

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**

<b>ASSETS</b>	<b>Notes</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	8	P 156,482,665	91,844,298
Short-term investments	8	-	7,000,000
Financial assets	5,9		
Fair value through profit or loss		54,227,784	32,419,844
Available-for-sale (AFS)		378,978,858	484,907,369
Held-to-maturity (HTM)		442,525,720	353,112,844
Insurance balances receivable	10	4,682,500	6,924,596
Reinsurance assets	11	5,818,841	9,810,872
Investment property- net	12	1,779,915	2,445,050
Property and equipment - net	13	97,977,846	98,243,283
Deferred acquisition costs	14	31,777,647	35,996,021
Accrued investment income	15	5,198,589	4,812,995
Deferred tax assets	29	198,734	198,734
Other assets	16	1,596,376	1,930,155
<b>TOTAL ASSETS</b>		<b>P 1,181,245,475</b>	<b>P 1,129,646,061</b>
<b>LIABILITIES AND EQUITY</b>			
Reserve for unearned premiums	17	P 131,148,546	P 141,344,616
Insurance claims payable	18	132,346,768	138,892,212
Accounts payable and accrued expenses	19	40,946,990	31,118,512
Reinsurance liabilities	20	4,586,153	10,365,177
Deferred commission income	14	1,635,171	2,629,252
Deferred tax liabilities	29	35,982,631	35,685,727
<b>Total Liabilities</b>		<b>346,646,259</b>	<b>360,035,496</b>
<b>EQUITY</b>			
Share capital	21	250,000,000	250,000,000
Contributed surplus		33,000	33,000
Revaluation reserve on:			
Land - net of tax		58,388,624	58,388,624
AFS financial assets - net of tax	9	(5,548,591)	(1,377,648)
Retained earnings - December 31		531,726,183	462,566,589
<b>Total Equity</b>		<b>834,599,216</b>	<b>769,610,565</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 1,181,245,475</b>	<b>P 1,129,646,061</b>

*See accompanying notes to financial statements*

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<i>Notes</i>	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>			
Gross premiums earned	23	<b>P 288,574,842</b>	P 296,973,323
Reinsurance premium ceded	23	<b>15,113,261</b>	19,331,042
Net insurance revenue		<b>273,461,581</b>	277,642,281
Commission income	26	<b>4,880,198</b>	6,336,235
Interest income	24	<b>31,349,876</b>	33,170,523
Other investment income - net	24	<b>17,478,161</b>	22,431,325
		<b>327,169,816</b>	339,580,364
<b>CLAIMS, LOSSES AND ADJUSTMENT EXPENSES</b>			
Insurance claims, losses and adjustment expenses paid- net of salvages and recoveries	18,25	<b>120,567,283</b>	122,863,221
Paid Insurance claims, losses and adjustment expenses recovered from reinsurers	18,25	<b>(5,246,493)</b>	(2,787,587)
Changes in insurance claims payable		<b>(6,545,444)</b>	(4,182,655)
Changes in reinsurers' share of claims, losses and adjustment expenses		<b>1,619,318</b>	(924,598)
Other underwriting expenses		<b>578,207</b>	650,963
		<b>110,972,871</b>	115,619,344
<b>COSTS AND EXPENSES</b>			
Commission expense		<b>69,779,774</b>	75,333,706
General and administrative expenses	27	<b>60,158,000</b>	56,866,498
		<b>129,937,774</b>	132,200,204
<b>INCOME BEFORE INCOME TAX EXPENSE</b>		<b>86,259,171</b>	91,760,816
<b>INCOME TAX EXPENSE</b>	29	<b>17,099,577</b>	16,468,447
<b>PROFIT FOR THE YEAR</b>		<b>P 69,159,594</b>	P 75,292,369

*See accompanying notes to financial statements*

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<i>Notes</i>	<b>2016</b>	<b>2015</b>
<b>PROFIT FOR THE YEAR</b>	<b>P</b>	<b>69,159,594</b>	<b>P 75,292,369</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Amount to be reclassified to profit or loss in subsequent periods:			
Fair value changes in AFS investments - net of tax		<b>(4,170,943)</b>	<b>(19,977,799)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P</b>	<b>64,988,651</b>	<b>P 55,314,570</b>

