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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	2	0	0	0	1	4	4	9	5	

Company Name

SUN LIFE FINANCIAL PLANS, INC.

Principal Office (No./Street/Barangay/City/Town)Province)

2ND FLR. SUN LIFE CENTRE
5TH AVENUE COR. RIZAL DRIVE
BONIFACIO GLOBAL CITY
TAGUIG CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
	555-8888	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
6	every last Friday of May	12 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Roselle L. Lustre	rlust@sunlife.com	555-8888	

Contact Person's Address

2nd Flr Sun Life Centre Bldg 5th Avenue cor. Rizal Drive Bonifacio Global City Taguig City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commimission 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. Futher, non-receipt of Notice of Defeciencies shall not excuse the corporation from liability for its deficiencies.

Sun Life Financial

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Sun Life Financial Plans, Inc. (the "Company") is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, including the additional components attached therein, in accordance with the accounting standards set forth in the amended Securities and Exchange Commission (SEC) Rule 31, Accounting Standards for Pre-need Plans and Pre-need Uniform Chart of Accounts (PNUCA), as required by the rules and regulations of the SEC and adopted by the Insurance Commission (IC). This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements including the additional components attached therein and submits the same to the shareholders.

Navarro Amper & Co., the independent auditors appointed by the shareholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

KARIM GILANI
Chairman of the Board

RIZALINA G. MANTARING
President and Chief Executive Officer

MARIA JOSEFINA A. CASTILLO
Chief Financial Officer

Signed this 7th day of March, 2016

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
Date APR 01 2016 SDS
RECEIVED
ELMER B. TANAY

Subscribed and sworn to before me, a Notary Public for and in CITY OF MAKATI, this 07 day of MAR 2016 2016 at CITY OF MAKATI by affiants, who personally exhibiting as proof of their identity the following competent evidence of identification:

Name	**Competent Evidence of Identity**	
Karim Gilani	Passport No.GJ913958	07-22-15/Canada
Rizalina G. Mantaring	Passport No.EC5964028	11-13-15/Manila
Maria Josefina A. Castillo	Passport No.EB5574529	06-05-12/Manila

RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2017
2734 M. AURORA ST., MAKATI CITY
APPT. NO. M-23 (2015-2016)
IBP NO. 1009530 / CY-2016 / 9-24-15
ROLL NO. 28947/MCLE-4 NO. 0006324/6-19-12
PTR NO. MKT. 5323578/1-4-16 MAKATI CITY

Doc. No. 52
Page No. 18
Book No. 354
Series of 2016

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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Sun Life Financial

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of Sun Life Financial Plans, Inc. (the "Company") is responsible for all information and representations contained in the financial statements for the years ended December 31, 2015 and 2014. The financial statements have been prepared in conformity with rules and regulations of the Insurance Commission on accounting and reflect amounts that are based on the best estimates and informed judgment of Management with an appropriate consideration to materiality.

In this regard, Management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The Management likewise discloses to the Company's Audit Committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the shareholders of the Company.

Navarro Amper & Co., the independent auditors, appointed by the shareholders, has examined the financial statements of the Company in accordance with generally accepted auditing standards in the Philippines and has expressed its opinion on the fairness of the presentation, upon completion of such examination, in its report to the Board of Directors and shareholders.

KARIM GILANI
Chairman of the Board

RIZALINA G. MANTARING
President and Chief Executive Officer

MARIA JOSEFINA A. CASTILLO
Chief Financial Officer

Signed this 7th day of March, 2016

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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NavarroAmper&Co.

Navarro Amper & Co.
19th Floor Net Lima Plaza
5th Avenue corner 26th Street
Bonifacio Global City, Taguig 1634
Philippines

Tel: +63 2 581 9000
Fax: +63 2 869 3676
www.deloitte.com/ph

BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-4

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITORS

To Board of Directors and Shareholders
SUN LIFE FINANCIAL PLANS, INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]
2nd Floor, Sun Life Centre
5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Gentlemen:

We have audited the financial statements of Sun Life Financial Plans, Inc. as at and for the year ended December 31, 2015, on which we have rendered the attached report dated March 7, 2016.

In compliance with SRC Rule 68, we are stating that the said Company has only one (1) shareholder owning one hundred (100) or more shares.

Navarro Amper & Co.
BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018
SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
IC Accreditation No. F-2014/001-R, issued on January 17, 2014; effective until January 16, 2017
TIN 005299331

By:

Francis B. Albalate
Partner
CPA License No. 0088499
SEC A.N. 0104-AR-4, issued on June 30, 2015; effective until June 29, 2018, Group A
IC A. N. SP-2014/001-R, issued on January 17, 2014; effective until January 16, 2017
TIN 120319015
BIR A.N. 08-002552-32-2014, issued on October 3, 2014; effective until October 3, 2017
PTR No. A-2798353, issued on January 6, 2016, Taguig City

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
Date APR 01 2016 SDS
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Taguig City, Philippines
March 7, 2016

Deloitte.

Member of Deloitte Touche Tohmatsu Limited

NavarroAmper&Co.

Navarro Amper & Co.
19th Floor Net Lima Plaza
5th Avenue corner 26th Street
Bonifacio Global City, Taguig 1634
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BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-4

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
SUN LIFE FINANCIAL PLANS, INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]
2nd Floor, Sun Life Centre
5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Report on the Financial Statements

We have audited the accompanying financial statements of Sun Life Financial Plans, Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards set forth in the amended Securities and Exchange Commission (SEC) Rule 31, Accounting Standards for Pre-need Plans and Pre-need Uniform Chart of Accounts (PNUCA), as required by the rules and regulations of the SEC and adopted by the Insurance Commission (IC), 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sun Life Financial Plans, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with the accounting standards set forth in the amended SEC Rule 31, Accounting Standards for Pre-need Plans and PNUCA, as required by the rules and regulations of the SEC and adopted by the IC.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the Company has decided to temporarily discontinue actively selling pre-need plans until the market environment improves. All existing pre-need plans will continue to be serviced and supported until maturity by the Company's trust fund assets.

Report on the Supplementary Information Required by Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 33 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of the Management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, such supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.
BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018
SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
IC Accreditation No. F-2014/001-R, issued on January 17, 2014; effective until January 16, 2017
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Francis B. Albalate
Partner
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Taguig City, Philippines
March 7, 2016

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
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SUN LIFE FINANCIAL PLANS, INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]
STATEMENTS OF FINANCIAL POSITION

	Notes	December 31 2015	2014
ASSETS			
Current Assets			
Cash and cash equivalents	7	P 119,933,455	P 240,432,825
Receivables	8	269,070,193	5,793,533
Receivable from parent company	14	-	7,248,288
Prepayments and other current assets - net	9	11,428,123	231,505
Total Current Assets		400,431,771	253,706,151
Non-current Assets			
Trust funds	11	8,292,920,504	8,818,446,946
Available-for-sale financial assets	10	280,732,077	359,089,541
Total Non-Current Assets		8,573,652,581	9,177,536,487
		P8,974,084,352	P9,431,242,638
LIABILITIES AND EQUITY			
Current Liabilities			
Benefits payable	12	P 55,347,413	P 68,372,729
Accrued expenses and other liabilities	12	8,820,902	12,550,813
Counselors' bond reserve	13	6,991,232	7,030,034
Payable to parent company	14	5,742,778	6,080,944
Total Current Liabilities		76,902,325	94,034,520
Non-current Liabilities			
Pre-need reserves	11, 15	7,373,354,786	7,509,472,178
Other reserves	16	94,807,401	-
Planholders' deposits	17	25,559,321	25,268,570
Total Non-Current Liabilities		7,493,721,508	7,534,740,748
		7,570,623,833	7,628,775,268
Equity			
Share capital	18	125,000,000	125,000,000
Additional paid-in capital	19	375,000,000	375,000,000
Contributed surplus	20	25,000,000	25,000,000
Investment revaluation reserves	21	1,335,102,348	2,130,936,575
Deficit		(5,082,799,138)	(4,616,595,852)
Accumulated trust fund income	11	4,626,157,309	3,763,126,647
		1,403,460,519	1,802,467,370
		P8,974,084,352	P9,431,242,638

See Notes to Financial Statements.

SUN LIFE FINANCIAL PLANS, INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]

STATEMENTS OF COMPREHENSIVE INCOME

		For the Years Ended December 31	
	Notes	**2015**	2014
Revenues			
Premium revenue	22	**P 171,108,651**	P228,239,316
Trust fund income - net	11	**863,030,662**	389,303,593
Investment income	26	**23,229,610**	19,528,676
Realized gains on sale of available-for-sale financial assets - net	10	**4,443,262**	42,976
Decrease in pre-need reserves - net	23	**41,191,736**	-
Other income	27	**20,685,956**	6,286,605
		1,123,689,877	643,401,166
Expenses			
Cost of contracts issued - net	23	**-**	155,518,438
Other direct costs and expenses	24	**693,855,783**	539,930,169
General and administrative expenses	25	**27,882,248**	38,403,978
		721,738,031	733,852,585
Income (Loss) Before Tax		**401,951,846**	(90,451,419)
Income Tax Expense	28	**5,124,470**	4,288,821
Net Income (Loss) for the Year		**396,827,376**	(94,740,240)
Other Comprehensive Income			
Item that will be reclassified subsequently to profit or loss			
Fair value loss on available-for-sale financial assets	21	**(795,834,227)**	(104,761,566)
Other Comprehensive Loss for the Year		**(795,834,227)**	(104,761,566)
Total Comprehensive Loss		**(P 399,006,851)**	(P199,501,806)

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
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LARGE TAXPAYERS ASSISTANCE DIVISION I
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SUN LIFE FINANCIAL PLANS, INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]

STATEMENTS OF CHANGES IN EQUITY

		Share Capital								
										For the Years Ended December 31, 2015 and 2014
	Notes	**Ordinary**	**Preference**	**Total Share Capital**	**Additional Paid-in Capital**	**Contributed Surplus**	**Investment Revaluation Reserves**	**Deficit**	**Accumulated Trust Fund Income**	**Total**
Balance, January 1, 2014	11, 18, 19, 20, 21	P75,000,000	P50,000,000	P125,000,000	P375,000,000	P25,000,000	P2,235,698,141	(P4,132,552,019)	P3,373,823,054	P2,001,969,176
Income (Loss) for the year		-	-	-	-	-	-	(484,043,833)	389,303,593	(94,740,240)
Other comprehensive loss	21	-	-	-	-	-	(104,761,566)	-	-	(104,761,566)
Total comprehensive income (loss)		-	-	-	-	-	(104,761,566)	(484,043,833)	389,303,593	(199,501,806)
Balance, December 31, 2014	11, 18, 19, 20, 21	P75,000,000	P50,000,000	P125,000,000	P375,000,000	P25,000,000	P2,130,936,575	(P 4,616,595,852)	P3,763,126,647	P1,802,467,370
Income (Loss) for the year		-	-	-	-	-		(466,203,286)	863,030,662	396,827,376
Other comprehensive loss	21	-	-	-	-	-	(795,834,227)	-	-	(795,834,227)
Total comprehensive income (loss)		-	-	-	-	-	(795,834,227)	(466,203,286)	863,030,662	(399,006,851)
Balance, December 31, 2015	11, 18, 19, 20, 21	**P75,000,000**	**P50,000,000**	**P125,000,000**	**P375,000,000**	**P25,000,000**	**P1,335,102,348**	**(P5,082,799,138)**	**P4,626,157,309**	**P1,403,460,519**

See Notes to Financial Statements.

SUN LIFE FINANCIAL PLANS, INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]

STATEMENTS OF CASH FLOWS

		For the Years Ended December 31	
	Notes	2015	2014
Cash Flows from Operating Activities			
Income (Loss) before tax		P401,951,846	(P90,451,419)
Adjustments for:			
Pre-need reserves	15	(136,117,392)	155,314,594
Additional allowance for non-recoverable prepaid taxes	9	447,825	628,195
Trust fund income	11	(863,030,662)	(389,303,593)
Other reserves	16	94,807,401	-
Investment income	26	(23,229,610)	(19,528,676)
Realized gains on sale of available-for-sale financial assets	10	(4,443,262)	(42,976)
Amortization of premium - net	10	1,630,592	1,487,559
Reversal of stale checks and unidentified bank credits	27	(16,174,740)	(1,895,276)
Operating cash flows before working capital changes		(544,158,002)	(343,791,592)
Decrease (Increase) in:			
Receivable from parent company		7,248,288	167,424
Receivables from trustee bank		(265,188,019)	16,398
Prepayments and other current assets		(11,644,443)	(647,193)
Increase (Decrease) in:			
Accrued expenses and other liabilities		(1,385,764)	439,871
Counselors' bond reserve		(38,802)	(170,807)
Payable to parent company		(338,166)	2,505,240
Benefits payable		805,277	(361,408)
Planholders' deposits		290,751	(5,666,083)
Cash used in operations		(814,408,880)	(347,508,150)
Income taxes paid		(5,124,470)	(4,288,821)
Net cash used in operating activities		(819,533,350)	(351,796,971)
Cash Flows from Investing Activities			
Investment income received		25,140,969	19,528,479
Proceeds from sale of available-for-sale financial assets	10	240,975,841	93,391
Trust fund contributions	15	(150,053,436)	(187,432,050)
Proceeds from trust fund withdrawals	11	780,654,099	549,397,106
Acquisitions of available-for-sale financial assets	10	(197,683,493)	-
Collections of loans receivables		-	986,877
Net cash from investing activities		699,033,980	382,573,803
Net Increase (Decrease) in Cash and Cash Equivalents		(120,499,370)	30,776,832
Cash and Cash Equivalents, Beginning		240,432,825	209,655,993
Cash and Cash Equivalents, Ending		P119,933,455	P240,432,825

See Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
Date APR 01 2016 SPS
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1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

Corporate Information

Sun Life Financial Plans, Inc. (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on September 18, 2000 and started commercial operations on June 1, 2001. Its primary purpose is to engage mainly in the development of lawful institutional medium for the maintenance, conduct, operation, marketing and sales of any and all types of securities (without acting as stock broker) including, but not limited to education plans, pension plans, retirement income or retirement plans and life plans, with all the requisite services and facilities, merchandise, equipment or articles essential or relevant to such securities and services to be delivered in the future to planholders, enrollees, purchasers, and subscribers.

