers and brochures. As of the date of this Prospectus, the Company has a total of 35 employees directly responsible for its sales and marketing functions.

Pricing and Installment Plans

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

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

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

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

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

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

For its memorial chapels and crematorium, the Company charges a fixed daily rate for the lease of its chapel viewing rooms. Packages for chapel viewing room lease, inclusive of body preparation and caskets, range from PHP 100,000.00 to PHP 350,000.00.

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

Competition

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

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

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

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

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

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

Transactions with related parties

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

Intellectual Property

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

Regulatory and Environmental Matters

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

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

Zoning and Land Use

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

Local Government Code

Land use may be limited by zoning ordinance enacted by Local Government Units ("LGUs"). Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. The appropriate

Sanggunian Bayan or the *Sangguniang Panglungsod* has the power to enact integrated zoning ordinances in consonance with the approved comprehensive land use plan.

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

Agrarian Reform Law

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

National Building Code of the Philippines

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

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

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

Housing and Land Use Regulatory Board

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

Funeral Establishments

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

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

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

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

Memorial Parks or Cemeteries

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

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

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

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

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

Crematoria

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

Code on Sanitation of the Philippines

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

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

Funeral Establishments

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

Memorial parks or cemeteries

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

Crematoria

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

Environmental Laws

Philippine Environmental Impact Statement System

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

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

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

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

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund ("EGF") when the ECC is issued to projects determined by the DENR to pose significant public risks to life, health, property and the environment. The EGF is intended to answer for damages caused by such

projects as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are mandated to include a commitment to establish an Environmental Monitoring Fund ("EMF") when an ECC is eventually issued. The EMF shall be used to support activities of a multi-partite monitoring team that will be organized to monitor compliance with the ECC and applicable laws, rules, and regulations.

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

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

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

Consistent with the policies of said law, all planned sources of air pollution that have the potential to emit 100 tons per year or more of any regulated air pollutant, or when required under the ECC, must secure an Authority to Construct from the EMB prior to commencement of construction or modification activities. Once new source construction or modification is completed, the source owner shall request the EMB to convert to Authority to Construct to Permit to Operate. The Authority to Construct is a one-time permit. Permit to Operate is valid for the period specified but not beyond one year from the date of issuance, unless sooner suspended or revoked. It may be renewed at least thirty days before its expiration date.

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

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

Property Taxation

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

Employees

The following table provides a breakdown of the Company's regular employees as of December 31, 2016:

Department	Headcount
Operations	36
Technical	20
Administration	42
Total…….	98

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

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

Risks related to the Company's Business

Existing and prospective competitors in the death care services industry have been increasing, and increasing competition may adversely affect the Company's results of operations and profit margins.

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

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

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

Any difficulty of the Company in accessing land suitable for memorial parks, columbaries, memorial facilities and chapels, at commercially viable rates may adversely affect the Company's expansion and growth plans.

Beyond the sales of its existing and prospective inventory, the Company's growth and expansion depends on future acquisitions of properties appropriate for memorial parks, chapels, columbaries, and memorial service facilities at commercially viable prices. Future land acquisition efforts may be adversely affected by competition for targeted properties from other death care service providers, as well developers of other forms of real estate projects. There is no assurance that the Company can be successful in acquiring properties for its expansion or that the Company can acquire land at costs that will allow the Company to achieve the same level of profitability previously enjoyed.

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

Shifting consumer preferences and the changes in traditions and practices can affect the demand for the Company's death care services.

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

The Company relies on third party agents to sell its products and services.

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

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

The Company is exposed to risks associated with its instalment payment arrangements, including the risk of customer default.

The Company expects to continue to rely on installment plans for its future revenues. As such, especially during periods of economic slowdown, rising inflation or unemployment, the Company's cash flows may be adversely affected by any increase in delayed payments or defaults thereof. While the Company believes that it has adequate contractual protection embedded in such installment plans arising from delay or default in payment, and while the Company can re-sell the memorial lot of any defaulting customer, there can be no assurance that any re-sale can be immediately implemented or the proceeds therefrom immediately realized. A rise in delayed payments or defaults can adversely affect the Company's business, financial condition and results of operations.

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

As of the date of this filing, the Company has entered into agreements for the acquisition of four properties located in General Santos, Batangas, and Subic, with the objective of developing these properties into memorial parks with products conforming to the Company's product and pricing policies. As of the date

of December 31, 2016, the terms of the sale of certain of the lands which the Company has agreed to acquire have not yet been completed. While the Company believes that it has exercised prior due diligence in evaluating such acquisitions, there can be no assurance that the Company will not in the future be involved in or subject to claims, allegations or suits with respect to the previous business and operations of these memorial parks which arose prior to the acquisitions. Should such claims, allegations or suits arise, claimants may (rightfully or wrongly) seek redress or compensation for their claims against the Company's present management or assets, and the Company may still be at risk under principles of successor-in-interest liability. Despite the fact that the Company has, as part of such acquisitions, provided for indemnities against certain liabilities or claims or established other contractual protections, any adverse claim or liability could expose the Company to negative publicity, which could have a material adverse effect on its business and prospects, financial condition, and results of operations.

The Company faces uncertainties and risks related to its expansion plans.

The Company's growth is predicated on several initiatives that have been or will be implemented in 2017. These strategies include new memorial park developments; the construction and sales of more columbarium facilities, the provision of additional facilities for memorial services, and the sale of death care merchandise. Each of these initiatives are based on judgements with respect to market demand, competitive actions, land acquisition, construction and development costs, access to persons with the expertise to implement these initiatives, among others.

The Company faces several risks in the execution of these initiatives; these include overestimated demand and sales expectations, actual supply and cost of land for its development, construction cost overruns, the timely grant of regulatory approvals and permits, and the performance of the Company's personnel and third party contractors. If the Company is not able to manage these execution risks, its expansion initiatives may fall short of expectations and may adversely affect the Company's future financial standing and profitability.

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

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

Independent contractors for prospective memorial parks, columbarium projects, crematoriums, chapels and memorial service facilities may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or may not complete projects on time and within budget.

The Company relies extensively on independent contractors to provide various services related to the development of its prospective memorial parks, columbarium projects, crematoriums, chapels and memorial service facilities. The Company selects independent contractors principally by conducting tenders and taking into consideration factors such as the contractors' experience, its financial and construction resources, any previous relationship with the Company, its reputation for quality and its track record. There can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget, which could result in cost increases or project delays.

Further, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or be consistent with the Company's requirements and standards for quality. Any of these contractors may also experience financial or other difficulties, and shortages or increases in the price of construction materials may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

interested third persons successfully enforce their claims against such lands, the Company's current and prospective operations, its business and financial performance may be adversely affected.

