COVER SHEET

For

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

AS096-0511

COMPANY NAME

PRU LIFE INSURANCE CORPORATION OF U.K. (A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)

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

9/F Uptown Place Tower 1
1 East 11th Drive
Uptown Bonifacio
Taguig City 1634

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

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
	(632) 683-9000	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
		December 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
Dante Marasigan	Dante.Marasigan@prulifeuk.com.ph	(632) 683-9203	(63) 947-996-0169

CONTACT PERSON's ADDRESS

9/F Uptown Place Tower 1, 1 East 11th Drive, Uptown Bonifacio, Taguig City 1634

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.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-owned Subsidiary of
Prudential Corporation Holdings Limited)

FINANCIAL STATEMENTS
December 31, 2016 and 2015

KPMG

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Pru Life Insurance Corporation of U.K.
9/F Uptown Place Tower 1
1 East 11th Drive, Uptown Bonifacio
Taguig City 1634, Metro Manila
Philippines

Opinion

We have audited the accompanying financial statements of Pru Life Insurance Corporation of U.K. (the Company), a wholly-owned subsidiary of Prudential Corporation Holdings Limited, which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

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 audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our 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.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 06 2017 TSIS
JOSSABELLE D. OFRECIO

PRC-BOA Accreditation No. 0003, with extended validity until April 30, 2017 pursuant to Board Resolution No. 37 s. of 2017
SEC Accreditation No. 0004-FR-4, Group A, valid until November 10, 2017
IC Accreditation No. F-2014/014-R, valid until August 26, 2017
BSP Accredited, Category A, valid until December 17, 2017

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

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

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 29 to the basic 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 supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
IC Accreditation No. SP-2014/030-O, Group A, valid until August 17, 2017
SEC Accreditation No. 1472-A, Group A, valid until March 30, 2018
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-34-2014
Issued October 15, 2014; valid until October 14, 2017
PTR No. 5904929MD
Issued January 3, 2017 at Makati City

March 30, 2017
Makati City, Metro Manila

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 06 2017 TSIS
JOSSABELLE D. OFRECIO

PRU LIFE U.K.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Pru Life Insurance Corporation of U.K.** (the "Company"), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders or members.

R.G. Manabat & Co., the independent auditors appointed by the Board of Directors, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors and Stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

HENRY JOSEPH M. HERRERA
Chairman of the Board

ANTONIO G. DE ROSAS
President & Chief Executive Officer

LEE C. LONGA
Executive Vice President & Chief Financial Officer

Signed this ___day of___

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 06 2017 TSIS
JOSSABELLE D. OFRECIO

KPMG

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REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
Pru Life Insurance Corporation of U.K.
9/F Uptown Place Tower 1
1 East 11th Drive, Uptown Bonifacio
Taguig City 1634, Metro Manila
Philippines

We have audited the accompanying financial statements of Pru Life Insurance Corporation of U.K. (the Company), a wholly-owned subsidiary of Prudential Corporation Holdings Limited, as at and for the year ended December 31, 2016, on which we have rendered our report dated March 30, 2017.

In compliance with Securities Regulation Code Rule 68, As Amended, we are stating that the Company has one (1) stockholder owning one hundred (100) or more shares.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
IC Accreditation No. SP-2014/030-O, Group A, valid until August 17, 2017
SEC Accreditation No. 1472-A, Group A, valid until March 30, 2018
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BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 06 2017 TSIS
JOSSABELLE D. OPRECIO

March 30, 2017
Makati City, Metro Manila

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)
STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Note	2016	2015
ASSETS			
Cash and cash equivalents	*7*	**P2,220,198**	P2,605,114
Interest receivable		**128,266**	125,751
Investments	*8*	**9,916,652**	9,616,867
Premiums due from policyholders		**29,593**	31,915
Policy loans receivables - net	*9*	**452,955**	457,571
Coverage debt receivables - net	*11*	**218,145**	217,047
Reinsurance assets		**11,349**	32,288
Property and equipment - net	*12*	**607,057**	487,121
Deferred acquisition costs	*5, 13*	**5,677,319**	4,965,663
Other assets - net	*14*	**728,958**	392,594
Total General Assets		**19,990,492**	18,931,931
Assets Held to Cover Linked Liabilities	*10*	**73,213,153**	67,832,693
		P93,203,645	P86,764,624
LIABILITIES AND EQUITY			
General Liabilities			
Legal policy reserves	*15*	**P5,007,216**	P4,914,082
Claims payable	*16*	**319,453**	286,485
Reinsurance payable	*17*	**77,553**	93,356
Deferred tax liability - net	*24*	**671,052**	557,215
Accounts payable, accrued expenses and other liabilities	*18*	**3,234,401**	3,132,474
Total General Liabilities		**9,309,675**	8,983,612
Equity			
Capital stock	*27*	**500,000**	500,000
Additional paid-in capital	*27*	**462,000**	462,000
Total paid-up capital		**962,000**	962,000
Contributed surplus		**50,386**	50,386
Fair value reserve	*8*	**(4,259)**	(4,790)
Retirement fund reserve		**(5,218)**	(9,443)
Retained earnings	*27*	**9,677,908**	8,950,166
Total Equity		**10,680,817**	9,948,319
Total General Liabilities and Equity		**19,990,492**	18,931,931
Technical Provisions for Linked Liabilities	*10*	**73,213,153**	67,832,693
		P93,203,645	P86,764,624

See Notes to the Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Amounts in Thousands)

		Years Ended December 31	
	Note	**2016**	2015
NET PREMIUMS			
Premiums	*19*	**P18,554,100**	P20,268,664
Premiums ceded to reinsurers	*17, 19*	**(437,732)**	(458,850)
		18,116,368	19,809,814
OTHER REVENUE			
Policy administration fees	*20*	**1,478,021**	1,335,762
Investment income (loss) - net	*21*	**20,699**	(165,406)
Others - net		**73,654**	87,543
		1,572,374	1,257,899
BENEFITS AND CLAIMS			
Costs on premiums of variable insurance	*10*	**6,758,932**	10,604,990
Gross benefits and claims	*22*	**5,831,728**	4,397,997
Reinsurer's share of gross benefits and claims	*22*	**(16,972)**	(33,022)
Gross change in legal policy reserves	*22*	**93,134**	84,432
		12,666,822	15,054,397
OPERATING EXPENSES			
Commissions, bonuses and other agents' expenses		**2,876,193**	2,766,079
Salaries, allowances and employees' benefits		**991,848**	992,152
Trainings, seminars and contests		**429,393**	466,547
Rent	*26*	**247,904**	165,260
Utilities		**227,183**	155,864
Dividends to policyholders		**116,351**	107,365
Advertising and marketing		**127,736**	101,759
Depreciation and amortization	*12*	**142,211**	85,883
Communications		**78,375**	70,139
Office supplies		**84,621**	57,508
Interest expense related to policies		**51,316**	48,194
Security and janitorial services		**49,241**	44,111
Representation and entertainment		**41,949**	39,036
Professional fees		**43,194**	37,588
Taxes and licenses		**78,979**	25,748
Insurance taxes, licenses and fees		**47,134**	19,529
Amortization of software development costs	*14*	**26,965**	15,332
Others		**36,706**	38,611
Deferred expenses - net	*13*	**(711,656)**	(741,129)
		4,985,643	4,495,576

Forward

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION

Date APR 06 2017 TSIS

JOSSABELLE D. OFRECIO

	Note	2016	2015
		Years Ended December 31	
INCOME BEFORE INCOME TAX EXPENSE		**P2,036,277**	P1,517,740
INCOME TAX EXPENSE	*24*	**132,065**	43,874
NET INCOME		**1,904,212**	1,473,866
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that may be reclassified to profit or loss			
Net gain (loss) on fair value changes of available-for-sale financial assets	*8*	**531**	(185)
Items that will not be reclassified to profit or loss			
Net income (loss) on remeasurement of retirement liability	*23*	**6,036**	(13,490)
Income tax effect	*24*	**(1,811)**	4,047
		4,756	(9,628)
TOTAL COMPREHENSIVE INCOME		**P1,908,968**	P1,464,238

See Notes to the Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date APR 06 2017 TSIS
JOSSABELLE D. OFRECIO

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Amounts in Thousands)

	Note	Capital Stock (Note 27)	Additional Paid-in Capital (Note 27)	Contributed Surplus	Fair Value Reserve (Note 8)	Retirement Fund Reserve	Retained Earnings (Note 27)	Total Equity
Balance at January 1, 2016		P500,000	P462,000	P50,386	(P4,790)	(P9,443)	P8,950,166	P9,948,319
Total comprehensive income								
Net income		-	-	-	-	-	1,904,212	1,904,212
Other comprehensive income:								
Item that may be reclassified to profit or loss	8	-	-	-	531	-	-	531
Items that will not be reclassified to profit or loss		-	-	-	-	4,225	-	4,225
Total comprehensive income		-	-	-	531	4,225	1,904,212	1,908,968
Transaction with owner of the Company								
Dividends	27	-	-	-	-	-	(1,176,470)	(1,176,470)
Balance at December 31, 2016		P500,000	P462,000	P50,386	(P4,259)	(P5,218)	P9,677,908	P10,680,817
Balance at January 1, 2015		P500,000	P462,000	P50,386	(P4,605)	P -	P7,829,241	P8,837,022
Total comprehensive income								
Net income		-	-	-	-	-	1,473,866	1,473,866
Other comprehensive income:								
Item that may be reclassified to profit or loss	8	-	-	-	(185)	-	-	(185)
Items that will not be reclassified to profit or loss		-	-	-	-	(9,443)	-	(9,443)
Total comprehensive income		-	-	-	(185)	(9,443)	1,473,866	1,464,238
Transaction with owner of the Company								
Dividends	27	-	-	-	-	-	(352,941)	(352,941)
Balance at December 31, 2015		P500,000	P462,000	P50,386	(P4,790)	(P9,443)	P8,950,166	P9,948,319

See Notes to the Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)
STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Note	Years Ended December 31 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense		**P2,036,277**	P1,517,740
Adjustments for:			
Unrealized loss on valuation of investments	*8, 21*	**165,556**	868,418
Amortization of deferred acquisition costs	*13*	**666,770**	563,692
Depreciation and amortization	*12*	**142,211**	85,883
Interest expense related to policies		**51,316**	48,194
Amortization of software development costs	*14*	**26,965**	15,332
Provision for impairment losses	*9, 11, 14*	**17,625**	47,305
Reversal of provision for impairment losses	*9, 11, 14*	**(323)**	(28,829)
Loss (gain) on disposal of property and equipment		**4,128**	(3,441)
Foreign exchange gain		**(32,372)**	(17,492)
Interest income	*21*	**(536,966)**	(547,713)
Gain on disposal of investments	*8, 21*	**(763)**	(606,818)
Operating income before working capital changes		**2,540,424**	1,942,271
Changes in:			
Premiums due from policyholders		**2,322**	54,780
Policy loans receivables		**1,038**	2,152
Coverage debt receivables		**(13,969)**	(49,659)
Deferred acquisition costs		**(1,378,426)**	(1,304,821)
Reinsurance assets		**20,939**	(10,330)
Other assets		**(269,413)**	183,282
Legal policy reserves	*22*	**93,134**	84,432
Claims payable		**32,968**	31,681
Reinsurance payable		**(15,803)**	18,796
Accounts payable, accrued expenses and other liabilities		**148,784**	594,187
Net cash provided by operations		**1,161,998**	1,546,771
Interest received		**534,451**	546,884
Interest paid		**(50,439)**	(47,413)
Contributions to retirement fund	*23*	**(43,509)**	(32,204)
Income tax paid		**(18,228)**	(20,564)
Net cash provided by operating activities		**1,584,273**	1,993,474

Forward

	Note	Years Ended December 31 2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of investments	*8*	**(P966,505)**	(P2,628,016)
Proceeds from disposal of investments	*8*	**519,215**	1,873,347
Acquisitions of property and equipment	*12*	**(297,844)**	(328,190)
Proceeds from disposal of property and equipment		**31,569**	6,684
Acquisitions of software costs	*14*	**(94,769)**	(61,353)
Net cash used in investing activities		**(808,334)**	(1,137,528)
CASH FLOW FROM A FINANCING ACTIVITY			
Dividends paid	*27*	**(1,176,470)**	(352,941)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(400,531)**	503,005
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*7*	**2,605,114**	2,092,794
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**15,615**	9,315
CASH AND CASH EQUIVALENTS AT END OF YEAR	*7*	**P2,220,198**	P2,605,114

See Notes to the Financial Statements.

