

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<i>Notes</i>	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before income tax	P	58,941,667	P 70,388,830
Adjustments for:			
Depreciation	12, 13	4,096,185	3,685,557
Amortization of deferred acquisition cost - net	14	570,773	(3,968,560)
Increase/decrease in reserve for unearned premiums	23	6,928,737	17,413,004
Unrealized loss (gain) on foreign exchange	24	(3,473,109)	15,651,433
Gain on sale of available-for-sale securities	24	(5,904,432)	(23,942,409)
Interest income	24	(28,330,123)	(35,145,609)
Dividend income	24	(3,730,259)	(2,423,687)
Operating Income before Working Capital Changes		29,099,439	41,658,559
(Increase) Decrease in Operating Assets:			
Insurance receivables		(718,469)	(262,573)
Reinsurance assets		19,328,158	(18,776,307)
Other assets		(154,110)	1,505,418
Increase (Decrease) in operating Liabilities:			
Accounts payable and accrued expenses		6,651,085	493,621
Reinsurance liabilities		(3,428,223)	1,296,188
Insurance claims payable		(4,722,105)	39,132,501
Cash provided by operations		46,055,775	65,047,407
Cash paid for income taxes		(8,573,990)	(8,500,598)
Net Cash Provided by Operating Activities		37,481,785	56,546,809
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale/maturities of:			
Financial assets			
Short-term investment		28,682,833	12,042,014
Available-for-sale		17,800,753	60,107,189
Held-to-maturity		30,073,782	60,169,957
Acquisitions of:			
Financial assets:			
Available-for-sale	9	(307,881,137)	(27,655,978)
Held-to-maturity	9	(88,334,634)	(85,964,447)
Property and equipment	13	(559,286)	(4,241,196)
Interest and dividend received		32,217,628	36,867,822
Net Cash Provided by Investing Activities		(288,000,061)	51,325,361
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividend	21	(25,000,000)	(25,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(275,518,276)	82,872,170
EFFECT OF EXCHANGE RATE CHANGES ON			
CASH AND CASH EQUIVALENTS		3,473,109	(15,651,433)
CASH AND CASH EQUIVALENTS, JANUARY 1		366,682,244	299,461,507
CASH AND CASH EQUIVALENTS, DECEMBER 31	P	94,637,077	P 366,682,244

See accompanying notes to financial statements