Natural disasters such as typhoons, floods, tsunamis, earthquakes, volcanic eruptions and fire could damage the Company's properties and severely hamper operations.

The Company's memorial parks, columbarium facilities, and other death care facilities may be exposed to occurrences of natural disasters such as typhoons, floods, earthquakes, volcanic eruptions and fire which could inflict extensive property damage and disrupt operations. The value and attractiveness of memorial parks or columbarium facilities, for example, may be damaged by the occurrence of extremely destructive natural disasters and will adversely affect the Company's business and financial performance.

The Company's performance depends on the performance of key personnel and the ability to recruit qualified personnel.

The Company's performance significantly depends upon the continued contributions of its executive officers and key employees, both individually and as a group, and the Company's ability to retain and motivate them. The Company's directors and members of its senior management have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. While the Company believes that it has provided its directors and key senior management with generous compensation, a highly skilled and reputable executive is always subject to piracy by competitors. If its directors or key management officers are not retained or if suitable replacements are not recruited, the Company's current and prospective operations, and ultimately its financial performance, may be adversely affected.

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

Part of the Company's business involves discharging ongoing or future obligations, such as maintaining its memorial parks and columbarium facilities. To discharge these obligations, the Company has engaged professional fund managers to maintain and manage its maintenance funds that can only be utilized for such specific purposes. As of December 31, 2017, the aggregate balance of the Company's maintenance funds was ₱ 125.8 million.

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

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

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

Fine Properties, the parent company of Golden Haven continues to hold a substantial majority of the Company's outstanding voting stock, including the Common Shares. As a result, the Company's principal shareholder will be able to significantly affect the outcome of any shareholder voting, including the election

of directors or most other corporate actions which require a vote by a corporation's shareholders, thereby affecting matters concerning the Company. The interest of the Company's major shareholder may not necessarily be aligned with those of minority shareholders of the Company, and Fine Properties is not under any legal obligation to exercise its rights as a shareholder in the Company in the Company's best interests or the best interests of the Company's other shareholders. If the interests of Fine Properties conflict with the interests of the Company, the Company could be disadvantaged by the actions that Fine Properties chooses to pursue.

Working Capital

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

Item 2. Properties

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

As of December 31, 2016, the Company has a total of six operational memorial parks with details summarized in the table below:

Project Name	Location	Land Area (Hectares)	Total No. of Sellable Lots
Golden Haven Las Piñas Park	C5 Road Pulang Lupa, Las Piñas	12.15	31,418
Golden Haven Cebu Park	Brgy. Binaliw 1, Tambalan Hills, Cebu	6.79	11,768
Golden Haven Cebu Park Expansion		6.53	12,460
Golden Haven Cagayan de Oro Park	Macapagal Road, Bulua Heights, CDO	10.57	15,053
Golden Haven Zamboanga Park	Ma. Clara Lobregat Highway, Boalan, Zamboanga	5.50	10,389
Golden Haven Zamboanga Park Expansion*		3.20	7,583
Golden Haven Iloilo Park	Brgy. San Jose, San Miguel, Iloilo	7.30	15,005
Golden Haven Bulacan Park	Sitio Compara, San Mateo, Norzagaray, Bulacan	4.44	10,741
TOTAL		**55.18**	**114,417**

** Lands allocated for the Golden Haven Zamboanga Park Expansion are presently being acquired by the Company.*

As of December 31, 2016, the Company completed the acquisition of a six-hectare memorial park in Bambang, Nueva Vizcaya and a 2.2-hectare memorial park in San Fernando, Pampanga. Summary information on these acquired properties is as follows:

Name	Location	Land Area (hectares)
Golden Haven Nueva Vizcaya Park	Bambang, Nueva Vizcaya	6.0
Golden Haven Pampanga Park	San Fernando. Pampanga	2.2

In addition, as of the date of this filing, the Company entered into agreements for the purchase and/or development of four properties for future memorial park projects. Summary information on these properties is as follows:

Name	Location	Land Area (Hectares)
Golden Haven General Santos	General Santos	11.69
Golden Haven Bauan	Bauan, Batangas	3.96
Golden Haven Padre Garcia	Padre Garcia, Batangas	3.68
Golden Haven Subic	Subic, Zambales	4.81

As of the date of this filing, the Company has made initial payments to the respective sellers of the foregoing properties to enable the Company to take immediate possession thereof and commence its development activities. However, until full payment of the purchase price for each property, title to the underlying lands as well as the memorial parks and lots themselves will remain with the respective sellers.

As of December 31, 2016, the Company has a total of five columbarium facilities with details summarized in the table below:

Location	Levels	No. of Vaults Offered
Ezekiel Columbarium	8	14,449
Golden Haven Las Piñas Park	5	1,095
Golden Haven Cebu Park	5	1,024
Golden Haven Cagayan de Oro Park	6	736
Golden Haven Zamboanga Park	5	437

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

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

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

Item 3. Legal Proceedings

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

The application for land use conversion was submitted by the previous owners of the land (who remain the registered owners thereof), and covers six parcels of land with an aggregate land area of approximately five hectares, all located and forming part of the Golden Haven Iloilo Park, as follows:

Lot No.	Title No.	Area Applied for Conversion
69-D	T-18886	0.1248
4-B	T-213822	0.5482
1043-B	T-205191	0.9729
1036-B	T-205195	1.9325
1055	T-11185	0.7834
1044	T-25808	0.6382
Total		5.0000

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

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

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

Other than the foregoing, the Company is not involved in, or the subject of any legal proceedings which, if determined adversely against the Company, would have a material effect on its business, operations or financial standing.

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

There was no matter submitted to a vote of security holders during the fourth quarter of 2016.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

	2016		
Quarter	**High**	**Low**	**Close**
1st	-	-	-
2nd	20.30	15.74	20.30
3rd	19.20	13.68	13.98
4th	17.00	12.52	17.00

The market capitalization of HVN as of December 31, 2016 based on the closing price of ₱17.00/share on December 29, 2016, the last trading date for the fourth quarter of 2016, was approximately ₱8.4 billion.

