CARD MRI Insurance Agency, Inc.

Financial Statements
December 31, 2016 and 2015

and

Independent Auditor's Report

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	7	1	1	7	7	7

COMPANY NAME

CARD MRI INSURANCE AGENCY, INC.

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

M.L. Quezon St., City Subdivision, San Pablo City, Laguna

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
camia@cardbankph.com	049-503-2865	0918-967-1840

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
29	5/10	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
Mr. Roselito A. Magpantay	rosel.magpantay@cardbankph.com	N/A	0919-993-4701

CONTACT PERSON's ADDRESS

ADB Subdivision, Brgy. Del Remedio, San Pablo City

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.*

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SyCip Gorres Velayo & Co.
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1226 Makati City
Philippines

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BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
CARD MRI Insurance Agency, Inc.
M. L. Quezon St., City Subdivision
San Pablo City, Laguna

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CARD MRI Insurance Agency, Inc., 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 the years then ended, and notes to the 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 the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 audit 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended December 31, 2016, but does not include the financial statements and our auditor's report thereon. The Annual Report for the year ended December 31, 2016 is expected to be made available to us after the date of this auditor's report.

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

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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.

Auditor's Responsibilities 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 auditor's 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 PSAs 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 PSAs, 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.

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- 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 auditor's 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 auditor's 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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 19 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of CARD MRI Insurance Agency, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bernalette L. Ramos
Partner
CPA Certificate No. 0091096
SEC Accreditation No. 0926-AR-2 (Group A),
June 16, 2016, valid until June 16, 2019
Tax Identification No. 178-486-666
BIR Accreditation No. 08-001998-81-2015,
May 12, 2015, valid until May 11, 2018
PTR No. 5908748, January 3, 2017, Makati City

March 31, 2017

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
CARD MRI Insurance Agency, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CARD MRI Insurance Agency, Inc., 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 the years then ended, and notes to the 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 the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 audit 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended December 31, 2016, but does not include the financial statements and our auditor's report thereon. The Annual Report for the year ended December 31, 2016 is expected to be made available to us after the date of this auditor's 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.

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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.

Auditor's Responsibilities 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 auditor's 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 PSAs 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 PSAs, 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 auditor's 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 auditor's 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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 19 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of CARD MRI Insurance Agency, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bernalette L. Ramos
Partner
CPA Certificate No. 0091096
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June 16, 2016, valid until June 16, 2019
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November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
CARD MRI Insurance Agency, Inc.
M. L. Quezon St., City Subdivision
San Pablo City, Laguna

We have audited the financial statements of CARD MRI Insurance Agency, Inc. (the Company) as at and for the year ended December 31, 2016, on which we have rendered the attached report dated March 31, 2017.

In compliance with Securities Regulation Code Rule 68, As Amended (2011), we are stating that the Company has twenty-four (24) stockholders owning one hundred (100) shares or more shares each.

SYCIP GORRES VELAYO & CO.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
CARD MRI Insurance Agency, Inc.
M. L. Quezon St., City Subdivision
San Pablo City, Laguna

We have audited in accordance with Philippine Standards on Auditing, the financial statements of CARD MRI Insurance Agency, Inc. as at and for the years ended December 31, 2016 and 2015 and have issued our report thereon dated March 31, 2017. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of retained earnings available for dividend declaration and all the effective standards and interpretations under the Philippine Financial Reporting Standards as of December 31, 2016 are responsibility of the Company's management. The schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

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PTR No. 5908748, January 3, 2017, Makati City

March 31, 2017

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CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2016	2015
ASSETS		
Cash and Cash Equivalents (Notes 6, 13 and 16)	**₱10,803,346**	₱36,562,605
Financial Assets (Notes 7, 13 and 16)		
Loans and Receivables	**30,761,474**	109,263,105
Available-for-sale Financial Assets	**24,597,868**	13,222,655
Property and Equipment - net (Note 8)	**455,858**	643,061
Investment Properties (Notes 9 and 16)	**11,880,046**	8,970,346
Deferred Tax Assets - net (Note 15)	**194,142**	506,655
Pension Asset - net (Note 14)	**2,019,927**	–
Other Current Assets (Note 10)	**2,161,831**	2,746,783
	₱82,874,492	₱171,915,210
LIABILITIES AND EQUITY		
Liabilities		
Trade and other payables (Notes 11, 13 and 16)	**₱35,875,292**	₱142,051,598
Pension liability - net (Note 14)	–	257,859
	35,875,292	142,309,457
Equity (Notes 12 and 16)		
Capital stock	**22,232,500**	17,656,000
Retained earnings	**24,214,048**	12,581,626
Remeasurement gain (loss) on defined benefit plan (Note 14)	**552,652**	(631,873)
	46,999,200	29,605,753
	₱82,874,492	₱171,915,210

See accompanying Notes to Financial Statements.

CARD MRI INSURANCE AGENCY, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2016	2015
REVENUE		
Commission income (Note 18)	**₱75,211,017**	₱50,844,506
Interest income (Notes 6, 7 and 14)	**639,754**	779,357
Foreign exchange gain	**125,125**	–
Other income	**21,439**	17,893
	75,997,335	51,641,756
EXPENSES		
Underwriting expenses	**21,945,090**	15,949,897
Training and development	**7,999,208**	6,546,702
Transportation and travel	**5,837,053**	5,471,741
Salaries and allowances	**4,479,574**	3,698,960
Program monitoring and evaluation	**2,052,869**	1,122,137
Supplies	**1,401,099**	595,337
Information technology expense	**1,376,211**	1,461,841
Security and janitorial	**1,282,633**	744,964
Provision for impairment losses (Note 7)	**1,046,337**	65,424
Professional fees	**828,346**	530,281
Insurance	**824,920**	295,478
Taxes and licenses	**533,117**	168,600
Pension expense (Note 14)	**422,660**	364,142
Rent (Note 17)	**374,563**	187,263
Depreciation (Note 8)	**337,346**	323,940
Repairs and maintenance	**313,310**	101,396
Light and water	**167,355**	141,169
Communication and postage	**165,159**	152,140
Representation and entertainment	**158,867**	29,070
Advertising and promotion	**40,033**	16,096
Interest expense (Note 14)	**–**	66,623
Other expenses	**75,677**	109,465
	51,661,427	38,142,666
INCOME BEFORE INCOME TAX	**24,335,908**	13,499,090
PROVISION FOR INCOME TAX (Note 15)	**7,342,058**	3,990,998
NET INCOME	**₱16,993,850**	₱9,508,092

See accompanying Notes to Financial Statements.

CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2016	2015
NET INCOME	**₱16,993,850**	₱9,508,092
OTHER COMPREHENSIVE INCOME		
Items that will not to be reclassified to profit or loss in subsequent periods:		
Remeasurement gain on defined benefit plan (Note 14)	**1,692,179**	1,039,670
Income tax effect	**(507,654)**	(311,901)
	1,184,525	727,769
TOTAL COMPREHENSIVE INCOME	**₱18,178,375**	₱10,235,861

See accompanying Notes to Financial Statements.

CARD MRI INSURANCE AGENCY, INC.

