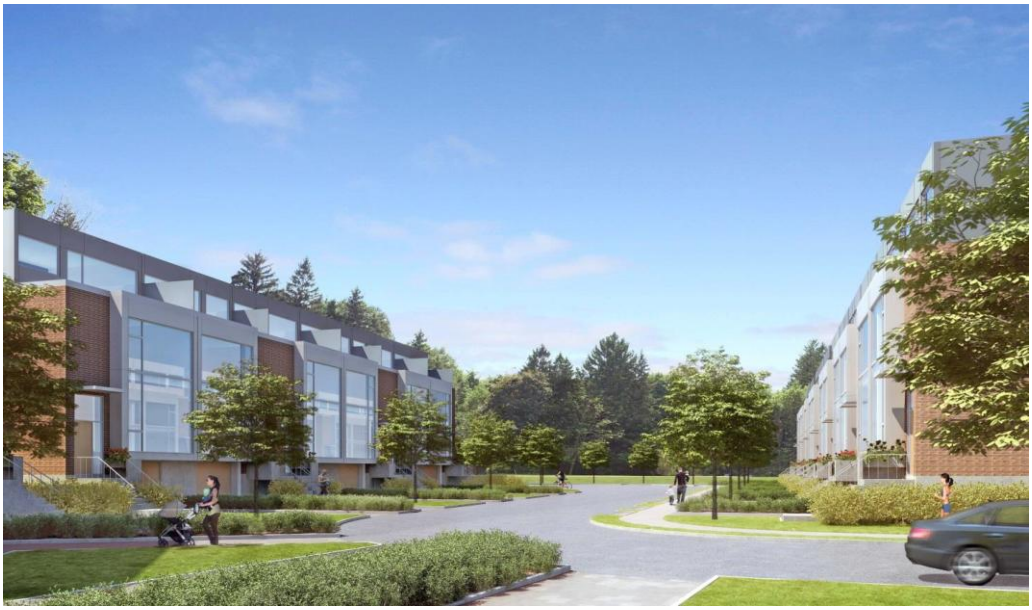

Artist Rendering of Proposed Townhouse Development

PARK LAWN COMPANY LIMITED

ANNUAL REPORT

2013

LETTER TO SHAREHOLDERS

Dear Shareholder,

The purpose of this letter is to provide shareholders with an update of the Company activities over the past twelve months.

The Official Plan and Zoning By-Law application, which was filed in February 2013, attempts to have the current zoning changed and the access to Linelle Street opened.

As a result of consultation with the community and public officials during 2013, a revised site plan proposing 25 townhouse units was submitted in February 2014. The Company also filed applications for Site Plan Approval and Draft Plan of Subdivision in February 2014.

The plans are being circulated within the city of Toronto and to outside agencies. The review by the various agencies will take several months and there is no way to predict the outcome or timing of the decision. There is no guarantee that the necessary municipal approvals will be received in which case the company will explore alternative uses for the property that comply with the current zoning.

Larry Boland
Vice President & Treasurer

PARK LAWN COMPANY LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2013 and 2012

Introduction

The following Management's Discussion and Analysis ("MD&A") covers the operations, financial position and operating results of Park Lawn Company Limited (the "Company" or "Park Lawn") for the years ended December 31, 2013 and December 31, 2012 and is intended to help readers better understand the operations and key financial results, as they are, in our opinion, at the date of this Report. The MD&A has been prepared in accordance with National Instrument 51-102F1, Continuous Disclosure Obligations, and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2013 and the accompanying notes. Information contained in this management's discussion and analysis is based on information available to management as of April 24, 2014.

Additional information relating to Park Lawn Company Limited is filed at SEDAR at www.sedar.com and at CNSX at www.cnsx.ca or can be obtained by contacting Investor Relations, Park Lawn Company Limited, 57 Linelle Street, Toronto, Ontario M2N 2J4.

Historically, Park Lawn prepared its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of The Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011.

These statements are essentially forward-looking and are subject to risks and uncertainties, as described in the "Risks and Uncertainties" section below. Actual results, levels of activity, performance or achievements could differ materially from those projected, discussed or contemplated herein and are dependent upon on a number of factors, including the approval of the application for an amendment to the City of Toronto Official Plan and Zoning Bylaw for the Company's 2.9 acre parcel of land.

Unless otherwise noted, all amounts in this MD&A are presented in Canadian funds, which is the functional currency of the Company.

Park Lawn Company Limited shares are listed on CNSX under the symbol PRL.

Forward-looking Statements

This MD&A contains forward-looking statements and information within the meaning of applicable securities legislation. These forward-looking statements reflect management's current beliefs and are based on assumptions and information currently available to the management of the Company. In some cases, forward-looking statements can be identified by terminology such as* "may", "will", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "forecast", "outlook", "potential", "continue", "should", "likely", *or the negative of these terms or other comparable terminology. Although management believes that the anticipated future results, performance, or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, readers should not place undue reliance on forward-looking statements and information, because they involve assumptions, known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance, or achievements expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include, but are not limited to, general and local economic conditions; and risk matters noted in the Overview; Impairment Testing of Property; Business Environment and Outlook; and, Risks and Uncertainties sections of this MD&A. The Company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by law.

Overview

Park Lawn Company Limited owns a 2.9 acre parcel of land at 57 Linelle Street, Toronto, Ontario, and holds a promissory note in the amount of $5,096,498 issued by Park Lawn Limited Partnership. In August, 2007, the Company purchased the house and land located at 53 Linelle Street, Toronto, Ontario. The property is located immediately adjacent to the 57 Linelle Street property.

The board of directors authorized management to proceed with an application for an amendment to the City of Toronto Official Plan and Zoning Bylaw for the Company's 2.9 acre parcel of land. The Company wishes to use the land for residential purposes. The land, which was previously zoned to permit residential uses, was rezoned in 1993 to permit the development of a two-story mausoleum structure of approximately 185,000 square feet. At that time, a one-foot reserve was granted to the City of Toronto blocking access to the site from Linelle Street. Access to the site is currently available by means of an access easement with Park Lawn Corporation which owns the mausoleum buildings to the north of the site. The application, which was filed in February, 2013, attempts to have the current zoning changed and access to Linelle Street opened. There is no guarantee that the necessary municipal approvals will be received in which case the Company will explore alternatives uses for the property that comply with the current zoning.

