

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

A	S	I	A	U	N	I	T	E	D	I	N	S	U	R	A	N	C	E	,	I	N	C	.

Principal Office (No./Street/Barangay/City/Town)Province)

7	T	H	F	L	R.	B	P	I	C	O	N	D	O	M	I	N	I	U	M,	P	L	A	Z	A
C	E	R	V	A	N	T	E	S	,	B	I	N	O	N	D	O	,	M	A	N	I	L	A	

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License type, If Applicable

N	A
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### COMPANY INFORMATION

Company's Email Address

asjaunited@auji.com.ph
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Company's Telephone Numbers

242-1688
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Mobile Number

N/A
-----

No. of Stockholders

N/A
-----

Annual Meeting  
Month/Day

N/A
-----

Calendar Year  
Month/Day

12/31
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### CONTACT PERSON INFORMATION

The designated person **MUST** be an Officer of the Corporation

Name of Contact Person

Maria Theresa Helen Y. Yu
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Email Address

asjaunited@auji.com.ph
------------------------

Telephone Number/s

242-1688
----------

Mobile Number

N/A
-----

Contact Persons Address

7TH FLOOR, BPI CONDOMINIUM, PLAZA CERVANTES, BINONDO, MANILA
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**NOTE:** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete details of the new contact person designated.

# **ASIA UNITED INSURANCE, INC.**

**Financial Statements**

*December 31, 2014 and 2013*



# ASIA UNITED INSURANCE, INC.

Room 777, 7<sup>th</sup> Floor, BPI Condominium, Plaza Cervantes, Binondo, Manila

Tel. 242-1688 Fax 245-3255


E-mail address: asiaunited@auii.com.ph

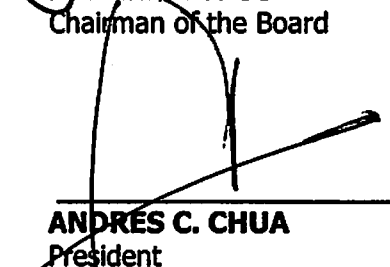
## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

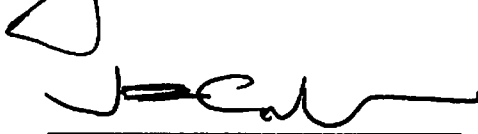
The management of Asia United Insurance Inc. is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2014, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

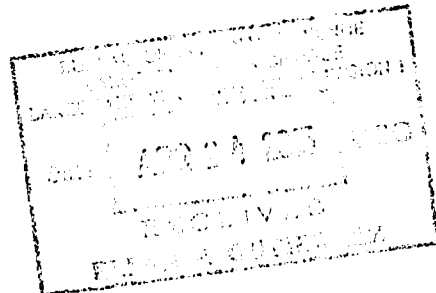
The Board of Directors or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

R. R. Tan & Associates, CPAs, the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

  
\_\_\_\_\_  
**ABRAHAM T. CO**  
Chairman of the Board

  
\_\_\_\_\_  
**ANDRES C. CHUA**  
President

  
\_\_\_\_\_  
**JACOB C. NG**  
Treasurer



Signed this 6th day of April 2015

***Report of Independent Public Accountants***

The Board of Directors and Stockholders  
**ASIA UNITED INSURANCE, INC.**  
Room 777, 7<sup>th</sup> Floor, BPI Condominium  
Plaza Cervantes,  
Binondo, Manila

***Report on Financial Statements***

We have audited the accompanying financial statements of **ASIA UNITED INSURANCE, INC.** which comprise the statements of financial position as at December 31, 2014 and 2013 and the related statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

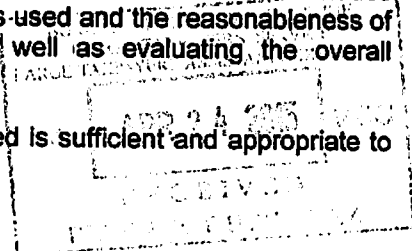
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **ASIA UNITED INSURANCE, INC.** as at December 31, 2014, and 2013, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

**Report on Supplementary information Required under Revenue Regulations 15-2010 and 19-2011 of the Bureau of Internal Revenue**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information disclosed in Note 31 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**R. R. TAN AND ASSOCIATES, CPAs**