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Notes 12 and 16)	Unappropriated Retained Earnings (Notes 12 and 16)	Remeasurement Loss on Defined Benefit Plan (Note 14)	Deposits for Future Stock Subscription (Notes 12 and 16)	Total
At January 1, 2016	**₱17,656,000**	**₱12,581,626**	**(₱631,873)**	**₱–**	**₱29,605,753**
Issuance of shares:					
Additional infusion during the year	**4,576,500**	**–**	**–**	**–**	**4,576,500**
Transaction costs for equity issue	**–**	**(46,848)**	**–**	**–**	**(46,848)**
Dividends	**–**	**(5,314,580)**	**–**	**–**	**(5,314,580)**
Total comprehensive income					
Net income	**–**	**16,993,850**	**–**	**–**	**16,993,850**
Other comprehensive income	**–**	**–**	**1,184,525**	**–**	**1,184,525**
At December 31, 2016	**₱22,232,500**	**₱24,214,048**	**₱552,652**	**₱–**	**₱46,999,200**
At January 1, 2015	₱9,510,000	₱8,185,984	(₱1,359,642)	₱4,412,000	₱20,748,342
Issuance of shares:					
Transfer from deposits for future stock subscription	4,412,000	–	–	(4,412,000)	–
Additional infusion during the year	3,734,000	–	–	–	3,734,000
Dividends	–	(5,112,450)	–	–	(5,112,450)
Total comprehensive income					
Net income	–	9,508,092	–	–	9,508,092
Other comprehensive income	–	–	727,769	–	727,769
At December 31, 2015	₱17,656,000	₱12,581,626	(₱631,873)	₱–	₱29,605,753

See accompanying Notes to Financial Statements.

CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱24,335,908**	₱13,499,090
Adjustments for:		
Interest income (Notes 6 and 7)	**(622,602)**	(779,357)
Net change in pension (Note 14)	**405,508**	430,765
Depreciation (Note 8)	**337,346**	323,940
Provision for impairment losses (Note 7)	**1,046,337**	65,424
Foreign exchange gain (Note 7)	**(125,125)**	–
Loss on disposal of available-for-sale securities (Note 7)	–	15,316
Operating income before working capital changes	**25,377,372**	13,555,178
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	**77,480,630**	9,005,527
Other current assets	**584,952**	719,222
Increase (decrease) in trade and other payables	**(106,176,306)**	4,716,828
Net cash flows generated from (used in) operations	**(2,733,352)**	27,996,755
Contributions made to the retirement fund (Note 14)	**(991,115)**	(786,045)
Income tax paid (Note 15)	**(7,537,199)**	(4,186,185)
Net cash flows provided by (used in) operating activities	**(11,261,666)**	23,024,525
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**597,266**	521,363
Acquisitions of:		
Investment property (Note 9)	**(2,909,700)**	(5,075,000)
Short term investments (Note 7)	–	(1,200,000)
Available-for-sale financial assets (Note 7)	**(11,250,088)**	(1,242,175)
Property and equipment (Note 8)	**(150,143)**	(320,732)
Proceeds from disposals of available-for-sale financial assets (Note 7)	–	25,450
Net cash flows used in investing activities	**(13,712,665)**	(7,291,094)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional capital infusion (Note 12)	**4,576,500**	3,734,000
Dividends paid (Note 12)	**(5,314,580)**	(5,112,450)
Transaction costs for equity issue	**(46,848)**	
Net cash flows used in financing activities	**(784,928)**	(1,378,450)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(25,759,259)**	14,354,981
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**36,562,605**	22,207,624
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱10,803,346**	₱36,562,605

See accompanying Notes to Financial Statements.

1. Corporate Information

CARD MRI Insurance Agency, Inc. (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 2, 2007 primarily to engage in the business of selling life and non-life insurance and other related services. 36.63% of the Company's common stock is owned by CARD, Inc., a social development organization incorporated in the Philippines.

The registered office address of the Company is M. L. Quezon St., City Subdivision, San Pablo City, Laguna

The accompanying financial statements were authorized for issue by the Board of Directors (BOD) on March 31, 2017.

2. Basis of Preparation

The accompanying financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (₱), the Company's functional and presentation currency. All amounts are rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

The Company qualifies as a Small and Medium-sized Entity (SME) as set forth in the SEC En Banc Resolution dated August 13, 2009 and therefore is required to use the Philippine Financial Reporting Standards (PFRS) for SMEs. However, the Company is a holder of secondary license issued by Insurance Commission (IC) that made the Company qualify as a large and/or publicly-accountable entity. Large and/or publicly-accountable entities shall use as their financial reporting framework the PFRS as adopted by the SEC.

3. Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations which became effective on or after January 1, 2016. The adoption of these new accounting standards and amendments did not have a material impact on the Company's financial statements.

- Amendments to PFRS 10, PFRS 12 and PAS 28, *Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Disclosure Initiative*

- Amendments to PAS 16 and PAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27*, Equity Method in Separate Financial Statements*
- Annual Improvements to PFRSs 2012 - 2014 Cycle
  - Amendment to PFRS 5, *Changes in Methods of Disposal*
  - Amendment to PFRS 7, *Servicing Contracts*
  - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  - Amendment to PAS 19, *Discount Rate: Regional Market Issue*
  - Amendment to PAS 34, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements to have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)
- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
- Amendments to PAS 12*, Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

  The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

  Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

  The Company is assessing the potential effect of the amendments on its financial statements.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*
- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

- PFRS 15, *Revenue from Contracts with Customers*

  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

  The Company is assessing the potential effect of PFRS 15 on its financial statements.

- PFRS 9, *Financial Instruments*

  PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities. The adoption will also have an effect on the Company's application of hedge accounting and on the amount of its credit losses. The Company is currently assessing the impact of adopting this standard.

  The Company is assessing the potential effect of the amendments on its financial statements.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

  The Company is assessing the potential effect of the amendments on its financial statements.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements. The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  The Company is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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4. **Summary of Significant Accounting Policies**

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid instruments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Financial Instruments
Date of recognition
Financial instruments are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments
Financial instruments are initially recognized at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale (AFS) investment. The Company classifies its financial liabilities into other financial liabilities. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every end of the reporting period.

As of December 31, 2016 and 2015, the Company's financial instruments are of the nature of AFS financial assets, loans and receivables.

Fair Value Measurement
The Company measures financial instruments at fair value at each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Day 1 profit
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' profit) in statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where an unobservable data is used, the difference between the transaction price and model value is only recognized in statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading,

designated as AFS or FVPL. This accounting policy relates to the “Cash”, “and “Loans and receivables” account.

Loans and receivables include shot-term and long-term investments.

Short-term investments are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of more than three months but less than one year from dates of placement. These earn interests at the respective short-term investment rates.

Long-term investments are investments that are convertible to known amounts of cash with original maturities of more than one year from dates of placement. These earn interest at the respective long-term investment rates.

AFS investments
AFS investments are those which are designated as such or do not qualify to be classified as designated at FVPL, HTM or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.
After initial measurement, AFS investments are subsequently measured at cost. Dividends earned on holding AFS investments are recognized in statement of comprehensive income when the right to receive the payment has been established. The unrealized gains and losses arising from the fair valuation of AFS investments are reported in other comprehensive income. The losses arising from impairment of such investments are recognized in statement of comprehensive income. When the security is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is recognized as realized gains or losses in statement of comprehensive income. When the Company holds more than one investment in the same security, the cost is determined using the weighted average method.

When the fair value of AFS investments cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost.

Other financial liabilities
Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statement of comprehensive income.

This accounting policy applies primarily to the Company’s “Trade and other payables” and other obligations that meet the above definition (other than liabilities covered by other accounting standards such as income tax payable and net pension liability).

<u>Impairment of Financial Assets</u>
The Company assesses at each end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a

result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and Receivables
For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the statement of comprehensive income. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. Time value is generally not considered when the effect of discounting is not material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as type of borrower, collateral type, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any difference between loss estimates and actual loss experience.

AFS investments carried at cost
If there is an objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities
Financial Asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Financial Liability
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in statement of comprehensive income.

Investment Property
Investment Properties are properties (land and/or buildings) held to earn rentals or for capital appreciation (or both). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost with disclosures of the investment property fair value at year-end.

