

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS	Notes	2017	2016
Cash and cash equivalents	8	P 162,278,251	156,482,665
Financial assets	5,9		
Fair value through profit or loss		71,814,629	54,227,784
Available-for-sale (AFS)		327,102,086	378,978,858
Held-to-maturity (HTM)		558,466,331	442,525,720
Insurance balances receivable	10	12,389,731	4,682,500
Reinsurance assets	11	3,649,274	5,818,841
Investment property- net	12	26,228,000	1,779,915
Property and equipment - net	13	151,256,249	97,977,846
Deferred acquisition costs	14	28,052,906	31,777,647
Accrued investment income	15	7,133,420	5,198,589
Deferred tax assets	29	11,272,191	198,735
Other assets	16	2,575,282	1,596,376
TOTAL ASSETS		P 1,362,218,349	P 1,181,245,476
LIABILITIES AND EQUITY			
Reserve for unearned premiums	17	P 106,563,903	P 131,148,546
Insurance claims payable	18	129,029,680	114,560,118
Accounts payable and accrued expenses	19	71,801,278	40,946,991
Reinsurance liabilities	20	4,623,687	4,586,153
Deferred commission income	14	895,390	1,635,171
Deferred tax liabilities	29	39,062,491	35,982,631
Total Liabilities		351,976,429	328,859,610
EQUITY			
Share capital	21	250,000,000	250,000,000
Contributed surplus		33,000	33,000
Revaluation reserve on:			
Land and building - net of tax		109,522,854	58,388,624
AFS financial assets - net of tax	9	16,610,119	(5,548,591)
Retained earnings - December 31		634,075,948	549,512,833
Total Equity		1,010,241,920	852,385,866
TOTAL LIABILITIES AND EQUITY		P 1,362,218,349	P 1,181,245,476

See accompanying notes to financial statements

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<i>Notes</i>	2017	2016
REVENUES			
Gross premiums earned	23	P 287,435,310	P 288,574,842
Reinsurance premium ceded	23	11,316,117	15,113,261
Net insurance revenue		276,119,193	273,461,581
Commission income	26	2,913,133	4,880,198
Interest income	24	32,083,981	31,349,876
Other investment income - net	24	46,942,436	17,478,161
		358,058,743	327,169,816
CLAIMS, LOSSES AND ADJUSTMENT EXPENSES			
Insurance claims, losses and adjustment expenses paid- net of salvages and recoveries	18,25	118,085,525	120,567,283
Paid Insurance claims, losses and adjustment expenses recovered from reinsurers	18,25	(1,740,722)	(5,246,493)
Changes in insurance claims payable		14,469,562	(24,332,094)
Changes in reinsurers' share of claims, losses and adjustment expenses		-	1,619,318
Other underwriting expenses		357,403	578,207
		131,171,767	93,186,221
COSTS AND EXPENSES			
Commission expense		72,554,386	69,779,774
General and administrative expenses	27	64,653,289	60,158,000
		137,207,675	129,937,774
INCOME BEFORE INCOME TAX EXPENSE		89,679,301	104,045,821
INCOME TAX EXPENSE	29	5,632,623	17,099,577
		5,632,623	17,099,577
PROFIT FOR THE YEAR		P 84,046,678	P 86,946,244

See accompanying notes to financial statements

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<i>Notes</i>	2017	2016
PROFIT FOR THE YEAR	P	84,046,677	P 86,946,244
OTHER COMPREHENSIVE INCOME			
Amount to be reclassified to profit or loss in subsequent periods:			
Fair value changes in AFS investments - net of tax		22,158,710	(4,170,943)
Revaluation reserve of property and equipment absorbed through depreciation		516,437	-
Effect of deferred tax		(30,985)	-
TOTAL COMPREHENSIVE INCOME	P	106,690,838	P 82,775,301

See accompanying notes to financial statements

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<i>Notes</i>	2017	2016
SHARE CAPITAL	<i>21</i> P	250,000,000	P 250,000,000
CONTRIBUTED SURPLUS		33,000	33,000
REVALUATION RESERVE			
Land		58,388,624	58,388,624
Building - net of tax			
Balance, January 1		-	-
Revaluation increment recognized during the year		51,619,682	-
Revaluation increment absorbed through depreciation		(485,452)	-
Balance, December 31		51,134,230	-
Available-for-sale financial assets - net of tax			
Balance, January 1		(5,548,591)	(1,377,648)
Changes in fair values		22,158,710	(4,170,943)
Balance, December 31		16,610,119	(5,548,591)
		126,132,973	52,840,033
RETAINED EARNINGS			
Balance, January 1		549,512,833	462,566,589
Revaluation reserve absorbed through depreciation		516,437	-
Profit for the year		84,046,677	86,946,244
Balance, December 31		634,075,948	549,512,833
		P 1,010,241,920	P 852,385,865

See accompanying notes to financial statements

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense	P	89,679,300	P 104,045,820
Adjustments for:			
Depreciation	12, 13	2,701,971	2,663,748
Amortization of deferred acquisition cost - net	14	2,984,960	3,224,293
Provision for impairment loss of financial assets	9	1,120,000	-
Increase/decrease in reserve for unearned premiums	23	(24,584,643)	(10,196,071)
Unrealized gain on fair value adjustment on investment properties		(24,946,936)	-
Unrealized loss (gain) on foreign exchange		(12,760)	(4,384,248)
Gain on sale of available-for-sale securities	24	(3,348,825)	(4,997,558)
Interest income	24	(31,693,395)	(31,349,876)
Dividend income	24	(10,802,531)	(5,158,561)
Operating Income before Working Capital Changes		1,097,141	53,847,547
Decrease (Increase) in Operating Assets:			
Insurance balances receivable		(7,707,231)	2,242,096
Reinsurance assets		2,169,567	3,992,032
Other assets		(978,907)	333,778
Increase (Decrease) in Operating Liabilities:			
Accounts payable and accrued expenses		24,955,491	789,986
Reinsurance liabilities		37,534	(5,779,025)
Insurance claims payable		14,469,562	(24,332,094)
Cash provided by operations		34,043,157	31,094,320
Income taxes paid		(11,009,442)	(7,713,098)
Net Cash Provided by Operating Activities		23,033,715	23,381,222
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale/maturities of:			
Financial assets			
Fair value through profit or loss		55,213,382	32,419,844
Short-term investment		-	7,000,000
Available-for-sale		151,134,576	211,454,761
Held-to-maturity		33,000,000	20,725,599
Acquisitions of:			
Financial assets:			
Fair value through profit or loss	9	(72,800,228)	(54,227,784)
Available-for-sale	9	(74,839,373)	(103,403,779)
Held-to-maturity	9	(149,235,247)	(111,413,596)
Property and equipment	13	(566,967)	(1,733,176)
Interest and dividend received		40,855,731	36,373,564
Net Cash Provided by (Used in) Investing Activities		(17,238,126)	37,195,433
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,795,588	60,576,655
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		-	4,061,711
CASH AND CASH EQUIVALENTS, JANUARY 1		156,482,663	91,844,298
CASH AND CASH EQUIVALENTS, DECEMBER 31	P	162,278,251	P 156,482,663

See accompanying notes to financial statements