  
By: **DOMINGO A. DAZA, JR.**

Partner

CPA Certificate No. 0109993

Tax Identification No. 203-917-449

PTR No. 0409887, January 17, 2015, Pasig City

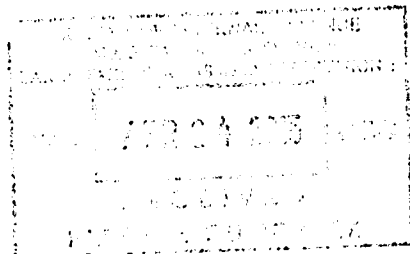
SEC Accreditation No. 1088-AR-1,  
valid until March 25, 2017

BIR Accreditation No. 07-000124-1-2013,  
valid until October 3, 2016

IC Accreditation No. SP-2014/026-R  
valid until August 26, 2017

April 06, 2015

Pasig City



PRC-BOA Reg. No. 0132, valid until December 31, 2015  
SEC Accreditation No.0220-FR-1, valid until March 25, 2017  
BIR Accommodation No. 07-000125-001-2013, valid until Oct. 3, 2016  
IC Accreditation No. F-2014/015-R, valid until August 26, 2017

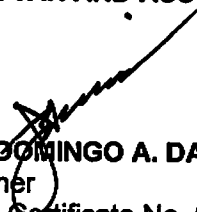
***Report of Independent Public Accountants to accompany financial statements for filing with Securities and Exchange Commission***

The Board of Directors and Stockholders  
**ASIA UNITED INSURANCE, INC.**  
Room 777, 7<sup>th</sup> Floor, BPI Condominium  
Plaza Cervantes,  
Binondo, Manila

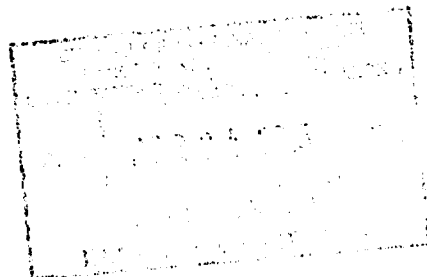
We have audited the financial statements of **ASIA UNITED INSURANCE, INC.** for the years ended December 31, 2014, on which we have rendered the attached report dated April 06, 2015.

In compliance with SRC Rule 68, we are stating that the said company has a total number of 13 stockholders owning one hundred (100) or more shares each as of December 31, 2014.

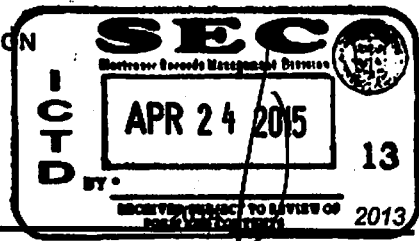
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By:  **DOMINGO A. DAZA, JR.**  
Partner  
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valid until October 3, 2016  
IC Accreditation No. SP-2014/026-R  
valid until August 26, 2017

April 06, 2015  
Pasig City



ASIA UNITED INSURANCE, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2014 AND 2013



	Notes			
<b>ASSETS</b>				
Cash and cash equivalents	8	P	214,680,604	P 101,783,076
Investments				
Available-for-sale	9		93,130,624	178,103,125
Held-to-maturity	9		86,566,366	87,019,865
Mortgage loans	9		247,890	247,890
Insurance balances receivables - net	10		59,688,311	82,062,074
Reinsurance assets	11		87,616,110	133,448,586
Property and equipment - net	12		5,131,213	5,900,570
Deferred acquisition cost	13		20,691,184	13,384,151
Defined benefit asset	26		5,205,648	4,961,724
Deferred tax asset	27		2,911,487	-
Other assets	14		15,789,614	19,768,198
<b>TOTAL ASSETS</b>		<b>P</b>	<b>591,659,051</b>	<b>P 626,679,259</b>

**LIABILITIES AND EQUITY**

**LIABILITIES**

Reserve for unearned premiums	15	P	133,160,768	P 147,412,483
Insurance claims payable	16		46,548,017	30,781,564
Short-term loans payable	17		40,000,000	44,414,000
Reinsurance liabilities	18		13,704,848	57,321,296
Accounts payable and accrued expenses	19		33,095,560	25,819,601
Deferred commission income	13		9,539,909	9,280,135
Income tax payable	27		279,279	11,839,882
Deferred tax liability	27		-	1,910,902
<b>Total Liabilities</b>			<b>276,328,381</b>	<b>328,779,863</b>

