

**Prudential Life Assurance (Thailand) Public Company Limited**

Condensed interim financial statements  
for the three-month and nine-month periods ended  
30 September 2019  
and  
Independent auditor's review report



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## Independent auditor's report on review of interim financial information

### To the Board of Directors of Prudential Life Assurance (Thailand) Public Company Limited

I have reviewed the accompanying statement of financial position of Prudential Life Assurance (Thailand) Public Company Limited as at 30 September 2019; the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2019, changes in equity and cash flows for the nine-month period ended 30 September 2019; and the condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

#### *Scope of Review*

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

#### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

*Chanchai S.*

(Chanchai Sakulkoedsin)  
Certified Public Accountant  
Registration No. 6827

KPMG Phoomchai Audit Ltd.  
Bangkok  
31 October 2019

# Prudential Life Assurance (Thailand) Public Company Limited

## Statement of financial position

<b>Assets</b>	<i>Note</i>	30 September 2019 (Unaudited)	31 December 2018
		<i>(in thousand Baht)</i>	
Cash and cash equivalents	3	799,539	1,358,957
Investment receivables		3,290,664	7,924
Premiums due and uncollected	4	616,180	509,490
Accrued investment income		1,267,136	836,677
Reinsurance receivables		108,618	95,357
Derivative assets		365,201	285,609
Investments assets			
Investments in securities	5, 13, 15	115,819,201	97,391,122
Loans	6	2,456,630	2,209,179
Investment in subsidiary		-	7,428
Investment assets where policyholders bear the investment risk	13	8,028,674	6,632,839
Assets held for sale		10,030	10,030
Premises and equipment		113,729	142,296
Intangible assets	7	11,178,517	11,580,293
Other assets	14	786,091	487,233
<b>Total assets</b>		<b><u>144,840,210</u></b>	<b><u>121,554,434</u></b>

The accompanying notes are an integral part of these financial statements.

# Prudential Life Assurance (Thailand) Public Company Limited

## Statement of financial position

<b>Liabilities and shareholders' equity</b>	<i>Note</i>	30 September 2019 (Unaudited)	31 December 2018
		<i>(in thousand Baht)</i>	
<b>Liabilities</b>			
Investment payable		199,878	20,637
Insurance contract liabilities	8	95,484,786	87,770,876
Investment contract liabilities	9	8,082,567	6,677,247
Due to reinsurers		233,819	203,248
Derivative liabilities		999	-
Income tax payable		-	55,608
Accrued commission		340,314	595,617
Accrued expenses	14	671,402	658,880
Employee benefit obligations		334,661	334,380
Deferred tax liabilities		2,856,212	378,019
Other liabilities	14	975,757	774,868
<b>Total liabilities</b>		<b><u>109,180,395</u></b>	<b><u>97,469,380</u></b>
<b>Shareholders' equity</b>			
Share capital			
Authorised share capital		<u>20,209,935</u>	<u>20,209,935</u>
Issued and paid share capital		20,209,935	20,209,935
Retained earnings			
Appropriated			
Legal reserve		322,362	322,362
Unappropriated		4,376,014	2,094,435
Other components of shareholders' equity			
Net fair value changes in available-for-sale securities	5	<u>10,751,504</u>	<u>1,458,322</u>
<b>Total shareholders' equity</b>		<b><u>35,659,815</u></b>	<b><u>24,085,054</u></b>
<b>Total liabilities and shareholders' equity</b>		<b><u>144,840,210</u></b>	<b><u>121,554,434</u></b>

The accompanying notes are an integral part of these financial statements.