The Company is a wholly owned subsidiary of Sun Life of Canada (Philippines), Inc. (SLOCPI). SLOCPI, a wholly owned subsidiary of Sun Life of Canada (Netherlands) B.V., is a stock life insurance company authorized to engage in, conduct, transact, carry on and undertake the business of life insurance, including accident and health insurance. The Company's ultimate parent company is Sun Life Financial, Inc., a company incorporated under the laws of Canada.

The Company's registered office address and principal place of business is at the 2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

Status of Operations

On March 1, 2010, the Company decided to temporarily discontinue actively selling pre-need plans until the pre-need market environment improves. All existing pre-need plans will continue to be serviced and supported until maturity by the Company's trust fund assets. As disclosed in Note 11, the Company's trust fund net assets amounting to P8,292,920,504 are more than the required Transitory Pre-need Reserves (TPNR) of P7,373,354,786 as at December 31, 2015, as shown in Note 15.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with the accounting standards set forth in the amended SEC Rule 31, Accounting Standards for Pre-need Plans and Pre-need Uniform Chart of Accounts (PNUCA), as required by the rules and regulations of the SEC and adopted by the Insurance Commission (IC).

Basis of Preparation and Presentation

The financial statements of the Company have been prepared on the historical cost basis, except for the investments in debt and equity securities carried at fair value, certain financial instruments carried at amortized cost, and pre-need reserves carried at present value of expected funding required to settle pre-need benefits guaranteed and payable by the Company.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services received at inception.

Functional and Presentation Currency

The financial statements are presented in Philippine peso, the currency of the primary economic environment in which the Company operates. All amounts are recorded in the nearest peso, except when otherwise indicated.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of New and Revised Accounting Standards Effective in 2015

The following relevant new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and issued by the Financial Reporting Standards Council (FRSC) in the Philippines were adopted by the Company effective on January 1, 2015:

Annual Improvements to Philippine Financial Reporting Standards (PFRSs) 2010-2012 Cycle

The annual improvements address the following:

Amendment to PFRS 13, *Fair Value Measurement (amendment to the basis of conclusions only, with consequential amendments to the bases of conclusions of other standards)*

The amendment clarified that the issuance of PFRS 13 and consequential amendments to Philippine Accounting Standards (PAS) 39, *Financial Instruments: Recognition and Measurement* and PFRS 9, *Financial Instruments* did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

The amendment did not have a significant impact on the Company's financial statements.

Amendment to PAS 24, *Related Party Disclosures*

The amendment clarified that a management entity providing key management personnel services to a reporting entity is a related party of that reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The amendment did not have a significant impact on the Company's financial statements.

Annual Improvements to PFRSs 2011-2013 Cycle

These annual improvements address the following:

Amendment to PFRS 1, *First-time Adoption of International Financial Reporting Standards (changes to the Basis for Conclusions only)*

The amendment clarified that a first-time adopter is allowed, but not required, to apply a new PFRS that is not yet mandatory if that PFRS permits early application. If an entity chooses to early apply a new PFRS, it must apply that new PFRS retrospectively throughout all periods presented unless PFRS 1 provides an exemption or an exception that permits or requires otherwise.

The amendment did not have any impact on the Company's financial statements.

Amendment to PFRS 13, *Fair Value Measurement*

The scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, PAS 39 or PFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within PAS 32, *Financial Instruments: Presentation.*

The amendment did not have a significant impact on the Company's financial statements.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2015

The Company will adopt the following PFRSs once they become effective:

Amendments to PFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business such that the acquirer is required to apply all of the principles on business combinations in PFRS 3, *Business Combinations*, and other PFRSs with the exception of those principles that conflict with the guidance in PFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to:

- measure most identifiable assets and liabilities at fair value;
- expense acquisition-related costs (other than debt or equity issuance costs);
- recognize deferred taxes;
- recognize any goodwill or bargain purchase gain;
- perform impairment tests for the cash generating units to which goodwill has been allocated; and
- disclose information required relevant for business combinations.

The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted but corresponding disclosures are required. The amendments apply prospectively.

The future adoption of the amendments will have no effect on the Company's financial statements.

PFRS 14, *Regulatory Deferral Accounts*

The standard permits an entity which is a first-time adopter of International Financial Reporting Standards (IFRS) to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous generally accepted accounting principles (GAAP), both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required.

The standard is effective for annual reporting periods beginning on or after January 1, 2016. Earlier application is permitted.

The future adoption of the standard will have no effect on the Company's financial statements.

Amendments to PAS 16, *Property, Plant and Equipment*

These amendments clarify that a depreciation method that is based on revenue generated by an activity that includes the use of an asset is not appropriate. This is because such methods reflect a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PAS 16, *Property, Plant and Equipment* and Amendments to PAS 41, *Agriculture*

The amendments require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with PAS 36, *Impairment of Assets*. The amendments define bearer plants as living plants that are used in the production or supply of agricultural produce and for which there is only a remote likelihood that the plant will also be sold as agricultural produce.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PAS 27, *Separate Financial Statements*

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PAS 38, *Intangible Assets*

These amendments introduce rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as in PAS 16. However, the IASB states that there are limited circumstances when the presumption can be overcome:

- the intangible asset is expressed as a measure of revenue (the predominant limiting factor inherent in an intangible asset is the achievement of a revenue threshold); and
- it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated (the consumption of the intangible asset is directly linked to the revenue generated from using the asset).

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures (2011)*

The amendments include the following:

- Amendment to PAS 28 (2011) so that the current requirements regarding the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in PFRS 3, and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in PFRS 3 is recognized in full.
- Amendment to PFRS 10 so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in PFRS 3 to an associate or joint venture is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments are effective for annual periods beginning on or after January 1, 2016.

The future adoption of the amendments will have no effect on the Company's financial statements.

Annual Improvements to PFRSs 2012-2014 Cycle

The annual improvements address the following:

Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*

The amendment introduces specific guidance in PFRS 5 when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendment states that:

- such reclassifications should not be considered changes to a plan of sale or a plan of distribution to owners and that the classification, presentation and measurement requirements applicable to the new method of disposal should be applied; and
- assets that no longer meet the criteria for held for distribution to owners (and do not meet the criteria for held for sale) should be treated in the same way as assets that cease to be classified as held for sale.

The future adoption of the amendment will have no effect on the Company's financial statements.

Amendments to PFRS 7, *Financial Instruments: Disclosures*

The amendments provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets. PFRS 7 states that a pass through arrangement under a servicing contract does not, in itself, constitute a continuing involvement in asset, for instance, when the amount and/or timing of the servicing fee depend on the amount and/or the timing of the cash flows collected. The amendments add guidance to this effect.

The amendments also clarify the applicability of the disclosure requirements on offsetting financial assets and financial liabilities to be included in condensed interim financial statements. The amendments clarify that the offsetting disclosures are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with PAS 34, *Interim Financial Reporting*.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PAS 19, *Employee Benefits*

The amendments clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendment to PAS 34, *Interim Financial Reporting*

The amendment clarifies the requirements relating to information required by PAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendment requires that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

The future adoption of the amendment will have no effect on the Company's financial statements.

The above improvements are effective for annual periods beginning on or after January 1, 2016. However, early application of these improvements is permitted.

Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28, *Investment Entities: Applying the Consolidation Exception*

The amendments address the issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments clarify the following aspects:

- Whether an investment entity parent should account for an investment entity subsidiary at fair value, when the subsidiary provides investment-related services to third parties;
- The interaction between the investment entity amendments and the exemption from preparing consolidated financial statements requirements in PFRS 10; and
- Whether a non-investment entity must 'unwind' the fair value accounting of its joint ventures or associates that are investment entities.

An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by PFRS 12.

The future adoption of the amendments will have no effect on the Company's financial statements.

Amendments to PAS 1, *Presentation of Financial Statements*

The amendments include the following:

- Materiality. The amendments clarify that (1) information should not be obscured by aggregating or by providing immaterial information, (2) materiality considerations apply to all parts of the financial statements, and (3) even when a standard requires a specific disclosure, materiality considerations do apply.
- Statement of financial position and statement of profit or loss and other comprehensive income. The amendments (1) introduce a clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and (2) clarify that an entity's share of other comprehensive income (OCI) 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.
- Notes. The amendments add additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes. The amendments also removed guidance and examples with regard to the identification of significant accounting policies that were perceived as being potentially unhelpful.

The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted. Application of the amendments need not be disclosed.

The future adoption of the amendments will have no significant effect on the Company's financial statements.

PFRS 9, *Financial Instruments (2014)*

This standard consists of the following three phases:

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement under this standard, all recognized financial assets that are currently within the scope of PAS 39 will be subsequently measured at either amortized cost or fair value. Specifically:

- A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the outstanding balance must be measured at amortized cost (net of any write done for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.
- A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option.
- All other debt instruments must be measured at FVTPL.

- All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognized in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognized in profit or loss. Under PAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

This standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. Under this standard, changes in the fair value of a financial liability designated as FVTPL attributable to changes in the credit risk of the liability shall be presented in OCI, unless the presentation in OCI would create or increase an accounting mismatch. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

The Company conducted an initial study on the impact of an early adoption of PFRS 9 on the financial statements using the carrying amounts of financial assets as at December 31, 2015. Based on the Management's assessment, equity securities currently recognized as available-for-sale (AFS) will be measured at FVTPL, unless the Company will take an irrevocable option to measure the investment at FVTOCI. Debt securities currently classified as AFS and FVTPL will be measured at amortized cost, FVTOCI or FVTPL depending on the business model the Company will follow. Measurement for loans and receivables would be the same for PAS 39 and PFRS 9.

Phase 2: Impairment methodology

The impairment model under this standard reflects expected credit losses. Under this impairment approach, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The future adoption of the standard shall result in initial measurement of receivables at fair value net of transaction costs and expected credit losses.

Phase 3: Hedge accounting

The general hedge accounting requirements for this standard retain the three (3) types of hedge accounting mechanism in PAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of economic relationships. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The standard is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The future adoption of the standard will have no effect on the Company's financial statements since the Company does not apply hedge accounting.

New Accounting Standards Issued by IASB which is Effective After the Reporting Period Ended December 31, 2015 but pending for adoption in the Philippines

The Company will adopt the following IFRSs once they become effective:

IFRS 15, *Revenue from Contracts with Customers*

The standard combines, enhances, and replaces specific guidance on recognizing revenue with a single standard. The standard requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

It defines a new five-step model to recognize revenue from customer contracts as follows:

(a) Step 1: Identify the contract(s) with a customer;

(b) Step 2: Identify the performance obligations in the contract;

(c) Step 3: Determine the transaction price;

(d) Step 4: Allocate the transaction price to the performance obligations in the contract; and

(e) Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The standard is mandatory for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

The Management is still evaluating the impact of the new accounting standard on the Company's current revenue recognition.

IFRS 16, *Leases*

This standard specifies how an IFRS reporter will recognize, measure, present and disclose leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with this standard's approach to lessor accounting substantially unchanged from its predecessor, IAS 17, *Leases*.

The standard is effective for annual reporting periods beginning on or after January 1, 2019.

The future adoption of the standard will have no effect on the Company's financial statements since the Company does not have leases.

4. PRE-NEED RULES

The SEC, prior to the IC assuming regulatory supervision to the pre-need industry, has provided the rules and regulations of the PNUCA, including the guidelines in determining reserves on liabilities on pre-need contracts. The Company adopted Pre-need Rule 31, As Amended: Accounting Standards for Pre-need Plans and PNUCA, and the subsequent amendments effective January 1, 2007 and April 20, 2007, respectively. The following are the significant provisions of these guidelines:

a. The net asset value in the trust fund shall be at least equal to the required Pre-need Reserves (PNR) computed pursuant to the method prescribed by the SEC.

b. PNR shall be set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need plan contracts.

c. Unless the SEC shall so specifically require, a company may at its option set up other provisions as a prudent measure.

d. Premiums from sale of pre-need plans shall be recognized as earned when collected. When premiums are recognized as income, the related cost of contracts shall be computed, with the result that benefits and expenses are matched with such income.

e. The amount of restricted/appropriated and unrestricted/unappropriated retained earnings shall be separately presented in the statements of changes in equity. However, no appropriation of the retained earnings shall be made by the Company unless the same is approved by the SEC or allowed in the Pre-need Rules.

f. In recognizing PNR, the general requirements of PAS 37, *Provision, Contingent Liabilities and Contingent Assets*, on provisioning and the specific methodology provided shall be complied with. The amount recognized as a provision to cover the PNR shall be the best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The risks and uncertainties that inevitably surround many events and circumstances shall be taken into account in reaching the best estimate of a provision.

g. Since the effect of the time value of money for pre-need plans is material, the amount of provision shall be the present value of the funding expected to be required to settle the obligation with due consideration of different probabilities.

h. Future events that may affect the foregoing amounts shall be reflected in the amount of the provision for PNR where there is sufficient objective evidence that they will occur.

i. Any pre-need company which adopts the foregoing reserving method shall discuss in its notes to financial statements its concrete plan on the sourcing of funds to cover its committed augmentation of the difference between the hurdle and attainable rates, during the periods when it used hurdle rates in the computation of its reserving requirements.

j. The rates of surrender, cancellation, reinstatement, utilization, and inflation, when applied, must consider the actual experience of the pre-need company in the last three (3) years, or the industry, in the absence of a reliable company experience.

k. The computation of the foregoing assumptions shall be validated by the internal qualified actuary of the pre-need company. His or her validation report shall be provided to its external auditors for purposes of statutory audit of the financial statements of the Company, and shall be submitted to the IC as a separate report.

l. The probability of pre-termination or surrender of fully paid plans shall be considered in determining the PNR of fully paid plans. A pre-termination experience on fully paid plans of 5% and below shall be considered insignificant. In such cases, derecognition of liability shall be recorded at pre-termination date.

m. The disclosure requirements under PAS 1 relative to methods and assumptions used to estimate the PNR including the sensitivity of the PNR amount shall be complied with.

n. Any excess in the amount of the trust fund as a result of the revised reserving method shall neither be released from the fund nor be credited/off-set to future required contributions.