PRU LIFE INSURANCE CORPORATION OF U.K.
(A Wholly-owned Subsidiary of Prudential Corporation Holdings Limited)
NOTES TO THE FINANCIAL STATEMENTS
(Amounts in Thousands, except as indicated)

1. Reporting Entity

Pru Life Insurance Corporation of U.K. (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on January 17, 1996, primarily to engage in the business of life insurance. The Company started commercial operations in September 1996. On September 11, 2002, the Insurance Commission (IC) approved the Company's license to sell variable unit-linked insurance, a life insurance product which is linked to investment funds.

The Company is a wholly-owned subsidiary of Prudential Corporation Holdings Limited ("Prudential"). The Company's ultimate parent company is Prudential plc, an internationally-diversified organization providing life insurance and fund management services worldwide.

The Company has a Certificate of Authority No. 2016/35-R issued by the IC to transact in life insurance business until December 31, 2018.

The Company's registered address is at the 9/F Uptown Place Tower 1, 1 East 11th Drive, Uptown Bonifacio, Taguig City 1634, Metro Manila, Philippines.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The financial statements were authorized for issue by the Board of Directors (BOD) on March 30, 2017.

Basis of Measurement
The financial statements have been prepared on the historical cost basis, except for the following items which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Financial instruments at fair value through profit or loss (FVPL)	Fair value
Available-for-sale (AFS) financial assets	Fair value
Investments in treasury notes and other funds under "Assets held to cover linked liabilities"	Fair value
Technical Provisions for Linked Liabilities	Fair value
Retirement liability	Present value of the defined benefit obligation less the fair value of the plan assets

Functional and Presentation Currency
The financial statements of the Company are presented in Philippine peso, which is the Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest thousands (P'000s), except when otherwise indicated.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements except for the changes in accounting policies as discussed below.

Adoption of Amendments to Standards and Interpretations
The Company has adopted the following amendments to standards and new interpretation starting January 1, 2016. The adoption of these amendments to standards and interpretations did not have any significant impact on the Company's financial statements.

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 Property Plant and Equipment and PAS 38 Intangible Assets).* The amendments to PAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

  The amendments to PAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset - e.g., changes in sales volumes and prices.

- *Disclosure Initiative (Amendments to PAS 1 Presentation of Financial Statements)* addresses some concerns expressed about existing presentation and disclosure requirements and to ensure that entities are able to use judgment when applying PAS 1. The amendments clarify that:

  - Information should not be obscured by aggregating or by providing immaterial information.

- Materiality considerations apply to all parts of the financial statements, even when a standard requires a specific disclosure.

- The list of line items to be presented in the statements of financial position and statements of profit or loss and other comprehensive income can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

- An entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

Insurance Contracts

Product Classification

Insurance contracts are those contracts under which the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risks.

Investment contracts are those contracts that transfer significant financial risk but can also transfer insignificant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Insurance and investment contracts are further classified as being with and without Discretionary Participation Feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Likely to be a significant portion of the total contractual benefits;
- The amount or timing of which is contractually at the discretion of the issuer; and
- Contractually based on the following:

  - Performance of a specified pool of contracts or a specified type of contract;
  - Realized or an unrealized investment returns on a specified pool of assets held by the issuer; or
  - The profit or loss of the Company, fund or other entity that issues the contract.

The additional benefits include policy dividends that are declared annually, the amounts of which are computed using actuarial methods and assumptions, and are included under "Dividends to policyholders" account in profit or loss with the corresponding liability recognized under the "Dividends payable to policyholders" account which is included in "Accounts payable, accrued expenses and other liabilities" account in the statement of financial position.

Conventional Long-term Insurance Contracts
These contracts ensure events associated with human life (for example, death or survival) over a long duration. Premiums are recognized as revenue when they become payable by the policyholder. Benefits are recognized as an expense when they are incurred or when the policies reach maturity.

A liability for contractual benefits that is expected to be incurred in the future is recognized for policies that are in-force as of each reporting date. The liability is determined as the expected future discounted value of the benefit payments that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefit expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, reserve method, and interest rate approved by the IC.

Unit-linked Insurance Contracts
A unit-linked insurance contract is an insurance contract linking payments to units of an internal investment fund set up by the Company with the consideration received from the policyholders. The investment funds supporting the linked policies are maintained in segregated accounts in conformity with Philippine laws and regulations. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

Revenue from unit-linked insurance contracts consists of premiums received and policy administration fees.

Management assessed that the insurance contracts have no derivative components.

As allowed by PFRS 4 Insurance Contracts, the Company chose not to unbundle the investment portion of its unit-linked products.

Legal Policy Reserves
Legal policy reserves are determined by the Company's actuary in accordance with the requirements of the amended Insurance Code of the Philippines (Insurance Code) and represent the amounts which, together with future premiums and investment income, are required to discharge the obligations of the insurance contracts and to pay expenses related to the administration of those contracts. These reserves are determined using generally accepted actuarial practices and have been approved by the IC at the product approval stage.

Liability Adequacy Tests
At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of reinsurance assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from assets backing such liabilities are used. Any deficiency is immediately recognized under "Gross change in legal policy reserves" in profit or loss.

Reinsurance Contracts Held
Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts above are classified as reinsurance contracts held. Contracts that do not meet those classification requirements are classified as financial assets.

The benefits to which the Company is entitled to under its reinsurance contracts held are recognized as reinsurance assets. These include short-term balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as expense when due.

If there is objective evidence that reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance receivable and recognizes the impairment loss in profit or loss.

Receivables and Payables Related to Insurance Contracts
Receivables and payables are recognized when due. These include amounts due to and from policyholders and amounts due to agents and brokers. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable and recognizes the impairment loss in profit or loss.

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, i.e., the date that the Company commits to purchase the asset.

Initial Recognition. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at FVPL, the initial measurement of financial instruments includes transaction costs. The Company classifies its financial assets into the following categories: financial assets at FVPL, AFS financial assets, held-to-maturity (HTM) investment, and loans and receivables. The Company classifies its financial liabilities either as financial liabilities at FVPL or other financial liabilities.

The classification depends on the purpose for which the instruments were acquired or incurred and whether these are quoted in an active market. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As at December 31, 2016 and 2015, the Company has no financial assets classified as HTM investments.

Fair Value Measurement
A number of the Company's accounting policies and disclosures require the measurement of fair value for both financial and nonfinancial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Where applicable, 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.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair value are categorized in different levels in a fair value hierarchy based on the inputs used in the valuation technique (see Note 6).

Financial Instruments at FVPL. This category consists of financial instruments that are held-for-trading or designated by management on initial recognition. Financial instruments at FVPL are recorded in the statement of financial position at fair value, with changes in fair value recorded in profit or loss.

These are allowed to be designated by management on initial recognition in this category when any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; or

- These are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or, it is clear, with little or no analysis, that it would not be bifurcated.

Held-for-trading securities are not reclassified subsequent to their initial recognition, unless they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- If the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held-for-trading at initial recognition), then it may be reclassified if the Company has the intention and the ability to hold the financial asset in the foreseeable future or until maturity; and

- The financial asset may be reclassified out of the held-for-trading securities category only under "rare circumstances".

As at December 31, 2016 and 2015, the Company does not have any financial asset designated by management as financial instruments at FVPL. However, the Company's held-for-trading investments portfolio under "Investments" in the statement of financial position amounted to P9.92 billion and P9.62 billion as at December 31, 2016 and 2015, respectively (see Note 8). Also, the Company's held-for trading investments portfolio under "Assets held to cover linked liabilities" amounted to P104.68 billion and P97.74 billion as at December 31, 2016 and 2015 (see Note 10).

As at December 31, 2016 and 2015, the Company's held-for-trading securities include government, quasi-government, corporate debt and equity securities.

The Company's technical provisions for linked liabilities classified as financial liabilities at FVPL amounted to P73.21 billion and P67.83 billion as at December 31, 2016 and 2015, respectively (see Note 10).

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

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization, if any, is included as part of "Others - net" in profit or loss.

As at December 31, 2016 and 2015, the Company's cash and cash equivalents, premiums due from policyholders, policy loans receivables, coverage debt receivables, interest receivable, reinsurance assets, and other assets such as receivable from unit linked fund, advances to employees and agents, and due from affiliates are classified under this category. Cash and cash equivalents, interest receivable, receivable from life fund, and other assets under "Assets held to cover linked liabilities" are also classified under this category.

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

AFS Financial Assets. AFS financial assets are financial assets which are designated as such, or do not qualify to be classified or have not been classified under any other financial asset category. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value. Changes in fair value, other than impairment loss and foreign currency differences on AFS equity securities, are recognized in other comprehensive income and presented as "Fair value reserve". The losses arising from the impairment of such securities are recognized in profit or loss. When the security is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is transferred to profit or loss. The effective yield component of AFS debt securities is reported in profit or loss.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of unobserved inputs such as in the case of unquoted equity instruments, these financial assets are allowed to be carried at cost less impairment, if any.

As at December 31, 2016 and 2015, the Company's AFS financial assets amounted to P7.33 million and P7.44 million, respectively, and primarily composed of equity securities (see Note 8).

Other Financial Liabilities. Issued financial instruments or their component, which are not classified as 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 lender, 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 the Company's own equity instruments.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest 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. The amortization is included as part of "Interest expense related to policies" in profit or loss.

This category includes the Company's claims payable, reinsurance payable, and accounts payable, accrued expenses and other liabilities such as dividends payable to policyholders, accrued expenses, due to unit-linked funds, due to related parties, agent's commission payable, provident fund payable and other liabilities (excluding premium suspense account, premium deposit fund and liabilities to government agencies). This category also includes liability to other funds, accrued expense, and trade payable under assets held to cover linked liabilities.

Impairment of Financial Assets
The Company assesses at each reporting date whether 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 have 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 economic conditions that correlate with defaults.

Loans and Receivables. The Company first assesses whether objective evidence of impairment exists individually 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 accounts, 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 the collective assessment for impairment. For the purpose of a collective evaluation of impairment, loans and receivables are grouped on the basis of credit risk characteristics such as type of borrower, collateral type, credit and payment status and term.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the excess of loan's carrying amount over its net realizable value, based on the present value of the estimated future cash flows from the asset. The present value of the estimated future cash flows is discounted at the loan's original effective interest rate. Time value is generally not considered when the effect of discounting is not material.

The carrying amount of an impaired loan is reduced to its net realizable value through the use of an allowance account and the accrual of interest is discontinued. If, in a subsequent period, the amount of the allowance for impairment loss decreases because of an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed to profit or loss to the extent that the resulting carrying amount of the asset does not exceed its amortized cost had no impairment loss been recognized.

AFS Financial Assets Carried at Fair Value. In case of equity securities classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below cost. Where there is objective evidence of impairment, the cumulative loss in equity, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized, is recorded in profit or loss. Subsequent increase in the fair value of an impaired AFS equity security is recognized in other comprehensive income.

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. This is generally not the case with master netting agreements, thus, the related assets and liabilities are presented on a gross basis in the statement of financial position.

Income and expenses are presented on a net basis only when permitted under PFRSs, such as in the case of any realized gains or losses arising from the Company's trading activities.

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

- 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 has: (a) 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. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities. 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, with the difference in the respective carrying amounts recognized in profit or loss.

Prepayments
Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Property and Equipment
Property and equipment are measured at cost less accumulated depreciation, amortization and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The cost of day-to-day servicing of an asset is recognized as an expense when incurred.

Items of property and equipment are depreciated on a straight-line basis over the estimated useful lives of each component. Leasehold improvements are amortized over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Estimated useful lives are as follows:

	Number of Years
Computer equipment	3 - 5
Furniture, fixtures and equipment	5
Transportation equipment	5
Condominium unit	25
Leasehold improvements	3 - 5 or term of lease, whichever is shorter

The residual value, useful lives, and depreciation and amortization methods for items of property and equipment are reviewed, and adjusted if appropriate, at each reporting date.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and the related accumulated depreciation, amortization and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in profit or loss.

Office improvement in progress relates to the progress billings of unfinished projects. Such projects include renovations, various installations and system upgrades. When a certain project is finished, the account is credited and capitalized to the appropriate asset account.

No depreciation is recognized for office improvement in progress account because it is not yet available for use by the Company.

Software Development Costs
Costs directly associated with the development of identifiable computer software that is not an integral part of the hardware that generate expected future benefits to the Company are recognized as intangible asset. All other costs of developing and maintaining computer software are recognized as expense when incurred. Software development costs is recognized under "Other assets" (see Note 14).

