

GOVERNMENT SERVICE INSURANCE SYSTEM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2010
(In Philippine Peso)

	Note	2010	2009 As Restated
ASSETS			
Cash and cash equivalents	5	53,744,477,059	41,039,831,278
Premiums and loans receivable - net	6	200,363,566,765	171,781,822,734
Investments	7	266,415,474,992	239,564,414,830
Property and equipment - net	8	4,332,791,968	4,230,090,870
Investment property	9	33,212,811,402	34,140,028,241
Other assets - net	10	12,922,672,927	15,436,245,533
TOTAL ASSETS		570,991,795,113	506,192,433,486
LIABILITIES AND NETWORTH			
Liabilities	11	14,690,847,451	17,989,470,456
Deferred credits	12	769,701,516	1,308,844,540
Minority interest in the net assets of consolidated subsidiaries	13	1,584,483,695	1,407,810,370
TOTAL LIABILITIES		17,045,032,662	20,706,125,366
Property replacement fund - sinking fund	14	27,487,087	27,487,087
Reserves	15	530,781,886,584	478,948,971,828
Surplus		23,137,388,780	6,509,849,205
TOTAL NETWORTH		553,946,762,451	485,486,308,120
TOTAL LIABILITIES AND NETWORTH		570,991,795,113	506,192,433,486

The notes on pages 8 to 47 form part of these financial statements.

GOVERNMENT SERVICE INSURANCE SYSTEM
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended December 31, 2010
(In Philippine Peso)

	Note	2010	2009 As Restated
REVENUE			
Revenue from insurance	16	63,613,000,168	56,318,805,779
Revenue from loans and receivable	17	14,359,982,437	12,695,845,489
Revenue from investments	18	18,545,947,270	18,948,336,672
Revenue from investment property	19	2,314,168	2,004,546,974
Other revenue	20	517,102,400	254,147,656
		97,038,346,443	90,221,682,570
EXPENSES			
Claims and benefits	21	42,187,929,013	39,878,331,591
Investment expenses	22	172,739,370	17,275,000,156
Insurance expenses	23	2,687,128,973	3,009,640,776
Personal services	24	3,386,909,460	3,755,942,744
Operating expenses	25	1,962,207,491	1,644,303,951
		50,396,914,307	65,563,219,218
Minority share in the net income of consolidated subsidiaries	26	527,863,695	386,888,757
NET REVENUE		46,113,568,441	24,271,574,595
OTHER COMPREHENSIVE INCOME			
Unrealized gain on investments		21,914,762,644	10,541,877,065
Appraisal surplus		159,000,000	177,711,724
		22,073,762,644	10,719,588,789
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		68,187,331,085	34,991,163,384

The notes on pages 8 to 47 form part of these financial statements.

GOVERNMENT SERVICE INSURANCE SYSTEM
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended December 31, 2010
(In Philippine Peso)

	Note	2010	2009 As Restated
RESERVES			
Reserves, beginning		478,948,971,828	430,713,308,949
Current revenue appropriated to reserves		51,832,914,756	48,235,662,879
Unassigned surplus appropriated to reserves		-	-
Actuarial reserves requirements	15	530,781,886,584	478,948,971,828
SURPLUS			
Unassigned surplus, beginning		6,211,846,398	20,417,647,972
<u>Changes during the year</u>			
Unrealized gain (loss) - investments			
Beginning		2,995,627,445	(7,546,249,620)
End		24,910,390,090	2,995,627,445
Non-admitted assets			
Beginning		2,301,625,687	1,409,087,476
End		(1,988,262,631)	(2,301,625,687)
Minority interest in the equity of consolidated subsidiaries			
Beginning		1,013,942,025	1,122,889,881
End		(1,056,620,001)	(1,013,942,025)
Net revenue		46,113,568,441	24,271,574,595
Appropriated to reserves		(51,832,914,756)	(48,235,662,879)
Unassigned surplus, end		22,677,947,808	6,211,846,398
Appraisal surplus, beginning		250,706,262	72,994,538
Changes during the year		159,000,000	177,711,724
Appraisal surplus, end		409,706,262	250,706,262
Contingent surplus, beginning		35,619,283	53,448,002
Changes during the year		2,438,155	(17,828,719)
Contingent surplus, end		38,057,438	35,619,283
Donation surplus, beginning		11,677,262	11,677,242
Changes during the year		10	20
Donation surplus, end		11,677,272	11,677,262
Surplus appropriated to additional reserves for contingencies		23,137,388,779	6,509,849,205
PRF Sinking Fund	14	27,487,087	27,487,087
NETWORTH/ RESERVES		553,946,762,451	485,486,308,120

The notes on pages 8 to 47 form part of these financial statements.