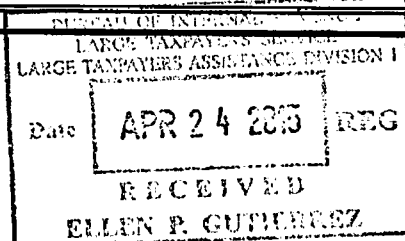
**EQUITY**

Share capital	20		250,000,000	175,000,000
Deposit for future capital subscription			-	51,250,000
Contributed surplus			1,250,000	25,000,000
Fair value adjustment on available-for-sale investments-net of deferred tax			(7,430,143)	(10,418,181)
Remeasurement gain on defined benefit plan-net of deferred tax			3,596,581	3,423,720
Retained earnings, December 31			67,914,232	53,643,857
<b>Total Equity</b>			<b>315,330,670</b>	<b>297,899,396</b>

**TOTAL LIABILITIES AND EQUITY**

**P 591,659,051 P 626,679,259**

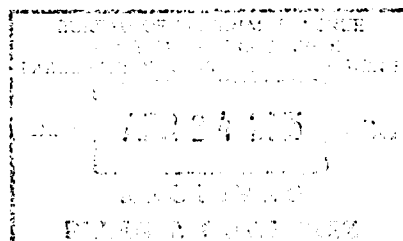
See accompanying Notes to Financial Statements



**ASIA UNITED INSURANCE, INC.**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<i>Notes</i>	2014	2013
<b>REVENUES</b>			
Gross premiums earned	22	P 265,834,720	P 161,455,112
Reinsurance premiums ceded	22	(133,657,083)	(68,090,431)
Net Insurance revenue		132,177,637	93,364,681
Commission earned		20,230,114	17,413,595
Interest income	23	12,040,063	9,125,369
Other investment income - net	23	3,588,890	18,989,644
		<b>188,036,704</b>	<b>138,893,289</b>
<b>CLAIMS, LOSSES AND ADJUSTMENT EXPENSES</b>			
Insurance claims, losses and adjustment expenses paid - net of salvages and recoveries	24	54,075,593	51,917,196
Paid insurance claims, losses and adjustment expenses recovered from reinsurers	24	(21,033,567)	(30,166,976)
Changes in insurance claims payable	16	15,766,453	(7,699,626)
Changes in reinsurers' share of claims, losses and adjustment expenses	16	(10,547,757)	11,852,401
Other underwriting expenses		48,069,825	13,172,871
		<b>86,330,547</b>	<b>39,075,866</b>
<b>COST AND EXPENSES</b>			
Commission expense	—	34,316,125	24,814,948
Administrative expenses	25	35,018,668	23,354,002
		<b>69,334,793</b>	<b>48,168,950</b>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>		<b>12,371,364</b>	<b>51,648,473</b>
<b>INCOME TAX EXPENSE (BENEFIT)</b>	27	<b>(1,899,011)</b>	<b>15,303,538</b>
<b>PROFIT FOR THE PERIOD</b>		<b>P 14,270,375</b>	<b>P 36,344,935</b>

*See accompanying Notes to Financial Statements*

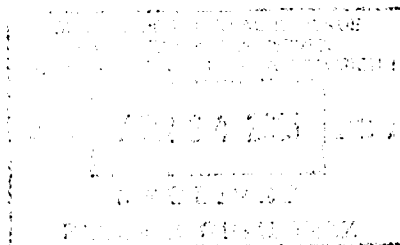




**ASIA UNITED INSURANCE, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	2014	2013
<b>PROFIT FOR THE PERIOD</b>	<b>P 14,270,375</b>	<b>P 36,344,935</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Items to be reclassified to profit or loss in subsequent periods</i>		
Fair value changes in AFS investments-net of deferred tax effect	2,988,038	(9,916,688)
<i>Items not to be reclassified to profit or loss in subsequent periods</i>		
Remeasurement gain on defined benefit plan - net of deferred tax effect	172,861	443,339
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P 17,431,274</b>	<b>P 26,871,606</b>

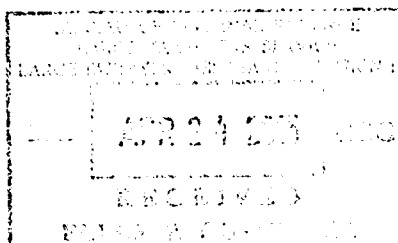
*See accompanying Notes to Financial Statements*