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

Common

There are approximately 14 holders of common equity security of the Company as of December 31, 2016 (based on the number of accounts registered with the Stock Transfer Agent). The following are the holders of the common securities of the Company:

	Name	No. of Shares	Percentage
1	FINE PROPERTIES, INC. [1]	412,057,800	83.39%
2	PCD NOMINEE CORPORATION (FILIPINO)	74,077,647	14.99%
3	JERRY M. NAVARETTE [1]	2,835,000	0.57%
4	MARIBETH C. TOLENTINO[1]	2,835,000	0.57%
5	JOY J. FERNANDEZ[1]	2,268,000	0.46%
6	PCD NOMINEE CORPORATION (NON-FILIPINO)	34,500	0.01%
7	MYRA P. VILLANUEVA	4,300	0.00%
8	MYRNA P. VILLANUEVA	2,300	0.00%
9	MA. CRISTINA S. CUSTODIO	2,000	0.00%
10	CYNTHIA MARIE S. DELFIN[1]	500	0.00%
11	FRANCES ROSALIE T. COLOMA[1]	500	0.00%
12	JOSELITO C. HERRERA	100	0.00%
13	ANA MARIE V. PAGSIBIGAN[1]	1	0.00%
14	GARTH F. CASTAÑEDA[1]	1	0.00%
	TOTAL OUTSTANDING ISSUED AND SUBSCRIBED (COMMON)	**494,117,649**	**100.00%**

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

Dividend Policy

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

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

As of December 31, 2016, the Company has not defined a minimum percentage of net earnings to be distributed to its common shareholders. Dividends may be declared only from the Company's unrestricted retained earnings, except when, among others: (i) justified by definite corporate expansion, or (ii) when the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured, or (iii) when it can be clearly shown that the retention of earnings is necessary under special circumstances obtaining in the Company, its assets and operations, such as when there is a need for special reserves for probable contingencies.

Record Date

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

Dividends

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

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

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

None.

Stock Options

None

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

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.

REVIEW OF YEAR END 2015 VS YEAR END 2014

RESULTS OF OPERATIONS

Revenues

Real estate sales

Real estate sales grew from **₱ 555.44 million** for the year ended December 31, 2014 to **₱ 650.80 million** for the year ended December 31, 2015, representing an increase of **17%.** The growth was primarily due to the increase in the sale of memorial park lots and columbarium vault for the year.

Interment income
Interment income grew to **₱ 21.50 million** for the year ended December 31, 2015 from **₱ 19.70 million** for the year ended December 31, 2014, representing an increase of **9%.** This increase in interment income was mainly attributable to an increase in the number of services for the year.

Interest income on contracts receivables
Interest income on contract receivables increased by **5%** to **₱ 20.50 million** for the year ended December 31, 2015 from **₱ 19.59 million** for the year ended December 31, 2014**.** The increase in interest income was primarily due to higher sales on account posted for the year.

Costs and Expenses

Cost of sales and services
Cost of sales and services increased to **₱ 293.15 million** for the year ended December 31, 2015 from **₱ 250.52 million** for the year ended December 31, 2014, representing an increase of **17%.** The increase in cost of sales and services was primarily attributable to increase in sales of memorial park lots and columbarium vaults for the year.

Other operating expenses
Other operating expenses increased to **₱ 203.97 million** for the year ended December 31, 2015 from **₱ 150.57 million** for the year ended December 31, 2014, representing an increase of **35%.** This was mainly due to the following:

- Increase in salaries and wages from **₱ 31.97 million** for the year ended December 31, 2014, to **₱ 44.71 million** for the year ended December 31, 2015, due to additions to the Company's manpower complement.

- Increase in commission from **₱ 38.88 million** for the year ended December 31, 2014, to **₱ 50.58 million** for the year ended December 31, 2015, due to higher sales for the year.

- Increase in promotions from **₱ 13.17 million** for the year ended December 31, 2014, to **₱ 18.78 million** for the year ended December 31, 2015, due to higher sales for the year.

Other Income – net

Other income – net increased to **₱ 20.65 million** for the year ended December 31, 2015 from **₱ 12.85 million** for the year ended December 31, 2014, representing an increase of **61%.** The increase in other income was mainly attributable to the increase in forfeited sales for the year.

Tax Expense

Tax expense increased to **₱ 65.22 million** for the year ended December 31, 2015 from **₱ 61.87 million** for the year ended December 31, 2014, representing an increase of **5%.** The increase in tax expense was mainly attributable to the higher tax base for the year.

Net Income

The foregoing factors resulted in an increase in net profit to **₱ 151.12 million** for the year ended December 31, 2015 from **₱ 144.63 million** for the year ended December 31, 2014, representing an increase of **5%**.

For the year ended December 31, 2015, there were no seasonal aspects that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that 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 revenues.

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

FINANCIAL CONDITION

As of December 31, 2015 vs. December 31, 2014

Total assets as of December 31, 2015 amounted to **₱ 1,787.10 million** compared to **₱ 1,666.56 million** as of December 31, 2014, representing a **7% increase**. This was due to the following:

- Cash and cash equivalents grew by **42%** from **₱ 80.66 million** as of December 31, 2014 to **₱ 114.64 million** as of December 31, 2015, arising from higher cash generated from operations for the year.

- Total contracts receivable, including non-current, increased by **17%** from **₱ 1,087.85 million** as of December 31, 2014 to **₱ 1,274.09 million** as of December 31, 2015, primarily due to increased sales on account of memorial park lots and columbarium niches for the year.

- Due from related parties decreased by **66%** from **₱ 206.90 million** as of December 31, 2014 to **₱ 70.21 million** as of December 31, 2015, due to collections made during the year.

- Other receivables, mostly advances to suppliers for construction and development projects, increased by **266%** from **₱ 8.17 million** as of December 31, 2014 to **₱ 29.90 million** as of December 31, 2015, due to the increase in launches of additional phases for the year.

- Memorial lot inventories – net increased by **6%** from **₱ 205.02 million** as of December 31, 2014 to **₱ 217.77 million** as of December 31, 2015, as a result of the launch of additional phases in the Company's various projects for the year.

- Other current assets increased by **76%** from **₱ 8.16 million** as of December 31, 2014 to **₱ 14.35 million** as of December 31, 2015, due primarily to the increase in the Deferred Input VAT.

- Property and equipment – net increased by **8%** from **₱ 22.87 million** as of December 31, 2014 to **₱ 24.79 million** as of December 31, 2015, attributable to acquisitions for the year.

- Investment properties decreased by **12%** from **₱ 46.92 million** as of December 31, 2014 to **₱ 41.33 million** as of December 31, 2015, as a result of reclassification to memorial lot inventory due to the change in use and intention for the asset.

Total liabilities as of December 31, 2015 amounted to **₱ 1,352.44 million** compared to **₱ 582.95 million** as of December 31, 2014, representing a **132% increase**. This was due to the following:

- Interest bearing loans, including non-current portion, amounted to **₱ 9.02 million** for the year ended December 31, 2015. The Company had no loans for the year ended December 31, 2014.

- Trade and other payables grew from **₱ 217.93 million** as of December 31, 2014 to **₱ 264.24 million** as of December 31, 2015, a **21%** increase, primarily on account of the increase in raw lands payable.