Consolidation

The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries, (including Kening Properties Limited and Westside Cemetery Holdings Limited). All significant accounts and transactions between consolidated entities are eliminated. Should there be a party with a minority interest in a property that the Company controls, that minority interest would be reflected as "Non-controlling interest" in the consolidated statements of financial position.

Financial Statements and Accounting Principles

The Company's significant accounting policies are summarized in Note 2 to its consolidated financial statements. There have been no changes in significant accounting policies from the Company's 2012 audited annual financial statements. In addition, there has been no change in the Company's financial instrument risks.

The following Management's Discussion and Analysis provides a review of corporate and market developments, results of operations and financial position for the year ended December 31, 2013. Information contained in this Management's Discussion and Analysis is based on information available to management as of April 24, 2014.

SELECTED ANNUAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31						
		2013		2012		2011
Gross Revenue	$	299,464	$	315,094	$	329,431
Selling, General & Administrative Expenses		329,219		328,484		336,021
Rental Property		7,540		6,301		21,878
Income Before Discontinued Operations & Unusual Items	$	(37,295)	$	(19,691)	$	(28,468)
Per Share - Basis		(0.033)		(0.017)		(0.025)
Per Share - Fully Diluted		(0.033)		(0.017)		(0.025)
Provision for Tax		-		-		-
Net Income	$	(37,295)		(19,691)		(28,468)
Per Share - Basis		(0.033)		(0.017)		(0.025)
Per Share - Fully Diluted		(0.033)		(0.017)		(0.025)
Dividend Per Share		-		-		-
Total Assets	$	8,014,164	$	8,089,329	$	8,222,905
Total Long-term Financial Liabilities	$	266,126	$	277,066	$	296,614

Results of Operations

For the year ended December 31, 2013, total revenue was $299,464 (2012 - $315,094). The primary sources of revenue for the Company are from interest on the promissory note and rental income from the house at 53 Linelle Street. While rental income from the house has remained the same, interest on the promissory note has decreased due to the principal payment by Park Lawn Corporation in June 2012. Expenses for the year ended December 31, 2013 were $336,759 (2012 -$334,785), an increase of $1,974.

The table below presents a comparative analysis of the Company's expenses.

	12 months ended December 31, 2013	12 months ended December 31, 2012	Dollar Increase/ (Decrease)	Percentage Increase/ (Decrease)
Management and professional	$ 284,608	$ 276,005	$ 8,604	3%
Office and general	28,118	35,311	(7,193)	-20%
Interest on mortgage payable	9,493	13,168	(3,675)	-28%
Amortization of rental property	7,000	4,000	3,000	75%
Other rental property expenses	7,540	6,301	1,239	20%
TOTAL	$ 336,759	$ 334,784	$ 1,976	1%

Net income (loss) after tax at December 31, 2013 was ($37,295) versus ($19,691) for the year ended December 31, 2012.

Consolidated Balance Sheet: Liquidity and Capital Resources
Current Assets and Liabilities

Current assets decreased by $272,282 from December 31, 2012 to December 31, 2013 reflecting a decrease in cash and cash equivalents of $269,176 and accounts receivable of $3,106. During 2013, Land Held for Development increased by $204,117. The increase relates to the retention of architectural, engineering, traffic, noise and planning consultants related to the Official Plan and Zoning By-Law amendment application for the property at 57 Linelle Street.

Current liabilities decreased by $65,105 from December 31, 2012 to December 31, 2013 due to a reduction in accounts payable of $27,289 and the de-recognition of unclaimed dividends of $38,176 offset by an increase in the current portion of the mortgage payable of $360.

Net working capital decreased from $229,743 at December 31, 2012 to $22,566, a decrease of $207,177.

Retained Earnings increased $881 from December 31, 2012 to December 31, 2013.

Unaudited Quarterly Results

	2013 Q4	2013 Q3	2013 Q2	2013 Q1	12 months Ending Dec. 31, 2013
Gross Revenue	$77,209	$74,853	$74,085	$73,317	$299,464
Office, General and Administrative expenses	$66,398	$77,126	$61,758	$114,444	$319,726
Interest Expense on Long-Term Debt	$2,315	$2,388	$2,410	$2,379	$9,493
Rental Expense	$1,756	$463	$2,406	$2,916	$7,540
Operating Income	$6,741	($5,124)	$7,511	($46,423)	($37,295)
Provision for Income Tax	$0	$0	$0	$0	$0
Net Income After Tax	$6,741	($5,124)	$7,511	($46,423)	($37,295)
Earnings Per Share	0.006	(0.005)	0.007	(0.041)	(0.033)

	2012 Q4	2012 Q3	2012 Q2	2012 Q1	12 months Ending Dec. 31, 2012
Gross Revenue	$77,109	$74,853	$81,282	$81,850	$315,094
Office, General and Administrative Expenes	$43,885	$62,922	$91,360	$117,149	$315,316
Interest Expense on Long-Term Debt	$2,715	$1,662	$4,902	$3,889	$13,168
Rental Expense	$1,491	$546	$1,545	$2,719	$6,301
Operating Income	$29,018	$9,723	($16,525)	($41,907)	($19,691)
Provision for Income Tax	$0	$0	$0	$0	$0
Net Income After Tax	$29,018	$9,723	($16,525)	($41,907)	($19,691)
Earnings Per Share	0.026	0.009	(0.015)	(0.037)	(0.017)

Management Contract

The Company has a contract with Scotchbrook Holdings Inc. for consulting services related to development and other company real estate matters. During the year ended December 31, 2013, the Company paid $256,916 (2012 -$255,663) to Scotchbrook Holdings Inc. under this agreement. Scotchbrook Holdings Inc. is a company controlled by a director and officer of the Company.

Disclosure Controls and Procedures

Pursuant to Multi-Lateral Instrument 52-109, which requires certification of disclosure in an issuer's annual and interim filings, the President and the Vice President and Treasurer have evaluated the effectiveness of the Company's internal disclosure controls and procedures for the year ended December 31, 2013, and have concluded that the Company's disclosure controls and procedures are designed effectively to ensure that information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed and reported within the time specified in those rules.