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Software development costs are amortized from the date they are available for use, not to exceed five years.

Impairment of Nonfinancial Assets
At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists, the Company estimates the recoverable amount of the impaired assets. The recoverable amount is the higher of the fair value less costs of disposal and value in use. Value in use is the present value of future cash flows expected to be derived from an asset while fair value less costs of disposal is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less cost of disposal. 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 assessment of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the impaired asset is written down to its recoverable amount.

An impairment loss is recognized in profit or loss in the period in which it arises.

An assessment is made at each reporting date 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. The reversal can be made only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Deferred Acquisition Costs
Direct and indirect costs incurred to sell, underwrite and initiate new insurance contracts are deferred to the extent that these costs are recoverable out of profit margins of future premiums from these new insurance contracts.

Subsequent to initial recognition, deferred acquisition costs are amortized on a straight-line basis over the period over which significant amount of profit margins from future premiums are expected to be recoverable. Changes in the pattern of future economic benefits for the deferred acquisition costs are accounted for by changing the amortization period and are treated as change in accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognized in profit or loss. Deferred acquisition costs are also considered in the liability adequacy test for each reporting period.

Deferred acquisition costs are derecognized when the related contracts are either pre-terminated or have matured before the end of amortization period.

Equity
Capital Stock
Capital stock is composed of common shares, determined using the nominal value of shares that have been issued. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Additional Paid-in Capital (APIC)
APIC pertains to the amount that the Company received in excess of the par value of capital stock.

Contributed Surplus
Contributed surplus represents additional contribution of shareholders as provided under the Insurance Code.

Fair Value Reserve
Fair value reserve pertains to the cumulative amount of gains and losses due to the revaluation of AFS financial assets.

Retirement Fund Reserve
This pertains to the cumulative amount of remeasurement of the retirement liability arising from actuarial gains and losses due to experience and demographic assumptions as well as gains and losses in the plan assets.

Retained Earnings
Retained earnings represents profit attributable to the equity holders of the Company and reduced by dividends.

Retained earnings may also include effect of changes in accounting policy as may be required by the transitional provision of the standard.

<u>Revenue Recognition</u>
Premiums
Premiums arising from insurance contracts are recognized as income on the effective date of the insurance policies for the first year premiums. For the succeeding premiums, gross earned recurring premiums on life insurance contracts are recognized as revenue when these become due from the policyholders.

The investment component received from the unit-linked insurance contracts is shown as part of premiums.

Premiums ceded to reinsurers on traditional and variable contracts are recognized as an expense when the policy becomes effective. This is presented net of experience refund received from reinsurers.

Policy Administration Fees
Policy administration fees are recognized as revenue in profit or loss when these become due from the policyholder. Receivable portion of policy administration fees form part of receivable from unit linked fund under "Other assets - net" account in the statement of financial position.

Investment Income or Loss
Investment income or loss consists of fair value changes of financial assets at FVPL, interest income from all interest-bearing investments and gain or loss on disposal of investments. Investment income which is net of investment management fees, is presented net of final tax.

Interest income for all interest-bearing financial instruments, including financial assets measured at FVPL, is recognized in profit or loss using the effective interest method.

Determining whether the Company is Acting as Principal or an Agent
The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the services;
- whether the Company has discretion in establishing prices; and
- whether the Company bears the credit risk.

If the Company has determined it is acting as a principal, the Company recognizes revenue on gross basis with the amount remitted to the other party being accounted as part of cost and expenses. If the Company has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Company has determined that it is acting as principal in its revenue arrangements.

Benefits, Claims and Expenses Recognition
Cost on Premiums of Variable Insurance
Cost on premiums of variable insurance represents the investment component of the unit-linked insurance contracts portion, net of withdrawals. Cost on premiums of variable insurance are recognized consequently as premiums are earned which is on the effective date of the insurance policy for first year premiums and when premiums become due for succeeding premiums.

Benefits and Claims
Claims consist of benefits and claims paid to policyholders, which include, among others, excess gross benefit claims for unit-linked insurance contract, and movement of incurred but not reported (IBNR) claims and movement of legal policy reserves. Death claims, surrenders and withdrawals are recorded on the basis of notifications received. Maturities are recorded when due. Provision for IBNR is made for the cost of claims incurred as of each reporting date but not reported until after the reporting date based on the Company's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in profit or loss of subsequent years. Reinsurer's share of gross benefits and claims are accounted for in the same period as the underlying claim.

Operating Expenses
Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized when incurred.

Employee Benefits
Retirement Benefits
The Company maintains a defined contribution (DC) plan with minimum defined benefit (DB) guarantee that covers all regular full time employees. Under its retirement plan, the Company pays fixed contributions based on the employees' monthly salaries, however, the retirement plan also provides for its qualified employees a DB minimum guarantee which is equivalent to a certain percentage of the monthly salary payable to an employee with the required credited years of service based on the provisions of the Company's retirement plan.

Accordingly, the Company accounts for its retirement obligation under the higher of the DB obligation relating to the minimum guarantee and the obligation arising from the DC Plan.

For the DB minimum guarantee plan, the liability is determined based on the present value of the excess of the projected DB obligation over the projected DC obligation at the end of the reporting period. The DB obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Company determines the net interest expense or income on the net DB liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the DB plan are recognized in profit or loss.

The DC liability, on the other hand, is measured at the fair value of the DC assets upon which the DC benefits depend, with an adjustment for any margin on asset returns where this is reflected in the DC benefits.

Remeasurements of the net DB liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains or losses on the settlement of a DB plan when the settlement occurs.

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

<u>Leases</u>

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

<u>Taxes</u>

Current tax and deferred income tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at each reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and the carryforward tax benefits of the net operating loss carryover (NOLCO) and excess of the minimum corporate income tax (MCIT) over the regular corporate income tax. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at each reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply 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 as at the reporting date.

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates prevailing at reporting date.

Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year. For income tax reporting purposes, foreign exchange gains or losses are treated as taxable income or deductible expenses, in the period such are realized.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Contingencies

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

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

New or Revised Standards and Amendments to Standards Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2016. However, the Company has not applied the following new or revised and amended standards in preparing these financial statements. The Company is currently assessing the potential impact of these on its financial statements.

The Company will adopt the new or revised standards and amendments to standards in the respective effective dates:

Effective January 1, 2017

- *Disclosure initiative (Amendments to PAS 7 Statement of Cash Flows).* The amendments address financial statements users' requests for improved disclosures about an entity's net debt relevant to understanding an entity's cash flows. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes - e.g., by providing a reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities.

  The amendments are effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted. When an entity first applies the amendments, it is not required to provide comparative information for preceding periods.

- *Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to PAS 12 Income Taxes).* The amendments clarify that:

  - the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset;

  - the calculation of future taxable profit in evaluating whether sufficient taxable profit will be available in future periods excludes tax deductions resulting from the reversal of the deductible temporary differences;

  - the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and

  - an entity assesses a deductible temporary difference related to unrealized losses in combination with all of its other deductible temporary differences, unless a tax law restricts the utilization of losses to deduction against income of a specific type.

  The amendments are to be applied retrospectively for annual periods beginning on or after January 1, 2017. Early adoption is permitted. On initial application, 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. If an entity applies the relief, it shall disclose that fact.

Effective January 1, 2018

- *PFRS 9 Financial Instruments (2014).* PFRS 9 (2014) replaces PAS 39 *Financial Instruments: Recognition and Measurement* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

- *Applying PFRS 9 with PFRS 4 (Amendments to PFRS 4).* The amendments provide a temporary exemption from PFRS 9, where an entity is permitted to defer application of PFRS 9 in 2018 and continue to apply PAS 39 if it has not applied PFRS 9 before and its activities are predominantly connected with insurance. A qualified entity is permitted to apply the temporary exemption for annual reporting periods beginning before January 1, 2021. The amendments also provide an overlay approach to presentation when applying PFRS 9 where an entity is permitted to reclassify between profit or loss and other comprehensive income the difference between the amounts recognized in profit or loss under PFRS 9 and those that would have been reported under PAS 39, for designated financial assets. A financial asset is eligible for designation if it is not held for an activity that is unconnected with contracts in the scope of PFRS 4, and if it is measured at fair value through profit or loss under PFRS 9, but would not have been under PAS 39. An entity is generally permitted to start applying the overlay approach only when it first applies PFRS 9, including after previously applying the temporary exemption.

  The amendments permitting the temporary exemption is for annual periods beginning on or after January 1, 2018 and the amendments allowing the overlay approach are applicable when an entity first applies PFRS 9.

- *PFRS 15 Revenue from Contracts with Customers replaces PAS 11 Construction Contracts, PAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.* The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Effective January 1, 2019

- *PFRS 16 Leases supersedes PAS 17 Leases and the related Philippine Interpretations.* The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

  PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16.

4. Use of Judgments and Estimates

The Company makes judgments and key estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

(a) *Impairment of Financial Assets*

Investments at Fair Value
The Company considers that investments are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged decline requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share/market price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

As at December 31, 2016 and 2015, the Company has not recognized any impairment loss on its investments.

Receivables
The Company reviews its receivables to assess impairment at least on an annual basis, or as the need arises due to significant movements on certain accounts. Receivables from policyholders and reinsurance that are individually significant are assessed to determine whether objective evidence of impairment exists on an individual basis, while those that are not individually significant are assessed for objective evidence of impairment either on an individual or on collective basis. In determining whether an impairment loss should be recorded in the profit or loss, the Company makes judgment as to whether there are any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of receivables before the decrease can be identified with an individual receivable in that portfolio.

As at December 31, 2016 and 2015, the Company has recognized impairment loss amounting to P140.10 million and P122.80 million (see Notes 9,11 and 14), respectively.

(b) Classifying Financial Instruments

The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position. In addition, the Company classifies 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 the quoted prices are readily and regularly available and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

As at December 31, 2016 and 2015, the Company classified its financial instruments as financial instruments at FVPL, AFS financial assets, loans and receivables, and other financial liabilities.

Estimates

(a) Liabilities arising from Claims made under Insurance Contracts

There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for such claims. Although the ultimate liability arising from life insurance contracts is largely determined by the face amount of each individual policy, the Company also issues accident and health policies and riders where the claim amounts may vary.

Claims estimation by the Company considers many factors such as industry average mortality or morbidity experience, with adjustments to reflect Company's historical experience. These liabilities form part of the Company's IBNR which amounted to P21.31 million and P49.62 million as at December 31, 2016 and 2015, respectively (see Note 16).

(b) *Legal Policy Reserves*

The Company estimates the amount of its liability to policyholders in two stages. At inception of the contract, the Company determines assumptions in relation to mortality, morbidity, persistency, investment returns and administration expenses. Assumptions are also set in relation to inflation rates, tax, dividend scale and sales commissions plus other incentives. Certain profit targets are also set at this stage. These assumptions are used in calculating liabilities during the life of the contracts. A margin for risk and uncertainty is added to these assumptions. In order to minimize risk, the Company ensures that the assumptions used are best estimates, taking into account current experience at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates and taking into consideration the provision of PFRS 4.

The liability adequacy test was performed using current best estimates on interest, mortality, lapsation and expenses. The net present value of future cash flows as at December 31, 2016 and 2015 computed under the requirements of PFRS 4, amounted to cash inflows of P7.07 billion and P5.20 billion, respectively. Accordingly, the recorded legal policy reserves which is calculated in accordance with the requirements of the Insurance Code amounting to P5.01 billion and P4.91 billion as at December 31, 2016 and 2015, respectively (see Note 15), is adequate using best estimate assumptions.

(c) *Fair Value Estimation*

The fair value of financial instruments traded in active markets (such as financial assets at FVPL and AFS financial assets) is based on quoted market prices or quoted prices for similar assets or liabilities at the reporting date. If the financial instrument is not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by management. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair values of financial instruments.

As at December 31, 2016 and 2015, the Company's financial instruments carried at fair value are classified as Level 1 and 2 in the fair value hierarchy.

(d) *Estimating Useful Lives of Property and Equipment and Software Development Costs*

The Company estimates useful lives of property and equipment and software development costs based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence. The useful lives, and depreciation and amortization methods are reviewed periodically to ensure that the method and periods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment, and software development costs.

As at December 31, 2016 and 2015, the carrying amounts of property and equipment and software development costs amounted to P757.57 million and P569.83 million, respectively (see Notes 12 and 14).