It is derecognized when either it has been disposed of, or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the disposal is recognized in the profit or loss in the year of retirement or disposal.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including nonrefundable taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on computer equipment, office furniture and fixture and transportation equipment is computed using the straight-line method over the estimated useful life (EUL).

	Years
Transportation equipment	5
Computer and office equipment	3
Office furniture and fixtures	3

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made with respect to these assets.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts. Any gain or loss arising on derecognition of the assets, which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statement of comprehensive income in the year the asset is derecognized.

Impairment of Nonfinancial Assets

The Company assesses at each end of the reporting period whether there is an indication that property and equipment may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Creditable Withholding Taxes (CWTs)
Creditable withholding pertains to the tax paid by the Company that is withheld by its counterparty for the payment of its expenses and other purchases. These CWTs are initially recorded at cost as an asset under "Other assets" account.

At each end of the tax-reporting deadline, these CWTs may either be offset against future tax income payable or be claimed as a refund from the taxation authorities at the option of the Company. At each end of the reporting period, an assessment for impairment is performed as to the recoverability of these CWTs.

Net pension liability/asset
The net pension liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.
Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service cost, past service cost and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined pension liability or asset is the change during the period in the net defined pension liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined pension liability or asset. Net interest on the net defined pension liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined pension liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Equity
Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to Additional paid-in capital account. Share issuance costs incurred as necessary part of completing an equity transaction are accounted for as part of that transaction and are treated as a deduction from Additional paid-in capital from previous share issuance. If the Additional paid-in capital account is not sufficient, the excess is deducted from retained earnings.

Revenue
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Commission income
The Company recognizes commission income based on premium billings upon rendition of services to the insured and upon issuance of policies by the insurer. Premiums due from insured are collectible by the Company for the account of the insurer and are remittable to them within the credit term.

Interest income
Interest income is recognized in the statement of comprehensive income as it accrues, taking into account the effective yield of the asset.

Other income
Income from other sources is recognized when earned.

General and Administrative Expenses
Expense is recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and expense can be measured reliably. Expenses are recognized in the statement of comprehensive income as they are incurred.

Leases
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires 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. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

c. There is a change in the determination of whether fulfillment is dependent on a specified asset or;
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Company as a lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as an expense in the company statement of comprehensive income on a straight-line basis.

Income Tax
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred tax
Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced 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. Unrecognized deferred tax assets are reassessed at each end of the reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Movements in the deferred tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Current tax and deferred tax relating to items recognized as other comprehensive income is also recognized in the company statement of other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies
Contingent liabilities are not recognized in the company financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the Company financial statements when an inflow of economic benefits is probable.

Events after the End of the Reporting Period
Any post year-end event that provides additional information about the Company's 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.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying Company financial statements in accordance with PFRS requires the Company to make judgments and estimates that affect the amounts reported in the Company's financial statements and accompanying notes. The estimates and assumptions used in the accompanying Company financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the Company's financial statements. Actual results could differ from such estimates.

Judgments
Classification of financial assets
The Company classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Operating lease commitments - Company as lessee
The Company has entered into a contract of lease for the office space it occupies. The Company has determined that all significant risks and rewards of ownership on these properties will be retained by the lessor.

Distinction between investment properties and owner-occupied properties
The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are

attributable not only to property but also to the other assets used in the daily operations of the Company.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately at the reporting date, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

Management's Use of Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at each reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of allowance for impairment losses of receivables

The Company maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, age of balances, financial status of counterparties, and legal opinion on recoverability in case of legal disputes. The Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a regular basis.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease the related asset accounts.

The carrying value of receivables, net of impairment losses, amounted to ₱22,606,062 and ₱101,235,294 as of December 31, 2016 and 2015, respectively (Note 7). The related allowance for impairment losses amounted to ₱1,456,768 and ₱410,431 as of December 31, 2016 and 2015 (Note 7).

Impairment of nonfinancial assets

The Company assesses the impairment of its nonfinancial assets (i.e., property and equipment) whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the assets; and
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual asset or, if it is not possible, for the cash-generating unit to which the asset belongs.

As of December 31, 2016 and 2015, the Company has not recognized any impairment loss on its nonfinancial assets.

Recognition of deferred tax assets
Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which these can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. These assets are periodically reviewed for realization. Periodic reviews cover the nature and amount of deferred income and expense items, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that tax assets will be realized.

As of December 31, 2016 and 2015, the Company recognized deferred tax assets amounting to ₱877,512 and ₱722,600, respectively (Note 15).

Retirement and other employee benefits
The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. As of December 31, 2016, the Company has a net benefit asset of ₱2,019,927 and net benefit liability of ₱257,859 as at December 31, 2016. Further details are provided in Note 14.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific.

6. Cash and Cash Equivalents

This account consists of:

	2016	2015
Cash on hand	**₱37,620**	₱303,307
Cash in banks	**8,686,676**	34,240,096
Cash equivalents	**2,079,050**	2,019,202
	₱10,803,346	₱36,562,605

Cash in banks earns interest that ranged from 0.25% to 1.50% in 2016 and 2015. Interest income earned from cash in banks amounted to ₱357,616 and ₱544,824 in 2016 and 2015, respectively.

7. Financial Assets

Loans and Receivables

As of December 31, 2016 and 2015, the Company's loans and receivables are as follows:

	2016	2015
Receivables - net	**₱22,606,062**	₱101,235,294
Short term investments (Notes 13 and 16)	**5,155,412**	5,027,811
Long term investments (Notes 13 and 16)	**3,000,000**	3,000,000
	₱30,761,474	₱109,263,105

Receivables - net

This account consists of:

	2016	2015
Accounts receivable:		
Related parties (Note 13)	**₱6,231,259**	₱95,059,134
Others	**2,569,879**	661,999
Commissions receivable:		
Related parties (Note 13)	**12,704,453**	5,104,660
Others	**1,988,914**	276,943
Interest receivable	**568,325**	542,989
	24,062,830	101,645,725
Allowance for impairment losses	**(1,456,768)**	(410,431)
	₱22,606,062	₱101,235,294

Accounts receivable are non-interest-bearing and are generally on 1-30 day terms. These mostly consist of receivables from CARD Mutual Benefit Association, Inc. (CARD MBA) for unremitted premiums and receivables from CARD Pioneer Micro insurance Inc. (CPMI) for claims that have been advanced by the Company to beneficiaries on behalf of CPMI. Other accounts receivable represent unremitted premiums other than insurance coverage under CPMI and advanced claims on behalf of other insurers not related to the Company.

Commissions receivable are non-interest-bearing and are generally on 1-30 day terms. These consist mostly of receivables from CPMI for commissions on insurance products sold (Sagip Plan, Package Assistance in Case of Disaster (PAID) plan and CARD Care).

Interest receivable pertains mainly to interest accrued arising from cash and cash equivalents and short-term investments.

Allowance for impairment loss

The rollforward analyses of allowance for impairment losses on accounts receivable follows:

	2016	2015
Balance at January 1	**₱410,431**	₱345,007
Provisions	**1,046,337**	65,424
Balance at December 31	**₱1,456,768**	₱410,431

Short-term investments

Short-term investments are short-term time deposit placements in CARD Bank, Inc., CARD SME Bank, Inc. and Rizal Bank, Inc. with original maturities of three (3) months to twelve (12) months and earned interest at 2% to 3.5% and at 2% to 4.25% in 2016 and 2015, respectively. The rollforward analysis of short-term investments follows:

	2016	2015
Balance at January 1	**₱5,027,811**	₱3,760,555
Additions	**–**	1,200,000
Interest income received	**127,601**	67,256
Balance at December 31	**₱5,155,412**	₱5,027,811

Interest income earned from short-term investments amounted to ₱84,986 and ₱54,533 in 2016 and in 2015, respectively.