In addition, the President and the Vice-President and Treasurer have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting in accordance with IFRS. The internal controls are not expected to prevent and detect all misstatements due to error or fraud. There have been no changes in the Company's internal controls over financial reporting that have materially affected or are reasonably likely to affect the Company's internal controls over financial reporting for the year ending December 31, 2013.

IFRS Issued Standards

The Company monitors the standard setting process for new standards issued by the International Accounting Standards Board ("IASB") that the Company may be required to adopt in the future. Certain new standards, including interpretations, amendments and improvements to existing standards, issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2012 or later periods. The standards impacted that may be applicable or may have been applicable to the Company are as follows:

Consolidated and Separate Financial Statements
IAS 27 replaced the existing IAS 27, "Consolidated and Separate Financial Statements." IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. IAS 27 requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9, "Financial Instruments." IAS 27, as revised, is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. Adoption of this standard for the Company's 2013 fiscal year did not have a material effect.

Financial Instruments – Disclosures
The IASB has amended IFRS 7, "Financial Instruments: Disclosures," which requires additional disclosures regarding transfers of financial assets. This amendment is effective for annual periods beginning on or after July 1, 2012. The Company has applied this amendment for its 2013 fiscal year. Adoption of this standard for the Company's 2013 fiscal year did not have a material effect.

On December 16, 2011, the IASB approved amendments to IFRS 7, which establishes disclosure requirements to help users better assess the effect or potential effect of offsetting arrangements on a company's financial position. These amendments are effective for annual periods beginning on or after January 1, 2013. Adoption of this standard for the Company's 2013 fiscal year did not have a material effect.

Deferred Taxes – Recovery of Underlying Assets
The IASB has amended IAS 12, "Income Taxes," to introduce an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. This amendment is effective for annual periods beginning on or after January 1, 2012. Adoption of this standard for the Company's 2012 fiscal year did not have a material effect.

Financial Instruments
In 2009, the IASB issued IFRS 9, "Financial Instruments," to replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 addresses the classification and measurement of financial assets and uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. Adoption of this standard for the Company's 2013 fiscal year did not have a material effect.

Other
On May 12, 2011, the IASB issued four new standards, all of which are applicable to annual reporting periods beginning on or after January 1, 2013. The Company has assessed the impact of these standards on consolidated financial statements and related note disclosures. The following is a list and description of these standards which have been adopted by the Company:

• IFRS 10 - Consolidated Financial Statements ("IFRS 10") replaces portions of IAS 27 – Consolidated Financial Statements ("IAS 27") and all of SIC 12 – Consolidated – Special Purpose Entities. IFRS establishes principles for the presentation and preparation of consolidated financial statements when an entity controls on or more entities. The standard requires an entity to consolidate an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power to govern the financial and operating policies of the entity. As a consequence, IAS 27 has been amended but retains the existing guidance for separate financial statements. Adoption of this standard for the Company's 2013 fiscal year did not have a material effect.

• IFRS 11 – Joint Arrangements ("IFRS 11") supersedes IAS 31 – Interest in Joint Ventures and SIC – 13 Jointly Controlled Entities – Non Monetary Contributions by Venturers. Through an assessment of the rights and obligations under an arrangement, IFRS 11 establishes principles to determine the type of joint arrangement and guidance for financial reporting activities required by entities that have an interest in arrangements that are controlled jointly. As a consequence of the issue of IFRS 10 and IFRS 11, IAS 28 – Investments in Associates ("IAS 28") has been amended. IAS 28 provides accounting guidance for investments in associates and will set out the requirements for application of the equity method when accounting for investments and joint ventures. Adoption of this standard for the Company's 2013 fiscal year did not have a material effect.

• IFRS 12 - Disclosures of Interests in Other Entities ("IFRS 12") which establishes disclosure requirements for an entity's interests in other entities, such as subsidiaries, joint venture arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosure requirements and introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Adoption of this standard for the Company's 2013 fiscal year did not have a material effect.

• IFRS 13 - Fair Value Measurement ("IFRS 13") is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosure about fair value measurement. Under existing IFRS guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. Adoption of this standard for the Company's 2013 fiscal year did not have a material effect.

On June 16, 2011, the IASB issued amendments to two previously released standards. These are as follows:

• IAS 1, 'Presentation of Financial Statements," amends IAS 1 to require additional disclosures for items presented in other comprehensive income ("OCI") on a before-tax basis and requires items to be grouped and presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently (i.e. items that may be reclassified and those that will not be reclassified to profit or loss). This amendment is effective for annual periods beginning on or after July 1, 2012 and requires full retrospective application. Adoption of this standard for the Company's 2013 fiscal year did not have a material effect.

• IAS 19, "Employee Benefits," amends IAS 19 to eliminate the option to defer the recognition of gains and losses (known as the 'corridor approach'), to streamline the presentation of changes in assets and liabilities arising from defined benefit plans and to require enhanced disclosures. This amendment is effective for annual periods beginning on or after January 1, 2013. Adoption of this standard for the Company's 2013 fiscal year did not have a material effect.

On December 16, 2011, the IASB also issued amendments to a previously released standard. This amendment is as follows:

• IAS amended IAS 32, Financial Statements: Presentation, to address inconsistencies in current practice in the application of offsetting criteria. The amendments provide clarification with respect to the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. These amendments are effective for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of these amendments on the Company's consolidated financial statements and related note disclosures but does not expect adoption of these amendments to have a material effect.

• IFRS 9 – Financial Instruments, Classification and Measurement ("IFRS 9") contains requirements for financial assets and liabilities. IFRS 9 is part of the IASB wider project to replace IAS 39 Financial Instruments – Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. IFRS is effective for annual periods beginning on or after January 1, 2015.

• IFRS 7, - Financial Instruments Disclosures – Offsetting Financial Assets and Liabilities ("IFRS 7") provides new disclosures requiring entities to disclose gross amounts subject to rights of set off, amounts set off and the related net credit exposure. IFRS 7 will be effective for annual periods beginning on or after January 1, 2015.

