

**GOVERNMENT SERVICE INSURANCE SYSTEM**  
**SOCIAL INSURANCE FUND**  
**STATEMENT OF NET ASSETS**  
**December 31, 2008**  
(In Philippine Peso)

	Note	2008	2007 As Restated
<b>ASSETS</b>			
Cash and cash equivalents	7	45,154,181,965	10,327,402,782
Receivables	8	76,338,981,290	55,951,038,727
Investments	9	329,014,002,467	348,222,471,660
Property and equipment - net	10	4,303,213,741	4,045,898,886
Other assets	11	64,590,320	62,717,277
<b>TOTAL ASSETS</b>		<b>454,874,969,783</b>	<b>418,609,529,332</b>
<b>LIABILITIES</b>			
Social insurance claims payable	12	5,553,955,555	2,247,119,996
Deferred credits	13	8,266,596	286,706,982
Other liabilities	14	4,640,068,853	4,941,223,319
Minority interest in the net assets of the consolidated subsidiaries	15	1,122,889,881	1,734,377,871
<b>TOTAL LIABILITIES</b>		<b>11,325,180,885</b>	<b>9,209,428,168</b>
<b>NET ASSETS HELD IN TRUST FOR SOCIAL INSURANCE BENEFITS</b>		<b>443,549,788,898</b>	<b>409,400,101,164</b>
<b>RESERVES</b>			
	16		
Old age benefits		318,929,470,318	282,494,615,310
Survivorship benefits		59,881,700,423	57,388,986,738
Policies in force		43,388,619,424	40,031,258,930
Disability benefits		10,918,356,716	14,755,962,595
Burial benefits		2,568,096,718	3,108,173,582
Contingencies		7,863,545,299	11,621,104,009
<b>TOTAL RESERVES</b>		<b>443,549,788,898</b>	<b>409,400,101,164</b>

The notes on pages 9 to 36 form part of these financial statements.

**GOVERNMENT SERVICE INSURANCE SYSTEM  
SOCIAL INSURANCE FUND  
STATEMENT OF CHANGES IN NET ASSETS  
December 31, 2008  
(In Philippine Peso)**

	<b>Note</b>	<b>2008</b>	<b>2007 As Restated</b>
<b>ADDITIONS</b>			
Contributions		44,047,930,555	40,805,051,298
Loans and investment revenue - net	17	41,812,395,040	35,139,823,914
Other revenue	18	2,676,598,608	2,590,714,747
		<b>88,536,924,203</b>	<b>78,535,589,959</b>
<b>DEDUCTIONS</b>			
Claims and benefits paid		35,808,030,768	32,924,129,281
Personal services	19	3,187,545,923	3,734,443,895
Operating expenses	20	3,318,991,099	2,091,033,698
Minority share in the net (loss)/income of the consolidated subsidiaries	21	(545,322,459)	186,936,042
		<b>41,769,245,331</b>	<b>38,936,542,916</b>
<b>RESULTS OF OPERATIONS</b>		<b>46,767,678,872</b>	<b>39,599,047,043</b>
<b>OTHER (DEDUCTIONS)/ADDITION</b>	22	<b>(12,617,991,138)</b>	<b>6,841,535,933</b>
<b>INCREASE IN NET ASSETS</b>		<b>34,149,687,734</b>	<b>46,440,582,976</b>
<b>NET ASSETS HELD IN TRUST FOR SOCIAL INSURANCE BENEFITS</b>			
<b>BEGINNING OF THE YEAR</b>		<b>409,400,101,164</b>	<b>362,959,518,188</b>
<b>ENDING BALANCE</b>		<b>443,549,788,898</b>	<b>409,400,101,164</b>

The notes on pages 9 to 36 form part of these financial statements.

**GOVERNMENT SERVICE INSURANCE SYSTEM  
SOCIAL INSURANCE FUND  
STATEMENT OF CHANGES IN NET WORTH  
For the Year Ended December 31, 2008  
(In Philippine Peso)**

	Note	2008	2007 As Restated
<b>RESERVES</b>			
Reserves, beginning		399,550,164,277	355,224,201,608
Current revenue appropriated to reserves		37,836,746,675	39,334,734,542
Unassigned surplus appropriated to reserves		-	4,991,228,127
<b>Actuarial reserves requirements-net of deferred premiums</b>		<b>437,386,910,952</b>	<b>399,550,164,277</b>
<b>SURPLUS</b>			
Unassigned surplus, beginning		9,682,893,220	19,411,564,666
<u>Changes during the year</u>			
Unrealized gain (loss) - stocks available-for-sale			
Beginning		(8,686,394,026)	(13,323,172,154)
End		(4,715,138,999)	8,686,394,026
<u>Non-admitted assets</u>			
Beginning		2,126,768,008	1,558,065,835
End		(1,174,704,781)	(2,126,768,008)
Surplus adjustments		(44,998,028)	632,875
Net revenue		46,222,356,413	39,785,983,085
Appropriated to reserves		(37,836,746,675)	(44,325,962,669)
<u>Proceeds (payment) from issuances (redeemed)</u>			
Capital stocks		(160,527,264)	1,750,533,435
Minority interest in the net changes in net worth in the consolidated subsidiaries	15	611,487,990	(1,734,377,871)
Unassigned surplus, end		6,024,995,858	9,682,893,220
Appraisal surplus, beginning		72,994,538	73,140,280
Changes during the year		-	(145,742)
Appraisal surplus, end		72,994,538	72,994,538
Contingent surplus, beginning		82,371,917	97,055,231
Changes during the year		(29,161,579)	(14,683,314)
Contingent surplus, end		53,210,338	82,371,917
Donation surplus, beginning/end		11,677,212	11,677,212
<b>Surplus appropriated to additional reserves for contingencies</b>	<b>16</b>	<b>6,162,877,946</b>	<b>9,849,936,887</b>
<b>NET WORTH/RESERVES</b>		<b>443,549,788,898</b>	<b>409,400,101,164</b>

The notes on pages 9 to 36 form part of these financial statements.