GOVERNMENT SERVICE INSURANCE SYSTEM
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010
(In Philippine Peso)

	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt of premiums		62,055,317,792	54,171,090,825
Revenue from investments		21,122,957,304	15,564,741,339
Revenue from loans		633,050,063	6,459,300,633
Revenue from investment property		151,153,314	119,073,519
Other miscellaneous revenue		3,028,573,103	2,061,690,270
Receipts from other receivable-agencies with MOA		611,481,351	289,130,617
Receipts from accounts receivable		429,973,372	43,106,896
Cash held in escrow account		(73,035,000)	-
Funds held from contractors/bidders		(651,190,722)	(389,039,615)
Receipts/(Payment) of miscellaneous expenses		(179,488,069)	(172,000,630)
Payment of claims and benefits		(48,862,822,433)	(42,252,170,367)
Payment of reinsurance premiums		(1,828,398,886)	(1,598,659,856)
Collection of interest on advances to/from other funds		-	102,355,960
Payment of administrative and operating expenses		(4,504,798,324)	(4,824,178,738)
Contributions to ECC and OSHC		(17,439,069)	(30,652,579)
Payment of liabilities		8,352,963	1,180,066,992
Net cash flow from subsidiaries		(932,451,963)	(81,188,283)
Net cash provided by operating activities		30,991,234,796	30,642,666,983
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt on loan repayments			
Salary loans		5,941,370,853	6,932,680,171
Policy loans		6,945,617,552	4,004,322,332
Consolidated loans		73,126,834,164	30,959,185,715
eCard cash advance loan		1,002,048,081	616,154,338
Summer one-month salary loans		406,792,751	1,656,584,434
Pension loans		1,418,606,628	911,841,371
Real estate loans		905,257,312	645,400,852
Deeds of conditional sale		594,429,510	356,144,511
Emergency loans		2,556,805,378	1,216,590,049
Emergency loans assistance		382,026,655	312,335,656
eCard plus cash advance		2,301,811,744	2,320,708,436
Private loans		14,594,280	1,161,967,459
Government guaranteed loans		-	54,226,003
Other loans		7,234,381	6,306,533
		95,603,429,289	51,154,447,860
Proceeds from sale/redemption/maturity of investments			
Redemption of notes and bonds		16,312,415,463	8,776,041,629
Proceeds from matured ROP bills		11,007,846,035	30,430,123,977
Proceeds from sale of stocks		8,654,337,186	3,134,694,235
Proceeds from notes receivables		1,502,518,695	-
Proceeds from asset participation certificates		-	181,257,354
Proceeds from other investments		62,389,103,189	211,210,531,348
		99,866,220,568	253,732,648,543

	Note	2010	2009
Loan granting			
Consolidated loans		(94,101,494,245)	(43,737,702,959)
eCard plus cash advance		(4,968,221,378)	(560,370,000)
Policy loans		(8,241,380,741)	(2,748,805,318)
Salary loans		(779,951)	(35,077,531)
Pension loans		(1,866,292,250)	(1,246,923,783)
Real estate loans		(400,000)	-
Emergency loans		(114,612,681)	(4,898,337,767)
Deeds of conditional sale		(105,161,405)	-
Summer one month salary loan		-	(950)
Emergency loan assistance		-	(3,400)
		(109,398,342,651)	(53,227,221,708)
Investments placements			
ROP notes and bonds		(24,291,269,684)	(60,141,098,201)
ROP bills		(4,005,982,206)	(12,650,966,008)
Externally managed funds		(3,633,430,662)	-
Stocks		(11,273,655,923)	(12,247,678,618)
Other investments		(59,220,462,001)	(205,924,347,040)
Corporate notes and bonds		(75,000,000)	-
Purchase of information technology resources		(261,994,574)	-
Proceeds from sale of acquired assets		-	25,291,192
Capital expenditures		(1,596,101,171)	(82,867,574)
		(104,357,896,221)	(291,021,666,249)
Net cash used in investing activities		(18,286,589,015)	(39,361,791,554)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liquidation of interest on advances to/(from) other funds		-	(102,355,960)
Net cash used in financing activities		-	(102,355,960)
Net change in cash and cash equivalents		12,704,645,781	(8,821,480,531)
CASH AND CASH EQUIVALENTS, BEGINNING		41,039,831,278	49,861,311,809
CASH AND CASH EQUIVALENTS, END		53,744,477,059	41,039,831,278

The notes on pages 8 to 47 form part of these financial statements.