**Prudential Life Assurance (Thailand) Public Company Limited**  
**Statement of comprehensive income (Unaudited)**

		Three-month period ended	
		30 September	
	Note	2019	2018
		(Unaudited)	
		<i>(in thousand Baht)</i>	
<b>Revenues</b>			
Gross premium written		5,465,210	5,110,535
Less premium ceded		<u>(53,871)</u>	<u>(57,087)</u>
Net premiums written		5,411,339	5,053,448
Less unearned premium reserve increased from previous period		<u>(13,764)</u>	<u>(25,856)</u>
Net premium earned		5,397,575	5,027,592
Commission and brokerage income		23,499	18,489
Net investments income	14	1,143,162	748,663
Gain on investments	14	772,143	386,326
Gain on fair value changes		51,606	304,985
Other income		<u>20,467</u>	<u>8,131</u>
<b>Total revenues</b>		<u><b>7,408,452</b></u>	<u><b>6,494,186</b></u>
<b>Expenses</b>			
Long-term technical reserve increase from prior period		2,580,404	2,483,836
Benefits payments and insurance claims expenses		1,765,107	1,388,409
Less benefits payments and insurance claims expenses recovered from reinsurers		<u>(25,577)</u>	<u>(19,662)</u>
Net benefits payments and insurance claims expenses		1,739,530	1,368,747
Commissions and brokerage expenses		706,812	732,336
Other underwriting expenses		594,914	442,167
Operating expenses	14	<u>547,180</u>	<u>526,539</u>
<b>Total expenses</b>		<u><b>6,168,840</b></u>	<u><b>5,553,625</b></u>
<b>Profit before income tax</b>		<u><b>1,239,612</b></u>	<u><b>940,561</b></u>
Income tax (benefit)	10	<u>(73,980)</u>	<u>208,157</u>
<b>Net profit</b>		<u><b>1,313,592</b></u>	<u><b>732,404</b></u>
<b>Other comprehensive income</b>			
<i>Components of other comprehensive income that will be reclassified subsequently to profit or loss</i>			
Net change in fair value on available-for-sale securities		7,883,187	(1,044,962)
Income tax relating to components of the comprehensive income that will be reclassified subsequently to profit or loss		<u>(1,576,638)</u>	<u>208,992</u>
<b>Other comprehensive income for the period, net of income tax</b>		<u><b>6,306,549</b></u>	<u><b>(835,970)</b></u>
<b>Total comprehensive income for the period</b>		<u><u><b>7,620,141</b></u></u>	<u><u><b>(103,566)</b></u></u>
<b>Basic earnings per share (in Baht)</b>	11	<u><u><b>0.59</b></u></u>	<u><u><b>0.33</b></u></u>

The accompanying notes are an integral part of these financial statements.



**Prudential Life Assurance (Thailand) Public Company Limited**  
**Statement of comprehensive income (Unaudited)**

		Nine-month period ended 30 September	
	Note	2019	2018
		(Unaudited)	
		(in thousand Baht)	
<b>Revenues</b>			
Gross premium written		16,188,612	15,327,623
Less premium ceded		<u>(138,550)</u>	<u>(140,447)</u>
Net premiums written		16,050,062	15,187,176
Add (less) unearned premium reserve (increased) decreased from previous period		<u>(39,430)</u>	<u>34,967</u>
Net premium earned		16,010,632	15,222,143
Commission and brokerage income		52,924	129,088
Net investments income	14	2,878,494	2,229,237
Gain on investments	14	810,198	431,411
Gain on fair value changes		703,025	275,737
Other income		<u>46,519</u>	<u>22,031</u>
<b>Total revenues</b>		<b><u>20,501,792</u></b>	<b><u>18,309,647</u></b>
<b>Expenses</b>			
Long-term technical reserve increase from prior period		7,480,292	7,760,016
Benefits payments and insurance claims expenses		5,314,152	4,158,924
Less benefits payments and insurance claims expenses recovered from reinsurers		<u>(57,424)</u>	<u>(54,649)</u>
Net benefits payments and insurance claims expenses		5,256,728	4,104,275
Commissions and brokerage expenses		2,151,409	2,127,208
Other underwriting expenses		1,532,796	703,772
Operating expenses	14	<u>1,701,856</u>	<u>1,579,666</u>
<b>Total expenses</b>		<b><u>18,123,081</u></b>	<b><u>16,274,937</u></b>
<b>Profit before income tax</b>		<b>2,378,711</b>	<b>2,034,710</b>
Income tax	10	<u>97,132</u>	<u>447,134</u>
<b>Net profit</b>		<b><u>2,281,579</u></b>	<b><u>1,587,576</u></b>
<b>Other comprehensive income</b>			
<i>Components of other comprehensive income that will not be reclassified subsequently to profit or loss</i>			
Defined benefit plan actuarial loss		-	(7,246)
Income tax relating to components of the comprehensive income that will not be reclassified subsequently to profit or loss		<u>-</u>	<u>1,449</u>
		<u>-</u>	<u>(5,797)</u>
<i>Components of other comprehensive income that will be reclassified subsequently to profit or loss</i>			
Net change in fair value on available-for-sale securities		11,616,478	(3,555,302)
Income tax relating to components the comprehensive income that will be reclassified subsequently to profit or loss		<u>(2,323,296)</u>	<u>711,060</u>
		<u>9,293,182</u>	<u>(2,844,242)</u>
<b>Other comprehensive income for the period, net of income tax</b>		<b><u>9,293,182</u></b>	<b><u>(2,850,039)</u></b>
<b>Total comprehensive income for the period</b>		<b><u>11,574,761</u></b>	<b><u>(1,262,463)</u></b>
<b>Basic earnings per share (in Baht)</b>	11	<b><u>1.03</u></b>	<b><u>0.72</u></b>

The accompanying notes are an integral part of these financial statements.