Business Environment and Outlook

The only physical assets of Park Lawn Company Limited are the 2.9 acre parcel of land at 57 Linelle Street, adjacent to the southerly boundary of Forest Lawn Mausoleum, and the house and land located at 53 Linelle Street. The land at 57 Linelle Street is currently zoned for approximately 15,000 crypts in a building of approximately 185,000 square feet.

In order to develop the property at 57 Linelle Street for any other purpose, an Official Plan amendment and rezoning would be required. The property currently has access from the private drive adjacent to Forest Lawn Mausoleum and is blocked from access to Linelle Street by a one-foot reserve in favour of the City of Toronto. This reserve was granted by the previous owners of Westside Cemeteries Limited as part of the overall rezoning process that permits the mausoleum development on the subject parcel.

On January 3, 2012, the Company announced that the board of directors had authorized management to proceed with an application for an amendment to the City of Toronto Official Plan and Zoning Bylaw for the Company's 2.9 Acre parcel of land at 57 Linelle Street. The Company wishes to use the land for residential purposes. The land, which was previously zoned to permit residential uses, was rezoned in 1993 to permit the development of a two storey mausoleum structure of approximately 185,000 square feet. At that time, a one foot reserve was granted to the City of Toronto blocking access to the site from Linelle Street. Access to the site is currently available by means of an access easement with Park Lawn Corporation which owns the mausoleum buildings to the north of the site.

The Official Plan and Zoning By-Law application, which was submitted in February, 2013, will attempt to have the zoning changed and the current access to Linelle Street opened. There is no guarantee that the necessary municipal approvals will be received in which case the Company will explore uses for the property that comply with the current zoning.

Risks and Uncertainties

The Company is currently attempting to have its land at 57 Linelle Street rezoned for residential purposes. If approved, the Company will be subject to the risks associated with real estate development, including the uncertainty of raising the necessary funds for development and construction, marketing and administration of the projects, the real estate market in the Toronto area, revenues and profitability, and the possible need to raise additional funding.

While the market for new home developments in Toronto and the GTA continues to be among the strongest in Canada, there can be no guarantee that this strength will continue.

Management's valuation of the Company's investment property is dependent in part on the assumptions as to current and future market prices for similar real estate assets in the area. As at the date of the statements of financial position, the municipality has assessed the market value of the property at an amount materially in excess of the property's current carrying value.

Management's valuation of the Company's note receivable is dependent on the ability of the counter party to the Company's note receivable to be able to continue to meet its interest obligations as these come due on a monthly basis and to be able to repay the principal portion of the note receivable in full. The counter party has shown no indication of not being able to meet these obligations.

Dividends
The Company does not pay dividends and there is no assurance that dividends would be paid in the future.

Absence of Profits
The Company has not earned profits since 2006 and there is no assurance that it will earn annual profits in the future, or that profitability, if achieved, will be sustained. There is no assurance that future revenues will be sufficient to generate the required funds to continue such business development and marketing activities.

Shares Outstanding

The authorized capital of Park Lawn consists of an unlimited number of common shares. 1,130,000 common shares are issued and outstanding. Park Lawn Company Limited trades on the Canadian National Stock Exchange (CNSX) under the symbol PRL.

Additional Information

Additional information relating to Park Lawn Company Limited is filed at SEDAR at www.sedar.com and at CNSX at www.cnsx.ca or can be obtained by contacting Investor Relations, Park Lawn Company Limited, 57 Linelle Street, Toronto, Ontario, M2N 2J4.

INDEPENDENT AUDITORS' REPORT

ROSENTHAL ZARETSKY NIMAN & CO., LLP

CHARTERED ACCOUNTANTS & LICENSED PUBLIC ACCOUNTANTS

JOHN M. ROSENTHAL, CA

MARK S. ZARETSKY, CA

HAROLD M. NIMAN, CA

RAYMOND L. WINER, CA

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Park Lawn Company Limited:

We have audited the accompanying consolidated financial statements of Park Lawn Company Limited which comprise the consolidated Statements of Financial Position Sheet as at December 31, 2013 and 2012 and the consolidated Statements of Changes in Shareholders' Equity, Operations and Cash Flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Park Lawn Company Limited as at December 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Rosenthal Zaretsky Niman & Co. LLP

Toronto, Ontario
April 29, 2014

Chartered Accountants and Licensed Public Accountants

4211 Yonge Street • Suite 625 • Toronto • Ontario M2P 2A9

Telephone: (416) 636-7500 • Toll Free: 1 (877) 871-4258 • Fax: (416) 636-6545 • Website: rznaccountants.com

PARK LAWN COMPANY LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

ASSETS

	December 31, 2013	December 31, 2012
Current Assets -		
Cash and Cash Equivalents	2,621	271,797
Accounts Receivable	45,962	49,068
Prepaid Expense	3,127	3,127
	51,710	323,992
Note due from Park Lawn Limited Partnership (Note 12)	5,096,498	5,096,498
Investment Property net of accumulated depreciation (Note 11)	407,865	414,865
Land Held for Development (Note 10)	2,458,091	2,253,974
	$ 8,014,164	$ 8,089,329

LIABILITIES & SHAREHOLDERS' EQUITY

Current Liabilities		
Accounts Payable and Accrued Liabilities	18,229	45,518
Unclaimed Dividends (Note 8)	-	38,176
Current Portion of Mortgage payable (Note 9)	10,915	10,555
	29,144	94,249
Long Term Portion of Mortgage Payable (Note 9)	266,126	277,066
Shareholders' Equity (Note 7)		
Capital Stock	362,000	362,000
Retained Earnings	7,356,895	7,356,014
	7,718,895	7,718,014
	$ 8,014,164	$ 8,089,329

ON BEHALF OF THE BOARD

Frank Mills

Larry Boland

PARK LAWN COMPANY LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Revenue		
Interest Income from Note	$ 280,307	$ 295,923
Rent	16,800	16,800
Other Interest Income	2,357	2,372
	299,464	315,094
Expenses		
Office, General & Administrative	312,726	311,316
Interest on long-term debt	9,493	13,168
Depreciation	7,000	4,000
Rental Property	7,540	6,301
	336,759	334,785
Net and comprehensive income (loss) before income tax	(37,295)	(19,691)
Income tax	-	-
Net and comprehensive income (loss)	$ (37,295)	$ (19,691)
Income (loss) per share	(0.033)	$ (0.017)