5. SIGNIFICANT ACCOUNTING POLICIES

Financial Assets

Initial recognition

Financial assets are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Company's financial assets, except for any investments classified at FVTPL. Investments are recognized and derecognized on settlement date accounting when the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Classification and subsequent measurement

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity (HTM) investments, AFS financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available-for-sale financial assets

AFS financial assets are those non-derivative financial assets that are designated as AFS or are not classified as loans and receivables, HTM investments or financial assets at FVTPL. Listed shares and listed redeemable notes classified as AFS financial assets are carried at fair value. Gains and losses arising from changes in fair value are recognized in OCI, with the exception of impairment losses and interest calculated using the effective interest method, which are recognized directly in profit or loss.

When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. Loans and receivables are carried at amortized cost using the effective interest method, except for short-term receivables when the effect of discounting is immaterial. The Company's financial assets, including those from its trust funds, classified under this category include cash and cash equivalents, receivables from trustee bank, and accrued interest income.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period.

Reclassification of held-to-maturity to available-for-sale

A financial asset classified as HTM may be reclassified to AFS if the Company disposed of more than an insignificant amount or the Company has changed its intention to hold the rest of its HTM portfolio until maturity. As a consequence, when the Company has sold or reclassified more than an insignificant amount of HTM investments before maturity, i.e., tainting of the HTM portfolio occurs, all of the Company's HTM investments must be reclassified into the AFS category. Tainting is the term used to describe the effect of disposing of or reclassifying an HTM investment before its maturity date in situations where such disposal or reclassification disqualifies the Company from using the HTM classification for the remaining portfolio of securities held.

On reclassification out of HTM into AFS category, as a consequence of tainting, investments are remeasured at fair value. The difference between the carrying amount of the assets and their fair value is recognized in OCI. Furthermore, the Company is prohibited from classifying any investments as HTM for the next two (2) financial years.

When the two-year period subsequent to the period in which tainting occurred has passed, the Company is allowed to reclassify the assets back into HTM provided it intends, and is able to hold these assets to maturity. On the date of reclassification, an asset's carrying amount (i.e., its fair value at the date of reclassification) becomes the asset's new amortized cost. Any previous fair value gain or loss on the asset that has been accumulated in equity is amortized in profit or loss over the remaining life of financial asset using the effective interest method.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter party; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

For certain categories of financial asset, such as trade receivables and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments past the average credit period in the portfolio, as well as observable changes in national or local economic conditions that correlate with the default on receivables.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables and HTM investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss, with the exception of trade receivables wherein the carrying amount is reduced through the use of an allowance account. When trade receivables are considered uncollectible, these are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

Available-for-sale financial assets

When a decline in the fair value of listed shares and listed redeemable notes classified as AFS financial asset has been recognized in OCI and there is objective evidence that the asset is impaired, the cumulative gain or loss that had been previously recognized in OCI are reclassified to profit or loss in the period even though the financial asset has not been derecognized.

If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in OCI.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the carrying amount of financial assets net of any gains and losses previously accumulated in equity and the consideration received or receivable is recognized in profit or loss.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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 these are consumed in operations or expire with the passage of time.

Prepayments are classified in the statements of financial position as current asset when the cost of services related to the prepayments are expected to be incurred within one (1) year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Impairment of Tangible Assets

At the end of each reporting period, the Company assesses whether there is any indication that any of its tangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the tangible asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

Financial liabilities

Initial recognition

Financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Company's financial liabilities, except for any debt instruments classified at FVPTL.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. The Company's financial liabilities, including those from its trust funds, consist of accrued expenses and other liabilities, counselors' bond reserve, and payable to parent company.

Subsequent measurement

Since the Company does not have financial liabilities classified at FVTPL, all financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition

Financial liabilities are derecognized by the Company when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Preference shares

Preference shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary dividends thereon are recognized as distribution within equity upon approval by the Company's shareholders.

Preference shares are classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognized as interest expense in profit or loss as accrued.

Additional paid-in capital

Additional paid-in capital is classified as equity and refers to the amount received by the Company for subscription of shares in excess of par value of the shares.

Contributed surplus

Contributed surplus refers to the amount raised by the Company in the form of capital infusion without issuance of shares.

Provisions and Contingent Liabilities

Provisions

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and; when the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the present value of cash flows estimated to settle the present obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingent liabilities

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Pre-need Reserves (PNR)

PNR are calculated on the basis of the methodology and assumptions set out below:

a. The formula, methods and assumptions used for the valuation of reserves are based on the SEC Notice dated April 20, 2007, and subsequent SEC Interpretative Bulletin No. 1, Series of 2008 on its implementation. These may be different from the reserve formula, methods and assumptions used in the computation of actuarial reserve submitted to the SEC upon the application for product approval or upon the application for revisions to be done on existing products subsequently approved by the SEC.

b. PNR is set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need plan contracts.

c. In recognizing PNR for educational and pension plans, the general requirements of PAS 37 on provisioning and the specific methodology are complied with by the Company.

d. The amount recognized as a provision to cover the PNR is the best estimate of the expenditure required to settle the present obligation at the end of each reporting period. The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision.

e. Since the effect of the time value of money for pre-need plans is material, the amount of provision is the present value of the funding expected to be required to settle the obligation with due consideration of the different probabilities, as follows:

   i. On Currently-Being-Paid Plans

      1. Provision for termination values applying the surrender rate experience of the Company.

      2. Liability is set-up for the portion of currently-being-paid plans that will reach full payment, applying the full payment experience of the Company. It is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions discounted using the appropriate discount rate.

         Currently-Being-Paid Plans pertain to accounts that are up-to-date in payment and include in-force plans as defined in the contract provision, i.e., plans within the 60-day grace period.

   ii. On Lapsed Plans within the Allowable Reinstatement Period

      Provision for termination values applying the reinstatement experience of the Company.

   iii. Fully Paid Plans

      The reserve is the present value of future maturity benefits discounted using the appropriate discount rate.

f. The actual experience of the Company in the last three (3) years is considered in the application of rates (surrender, cancellation, reinstatement, utilization, and inflation).

g. The actuary validated the actuarial assumptions used in reserve valuation.

h. No pre-termination or surrender of fully paid plans are considered in determining the PNR of fully paid plans.

i. Any excess in the amount of the trust fund as a result of the initial adoption of the revised reserving method is not released from the fund nor credited/offset to future required contributions.

j. Individual subsidiary accounts for education plans and pension plans are maintained.

k. To effect a smooth transition in the valuation of reserves for old basket of plans, the IC through its Circular Letter (CL) No. 23-2012, prescribed a TPNR in 2012. A maximum period of ten (10) years shall be observed in the implementation of the TPNR.

   For each of the pre-need plan categories, namely, education, pension and life plans, the TPNR shall be computed annually on all old baskets of plans outstanding on the 31st of December of each year from 2012 to 2021 using the discount interest rates as provided by the IC in its CL. If the actual trust fund balance is higher or equal to the resulting pre-need reserve then the liability to be set-up shall be the PNR. However, if the resulting pre-need reserve is greater than the actual trust fund balance at the end of the year, the TPNR shall be computed in accordance with the schedule provided by the IC.

   The TPNR liability based on the schedule provided by the IC shall be recognized and booked each year. The trust fund deficiency shall be funded by the pre-need company within (60) days from April 30 following the valuation date.

Other Reserves

Other reserves are set-up as a prudent measure at the option of the Company. It is the excess between the Actuarial Reserve Liability (ARL) and the PNR. The ARL is computed based on generally accepted actuarial principles.

ARL is the measure of liabilities for its in-force plans or lapsed plans as of valuation date.

Revenue Recognition

Premium revenue

Premium revenue arises from the sale of pre-need plans is recognized as earned when collected. When premiums are recognized as income, the related cost of contracts shall be computed and booked with the result that benefits and expenses are matched with such income.

The amount of premium installments collectible from the planholders is not recognized as receivables in accordance with Pre-Need Rule 31, As Amended: Accounting Standards for Pre-need Plans and PNUCA adopted by the Company on January 1, 2007.

Trust fund income

Trust fund income is recognized when earned and is recognized net of management fees and taxes. This income is restricted to payments of benefits as provided in the pre-need plan contracts.

Investment income

Investment income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Investment income is recognized in profit or loss as it accrues, taking into account the effective yield of the assets or liability or an applicable floating rate. Interest income and expense include the amortization of any discount or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Realized gains or losses

Realized gains or losses on the sale of AFS financial assets are calculated as the difference between the net sales proceeds and the carrying value net of any gains and losses previously accumulated in equity. This is recognized in profit or loss when sales transaction occurred.

Other income

Other income is recognized to the extent that it is probable that the economic benefits will flow to the Company and the income can be measured reliably. Other income includes handling fees, interest on lapsed plan, amendment fees, and miscellaneous income.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; or (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the function of expense method. Cost of contracts issued and other direct costs and expenses are expenses that are associated with the plans sold, and includes the increase or decrease in PNR as at the current year as compared to the provision for the same period of the previous year, amount of trust fund contribution for the year, increase in other reserves and documentary stamp tax and SEC registration fees. General and administrative expenses are costs attributable to administrative, marketing, selling and other business activities of the Company.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which these are incurred.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Parent Company and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

Income tax expense represents the sum of current tax expense and deferred tax.

Current tax

The current tax expense is composed of the regular corporate income tax (RCIT), the minimum corporate income tax (MCIT) and final tax. The RCIT and MCIT are based on taxable profit for the year which may differ from net profit or gross profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The RCIT is calculated using 30% of net taxable income and MCIT at 2% of gross income and the tax due for the year is the higher of the RCIT or MCIT.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and these relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognized as an expense or income in profit or loss, except when these relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax are also recognized outside profit or loss.

Events After the Reporting Period

The Company identifies events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgment in Applying Accounting Policies

Below is a critical judgment, apart from those involving estimations that Management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Functional currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the Management in making economic decisions.

Key Sources of Estimation Uncertainty

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

Asset impairment

The Company performs an impairment review when certain impairment indicators are present.

Determining the recoverable amount of prepaid taxes, using future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that its prepaid taxes are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

The accumulated impairment loss on prepaid taxes amounted to P17,296,093 and P16,848,268 as at December 31, 2015 and 2014, respectively, since Management believes that no tax benefit can be recovered in the future on these prepaid taxes, as disclosed in Note 9.

Estimating allowances for doubtful accounts

The Company estimates the allowance for doubtful accounts related to its receivables based on assessment of specific accounts when the Company has information that certain counterparties are unable to meet their financial obligations. In these cases, judgment used was based on the best available facts and circumstances including, but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on third party credit reports and known market factors. The Company used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts. These specific reserves are reevaluated and adjusted as additional information received impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

As at December 31, 2015 and 2014, Management believes that its receivables are fully recoverable; accordingly, no doubtful accounts expense was recognized in both years. Receivables from trustee bank as at December 31, 2015 and 2014 amounted to P265,980,519 and P792,500, respectively, as disclosed in Note 8. Receivable from parent company amounted to nil and P7,248,288 as at December 31, 2015 and 2014, respectively, as disclosed in Note 14.

Deferred tax assets

The Company reviews the carrying amount at the end of each reporting period and reduces deferred tax asset 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. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

As at December 31, 2015 and 2014, deferred tax asset on net operating loss carry-over (NOLCO) amounting to P471,247,946 and P505,649,570, respectively, were not recognized in the statements of financial position because Management believes it is more likely that the Company will not be able to realize the tax benefit arising from NOLCO, as disclosed in Note 28.

Determining fair value of financial instruments

The Company carries its AFS financial assets, including those from its trust funds, at fair value. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., quoted price or interpolated yields derived from benchmark rates, the amount of changes in fair value would differ if the Company utilized different valuation methodology. Any changes in fair value of these financial assets would directly affect equity.

As at December 31, 2015 and 2014, the carrying amounts of AFS financial assets amounted to P280,732,077 and P359,089,541, respectively, as disclosed in Note 10 while the related fair value adjustments amounted to P32,207,295 and P17,354,255 in 2015 and 2014, respectively, as disclosed in Note 10.

As at December 31, 2015 and 2014, the carrying amounts of AFS financial assets in the trust funds amounted to P6,082,763,068 and P8,298,286,489, respectively, as disclosed in Note 11, while the related loss on fair value adjustments amounted to P274,891,345 and P118,462,957 in 2015 and 2014, respectively, as disclosed in Notes 11 and 21.

Estimating PNR and other reserves

PNR and other reserves are set up for all pre-need benefits guaranteed and payable by the pre-need company as defined in the pre-need education and pension plan contracts. By definition, it is an estimation of the Company's present obligation to its planholders at a particular valuation date, and considers the value of future plan benefits and the contribution to reserves in the calculation. The Company is guided by existing regulatory rules/circulars and generally accepted actuarial principles in the calculation of PNR and other reserves. It uses assumptions based on Company's experience. These actuarial assumptions include interest rate, surrender and lapse rate, reinstatement rate and other assumptions necessary to estimate the reserve requirements. The valuation data file includes inforce, paid up and lapsed plans. Calculations are done per planholder; a reinstatement rate assumption is used to determine the reserves for lapsed plans.

The carrying amount of PNR as at December 31, 2015 and 2014 amounted to P7,373,354,786 and P7,509,472,178, respectively, as disclosed in Note 15, while the carrying amount of other reserves as at December 31, 2015 and 2014 amounted to P94,807,401 and nil, respectively, as disclosed in Note 16.

Contingencies

The Company is currently involved in various legal proceedings and tax assessments, as disclosed in Note 29. Estimates of probable costs for the resolution of these claims have been developed in consultation with external counsel handling the defense in these matters and are based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Company's strategies relating to these proceedings.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2015	2014
Cash on hand and in banks	**P 23,203,455**	P 16,642,825
Cash equivalents	**96,730,000**	223,790,000
	P119,933,455	P240,432,825

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three (3) months or less from the date of acquisition and are subject to an insignificant risk of change in value.

Cash in banks earned interest at the respective bank deposit rates. Cash equivalents represent short-term deposits varying from one day to two months depending on the cash requirements of the Company, and earn annual interest rates ranging from 0.25% to 2.50% both in 2015 and 2014. Interest income from cash in banks and cash equivalents amounted to P959,230 and P1,496,235 in 2015 and 2014, respectively, as disclosed in Note 26.