- Customers' deposits decreased from **₱ 7.13 million** as of December 31, 2014 to **₱ 5.93 million** as of December 31, 2015, a **17%** decrease, due to recognition to Revenue.

- Dividends payable amounted to **₱ 650 million** for the year ended December 31, 2015, representing cash dividends declared amounting to **₱ 800 million** net of the advances to the shareholders.

- Income tax payable increased by **252%** from **₱ 4.25 million** as of December 31, 2014 to **₱ 14.95 million** as of December 31, 2015, primarily due to the higher tax base.

- Retirement benefit obligations decreased by **69%** from **₱ 0.25 million** as of December 31, 2014 to **₱ 0.08 million** as of December 31, 2015, due to actuarial adjustment.

- Deferred tax liabilities – net increased by **17%** from **₱ 219.53 million** as of December 31, 2014 to **₱ 255.98 million** as of December 31, 2015, due to the increase in the temporary differences resulting to a potential tax liability in the future.

- Reserve for perpetual care grew by **14%** from **₱ 133.86 million** as of December 31, 2014 to **₱ 152.25 million** as of December 31, 2015, due to higher sales on account recorded for the year within which the fund for those sales are yet to be remitted to the trustee.

Total stockholder's equity decreased by **60%**, from **₱ 1,083.60 million** as of December 31, 2014 to **₱ 434.66 million** as of December 31, 2015. This was primarily attributable to the decrease in retained earnings by **61%** from **₱ 1,066.08 million** as of December 31, 2014 to **₱ 417. 19 million** as of December 31, 2015, as a result of declaration of dividends.

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

KEY PERFORMANCE INDICATORS		31-Dec-2015	31-Dec-2014
Liquidity:			
Current Ratio	Current Assets/Current Liability	0.95 : 1	3.93 : 1
Solvency:			
Debt-to-Equity Ratio	Total Liabilities/Total Equity	3.11 : 1	0.54 : 1
Asset-to-equity:			
Asset-to-Equity ratio	Total Assets/Total Equity	4.11 : 1	1.54 : 1

	31-Dec-2015 Audited	31-Dec-2014 Audited
Gross Margin	56.4%	56.4%
Net Profit Margin	21.8%	24.3%
Return on Equity	34.8%%	13.3%

Material Changes to the Company's Statement of Financial Position as of December 31, 2015 compared to December 31, 2014 (increase/decrease of 5% or more)

- Cash and cash equivalents grew by **42%** from **₱ 80.66 million** as of December 31, 2014 to **₱ 114.64 million** as of December 31, 2015, arising from higher cash generated from operations for the year.

- Total contracts receivable, including non-current, increased by **17%** from **₱ 1,087.85 million** as of December 31, 2014 to **₱ 1,274.09 million** as of December 31, 2015, primarily due to increased sales on account of memorial park lots and columbarium niches for the year.

- Due from related parties decreased by **66%** from **₱ 206.90 million** as of December 31, 2014 to **₱ 70.21 million** as of December 31, 2015, due to collections made during the year.

- Other receivables, mostly advances to suppliers for construction and development projects, increased by **266%** from **₱ 8.17 million** as of December 31, 2014 to **₱ 29.90 million** as of December 31, 2015, due to the increase in launches of additional phases for the year.

- Memorial lot inventories – net increased by **6%** from **₱ 205.02 million** as of December 31, 2014 to **₱ 217.77 million** as of December 31, 2015, as a result of the launch of additional phases in the Company's various projects for the year.

- Other current assets increased by **76%** from **₱ 8.16 million** as of December 31, 2014 to **₱ 14.35 million** as of December 31, 2015, due primarily to the increase in the Deferred Input VAT.

- Property and equipment – net increased by **8%** from **₱ 22.87 million** as of December 31, 2014 to **₱ 24.79 million** as of December 31, 2015, attributable to acquisitions for the year.

- Investment properties decreased by **12%** from **₱ 46.92 million** as of December 31, 2014 to **₱ 41.33 million** as of December 31, 2015, as a result of reclassification to memorial lot inventory due to the change in use and intention for the asset.

- Interest bearing loans, including non-current portion, amounted to **₱ 9.02 million** for the year ended December 31, 2015. The Company had no loans for the year ended December 31, 2014.

- Trade and other payables grew from **₱ 217.93 million** as of December 31, 2014 to **₱ 264.24 million** as of December 31, 2015, a **21%** increase, primarily on account of the increase in raw lands payable.

- Customers' deposits decreased from **₱ 7.13 million** as of December 31, 2014 to **₱ 5.93 million** as of December 31, 2015, a **17%** decrease, due to recognition to Revenue.

- Dividends payable amounted to **₱ 650 million** for the year ended December 31, 2015, representing cash dividends declared amounting to **₱ 800 million** net of the advances to the shareholders.

- Income tax payable increased by **252%** from **₱ 4.25 million** as of December 31, 2014 to **₱ 14.95 million** as of December 31, 2015, primarily due to the higher tax base.

- Retirement benefit obligations decreased by **69%** from **₱ 0.25 million** as of December 31, 2014 to **₱ 0.08 million** as of December 31, 2015, due to actuarial adjustment.

- Deferred tax liabilities – net increased by **17%** from **₱ 219.53 million** as of December 31, 2014 to **₱ 255.98 million** as of December 31, 2015, due to the increase in the temporary differences resulting to a potential tax liability in the future.

- Reserve for perpetual care grew by **14%** from **₱ 133.86 million** as of December 31, 2014 to **₱ 152.25 million** as of December 31, 2015, due to higher sales on account recorded for the year within which the fund for those sales are yet to be remitted to the trustee.

- Total stockholder's equity decreased by **60%**, from **₱ 1,083.60 million** as of December 31, 2014 to **₱ 434.66 million** as of December 31, 2015, primarily attributable to the declaration of dividends.

Material Changes to the Company's Statement of income for the year ending December 31, 2015 compared to the year ending December 31, 2014 (increase/decrease of 5% or more)

- Real estate sales grew from **₱ 555.44 million** for the year ended December 31, 2014 to **₱ 650.80 million** for the year ended December 31, 2015, representing an increase of **17%**, primarily due to the increase in the sale of memorial park lots and columbarium vault for the year.

- Interment income grew to **₱ 21.50 million** for the year ended December 31, 2015 from **₱ 19.70 million** for the year ended December 31, 2014, representing an increase of **9%**, mainly attributable to an increase in the number of services for the year.

- Interest income on contract receivables increased by **5%** to **₱ 20.50 million** for the year ended December 31, 2015 from **₱ 19.59 million** for the year ended December 31, 2014**,** primarily due to higher sales on account posted for the year.