PARK LAWN COMPANY LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Number of Shares	Capital Stock	Retained Earnings	Total
Balance at January 1, 2013	1,130,000	362,000	$ 7,356,014	$ 7,718,014
Net income (loss) for the year January 1 to December 31, 2013			(37,295)	(37,295)
Derecognition of unclaimed dividends (Note 8)			$ 38,176	$ 38,176
Balance at December 31, 2013	1,130,000	$ 362,000	$ 7,356,895	$ 7,718,895
Balance at January 1, 2012	1,130,000	362,000	$ 7,375,705	$ 7,737,705
Net income (loss) for the year January 1 to December 31, 2012	-	-	(19,691)	$ (19,691)
Balance at December 31, 2012	1,130,000	362,000	7,356,014	7,718,014

PARK LAWN COMPANY LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER 31, 2013 AND 2012

	For Twelve Months Ended	
	2013	2012
Cash provided by (used in) operations -		
Net Income (Loss)	$ (37,295)	$ (19,691)
Add expenses not requiring cash -		
Depreciation	7,000	4,000
	(30,295)	(15,691)
Net Increase (Decrease) in working capital items		
Accounts Receivable	3,106	(27,014)
Accounts Payable and Accrued Liabilities	(27,289)	33,318
	(54,478)	(9,387)
Cash provided by (used in) investment activities -		
Payment on Note due from Park Lawn Limited Partnership	-	566,277
Land Held for Development	(204,117)	(154,952)
Cash provided by (used in) financing activities -		
Repayment of Mortgage	(10,581)	(8,997)
Borrowings (repayments) under Demand Loan - Net	-	(138,206)
	(10,581)	(147,203)
Increase (Decrease) cash	(269,176)	254,736
Cash at the beginning of the period	271,797	17,061
Cash at the end of the period	$ 2,621	$ 271,797
Supplemental Cash Flow Information:		
Interest Paid	$ 9,493	$ 13,168
Income Tax Paid	$ -	$ -

The accompanying notes are an integral part of these financial statements

PARK LAWN COMPANY LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2013

1. NATURE OF OPERATIONS

Park Lawn Company Limited ("the Company") owns a 2.9 acre parcel of land at 57 Linelle Street, Toronto, Ontario and holds a Promissory Note in the amount of $5,096,498 issued by Park Lawn Corporation. In August, 2007, the Company purchased the house and land located at 53 Linelle Street, Toronto, Ontario. The property is located immediately adjacent to the 57 Linelle Street property.

Park Lawn Company Limited shares are listed on CNSX under the symbol PRL.

2. SIGNIFICANT ACCOUNTING POLICIES

a) International Financial Reporting Standards ("IFRS")

i) Basis of Presentation

Unless otherwise noted, all amounts in the accompanying financial statements and these notes are presented in Canadian funds, which is the functional currency of the Company.

The accompanying financial statements have been prepared on the historical cost basis with the exception of certain financial instruments that are measured at fair value, as discussed elsewhere in Note 2. Historical cost is generally based on the fair value of the consideration given in exchange for assets received.

ii) Statement of Compliance

The accompanying consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements have been consistently prepared in accordance with those IFRS standards and the International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted, for all periods and dates reported, as of April 24, 2014, the date that the Board of Directors approved these statements.

b) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, (including Kening Properties Limited and Westside Cemetery Holdings Limited). All significant accounts and transactions between consolidated entities are eliminated. Should there be a party with a minority interest in a property that the Company controls, that minority interest would be reflected as "Non-controlling interest" in the accompanying consolidated statements of financial position.

c) Use of Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the statements of financial position and the reported amounts of revenues and expenses during the reporting periods. Should the underlying assumptions change, the actual amounts could differ from those estimates.

Financial statement items subject to significant management judgment include revenue recognition, the valuation of accounts receivable, note due from Park Lawn Limited Partnership and land held for development, the useful lives and depreciation rates and methods of the rental property, the completeness of accounts payable and accrued liabilities and the valuation of deferred income tax assets and liabilities. No assets have been pledged as collateral in respect of the Company's liabilities except as otherwise disclosed in the notes to the accompanying unaudited interim consolidated financial statements.

Significant assumptions made by management in the preparation of the accompanying financial statements include:

- The ability of the Company to obtain approval from the City of Toronto for the rezoning of the land held for development from that of mausoleum to residential is uncertain. As of the date that the Board of Directors approved the accompanying consolidated financial statements, management has made submission to the City of Toronto and believes that the Company has made some progress toward obtain such rezoning. (See Notes 2 (h) and 10.)
- Management's valuation of the Company's rental property is dependent in part on the assumptions as to current and future market prices for similar real estate assets in the area. As at the date of the Statements of Financial Position, the municipality has assessed the market value of the property at an amount materially in excess of the property's current carrying value. (See Notes 2 (g), 2 (h) and 11.)
- The ability of the counter party to the Company's note receivable to be able to continue to meet its interest obligations as these come due on a monthly basis and to be able to repay the principal portion of the note receivable in full. The counter party has shown no indication of not being able to meet these obligations. (See Note 12.)
- See also Notes 2(d) and 2(e).

d) Revenue Recognition

Revenue is recognized on the rental property as earned on the accrual basis according to the terms of the underlying rental contract when collection is reasonably assured. Interest revenue on the note due from Park Lawn Corporation is recognized on the accrual basis as earned.

e) Income Taxes

The tax expense recognized in net and comprehensive income (loss) comprises the sum of deferred tax and current tax not recognized in other comprehensive income (loss) or directly in equity.

The tax currently payable is based on the taxable income or loss for the period. The taxable income or loss may differ from the income or loss for the period as reported in the accompanying statements of operations and comprehensive income (loss) due to the exclusion, if any, of revenue or expense items that are taxable or deductible in other periods, as well as items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax, if any, is recognized using the liability method on differences between the carrying amounts of assets and liabilities in the accompanying financial statements and their corresponding tax bases.