As at December 31, 2015 and 2014, the Company maintains its cash deposits in commercial and universal banks with good credit standing to minimize exposure to credit risk.

8. RECEIVABLES

Receivables consist of:

	Note	2015	2014
Receivables from trustee bank		**P265,980,519**	P 792,500
Accrued interest income	26	**3,089,674**	5,001,033
		P269,070,193	P5,793,533

Receivables from trustee bank pertain to amounts paid in advance by the Company on trust fund withdrawals made by certain planholders owning interests in the trust being held by Banco de Oro (BDO) trust fund. This amount is non-interest bearing and due immediately.

Accrued interest income pertains to interest receivable on cash in banks, cash equivalents, and AFS financial assets.

The Company believes that these receivables are not impaired since there is no change in their credit quality.

9. PREPAYMENTS AND OTHER CURRENT ASSETS - net

The details of the Company's prepayments and other current assets are shown below:

	2015	2014
Prepaid taxes	**P17,296,093**	P16,848,268
Prepaid expenses	**313,244**	231,505
Other current assets	**11,114,879**	-
	28,724,216	17,079,773
Less: Allowance for non-recoverable prepaid taxes	**17,296,093**	16,848,268
	P11,428,123	P 231,505

Movements in the allowance for non-recoverable prepaid taxes are as follows:

	Note	2015	2014
Balance, beginning		**P16,848,268**	P16,220,073
Additions	25	**447,825**	628,195
Balance, ending		**P17,296,093**	P16,848,268

The Company provided full valuation allowance for impairment on these creditable withholding taxes amounting to P17,296,093 and P16,848,268 as at December 31, 2015 and 2014, respectively, because Management believes that the Company will not be able to avail of the tax benefit arising from these prepaid taxes in the future.

Prepaid expenses include prepaid license renewals, prepaid documentary stamp tax and other local business taxes.

Other current assets pertain to the advance payment made by the Company to SLOCPI in relation to the enhancement of its pre-need software, which is expected to be capitalized to Software account in 2016.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Company's AFS financial assets consist of:

	2015	2014
Investments in government securities	**P267,466,425**	P345,827,325
Investments in shares of stock	**13,265,652**	13,262,216
	P280,732,077	P359,089,541

The movements in AFS financial assets are as follows:

	Note	2015	2014
Balance, beginning		**P359,089,541**	P343,316,236
Acquisitions		**197,683,493**	-
Disposals		**(242,203,070)**	(93,391)
Net premium amortization		**(1,630,592)**	(1,487,559)
Fair value adjustments	21	**(32,207,295)**	17,354,255
Balance, ending		**P280,732,077**	P359,089,541

The account is composed of the following investments:

	Note	2015	2014
Cost			
Investments in government securities		**P279,697,834**	P320,177,512
Investments in shares of stock		**7,683,305**	7,683,305
		287,381,139	327,860,817
Accumulated fair value adjustments	21	**(6,649,062)**	31,228,724
		P280,732,077	P359,089,541

The interest income, including amortization of discount and premium on government securities, in 2015 and 2014 amounted to P22,270,380 and P18,032,441, respectively, as disclosed in Note 26.

The Company's investments in shares of stock pertain to investment in Sun Life Prosperity Bond Fund, Inc. for a total of 4,908,841 shares with a net asset value of P13,265,652 and P13,262,216 as at December 31, 2015 and 2014, respectively.

No redemption of shares was made in 2015 while a total of 35,507 shares were redeemed in 2014. The redemption in 2014 resulted in a gain amounting to P42,976 recorded in realized gain on sale of financial assets in profit or loss.

In 2015, the Company disposed of investments in government securities with a total par value of P210,000,000 and total carrying value of P242,203,070 for P240,975,841, resulting in a loss amounting to P1,227,229 recognized in the profit and loss. No disposals of investments in government securities were made in 2014.

Reclassification of fair value adjustments from equity to profit or loss relating to disposed AFS financial assets amounted to P5,670,491 and P42,976 in 2015 and 2014, respectively, as disclosed in Note 21.

The fair values of these AFS financial assets are based on quoted market prices. The revaluation of these investments resulted in a net loss on fair value measurement amounting to P32,207,295 in 2015 and a net gain amounting to P17,354,255 in 2014, as disclosed in Note 21.

11. TRUST FUNDS

The Company has trust funds which are being administered by BDO. These trust funds are for the fulfilment of the Company's obligations on outstanding pre-need contracts. In compliance with the rules and regulations of the SEC which were adopted by the IC, and in accordance with the terms of the trust agreements, withdrawals from the trust funds are limited to, payments of pre-need plan benefits, bank charges and investment expenses for the operation of the trust funds, termination value paid to planholders, and final taxes on investment income of the trust funds, among others.

As mandated by the IC, an actuarial valuation of the adequacy of the trust funds shall be submitted to the IC within 120 days after the end of every fiscal year of the Company. Any deficiency in the trust funds shall be funded within 30 days after receipt of notice of deficiency from the IC.

As at December 31, 2015 and 2014, the Company's trust funds and the required PNRs are as follows:

2015					
Type of Pre-need Product	Trust Fund Equity	Pre-need Reserves (Note 15)	Excess (Deficiency)	Staggered Recognition of Trust Fund Deficiency (Note 15)	Transitory Pre-need Reserves
Education non-par	**P1,481,989,892**	**P1,709,507,411**	**(P227,517,519)**	**P32,502,503**	**P1,514,492,395**
Education par	**706,775,197**	**754,783,311**	**(48,008,114)**	**6,858,302**	**713,633,499**
Pension non-par	**4,576,542,542**	**4,284,588,639**	**291,953,903**	**-**	**4,284,588,639**
Pension par	**1,101,263,295**	**860,640,253**	**240,623,042**	**-**	**860,640,253**
	P7,866,570,926	**P7,609,519,614**	**P257,051,312**	**P39,360,805**	**P7,373,354,786**

2014					
Type of Pre-need Product	Trust Fund Equity	Pre-need Reserves (Note 15)	Excess (Deficiency)	Staggered Recognition of Trust Fund Deficiency (Note 15)	Transitory Pre-need Reserves
Education non-par	P1,505,735,396	P1,694,365,342	(P188,629,946)	P23,578,743	P1,529,314,139
Education par	722,130,695	773,055,406	(50,924,711)	6,365,589	728,496,284
Pension non-par	4,954,253,613	4,387,295,828	566,957,785	-	4,387,295,828
Pension par	1,122,978,894	864,365,927	258,612,967	-	864,365,927
	P8,305,098,598	P7,719,082,503	P586,016,095	P29,944,332	P7,509,472,178

Trust Fund Equity shown above is based on the Trust Fund Statements before any adjustment on reclassification from HTM investments to AFS investments to comply with the requirements of PAS 39. For financial statements purposes, these HTM investments are remeasured at fair value. If the fair value was used for tainted investments, there would be no deficiency in the trust fund.

As at December 31, 2015, in accordance with IC CL No. 23-2012, the amount that will be funded is one-seventh of the total deficiency amounting to P32,502,503 for the Education Non-par segment and P6,858,302 for the Education Par segment. The Company's trust fund deficiency was subsequently funded in February 2016 within the prescribed time allowed by the IC.

Total contributions to the trust funds amounted to P150,053,436 and P187,432,050 in 2015 and 2014, respectively, as disclosed in Note 15.

Accumulated trust fund income amounted to P4,626,157,309 and P3,763,126,647 as at December 31, 2015 and 2014, respectively.

The details of the trust funds are as follows:

Statements of Financial Position

	2015			
	Pension	**Education**	**Total**	2014
Assets				
Cash	**P1,898,951,564**	**P 226,981,747**	**P2,125,933,311**	P 420,203,243
Available-for-sale investments	**3,873,928,960**	**2,208,834,108**	**6,082,763,068**	8,298,286,489
Interest receivable	**61,415,999**	**26,748,907**	**88,164,906**	106,520,230
	5,834,296,523	**2,462,564,762**	**8,296,861,285**	8,825,009,962
Liabilities				
Accrued expenses and other liabilities	**2,728,191**	**1,212,590**	**3,940,781**	6,563,016
	P5,831,568,332	**P2,461,352,172**	**P8,292,920,504**	P8,818,446,946
Equity				
Fund balance, beginning	**P1,742,304,611**	**P1,213,307,837**	**P2,955,612,448**	P3,317,577,504
Additional contributions	**95,504,629**	**54,548,807**	**150,053,436**	187,432,050
Withdrawals	**(623,833,690)**	**(156,820,409)**	**(780,654,099)**	(549,397,106)
Trust fund contributions - net	**(528,329,061)**	**(102,271,602)**	**(630,600,663)**	(361,965,056)
Fund balance, ending	**1,213,975,550**	**1,111,036,235**	**2,325,011,785**	2,955,612,448
Reserve for fluctuation Available-for-sale investments	**943,031,201**	**398,720,209**	**1,341,751,410**	2,099,707,851
Accumulated trust fund income, beginning	**2,925,357,135**	**837,769,512**	**3,763,126,647**	3,373,823,054
Trust fund income - net	**749,204,446**	**113,826,216**	**863,030,662**	389,303,593
Accumulated trust fund income, ending	**3,674,561,581**	**951,595,728**	**4,626,157,309**	3,763,126,647
	P5,831,568,332	**P2,461,352,172**	**P8,292,920,504**	P8,818,446,946

Statements of Comprehensive Income

	2015			
	Pension	**Education**	**Total**	2014
Income	**P776,098,533**	**P123,468,396**	**P899,566,929**	P460,629,324
Expenses	**26,894,087**	**9,642,180**	**36,536,267**	71,325,731
Net income	**P749,204,446**	**P113,826,216**	**P863,030,662**	P389,303,593

The following table presents the maturity profile of the principal amounts of the AFS investments under trust fund assets as at December 31, 2015 and 2014:

	2015	2014
Due within one year	**P 47,412,591**	P 71,650,000
Due after one year through five years	**73,900,000**	84,562,591
Due after five years and above	**4,332,468,914**	5,744,899,864
	P4,453,781,505	P5,901,112,455

AFS investments of the trust funds include investments in treasury notes measured at fair values based on quoted prices of either done deals or bid rates or based on interpolated yields derived from benchmark reference rates. The revaluation of these investments resulted in a loss on fair value measurement amounting to P274,891,345 and P118,462,957 in 2015 and 2014, respectively, as disclosed in Note 21.

Reclassification of fair value adjustments from trust fund equity to profit or loss relating to AFS investments of the trust funds disposed during the year resulted in a gain of P483,065,096 and P3,609,888 in 2015 and 2014, respectively, as disclosed in Note 21.

On June 30, 2011, the Company sold a significant portion of its HTM investments in the trust funds to meet liquidity requirements for maturing plans during the year. As a result, the remaining HTM portfolio was reclassified into AFS category. The financial assets reclassified from HTM to AFS category consist of government securities in the form of fixed rate treasury notes. These securities have a maturity profile of at least five (5) years.

In 2014, the two-year period subsequent to reclassification from HTM to AFS category has passed. No reclassification of AFS investments back to HTM investments was made in 2015 and 2014. The Company will perform an assessment of the appropriate classification of its investment for the subsequent years.

Pursuant to Section 36 of the Implementing Rules and Regulations (IRR) of Republic Act No. 9829, otherwise known as the Pre-need Code of the Philippines, the IC issued guidelines on the Management of the Trust Fund of the Pre-need Corporation which supersede Sections 16 and 74 of Republic Act No. 8799 dated March 8, 2010. The significant provisions of the IC's New Rules relating to investments in trust funds as amended are as follows:

1. Fixed income instruments - These may be classified into short-term and long-term instruments. The instrument is short-term if the term to maturity is 365 days or less. This category includes:

   a. Government securities which shall not be less than 10% of the trust fund amount;

   b. Savings/time deposits and unit investment trust funds maintained with and managed by a duly authorized bank with satisfactory examination rating as of the last examination by the Bangko Sentral ng Pilipinas (BSP);

   c. Commercial papers duly registered with the SEC with a credit rating of "1" for short term and "AAA" for long term based on the rating scale of an accredited Philippine Rating Agency or its equivalent at the time of investment, provided that, the maximum exposure to long-term commercial papers shall not exceed 15% of the total trust fund amount while the exposure to each commercial paper issuer shall not exceed 10% of the allocated amount; and

   d. Direct loans to corporations which are financially stable, profitable for the last three (3) years and have a good track record of paying their previous loans.

      These loans shall be fully secured by a real estate mortgage up to the extent of 60% of the zonal valuation of the property at the time the loan was granted.

      The property shall be covered by a transfer certificate of title registered in the name of the mortgagor and free from liens and encumbrances.

      The maximum amount to be allocated for direct loans shall not exceed 5% of the total trust fund amount while the amount to be granted to each corporate borrower shall not exceed 10% of the amount allocated.

      The maximum term of the loan should be no longer than four (4) years.

      Direct loans to planholders are exempt from the limitations set forth under this Section, provided that such loans to planholders shall not exceed 10% of the total trust fund amount.

2. Equities - Investments in equities shall be limited to stocks listed on the main board of the local stock exchange. Investments in duly registered collective investment instruments such as mutual funds are allowed hereunder, provided that such funds are invested only in fixed income instruments and blue chips securities, subject to the limitations prescribed by laws, rules and regulations.

   These investments shall include stocks issued by companies that are financially stable, actively traded, possess good track record of growth and have declared dividends for the past three (3) years. Notwithstanding the prohibition against transactions with directors, officers, stockholders and related interests, the trustee may invest in equities of companies related to the trustee provided these companies comply with the foregoing criteria provided in this paragraph for equity investments.

   The amount to be allocated for this purpose shall not exceed 30% of the total trust fund while the investment in any particular issue shall not exceed 10% of the allocated amount. The investment shall be recorded at the aggregate of the lower of cost or market.

   Existing investments which are not in accordance herewith shall be disposed of within three (3) years from the effectivity of the Pre-need Code.

3. Real Estate - These shall include real estate properties located in strategic areas of cities and first class municipalities. The transfer certificate of title (TCT) shall be in the name of the seller, free from liens and encumbrances and shall be transferred in the name of the trustee in trust for the planholders unless the seller/transferor is the pre-need company wherein an annotation to the TCT relative to the sale/transfer may be allowed. It shall be recorded at acquisition cost.