Long-term investment
Long term investment pertains to time deposit placement in CARD Bank, Inc. with a term of five (5) years, face amount of ₱3,000,000 and earning interest at 6.00% per annum. If withdrawn before maturity, this shall earn interest based on the prevailing interest rate of CARD Bank, Inc. for regular deposits. Interest income earned in 2016 and in 2015 amounted to ₱180,000.

Available-for-sale Financial Assets
The rollforward analyses of this account follows:

	2016	2015
Balance at January 1	**₱13,222,655**	₱12,021,246
Additions	**11,250,088**	1,242,175
Disposals	**–**	(40,766)
Forex gain	**125,125**	–
Balance at December 31	**₱24,597,868**	₱13,222,655

Available-for-sale financial assets pertain to investments in unquoted equity securities. Details of the Company’s AFS investments follow:

	2016			2015		
	Amount	**Shares**	**Percentage of ownership**	Amount	Shares	Percentage of ownership
CARD Pioneer Microinsurance, Inc. (CPMI)	**₱17,543,068**	**100,001**	**2%**	₱10,980,480	98,040	2%
MEADA Rabrong, Plc.	**1,367,300**	**2,750**	**13%**	1,242,175	2,750	13%
RIMANSI Mutual Solutions Insurance Agency, Inc. (RMSI)	**1,000,000**	**20,000**	**14%**	1,000,000	20,000	14%
CARD MRI Holdings, Inc. (CMHI)	**3,125,000**	**125,000**	**10%**	–	–	–
CARD MRI Property Holdings, Inc. (CMPHI)	**1,562,500**	**62,500**	**5%**	–	–	–
	₱24,597,868			₱13,222,655		

In 2015, the Company sold its unquoted equity securities of All Nations for cash consideration amounting to ₱25,450. Loss from disposal recognized in relation to the sale of investment amounted to ₱15,316 included under “Other expenses” in the statements of comprehensive income.

On October 28, 2016, the Company acquired additional 1,961 shares from CPMI amounting to ₱6,562,588. New shares were also acquired during the year from CMHI and CMPHI amounting to ₱3,125,000 and ₱1,562,000, respectively.

Foreign exchange gain amounting to ₱125,125 was recognized in 2016 from investment in MEADA.

As of December 31, 2016 and 2015, no provision for impairment loss was recorded by the Company for its AFS financial assets.

The Company measures its AFS financial assets at cost since its fair value cannot be reliably measured due to unavailability of any valuation inputs.

8. Property and Equipment - net

The rollforward analyses of this account follows:

	2016			
	Computer/ Office equipment	**Office furniture and fixture**	**Transportation equipment**	**Total**
Cost				
Balance at January 1	**₱1,248,573**	**₱254,319**	**₱856,000**	**₱2,358,892**
Reclassifications	**82,498**	**(82,498)**	**–**	**–**
Additions	**116,143**	**34,000**	**–**	**150,143**
Balance at December 31	**1,447,214**	**205,821**	**856,000**	**2,509,035**
Accumulated Depreciation				
Balance at January 1	**1,020,512**	**138,919**	**556,400**	**1,715,831**
Reclassifications	**32,083**	**(32,083)**	**–**	**–**
Depreciation	**120,429**	**45,717**	**171,200**	**337,346**
Balance at December 31	**1,173,024**	**152,553**	**727,600**	**2,053,177**
Net Book Value	**₱274,190**	**₱53,268**	**₱128,400**	**₱455,858**

		2015			
	Land (Notes 9 and 13)	Computer/ Office equipment	Office furniture and fixture	Transportation equipment	Total
Cost					
Balance at January 1	₱3,895,346	₱1,039,085	₱143,075	₱856,000	₱5,933,506
Reclassification to investment property (Note 9)	(3,895,346)	–	–	–	(3,895,346)
Additions	–	209,488	111,244	–	320,732
Balance at December 31	–	1,248,573	254,319	856,000	2,358,892
Accumulated Depreciation					
Balance at January 1	–	892,785	113,906	385,200	1,391,891
Depreciation	–	127,727	25,013	171,200	323,940
Balance at December 31	–	1,020,512	138,919	556,400	1,715,831
Net Book Value	₱–	₱228,061	₱115,400	₱299,600	₱643,061

The cost of fully depreciated property and equipment still in active use amounted to ₱1,013,352 and ₱941,836 as of December 31, 2016 and 2015.

Depreciation expense charged against operations amounted to ₱336,208 and ₱323,940 in 2016 and 2015, respectively.

9. **Investment Properties**

Company's investment properties pertain to land held for capital appreciation and building intended for leasing to third parties.

	2016	2015
Balance at January 1	**₱8,970,346**	₱–
Reclassification from property and equipment (Note 8)	–	3,895,346
Additions	**2,909,700**	5,075,000
Balance at December 31	**₱11,880,046**	₱8,970,346

In 2015, the Company acquired a land located at Corner Osmeña St. and Barcelona St., Lucena City with a land area of one hundred six (106) square meters. Total fair value of the land was Five Million Pesos (₱5,000,000), equivalent to the purchase price of the property. In addition, the Company paid ₱75,000 documentary stamp tax for the acquisition of the investment property, which was capitalized as part of the cost.

As of December 31, 2016, the Company has an on-going construction of building in the land located in Lucena City amounting to ₱2.91 million. Total estimated construction cost upon completion is ₱3.23 million.

The land properties have a total fair value of ₱14.05 million as of December 31, 2016. The fair value of the land properties is based on valuation performed by Architect Reynald Francis D. Guevarra, an accredited independent valuer with a recognized and relevant professional qualification and with recent experience in the location and category of the investment properties being valued. The appraised value of investment properties is classified under Level 3 of fair value hierarchy. This is determined using sales comparison approach. In this approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. The properties used as basis of comparison are situated within the immediate vicinity of the subject properties.

For the building property constructed during the year, the total progress billing to date amounting to ₱2.91 million is believed to approximate the property's fair value at year-end.

As at December 31, 2016, no investment property has been pledged as collateral or security for any of the Company's liabilities.

10. **Other Assets**

This account consists of:

	2016	2015
Creditable withholding taxes (CWTs)	**₱2,703,401**	₱3,389,886
Prepaid rent	**114,611**	–
Supplies inventory	**74,808**	125,034
Input VAT	**71,440**	34,292
	2,964,260	3,549,212
Allowance for impairment losses	**(802,429)**	(802,429)
	₱2,161,831	₱2,746,783

CWTs pertain to unapplied taxes withheld on income payments and are creditable against income tax due. The Company determined that the taxes withheld could be recovered in future periods. Allowance for impairment loss provided pertains to creditable withholding taxes of the Company that have no supporting certificates as of reporting date.

11. **Trade and Other Payables**

This account consists of:

	2016	2015
Trade payables:		
Related parties (Note 13)	**₱22,833,908**	₱129,421,705
Others	**–**	1,546,656
Capiling fund	**7,074,070**	7,302,260
Accrued expenses	**3,588,065**	368,946
Scholarship fund	**1,094,882**	1,205,882
Due to government agencies	**694,256**	338,700
Payable to Alveo	**–**	702,336
Other payables	**590,111**	1,165,113
	₱35,875,292	₱142,051,598

Trade payables are non-interest-bearing and are normally settled on 30 day terms. These consist mostly of premiums received from assured for payout to principal insurers of Kabuklod Plan, Sagip Plan and CARD Care.