Deferred tax liabilities, if any, are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that future taxable income will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill or the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income or loss, nor the income or loss for the period reported in the accompanying statements of operations and comprehensive loss.

Deferred tax liabilities, if any, are recognized, where material, for taxable temporary differences associated with investments in subsidiaries and joint ventures, if any, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets, if any, arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that have been enacted or substantively enacted by the end of the reporting period and applicable in the period in which the liability is expected to be settled or the asset realized. Deferred tax liabilities are always recognized in full.

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 reporting date, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of all or part of the asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable income will be available.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Changes in deferred tax assets or liabilities are recognized as a component of taxable revenue or expense in profit or loss, except where these relate to items that are recognized in other comprehensive income (loss) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income (loss) or equity, respectively.

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax bases and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is established, as needed, to reduce future income tax assets to the amount that is more likely than not to be realized. Current income tax liabilities and recoveries are recognized as current liabilities and assets on the accompanying statements of financial position.

f) Earnings (Loss) per Share

Basic loss per share is calculated on the basis of loss attributable to the holders of common shares, divided by the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares are exercised or converted to common shares. Diluted loss per share is equal to basic loss per share when the effect of dilutive securities is anti-dilutive.

g) Investment Property and Depreciation

Items of property are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the assets. The costs of replacing a part of an item of property are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and if its costs can be measured reliably. The carrying amount of the replaced part is derecognized. Costs associated with the day-to-day servicing of property are recognized in operations as incurred. Gains and losses on disposals of property would be determined by comparing the proceeds with the carrying amount of the asset and would be included as part of other gains and losses in the accompanying consolidated Statements of Operations. Depreciation is provided for on a straight-line basis over the estimated useful life of the rental property at $8,000 per annum.

h) Impairment Testing of Property

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss would be recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value-in-use.

To determine the value-in-use, management estimates expected future cash flows and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit ("CGU") and reflect their respective risk profiles as assessed by management. For the purpose of assessing impairment, assets are grouped at the cash-generating unit level that is the lowest level for which there are largely independent cash inflows. As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Impairment losses recognized in respect of cash generating units are allocated first to reducing the carrying amount of any goodwill allocated to the CGUs (or group of CGUs) and then to reducing the carrying amount of the other assets in the CGU (or group of CGUs) on a pro-rata basis. Long-lived assets, other than goodwill, that suffer impairment are reviewed for possible reversal of the impairment at each reporting date. For such assets, an impairment charge is reversed if the CGUs or individual asset's recoverable amount exceeds its carrying amount.

i) Cash and Cash Equivalents

Cash is comprised of cash held at two Canadian chartered banks. The Company considers cash equivalents to be highly liquid, near-cash investments with original terms to maturity of three months or fewer. As at December 31, 2013 and 2012, the Company held cash equivalents of $Nil.

j) Comprehensive Income (Loss)

Comprehensive income (loss) comprises net income (loss) and other comprehensive income (loss). Other comprehensive income (loss), if any, represents changes in shareholders' equity and includes foreign exchange gains and losses on the translation of the financial statements of the Company's foreign operations and would be presented as accumulated other comprehensive income (loss). The Company's earnings (loss) per share presented on the accompanying consolidated Statements of Operations are based upon its net income (loss) and not its comprehensive income (loss), however the Company has not had material income or losses from these sources of other comprehensive income (loss) and, accordingly, has made no adjustments to the accompanying financial statements.

k) Equity

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Contributed surplus, if any, would include amounts in connection with conversion options embedded in compound financial instruments, stock-based compensation and the value of warrants. The Company's deficit comprises all current and prior period income and losses.

l) Provisions

Provisions are recognized when the Company has a present legal obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. Additionally, the Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

Onerous Contracts:
A provision for onerous contracts would be recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision would be measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company would recognize any impairment loss on the assets associated with the contract.

m) Impairment - financial assets

Financial assets other than those carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset, in which the cash flows can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

The Company maintains an allowance for doubtful accounts at an amount estimated to be sufficient to provide adequate protection against losses resulting from collecting less than the full amount due on its trade receivables. The Company considers evidence of impairment for receivables at both a specific asset and a collective level. All individually significant receivables are assessed for specific impairment.

Individual overdue accounts are reviewed, and allowances are recorded, to report trade receivables at net realizable value, when it has been determined that they are not collectible in full. All individually significant receivables found not to be specifically impaired are collectively assessed for any impairment that has been incurred but not yet identified. In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses, if any, are recognized in the accompanying interim consolidated Statements of Operations and are reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss would be reversed through the same financial statements.

n) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire. Trade-date accounting is used. At initial recognition, the Company classifies its financial instruments depending on the purpose for which the instruments were acquired, as follows:

(a) Cash and cash equivalents are presented at fair value, with changes in fair value being recorded in net income (loss) at each reporting period end.

(b) Accounts receivable and note due from Park Lawn Limited Partnership are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's accounts receivable comprise trade receivables and are included in current assets due to their short-term nature. Accounts receivable and notes due are initially recognized at the amount expected to be received less an allowance to reduce these assets to fair value, if any, and are subsequently measured at amortized cost.

(c) The Company's financial liabilities, other than demand loan, are initially recognized at the amount expected to be paid. Subsequently, trade and other liabilities are measured at amortized cost.

3. FUTURE AND RECENTLY ADOPTED ACCOUNTING POLICY CHANGES

The International Accounting Standards Board ("IASB") has issued the following standards, amendments and interpretations which have been adopted in these financial statements. The Company does not anticipate any impact on its consolidated financial statements as a result of adopting the following new standards:

- IFRS 10 - Consolidated Financial Statements ("IFRS 10") replaces portions of IAS 27 – Consolidated Financial Statements ("IAS 27") and all of SIC 12 – Consolidated – Special Purpose Entities. IFRS establishes principles for the presentation and preparation of consolidated financial statements when an entity controls on or more entities. The standard requires an entity to consolidate an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power to govern the financial and operating policies of the entity. As a consequence, IAS 27 has been amended but retains the existing guidance for separate financial statements. IFRS is effective for annual periods beginning on or after January 1, 2013. Adoption of this standard has not had a material effect.