   However, the real estate shall be appraised every three (3) years by a licensed real estate appraiser, accredited by the Philippine Association of Real Estate Appraisers, to reflect the increase or decrease in the value of the property. In case the appraisal would result in an increase in the value, only 60% of the appraisal increase is allowed to be recorded in the books of the trust fund but in case of decline in value, the entire decline shall be recorded. Appraisal increment should not be used to cover-up the required monthly contribution to the trust fund.

   The total recorded value of the real estate investment shall not exceed 10% of the total trust fund amount of the pre-need company. In the event that the existing real estate investment exceeds the aforesaid limit, the same shall be leveled off to the prescribed limit within three (3) years from the effectivity of the Pre-need Code. Investment of the trust fund, which is not in accordance with the preceding paragraphs, shall not be allowed unless the prior written approval of the Commission had been secured. Provided further, that no deposit or investment in any single entity shall exceed 15% of the total value of the trust fund. Provided finally, that the Commission is authorized to adjust the percentage allocation per category set forth herein not in excess of 2% points upward or downward and no oftener than once every five (5) years. The first adjustment hereunder may be made no earlier than five (5) years from the effectivity of the Pre-need Code. The pre-need company shall not use the trust fund to extend any loan to or to invest in its directors, stockholders, officers or its affiliates.

The Company has fully complied with all the implementing guidelines of the abovementioned IRR. The final amount of non-admitted assets can be determined only after the investments in trust funds have been examined by the IC.

12. BENEFITS PAYABLE AND ACCRUED EXPENSES AND OTHER LIABILITIES

Benefits Payable

Benefits payable amounting to P55,347,413 and P68,372,729 as at December 31, 2015 and 2014, respectively, represents amounts due to planholders and beneficiaries, in the course of settlement, and incurred but unpaid claims on the pre-need contracts, such as due but unpaid matured benefits, surrender benefits and annuity payments.

Accrued Expenses and Other Liabilities

	2015	2014
Payable to agents	**P2,695,386**	P 3,244,124
Accrued general expenses	**679,641**	616,409
Accrued final taxes	**617,935**	1,000,207
Output value added tax (VAT) - net	**607,887**	490,304
Withholding taxes	**99,060**	74,219
Other liabilities	**4,120,993**	7,125,550
	P8,820,902	P12,550,813

The average credit period on purchases of certain goods and services from suppliers is thirty (30) days. The Company's liabilities are not subject to interest charges.

Details of accrued general expenses are as follows:

	2015	2014
Professional fees	**P580,834**	P503,940
Agency related fees	**98,807**	112,469
	P679,641	P616,409

As at December 31, 2015 and 2014, output VAT is net of input VAT amounting to P68,287 and P31,125, respectively.

Other liabilities include unidentified bank collections which are temporarily recorded in a suspense account pending the confirmation of the client's identification.

13. COUNSELORS' BOND RESERVE

Counselors' bond reserve amounting to P6,991,232 and P7,030,034 as at December 31, 2015 and 2014, respectively, represents the aggregate amount of deductions from agents' commissions, bonuses and other cash incentives. Upon separation of an agent from the Company, the agent's accountability will be deducted from the accumulated bond reserve.

14. RELATED PARTY TRANSACTIONS

The Company has the following transactions and outstanding balances with related parties as at and for the years ended December 31:

Category	Amounts	Outstanding Balance Receivable	Outstanding Balance Payable	Terms	Conditions	Notes
2015						
Parent company						
Chargeback	P22,777,412	P -	P2,035,023	30-day: non-interest bearing	Unsecured	a
Premiums	375,615	-	3,707,755	30-day: non-interest bearing	Unsecured	b
2014						
Parent company						
Chargeback	P31,630,675	P 87,988	P -	30-day: non-interest bearing	Unsecured	a
Premiums	1,091,707	-	6,080,944	30-day: non-interest bearing	Unsecured	b
Transfer of retirement plan assets	7,160,300	7,160,300	-	Not applicable	Not applicable	c

a. The Company has transactions with SLOCPI which consist mainly of intercompany billings to cover shared costs and operating expenses such as systems, operations, human resources, legal and internal audit functions and others, which are being settled on or before the 30th day of each month. The Company also has outstanding balance in relation to the enhancement of its pre-need software with SLOCPI, as disclosed in Note 9.

b. Other pre-need plans (educational and pension plans) have embedded credit life and credit disability benefits which are insured to SLOCPI. Outstanding balances are included as part of payable to parent company.

c. The Company is a participant to SLOCPI Multi-Employer Employees' Retirement Plan (the "Retirement Plan"), a funded and non-contributory defined benefit retirement plan covering substantially all of its qualified employees. The other participants to the Retirement Plan are Sun Life Financial Asia Services Limited (ROHQ), Sun Life Asset Management Company, Inc. and SLOCPI.

   In January 2014, the Management has decided to transfer its remaining non-executive employee to SLOCPI. This resulted in a transfer of SLFPI's share in the retirement plan assets as at January 1, 2014 to SLOCPI amounting to P7,160,300.

Remuneration of Key Management Personnel

In 2015 and 2014, there were no remunerations paid to key management personnel. In 2009, the Management decided to transfer all its employees to SLOCPI except for a non-executive employee, who was eventually transferred to SLOCPI in January 2014.

15. PRE-NEED RESERVES (PNR)

Movements in the Company's PNR are as follows:

	Note	2015	2014
Pre-need reserves (PNR), beginning		**P7,509,472,178**	P7,354,157,584
Trust fund contributions	23	**118,247,213**	162,307,978
Decrease in PNR	23	**(254,364,605)**	(6,993,384)
		(136,117,392)	155,314,594
TPNR, ending		**P7,373,354,786**	P7,509,472,178

In its CL No. 23-2012, *Valuation of TPNR*, dated November 28, 2012, the IC required the use of the lower of attainable rates and 8%, but provides for TPNR which allows the staggered recognition of the excess of PNR over the amount of the trust funds over ten (10) years. The Company has PNR deficiency in accordance with the CL as at December 31, 2015 and 2014 amounting to P39,360,805 and P29,944,332, respectively, as disclosed in Note 11.

In 2015 and 2014, the Company applied the lower of the attainable rates and 8% and availed of the staggered recognition of the excess of PNR over trust fund assets. In 2015, the Company used interest rate assumptions determined and provided by the Company's trustee bank of 5.95% for Sun Education (Non-Par), 6.37% for Sun Pension (Non-Par), 5.79% for Sun Education Plus (Par) and 5.96% for Sun Pension Plus (Par). In 2014, the interest rates were set at 5.85% for Sun Education (Non-Par), 6.32% for Sun Pension (Non-Par), 5.22% for Sun Education Plus (Par) and 5.56% for Sun Pension Plus (Par).

Details of TPNR per product type are as follows:

	Note	2015	2014
Education non-par		**P1,514,492,395**	P1,529,314,139
Education par		**713,633,499**	728,496,284
Pension non-par		**4,284,588,639**	4,387,295,828
Pension par		**860,640,253**	864,365,927
	11	**P7,373,354,786**	P7,509,472,178

Other reserves are set-up as a prudent measure at the option of the Company. It is the excess between the ARL and the PNR, as disclosed in Note 16. The PNR, before availing the staggered recognition of the deficiency, as disclosed in Note 15, are summarized based on payment status as follows:

	2015	
	PNR*	**ARL**
Currently-being-paid education and pension plans	**P 940,256,291**	**P 901,960,482**
Lapsed plan within allowable reinstatement period	**17,429,503**	**44,314,626**
Fully paid education and pension plans	**6,651,833,820**	**6,521,887,079**
	P7,609,519,614	**P7,468,162,187**

	2014	
	PNR*	ARL
Currently-being-paid education and pension plans	P1,053,025,901	P969,514,309
Lapsed plan within allowable reinstatement period	17,455,906	47,447,247
Fully paid education and pension plans	6,648,600,696	6,376,075,963
	P7,719,082,503	P7,393,037,519

* Based on full amount of PNR and without considering the staggered recognition of deficiency of trust fund over reserves as provided in IC CL No. 23-2012.

The PNR for each individual subsidiary account of each type of plan were determined as follows:

a. Currently-Being-Paid Education and Pension Plans

   1. Provision for termination values was determined by applying the surrender rate experience of the Company.

   2. Liability was set-up for the portion of currently-being-paid plans that will reach full payment, applying the full payment experience of the Company. It is equivalent to the present value of future maturity benefits reduced by the present value of future trust fund contributions required per Product Model discounted using the appropriate discount rate.

      Withdrawal rate of currently-being-paid plans is based on the average of 3-year Company withdrawal experience, if available; otherwise, this is based on the recent Company persistency studies or pricing assumptions.

Type of Pre-need Product	PNR	ARL
December 31, 2015		
Education non-par	**P 89,269,254**	**P 83,686,944**
Education par	**106,829,058**	**103,402,639**
Pension non-par	**608,848,895**	**579,406,369**
Pension par	**135,309,084**	**135,464,530**
	P940,256,291	**P901,960,482**
December 31, 2014		
Education non-par	P 110,238,071	P 98,706,601
Education par	110,269,963	98,996,036
Pension non-par	685,365,877	629,507,014
Pension par	147,151,990	142,304,658
	P1,053,025,901	P969,514,309

b. Lapsed Plan within Allowable Reinstatement Period

The provision for termination values was determined by applying the reinstatement experience of the Company. The Company used reinstatement factor of 50% and 40% in 2015 and 2014, respectively. Based on the 3-year Company reinstatement experience, the percentage of lapsed plans during previous year which were reinstated within the current year is around 43.5% and 38.6% in 2015 and 2014, respectively.

Type of Pre-need Product	PNR	ARL
December 31, 2015		
Education non-par	**P 2,255,102**	**P 5,723,372**
Education par	**1,585,236**	**4,069,042**
Pension non-par	**10,079,349**	**26,810,618**
Pension par	**3,509,816**	**7,711,594**
	P17,429,503	**P44,314,626**
December 31, 2014		
Education non-par	P 2,236,688	P5,994,359
Education par	1,136,055	2,982,294
Pension non-par	11,602,014	32,171,867
Pension par	2,481,149	6,298,727
	P17,455,906	P47,447,247

PNR for lapsed plans are computed as Plan Termination Value multiplied by the reinstatement factor while ARL for lapsed plans are computed as higher of actuarial reserves as of lapsed date multiplied by the reinstatement factor or the plan termination value.

c. Fully Paid Education and Pension Plans

Type of Pre-need Product	PNR	ARL
December 31, 2015		
Education non-par	**P1,617,983,055**	**P1,553,774,298**
Education par	**646,369,017**	**635,254,255**
Pension non-par	**3,665,660,395**	**3,612,147,147**
Pension par	**721,821,353**	**720,711,379**
	P6,651,833,820	**P6,521,887,079**
December 31, 2014		
Education non-par	P1,581,890,583	P1,476,809,701
Education par	661,649,388	625,233,790
Pension non-par	3,690,327,937	3,573,005,904
Pension par	714,732,788	701,026,568
	P6,648,600,696	P6,376,075,963

The actual trust fund contributions per books amounting to P118,247,213 and P162,307,978 in 2015 and 2014, respectively, are less than the P150,053,436 and P187,432,050 total contributions per bank, as disclosed in Note 11, due to additional deposits made in 2015 and 2014 to fund the PNR computed on a monthly valuation basis done by the Company. Reconciliation is as follows:

	Note	2015	2014
Trust Fund Contributions Per Books		**P118,247,213**	P162,307,978
Bank adjustments		**3,158,111**	85,786
Trust fund contributions in December 2014, deposited on January 5, 2015		**4,477,625**	-
Trust fund contributions in December 2015, deposited on January 4, 2016		**(6,829,513)**	-
Trust fund contributions in December 2013, deposited on January 3, 2014		**-**	8,515,911
Trust fund contributions in December 2014, deposited on January 5, 2015		**-**	(4,477,625)
Additional deposit to education, non-par in February 2015		**31,000,000**	-
Additional deposit to education, non-par in February 2014		**-**	21,000,000
Trust Fund Contributions Per Bank	11	**P150,053,436**	P187,432,050

16. OTHER RESERVES

Movements in the Company's other reserves are as follows:

	Note	2015	2014
Other reserves, beginning		**P -**	P -
Increase in other reserves	23	**94,807,401**	-
Other reserves, ending		**P94,807,401**	P -

As a prudent measure, the Company, at its option, shall set-up other reserves in accordance with PAS 37 to cover its contractual obligations based on the amended PNUCA. Other Reserves is the excess between ARL over the PNR. As at December 31, 2015, Other Reserves is recognized amounting to P94,807,401 since ARL is higher than PNR. As at December 31, 2014, Other Reserves is not recognized since ARL is lower than PNR, as shown in Note 15.

17. PLANHOLDERS' DEPOSITS

Planholders' deposits amounting to P25,559,321 and P25,268,570 as at December 31, 2015 and 2014, respectively, represent amounts received from the planholders for excess fractional payments of a regular installment, and payments received with application for the reinstatement of lapsed plans within two (2) years from the date of lapse, pending the approval of the Company.

18. SHARE CAPITAL

The details of the share capital as at December 31, 2015 and 2014 are as follows:

	Ordinary Share Capital	Preferred Share Capital
Authorized:		
3,000,000 ordinary shares at P25 per share	**P75,000,000**	**P -**
2,000,000 preference shares at P25 per share	**-**	**50,000,000**
Issued, fully paid and outstanding:		
3,000,000 ordinary shares at P25 per share	**P75,000,000**	**P -**
2,000,000 preference shares at P25 per share	**-**	**50,000,000**

There were no movements in the share capital of the Company in 2015 and 2014. Ordinary shares carry one vote per share and carry a right to dividends. The holders of preferred shares have the voting rights. The preferred shares may be redeemed at the option of the Company, subject to the approval of the Board of Directors (BOD) of the Company.

19. ADDITIONAL PAID-IN CAPITAL

After the approval by the majority of the BOD and by the vote of the shareholders owning or representing at least two-thirds (2/3) of the outstanding share capital at the shareholders' meeting held on July 29, 2010, the SEC approved the decrease in authorized share capital of the Company on December 3, 2010 from P700,000,000 divided into 5,000,000 ordinary and 2,000,000 preference shares both with par value of P100 each, to P125,000,000 divided into 3,000,000 ordinary and 2,000,000 preference shares both with P25 par value.