- Cost of sales and services increased to **₱ 293.15 million** for the year ended December 31, 2015 from **₱ 250.52 million** for the year ended December 31, 2014, representing an increase of **17%**, primarily attributable to increase in sales of memorial park lots and columbarium vaults for the year.

- Other operating expenses increased to **₱ 203.97 million** for the year ended December 31, 2015 from **₱ 150.57 million** for the year ended December 31, 2014, representing an increase of **35%**, due mainly in an increase in salaries and wages, commissions and promotions.

- Other income – net increased to **₱ 20.65 million** for the year ended December 31, 2015 from **₱ 12.85 million** for the year ended December 31, 2014, representing an increase of **61%**, mainly attributable to the increase in forfeited sales for the year.

- Tax expense increased to **₱ 65.22 million** for the year ended December 31, 2015 from **₱ 61.87 million** for the year ended December 31, 2014, representing an increase of **5%**, mainly attributable to the higher tax base for the year.

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

Factors which may have material impact in Company's operations

Economic factors

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

Competition

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

Capital Expenditures

The table below sets out the Company's capital expenditures in 2014, 2015 and 2016 together with its budgeted capital expenditures for 2017.

	Expenditure
	(in ₱ millions)
2014 (actual)	13.55
2015 (actual)	9.63
2016 (actual)	599.32
2017 (budgeted)	575.00

The Company's capital expenditures have, in the past, been financed by internal funds. During the year the Company raised funds from its IPO which will also be used to fund capital expenditures..

Components of the Company's capital expenditures for 2014, 2015 and 2016 are summarized below:

	For the years ended December 31,		
	2014	**2015**	**2016**
		(in ₱ millions)	
Land acquisition	-	2.01	62.50
Memorial park development	-	-	243.68
Memorial chapel construction	-	-	114.21
Property and equipment	13.55	7.62	15.46
Total	**13.55**	**9.63**	**435.85**

**including Starmalls, Inc., a newly acquired subsidiary.*

The Company has budgeted ₱575.00 million for capital expenditures for 2017. The planned capital expenditures for 2017 are summarized below:

Capital Projects	**Expenditures** *(in ₱ millions)*
Land acquisition	250.00
Memorial park development	100.00
Memorial chapel construction	150.00
Property and equipment	75.00
Total	**575.00**

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

Item 7. Financial Statements

The Consolidated Financial Statements of the Company as of and for the year ended December 31, 2016 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountants

Punongbayan & Araullo, independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2014, 2015, and 2016, included in this report.

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

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

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

	2015	2016
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 1,250,000.00[1]	₱ 450,000.00
All other fees	-	–
Total	**₱ 1,250,000.00**	**₱ 450,000.00**

[1] *Audit fee of Punongbayan & Araullo for the restatement of prior-year financial statements*

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

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

The 2016 audit of the Registrant is in compliance with paragraph (3)(b)(iv) of SRC Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

For Changes in Accounting Policies, refer to Note 2 – Adoption of New and Amended PFRS under Summary of Significant Accounting Policies discussion on the Financial Statements as of and for the year ended December 31, 2016 included in this report.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

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

Name	Age	Position	Citizenship
Jerry M. Navarrete	62	Director, Chairman of the Board and President	Filipino
Maribeth C. Tolentino	51	Director and Chief Operating Officer	Filipino
Joy J. Fernandez	51	Director and Treasurer	Filipino
Frances Rosalie T. Coloma	54	Director	Filipino
Cynthia Marie S. Delfin	55	Director	Filipino
Ana Marie V. Pagsibigan	47	Independent Director	Filipino
Garth F. Castañeda	35	Independent Director	Filipino

The following are the names, ages and citizenship of the Registrant's executive officers in addition to its executive and independent directors listed above as of December 31, 2016.

Name	Age	Position	Citizenship
Roy Joseph S. Fernandez	50	Chief Financial Officer and Chief Information Officer	Filipino
Timothy Joseph M. Mendoza	35	Corporate Secretary	Filipino
Mark Aurelio B. Dantes	30	Investor Relations Officer	Filipino

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

JERRY M. NAVARRETE, *Director, Chairman of the Board and President.* Mr. Navarrete graduated from the Lyceum of the Philippines with a Bachelor's degree in Economics and from Ateneo de Manila University with a Master's degree in Business Administration. He previously worked as research analyst with Aguilar Shipping for one year and was the General Manager of the Company from 1984 until 1987. Mr. Navarrete has been with the Villar Group of Companies for more than 35 years and currently serves as the President of Starmalls, Inc. and Fine Properties, Inc. He has been the President of the Company since January 2016.

JOY J. FERNANDEZ, *Director and Treasurer.* Ms. Fernandez graduated from the Central Philippine University with a Bachelor's degree in Commerce and from the Royal Melbourne Institution of Technology as a chartered accountant associate. She previously served as the Comptroller of the Company from October 2009 until June 2015. Ms. Fernandez currently serves as the Chief Operating Officer of MGS Construction, Inc. and has been the Treasurer of the Company since June 2015.

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

MARIBETH C. TOLENTINO, *Director and Chief Operations Officer.* Ms. Tolentino is a Certified Public Accountant and graduated from the University of the East with a Bachelor's degree in Business Administration. She previously served as the General Manager of the Company from 1999 to 2005. Ms.

Tolentino currently serves as the President of Vista Residences, Inc., Camella Homes, Inc. and Household Development Corporation and as director of Vista Land & Lifescapes, Inc., Vista Residences, Inc. and Camella Homes, Inc. Ms. Tolentino was appointed Chief Operations Officer of the Company in February 2016.

CYNTHIA MARIE S. DELFIN, *Director*. Ms. Delfin graduated magna cum laude from the University of the Philippines Los Baños with a Bachelor's degree in Agribusiness. She holds a Master's degree in Business Management from the Asian Institute of Management. She has been with the Villar Group of Companies for 12 years and currently serves as the head of business development for Fine Properties, Inc. Ms. Delfin has been a director of the company since July 2016.

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

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

ROY JOSEPH S. FERNANDEZ, *Chief Financial Officer and Chief Information Officer*. Mr. Fernandez is a Certified Public Accountant and graduated from the De la Salle University with a Bachelor's degree in Accounting and from Asian Institute of Management with a Master's degree in Business Administration. He previously served as the General Manager of Brittany Corporation and eBusiness Services, Inc. and the Operations Director of Western Union Financial Services (HK) Ltd. He currently serves as the Head of Operations of All Home Corporation and has been the Chief Financial Officer and Chief Information Officer of the Company since March 2016.

TIMOTHY JOSEPH M. MENDOZA, *Corporate Secretary*. Atty. Mendoza graduated from Ateneo de Manila University with a Bachelor's degree in Political Science and from the University of the Philippines with a Bachelors of Laws degree. He is currently a partner at the Picazo Buyco Tan Fider & Santos Law Offices and serves as the Corporate Secretary of San Carlos Solar Energy, Inc. and Negros Island Solar Power, Inc. Atty. Mendoza was appointed as the Company's Corporate Secretary in February 2016.