(e) Estimating Amortization Period of Deferred Acquisition Costs

The amortization period of deferred acquisition costs depends on the period over which the acquisition costs will be recovered through the future profits of the insurance contracts. Deferred acquisition costs of unit linked single premium are amortized over 10 years while unit linked regular premium are amortized over 15 years. The recoverability of the deferred acquisition costs are reviewed annually to ensure that the period of amortization is consistent with the profit pattern of the products and that the deferred acquisition costs are recoverable against the present value of future profits over the entire amortization period

As at December 31, 2016 and 2015, the carrying amount of deferred acquisition costs amounted to P5.68 billion and P4.97 billion, respectively (see Note 13).

(f) Estimating Impairment of Financial Assets

Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the receivables when scheduling future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

As at December 31, 2016 and 2015, the carrying value of the Company's policy loans receivables, coverage debt receivables and advances to employees and agents amounted to P731.97 million and P723.39 million, respectively. Provisions for impairment losses amounted to P17.63 million and P47.31 million in 2016 and 2015, respectively (see Notes 9, 11 and 14).

(g) Estimating Retirement and Other Employee Benefits

The determination of DB obligation relating to minimum guarantee and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates, mortality rates and future salary increase rate. Due to the long term nature of these benefits, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the market yields of Philippine government bonds with terms consistent with the expected employee benefit payout as at the statement of financial position date.

As at December 31, 2016 and 2015, the Company's net retirement liability amounted to P65.99 million and P48.92 million, respectively (see Note 23).

(h) Estimating Realizability of Deferred Tax Assets

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Any deferred tax asset will be re-measured if it might result to derecognition where the expected tax law to be enacted has a possible risk on the realization.

As at December 31, 2016 and 2015, the Company recognized deferred tax assets amounting to P1.03 billion and P932.49 million, respectively. However, unrecognized deferred tax assets from NOLCO amounted to nil and P160.37 million as at December 31, 2016 and 2015, respectively (see Note 24).

5. Capital, Insurance and Financial Risks Management Objectives and Policies

The Company's activities expose it to a variety of risks such as capital, financial and insurance risks. The overall objective of risk management is to focus on the unpredictability of financial markets and insurance contingencies to minimize potential adverse effects on the financial position of the Company.

The Company has established a risk management functions with clear cut responsibilities and with the mandate to develop company-wide policies on market, credit, liquidity, insurance and operational risk management. It also supports the effective implementation of risk management policies at the individual business unit and process levels.

The risk management policies define the Company's identification of risk and its interpretation, limit structure ensuring the appropriate quality and diversification of assets, alignment of underwriting and reinsurance strategies to the corporate goals, and specify reporting requirements.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintain close monitoring to ensure that the Company is satisfactorily managing its affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains appropriate liquidity and solvency positions to meet maturing liabilities arising from claims and acceptable level of risks.

The operations of the Company are subject to regulatory requirements of the IC. The IC does not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions, fixed capitalization requirements, and risk-based capital (RBC) requirements to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

Capital Management

The Company's capital includes capital stock, APIC, contributed surplus and retained earnings.

The Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders. The level of capital maintained is always higher than the minimum capital requirement set by the IC and the amount computed under the RBC model.

The Company manages capital through a process that determines future projected capital requirements through the development of long-term financial plans and projections that consider the impact on surplus of new businesses, profitability of in-force business and other major corporate initiatives that will affect capitalization requirements.

There were no changes made to the Company's capital base, objectives, policies and processes from previous year.

Networth Requirements
Under Section 194 of the Insurance Code, insurance company doing business in the Philippines shall have a networth of P250.00 million by June 30, 2013. Furthermore, said company must have an additional P300.00 million in networth by December 31, 2016; an additional P350.00 million in networth by December 31, 2019; and an additional P400.00 million in networth by December 31, 2022.

As at December 31, 2016 and 2015, the Company has complied with the minimum networth requirements.

RBC Requirements
IC Memorandum Circular (IMC) No. 6-2006 provides for the RBC framework for the life insurance industry to establish the required amounts of capital to be maintained by the life insurance companies in relation to their investments and insurance risks. Every life insurance company is required annually to maintain a minimum RBC ratio of 100% and not fail the trend test. Failure to meet the minimum RBC ratio shall subject the life insurance company to corresponding regulatory intervention which has been defined at various levels.

The RBC ratio shall be calculated as networth divided by the RBC requirement. Networth shall consist of the total paid-up capital, contributed surplus, retained earnings and revaluation of assets as may be approved by the Commissioner of IC.

The following table shows the RBC ratio of the Company as at December 31, 2016 and 2015.

	2016	2015
Networth	**P4,208,422**	P4,232,605
RBC requirement	**674,993**	629,364
RBC ratio	**623%**	673%

The figures above are internally computed by the Company and the final amount of the RBC ratio can be determined only after the accounts of the Company have been reviewed by IC specifically as to admitted and non-admitted assets as defined under the Insurance Code. As at December 31, 2016 and 2015, the Company has complied with the minimum RBC ratio of 100%.

The estimated non-admitted assets as defined in the Insurance Code are included in the statement of financial position. These assets, which are subject to final determination by the IC, are as follows:

	Note	**2016**	2015
Deferred acquisition cost	*13*	**P5,677,319**	P4,965,663
Property and equipment - net		**516,347**	377,596
Unrealized fair value gains - net		**370,175**	494,094
Other assets		**369,606**	225,574
		P6,933,447	P6,062,927

On December 28, 2016, the Insurance Commission released CL No. 2016-69 which provides, among other things, that the level of sufficiency for the Amended Risk-Based Capital (RBC 2) Framework shall be at 95th percentile level of sufficiency for the year 2017, 97.5th percentile for the year 2018, and 99.5th percentile for the year 2019. RBC 2 Framework shall be made effective January 1, 2017.

Insurance Risk

The Company issues contracts that transfer insurance risk. This section summarizes the risks and the way the Company manages them.

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The main risks that the Company is exposed to are as follows:

- *Mortality Risk* - risk of loss due to policyholder death experience being different from expected.
- *Morbidity Risk* - risk of loss due to policyholder health and disability experience being different from expected.
- *Investment Return Risk* - risk of loss from actual return being different from expected.
- *Expense Risk* - risk of loss from expense experience being different from expected.
- *Lapse Risk* - risk of loss due to policyholder experiences (lapses and surrenders) being different from expected.

The Company manages these risks through its underwriting strategy and reinsurance agreements. The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of the type of risk and level of insured benefits. This is largely achieved through the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. The retention limit of the Company varies per product type.

For contracts where death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected.

Concentration of Insurance Risk

The table below sets out the concentration of life insurance contract by type of contract (in thousands):

	2016	2015
Whole and term life	**P3,586,466**	P3,491,019
Endowment	**1,001,065**	1,072,401
Personal accident	**13,261**	11,096
Group and accident & health	**8,193**	13,846
Riders and others products	**398,231**	325,720
	P5,007,216	P4,914,082

Classification by Attained Age (Based on 2016 and 2015 Data of In-force Policies)
The table below presents the concentration of risk by attained age as at December 31, 2016 and 2015. For individual insurance, exposure is concentrated on age brackets 40-44 to 55-59 in 2016 and 2015.

	2016		2015	
	Individual		Individual	
Attained Age	**Exposure '000**	**Concentration (%)**	Exposure '000	Concentration (%)
<20	**P411,077**	**8.22%**	P507,102	10.35%
20 - 24	**121,889**	**2.44%**	125,986	2.57%
25 - 29	**181,464**	**3.63%**	163,629	3.34%
30 - 34	**207,513**	**4.15%**	196,957	4.02%
35 - 39	**340,536**	**6.81%**	371,658	7.58%
40 - 44	**583,531**	**11.67%**	597,305	12.19%
45 - 49	**688,331**	**13.77%**	660,351	13.48%
50 - 54	**754,552**	**15.09%**	749,443	15.29%
55 - 59	**704,732**	**14.10%**	658,425	13.44%
60 - 64	**484,432**	**9.69%**	436,594	8.91%
65 - 69	**276,983**	**5.54%**	272,352	5.56%
70 - 74	**168,042**	**3.36%**	100,744	2.06%
75 - 79	**43,672**	**0.88%**	31,214	0.63%
80 +	**32,269**	**0.65%**	28,476	0.58%
Total	**P4,999,023**	**100.00%**	P4,900,236	100.00%

For group insurance, exposure is concentrated on age bracket 35 - 39 in 2016 and 35 - 39 and 50 - 54 in 2015.

	2016			
	Group			
	Gross of Reinsurance		**Net Reinsurance**	
Attained Age	**Exposure '000**	**Concentration (%)**	**Exposure '000**	**Concentration (%)**
20 - 24	**P -**	**-**	**P -**	**-**
25 - 29	**-**	**-**	**-**	**-**
30 - 34	**-**	**-**	**-**	**-**
35 - 39	**8,174**	**99.76%**	**5,327**	**99.64%**
40 - 44	**-**	**-**	**-**	**-**
45 - 49	**1**	**0.01%**	**1**	**0.01%**
50 - 54	**16**	**0.20%**	**16**	**0.30%**
55 - 59	**2**	**0.03%**	**2**	**0.05%**
60 +	**-**	**-**	**-**	**-**
Total	**P8,193**	**100.00%**	**P5,346**	**100.00%**

Attained Age	2015 Group Gross of Reinsurance Exposure '000	Concentration (%)	Net Reinsurance Exposure '000	Concentration (%)
20 - 24	P6	0.04%	P6	0.05%
25 - 29	97	0.70%	96	0.87%
30 - 34	340	2.46%	337	3.04%
35 - 39	8,839	63.84%	6,078	54.92%
40 - 44	704	5.09%	698	6.31%
45 - 49	935	6.75%	928	8.38%
50 - 54	1,446	10.44%	1,446	13.06%
55 - 59	972	7.02%	972	8.78%
60 +	507	3.66%	507	4.59%
Total	P13,846	100.00%	P11,068	100.00%

Key Assumptions
The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

(a) *Mortality and Morbidity Assumptions.* Mortality refers to the rate at which death occurs for a defined group of people while morbidity refers to the rate of accident or sickness, and recovery there from, for a defined group of people. For the purpose of liability valuation, rates are based on standard tables, as required by the Insurance Code.

(b) *Valuation Interest Rates* refer to the rates used in determining the value of life insurance liabilities. The value of life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expense directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows.

Sensitivities
The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on the Company's income before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these variables are nonlinear.

	Changes in Assumptions/ Variables	**2016 Impact on Income Before Income Tax and Equity Increase (Decrease)**	2015 Impact on Income Before Income Tax and Equity Increase (Decrease)
		(Amounts in Millions)	
Mortality and morbidity	*+5%*	**(P84.31)**	(P76.39)
	-5%	**86.56**	84.76
Valuation interest rate	*+ 100 basis points*	**507.85**	511.08
	- 100 basis points	**(646.70)**	(652.98)

The method used for deriving sensitivity information and significant assumptions did not change from previous years.

Investment Risk
The investment risk represents the exposure to loss resulting from cash flows from invested assets primarily for long-term fixed rate investments, being less than the cash flows to meet the obligations of the expected policy and contract liabilities and the necessary return on investments. Additionally, there exist a future investment risk associated with certain policies currently in-force which will have premium receipts in the future.

To maintain an adequate yield to match the interest necessary to support future policy liabilities, Management's focus is required to reinvest the proceeds of the maturing securities and to invest the future premium receipts while continuing to maintain satisfactory investment quality.

The Company adopts the Prudential's investment strategy to invest primarily in high quality securities while maintaining diversifications to avoid significant exposure to issuer and industry.

The Company invests in equity and debt instruments as dictated by the Company's investment management strategy. Asset allocation is determined by the Company's Fund Manager, Eastspring Investments (Singapore) Limited, who manages the distribution of assets to achieve the investment objectives. Divergence from target asset allocations and the composition of the Company's portfolio is monitored by the Investment Committee.

For unit-linked contracts, the Company does not retain the price, currency, credit, or interest rate risk for these contracts as contractual arrangements are such that the linked fund policyholders bear the risks and rewards of the fund's investment performance.

There has been no change to the Company's exposure to investment risk or the manner in which it manages and measures the risk since prior financial year.

Financial Risk
The Company has significant exposure to the following financial risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

There has been no change to the Company's exposure to financial risks (i.e. credit risk, liquidity risk and market risks) or the manner in which it manages and measures the risks since prior financial year.