The reduction in share capital of P375,000,000 resulting from the decrease in authorized share capital was recognized as additional paid-in capital in the books of the Company.

20. CONTRIBUTED SURPLUS

On June 3, 2010, the BOD of SLOCPI approved a capital infusion of P200,000,000 into the Company, by way of contributed surplus. The initial infusion of P25,000,000 out of the said authorized amount of P200,000,000 was contributed into the Company on June 29, 2010. The Company's Management was also given the authority to determine when the subsequent infusions shall be made as it deems necessary.

21. INVESTMENT REVALUATION RESERVES

The movements of net unrealized gain on fair value measurement are as follows:

	Notes	2015	2014
Balance, beginning		**P2,130,936,575**	P2,235,698,141
Net gain (loss) on fair value measurement:			
Available-for-sale financial assets	10	**(32,207,295)**	17,354,255
Investments in trust funds	11	**(274,891,345)**	(118,462,957)
Reclassification adjustments relating to disposed financial assets during the year:			
Available-for-sale financial assets	10	**(5,670,491)**	(42,976)
Investments in trust funds	11	**(483,065,096)**	(3,609,888)
		(795,834,227)	(104,761,566)
Balance, ending		**P1,335,102,348**	P2,130,936,575

The summary of investment revaluation reserves is as follows:

	Notes	2015	2014
Available-for-sale financial assets	10	**(P 6,649,062)**	P 31,228,724
Trust funds	11	**1,341,751,410**	2,099,707,851
		P1,335,102,348	P2,130,936,575

22. PREMIUM REVENUE

Premium revenue amounting to P171,108,651 and P228,239,316 in 2015 and 2014, respectively, pertains to amount collected during the year from the remaining contracts of planholders.

Amount of premium installments collectible from the planholders are not recognized as receivables in accordance with Pre-need Rule 31, As Amended: Accounting Standards for Pre-need Plans and PNUCA adopted by the Company on January 1, 2007.

23. COST OF CONTRACTS ISSUED

The Company's cost of contracts consists of:

	Notes	2015	2014
Trust fund contribution	15	**P118,247,213**	P162,307,978
Increase in other reserves	16	**94,807,401**	-
Decrease in PNR	15	**(254,364,605)**	(6,993,384)
		(41,309,991)	155,314,594
Documentary stamp taxes and SEC registration fees		**118,255**	203,844
		(P 41,191,736)	P155,518,438

24. OTHER DIRECT COSTS AND EXPENSES

The Company's other direct costs and expenses consist of:

	2015	2014
Planholders' benefits	**P686,166,545**	P531,118,690
Agents' bonuses	**5,056,170**	7,583,487
Basic commissions	**2,628,195**	1,201,878
Marketing and sales	**4,873**	26,114
	P693,855,783	P539,930,169

Planholders' benefits pertain to benefits of planholders and their beneficiaries, paid and accrued upon plan maturity. The total number of plans that matured in 2015 and 2014 was 2,018 and 1,286, respectively.

The amount of planholders' benefits expense is less than the total withdrawals in the trust funds as disclosed in Note 11, due to timing differences of payments made by the Company in current year that were reimbursed by the trustee in subsequent year.

25. GENERAL AND ADMINISTRATIVE EXPENSES

Details of general and administrative expenses are as follows:

	Notes	2015	2014
Expense chargeback	14	**P22,777,412**	P31,630,675
Professional fees		**1,394,516**	1,005,865
Taxes and licenses		**1,052,331**	1,389,885
Bank charges		**623,410**	1,110,813
Repairs and maintenance		**591,667**	534,595
Additional allowance for non-recoverable prepaid taxes	9	**447,825**	628,195
Plan insurance	14	**375,615**	1,091,707
Supplies		**279,141**	603,199
Communication and utilities		**198,880**	238,588
Insurance		**1,317**	-
Miscellaneous		**140,134**	170,456
		P27,882,248	P38,403,978

The Company outsources its various administrative functions to SLOCPI, mainly, to focus on core competencies, to drive excellence and execution, and to achieve cost savings for the fulfillment of the Company's obligations on outstanding pre-need contracts.

26. INVESTMENT INCOME

The Company's investment income consists of:

	Notes	2015	2014
Interest from:			
Government securities	10	**P22,270,380**	P18,032,441
Cash in banks and cash equivalents	7	**959,230**	1,496,235
		P23,229,610	P19,528,676

27. OTHER INCOME

The Company's other income consists of:

	2015	2014
Handling fees	**P 2,683,078**	P2,743,677
Interest on lapsed plan	**1,002,869**	1,445,976
Amendment fees	**-**	32,803
Miscellaneous income	**17,000,009**	2,064,149
	P20,685,956	P6,286,605

Handling fees pertain to the handling charges associated with installment payments other than annual basis or spot-cash sales.

Details of miscellaneous income are as follows:

	2015	2014
Reversal of stale checks and unidentified bank credits	**P16,174,740**	P1,895,276
Other miscellaneous income	**825,269**	168,873
	P17,000,009	P2,064,149

28. INCOME TAXES

The income tax expense represents the final tax on interest income amounting to P5,124,470 and P4,288,821 in 2015 and 2014, respectively.

A reconciliation between income tax expense and the product of accounting income (loss) in 2015 and in 2014 multiplied by 30% is as follows:

	2015	2014
Accounting income (loss)	**P401,951,846**	(P90,451,419)
Tax benefit	**P120,585,554**	(P 27,135,425)
Adjustment for income subject to lower income tax rate	**(3,177,392)**	(1,569,781)
Tax effects of:		
Trust fund income	**(258,909,199)**	(116,791,078)
Gain on redemption of investment in mutual fund	**-**	(12,893)
Unrecognized NOLCO	**146,579,022**	149,433,597
Non-deductible expenses	**46,485**	364,401
Income tax expense	**P 5,124,470**	P 4,288,821

Details of the Company's NOLCO are as follows:

Year of Incurrence	Year of Expiry	2014 Balance	Additions	Expired	**2015 Balance**
2012	2015	P 603,268,819	P -	(P603,268,819)	**P -**
2013	2016	584,117,756	-	-	**584,117,756**
2014	2017	498,111,990	-	-	**498,111,990**
2015	2018	-	488,596,739	-	**488,596,739**
		P1,685,498,565	P488,596,739	(P603,268,819)	**P1,570,826,485**

The Company did not recognize the deferred tax asset on NOLCO amounting to P471,247,946 and P505,649,570 as at December 31, 2015 and 2014, respectively, because Management believes it is more likely that the Company will not be able to realize the tax benefit arising from NOLCO.

29. CONTINGENCIES

In the normal course of the Company's operations, there are various outstanding contingent liabilities such as pending legal cases which are not reflected in the Company's financial statements as at December 31, 2015 and 2014. The Company recognizes in its books any losses and liabilities incurred in the course of its operations as they become determinable and quantifiable. In the opinion of the Management and its legal and tax counsels, the Company is not liable to and has strong position on the pending legal cases, but which if decided adversely, will not have a material effect on the Company's financial position and results of operations.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and liabilities measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

	Fair value as at December 31		Fair value hierarchy
	2015	2014	
AFS financial assets			
Investments in government securities	**P 86,648,551**	P -	Level 1
Investments in government securities	**180,817,874**	345,827,325	Level 2
Investments in shares of stock	**13,265,652**	13,262,216	Level 1
Investments in trust funds	**2,011,899,585**	64,492,602	Level 1
Investments in trust funds	**4,070,863,483**	8,233,793,887	Level 2
	P6,363,495,145	P8,657,376,030	

The fair values of fixed-income securities classified under Level 1 are based on quoted prices of either done deals or bid rates while those under Level 2 are based on interpolated yields derived from benchmark reference rates.

The Company has no Level 3 financial instruments. In 2015, fixed income securities with par value of P1,446,278,633 as at December 31, 2015 and 2014 and fair values of P1,900,193,866 and P2,001,385,271 as at December 31, 2015 and 2014, respectively, were transferred out of the Level 2 classification to Level 1 classification as a result of changes in benchmark rates.

Assets and liabilities not measured at fair value

The following financial assets and financial liabilities are not measured at fair value on recurring basis but the fair value disclosure is required:

	2015		2014	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
General Fund				
Cash and cash equivalents	**P 119,933,455**	**P 119,933,455**	P240,432,825	P240,432,825
Receivables	**269,070,193**	**269,070,193**	5,793,533	5,793,533
Receivable from parent company	**-**	**-**	7,248,288	7,248,288
	389,003,648	**389,003,648**	253,474,646	253,474,646
Trust Funds				
Cash	**2,125,933,311**	**2,125,933,311**	420,203,243	420,203,243
Interest receivable	**88,164,906**	**88,164,906**	106,520,230	106,520,230
	2,214,098,217	**2,214,098,217**	526,723,473	526,723,473
	P2,603,101,865	**P2,603,101,865**	P780,198,119	P780,198,119
Financial Liabilities				
General Fund				
Accrued expenses and other liabilities	**P 7,496,020**	**P 7,496,020**	P 10,986,083	P 10,986,083
Benefits payable	**55,347,413**	**55,347,413**	68,372,729	68,372,729
Counselors' bond reserve	**6,991,232**	**6,991,232**	7,030,034	7,030,034
Payable to parent company	**5,742,778**	**5,742,778**	6,080,944	6,080,944
Planholders' deposits	**25,559,321**	**25,559,321**	25,268,570	25,268,570
	101,136,764	**101,136,764**	117,738,360	117,738,360
Trust Funds				
Accrued expenses and other liabilities	**3,940,781**	**3,940,781**	6,563,016	6,563,016
	P105,077,545	**P105,077,545**	P124,301,376	P124,301,376

The difference between the carrying amount of the accrued expenses and other liabilities disclosed in the statements of financial position and the amount disclosed in this note pertains to payables to government that are not considered as financial liabilities.

Due to the short-term maturities of cash and cash equivalents, receivables, receivable from parent company, accrued expenses and other liabilities, planholders' deposits, counselors' bond reserve, payable to parent company and benefits payable, their carrying amounts approximate their fair values.

31. RISK MANAGEMENT

The Company's overall risk management framework establishes policies, operating guidelines, risk tolerance limits and practices for risk management patterned after SLOCPI's organization. It provides oversight to the risk management activities within the Company's business segments, ensuring that discipline and consistency are applied to the practice of risk management.

The Company's activities expose it to a variety of financial risks (such as market risk, interest rate risk, credit risk and liquidity risk) and operational risks (such as product design and pricing risk and legal, regulatory and market conduct risk management).

Risk Framework

The risk management program is designed to:

a. avoid risks that could materially affect the value of the Company;

b. contribute to sustainable earnings;

c. take risks that the Company can manage in order to increase returns; and

d. provide transparency of the Company's risks through internal and external reporting.

The Company is in the business of accepting risks for appropriate return and takes on those risks that meet its objectives. The program design aligns risk management with the Company's vision and strategy and embeds it within its business management practices of the business groups.

In pursuing its business objectives, Management is responsible for ensuring that all significant risks are appropriately identified, assessed, managed, reported and monitored.

Accountability provides clear lines of responsibility and authority for risk acceptance and risk taking. In order for risk management to be effective, all must understand their roles and responsibilities.

The BOD is ultimately responsible for ensuring that risk management policies and practices are in place. The BOD has oversight role with respect to ensuring the identification of major areas of risk and development of strategies to manage those risks, and to review compliance with risk management policies implemented by the Company and with legal and regulatory matters.

Key Risk Processes

The Company has established a formal risk identification program whereby key risks that may impact its business are identified. Exposure to these risks is assessed on a qualitative and quantitative bases. Risk control programs and action plans are established for mitigating the exposure.

The Company has adopted risk management policies to provide a consistent approach to measurement, mitigation and control, and monitoring of risk exposures.

Risk Measurement

The Company has established market risk tolerance limits that set out the maximum target income sensitivity of the Company to change in interest rates and the equity markets.

Risk Categories

The risks facing the Company can generally be classified into the following categories:

Market risk

Market risk arises when there is uncertainty in the valuation of assets and the cost of embedded options and guarantee from changes in equity markets and/or interest rates.

The Company's insurance liabilities are segmented according to major product type, with investment guidelines established for each segment. Exposure to capital market is monitored and managed against established risk tolerance limits. Effects of large and sustained adverse market movement in securities are monitored through Dynamic Capital Adequacy testing and other stress-testing techniques.

a. Interest rate risk

This is the risk of asset-liability mismatch resulting from the interest rate volatility.

To the extent possible, the Company established matching plan for each portfolio of assets and associated liabilities to keep potential losses within acceptable limits.

The Asset Liability Committee measures and monitors interest rate risk using duration analysis.

A 100 basis points increase in new money yields will result in an increase in net income of P22 million in 2015 and decrease in net loss of P90 million in 2014. The impact to the equity - reserve will be a decrease of P542 million in 2015 and P838 million in 2014.

A 100 basis points decrease in new money yields will result in a decrease in net income of P27 million in 2015 and increase in net loss of P105 million in 2014. The impact to the equity - reserve will be an increase of P617 million in 2015 and P967 million in 2014.

b. Credit risk

The Company has exposure to credit risk from its investments in Philippine government securities and occasionally in the Special Deposit Account (SDA) offered by the BSP. The Company also maintains cash deposits in commercial and universal banks with good credit standing to minimize exposure to credit risk.

The table below summarizes the Company's financial assets as at December 31, 2015 and 2014 with a maximum exposure equal to carrying amounts of the financial assets.