- IFRS 12 - Disclosures of Interests in Other Entities ("IFRS 12") which establishes disclosure requirements for an entity's interests in other entities, such as subsidiaries, joint venture arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosure requirements and introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Adoption of this standard has not had a material effect.

- IFRS 11 – Joint Arrangements ("IFRS 11") supersedes IAS 31 – Interest in Joint Ventures and SIC – 13 Jointly Controlled Entities – Non Monetary Contributions by Venturers. Through an assessment of the rights and obligations under an arrangement, IFRS 11 establishes principles to determine the type of joint arrangement and guidance for financial reporting activities required by entities that have an interest in arrangements that are controlled jointly. As a consequence of the issue of IFRS 10 and IFRS 11, IAS 28 – Investments in Associates ("IAS 28") has been amended. IAS 28 provides accounting guidance for investments in associates and will set out the

requirements for application of the equity method when accounting for investments and joint ventures. Adoption of this standard has not had a material effect.

- IFRS 13 - Fair Value Measurement ("IFRS 13") is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosure about fair value measurement. Under existing IFRS guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. Adoption of this standard has not had a material effect.

- In June 2011, the IASB amended IAS 1 - Presentation of Items of Other Comprehensive Income requiring separate presentation for items within OCI that would be reclassified to net earnings in the future if certain conditions are met, from those that would never be classified to net earnings. The amendments reaffirm the existing requirements that items in OCI and statement of earnings should be presented as either a single statement or two consecutive statements. The amendments are effective for annual periods beginning on or after July 1, 2012. Adoption of this standard has not had a material effect.

- IAS 19 (as revised in 2011), "Employee Benefits," which amends IAS 19 to eliminate the option to defer recognition of gains and losses (known as the "corridor "), to streamline the presentation of changes in assets and liabilities arising from defined benefits plans and to require enhanced disclosures. This amendment is effective for annual periods beginning on January 1, 2013. Adoption of this standard has not had a material effect.

The Company is assessing the impact on its consolidated financial statements upon adoption of the following new standards:

- IAS 32 – Financial Instruments: Presentation ("IAS 32") amends IAS 32 to address inconsistencies in current practice in the application of offsetting criteria. The amendments provide clarification with respect to the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. These amendments are effective for annual periods beginning on or after January 1, 2014. The Company is currently assessing the impact of these amendments on the Company's consolidated financial statements and related note disclosures and does not expect adoption of this standard to have a material effect.

- IFRS 9 – Financial Instruments, Classification and Measurement ("IFRS 9") contains requirements for financial assets and liabilities. IFRS 9 is part of the IASB wider project to replace IAS 39 Financial Instruments – Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. IFRS is effective for annual periods beginning on or after January 1, 2015.

- IFRS 7, - Financial Instruments Disclosures – Offsetting Financial Assets and Liabilities ("IFRS 7") provides new disclosures requiring entities to disclose gross amounts subject to rights of set off, amounts set off and the related net credit exposure. IFRS 7 will be effective for annual periods beginning on or after January 1, 2015.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments comprise cash and cash equivalents, accounts receivables, note due from Park Lawn Limited Partnership, accounts payable and accrued liabilities, and mortgage payable. The fair values of these financial instruments approximate their carrying values, unless otherwise noted, due to their short-term maturities or interest rates which management believes approximates those of similar instruments in the current market. Except as otherwise noted, the Company is not exposed to significant risks in relation to its financial instruments.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no changes to the Company's exposure to risks in respect of its financial instruments, and there have been no changes in respect of management's objectives, polices and processes in the management of its financial instruments from that of the prior reporting period.

The fair value of the note due from Park Lawn Limited Partnership constitutes an amount due from a related party as disclosed in Note 12. There is no active and visible market for instruments of these types. In the opinion of management, these instruments are carried at fair value due to their terms and interest rate.

The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Credit risk

Concentration of credit risk relates primarily to the Company's trade receivables, as the receivables principally derive from one source: rental operations. The allowance for doubtful accounts was immaterial at the reporting dates. There is no indication, as at these dates, that the debtors will not meet their obligations, except as has been provided for as bad debts during the reporting periods. Bad debt expenses were immaterial for both years. The Company manages its credit risk relating to its trade receivables through credit approval and monitoring procedures, including senior management prior approval of all rental contracts. Such approvals are based on trade information, payment history, credit rating and financial analysis, where possible. At December 31, 2013, no material amounts, individually or in aggregate, of accounts receivable, were due beyond their stated payment terms, and none were considered impaired. Management believes that earning revenues through its current channels does not represent a significant credit risk to the Company.

Investment risk

The Board of Directors of the Company regularly reviews both compliance and performance of the investments in the note due from Park Lawn Limited Partnership. The Company does not consider there to be a significant credit risk for its investments based on investment grade ratings and performance criteria used in selecting these investments.

Liquidity risk

The Company is exposed to liquidity risk to the extent that it must meet its financial obligations as and when due. The Company's approach to managing liquidity risk is to ensure that it always has sufficient cash and other current financial assets to meet its obligations when due without incurring unacceptable losses or damage to the Company's reputation. Management forecasts cash flows to identify financing requirements. These requirements are then addressed through combination of cash management and access to additional capital.

Management is of the view, based on historical cash flow, that there is sufficient current and future cash flow from its operating activities and investments to sustain ongoing operations as well as maintaining the Company's rental property. Should contractual commitments require payment, management believes that its current sources of liquidity are sufficient to cover these obligations.

The Company will be required to incur additional debt related to the retention of consultants to complete the application for Official Plan and Zoning By-Law amendments related to the development of 57 Linelle Street, Toronto, Ontario.

A maturity analysis of the payments required under long-term debt is presented in Note 8. It is the intention of the Company to negotiate renewal of this debt beyond its current maturity date and the Company believes that it has sufficient assets to facilitate this renewal.

Market risk

The Company does not believe that it has exposure to market risk with respect to the rental property at 53 Linelle Street except that a small risk is present if the rental market should change.

In the event the company is successful in getting approval for the development of a town house project at 57 Linelle Street, the value of the property will be subject to the risks associated with residential real estate development in Toronto.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company has no variable market interest rate loans outstanding.