MARK AURELIO B. DANTES, *Investor Relations Officer*. Mr. Dantes graduated from the University of the Philippines with a Bachelor's degree in Journalism. He holds a Master's degree in Business Administration from the National University of Singapore. Mr. Dantes was appointed as Investor Relations Officer of the Company on 1 October 2015. Prior to joining the Company, Mr. Dantes was a Brand Manager (2011-2012) and Director for Business Development (2014-2015) of Property Company of Friends, Inc. He was also an Accounts Manager at DM9 Jayme Syfu in 2011, and was an Assistant Manager at Rockwell Land Corp. from 2009-2011.

Family relationships

To the best knowledge of the Company, none of its directors and executive officers, or persons nominated to such positions, is related to the others by consanguinity or affinity within the fourth civil degree.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

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

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

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

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

- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Executive Compensation

The compensation for its executive officers for the years 2015, 2016 (actual), and 2017 (projected) are shown below:

Name and Principal Position		Year	Salary	Bonus	Others
Jerry M. Navarette*	Chairman & President				
Maribeth C. Tolentino*	Chief Operating Officer				
Roy Joseph S. Fernandez*	Chief Financial Officer / Chief Information Officer				
Karlo G. Magpayo	General Manager				
Miles M. Teretit*	Chief Accountant				
Aggregate executive compensation for above named officers		**Actual 2015**	**₱8.36M**	**₱1.48M**	**None**
		Actual 2016	**₱9.80M**	**₱1.73M**	**None**
		Projected 2017	**₱11.76M**	**₱2.08M**	**None**
Aggregate executive compensation of all other officers and directors, unnamed		**Actual 2015**	**₱7.60M**	**₱1.34M**	**None**
		Actual 2016	**₱9.80M**	**₱1.73M**	**None**
		Projected 2017	**₱11.76M**	**₱2.08M**	**None**

** Appointed in 2016, compensation not included in 2015*

Standard arrangements

Each director of the Company receives a per diem of ₱10,000 determined by the Board of Directors for attendance in a Board meeting and a ₱10,000 allowance for attendance in a committee meeting (except for independent directors).

Other arrangements

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

Employment contract between the company and executive officers

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

Warrants and options held by the executive officers and directors

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

Significant employee

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of the Registrant's voting securities as of December 31, 2016:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership[1]
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Fine Properties, Inc./ Record Owner is not the beneficial owner[2]	Filipino	412,057,800	83.39%
Common	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6766 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial owner[3]	Filipino	74,077,647	14.99%

[1] Based on the Company's total issued and outstanding capital stocks as of December 31, 2016 of 494,117,649 common shares.

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

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

Security ownership of directors and executive officers as of December 31, 2016:

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership		Citizenship	Percent of Class[1]
Common	Jerry M. Navarette No. 333 Sineguelasan Bacoor, Cavite	2,835,000	Indirect	Filipino	0.57%
Common	Maribeth C. Tolentino Block 1 Lot 2 Merida Subdivision BF Resort Village, Talon, Las Piñas City	2,835,000	Indirect	Filipino	0.57%
Common	Joy J. Fernandez Block 11 Lot 3 Joshua St, Camella Las Piñas Classic Pilar, Las Piñas City	2,268,000	Indirect	Filipino	0.46%
Common	Frances Rosalie T. Coloma 1-10 Granwood Villas BF Homes, Quezon City	500	Indirect	Filipino	0.00%
Common	Cynthia Marie S. Delfin 16D Goldland Tower, #10 Eisenhower St., Greenhills, San Juan City	500	Indirect	Filipino	0.00%
Common	Anna Marie V. Pagsibigan 21 Matungao Bulacan, Bulacan	1	Indirect	Filipino	0.00%
Common	Garth F. Castañeda Unit 802, The Amaryllis Condominium 12th Street cor. E. Rodriguez Ave. Quezon City	1	Indirect	Filipino	0.00%
Total		**7,939,002**			**1.60%**

[1] *Based on the Company's total outstanding and issued capital stocks of 494,117,649 common shares as of December 31, 2016*

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

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

Voting Trust Holders of 5.0% or More

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

Changes in Control

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

Item 12. Certain Relationships and Related Transactions

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

For further information on the Company's related party transactions, including detailed breakdowns of amounts receivable from and amounts payable related to parties, see Note 16 of the Company's financial statements as of December 31, 2016 included in this report.

PART IV – CORPORATE GOVERNANCE

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

PART V – EXHIBITS AND SCHEDULES

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

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Consolidated Financial Statements of the Company as of and for the year ended December 31, 2016.

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

Reports on SEC Form 17-C

The following current reports have been reported by Golden Haven during the year 2016 through official disclosure letters dated:

July 29, 2016
Resignation/Election of Directors or Officers

August 15, 2016
BOD Meeting Resolution

October 14, 2016
Quarterly Report on Application of Proceeds

November 14, 2016
BOD Meeting Resolution

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

None

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on MAR 2 7 2017.

By:

JERRY M. NAVARETTE
President and Chief Executive Officer

TIMOTHY JOSEPH M. MENDOZA
Corporate Secretary

ROY JOSEPH S. FERNANDEZ
Chief Financial Officer

MILES M. TERETIT
Chief Accountant

MARIBETH C. TOLENTINO
Chief Operating Officer

SUBSCRIBED AND SWORN to before me this MAR 2 7 2017 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date & Place of Issue
Jerry M. Navarette	EC4138755	May 11, 2015, DFA Manila
Timothy Joseph M. Mendoza	EB7903656	April 17, 2013, DFA Manila
Roy Joseph S. Fernandez	EC2712507	Nov. 13, 2014, DFA Manila
Miles M. Teretit	EB6968132	Dec. 18, 2012 DFA NCR East
Maribeth C. Tolentino	EC5649483	Oct 9, 2015, DFA Manila

Doc. No. 19
Page No. 8
Book No. VII
Series of 2017.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2018
ROLL NO. 53511
IBP No. 1055198 / 03 Jan. 2017 / Quezon City
PTR No. 3015655 / 03 Jan. 2017 / Mandaluyong City
MCLE Compliance No. [illegible] issued dated 21 April 2015
Notarial Commission Appointment No. 0314-17
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

GOLDEN HAVEN MEMORIAL PARK, INC

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

Consolidated Financial Statements

Supplementary Schedules

Others

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Golden Haven Memorial Park, Inc. (the "Company")** is responsible for the preparation and fair presentation of the financial statements including the schedules attached herein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether 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.