(a) *Credit Risk*
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause another party to incur a financial loss. The Company is exposed to credit risk primarily through its cash and cash equivalents, investments and loans granted to policyholders. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

The Company's concentration of credit risk arises from its investments in government securities since the said investments amounted to P56.00 billion (90.01%) and P58.84 billion (89.94%) of the Company's total financial assets as at December 31, 2016 and 2015, respectively (see Notes 8 and 10).

The table below provides information regarding the credit risk exposure of the Company as at December 31, 2016 and 2015 by classifying assets according to the Company's credit grading of counterparties.

	2016				
	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash in bank and cash equivalents	P2,219,621	P -	P2,219,621	P -	P2,219,621
Interest receivable	128,266	-	128,266	-	128,266
Coverage debt receivable	-	218,145	218,145	124,739	342,884
Investments in debt securities	9,909,321	-	9,909,321	-	9,909,321
Premiums due from policyholders	-	29,593	29,593	-	29,593
Policy loans receivable	-	452,955	452,955	11,724	464,679
Reinsurance assets	-	11,349	11,349	-	11,349
Other assets (excluding withholding tax receivables and nonrefundable deposits and prepayments)	-	306,960	306,960	3,641	310,601
Assets held to cover linked liabilities					
Cash and cash equivalents	1,818,992	-	1,818,992	-	1,818,992
Interest receivables	349,712	-	349,712	-	349,712
Receivable from life fund	162,927	-	162,927	-	162,927
Investment in debt securities	46,349,855	-	46,349,855	-	46,349,855
Other assets	84,450	-	84,450	-	84,450
	P61,023,144	P1,019,002	P62,042,146	P140,104	P62,182,250

	2015				
	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade - Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash in bank and cash equivalents	P2,604,480	P -	P2,604,480	P -	P2,604,480
Interest receivable	125,751	-	125,751	-	125,751
Coverage debt receivable	-	217,047	217,047	111,868	328,915
Investments in debt securities	9,609,428	-	9,609,428	-	9,609,428
Premiums due from policyholders	-	31,915	31,915	-	31,915
Policy loans receivable	-	457,571	457,571	8,146	465,717
Reinsurance assets	-	32,288	32,288	-	32,288
Other assets (excluding withholding tax receivables and nonrefundable deposits and prepayments)	-	133,340	133,340	2,788	136,128
Assets held to cover linked liabilities					
Cash and cash equivalents	1,469,712	-	1,469,712	-	1,469,712
Interest receivables	375,588	-	375,588	-	375,588
Receivable from life fund	368,480	-	368,480	-	368,480
Investment in debt securities	49,692,893	-	49,692,893	-	49,692,893
Other assets	176,854	-	176,854	-	176,854
	P64,423,186	P872,161	P65,295,347	P122,802	P65,418,149

The Company has no past due but not impaired financial assets as at December 31, 2016 and 2015.

The Company uses a credit grading system based on the borrowers and counterparties overall credit worthiness, as described below:

Investment High-grade - This pertains to accounts with a very low probability of default as demonstrated by the borrower's strong financial position and reputation. The borrower has the ability to raise substantial amounts of funds through credit facilities with financial institutions. The borrower has a strong debt service record and a moderate use of leverage.

Non-investment Grade - Satisfactory - This pertains to current accounts with no history of default or which may have defaulted in the past, but the conditions and circumstances directly affecting the borrower's ability to pay has abated already. The borrower is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. The use of leverage may be above industry or credit standards but remains stable.

Past Due and Impaired - This pertains to the allowance for impairment losses that the Company recognizes due to the uncertainty of the collectability of the Company's receivables.

In compliance with the Insurance Code, the Company extends loans to its policyholders only up to the cash surrender value of their policy, pursuant to the provisions of the policy contract.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Company monitors the credit ratings of the brokers to further mitigate this risk.

A substantial portion of the Company's total investments, including cash in bank, are held by Standard Chartered Bank, a reputable financial institution with high credit rating, under a custodianship agreement.

(b) *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

To effectively manage liquidity risk, the Company ensures that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unnecessary costs or risking damage to the Company's reputation. Further, the Company's policy is to maintain sufficient liquidity to meet normal operating requirements.

The tables below summarize the maturity profile of the financial liabilities of the Company based on remaining contractual obligations or on the estimated timing of net cash flows as at December 31, 2016 and 2015:

		2016	
	Note	**Carrying Amount**	**Contractual Cash Flow**
Technical provision for linked liabilities	*10*	**P73,213,153**	**P73,213,153**
Claims payable	*16*	**319,453**	**319,453**
Reinsurance payable	*17*	**77,553**	**77,553**
Accounts payable, accrued expenses and other liabilities*		**2,763,978**	**2,763,978**
Assets held to cover linked liabilities			
Liability to life fund and other linked funds	*10*	**33,641,732**	**33,641,732**
Accrued expenses	*10*	**91,139**	**91,139**
Trade payable	*10*	**147,370**	**147,370**
		P110,254,378	**P110,254,378**

**Excluding premium suspense account, premium deposit fund, retirement liability and liabilities to government agencies.*

		2015	
	Note	Carrying Amount	Contractual Cash Flow
Technical provision for linked liabilities	*10*	P67,832,693	P67,832,693
Claims payable	*16*	286,485	286,485
Reinsurance payable	*17*	93,356	93,356
Accounts payable, accrued expenses and other liabilities*		2,748,472	2,748,472
Assets held to cover linked liabilities			
Liability to life fund and other linked funds	*10*	31,897,948	31,897,948
Accrued expenses	*10*	55,529	55,529
Trade payable	*10*	342,629	342,629
		P103,257,112	P103,257,112

**Excluding premium suspense account, premium deposit fund, retirement liability and liabilities to government agencies.*

(c) *Market Risk*

Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and equity price risk.

The Company's market risk is managed on a daily basis by the fund manager in accordance with policies and procedures in place. The Company's overall market positions are monitored, at least, on a quarterly basis by the Investment Committee of the Company.

Details of the nature of the Company investment portfolio at the reporting date are disclosed in Note 8 and 10 to the financial statements.

Currency Risk
Currency risk is the risk that changes in foreign exchange rates will affect the fair values or cash flow of a recognized financial instrument. The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies the risk may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than in Philippine peso.

The Company's main exposure to fluctuations in foreign currency exchange rates arise through the following assets denominated in U.S. dollar:

	2016	2015
Short-term time deposits	**$8,587**	$3,984
Investments	**337,060**	300,759
	$345,647	$304,743
Foreign exchange rate to the Philippine peso used*	**49.81**	47.17
	P17,216,677	P14,374,727

**Exchange rate used is based on Bangko Sentral ng Pilipinas foreign exchange rate as at December 29, 2016 and 2015.*

A 6% (2015: 3%) strengthening of U.S. dollar against Philippine peso as at December 31, 2016, with all other variables remaining constant, would have affected the measurement of financial instruments denominated in U.S. dollar and increased profit before tax and equity by P1.03 billion (2015: P431.24 million). A 6% (2015: 3%) weakening of the U.S. dollar in relation to the Philippine peso, with all other variables held constant, would have an equal but opposite effect on the Company's profit before tax and equity.

In 2016 and 2015, the Company determined the reasonably possible change in foreign currency exchange rates based on the historical fluctuation of the assets denominated in U.S. dollar.

Interest Rate Risk
There are two types of interest rate risk:

- *Fair Value Interest Rate Risk* - the risk that the value of a financial instrument will fluctuate because of changes in market interest rates; and

- *Cash Flow Interest Rate Risk* - the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Significant portion of the Company's investments is composed mainly of interest-bearing debt instruments carried at fair value. As a result, the Company is subject to exposure to fair value interest rate risk.

The Company does not carry debt instrument with variable interest rate and, thus, is not exposed to cash flow interest rate risk.

Fair value interest rate risk is mitigated by the Company's Fund manager by constructing a portfolio of debenture instruments with diversified maturities. Any excess cash of the Company are invested in short-term time deposits with original terms of three months or less.

The analysis below details the impact of changes in market interest rate (stated in basis points or bps) to the fair value of the Company's investment in fixed-rate debt instruments. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Currency	Changes in Variables	2016 +50 bps	2016 -50 bps	2015 +50 bps	2015 -50 bps
Philippine peso		(P1,019,963)	P1,090,208	(P1,129,640)	P1,203,165
U.S. dollar		(375,280)	400,251	(342,646)	365,649
Fair value sensitivity		(P1,395,243)	P1,490,459	(P1,472,286)	P1,568,814

In 2016 and 2015, the Company determined the reasonably possible change in interest rate based on the historical percentage changes in weighted average yield rates of outstanding investments of the Company.

Equity Price Risk

Equity price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Company's equity price risk exposure relates to investments in equity securities with carrying balances of P58.33 billion and P48.05 billion (see Notes 8 and 10) as at December 31, 2016 and 2015, respectively. The value of these equity securities will fluctuate with changes in market conditions.

The analysis below is performed for reasonable possible movements in key variables with all other variables held constant, showing the impact on income before income tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are nonlinear.

Market Indices	Changes in Variables	2016 Impact on Income before Income Tax Increase (Decrease)	2016 Impact on Equity Increase (Decrease)	2015 Impact on Income before Income Tax Increase (Decrease)	2015 Impact on Equity Increase (Decrease)
PSE index	+7%	P -	P4,083,435	P -	P3,363,690
PSE index	-7%	-	(4,083,435)	-	(3,363,690)

In 2016 and 2015, the Company determined the reasonably possible change in Philippine Stock Exchange (PSE) Index based on the historical fluctuation of equity securities the Company holds as of the reporting date.

6. Fair Value Measurements and Disclosures

The fair value of the following financial assets and financial liabilities approximate their carrying amounts at the end of each accounting period due to their short term nature:

- Cash and cash equivalents;
- Interest receivables;
- Coverage debt receivables;
- Premiums due from policyholders;
- Policy loans receivables;
- Reinsurance assets;
- Other assets except for withholding tax receivables, nonrefundable deposits and prepayments.
- Cash and cash equivalents, interest receivables, receivable from life fund and other assets under assets held to cover linked liabilities
- Claims payable;
- Reinsurance payable;
- Accounts payable, accrued expenses and other liabilities except for liabilities payable to government agencies, premium suspense account, premium deposit fund and retirement liability;and
- Liability to other funds, accrued expense, and trade payable under assets held to cover linked liabilities.

The recurring fair values of financial assets at FVPL including those under assets held to cover linked liabilities, AFS financial assets, and technical provisions for linked liabilities are determined by reference to quoted market prices, at the close of business on the reporting date.

Fair Value Hierarchy
The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

	Note	2016
Level 1		
Financial Assets		
Financial assets at FVPL	*8*	**P9,909,321**
AFS financial assets	*8*	**7,331**
Financial assets at FVPL under assets held to cover linked liabilities	*10*	**104,677,313**
Level 2		
Financial Liabilities		
Technical provisions for linked liabilities	*10*	**(P73,213,153)**

	Note	2015
Level 1		
Financial Assets		
Financial assets at FVPL	8	P9,609,428
AFS financial assets	8	7,439
Financial assets at FVPL under assets held to cover linked liabilities	10	97,738,165
Level 2		
Financial Liabilities		
Technical provisions for linked liabilities	10	(P67,832,693)

The Company has no financial instruments categorized under Level 3. Also, there has been no transfer between levels in 2016 and 2015.

7. Cash and Cash Equivalents

	2016	2015
Cash on hand and in banks	**P804,524**	P1,063,156
Short-term placements	**1,415,674**	1,541,958
	P2,220,198	P2,605,114

Short-term placements are Philippine peso and U.S. dollar time deposits with various financial institutions with maturities ranging from overnight to ninety days and interest from 0.01% to .85% and 0.01% to 0.55% per annum in 2016 and 2015, respectively.

Interest income recognized in profit or loss which is presented under "Investment income" amounted to P13.25 million and P13.84 million in 2016 and 2015, respectively.

8. Investments

Reconciliation of the carrying amount of the investments at the beginning and end of the year is shown below.

