

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2014 AND 2013**

<b>ASSETS</b>	<b>Notes</b>		<b>2014</b>	<b>2013</b>
Cash and cash equivalents	8	<b>P</b>	<b>89,110,139</b>	94,637,077
Short-term investments	8		<b>2,000,000</b>	10,000,000
Financial assets	5,9			
Available-for-sale (AFS)			<b>483,924,151</b>	437,116,608
Held-to-maturity (HTM)			<b>320,719,724</b>	251,029,081
Insurance balances receivable	10		<b>6,906,379</b>	7,122,788
Reinsurance assets	11		<b>10,584,324</b>	12,011,870
Investment property- net	12		<b>3,110,186</b>	3,775,322
Property and equipment - net	13		<b>99,034,285</b>	99,326,907
Deferred acquisition costs	14		<b>37,310,724</b>	39,461,450
Accrued investment income	15		<b>4,368,706</b>	4,429,892
Deferred tax assets	28		<b>6,332,274</b>	6,178,015
Other assets	16		<b>1,070,041</b>	703,689
<b>TOTAL ASSETS</b>		<b>P</b>	<b>1,064,470,933</b>	<b>P 965,792,699</b>
<b>LIABILITIES AND EQUITY</b>				
Reserve for unearned premiums	17	<b>P</b>	<b>136,646,963</b>	<b>P 142,614,539</b>
Insurance claims payable	18		<b>143,074,868</b>	118,002,054
Accounts payable and accrued expenses	19		<b>22,790,348</b>	20,781,566
Reinsurance liabilities	20		<b>8,730,705</b>	6,962,834
Deferred commission income	14		<b>2,689,281</b>	2,787,248
Deferred tax liabilities	28		<b>36,242,773</b>	36,030,995
<b>Total Liabilities</b>			<b>350,174,938</b>	<b>327,179,236</b>
<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>18,600,151</b>	4,099,057
Retained earnings - December 31			<b>387,274,220</b>	326,092,782
<b>Total Equity</b>			<b>714,295,995</b>	<b>638,613,463</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P</b>	<b>1,064,470,933</b>	<b>P 965,792,699</b>

*See accompanying notes to financial statements*

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<i>Notes</i>	<b>2014</b>	<b>2013</b>
<b>REVENUES</b>			
Gross premiums earned	23	<b>P 297,179,925</b>	P 302,011,768
Reinsurance premium ceded	23	<b>22,560,692</b>	27,000,575
Net insurance revenue		<b>274,619,233</b>	275,011,193
Commission income		<b>6,974,018</b>	8,483,325
Interest income	24	<b>34,291,752</b>	28,330,123
Other investment income (loss) - net	24	<b>23,932,243</b>	17,754,953
		<b>339,817,246</b>	329,579,594
<b>CLAIMS, LOSSES AND ADJUSTMENT EXPENSES</b>			
Insurance claims, losses and adjustment expenses paid- net of salvages and recoveries	18,25	<b>108,522,771</b>	142,300,537
Paid Insurance claims, losses and adjustment expenses recovered from reinsurers	18,25	<b>(4,709,171)</b>	(22,687,937)
Changes in insurance claims payable		<b>25,072,814</b>	(4,722,105)
Changes in reinsurers' share of claims, losses and adjustment expenses		<b>1,482,521</b>	17,772,787
Other underwriting expenses		<b>933,215</b>	829,193
		<b>131,302,150</b>	133,492,475
<b>COSTS AND EXPENSES</b>			
Commission expense		<b>78,199,675</b>	83,637,061
General and administrative expenses	26	<b>60,173,025</b>	53,508,391
		<b>138,372,700</b>	137,145,452
<b>INCOME BEFORE INCOME TAX</b>		<b>70,142,396</b>	58,941,667
<b>INCOME TAX EXPENSE</b>	28	<b>8,960,958</b>	8,164,406
<b>PROFIT FOR THE PERIOD</b>		<b>P 61,181,438</b>	P 50,777,261

*See accompanying notes to financial statements*

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<i>Notes</i>	<b>2014</b>	<b>2013</b>
<b>SHARE CAPITAL</b>	<i>21</i>	<b>P 250,000,000</b>	<b>P 250,000,000</b>
<b>CONTRIBUTED SURPLUS</b>		<b>33,000</b>	<b>33,000</b>
<b>REVALUATION SURPLUS</b>			
<b>Land</b>		<b>58,388,624</b>	<b>58,388,624</b>
<b>Available-for-sale financial assets - net of tax</b>			
Balance, January 1	<i>21</i>	<b>4,099,057</b>	20,190,837
Changes in fair values		<b>14,501,094</b>	(16,091,780)
Balance, December 31		<b>18,600,151</b>	4,099,057
		<b>76,988,775</b>	<b>62,487,681</b>
<b>RETAINED EARNINGS</b>			
Balance, January 1		<b>326,092,782</b>	300,315,521
Cash dividends	<i>21</i>	-	(25,000,000)
Profit for the period		<b>61,181,438</b>	50,777,261
Balance, December 31		<b>387,274,220</b>	326,092,782
		<b>P 714,295,995</b>	<b>P 638,613,463</b>

*See accompanying notes to financial statements*

**PERLA COMPAÑIA DE SEGUROS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	Notes	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit before income tax	P	70,142,396	P 58,941,667
Adjustments for:			
Depreciation	12,13	3,468,681	4,096,185
Amortization of deferred acquisition cost - net	14	2,052,759	570,773
Increase/decrease in reserve for unearned premiums	23	(5,967,577)	6,928,737
Unrealized loss (gain) on foreign exchange		421,761	(3,473,109)
Gain on sale of available-for-sale securities	24	(11,456,254)	(5,904,432)
Interest income	24	(34,291,751)	(28,330,123)
Dividend income	24	(8,264,102)	(3,730,259)
Operating Income before Working Capital Changes		16,105,913	29,099,439
Decrease (Increase) in Operating Assets:			
Insurance balances receivable		216,409	(718,469)
Reinsurance assets		1,427,546	19,328,158
Other assets		(366,352)	(154,110)
Increase (Decrease) in operating Liabilities:			
Accounts payable and accrued expenses		1,035,776	6,651,085
Reinsurance liabilities		1,767,871	(3,428,223)
Insurance claims payable		25,072,814	(4,722,105)
Cash provided by operations		45,259,977	46,055,775
Cash paid for income taxes		(4,376,401)	(8,573,990)
<b>Net Cash Provided by Operating Activities</b>		<b>40,883,576</b>	<b>37,481,785</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale/maturities of:			
Financial assets:			
Short-term investment		8,000,000	28,682,833
Available-for-sale		188,026,814	17,800,753
Held-to-maturity		4,958,256	30,073,782
Acquisitions of:			
Financial assets:			
Available-for-sale	9	(208,006,699)	(307,881,137)
Held-to-maturity	9	(75,158,256)	(88,334,634)
Property and equipment	13	(2,510,923)	(559,286)
Interest and dividend received		38,789,993	32,217,628
<b>Net Cash Used in Investing Activities</b>		<b>(45,900,815)</b>	<b>(288,000,061)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	21	-	(25,000,000)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(5,017,239)</b>	<b>(275,518,276)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		<b>(509,699)</b>	<b>3,473,109</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>		<b>94,637,077</b>	<b>366,682,244</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>P</b>	<b>89,110,139</b>	<b>P 94,637,077</b>

*See accompanying notes to financial statements*