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

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

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

Signed this _____ day of MAR 2 7 2017 2017.

JERRY M. NAVARRETE
Chairman of the Board and President

MARIBETH C. TOLENTINO
Chief Operating Officer

ROY JOSEPH S. FERNANDEZ
Chief Financial Officer

SUBSCRIBED AND SWORN, to before me this MAR 2 7 2017 at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	ID No.	Date and Place of Issue
Jerry M. Navarrete	Passport No. EC4138755	11 May 2015 / DFA Manila
Maribeth C. Tolentino	Passport No. EC5649483	9 October 2015 / DFA Manila
Roy Joseph S. Fernandez	Driver's License No. N01-84-007940	5 May 2015 /LTO

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

Doc No. 20
Page No. 5
Book No. VII
Series of 2017.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2018
ROLL NO. 53511
IBP No. 1055196 / 03 Jan. 2017 / Quezon City
PTR No. 3015653 / 03 Jan. 2017 / Mandaluyong City
MCLE Compliance No. V-0019[illegible] Issued dated 21 April 2016
Notarial Commission Appointment No. 0314-17
Vista Corporate Center, Lower Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	0	8	2	7	0					

COMPANY NAME

GOLDEN HAVEN MEMORIAL PARK, INC.

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

SAN EZEKIEL, C5 EXTENSION, LAS PIÑAS CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	873-2922	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
14	First Saturday of April	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Roy Joseph S. Fernandez	roy_fernandez@goldenhaven.com.ph	873-2922	0917-823-8420

CONTACT PERSON's ADDRESS

San Ezekiel, C5 Extension, Las Piñas City, Philippines

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

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).

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.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015
(Amounts in Philippine Pesos)

	Notes	2016	2015
ASSETS			
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
Total Current Assets		1,482,299,887	892,026,747
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	-
Total Non-current Assets		1,395,617,459	895,072,164
TOTAL ASSETS		P 2,877,917,346	P 1,787,098,911
LIABILITIES AND EQUITY			
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
Total Current Liabilities		559,711,404	941,090,924
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
Total Non-current Liabilities		1,000,150,209	411,351,282
Total Liabilities		1,559,861,613	1,352,442,206
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
Total Equity		1,318,055,733	434,656,705
TOTAL LIABILITIES AND EQUITY		P 2,877,917,346	P 1,787,098,911

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
		814,587,446	692,797,288	594,734,647
COSTS AND EXPENSES	13			
Costs of sales and services		332,166,938	293,147,058	250,517,637
Other operating expenses		247,674,620	203,971,292	150,568,375
		579,841,558	497,118,350	401,086,012
OPERATING PROFIT		234,745,888	195,678,938	193,648,635
OTHER INCOME – Net	14	22,933,479	20,654,277	12,851,424
PROFIT BEFORE TAX		257,679,367	216,333,215	206,500,059
TAX EXPENSE	15	(77,456,750)	(65,218,011)	(61,871,857)
NET PROFIT		180,222,617	151,115,204	144,628,202
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	(55,896)	27,002	524,221
		130,423	(63,006)	(1,223,182)
TOTAL COMPREHENSIVE INCOME		P 180,353,040	P 151,052,198	P 143,405,020
Basic and Diluted Earnings Per Share	19	P 0.49	P 755.58	P 723.14

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 borrowing:	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		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.

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 association 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:

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

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:

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

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.

	Note	2016	2015
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	**P 344,994,214**	P 217,770,422

Which are composed of:

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

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
Accumulate d 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:

	2016	2015
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	**-**	(7,594,331)
Balance at end of year	**P 267,306,979**	P 41,334,899

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:

	2016	2015
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	**742,487**	325,100
	P 9,762,409	P 14,351,044

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
		P 344,704,317	P 234,215,523

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.

	2016	2015
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)
	P 125,751,834	P 128,785,113

13. COSTS AND EXPENSES

13.1 Costs of Sales and Services

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

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

Cost of memorial lots sold is comprised of:

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

13.2 Other Operating Expenses

The details of other operating expenses are shown below.

	Notes	2016	2015	2014
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		**7,373,497**	8,055,044	5,366,322
		P 247,674,620	P 203,971,292	P 150,568,375

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)
		P 22,933,479	P 20,654,277	P 12,851,424

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	**2,360,352**	301,487	526,585
	P 27,675,931	P 21,208,557	P 11,884,698

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
Reported in profit or loss:			
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%	**553,376**	199,212	233,373
	31,597,651	28,744,963	13,556,983
Deferred tax expense relating to origination and reversal of temporary differences	**45,859,099**	36,473,048	48,314,874
	P 77,456,750	P 65,218,011	P 61,871,857

	2016	2015	2014
Reported in other comprehensive income (loss)			
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:

	2016	2015	2014
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	**429,628**	417,652	33,526
	P 77,456,750	P 65,218,011	P 61,871,857

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

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

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

	Profit or Loss			Other Comprehensive Income		
	2016	2015	2014	2016	2015	2014
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	**18,845**	(78,716)	(191,108)	**(55,896)**	27,002	524,221
Deferred Tax Income (Expense)	**(P 45,859,099)**	(P 36,473,048)	(P 48,314,874)	**(P 55,896)**	P 27,002	P 524,221

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	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.

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

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:

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

17. EMPLOYEE BENEFITS

17.1 Salaries and Employee Benefits

Details of salaries and employee benefits are presented below.

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

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:

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

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

	2016	2015
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	**P 10,963,945**	P 9,624,079

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:

		2016		2015
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		**2,280,552**		2,170,094
Balance at end of year	**P**	**10,916,737**	P	9,700,378

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:

		2016		2015		2014
Reported in profit or loss:						
Current service cost	**P**	**908,929**	P	826,299	P	533,090
Interest expense (income) – net		**3,883**		11,314	(	79,479)
Acquired obligation		**-**		-		9,361
	P	**912,812**	P	837,613	P	462,972
Reported in other comprehensive income (losses):						
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		**-**	(	267,303)	(	376,654)
	P	**186,319**	(P	90,008)	(P	1,747,403)

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:

	2016	2015	2014
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		
	Change in Assumption	**Increase in Assumption**	**Decrease in Assumption**
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	53,060,585
	P 89,802,612

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	**995,800,000**	-	-	**976,000,000**	-	-
Balance at end of year	**996,000,000**	200,000	200,000	**P 996,000,000**	P 20,000,000	P 20,000,000
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	**400,000,000**	-	-	**400,0000,000**	-	-
Change due to decrease in par value	**19,800,000**	-	-	**-**	-	-
Issuance during the year	**74,117,649**	-	-	**74,117,649**	-	-
Balance at end of year	**494,117.649**	200,000	200,000	**P 494,117,649**	P 20,000,000	P 20,000,000
Preferred shares						
Authorized						
Balance at beginning of year	-	-	-	**P -**	P -	P -
Change due to decrease in par value	**400,000,000**	-	-	**4,000,000**	-	-
Balance at end of year	**400,000,000**	-	-	**P 4,000,000**	P -	P -

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:

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

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:

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

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
		P2,014,251,457	P 1,460,458,251

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:

	2016	2015
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	**101,260,790**	96,304,548
	P 157,312,283	P 147,142,881

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.

