

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS	Notes		2018	2017
Cash and cash equivalents	8	P	50,810,544	75,900,104
Short-term investments	8		78,718,502	86,378,147
Financial assets	5,9			
Fair value through profit or loss (FVPL)			107,729,950	71,814,629
Available-for-sale (AFS)			281,890,501	327,102,086
Held-to-maturity (HTM)			608,322,429	558,466,331
Insurance balances receivable	10		8,824,383	12,389,731
Reinsurance assets	11		3,977,473	3,649,274
Investment property- net	12		26,228,000	26,228,000
Property and equipment - net	13		148,409,961	151,256,249
Deferred acquisition costs	14		21,575,742	28,052,906
Accrued investment income	15		7,016,023	7,133,420
Deferred tax assets	29		8,431,994	11,272,191
Other assets	16		1,643,780	2,575,281
TOTAL ASSETS		P	1,353,579,282	P 1,362,218,349
LIABILITIES AND EQUITY				
Reserve for unearned premiums	17	P	97,986,666	P 106,563,903
Insurance claims payable	18		80,804,754	129,029,680
Accounts payable and accrued expenses	19		66,476,059	71,801,278
Reinsurance liabilities	20		7,209,078	4,623,687
Deferred commission income	14		1,636,550	895,390
Deferred tax liabilities	29		38,163,164	39,062,491
Total Liabilities			292,276,271	351,976,429
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			107,581,048	109,522,854
AFS financial assets - net of tax	9		(10,699,399)	16,610,119
Retained earnings - December 31			714,388,362	634,075,947
Total Equity			1,061,303,011	1,010,241,920
TOTAL LIABILITIES AND EQUITY		P	1,353,579,282	P 1,362,218,349

See accompanying notes to financial statements

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<i>Notes</i>	2018	2017
REVENUES			
Gross premiums earned	23	P 254,581,046	P 287,435,310
Reinsurance premium ceded	23	10,116,252	11,316,117
Net insurance revenue		244,464,794	276,119,193
Commission income	26	2,457,007	2,913,133
Interest income	24	36,055,650	30,735,936
Other investment income - net	24	26,959,657	48,290,481
		309,937,108	358,058,743
CLAIMS, LOSSES AND ADJUSTMENT EXPENSES			
Insurance claims, losses and adjustment expenses paid- net of salvages and recoveries	18,25	132,037,932	118,085,525
Paid Insurance claims, losses and adjustment expenses recovered from reinsurers	18,25	(1,319,358)	(1,740,722)
Changes in insurance claims payable		(48,224,926)	14,469,562
Changes in reinsurers' share of claims, losses and adjustment expenses		-	-
Other underwriting expenses		111,810	357,403
		82,605,458	131,171,768
COSTS AND EXPENSES			
Commission expense	26	65,347,916	72,554,386
General and administrative expenses	27	61,888,849	64,653,289
		127,236,765	137,207,675
INCOME BEFORE INCOME TAX EXPENSE		100,094,885	89,679,300
INCOME TAX EXPENSE	29	21,848,221	5,632,623
PROFIT FOR THE YEAR		P 78,246,664	P 84,046,677

See accompanying notes to financial statements

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	Notes	2018	2017
PROFIT FOR THE YEAR		P 78,246,664	P 84,046,677
OTHER COMPREHENSIVE INCOME			
Amount to be reclassified to profit or loss in subsequent periods:			
Fair value changes in AFS investments - net of tax	9	(27,309,518)	22,158,710
Revaluation reserve on property and equipment absorbed through depreciation	13	2,065,751	516,437
Effect of deferred tax		(123,945)	(30,985)
TOTAL COMPREHENSIVE INCOME		P 52,878,952	P 106,690,839

See accompanying notes to financial statements

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<i>Notes</i>	2018	2017
SHARE CAPITAL	21 P	250,000,000	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		51,134,230	-
Revaluation increment recognized during the year		-	51,619,682
Revaluation increment absorbed through depreciation		(1,941,806)	(485,452)
Balance, December 31		49,192,424	51,134,230
Available-for-sale financial assets - net of tax			
Balance, January 1		16,610,119	(5,548,591)
Changes in fair values		(27,309,518)	22,158,710
Balance, December 31		(10,699,399)	16,610,119
		96,881,649	126,132,973
RETAINED EARNINGS			
Balance, January 1		634,075,947	549,512,833
Revaluation reserve absorbed through depreciation		2,065,751	516,437
Profit for the year		78,246,664	84,046,677
Balance, December 31		714,388,362	634,075,947
		P 1,061,303,011	P 1,010,241,920

See accompanying notes to financial statements

PERLA COMPAÑIA DE SEGUROS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<i>Notes</i>	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax expense	P	100,094,885	P 89,679,300
Adjustments for:			
Depreciation	<i>12,13</i>	3,331,498	2,701,971
Amortization of deferred acquisition cost - net	<i>14</i>	7,218,324	2,984,960
Provision for impairment loss on financial assets	<i>9</i>	-	1,120,000
Increase/decrease in reserve for unearned premiums	<i>23</i>	(8,577,237)	(24,584,643)
Unrealized gain on fair value adjustment on investment properties		-	(24,946,936)
Unrealized gain on foreign exchange		(290,618)	(12,760)
Gain on sale of available-for-sale securities		(1,253,818)	(3,348,825)
Mark to market gain on FVPL investments	<i>24</i>	(2,693,141)	(1,348,045)
Interest income	<i>24</i>	(33,867,907)	(30,345,350)
Dividend income	<i>24</i>	(9,663,296)	(10,802,531)
Operating Income before Working Capital Changes		54,298,690	1,097,141
Decrease (Increase) in Operating Assets:			
Insurance balances receivable		3,565,348	(7,707,231)
Reinsurance assets		(328,199)	2,169,567
Other assets		931,501	(978,907)
Increase (Decrease) in Operating Liabilities:			
Accounts payable and accrued expenses		(16,074,758)	24,955,491
Reinsurance liabilities		2,585,391	37,534
Insurance claims payable		(48,224,926)	14,469,562
Cash provided by operations		(3,246,953)	34,043,157
Income taxes paid		(9,195,403)	(11,009,442)
Net Cash Provided by (Used in) Operating Activities		(12,442,356)	23,033,715
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale/maturities of:			
Financial assets			
Short-term investments		84,667,115	75,208,122
Fair value through profit or loss		71,814,629	55,213,381
Available-for-sale		94,883,498	151,134,576
Held-to-maturity		15,700,000	33,000,000
Acquisitions of:			
Financial assets:			
Short-term investments		(77,007,470)	(83,872,114)
Fair value through profit or loss	<i>9</i>	(107,729,950)	(72,800,228)
Available-for-sale	<i>9</i>	(75,275,460)	(74,839,373)
Held-to-maturity	<i>9</i>	(65,800,000)	(149,235,247)
Property and equipment	<i>13</i>	(485,210)	(566,967)
Interest and dividend received		46,585,644	40,855,731
Net Cash Used in Investing Activities		(12,647,204)	(25,902,119)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(25,089,560)	(2,868,404)
CASH AND CASH EQUIVALENTS, JANUARY 1		75,900,104	78,768,508
CASH AND CASH EQUIVALENTS, DECEMBER 31	P	50,810,544	P 75,900,104

See accompanying notes to financial statements