Capiling fund pertains to fund accumulated for long-term Capiling Awardee incentive program intended for the Company's microinsurance (MI) coordinators for PAID Plan sales. Capiling fund is used as source of funds for MI coordinators who have already been a coordinator for at least five years and have reached the sales target for the year. These MI coordinators are entitled to this incentive program.

Accrued expenses consist of selling costs, unpaid audit fee and unpaid utility bills.
Scholarship fund amounted to ₱1,094,882 and ₱1,205,882 as of December 31, 2016 and 2015, respectively. In 2009, the Company and Pioneer Intercontinental Insurance Corporation (PIIC) agreed to sponsor a scholarship grant to all qualified children of CARD MBA members, contributing ₱5 each for every PAID Plan purchased through CARD and/or the Company's

network. Scholarship fund is given to scholars quarterly at ₱3,000 each. The scholarship fund will still be paid until fully utilized despite the termination of the PAID Plan.

Due to government agencies represents output VAT and withholding tax on compensation.

Other payables consist of payable to board members for incidental expenses, other payable to staff pertaining to tax refunds and finance lease payable.

12. Capital Stock

The roll forward analysis of the capital stock account follows:

	2016		2015	
	Shares	**Amount**	Shares	Amount
Common Stock - ₱500 par value				
Authorized	**100,000**	**₱50,000,000**	100,000	₱50,000,000
Issued and outstanding:				
At beginning of year	**35,312**	**₱17,656,000**	19,020	9,510,000
New capital infusion	**9,153**	**4,576,500**	7,468	3,734,000
Reclassification from DFFSS	–	–	8,824	4,412,000
At end of the year	**44,465**	**₱22,232,500**	35,312	₱17,656,000

On August 11, 2014, the Company applied for an increase in authorized capital stock with the SEC from 20,000 to 100,000 shares, approved by the Board on October 12, 2013.

In 2014, the Company received deposits for stock subscription amounting to ₱4,412,000. On April 24, 2015, SEC approved the increase in authorized capital stock from 20,000 to 100,000 shares. Upon approval, the Company transferred the deposits for stock subscription of ₱4,412,000 to its “Capital Stock” account and issued additional shares amounting to ₱3,734,000.

The Company has also restricted 980 shares for future issuance upon election of independent board member. On June 10, 2015, one share was issued upon electing additional board member. As of December 31, 2016, the 979 shares remain restricted for issuance to future board members.

In 2016, the Company issued additional shares amounting to ₱4,576,500. As of December 31, 2016, the Company has 44,465 issued and outstanding shares amounting to ₱22,232,500.

<u>Retained Earnings</u>

Cash dividends

The Company’s BOD approved and ratified the declaration of cash dividends as follows:

	2016		2015	
Date of approval	**April 9**	**August 31**	April 11	October 10
Date of declaration	**April 9**	**August 31**	April 11	October 10
Date of payment	**April 11**	**August 31**	April 16	November 3
Number of stockholders as of dividend declaration	**30**	**31**	30	30
Dividend per share	**₱40**	**₱100**	₱150	₱75
Total amount	**₱1,412,480**	**₱3,902,100**	₱2,853,000	₱2,259,450
Dividends paid	**₱1,412,480**	**₱3,902,100**	₱2,853,000	₱2,259,450

13. **Related Party Transactions**

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or if the parties are subject to common control or common significant influence. A related party may be an individual or a corporate entity.

In the ordinary course of business, the Company has transactions with related parties. Significant transactions with related parties follow:

December 31, 2016

	Amount	Outstanding	Nature	Terms	Conditions
Affiliates					
CPMI					
Due from affiliate		**₱3,624,385**	Payment for SAGIP Plan, CARD Care & Kabuklod Plan claims	On demand; noninterest-bearing	Unsecured
Billings	**₱50,500,442**				
Collections	**(46,872,057)**				
Due to affiliate		**2,141,717**	Unremitted premium for CPMI products	On demand; noninterest-bearing	Unsecured
Billings	**456,904,619**				
Payments	**(455,872,440)**				
Commissions receivable		**11,730,759**	Uncollected commission receivable	On demand; non-interest bearing; 1-30 day term	Unsecured
Billings	**75,837,668**				
Collection	**(64,106,909)**				
Premiums Payable		**13,203,611**	Payment for SAGIP Plan, CARD Care & Kabuklod Plan claims	On demand; noninterest-bearing	Unsecure
Billings	**70,647,154**				
Collection	**(57,443,543)**				
CARD MBA					
Due from affiliate		**1,099,067**	Premiums uncollected for CAMIA products from CARD MBA Inc.	On demand; noninterest-bearing	Unsecured
Billings	**441,139,877**				
Collections	**(440,040,810)**				
Due to affiliate		**6,988,355**	Claims unpaid to members who avail CAMIA products	On demand; noninterest-bearing	Unsecured
Billings	**392,425,442**				
Payments	**(385,437,087)**				
Rent expense	**201,368**	**–**	Rent incurred from office rental		
Commissions receivable		**384,683**	Uncollected commission receivable	On demand; non-interest bearing; 1-30 day term	Unsecured
Billings	**384,683**				
Collections	**–**				
CARD, Inc.					
Due from affiliate		**–**	Premiums uncollected for CAMIA products from CARD Inc.	On demand; noninterest-bearing	Unsecured
Billings	**10,205,941**				
Collections	**(10,205,941)**				
Due to affiliate		**–**	Unpaid expenses incurred CARD Inc.	On demand; noninterest-bearing	Unsecured
Billings	**237**				
Payments	**(237)**				
CARD Bank Inc.					
Cash		**4,097,912**	Various	On demand; interest at 0.25% to 1.50% for regular savings deposit and 3.50% for cash equivalents	Unsecured
Deposits	**464,128,551**				
Withdrawals	**(460,030,639)**				
Due from affiliate		**1,237,807**	Premiums uncollected for CAMIA products from CARD Bank Inc.	On demand; noninterest-bearing	Unsecured
Billings	**10,458,672**				
Collections	**(9,220,865)**				
Due to affiliate		**–**	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	**71,988**				
Collections	**(71,888)**				
Interest income	**175,751**	**–**	Interest earned on time deposits and savings account	On demand; interest at 1.50% to 6.00%	Unsecured
Short term investment	–	**630,070**	Placement of funds on time deposits	On demand; interest at 3.75%	Unsecured
Long-term investment	**–**	**3,000,000**	Placement of funds on long term deposits	On demand; interest at 6.00%	
CARD SME					
Cash		**861,545**	Various	On demand; interest at 1.50% to 3.50%	Unsecured
Deposits	**29,534,828**				
Withdrawals	**(28,673,283)**				
Due from affiliate		**–**	Premiums uncollected for CAMIA products from CARD SME.	On demand; noninterest-bearing	Unsecured
Billings	**4,118,730**				
Collections	**(4,118,730)**				
Interest income	**67,754**	**–**	Interest earned on time deposits and savings account	On demand; interest at 1.50% to 3.75%	Unsecured
Short term investment	**–**	**3,283,975**	Placement of funds on time deposits	On demand; interest at 3.75%	Unsecured