**GOVERNMENT SERVICE INSURANCE SYSTEM**  
**SOCIAL INSURANCE FUND**  
**CASH FLOW STATEMENT**  
**For the Year Ended December 31, 2008**  
(In Philippine Peso)

	Note	2008	2007 As Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipt of contributions/premiums		43,438,205,806	40,422,305,740
Revenue from investments	17	16,716,306,927	13,211,474,177
Receipt/payment of liabilities		3,111,154,723	(229,149,814)
Marketing commission	18	1,098,675,080	1,042,593,659
Administration fee	18	979,166,878	680,185,635
Revenue from loans	17	936,310,456	11,611,765,272
Receipts from other receivable-agencies with MOA		658,511,053	3,301,441,244
Management fee	18	182,941,745	216,008,464
Revenue from investment property	17	151,600,731	69,561,768
Receipts from accounts receivable		84,207,880	371,440,901
Funds held from contractors/bidders		35,312,580	59,701,966
Funds held from justices retirement		-	1,715,450
Other miscellaneous revenue		710,371,763	559,891,829
Payment of claims and benefits		(31,509,539,258)	(32,954,248,821)
Administrative and operating expenses		(6,503,725,499)	(5,968,467,003)
Payment of miscellaneous expenses		(134,952,891)	(20,710,612)
Net cash flow from subsidiaries		(119,534,277)	549,231,034
Net cash provided by operating activities		29,835,013,697	32,924,740,889
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipt on loan repayments</b>			
Consolidated loan		26,814,735,456	4,770,367,976
Salary loans		11,461,410,083	30,167,890,475
Policy loans		3,079,553,104	5,788,765,285
eCard plus cash advance		2,606,491,813	519,928,637
Pension loans		1,476,580,885	1,179,335,676
Summer one month salary loan		1,216,271,073	2,138,989,160
Real estate loans		1,170,013,584	878,894,603
Emergency loans		784,803,749	564,934,947
Deeds of conditional sale		704,180,743	641,904,030
eCard cash advance loan		606,305,291	2,681,777,243
Emergency loan assistance		382,153,397	520,153,112
Private loans		319,383,423	53,653,874
Government guaranteed loans		292,639,520	158,308,248
Government loans		-	1,434,364
Other loans		3,935,690	3,512,751
		50,918,457,811	50,069,850,381

	Note	2008	2007 As Restated
<b>Proceeds from sale/redemption/ maturity of investments</b>			
Redemption of notes and bonds		62,163,011,609	22,772,957,906
Proceeds from other investment		57,358,722,604	-
Proceeds from matured ROP bills		21,719,399,418	25,628,869,918
Proceeds from notes receivables		11,516,989,448	-
Proceeds from sale of stocks		7,577,631,875	27,579,968,118
Proceeds from sale of investment property		82,881,958	47,055,801
		160,418,636,912	76,028,851,743
<b>Loan granting</b>			
Consolidated loan (Conso-loan)		(35,416,154,568)	(45,571,860,231)
Emergency loans		(1,610,382,020)	(163,725,532)
Policy loans		(1,551,168,918)	(6,440,504,080)
eCard plus cash advance		(1,408,275,868)	(5,978,695,304)
Pension loans		(1,322,325,303)	(1,370,132,506)
Real estate loans		(105,005,259)	(197,053,047)
Deeds of conditional sale		(4,354,898)	(106,464,353)
Emergency loan assistance		(1,281,160)	(40,680,528)
Salary loans		(48,078)	(3,493,540,015)
eCard cash advance loan		(5,760)	(528,533,760)
Summer one month salary loan		-	(70,448,504)
Other loans		(39,052)	(83,830)
		(41,419,040,884)	(63,961,721,690)
<b>Investments placements</b>			
ROP notes and bonds		(75,104,443,209)	(24,076,867,710)
Stocks		(31,598,470,635)	(5,196,000,175)
Externally managed fund		(27,539,172,725)	(6,000,000,000)
ROP bills		(24,700,707,389)	(21,580,555,940)
Capital expenditures		(529,865,535)	(119,498,429)
Purchase of information technology resources		(111,314,007)	(162,460,091)
Purchase of paintings		(1,976,400)	(476,400)
Reverse repurchase agreement		-	(57,758,853,448)
Other investments		(5,340,338,453)	(4,646,923)
		(164,926,288,353)	(114,899,359,116)
Net cash provided by/(used in) investing activities		4,991,765,486	(52,762,378,682)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>34,826,779,183</b>	<b>(19,837,637,793)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>		<b>10,327,402,782</b>	<b>30,165,040,575</b>
<b>CASH AND CASH EQUIVALENTS, END</b>	<b>7</b>	<b>45,154,181,965</b>	<b>10,327,402,782</b>

The notes on pages 9 to 36 form part of these financial statements.