Fair value Hierarchy

The following summarizes the Company's financial instruments that are carried at fair values according to the fair value hierarchy, which comprises the following levels. The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's only financial instruments that are carried at fair value under the hierarchy are cash and cash equivalents which are Level 2 instruments.

Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire or when the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the asset. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

5. CAPITAL DISCLOSURES

The Company defines capital as the aggregate of shareholder equity and debt. The Company's equity comprises the shares of the Company subscribed by the shareholders and retained earnings. The Board of Directors manages the dividend policy and the pricing of products and services of the Company so as to ensure that there is adequate cash flow to fund the Company's operations and safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders.

The Company is currently not dependent on external financing to fund its activities, except for its demand loan and mortgage payable. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is optimal.

There were no changes in the Company's approach to capital management during the years ended December 31, 2013 and 2012. The Company is not subject to externally imposed capital requirements.

6. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2013, the Company paid cash remuneration of $256,916 (2012 - $255,663) to Scotchbrook Holdings Inc. ("Scotchbrook") for management and professional services in relation to the Company's operations under a contract that expires in December 2015. Scotchbrook is owned by a director and officer of the Company. These transactions were in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7. SHAREHOLDERS' EQUITY

The Company's authorized share capital comprises an unlimited number of common shares of which 1,130,000 are issued and outstanding. This figure forms the basis for the determination of net income (loss) per share for the years ended December 31, 2013 and 2012. There was no change in the balance of common shares outstanding for the period January 1, 2013 to September 30, 2013.

8. UNCLAIMED DIVIDENDS

During the year, the Company derecognized $38,176 in unclaimed dividends. These dividends have been outstanding for more than two years since the date of declaration and as such are statute barred. The amount of dividends derecognized has been reflected as an adjustment to retained earnings in 2013.

9. MORTGAGE PAYABLE

The Company has one mortgage as follows:

Mortgage on 53 Linelle Street:

This mortgage is secured by a first mortgage on this property bearing interest at 3.39% per annum. The mortgage is amortized over 25 years and is due July 16, 2017. Monthly blended payments of principal and interest are $1,673. The remaining principal payments for the following calendar years are:

2014	10,915
2015	11,288
2016	11,572
2017	243,266

10. LAND HELD FOR DEVELOPMENT

The land held for development is recorded at cost plus development expenditures. It is located at 57 Linelle Street, Toronto and comprises a 2.9 acre parcel of land adjoining the south-west section of Forest Lawn Mausoleum.

The board of directors authorized management to proceed with an application for an amendment to the City of Toronto Official Plan and Zoning Bylaw for the Company's 2.9 acre parcel of land. The Company wishes to use the land for residential purposes. The land, which was previously zoned to permit residential uses, was rezoned in 1993 to permit the development of a two-story mausoleum structure of approximately 186,000 square feet. At that time a one-foot reserve was granted to the City of Toronto blocking access to the site from Linelle Street. Access to the site is currently available by means of an access easement with Park Lawn Corporation which owns the mausoleum buildings to the north of the site.

The application for amendment to the Official Plan and Zoning By-law, which was filed in February 2013, will attempt to have the access to Linelle Street opened. There is no guarantee that the necessary municipal approvals will be received in which case the Company will explore uses for the property that comply with the current zoning.

11. INVESTMENT PROPERTY

	December 31, 2013		
	Cost	Accumulated Depreciation	Net Book Value
Rental property	$436,865	$29,000	$407,865

	December 31, 2012		
	Cost	Accumulated Depreciation	Net Book Value
Rental property	$436,865	$22,000	$414,865

12. NOTE DUE FROM PARK LAWN LIMITED PARTNERSHIP

In consideration for a transfer of assets, Park Lawn Limited Partnership issued to Park Lawn Company Limited a subordinated, secured promissory note having an initial term of ten years bearing interest of 5.5% per annum. The promissory note may be repaid at any time without penalty and it is automatically renewable after the expiration of the initial term for an additional ten years with an interest rate equal to the rate that is 1.25% above the interest rate for a 10-year Government of Canada bonds at the time of renewal. This note may not be called prior to maturity date.

In June, 2012, the Company received a principal payment on the promissory note from Park Lawn Corporation of $566,277. As part of the long-term debt refinancing of Park Lawn Corporation, the Company was required to execute a postponement agreement. An agreement was negotiated to allow for the payment of 10% of the outstanding balance on the promissory note.

13. DEMAND LOAN

The Company has a credit facility of up to $500,000 as a demand revolving loan carrying interest at the bank's prime plus 1% per annum, payable monthly. This credit facility had been secured by a General Security Agreement over all of the Company's property at 57 Linelle Street, Toronto, Ontario. At December 31, 2013 there was no demand loan outstanding.

14. INCOME TAXES

The Company has incurred losses for income tax purposes. These losses may be applied against income from future years to reduce current income taxes payable. The benefits of these losses have not been recognized in the accompanying statements of financial position.

Tax Year	Amount	Date Expires
Jan. 1 - Dec. 31, 2010	$13,753	2030
Jan. 1 - Dec. 31, 2011	17,391	2031
Jan. 1 - Dec. 31, 2012	35,449	2032
Jan. 1 - Dec. 31, 2013	40,324	2033

PARK LAWN COMPANY LIMITED

Board of Directors
Frank Mills
Larry Boland
Susan Parwicki
Tom Falus
John Mills
Russell Mills

Officers

Frank Mills	President
Larry Boland	Vice President & Treasurer
George Crossman	Corporate Secretary

Share Quotation
The shares of Park Lawn Company Limited are quoted on the CSE Exchange under the symbol PRL.

Head Office
57 Linelle Street
Toronto, Ontario
M2N 2J4
(647) 933-9079

Transfer Agent
Equity Financial Trust Company
Suite 400,
200 University Avenue
Toronto, Ontario
M5H 4H1

Incorporating Jurisdiction
Ontario

Financial Year End
December 31

Auditor
Jeffery Weigensberg
Chartered Accountant

Annual Meeting
Tuesday, June 24, 2014 at 10:00 a.m. in the Chapel at Forest Lawn Crematorium & Mausoleum, 4570 Yonge Street, Toronto, Ontario