**ASIA UNITED INSURANCE, INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	<i>Note</i>	2014	2013
<b>SHARE CAPITAL, ISSUED AND OUTSTANDING</b>			
Balances, January 1		P 175,000,000	P 175,000,000
Issuance during the year	20	75,000,000	-
<b>Balance, December 31</b>		<b>250,000,000</b>	<b>175,000,000</b>
<b>DEPOSIT FOR FUTURE CAPITAL SUBSCRIPTION</b>			
Balances, January 1		51,250,000	500
Deposits made during the year	20	-	51,249,500
Conversion to share capital	20	(51,250,000)	-
<b>Balance, December 31</b>		<b>-</b>	<b>51,250,000</b>
<b>CONTRIBUTED SURPLUS</b>			
Balance, January 1		25,000,000	1,250,000
Conversion to share capital		(23,750,000)	23,750,000
<b>Balance, December 31</b>		<b>1,250,000</b>	<b>25,000,000</b>
<b>FAIR VALUE ADJUSTMENTS ON AVAILABLE-FOR-SALE INVESTMENTS-NET OF DEFERRED TAX</b>			
Balances, January 1		(10,418,181)	(501,513)
Fair value changes		2,988,038	(9,916,668)
<b>Balance, December 31</b>		<b>(7,430,143)</b>	<b>(10,418,181)</b>
<b>REMEASUREMENT GAIN ON DEFINED BENEFIT PLAN-NET OF DEFERRED TAX</b>			
Balances, January 1		3,423,720	2,980,381
Changes during the year		172,861	443,339
<b>Balance, December 31</b>		<b>3,596,581</b>	<b>3,423,720</b>
<b>RETAINED EARNINGS</b>			
Balance, January 1 as adjusted		53,643,857	17,298,922
Profit for the period		14,270,375	36,344,935
<b>Balance, December 31</b>		<b>67,914,232</b>	<b>53,643,857</b>
		<b>P 315,330,670</b>	<b>P 297,899,396</b>

*See accompanying notes to financial statements*



**ASIA UNITED INSURANCE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

	Notes	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax expense	P	12,371,364	P 51,648,473
Adjustments for:			
Provision for:			
Depreciation and amortization	12,14	2,034,077	1,261,681
Impairment loss on foreclosed asset	14	-	357,600
Retirement benefit	26	303,021	360,837
Amortization of premium/discount of financial asset	9	727,709	1,000,915
Amortization of deferred acquisition cost-net	13	(7,047,259)	(881,230)
Changes in reserve for unearned premiums	22	(14,251,715)	4,861,659
Gain from sale of financial assets	23	(249,224)	(14,287,822)
Unrealized foreign exchange loss (gain) - net		87,635	(2,681,791)
Dividend income	23	(2,489,111)	(1,899,859)
Interest income	23	(12,040,063)	(9,125,369)
Operating (loss) income before working capital changes		(20,553,566)	30,615,094
(Increase) Decrease in operating assets:			
Insurance balances receivables		22,373,763	(41,023,143)
Reinsurance assets		45,832,476	10,061,871
Other assets		11,772,464	(2,976,198)
Increase (Decrease) in operating liabilities:			
Accounts payable and accrued expenses		7,275,959	10,203,117
Reinsurance liabilities		(43,616,448)	36,239,958
Insurance claims payable		15,766,453	(7,699,626)
Cash Provided by Operations		38,851,101	35,421,073
Contributions to retirement fund		(300,000)	(700,000)
Income taxes paid		(11,839,882)	(5,507,972)
<b>Net Cash Provided by Operating Activities</b>		<b>26,711,219</b>	<b>29,213,101</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to:			
Held to maturity investments	9	-	(132,793,784)
Available-for-sale investments	9	(193,473,618)	(156,335,722)
Property and equipment	12	(307,054)	(968,085)
Proceeds from sale/maturities of:			
Held-to-maturity investments	9	-	134,138,309
Available-for-sale investments	9	270,777,735	-
Interest and dividend received		13,690,881	10,026,578
<b>Net Cash Provided by (Used In) Investing Activities</b>		<b>90,687,944</b>	<b>(145,932,704)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Availment of short-term loans	17	50,000,000	162,683,000
Payment of short-term loans		(54,414,000)	(143,793,000)
Deposit for share capital subscription		-	51,249,500
<b>Net Cash (Used In) Provided by Financing Activities</b>		<b>(4,414,000)</b>	<b>70,139,500</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>112,985,163</b>	<b>(46,580,103)</b>
Effect of exchange rate changes in cash and cash equivalents		(87,635)	(679,568)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>101,783,076</b>	<b>149,042,747</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>P 214,680,604</b>	<b>P 101,783,076</b>

See accompanying notes to financial statements