	Notes	2015	2014
General Fund			
Cash in banks and cash equivalents	7	**P119,933,455**	P 240,422,825
Available-for-sale financial assets	10	**267,466,425**	345,827,325
Receivable from parent company	14	**-**	7,248,288
Receivables	8	**269,070,193**	5,793,533
		656,470,073	599,291,971
Trust Funds			
Cash in bank and cash equivalents	11	**2,125,933,311**	420,203,243
Available-for-sale financial assets	11	**6,082,763,068**	8,298,286,489
Interest receivable	11	**88,164,906**	106,520,230
		8,296,861,285	8,825,009,962
		P8,953,331,358	P9,424,301,933

The following table details the credit quality of those financial assets that are neither past due nor impaired:

	Neither Past Due nor Impaired				
	High Grade	Satisfactory Grade	Acceptable Grade	Low Grade	Total
December 31, 2015					
General Fund					
Cash in banks and cash equivalents	**P119,933,455**	**P -**	**P -**	**P -**	**P119,933,455**
Available-for-sale financial assets	**267,466,425**	**-**	**-**	**-**	**267,466,425**
Receivable from parent company	**-**	**-**	**-**	**-**	**-**
Receivables	**3,089,674**	**265,980,519**	**-**	**-**	**269,070,193**
	390,489,554	**265,980,519**	**-**	**-**	**656,470,073**
Trust Funds					
Cash	**2,125,933,311**	**-**	**-**	**-**	**2,125,933,311**
Available-for-sale financial assets	**6,082,763,068**	**-**	**-**	**-**	**6,082,763,068**
Interest receivable	**88,164,906**	**-**	**-**	**-**	**88,164,906**
	8,296,861,285	**-**	**-**	**-**	**8,296,861,285**
	P8,687,350,839	**P265,980,519**	**P -**	**P -**	**P8,953,331,358**
December 31, 2014					
General Fund					
Cash in banks and cash equivalents	P 240,422,825	P -	P -	P -	P240,422,825
Available-for-sale financial assets	345,827,325	-	-	-	345,827,325
Receivable from parent Company	-	7,248,288	-	-	7,248,288
Receivables	5,001,033	792,500	-	-	5,793,533
	591,251,183	8,040,788	-	-	599,291,971
Trust Funds					
Cash	420,203,243	-	-	-	420,203,243
Available-for-sale financial assets	8,298,286,489	-	-	-	8,298,286,489
Interest receivable	106,520,230	-	-	-	106,520,230
	8,825,009,962	-	-	-	8,825,009,962
	P9,416,261,145	P8,040,788	P -	P -	P9,424,301,933

The Company uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

High Grade - applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Company has excellent repayment experience.

Satisfactory Grade - applies to financial assets that are performing as expected, including recently established businesses.

Acceptable Grade - applies to counterparties with risk profiles that are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category.

Low Grade - applies to risks that is neither past due nor expected to result in loss but where the Company requires a workout of the relationship unless an early reduction in risk is achievable.

c. Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective in managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains adequate highly liquid assets in the form of cash and cash equivalents amounting to P119,933,455 and P240,432,825 as at December 31, 2015 and 2014, respectively. These financial assets have maturities of less than three (3) months to assure necessary liquidity.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Notes	Within One Year	Beyond One Year	Total
December 31, 2015				
General Fund				
Accrued expenses and other liabilities	12	**P7,496,020**	**P -**	**P7,496,020**
Benefits payable	12	**55,347,413**	**-**	**55,347,413**
Counselors' bond reserve	13	**-**	**6,991,232**	**6,991,232**
Payable to parent company	14	**5,742,778**	**-**	**5,742,778**
Planholders' deposits	17	**-**	**25,559,321**	**25,559,321**
		68,586,211	**32,550,553**	**101,136,764**
Trust Fund				
Accrued expenses and other liabilities	11	**3,940,781**	**-**	**3,940,781**
		P72,526,992	**P32,550,553**	**P105,077,545**
December 31, 2014				
General Fund				
Accrued expenses and other liabilities	12	P 10,986,083	P -	P 10,986,083
Benefits payable	12	68,372,729	-	68,372,729
Counselors' bond reserve	13	-	7,030,034	7,030,034
Payable to parent company	14	6,080,944	-	6,080,944
Planholders' deposits	17	-	25,268,570	25,268,570
		85,439,756	32,298,604	117,738,360
Trust Fund				
Accrued expenses and other liabilities	11	6,563,016	-	6,563,016
		P92,002,772	P32,298,604	P124,301,376

Financial liabilities presented above exclude amounts payable to government agencies for final taxes, output VAT and withholding taxes, as shown in Note 12.

The summary of the future cash flows representing principal and interest of financial assets under trust funds are as follows:

Product Type	Less than One Month	One to Three Months	Four Months to One Year	Two to Five Years	Above Five Years	Total
December 31, 2015						
Banco De Oro Educ Non Par	**P27,083,177**	**P4,674,687**	**P98,484,725**	**P320,260,313**	**P1,845,451,211**	**P2,295,954,113**
Banco De Oro-Pension Non Par	**39,280,912**	**11,129,700**	**92,962,362**	**573,491,899**	**3,151,702,465**	**3,868,567,338**
Banco De Oro Educ Par	**4,257,045**	**4,176,632**	**28,543,779**	**163,923,423**	**822,642,426**	**1,023,543,305**
Banco De Oro-Pension Par	**6,793,382**	**7,274,793**	**47,401,563**	**268,062,403**	**1,344,601,803**	**1,674,133,944**
	P77,414,516	**P27,255,812**	**P267,392,429**	**P1,325,738,038**	**P7,164,397,905**	**P8,862,198,700**
December 31, 2014						
Deutsche Bank-Educ Non Par	P 88,664,052	P 45,431,162	P102,629,659	P 367,061,824	P1,900,582,289	P 2,504,368,986
Deutsche Bank-Pension Non Par	231,353,912	11,129,700	180,297,762	957,905,499	5,894,078,440	7,274,765,313
Equitable BDO-Educ Par	78,910,983	4,413,243	28,302,915	163,660,312	855,910,675	1,131,198,128
Equitable BDO-Pension Par	91,255,457	7,889,268	47,467,737	286,376,753	1,405,160,258	1,838,149,473
	P490,184,404	P68,863,373	P358,698,073	P1,775,004,388	P10,055,731,662	P12,748,481,900

The factors affecting the Company's insurance and underwriting risks are described as follows:

a. Product design and pricing risk

This pertains to the risk arising from inappropriate or inadequate product design and pricing including deviations from the assumptions used in pricing products as a result of uncertainty concerning future investment yields, expenses, rates of plan termination and taxes.

Product design and pricing risk is the risk that a product does not perform as expected – with respect to either the Company or to the planholder – causing adverse financial and/or reputation consequences. This risk may arise from any combination of guarantees, rights and options granted to planholders or beneficiaries, inadequate assumptions, undiversifiable risks, sales and marketing approach and administrative difficulties.

Changes in planholder behavior, the investment and product markets, taxes, regulations, laws, consumer expectations, distribution channels and competing products may also impact the risk exposures of products.

Prudent product design and pricing is required to have strategic, marketing, risk and compliance, financial and actuarial objectives. This requires input from cross-functional teams each accountable for their own area of expertise.

The pricing adequacy of all products being offered needs to be regularly reviewed together with the changing market and industry environment for emerging trends and influences. The Company continually monitors and manages the guarantees, rights, options and the pricing adequacy of all products currently offered to limit exposure to risks that cannot be diversified. Approving authorities for new product initiatives are defined in the operational guidelines.

To manage product design and pricing risk, the Company sets standards and guidelines that address product design and pricing methods, pricing assumptions, profit margin objectives, required scenario analysis, documentation, internal peer review and pricing approval process.

b. *Legal, regulatory and market conduct risk management*

This refers to the risk associated with failure to comply with laws or to conduct business consistent with changing regulatory or public expectations.

The Company promotes strong compliance culture by setting the appropriate tone at the top, with respect to compliance with laws and regulations, and establishes compliance policies and framework. Compliance and legal obligations are monitored and reported to the BOD.

c. *Operational risk*

This refers to the uncertainty arising from internal events caused by failures of people, process and technology as well as external events.

This is the risk of loss resulting from inadequate or failed internal processes, controls, people and systems. Categories of operational risks may fall under: sales and distribution, human resources, information technology, processes and people, accounting and finance, model risk, legal and regulatory and third party relationships.

The Company ensures that internal controls and practices are consistent with enterprise wide policies supporting the management of operational risks.

The Company has established business specific guidelines. Comprehensive insurance program, including appropriate levels of self-insurance, is maintained to provide protection against potential losses. Environmental risk management program is maintained to help protect investment assets, primarily, whenever applicable, real estate, mortgage, and structured finance portfolios, from losses due to environment issues and to help ensure compliance with applicable laws.

Regulatory Compliance Management

The Regulatory Compliance Management Policy sets out the framework for the management and mitigation of Compliance Risk. The objective of the Policy is to establish a strong, sustainable Compliance Risk management program that conforms to regulatory and industry standards and provides a reasonable level of assurance that the following outcomes are achieved:

a. the identification, assessment, communication and maintenance of applicable Compliance Requirements;
b. the development, communication and maintenance of a system of key controls designed to effect compliance with applicable Compliance Requirements and to manage and mitigate Compliance Risk;
c. effective monitoring and oversight of management's day-to-day activities through which material compliance matters are identified, escalated and resolved; and
d. timely reporting by the Chief Compliance Officer to the Operational Risk and Compliance Committee (ORCC) and the BOD on the overall effectiveness of the Policy and the state of compliance in Sun Life.

The BOD provides the highest level of independent oversight of the management and operations of the Company. The BOD is also responsible for approving Regulatory Compliance Management and ensuring that the same are reviewed and assessed on its effectiveness.

The Management implements day-to-day compliance. It is accountable for identifying and assessing Compliance Risks, specifically incorporating consideration of Compliance Risks in business activities and decisions, and managing Compliance Risks in day-to-day activities. Management accomplishes its task though, among other things:

i. creating an atmosphere within the Business Unit that fosters high ethical standards and conduct;

ii. ensuring compliance function within the Business Unit is established and adequately resourced;

iii. identifying, assessing, communicating and maintaining Compliance Requirements (requirements set out in governing legislation, regulations, and regulatory policies, bulletins, directives and guidelines), and produce adequate documentation to demonstrate this ensuring a current inventory of Compliance Risks affecting Business Units is established, maintained and documented;

iv. ensuring the implementation of adequate day-to-day controls, including the application of Operating Guidelines and development of new guidelines as needed, by appointing qualified individuals to ensure that Compliance Risks are being managed and monitored effectively;

v. providing timely and appropriate remedial action or escalation to address material compliance matters;

vi. ensuring the production of adequate documentation to demonstrate how Compliance Requirements are being communicated, how Compliance Risks are managed and monitored, and to support the flow of information to the BOD and the Chief Compliance Officer (SCO); and

vi. implementing any changes required to ensure that significant recommendations concerning issues of non-compliance or control improvements made by Compliance personnel, General Counsel or Internal Audit are acted upon in a timely fashion and ensuring that appropriate remedial action is taken with respect to incidences of non-compliance.

Sensitivity of PNR and ARL

The key assumptions to which the estimation of the PNR and ARL are particularly sensitive are as follows:

Interest rates

Estimates are made as to future investment income arising from the assets that back up pre-need contracts. These estimates are based on current market returns, expectations about future economic and financial development and the Company's investment strategies.

If investment returns are projected to increase, the valuation interest rates, specifically the attainable rates used in PNR computation, and the best estimate interest rate used for the ARL computation can also be increased. Increasing the valuation interest rates will result in a lower PNR and ARL.

If investment returns are projected to decrease, lower valuation interest rates should be set-up. Decreasing the valuation interest rates will result in an increase in the PNR and ARL.

Lapsed and surrender rates

Lapses relate to the termination of pre-need plans due to non-payment of installments. Surrenders relate to voluntary termination of plans by the planholders. Plan termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, plan duration and sales trends.

An increase in lapse and surrender rates generally results in lower PNR and ARL, while a decrease in lapse and surrender rates generally results in higher PNR and ARL.

A liability sensitivity analysis was performed on the two most significant valuation assumptions, which is lapse and surrender rates and interest rates. For this analysis, the trust fund balance is assumed to be constant. A 20% decrease in lapse and surrender rates, and 100 basis points drop in the interest rate would require an additional provision of P336 million and P455 million for PNR and ARL, respectively, in 2015 and P371 million and P485 million for PNR and ARL, respectively, in 2014.

32. CAPITAL RISK MANAGEMENT

This policy is intended to safeguard capital for the benefit of all the stakeholders including the shareholders, debt holders and the planholders. The interest of the shareholders is to maximize returns after fixed obligations due to the debt holders. The interests of participating and other planholders are also protected under the demutualization agreements and the appropriate regulatory requirements.

The BOD establishes the written policies, standards and procedures necessary to effectively implement policies.

The level of capital adequacy risk accepted by the Company should be prudent as determined by management. Capital adequacy risk is mitigated through appropriate Risk Management policies and processes.

A pre-need company incorporated after the effectivity of pre-need code shall have a minimum paid-up capital of P100,000,000. The Company has complied with the abovementioned minimum requirement set by the SEC and IC.

Capital structure

The equity account of the Company consists of equity attributable to equity holders of the parent comprising of share capital, additional paid-in capital, contributed surplus, investment revaluation reserves, deficit and accumulated trust fund income.

Maximizing returns on capital requires maintenance of an optimal capital structure. The Company seeks to maintain the optimal mixture of available financial instruments within its capital structure.

The overall quality of the capital base is a function of the characteristics and amounts of the individual types of capital within the overall capital structure. In general, the quality of individual capital items is measured by the capital's permanency, degree of subordination, ability to absorb losses and fixed charge obligations.

The Company is committed to maintaining a sufficiently high quality capital structure to:

a. Maintain the target level of financial strength;

b. Achieve the target financial ratings; and

c. Achieve the target capital adequacy requirements.

The Company's net equity of P1,403 million and P1,803 million as at December 31, 2015 and 2014, respectively, and the Company's share capital of P125 million as at December 31, 2015 and 2014 are higher than the minimum capital requirement of P100 million. As disclosed in Note 19, the Company obtained SEC approval on December 3, 2010 to reduce the Company's share capital from P700 million to P125 million.

Internal capital monitoring is being performed regularly by the Company. The Company's senior management reviews and monitors its capital, as well as its adherence to local regulatory capital requirements during its quarterly Asia Capital Meeting and presented to the Company's BOD semi-annually. The Company maintains at least the minimum capital required by the applicable local regulators.

The equity ratio in 2015 and 2014 are as follows:

	2015	2014
Equity	**P1,403,460,519**	P1,802,467,370
Total assets	**8,974,084,352**	9,431,242,638
Equity ratio	**0.16:1**	0.19:1

Management believes that the above ratios are within the acceptable range.

33. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR UNDER REVENUE REGULATIONS NO. 15-2010

The following supplementary information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Revenue Regulations No. 15-2010

Output VAT

Details of the Company's output VAT declared in 2015 is as follows:

	Vatable	Zero-rated	Total
Revenue	P59,784,530	P -	P59,784,530
Output VAT	P 7,174,144	P -	P 7,174,144

Input VAT

Details of the Company's input VAT claimed in 2015 are as follows:

Balance, January 1	P -
Add: Current year's domestic purchases/payments for Services lodged under cost of services	871,844
	871,844
Less: Claims for Input VAT	(871,844)
Balance, December 31	**P -**

Other taxes and licenses

Details of the Company's other taxes and licenses and permit fees paid or accrued in 2015 are as follows:

Charged to General and Administrative Expenses	
Local business taxes	**P 381,379**
Supervision fee	**238,652**
IC Accreditation fee	**237,350**
Registration and filing fees	**126,250**
Permits and licenses	**15,150**
Residence or community tax	**10,000**
Others	**43,550**
	P1,052,331

Withholding taxes

Details of the Company's withholding taxes paid or accrued during 2015 are as follows:

Expanded withholding taxes	**P1,157,571**

Documentary stamp tax

Details of the Company's payment of documentary stamp taxes per plan type in 2015 are as follows:

Educational non-par	**P 8,863**
Pension non-par	**83,862**
Educational par	**11,148**
Pension par	**14,382**
	P118,255

Deficiency tax assessments and tax cases

At present, there are claims and tax assessments pending against the Company. In the opinion of the Management, after reviewing all actions and proceedings and court decisions with legal counsels, the aggregate liability or loss, if any, arising therefrom will not have a material effect on the Company's statements of financial position or statements of comprehensive income.

The Company received a Final Assessment Notice (FAN) from the BIR regarding deficiency taxes for the year ended December 31, 2006 covering VAT.

The VAT deficiency of P203 million pertains to the VAT on Trust Fund Contribution (TFC), which is currently a pre-need industry issue. A letter of protest has been submitted on the Company's position that the contributions to the trust fund do not form part of its gross receipts subject to VAT. Contributions to the trust fund represent a certain percentage of the amounts collected from planholders which are held in trust by a pre-need company and earmarked as reserved fund per SEC mandated and required to be deposited with an independent trust company to guarantee the faithful compliance of the pre-need company's obligations under the pre-need plan.

The Management strongly believes that tax provision on this issue is not necessary.

34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company have been approved and authorized for issuance by the Board of Directors on March 7, 2016.

NavarroAmper&Co.

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BOA/PRC Reg. No. 0004
SEC Accreditation No. 0001-FR-4

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULE

The Board of Directors and the Shareholders
SUN LIFE FINANCIAL PLANS, INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Philippines), Inc.]
2nd Floor, Sun Life Centre
5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

We have audited the financial statements of Sun Life Financial Plans, Inc. as at and for the years ended December 31, 2015 and 2014 in accordance with Philippine Standards on Auditing, on which we have rendered an unqualified opinion dated March 7, 2016.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the attached list of all effective accounting standards and interpretations as at and for the year ended December 31, 2015, as required by the Securities and Exchange Commission under SRC Rule 68, as amended, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of Management and has been subjected to the auditing procedures applied in our 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.

Navarro Amper & Co.
BOA Registration No. 0004, valid from December 4, 2015 to December 31, 2018
SEC Accreditation No. 0001-FR-4, issued on January 7, 2016; effective until January 6, 2019, Group A
IC Accreditation No. F-2014/001-R, issued on January 17, 2014; effective until January 16, 2017
TIN 005299331

By:

Francis B. Albalate
Partner
CPA License No. 0088499
SEC A.N. 0104-AR-4, issued on June 30, 2015; effective until June 29, 2018, Group A
IC A. N. SP-2014/001-R, issued on January 17, 2014; effective until January 16, 2017
TIN 120319015
BIR A.N. 08-002552-32-2014, issued on October 3, 2014; effective until October 3, 2017
PTR No. A-2798353, issued on January 6, 2016, Taguig City

Taguig City, Philippines
March 7, 2016

SUN LIFE FINANCIAL PLANS, INC.

List of Effective Standards and Interpretations under the Philippine Financial Reporting Standards (PFRS)

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
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 - Amendments to PFRS 1: *First-Time Adoption of PFRS*			✓
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 1: *First-time Adoption of International Financial Reporting Standards (Changes to the Basis for Conclusions only)*			✓
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 - Amendments to PFRS 2:*Definition of Vesting Condition*			✓
PFRS 3 (Revised)	*Business Combinations*			✓
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 3: *Accounting for Contingent Consideration)*			✓
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 3: *Scope of Exception for Joint Ventures*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 4	*Insurance Contracts*			✓
	Amendments to PAS 39 and PFRS 4: *Financial Guarantee Contracts*			✓
PFRS 5	*Non-current Assets Held for Sale and Discontinued Operations*			✓
	Amendment to PFRS 5: *Non-current Assets Held for Sale and Discontinued Operations Reclassification Guidance**			✓
PFRS 6	*Exploration for and Evaluation of Mineral Resources*			✓
PFRS 7	*Financial Instruments: Disclosures*	✓		
	Amendments to PAS 39 and PFRS 7: *Reclassification of Financial Assets*	✓		
	Amendments to PAS 39 and PFRS 7: *Reclassification of Financial Assets - Effective Date and Transition*	✓		
	Amendments to PFRS 7: *Improving Disclosures about Financial Instruments*	✓		
	Amendments to PFRS 7: *Disclosures - Transfers of Financial Assets*	✓		
	Amendments to PFRS 7: *Disclosures – Offsetting Financial Assets and Financial Liabilities*	✓		
	Amendments to PFRS 7: *Mandatory Effective Date of PFRS 9 and Transition Disclosures*		✓	
	Amendments to PFRS 7: *Hedge Accounting Disclosures*			✓
	Amendments to PFRS 7: *Financial Instruments: Disclosures – Servicing Contracts* *			✓
PFRS 8	*Operating Segments*			✓
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 8: *Aggregation of Segments and Reconciliation of Segment Assets*			✓
PFRS 9	*Financial Instruments: Classification and Measurement of Financial Assets and Liabilities**		✓	
	Amendments to PFRS 9: *Mandatory Effective Date of PFRS 9 and Transition Disclosures**		✓	
	Amendments to PFRS 9: *Phase III - Hedge Accounting Disclosures**		✓	
	Amendments to PFRS 9: *Minor revisions and Introduction of New Impairment Model**		✓	
PFRS 10	*Consolidated Financial Statements*			✓
	Amendments to PFRS 10: *Consolidated Financial Statement: Transition Guidance*			✓
	Amendments to PFRS 10: *Transition Guidance and*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Investment Entities			
	Amendments to PFRS 10: *Consolidated Financial Statements: Gain or Loss Recognition Resulting from the sale or contribution of a subsidiary to an associate or joint venture.* *			✓
	Amendments to PFRS 10: *Investment Entities – Applying the Consolidation Exceptions* *			✓
PFRS 11	*Joint Arrangements*			✓
	Amendments to PFRS 1: *Joint Arrangements: 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 12: *Disclosure of Interests in Other Entities: Transition Guidance*			✓
	Amendments to PFRS 12: *Transition Guidance and Investment Entities*			✓
	Amendments to PFRS 12: *Investment Entities – Applying the Consolidation Exceptions* *			✓
PFRS 13	*Fair Value Measurement*	✓		
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PFRS 13: *Fair Value Measurement (Amendments to the Basis of Conclusions Only, with Consequential Amendments to the Bases of Conclusions of Other Standards)*	✓		
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PFRS 13: *Portfolio Exception*	✓		
PFRS 14	*Regulatory Deferral Accounts* *			✓
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 - Amendments to PAS 1: *Comparative Information*	✓		
	Amendments to PAS 1: *Presentation of Financial Statements – Clarifications* *		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 2	*Inventories*			✓
PAS 7	*Statement of Cash Flows*	✓		
PAS 8	*Accounting Policies, Changes in Accounting Estimates and Errors*	✓		
PAS 10	*Events after the Reporting Period*	✓		
PAS 11	*Construction Contracts*			✓
PAS 12	*Income Taxes*	✓		
	Amendment to PAS 12: *Deferred Tax: Recovery of Underlying Assets*			✓
PAS 16	*Property, Plant and Equipment*			✓
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 16, *Servicing Equipment*			✓
	Annual Improvements to PFRSs 2010-2012 Cycle - Amendments to PAS 16: *Revaluation Method - Proportionate Restatement of Accumulated Depreciation*			✓
	Amendments to PAS 16: *Clarification of Acceptable Methods of Depreciation**			✓
	Amendments to PAS 16: *Agriculture: Bearer Plants**			✓
PAS 17	*Leases*			✓
PAS 18	*Revenue*	✓		
PAS 19 (Amended)	*Employee Benefits (2011)*			✓
	Amendments to PAS 19: *Defined Benefit Plans: Employee Contributions*			✓
	Amendment to PAS 19: *Employee Benefits – Discount Rate Based on High Quality Corporate Bonds**			✓
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 - Amendments to PAS 24: *Key Management Personnel*			✓
PAS 26	*Accounting and Reporting by Retirement Benefit Plans*			✓
PAS 27 (Amended)	*Separate Financial Statements*			✓
	Amendments to PAS 27: *Transition Guidance and*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Investment Entities			
	Amendments to PAS 27: *Equity Method in Separate Financial Statements**			✓
PAS 28 (Amended)	*Investments in Associates and Joint Ventures*			✓
	PAS 28: *Investments in Associates and Joint Ventures (2011): Partial Gain or Loss Recognition for Transaction between an Investor and its Associate or JV**			✓
	Amendments to PAS 28: *Investment Entities – Applying the Consolidation Exceptions **			✓
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*			✓
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 32: *Tax Effect of Equity Distributions*			✓
	Amendments to PAS 32: *Offsetting Financial Assets and Financial Liabilities*			✓
PAS 33	*Earnings per Share*			✓
PAS 34	*Interim Financial Reporting*			✓
	Annual Improvements to PFRSs 2009-2011 Cycle - Amendments to PAS 34: *Interim Reporting of Segment Assets*			✓
	Amendment to PAS 34: *Interim Financial Reporting: Clarification of Term **			✓
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 - Amendments to PAS 38*: Revaluation Method - Proportionate Restatement of Accumulated Amortization*			✓
	Amendments to PAS 38*: Clarification of Acceptable Methods of Amortization**			✓
PAS 39	Financial Instruments: *Recognition and Measurement*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	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*			✓
	Amendment to PAS 39: *Hedge Accounting Application*			✓
PAS 40	*Investment Property*			✓
	Annual Improvements to PFRSs 2011-2013 Cycle - Amendments to PAS 40: *Clarifying the Interrelationship of IFRS 3 and IAS 40 When Classifying Property as Investment Property or Owner-Occupied Property*			✓
PAS 41	*Agriculture*			✓
	Amendments to PAS 41: *Agriculture: Bearer Plants*			✓
Philippine Interpretations				
IFRIC 1	*Changes in Existing Decommissioning, Restoration and Similar Liabilities*			✓
IFRIC 2	*Members' Share in Co-operative Entities and Similar Instruments*			✓
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*			✓
IFRIC 5	*Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*			✓
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*			✓
IFRIC 9	*Reassessment of Embedded Derivatives*			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: *Embedded Derivatives*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 10	*Interim Financial Reporting and Impairment*			✓
IFRIC 11	*PFRS 2- Group and Treasury Share Transactions*			✓
IFRIC 12	*Service Concession Arrangements*			✓
IFRIC 13	*Customer Loyalty Programmes*			✓
IFRIC 14	*The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*			✓
IFRIC 17	*Distributions of Non-cash Assets to Owners*			✓
IFRIC 18	*Transfers of Assets from Customers*			✓
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*			✓
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*			✓
IFRIC 21	*Levies*			✓
SIC-7	*Introduction of the Euro*			✓
SIC-10	*Government Assistance - No Specific Relation to Operating Activities*			✓
SIC-15	*Operating Leases - Incentives*			✓
SIC-21	*Income Taxes- Recovery of Revalued Non-depreciable Assets*			✓
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*			✓
PIC Q&A No. 2006-01	*Revenue Recognition for Sales of Property Units Under Pre-Completion Contracts*			✓
PIC Q&A No. 2006-02	*Clarification of Criteria for Exemption from Presenting Consolidated Financial Statements*			✓
PIC Q&A No. 2007-03	*Valuation of Bank Real and Other Properties Acquired (ROPA)*			✓
PIC Q&A No. 2008-01	*Rate Used in Discounting Post-employment Benefit Obligations*			✓
PIC Q&A No. 2008-02	*Accounting for Government Loans with Low Interest Rates under the Amendments to PAS 20*			✓
PIC Q&A No. 2009-01	*Financial Statements Prepared on a Basis Other than Going Concern*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PIC Q&A No. 2010-01	*Rate Used in Determining the Fair Value of Government Securities in the Philippines*	✓		
PIC Q&A No. 2010-02	*Basis of Preparation of Financial Statements*	✓		
PIC Q&A No. 2010-03	*Current/non-current Classification of a Callable Term Loan*			✓
PIC Q&A No. 2011-02	*Common Control Business Combinations*			✓
PIC Q&A No. 2011-03	*Accounting for Inter-company Loans*			✓
PIC Q&A No. 2011-04	*Costs of Public Offering of Shares*			✓
PIC Q&A No. 2011-05	*Fair Value or Revaluation as Deemed Cost*			✓
PIC Q&A No. 2011-06	*Acquisition of Investment Properties – Asset Acquisition or Business Combination?*			✓
PIC Q&A No. 2012-01	*Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements*			✓
PIC Q&A No. 2012-02	*Cost of a New Building Constructed on Site of a Previous Building*			✓
PIC Q&A No. 2013-03	*Accounting for Employee Benefits under a Defined Contribution Plan Subject to Requirement of Republic Act (RA) 7641: The Philippine Retirement Law*			✓

* *These are the new and revised accounting standards and interpretations that are effective for annual period beginning on or after the reporting period ended December 31, 2015. The company will adopt these standards and interpretations when these become effective.