

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2013 AND 2012**

<b>ASSETS</b>	<b>Notes</b>	<b>2013</b>	<b>2012</b>
Cash and cash equivalents	8	<b>P 94,637,077</b>	P 366,682,244
Short-term investments	8	<b>10,000,000</b>	38,682,833
Financial Assets	5,9		
Available-for-sale (AFS)		<b>437,116,608</b>	157,176,786
Held-to-maturity - net		<b>251,029,081</b>	192,768,229
Insurance balances receivable	10	<b>7,122,788</b>	6,404,319
Reinsurance assets	11	<b>12,011,870</b>	31,340,028
Investment property- net	12	<b>3,775,322</b>	4,440,458
Property and equipment - net	13	<b>99,326,907</b>	102,198,670
Deferred acquisition costs	14	<b>39,461,450</b>	41,069,404
Accrued investment income	15	<b>4,429,892</b>	4,718,698
Deferred tax assets	28	<b>6,178,015</b>	5,995,855
Other assets	16	<b>703,689</b>	549,579
<b>TOTAL ASSETS</b>		<b>P 965,792,699</b>	P 952,027,103
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<b>LIABILITIES AND EQUITY</b>			
Reserve for unearned premiums	17	<b>P 142,614,539</b>	P 135,685,803
Insurance claims payable	18	<b>118,002,054</b>	122,724,159
Accounts payable and accrued expenses	19	<b>20,781,566</b>	14,187,633
Reinsurance liabilities	20	<b>6,962,834</b>	10,391,057
Deferred commission income	14	<b>2,787,248</b>	3,824,429
Deferred tax liabilities	28	<b>36,030,995</b>	36,286,040
<b>Total Liabilities</b>		<b>327,179,236</b>	323,099,121
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<b>EQUITY</b>			
Share capital	21	<b>250,000,000</b>	250,000,000
Contributed surplus		<b>33,000</b>	33,000
Revaluation surplus on:			
Land - net of tax effect		<b>58,388,624</b>	58,388,624
AFS financial assets - net of tax effect	21	<b>4,099,057</b>	20,190,837
Retained earnings - December 31		<b>326,092,782</b>	300,315,521
<b>Total Equity</b>		<b>638,613,463</b>	628,927,982
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 965,792,699</b>	P 952,027,103

*See accompanying notes to financial statements*

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

	<i>Notes</i>	2013	2012
<b>REVENUES</b>			
Gross premiums earned	23	P 302,011,768	P 281,379,701
Reinsurance premium ceded	23	27,000,575	21,936,709
Net insurance revenue		275,011,193	259,442,992
Commission income		8,483,325	8,673,965
Interest income	24	28,330,123	35,145,609
Other investment income - net	24	17,754,953	15,313,969
		<b>329,579,594</b>	<b>318,576,535</b>
<b>CLAIMS, LOSSES AND ADJUSTMENT EXPENSES</b>			
Insurance claims, losses and adjustment expenses paid- net of			
salvages and recoveries	25	124,527,750	117,257,246
Paid Insurance claims, losses and adjustment expenses			
recovered from reinsurers	25	(4,915,150)	(20,647,475)
Changes in insurance claims payable		(4,722,105)	39,132,501
Changes in reinsurers' share of claims, losses and adjustment expenses		17,772,787	(18,776,307)
Other underwriting expenses		829,193	1,073,683
		<b>133,492,475</b>	<b>118,039,648</b>
<b>COSTS AND EXPENSES</b>			
Commission expense		83,637,061	77,729,191
General and administrative expenses	26	53,508,391	52,418,866
		<b>137,145,452</b>	<b>130,148,057</b>
<b>INCOME BEFORE INCOME TAX</b>		<b>58,941,667</b>	<b>70,388,830</b>
<b>INCOME TAX EXPENSE</b>	28	<b>8,164,406</b>	<b>7,316,448</b>
<b>PROFIT FOR THE PERIOD</b>		<b>P 50,777,261</b>	<b>P 63,072,382</b>

*See accompanying notes to financial statements*

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<i>Notes</i>	<b>2013</b>	2012
<b>SHARE CAPITAL</b>	21	<b>P 250,000,000</b>	P 250,000,000
<b>CONTRIBUTED SURPLUS</b>		<b>33,000</b>	33,000
<b>REVALUATION SURPLUS</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	21	<b>20,190,837</b>	31,393,499
Changes in fair values		<b>(16,091,780)</b>	(11,202,662)
Balance, December 31		<b>4,099,057</b>	20,190,837
		<b>62,487,681</b>	78,579,461
<b>RETAINED EARNINGS</b>			
Balance, January 1		<b>300,315,521</b>	262,243,139
Dividends declared:			
Cash	21	<b>(25,000,000)</b>	(25,000,000)
Profit for the period		<b>50,777,261</b>	63,072,382
Balance, December 31		<b>326,092,782</b>	300,315,521
		<b>P 638,613,463</b>	P 628,927,982

*See accompanying notes to financial statements*

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

	<i>Notes</i>	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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)
<b>Net Cash Provided by Operating Activities</b>		<b>37,481,785</b>	<b>56,546,809</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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
<b>Net Cash Provided by Investing Activities</b>		<b>(288,000,061)</b>	<b>51,325,361</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of cash dividend	21	(25,000,000)	(25,000,000)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(275,518,276)</b>	<b>82,872,170</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON</b>			
<b>CASH AND CASH EQUIVALENTS</b>		<b>3,473,109</b>	<b>(15,651,433)</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>		<b>366,682,244</b>	<b>299,461,507</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	P	<b>94,637,077</b>	P 366,682,244

*See accompanying notes to financial statements*