	Amount	Outstanding	Nature	Terms	Conditions
CMDI					
Due from affiliate		**₱–**	Premiums uncollected for CAMIA products from CMDI Inc.	On demand; noninterest-bearing	Unsecured
Billings	**₱332,944**				
Collections	**(332,944)**				
Due to affiliate		**–**	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	**2,843**				
Payments	**(2,843)**				
CARD BDSFI					
Due from affiliate		**–**	Uncollected PAID Plan enrollment from BDSFI	On demand; noninterest-bearing	Unsecured
Billings	**98,332**				
Collections	**(98,332)**				
Due to affiliate		**–**	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	**473**				
Payments	**(473)**				
CMIT					
Due from affiliate		**–**	Uncollected PAID Plan enrollment from CMIT	On demand; noninterest-bearing	Unsecured
Billings	**239,632**				
Collections	**(239,632)**				
CLFC					
Due from affiliate		**–**	Uncollected PAID Plan enrollment from CLFC	On demand; noninterest-bearing	Unsecured
Billings	**8,632**				
Collections	**(8,632)**				
Due to affiliate		**4,950**	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	**98,281**				
Payments	**(107,567)**				
BotiCARD Inc.					
Due to affiliate		**–**	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	**60,583**				
Payments	**(60,583)**				
Rizal Rural Bank,Taytay Inc.					
Due to affiliate		**–**	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	**1,348,902**				
Payments	**(1,348,902)**				
Short term investment	–	1,241,367	Placement of funds on time deposits	On demand; interest at 3.75%	Unsecured
RMSI					
Due from affiliate		**270,000**	Uncollected premium for funeral care	On demand; noninterest-bearing	Unsecured
Billings	**6,459,623**				
Collection	**(6,189,623)**				
Due to affiliate		**495,275**	Unremitted premium for funeral care	On demand; noninterest-bearing	Unsecured
Billings	**10,315,650**				
Payments	**(9,820,375)**				
Commissions receivable		**589,011**	Uncollected commission Receivables from funeral care	On demand; noninterest-bearing	Unsecured
Billings	**2,054,963**				
Collections	**(1,465,952)**				
RISE					
Due from affiliate		**–**	Uncollected PAID Plan enrollment from RISE	On demand; noninterest-bearing	Unsecured
Billings	**68,058**				
Collections	**(68,058)**				

The above outstanding balances as of December 31, 2016 are summarized as follow:

Commission receivable (Note 7)	**₱12,704,453**
Due from related parties (Note 7)	**6,231,259**
Short term investment (Note 7)	**5,155,412**
Cash in bank	**4,959,457**
Long term investment (Note 11)	**3,000,000**
Due to related parties (Note 11)	**(22,833,908)**
Premiums payable	**(13,203,611)**
Net due to related parties	**(₱3,986,938)**

December 31, 2015

	Amount	Outstanding	Nature	Terms	Conditions
Affiliates					
CPMI					
Due from affiliate		₱73,454,407	Payment for PAID Plan, CARD Care & CCAP claims	On demand; noninterest-bearing	Unsecured
Billings	₱475,479,724				
Collections	(432,295,695)				
Due to affiliate		52,887,173			Unsecured

	Amount	Outstanding	Nature	Terms	Conditions
Billings	691,296,031		Unremitted premium for CPMI products	On demand; noninterest-bearing	
Payments	(643,156,667)				
Commissions receivable		4,067,896	Uncollected commission receivable	On demand; non-interest bearing; 1-30 day term	Unsecured
Billings	101,110,440				
Collection	(97,042,544)				
CARD MBA					
Due from affiliate		30,455,230	Premiums uncollected for CAMIA products from CARD MBA Inc.	On demand; noninterest-bearing	Unsecured
Billings	447,531,170				
Collections	(417,075,941)				
Due to affiliate		₱75,916,569	Claims unpaid to members who avail CAMIA products	On demand; noninterest-bearing	Unsecured
Billings	₱833,681,636				
Payments	(757,765,067)				
Rent expense	187,263	–	Rent incurred from office rental		
Commissions receivable		384,683	Uncollected commission receivable	On demand; non-interest bearing; 1-30 day term	Unsecured
Billings	384,683				
Collections	–				
CARD, Inc.					
Due from affiliate		2,901	Premiums uncollected for CAMIA products from CARD Inc.	On demand; noninterest-bearing	Unsecured
Billings	6,936,728				
Collections	(6,933,827)				
Due to affiliate		84	Unpaid expenses incurred CARD Inc.	On demand; noninterest-bearing	Unsecured
Billings	6,849				
Payments	(6,765)				
CARD Bank Inc.					
Cash		45,714,767	Various	On demand; interest at 0.25% to 1.50% for regular savings deposit and 3.50% for cash equivalents	Unsecured
Deposits	276,748,020				
Withdrawals	(231,033,253)				
Due from affiliate		529,970	Premiums uncollected for CAMIA products from CARD Bank Inc.	On demand; noninterest-bearing	Unsecured
Billings	10,643,111				
Collections	(10,113,141)				
Interest income	255,209	–	Interest earned on time deposits and savings account	On demand; interest at 1.50% to 6.00%	Unsecured
Short term investment	–	612,815	Placement of funds on time deposits	On demand; interest at 3.75%	Unsecured
Long-term investment	–	3,000,000	Placement of funds on long term deposits	On demand; interest at 6.00%	
CARD SME					
Cash		4,179,284	Various	On demand; interest at 1.50% to 3.50%	Unsecured
Deposits	32,623,120				
Withdrawals	(28,443,836)				
Due from affiliate		21	Premiums uncollected for CAMIA products from CARD SME.	On demand; noninterest-bearing	Unsecured
Billings	3,596,656				
Collections	(3,596,635)				
Due to affiliate		969	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	3,695				
Payments	(2,726)				
Interest income	84,986	–	Interest earned on time deposits and savings account	On demand; interest at 1.50% to 3.75%	Unsecured
Short term investment	–	3,214,996	Placement of funds on time deposits	On demand; interest at 3.75%	Unsecured
CMDI					
Due from affiliate		–	Premiums uncollected for CAMIA products from CMDI Inc.	On demand; noninterest-bearing	Unsecured
Billings	73,252				
Collections	(73,252)				
Due to affiliate		20,062	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	31,187				
Payments	(11,125)				
CARD BDSFI					
Due from affiliate		–	Uncollected PAID Plan enrollment from BDSFI	On demand; noninterest-bearing	Unsecured
Billings	110,435				
Collections	(110,435)				
Due to affiliate		–	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	142				
Payments	(142)				
CMIT					
Due from affiliate		–	Uncollected PAID Plan enrollment from CMIT	On demand; noninterest-bearing	Unsecured
Billings	26,742				
Collections	(26,742)				
CLFC					
Due from affiliate		–	Uncollected PAID Plan enrollment from CLFC	On demand; noninterest-bearing	Unsecured
Billings	15,399				
Collections	(15,399)				
Due to affiliate		14,236	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	31,220				
Payments	(29,794)				
BotiCARD Inc.					
Due to affiliate		–	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	407				
Payments	(407)				

	Amount	Outstanding	Nature	Terms	Conditions
Rizal Rural Bank,Taytay Inc.					
Due to affiliate		472	Unpaid expense incurred by CARD MRI for administration expense	On demand; noninterest-bearing	Unsecured
Billings	1,709				
Payments	(1,237)				
Short term investment	–	1,200,000	Placement of funds on time deposits	On demand; interest at 3.75%	Unsecured
RMSI					
Due from affiliate		724,133	Uncollected premium for funeral care	On demand; noninterest-bearing	Unsecured
Billings	1,119,231				
Collection	(₱395,098)				
Due to affiliate		₱582,140	Unremitted premium for funeral care	On demand; noninterest-bearing	Unsecured
Billings	7,366,615				
Payments	(6,784,475)				
Commissions receivable		652,081	Uncollected commission Receivables from funeral care	On demand; noninterest-bearing	Unsecured
Billings	1,228,505				
Collections	(576,424)				
RISE					
Due from affiliate		2,850	Uncollected PAID Plan enrollment from RISE	On demand; noninterest-bearing	Unsecured
Billings	77,523				
Collections	(74,673)				

The above outstanding balances as of December 31, 2015 are summarized as follow:

Due from related parties (Note 7)	₱95,059,134
Cash in bank	49,894,051
Commission receivable (Note 7)	5,104,660
Short term investment (Note 7)	5,027,811
Long term investment (Note 11)	3,000,000
Due to related parties (Note 11)	(129,421,705)
Net due from related parties	₱28,663,951

14. Retirement Plan

The Company maintains a funded and formal noncontributory retirement plan - the CARD Multi-Employer Retirement Plan - covering all regular employees. The plan has a Projected Unit Cost (PUC) format and is financed by the Company. The plan complies with the requirement of Republic Act No. 7641 and provides lump sum benefits upon retirement, death, total and permanent disability, involuntary separation (except for cause) or voluntary separation after completion of at least ten (10) years of service with the participating companies.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Company also provides additional post employment healthcare benefits to certain senior employee.