		December 31, 2016		
	Note	AFS Financial Assets	Financial Assets at FVPL	Total Investments
Cost at January 1, 2016		P12,229	P9,163,269	P9,175,498
Unrealized (losses) gains at January 1, 2016		(4,790)	446,159	441,369
Fair value at January 1, 2016		7,439	9,609,428	9,616,867
Fair value gain (loss) recognized in:				
Profit or loss	21	-	(165,556)	(165,556)
Other comprehensive income		531	-	531
Foreign exchange gain	21	-	16,757	16,757
Purchases		-	966,505	966,505
Proceeds from disposal of financial assets		(352)	(518,863)	(519,215)
Gain (loss) on disposal of financial assets	21	(287)	1,050	763
Fair value at December 31, 2016		P7,331	P9,909,321	P9,916,652
Cost at December 31, 2016		P11,590	P9,611,961	P9,623,551
Unrealized gains (losses) at December 31, 2016		(P4,259)	P297,360	P293,101

	Note	December 31, 2015 AFS Financial Assets	Financial Assets at FVPL	Total Investments
Cost at January 1, 2015		P12,229	P7,801,782	P7,814,011
Unrealized (losses) gains at January 1, 2015		(4,605)	1,306,400	1,301,795
Fair value at January 1, 2015		7,624	9,108,182	9,115,806
Fair value (loss) recognized in:				
Profit or loss	21	-	(868,418)	(868,418)
Other comprehensive income		(185)	-	(185)
Foreign exchange gain	21	-	8,177	8,177
Purchases		-	2,628,016	2,628,016
Proceeds from disposal of financial assets		-	(1,873,347)	(1,873,347)
Gain on disposal of financial assets	21	-	606,818	606,818
Fair value at December 31, 2015		P7,439	P9,609,428	P9,616,867
Cost at December 31, 2015		P12,229	P9,163,269	P9,175,498
Unrealized gains (losses) at December 31, 2015		(P4,790)	P446,159	P441,369

The Company's investments consist of the following:

	2016	2015
Government bonds	**P9,653,024**	P9,145,174
Corporate debt securities	**136,017**	136,924
Quasi government bonds	**120,280**	327,330
Equity securities	**7,331**	7,439
	P9,916,652	P9,616,867

Interest rates range from 2.13% to 15.00% in 2016 and 2015.

The rollforward analysis of the fair value reserve on AFS financial assets is as follows:

	2016	2015
Balance at beginning of year	**(P4,790)**	(P4,605)
Fair value gain (loss)	**531**	(185)
Balance at end of year	**(P4,259)**	(P4,790)

9. Policy Loans Receivables

	2016	2015
Policy loans receivables	**P464,679**	P465,717
Allowance for impairment losses	**(11,724)**	(8,146)
	P452,955	P457,571

Policy loans receivables account pertains to the outstanding balances of loans granted to policyholders, fully secured by the cash surrender value of the underlying insurance policy at the time of issuance. These may be in the form of a cash loan applied by the policyholder or automatic policy loan to cover premiums due on the policy.

The Company provides an allowance for policy loans and the related capitalized interest periodically to reflect the estimated realizable value of the receivables as at each reporting date.

Provision for impairment losses on policy loans receivables amounting to P3.58 million and P0.16 million in 2016 and 2015, respectively, were recognized as expense under "Others" in profit or loss.

The rollforward analysis of the allowance for impairment losses in policy loans receivables are as follows:

	2016	2015
Balance at beginning of year	**P8,146**	P7,991
Provision for impairment losses	**3,578**	155
Balance at end of year	**P11,724**	P8,146

10. Assets Held to Cover Linked Liabilities

The IC approved on September 11, 2002 the Company's license to sell variable unit-linked insurance policies, a life insurance product that is linked to investment funds (see Note 1). The premium of this product is divided into two parts: the insurance portion and the investment portion. The investment portion of the premium, net of withdrawals, is recognized as "Costs on premiums of variable insurance" in the profit or loss and invested in a separately identifiable fund. The fund is valued regularly and is divided into units which represent the unit-linked policyholder's share in the fund. The value of the fund divided by the number of units is called the unit price. An amount equal to the "Assets held to cover linked liabilities" (representing the managed funds) is shown under the "Technical provisions for linked liabilities" account in the statements of financial position, a representation that the funds belong to the unit-linked policyholders.

Linked funds is a line of business in which the Company issues a contract where the benefit amount is directly linked to the fair value of the investments held in the particular segregated fund. Although the underlying assets are registered in the name of the Company and the linked fund contract holder has no direct access to the specific assets, the contractual arrangements are such that the linked fund policyholders bear the risks and rewards of the fund's investment performance. The Company derives fee income from linked funds, which is included in "Policy administration fees" in profit or loss.

Separate financial statements are prepared for the linked funds. Linked fund assets are carried at recurring fair value. Fair values are determined using the valuation method discussed in Note 6.

Assets held to cover linked liabilities are composed of:

	2016	2015
Cash and cash equivalents	**P1,818,992**	P1,469,712
Interest receivable	**349,712**	375,588
Receivable from life fund	**162,927**	368,480
Investments in treasury notes and other funds	**104,677,313**	97,738,165
Other assets	**84,450**	176,854
Liability to other funds	**(33,641,732)**	(31,897,948)
Accrued expense	**(91,139)**	(55,529)
Trade payable	**(147,370)**	(342,629)
Net assets	**P73,213,153**	P67,832,693

Investments in treasury notes and other funds are composed of:

	2016	2015
Investments in treasury notes	**P33,255,640**	P33,610,858
Investments in shares of stocks	**37,911,473**	32,254,060
Investment in other funds:		
Investment in bond fund	**13,094,215**	16,082,035
Investment in equity fund	**20,415,985**	15,791,212
Total investments	**P104,677,313**	P97,738,165

Total premiums and costs from the unit-linked product for the period ended 2016 and 2015 are as follows:

	Note	2016	2015
Linked premiums	*19*	**P17,705,753**	P19,417,830
Costs on premiums of variable insurance		**(6,758,932)**	(10,604,990)
Net linked premiums		**P10,946,821**	P8,812,840

11. Coverage Debt Receivables

	2016	2015
Coverage debt receivables	**P342,884**	P328,915
Allowance for impairment losses	**(124,739)**	(111,868)
	P218,145	P217,047

Coverage debt receivables pertain to policy administration fees charged to the investment account of unit-linked policyholders.

These receivables normally arise from policy administration fees covering mortality risk, taxes and administrative fees due from new unit-linked policyholders who have not accumulated enough investments to cover these fees.

The Company provides an allowance for uncollectible coverage debt charges for lapsed and terminated policies.

Provision for impairment losses on coverage debt receivables amounting to P12.87 million and P46.61 million in 2016 and 2015, respectively, were recognized in profit or loss.

The rollforward analysis of the allowance for impairment losses on coverage debt receivables are as follows:

	2016	2015
Balance at beginning of year	**P111,868**	P92,486
Provision for impairment losses	**12,871**	46,610
Reversals taken up to profit or loss	**-**	(27,228)
Balance at end of year	**P124,739**	P111,868

12. Property and Equipment

The movements in this account are as follows:

	2016						
	Computer Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Condominium Unit	Leasehold Improvements	Office Improvement in Progress	Total
Gross Carrying Amount							
Beginning balance	P192,843	P110,389	P73,720	P10,027	P460,040	P43,394	P890,413
Additions	22,665	70,610	28,235	-	123,415	52,919	297,844
Disposals	(16,553)	(19,770)	(22,122)	-	(59,971)	-	(118,416)
Reclassifications	-	-	-	-	84,275	(84,275)	-
Ending balance	198,955	161,229	79,833	10,027	607,759	12,038	1,069,841
Accumulated Depreciation and Amortization							
Beginning balance	87,767	71,841	34,737	5,579	203,368	-	403,292
Depreciation and amortization	30,830	19,056	14,762	414	77,149	-	142,211
Disposals	(6,317)	(13,145)	(16,511)	-	(46,746)	-	(82,719)
Ending balance	112,280	77,752	32,988	5,993	233,771	-	462,784
Carrying Amount Beginning balance	P105,076	P38,548	P38,983	P4,448	P256,672	P43,394	P487,121
Carrying Amount Ending balance	P86,675	P83,477	P46,845	P4,034	P373,988	P12,038	P607,057

	2015						
	Computer Equipment	Furniture, Fixtures and Equipment	Transportation Equipment	Condominium Unit	Leasehold Improvements	Office Improvement in Progress	Total
Gross Carrying Amount							
Beginning balance	P104,091	P94,446	P71,340	P10,027	P302,253	P12,475	P594,632
Additions	94,604	15,259	17,550	-	80,915	119,862	328,190
Disposals	(5,852)	(2,212)	(15,170)	-	(9,175)	-	(32,409)
Reclassifications	-	2,896	-	-	86,047	(88,943)	-
Ending balance	192,843	110,389	73,720	10,027	460,040	43,394	890,413
Accumulated Depreciation and Amortization							
Beginning balance	77,130	65,875	34,345	5,165	164,060	-	346,575
Depreciation and amortization	16,264	7,860	13,574	414	47,771	-	85,883
Disposals	(5,627)	(1,894)	(13,182)	-	(8,463)	-	(29,166)
Ending balance	87,767	71,841	34,737	5,579	203,368	-	403,292
Carrying Amount Beginning balance	P26,961	P28,571	P36,995	P4,862	P138,193	P12,475	P248,057
Carrying Amount Ending balance	P105,076	P38,548	P38,983	P4,448	P256,672	P43,394	P487,121

13. Deferred Acquisition Costs

	2016	2015
Beginning balance	**P4,965,663**	P4,224,534
Movements during the year:		
Deferred expenses	**1,378,426**	1,304,821
Amortization of deferred acquisition costs	**(666,770)**	(563,692)
	711,656	741,129
Ending balance	**P5,677,319**	P4,965,663

14. Other Assets

	Note	2016	2015
Receivable from unit linked fund		**P229,363**	P78,684
Software development costs - net		**150,510**	82,706
Nonrefundable deposits		**103,074**	87,151
Prepayments		**97,169**	46,440
Advances to employees and agents		**64,509**	51,558
Due from related parties	*25*	**6,834**	2,384
Others		**81,140**	46,459
		732,599	395,382
Allowance for impairment losses on advances to employees and agents		**(3,641)**	(2,788)
		P728,958	P392,594

Receivable from unit linked fund pertains to the amount to be received by the Company from Pru Link funds as reimbursement for the settlement of withdrawals or surrenders made from unit-linked policies.

Software development costs consist of amounts capitalized for the development and launching of new variants of the Company's two (2) major products - the Unit Linked Regular Premium Pay products and the Unit Linked Single Premium Pay products. These also include costs for the development of major enhancements in the policy administration system used by the Company. These assets are amortized on a straight-line basis over five (5) years.

Nonrefundable deposits consist mainly of security lease deposits that can be applied at the end of the lease term.

Prepayments consist mainly of prepaid rent.

Advances to employees and agents are collected through payroll deductions or through expense liquidation.

Others consist mainly of corporate give away inventories, gifts, income tax withheld and prudential guarantees.

The rollforward analysis for allowance for impairment losses on advances to employees and agents are as follows:

	2016	2015
Balance at beginning of year	**P2,788**	P3,849
Provision for impairment losses	**1,176**	540
Reversals taken up to profit or loss	**(323)**	(1,601)
Balance at end of year	**P3,641**	P2,788

The Company collected advances to employees and agents that have been previously written off amounting to P0.32 million and P1.60 million in 2016 and 2015, respectively.

The movements of software development costs in 2016 and 2015 are as follows:

	2016	2015
Gross carrying amount		
Beginning balance	**P314,664**	P262,708
Acquisitions	**94,769**	61,353
Write-off	**-**	(9,397)
Ending balance	**409,433**	314,664
Accumulated amortization		
Beginning balance	**231,958**	226,023
Amortization	**26,965**	15,332
Write-off	**-**	(9,397)
Ending balance	**258,923**	231,958
Net carrying amount		
Beginning balance	**P82,706**	P36,685
Ending balance	**P150,510**	P82,706

15. Legal Policy Reserves

Reconciliation of the carrying amount of the liability at the beginning and end of the year is shown below:

	2016	2015
Beginning balance	**P4,914,082**	P4,829,650
Net premiums written	**233,943**	228,405
Liabilities released for payments on death, surrenders and other terminations	**(375,608)**	(417,394)
Accretion of interest	**245,200**	273,875
Other movements	**(10,401)**	(454)
Ending balance	**P5,007,216**	P4,914,082

On December 28, 2016, the IC released CL No. 2016-66 requiring that the value standards, using the gross premium valuation, for life insurance policy reserves be implemented effective January 1, 2017.

The Company has conducted parallel runs on the application of the new valuation standards for traditional policies and assessed that this will have an effect of increasing the said life insurance policy reserves.