		Current		Non-current	
	Notes	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
2016					
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	-	-	198,259,890	-
		P 69,475,020	**P234,929,907**	**P761,066,822**	**P -**
2015					
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	-	-	152,252,485	-
		P 4,637,551	P124,426,450	P155,431,145	P -

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
		P 2,014,251,457	**P 2,014,251,457**	P 1,460,458,251	P 1,460,458,251
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
		P 1,065,471,749	**P 1,065,471,749**	P 283,858,918	P 283,858,918

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:

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

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	P -

(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	95,631
	P 8,962,419

(g) Withholding Taxes

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

Compensation	P11,378,307
Expanded	6,249,316
	P17,627,623

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	22,108,159
	P 554,424,720

(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	13,420,334
	P 224,761,008

(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	2,885,622
	P 27,675,931

(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	6,854,473
	P 253,858,728

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 to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Golden Haven Memorial Park, Inc. for the year ended December 31, 2016, on which we have rendered our report dated March 24, 2017. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Securities Regulation Code Rule 68, and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the 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.

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

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 Certified Public Accountants to Accompany Income Tax Return

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

We have audited the financial statements of Golden Haven Memorial Park, Inc. (the Company) for the year ended December 31, 2016, on which we have rendered the attached report dated March 24, 2017.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

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.)
List of Supplementary Information
December 31, 2016

GOLDEN HAVEN MEMORIAL PARK, INC.
(A Subsidiary of Fine Properties, Inc.)
San Ezekiel, C5 Extension
Las Piñas City
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
December 31, 2016
(Amounts in Philippine Pesos)

Name	Balance at beginning of year	Additions	Amounts Collected	Balance at end of year
N/A				-
				-
				-
				-
				-
				-
				-
				-
				-
Total	-	-	-	-

GOLDEN HAVEN MEMORIAL PARK, INC.
(A Subsidiary of Fine Properties, Inc.)
San Ezekiel, C5 Extension
Las Piñas City
Schedule E - Long-Term Debt
December 31, 2016
(Amounts in Philippine Pesos)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption"Trade and Other Payables" in related statement of financial position	Amount shown under caption"Other Non-current Liabilities" in related statement of financial position
Bank Loan	P 500,000,000		P 500,000,000

GOLDEN HAVEN MEMORIAL PARK, INC.
(A Subsidiary of Fine Properties, Inc.)
San Ezekiel, C5 Extension
Las Piñas City
Schedule F - Indebtedness to Related Parties
December 31, 2016
(Amounts in Philippine Pesos)

Name of Related Parties	Balance at beginning of year	Balance at end of year
Fine Properties, Inc.	P 18,377,019	P 18,377,019
		-
Total	P 18,377,019	P 18,377,019

GOLDEN HAVEN MEMORIAL PARK, INC.
(A Subsidiary of Fine Properties, Inc.)
Schedule H - Capital Stock
San Ezekiel, C5 Extension
Las Piñas City
December 31, 2016
(Amounts in Philippine Pesos)

			Number of shares held by	
Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related statement of financial position*	*Directors, officers and employees*	*Others*
Common shares	996,000,000	494,117,649	7,939,002	486,178,647
Preferred shares	400,000,000	-	-	-

GOLDEN HAVEN MEMORIAL PARK, INC.
(A Subsidiary of Fine Properties, Inc.)
San Ezekiel, C5 Extension
Las Piñas City
Reconciliation of Retained Earnings Available for Dividend Declaration
As of and for the Year Ended December 31, 2016

Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted	P	17,192,300
Net Profit Realized during the Year		180,222,617
Dividend Declarations During the Year	(	400,000,000)
Reversal of Appropriations		400,000,000
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P**	**197,414,917**

Golden Haven Memorial Park, Inc.
(A Subsidiary of Fine Properties, Inc.)
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2016

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendment to PFRS 1: Government Loans	✓		
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures – Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures* *(effective when PFRS 9 is first applied)*			✓
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments (2014)* *(effective January 1, 2018)*			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendment to PFRS 10: Transition Guidance			✓
	Amendment to PFRS 10: Investment Entities			✓
	Amendment to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *(effective January 1, 2016)*			✓
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception *(effective January 1, 2016)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Transition Guidance			✓
	Amendment to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations *(effective January 1, 2016)*			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendment to PFRS 12: Transition Guidance			✓
	Amendment to PFRS 12: Investment Entities			✓
	Amendment to PFRS 10: Investment Entities – Applying the Consolidation Exception *(effective January 1, 2016)*			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts* *(effective January 1, 2016)*			✓
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendment to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events After the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendment to PAS 16: Bearer Plants	✓		
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendment to PAS 19: Defined Benefit Plans - Employee Contributions	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendment to PAS 27: Investment Entities			✓
	Amendment to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
	Amendment to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendment to PAS 28: Investment Entities - Applying the Consolidation Exception			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings Per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendment to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions**	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts**	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition**	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives**	✓		
	Amendment to PAS 39: Eligible Hedged Items**	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting**	✓		
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
	Amendment to PAS 41: Bearer Plants			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities**	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**	✓		
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives**	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives**	✓		
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction**	✓		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers**	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs			✓

* These standards will be effective for periods subsequent to 2015 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.

Golden Haven Memorial Park, Inc.
Summary of Financial Soundness Indicators
As at December 31, 2016, 2015 and 2014

		2016	2015	2014
Liquidity:				
Current Ratio	Current Assets/Current Liability	2.65	0.95	3.93
Solvency:				
Debt-to-Equity Ratio	Total interest-bearing loans/Total Equity	0.38	0.02	0.56
Asset-to-equity:				
Asset-to-Equity ratio	Total Assets/Total Equity	2.18	4.11	1.54

		2016	2015	2014
Interest-rate-coverage:				
Interest-rate-coverage ratio	Profit Before Tax/Finance Costs	35.75	140.64	NA*
Profitability:				
Return-on-investment	Net Income/Average Capital Stock	70.11%	755.58%	723.14%

**The Company has no interet bearing loans in 2014.*

Golden Haven Memorial Park, Inc.
Map of Related Parties
December 31, 2016