Changes in net defined benefit liability of funded funds are as follows:

2016

		Net benefit cost in statement of income				Remeasurements in other comprehensive income							
	At January 1	Current service cost	Net interest	Subtotal	Transfer of employees	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising experience	Effect of changes in asset ceiling	Subtotal	Contribution by employer	At December 31
Present value of defined benefit obligation	**₱5,147,437**	**₱422,660**	**₱259,431**	**₱682,091**	**₱205,250**	**₱–**	**₱863,513**	**(₱2,926,507)**	**(₱236,499)**	**₱–**	**(₱2,299,493)**	**₱–**	**₱3,735,285**
Fair value of plan assets	**(4,889,578)**	**–**	**(276,583)**	**(276,583)**	**(205,250)**	**100,986**	**–**	**–**	**–**	**–**	**100,986**	**(991,115)**	**(6,261,540)**
Effect of asset ceiling	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**506,328**	**506,328**	**–**	**506,328**
	₱257,859	**₱422,660**	**(₱17,152)**	**₱405,508**	**₱–**	**₱100,986**	**₱863,513**	**(₱2,926,507)**	**(₱236,499)**	**₱506,328**	**(₱1,692,179)**	**(₱991,115)**	**(₱2,019,927)**

2015

		Net benefit cost in statement of income				Remeasurements in other comprehensive income						
	At January 1	Current service cost	Net interest	Subtotal	Transfer of employees	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising experience	Subtotal	Contribution by employer	At December 31
Present value of defined benefit obligation	₱6,103,267	₱364,142	₱272,206	₱636,348	(₱468,006)	₱–	(₱2,887,331)	₱1,720,219	₱42,940	(₱1,124,172)	₱–	₱5,147,437
Fair value of plan assets	(4,450,458)	–	(205,583)	(205,583)	468,006	84,502	–	–	–	84,502	(786,045)	(4,889,578)
	₱1,652,809	₱364,142	₱66,623	₱430,765	₱–	₱84,502	(₱2,887,331)	₱1,720,219	₱42,940	(₱1,039,670)	(₱786,045)	₱257,859

The principal actuarial assumptions used in determining retirement liability for the Company's retirement plan are shown below:

	2016	2015
Discount rate	**5.86%**	5.04%
Salary increase rate	**7.00%**	10.00%
Average remaining working life	**27.8**	28.7

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	December 31, 2016	
	Increase (decrease)	Effect on defined pension plan
Discount rate	-100 basis points	(₱503,091)
	+100 basis points	616,502
Salary rate	+100 basis points	562,827
	-100 basis points	(471,992)

The fair value of net plan assets by each class is as follows:

	2016	2015
Cash and cash equivalents	**₱2,601,044**	₱1,990,547
Investment in government bonds	**2,940,419**	2,235,026
Investment in mutual funds	**32,560**	38,139
Loans	**472,746**	516,339
Others	**214,771**	109,527
	₱6,261,540	₱4,889,578

The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation. The Company expects to contribute ₱0.83 million to the defined pension plan in 2017.

The average duration of the defined benefit obligation at the end of the reporting period is 23.1 years.

15. **Income Tax**

The Company's provision for income tax consists of:

	2016	2015
Current	**₱7,412,679**	₱4,030,313
Final	**124,520**	155,872
Deferred	**(195,141)**	(195,187)
	₱7,342,058	₱3,990,998

The Company's net deferred taxes relate to the tax effects of the following:

	2016	2015
Deferred tax assets recognized in profit or loss		
Allowance for impairment losses	**₱437,030**	₱123,129
Unamortized past service cost	**440,482**	328,668
	877,512	451,797
Deferred tax liabilities recognized in profit or loss:		
Pension asset	**409,161**	193,445
Foreign exchange gain	**37,358**	–
Documentary stamp tax	**–**	22,500
	446,519	215,945
Net deferred tax asset in profit or loss	**430,993**	235,852
Net deferred tax asset (liability) recognized in OCI		
Remeasurement loss (gain) on net pension liability	**(236,851)**	270,803
	₱194,142	₱506,655

The reconciliation of income tax at statutory income tax rate to effective income tax follows:

	2016	2015
Statutory income tax	**₱7,300,772**	₱4,049,727
Add (deduct) tax effects of:		
Interest income already subjected to final tax	**(62,260)**	(77,936)
Nondeductible expense	**117,600**	20,661
Deductible expense	**(14,054)**	–
Nontaxable income	**–**	(1,454)
Provision for income tax	**₱7,342,058**	₱3,990,998

16. Capital and Financial Risk Management Objectives and Policies

Governance Framework
The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The BOD approves the Company's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets and specify reporting requirements.

Fair Value of Financial Instruments
Due to the short-term nature of cash and cash equivalents, accounts receivable, commissions and trade payables, accrued expenses and other payables, their fair values approximate the carrying values as of the reporting date.

Cash - due to the short-term nature of the account, the fair value of cash approximate the carrying amounts in the statements of financial position.

Due to related parties - due to the short-term nature of the account, carrying amounts approximate their fair values.
Accounts and other payables - fair values of accounts and other payables approximate their carrying amounts in the statement of financial position due to the short-term nature of the transactions.

The main purpose of the Company's financial instruments is to fund its operations and capital expenditures. The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Fair Value Hierarchy
The following table shows the fair value hierarchy of the company's investment properties as at December 31, 2016.

	2016			
	Quoted Price in Active Markets	**Significant Observable Inputs**	**Significant Observable Inputs**	**Total**
Assets for which fair value is disclosed:				
Investment property	**₱–**	**₱–**	**₱14,051,177**	**₱14,051,177**

The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which uses inputs which have a significant effect on the recorded fair value that are not based on observable market data

Liquidity risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Company seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Company maintains a level of cash deemed sufficient to finance operations.

As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

	Net Financial Assets	
	2016	2015
Financial Assets		
Cash	**₱10,803,346**	₱36,562,605
Commissions receivables	**14,693,367**	5,381,603
Accounts receivables	**8,801,138**	95,721,133
Interest receivable	**568,325**	542,989
Short-term investment	**5,155,412**	5,027,811
Long-term investment	**3,000,000**	3,000,000
AFS financial assets	**24,597,868**	13,222,655
	67,619,456	159,458,796

	Net Financial Assets	
	2016	2015
(Forward)		
Financial Liabilities		
Other financial liabilities		
Trade payables	**₱22,833,908**	₱129,421,617
Accrued expenses	**3,588,065**	368,946
Other payables	**3,467,566**	2,867,168
	29,889,539	132,657,731
	₱37,729,917	₱26,801,065

Management believes that the Company’s exposure to liquidity risk is minimal because the maturities of the financial liabilities, which is payable upon demand, matches the maturities of the financial assets.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company’s receivables are actively monitored to avoid significant concentrations of credit risk.

The Company has adopted a no-business policy with customers lacking appropriate credit history where credit records are available.