16. Claims Payable

Reconciliation of the carrying amount of the liability at the beginning and end of the year is shown below:

	2016	2015
Beginning balance:		
Notified payable	**P236,862**	P206,679
IBNR	**49,623**	48,125
	286,485	254,804
Cash paid for claims settled during the year	**(601,461)**	(414,701)
Increase in liabilities	**634,429**	446,382
Ending balance	**P319,453**	P286,485
Notified claims payable	**P298,143**	P236,862
IBNR	**21,310**	49,623
	P319,453	P286,485

17. Reinsurance Payable

Reconciliation of the carrying amount of the liability at the beginning and end of the year is shown below:

	Note	2016	2015
Beginning balance		**P93,356**	P74,560
Premium ceded to reinsurers	*19*	**437,732**	458,850
Paid during the year		**(453,535)**	(440,054)
Ending balance		**P77,553**	P93,356

18. Accounts Payable, Accrued Expenses and Other Liabilities

The account consists of the following:

	Note	2016	2015
Dividends payable to policyholders		**P1,120,597**	P1,068,806
Accrued expenses		**733,446**	756,886
Agent's commission payable		**375,683**	264,356
Premium suspense account		**194,765**	148,215
Provident fund payable		**183,808**	149,381
Due to unit-linked funds		**170,913**	371,248
Withholding tax payable		**142,157**	100,128
Due to related parties	*25*	**73,160**	71,152
Retirement liability	*23*	**65,992**	48,917
Premium deposit fund		**50,912**	53,132
Premium tax payable		**18,590**	16,071
Other liabilities		**104,378**	84,182
		P3,234,401	P3,132,474

Dividends payable to policyholders pertains to supplementary discretionary returns through participation in the surplus of the Company arising from participating business.

Accrued expenses primarily consist of performance and incentive bonuses payable.

Due to unit-linked fund pertains to the investment portion of premiums received from the policyholders that are yet to be invested in the separately identifiable funds.

Agent's commission payable pertains to unpaid commissions.

Provident fund payable represents the retirement fund for agents.

Premium suspense account pertains to amounts received from the policyholders who are in the process of policy application and unidentified collections. These collections will be applied to premiums due.

Due to related parties account includes payables to Eastspring Investments (Singapore) Limited, Inc. (Eastspring), Prudential Services Asia (PSA) and Prudential Holdings Limited (PHL) (see Note 25).

Premium deposit fund represents advance payment from policyholders which will be used for payment of any future unpaid premiums under the policy. The fund earns interest which is credited to the fund. The accumulated fund shall not exceed the total future premium payments under the policy.

19. Net Premiums

Gross premiums on insurance contracts:

	Note	**2016**	2015
Unit-linked insurance	*10*	**P17,705,753**	P19,417,830
Group life insurance		**592,637**	585,666
Ordinary life insurance		**225,341**	243,236
Accident and health		**30,369**	21,932
		P18,554,100	P20,268,664

Reinsurer's share of gross premiums on insurance contracts:

	Note	**2016**	2015
Unit-linked insurance		**P85,755**	P76,339
Group life insurance		**336,546**	371,044
Ordinary life insurance		**14,923**	10,979
Accident and health		**508**	488
	17	**P437,732**	P458,850

Net premiums on insurance contracts:

	2016	2015
Unit-linked insurance	**P17,619,998**	P19,341,491
Group life insurance	**256,091**	214,622
Ordinary life insurance	**210,418**	232,257
Accident and health	**29,861**	21,444
	P18,116,368	P19,809,814

20. Policy Administration Fees

Policy administration fees are charged against the daily net asset value of the investment account of the policyholders based on the following rates per annum as specified in the policy document:

	2016	2015
Managed Fund	**1.79%**	1.79%
Bond Fund (Philippine peso)	**1.53%**	1.53%
Bond Fund (U.S. dollar)	**1.53%**	1.53%
Growth Fund	**2.25%**	2.25%
Equity Fund	**2.25%**	2.25%
Proactive Fund	**2.25%**	2.25%
Money Market Fund	**0.50%**	0.50%
Asian Local Bond Fund	**1.80%**	1.80%
Asia Pacific Equity Fund	**2.05%**	2.05%
Global Emerging Fund	**2.05%**	2.05%
Cash Flow Fund	**1.95%**	1.95%

Policy administration fees amounted to P1.48 billion and P1.34 billion in 2016 and 2015, respectively.

21. Investment Income (Loss)

The account consists of the following:

	Note	2016	2015
Interest income		**P536,966**	P547,713
Foreign exchange gain	*8*	**16,757**	8,177
Gain on disposal of investments	*8*	**763**	606,818
Final withholding tax		**(102,288)**	(221,724)
Unrealized loss on valuation of investments	*8*	**(165,556)**	(868,418)
Investment management expense	*25a*	**(265,943)**	(237,972)
		P20,699	(P165,406)

22. Benefits and Claims

Gross benefits and claims on insurance contracts:

2016

	Gross Benefits and Claims	Reinsurers' Share of Gross Benefits and Claims	Net
Unit-linked insurance	**P5,413,639**	**(P16,355)**	**P5,397,284**
Ordinary life insurance	**298,291**	**(572)**	**297,719**
Group life insurance	**118,668**	**-**	**118,668**
Accident and health	**1,130**	**(45)**	**1,085**
	P5,831,728	**(P16,972)**	**P5,814,756**

2015

	Gross Benefits and Claims	Reinsurers' Share of Gross Benefits and Claims	Net
Unit-linked insurance	P4,026,466	(P10,394)	P4,016,072
Ordinary life insurance	271,032	(332)	270,700
Group life insurance	98,609	(22,181)	76,428
Accident and health	1,890	(115)	1,775
	P4,397,997	(P33,022)	P4,364,975

Gross change in increase in legal policy reserves:

	2016	2015
Unit-linked insurance	**P68,212**	P56,462
Ordinary life insurance	**29,878**	44,270
Group life insurance	**(5,597)**	(14,679)
Accident and health	**641**	(1,621)
	P93,134	P84,432

23. Retirement Plan

As discussed in Note 3, the Company maintains a DC plan with minimum DB guarantee and is accounted for as a DB plan. As at December 31, 2016, the DB liability is greater than the DC liability.

The following tables show reconciliation from the opening balances to the closing balances for net defined benefit liability and its components.

	Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2016	**P305,905**	**P256,988**	**P48,917**
Included in profit or loss			
Current service cost	**65,752**	**-**	**65,752**
Interest cost	**13,851**	**12,983**	**868**
	79,603	**12,983**	**66,620**
Included in other comprehensive income			
Remeasurements gain:			
Actuarial gain arising from:			
Financial assumptions	**(7,390)**	**-**	**(7,390)**
Experience adjustment	**(10,175)**	**-**	**(10,175)**
Return on plan assets excluding interest income	**-**	**(11,529)**	**11,529**
	(17,565)	**(11,529)**	**(6,036)**
Others			
Contributions paid by the employer	**-**	**43,509**	**(43,509)**
Benefits paid	**(17,164)**	**(17,164)**	**-**
	(17,164)	**26,345**	**(43,509)**
Balance at December 31, 2016	**P350,779**	**P284,787**	**P65,992**

	Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2015	P279,527	P247,785	P31,742
Included in profit or loss			
Current service cost	34,246	-	34,246
Interest cost	12,226	10,583	1,643
	46,472	10,583	35,889
Included in other comprehensive income			
Remeasurements loss (gain):			
Actuarial loss (gain) arising from:			
Financial assumptions	(29,507)	-	(29,507)
Experience adjustment	33,989	-	33,989
Return on plan assets excluding interest income	-	(9,008)	9,008
	4,482	(9,008)	13,490
Others			
Contributions paid by the employer	-	32,204	(32,204)
Benefits paid	(24,576)	(24,576)	-
	(24,576)	7,628	(32,204)
Balance at December 31, 2015	P305,905	P256,988	P48,917

The retirement expense under "Salaries, allowances and employees' benefits" account in profit or loss amounted to P66.62 million and P35.89 million in 2016 and 2015, respectively.

The Company's plan assets consist of the following:

	2016	2015
Cash and cash equivalents	**P39**	P39
Receivables	**1,700**	-
Government securities	**84,904**	90,036
Deposit instruments	**18,100**	-
Unit investments trust funds	**35,654**	60,083
Investment in mutual funds	**101,119**	59,106
Corporate bonds	**63,100**	63,691
Trust fee payable	**(349)**	(329)
Other payables	**(19,480)**	(15,638)
	P284,787	P256,988

The expected contribution to the defined benefit retirement plan in 2017 is P57.31 million.

The following were the principal actuarial assumptions at the reporting date:

	2016	2015
Discount rate	**5.25%**	4.75%
Future salary growth	**6.00%**	6.00%

The weighted-average duration of the defined benefit obligation is 13 years both in December 31, 2016 and 2015, respectively.

Maturity analysis of the benefit payments:

	2016				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1-5 Years**	**More than 5 Years**
Retirement liability	**P350,779**	**P311,000**	**P24,158**	**P88,722**	**P198,120**

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Defined Benefit Obligation	
	Increase	Decrease
Discount rate (1% movement)	(P9,541)	P18,205
Future salary growth (1% movement)	17,784	(9,541)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

The asset allocation of the plan is set and reviewed from time to time by the Plan Trustees taking into account the membership profile, the liquidity requirements of the plan and risk appetite of the plan sponsor. This also considers the expected benefit cash flows to be matched with asset durations.

24. Income Taxes

The components of the Company's income tax expense in profit or loss are as follows:

	2016	2015
Current tax expense	**P3,945**	P4,280
Deferred tax expense	**128,120**	39,594
	P132,065	P43,874

The reconciliation of the income tax expense computed at statutory tax rate to the income tax shown in profit or loss is as follows:

	2016	2015
Income before income tax expense	**P2,036,277**	P1,517,740
Income tax using the domestic corporation tax rate	**P610,883**	P455,322
Additions to (reduction in) income tax resulting from:		
Non-deductible expenses	**15,395**	14,458
Other income subjected to final tax	**(190,939)**	(170,839)
Non-taxable gain from disposal of investments	**(112,150)**	(242,696)
Interest income subjected to final tax	**(376,565)**	(383,648)
Non-deductible loss on valuation of investments	**41,579**	255,950
Expired recognized NOLCO	**304,397**	209,165
Effect of unrecognized deferred tax assets	**(164,480)**	(98,118)
Expired MCIT	**3,945**	4,280
	P132,065	P43,874

Deferred tax assets with respect to the Company's NOLCO has not been fully recognized because it is not probable that future taxable profit will be available against which the Company can utilize the benefits from. Unrecognized deferred tax asset on NOLCO amounted to nil and P534.58 million as at December 31, 2016 and 2015, respectively.

Below is the movement of the deferred tax assets and deferred tax liability recognized as at December 31, 2016 and 2015.

	2016			
	Beginning Balance	**Amount (Charged) Credited to Profit or Loss**	**Amount Recognized in Other Comprehensive Income**	**Ending Balance**
NOLCO	P508,944	P39,856	P -	P548,800
Accrued expenses	241,744	5,278	-	247,022
Agent's commission	79,306	33,399	-	112,705
Provident fund	44,814	10,329	-	55,143
IBNR	14,886	(8,493)	-	6,393
MCIT	38,744	21,101	-	59,845
Retirement liability	4,047	-	(1,811)	2,236
Deferred acquisition costs	(1,489,700)	(213,496)	-	(1,703,196)
Deferred tax liability - net	(P557,215)	(P112,026)	(P1,811)	(P671,052)

	2015			
	Beginning Balance	Amount (Charged) Credited to Profit or Loss	Amount Recognized in Other Comprehensive Income	Ending Balance
NOLCO	P425,978	P82,966	P -	P508,944
Accrued expenses	156,660	85,084	-	241,744
Agent's commission	71,614	7,692	-	79,306
Provident fund	38,260	6,554	-	44,814
IBNR	14,437	449	-	14,886
MCIT	26,507	12,237	-	38,744
Retirement liability	-	-	4,047	4,047
Deferred acquisition costs	(1,267,361)	(222,339)	-	(1,489,700)
Deferred tax liability - net	(P533,905)	(P27,357)	P4,047	(P557,215)

The Company recognized deferred tax assets pertaining to MCIT amounting to P59.85 million and P38.74 million in 2016 and 2015, respectively.