*See accompanying notes to financial statements*

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<i>Notes</i>	<b>2016</b>	2015
<b>SHARE CAPITAL</b>	<i>21</i>	<b>P 250,000,000</b>	P 250,000,000
<b>CONTRIBUTED SURPLUS</b>		<b>33,000</b>	33,000
<b>REVALUATION RESERVE</b>			
<b>Land</b>		<b>58,388,624</b>	58,388,624
<b>Available-for-sale financial assets - net of tax</b>			
Balance, January 1	<i>21</i>	<b>(1,377,648)</b>	18,600,151
Changes in fair values		<b>(4,170,943)</b>	(19,977,799)
Balance, December 31		<b>(5,548,591)</b>	(1,377,648)
		<b>52,840,033</b>	57,010,976
<b>RETAINED EARNINGS</b>			
Balance, January 1		<b>462,566,589</b>	387,274,220
Profit for the year		<b>69,159,594</b>	75,292,369
Balance, December 31		<b>531,726,183</b>	462,566,589
		<b>P 834,599,216</b>	P 769,610,565

*See accompanying notes to financial statements*

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<i>Notes</i>	<b>2016</b>	<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax expense	<b>P</b>	<b>86,259,171</b>	<b>P 91,760,816</b>
Adjustments for:			
Depreciation	12, 13	<b>2,663,748</b>	2,745,624
Amortization of deferred acquisition cost - net	14	<b>3,224,293</b>	1,254,674
Increase/decrease in reserve for unearned premiums	23	<b>(10,196,071)</b>	4,697,654
Unrealized loss (gain) on foreign exchange		<b>(4,384,248)</b>	(3,260,844)
Gain on sale of available-for-sale securities	24	<b>(4,997,558)</b>	(1,812,154)
Interest income	24	<b>(31,349,876)</b>	(33,170,523)
Dividend income	24	<b>(5,158,561)</b>	(11,834,819)
Operating Income before Working Capital Changes		<b>36,060,898</b>	50,380,428
Decrease (Increase) in Operating Assets:			
Insurance balances receivable		<b>2,242,096</b>	(18,218)
Reinsurance assets		<b>3,992,032</b>	773,452
Other assets		<b>333,778</b>	(860,114)
Increase (Decrease) in Operating Liabilities:			
Accounts payable and accrued expenses		<b>789,986</b>	2,610,028
Reinsurance liabilities		<b>(5,779,025)</b>	1,634,473
Insurance claims payable		<b>(6,545,444)</b>	(4,182,656)
Cash provided by operations		<b>31,094,321</b>	50,337,393
Income taxes paid		<b>(7,713,098)</b>	(4,362,275)
<b>Net Cash Provided by Operating Activities</b>		<b>23,381,223</b>	<b>45,975,118</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale/maturities of:			
Financial assets			
Fair value through profit or loss		<b>32,419,844</b>	-
Short-term investment		<b>7,000,000</b>	(5,000,000)
Available-for-sale		<b>211,454,761</b>	208,269,096
Held-to-maturity		<b>20,725,599</b>	6,299,887
Acquisitions of:			
Financial assets:			
Fair value through profit or loss	9	<b>(54,227,784)</b>	(32,419,844)
Available-for-sale	9	<b>(103,403,779)</b>	(223,598,763)
Held-to-maturity	9	<b>(111,413,596)</b>	(39,540,001)
Property and equipment	13	<b>(1,733,176)</b>	(1,289,486)
Interest and dividend received		<b>36,373,564</b>	44,544,647
<b>Net Cash Provided by (Used in) Investing Activities</b>		<b>37,195,433</b>	<b>(42,734,464)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>60,576,656</b>	<b>3,240,654</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>4,061,711</b>	<b>(506,495)</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>		<b>91,844,298</b>	<b>89,110,139</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>P</b>	<b>156,482,665</b>	<b>P 91,844,298</b>

*See accompanying notes to financial statements*