The Company manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company; setting up of exposure limits by each counterparty or group of counterparties; invoking the right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and reviewing of credit risk policy for pertinence and the changing environment. In addition, receivables are monitored on an ongoing basis to manage the Company’s exposure to impairment losses.

The table below shows the maximum exposure of the Company to credit risk for the components of its statements of financial position.

	2016	2015
Cash (excluding cash on hand amounting ₱37,620 and ₱303,307 in 2016 and 2015, respectively)	**₱10,765,726**	₱36,259,298
Commissions receivables	**14,693,367**	5,381,603
Accounts receivables	**8,801,138**	95,721,133
Interest receivable	**568,325**	542,989
Short-term investment	**5,155,412**	5,027,811
Long-term investment	**3,000,000**	3,000,000
	₱42,983,968	₱145,932,834

The credit risk is concentrated to the following customers:

	Percentage	
Type of customer	**2016**	2015
Affiliates	**79.55%**	82.35%

Non affiliates	**20.45%**	17.65%
	100%	100%

Capital Management
The Company treats equity as capital. The primary objective of the Company's capital management is to ensure that it maintains a healthy capital in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.
As of December 31, 2016 and 2015, the Company's net equity follows:

	2016	2015
Capital stock	**₱22,232,500**	₱17,656,000
Unappropriated retained earnings	**24,214,048**	12,581,626
Remeasurement (gain) loss on defined benefit plan	**552,652**	(631,873)
	₱46,999,200	₱29,605,753

17. **Lease Commitment**

On October 15, 2016, the Company entered into a new five-year operating lease agreement with CARD MBA with renewal option included in the contracts. Renewal is at the option of the lessee subject to a ten percent (10%) increase in monthly rental every 2 years starting the 3rd year of the lease term. Rent expense included in the statements of comprehensive income in 2016 and 2015 amounted to ₱374,563 and ₱187,263, respectively.

As of December 31, the amount of future minimum rentals payable for the existing contract is based on the remaining term of the contract, as follows:

	2016	2015
Within 1 year	**₱382,686**	₱148,674
More than 1 year but not more than 5 years	**1,446,964**	396,463
	₱1,829,650	₱545,137

18. **Brokerage Agreement**

The Company has agreements with various insurance companies to: (1) be the exclusive distributor of Sagip Plan, Kabuklod Plan and CARD Care; (2) collect all premiums due on all insurance directly solicited by and/or credited to the Company; and (3) remit premiums, taxes and charges collected for a policy issued by Insurance Company. Under the terms of these agreements, the Company is entitled to remuneration equal to a percentage of the premiums written, net of taxes. Expenses incurred in connection with its brokerage services are for the Company's account.

Commission income derived from brokerage services amounted to ₱75,211,017 and ₱50,844,506 in 2016 and 2015, respectively.

19. Supplementary Information Required Under Revenue Regulations 15-2010

The Company reported and/or paid the following types of taxes in 2016:

a. Value added tax (VAT)

Input VAT

At January 1	₱34,292
Additional	449,956
Utilized	(412,808)
At December 31	**₱71,440**

During the year, the Company declared Output VAT amounting to ₱8.99 million arising from the commission income received during the year.

b. Information on the Company's importations
The Company does not undertake importation activities.

c. Taxes and Licenses
This includes all other taxes, local and national, including real estate taxes, licenses, and permit fees amounting to ₱533,117 lodged under the caption 'Taxes and Licenses' under the 'Expenses' section in the Company's statement of comprehensive income.

Local	
Transfer tax	₱105,953
Documentary stamp tax	69,604
Business permits	44,150
Community tax certificate	1,810
Barangay clearance	1,100
	222,617
National	
BIR Registration fee	500
	500
	₱223,117

The Company paid during the year an amount of ₱310,000 representing deficiency taxes.

d. Withholding Taxes
Details of withholding taxes follow:

Expanded withholding taxes	₱521,579
Withholding taxes on compensation and benefits	299,276
	₱820,855

e. Tax Assessments and Cases
The Company has not been involved in any tax case under preliminary investigation, litigation, and/or prosecution in courts or bodies outside the BIR.

CARD MRI INSURANCE AGENCY, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2016

Unappropriated Retained Earnings, beginning		₱12,581,626
Add: Net income actually earned / realized during the year		
Net income during the period closed to retained earnings	16,947,002	
Less: Non-actual / unrealized income net of tax		
Unrealized foreign currency gain	(125,125)	
Add: Non-actual losses		
Provision for doubtful accounts	1,046,337	
Net income actually earned during the year		17,868,214
Less: Dividend declarations during the period		(5,314,580)
Unappropriated Retained Earnings, end available for dividend distribution		₱25,135,260

CARD MRI INSURANCE AGENCY, INC.

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS DECEMBER 31, 2016

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	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			✓
	Amendments to PFRS 1: Government Loans			✓
	First-time Adoption of PFRS – Borrowing Costs			✓
	First-time Adoption of PFRS – Meaning of 'Effective PFRSs'			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Definition of Vesting Conditions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Accounting for Contingent Consideration in a Business Combination			✓
	Scope Exceptions for Joint Arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4, Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4	Not Early Adopted		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Changes in Methods of Disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✓		
	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			✓
	Servicing Contracts			✓
	Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)	Not Early Adopted		
PFRS 8	Operating Segments			✓
	Aggregation of Operating Segments and Reconciliation of Total Reportable Segment's Assets to the Entity's Asset			✓
PFRS 9	Financial Instruments	Not Early Adopted		
PFRS 10 (Amended)	Consolidated Financial Statements			✓
	Investment Entities: Applying the Consolidation Exception			✓
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not Early Adopted		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12 (Amended)	Disclosure of Interests in Other Entities			✓
	Investment Entities: Applying the Consolidation Exception			✓
PFRS 13	Fair Value Measurement	✓		
	Short-term Receivables and Payables	✓		
	Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	Not Early Adopted		
PFRS 16	Leases	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Presentation of Financial Statements - Clarification of the Requirements for Comparative Information	✓		
	Amendments to PAS 1, Presentation of Financial Statements, Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7, Statement of Cash Flows, Disclosure Initiative	Not Early Adopted		
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			✓
	Amendments to PAS 12, Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses	Not Early Adopted		
PAS 16	Property, Plant and Equipment	✓		
	Classification of Servicing Equipment			✓
	Revaluation Method – Proportionate Restatement of Accumulated Depreciation			✓
	Amendments to PAS 16, Property, Plant and Equipment and PAS 38, Intangible Assets, Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits (Revised)	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
	Amendments to PAS 19: Employee Contributions	✓		
	Employee Benefits - regional market issue regarding discount rate	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	Effects of Changes in Foreign Exchange Rates	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Key Management Personnel			✓
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Investment Entities			✓
	Amendment to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28, Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Financial Instruments: Presentation – Tax Effect of Distribution to Holders of Equity Instrument			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
	Interim financial reporting and segment information for total assets and liabilities			✓
	Disclosure of information ‘elsewhere in the interim financial report’	Not Early Adopted		
PAS 36 (Amended)	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Revaluation Method – Proportionate Restatement of Accumulated Amortization			✓
	Amendments to PAS 16, Property, Plant and Equipment and PAS 38, Intangible Assets, Clarification of Acceptable Methods of Depreciation and Amortization			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
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			✓
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)	Not Early Adopted		
PAS 40	Investment Property	✓		
	Description of ancillary services			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants			✓
	Amendments to PAS 40, Investment Property, Transfers of Investment Property	Not Early Adopted		
Philippine Interpretations				
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 8	*Scope of PFRS 2*			✓
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 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	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	✓		
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			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Not Early Adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
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			✓

**Not yet adopted locally*