The details of the Company's MCIT available for offsetting against future current tax liabilities are as follows:

Year Incurred	Amount	Write-off/ Application	Remaining Balance	Date of Expiration
2013	P3,945	P3,945	P -	December 31, 2016
2014	18,282	-	18,282	December 31, 2017
2015	16,517	-	16,517	December 31, 2018
2016	25,046	-	25,046	December 31, 2019
	P63,790	P3,945	P59,845	

The carry-forward benefits of NOLCO which are available for offsetting against future taxable income are as follows:

Year Incurred	Amount	Write-off/ Application	Remaining Balance	Date of Expiration
2013	P1,014,655	P1,014,655	P -	December 31, 2016
2014	569,695	-	569,695	December 31, 2017
2015	646,711	-	646,711	December 31, 2018
2016	612,929	-	612,929	December 31, 2019
	P2,843,990	P1,014,655	P1,829,335	

25. Related Party Transactions

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company are also considered to be related parties.

The Company's key management personnel are composed of the senior management and directors.

Category/Transaction	Year	Note	Amount of the Transaction	Due to Related Parties (Note 18)	Due from Related Parties (Note 14)	Terms	Conditions
Eastspring (under common control)							
▪ Investment management	**2016**	*a*	**P265,943**	**P64,386**	**P -**	**30 days; noninterest bearing**	**Unsecured**
	2015		237,972	56,512	-	30 days; noninterest bearing	Unsecured
PSA (under common control)							
▪ IT service costs	**2016**	*b*	**227,199**	**8,774**		**30 days; noninterest bearing**	**Unsecured**
	2015		58,361	11,252	-	30 days; noninterest bearing	Unsecured
PHL (under common control)							
▪ Allocation of expenses	**2016**	*c*	**198,571**	**-**	**5,277**	**30 days; noninterest bearing**	**Unsecured: not impaired**
	2015		147,662	3,388	-	30 days; noninterest bearing	Unsecured
Prudence Foundation Limited (under common control)							
▪ Allocation of expenses	**2016**	*d*	**5,127**	**-**	**1,557**		
	2015		9,604	-	2,384		
TOTAL	**2016**			**P73,160**	**P6,834**		
TOTAL	2015			P71,152	P2,384		

Outstanding receivables from and payables to related parties which are expected to be settled in cash, are included under "Other assets" (see Note 14) and "Accounts payable, accrued expenses and other liabilities" (see Note 18) accounts, respectively.

a. In the normal course of business, the Company has an investment management services agreement with Eastspring, whereby the latter shall act as investment advisor to the Company on the management of both the Company's investments and the investment funds (see Note 10) in consideration for a quarterly service fee as may be mutually agreed upon on an annual basis.

b. In 2010, the Company entered into a Service Level Agreement with PSA to provide infrastructure services aligned to agreed service hours and delivery performance targets. The services involve system availability and operation, service desk, network availability, back-up and recovery, change management, disaster recovery plans and system capacity and resource monitoring.

c. These pertain to advances made by PHL on behalf of the Company for the expenses covering software maintenance, training for regional agency leaders and agents' conference. These are netted against the advances made by the Company on behalf of PHL for the settlement of certain administration costs.

d. Transactions with Prudence Foundation Limited (PFL) pertain to various advances made by the Company on behalf of PFL for activities related to corporate social responsibilities in the Philippines.

The entities mentioned above are wholly-owned subsidiaries of Prudential.

Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director, whether executive or otherwise, of the Company.

The key management personnel compensation is as follows:

	2016	2015
Short-term employee benefits	**P155,820**	P143,246
Post-employment benefits	**9,786**	8,530
	P165,606	P151,776

These expenses are recorded under "Salaries, allowances and employees' benefits" in profit or loss.

26. Leases

The Company leases its head office and branches under operating lease. On November 6, 2014, the Company entered into a lease contract with Mega World Corporation for office space at Uptown Bonifacio Tower 1 for a period of five years commencing on September 15, 2015 subject to a 5.00% escalation effective on the third year of the lease term and compounded annually thereafter at the same rate.

Leases for branches are for a period of three to five years. None of the leases include contingent rentals and restrictions.

Lease related transactions are as follows:

	2016	2015
Rent expense	**P247,904**	P165,260
Nonrefundable security deposits	**75,954**	69,724
Prepaid rent	**61,247**	19,397

Future minimum lease payments are payable as follows:

	2016	2015
Less than one year	**P220,853**	P227,567
Between one and five years	**451,782**	754,469
	P672,635	P982,036

27. Equity

The details of this account are as follows:

	2016	2015
Authorized		
Par value per share	**P100**	P100
Number of shares	**5,000,000**	5,000,000
Issued and Outstanding		
Number of shares	**5,000,000**	5,000,000
Capital stock	**P500,000**	P500,000
Additional paid-in capital	**462,000**	462,000
Total paid-up capital	**P962,000**	P962,000

On May 19, 2016, the BOD of the Company declared cash dividends amounting to P588.24 million or P117.65 per share. This was approved by the IC on May 20, 2016 and was paid on June 24, 2016. On November 7, 2016, additional cash dividends were declared by the BOD of the Company amounting to P588.24 million or P117.65 per share. This was approved by the IC on November 7, 2016 and was paid on December 22, 2016.

On June 30, 2015, the Board of Directors of the Company declared cash dividends amounting to P352.94 million or P70.59 per share. This was approved by the IC on August 18, 2015 and was paid on December 18, 2015.

As at December 31, 2016, the Company's retained earnings of P9.68 billion is in excess of its paid-up capital of P962.00 million. The Company's plan to use the excess retained earnings is dependent on the impact of the following to the Company:

a. IC's directive to calculate the reserves for traditional life insurance policies using the gross premium valuation (see Note 15); and

b. Amendments currently being implemented by IC with respect to the risk based capital requirement.

28. Contingent Liabilities

In the normal course of the Company's operations, there are outstanding contingent liabilities which are not reflected in the financial statements. The management of the Company does not anticipate losses that will materially affect the financial statements as a result of these contingencies.

29. Supplementary Information Required by the Bureau of Internal Revenue (BIR) Based on Revenue Regulation No. 15-2010

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the notes to the financial statements which were prepared in accordance with PFRSs.

The following is the tax information required for the taxable year ended December 31, 2016:

A. Documentary Stamp Tax

On others	**P4,626,267**

B. Withholding Taxes

Creditable withholding taxes	**P386,423,545**
Final withholding taxes	**488,318,880**
Tax on compensation and benefits	**165,034,663**
	P1,039,777,088

C. All Other Taxes (Local and National)

Premiums tax	**P71,262,116**
License and permit fees	**28,358,091**
Fringe benefits tax	**49,201,037**
Real estate taxes	**109,474**
	P148,930,718

D. Tax Contingencies

The Company has no deficiency tax assessment or any tax case, litigation, and/or prosecution in courts or bodies outside the BIR as at December 31, 2016.

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Directors and Stockholders
Pru Life Insurance Corporation of U.K.
9/F Uptown Place Tower 1
1 East 11th Drive, Uptown Bonifacio
Taguig City 1634, Metro Manila
Philippines

We have audited the accompanying financial statements of Pru Life Insurance Corporation of U.K. (the Company), a wholly-owned subsidiary of Prudential Corporation Holdings Limited, as at and for the year ended December 31, 2016, on which we have rendered our report dated March 30, 2017.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management.

- Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedule of Philippine Financial Reporting Standards

This supplementary information is presented for purposes of complying with Securities Regulation Code Rule 68, As Amended, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ
Partner
CPA License No. 0092183
IC Accreditation No. SP-2014/030-O, Group A, valid until August 17, 2017
SEC Accreditation No. 1472-A, Group A, valid until March 30, 2018
Tax Identification No. 162-411-175
BIR Accreditation No. 08-001987-34-2014
Issued October 15, 2014; valid until October 14, 2017
PTR No. 5904929MD
Issued January 3, 2017 at Makati City

March 30, 2017
Makati City, Metro Manila

ANNEX 68-C

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION As of December 31, 2016

PRU LIFE INSURANCE CORPORATION OF U.K.
9/F Uptown Tower 1, 1 East 11th Drive, Uptown Bonifacio, 1634 Taguig City

		2016
Unappropriated Retained Earnings, as adjusted to available for dividend distribution beginning		9,832,974,470
Add:	**Net income actually earned/realized during the period**	1,904,211,452
Net income during the period closed to Retained Earnings		11,737,185,922
Less:	Non-actual/unrealized income net of tax	
	Equity in net income if associate/joint venture	
	Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	16,757,179
	Fair value adjustment (M2M gains)	(163,800,028)
	Fair value adjustment of Investment Property Resulting to gain	-
	Adjustment due to deviation from PFRS /GAAP-gain	-
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
	Sub-total	(147,042,848)
Add:	Non Actual losses	
	Depreciation on revaluation increment (after tax)	
	Adjustment due to deviation from PFRS/GAAP - loss	-
	Loss on fair value adjustment of investment property (after tax)	-
	Sub-total	-
Net income actually earned during the period		11,884,228,770
Add (Less) :		
	Dividend declarations during the period	(1,176,470,588)
	Appropriations of Retained Earnings during the period	-
	Reversals of appropriations	-
	Effects of prior period adjusments	-
	Treasury shares	-
	Loss on fair value adjustment of investment property (after tax)	-
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		**10,707,758,182**

PRU LIFE INSURANCE CORPORATION OF UK

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			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards - Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: PFRS version that a first-time adopter can apply			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Deletion of short-term exemptions for first-time adopters			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Meaning of 'vesting condition'			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓

**These standards will be effective subsequent to January 1, 2016 and were not adopted early by the Company.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts		✓*	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Changes in method for disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: 'Continuing involvement' for servicing contracts			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Offsetting disclosures in condensed interim financial statements			✓
PFRS 8	Operating Segments			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Disclosures on the aggregation of operating segments			✓
PFRS 9	Financial Instruments		✓*	
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39			✓
PFRS 9 (2014)	Financial Instruments		✓*	

**These standards will be effective subsequent to January 1, 2016 and were not adopted early by the Company.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: 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			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Clarification of the scope of the standard			✓
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers		✓*	
PFRS 16	Leases		✓*	

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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	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of Financial Statements - Comparative Information beyond Minimum Requirements			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes			✓
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative		✓*	
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: Recognition of Deferred Tax Assets for Unrealized Losses		✓*	
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment			✓
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	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			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	✓		
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Discount rate in a regional market sharing the same currency - e.g. the Eurozone			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: 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			✓
	Annual Improvements to PFRSs 2014 - 2016 Cycle: Measuring an associate or joint venture at fair value			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
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			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions			✓
PAS 33	Earnings per Share			✓

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities			✓
	Annual Improvements to PFRSs 2012 - 2014 Cycle: Disclosure of information "elsewhere in the interim financial report'			✓
PAS 36	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	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
	Amendments to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
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			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
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			✓

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion contracts			✓
PIC Q&A 2006-02	PAS 27.10(d) - Clarification of criteria for exemption from presenting consolidated financial statements			✓
PIC Q&A 2007-01-Revised	PAS 1.103(a) - Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
PIC Q&A 2007-03	PAS 40.27 - Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2007-04	PAS 101.7 - Application of criteria for a qualifying NPAE			✓
PIC Q&A 2008-01-Revised	PAS 19.78 - Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2008-02	PAS 20.43 - Accounting for government loans with low interest rates under the amendments to PAS 20			✓
PIC Q&A 2009-01	Framework.23 and PAS 1.23 - Financial statements prepared on a basis other than going concern			✓
PIC Q&A 2009-02	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines	✓		
PIC Q&A 2010-01	PAS 39.AG71-72 - Rate used in determining the fair value of government securities in the Philippines	✓		
PIC Q&A 2010-02	PAS 1R.16 - Basis of preparation of financial statements	✓		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan			✓
PIC Q&A 2011-01	PAS 1.10(f) - Requirements for a Third Statement of Financial Position			✓
PIC Q&A 2011-02	PFRS 3.2 - Common Control Business Combinations			✓
PIC Q&A 2011-03	Accounting for Inter-company Loans			✓
PIC Q&A 2011-04	PAS 32.37-38 - Costs of Public Offering of Shares			✓
PIC Q&A 2011-05	PFRS 1.D1-D8 - Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property - Acquisition of Investment properties - asset acquisition or business combination?			✓
PIC Q&A 2012-01	PFRS 3.2 - Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓

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PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013			✓
PIC Q&A 2013-03 (Revised)	PAS 19 - Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓
PIC Q&A 2015-01	Conforming Changes to PIC Q&As - Cycle 2015			✓
PIC Q&A 2016-01	Conforming Changes to PIC Q&As - Cycle 2016			✓
PIC Q&A 2016-02	PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity	✓		
PIC Q&A 2016-04	Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts			✓

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