**Prudential Life Assurance (Thailand) Public Company Limited**  
**Statement of changes in equity (Unaudited)**

		Retained earnings		Other components of shareholders' equity	
	Issued and paid share capital	Legal reserve	Unappropriated	Net fair value changes in available-for-sale securities	Total shareholders' equity
<i>Note</i>			(in thousand Baht)		
<b>Nine-month period ended 30 September 2018</b>					
	<b>20,209,935</b>	<b>251,361</b>	<b>2,564,367</b>	<b>3,842,728</b>	<b>26,868,391</b>
<b>Balance at 1 January 2018</b>					
<b>Transactions with shareholders, recorded directly in equity</b>					
<i>Distribution to shareholders of the Company</i>					
	Dividends to shareholders of the Company				
<i>12</i>	-	-	(1,813,145)	-	(1,813,145)
	<b>-</b>	<b>-</b>	<b>(1,813,145)</b>	<b>-</b>	<b>(1,813,145)</b>
<b>Total transactions with shareholders, recorded directly in equity</b>					
<b>Comprehensive income for the period</b>					
	Net profit				
	-	-	1,587,576	-	1,587,576
<b>Other comprehensive income</b>					
	Net change in fair value on available-for-sale securities, net of income tax				
	-	-	-	(2,844,242)	(2,844,242)
	Defined benefit plan actuarial loss, net of income tax				
	-	-	(5,797)	-	(5,797)
	<b>-</b>	<b>-</b>	<b>1,581,779</b>	<b>(2,844,242)</b>	<b>(1,262,463)</b>
<b>Total comprehensive income for the period</b>					
	<b>20,209,935</b>	<b>251,361</b>	<b>2,333,001</b>	<b>998,486</b>	<b>23,792,783</b>
<b>Balance at 30 September 2018</b>					

The accompanying notes are an integral part of these financial statements.

# Prudential Life Assurance (Thailand) Public Company Limited

## Statement of changes in equity (Unaudited)

	Note	Issued and paid share capital	Retained earnings		Other components of shareholders' equity	Total shareholders' equity
			Legal reserve	Unappropriated	Net fair value changes in available-for-sale securities	
<i>(in thousand Baht)</i>						
<b>Nine-month period ended 30 September 2019</b>						
<b>Balance at 1 January 2019</b>		<b>20,209,935</b>	<b>322,362</b>	<b>2,094,435</b>	<b>1,458,322</b>	<b>24,085,054</b>
<b>Comprehensive income for the period</b>						
Net profit		-	-	2,281,579	-	2,281,579
Other comprehensive income						
Net change in fair value on available-for-sale securities, net of income tax		-	-	-	9,293,182	9,293,182
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>2,281,579</b>	<b>9,293,182</b>	<b>11,574,761</b>
<b>Balance at 30 September 2019</b>		<b>20,209,935</b>	<b>322,362</b>	<b>4,376,014</b>	<b>10,751,504</b>	<b>35,659,815</b>

The accompanying notes are an integral part of these financial statements.



**Prudential Life Assurance (Thailand) Public Company Limited**  
**Statement of cash flows (Unaudited)**

	Note	Nine-month period ended	
		2019	2018
		30 September	
		(in thousand Baht)	
<b><i>Cash flows from operating activities</i></b>			
Premiums received		15,794,313	14,942,665
Cash received from (paid to) reinsurers		(45,078)	47,107
Interest received		2,218,355	1,870,028
Dividend received		298,675	43,333
Other income		61,587	54,523
Benefit payments and insurance claims expenses		(5,119,964)	(4,028,707)
Commissions and brokerages		(2,406,712)	(2,154,708)
Other underwriting expenses		(1,106,263)	(652,365)
Operating expenses		(1,636,084)	(1,521,721)
Income tax paid		(92,256)	(393,043)
Investments in securities		(8,517,805)	(8,477,473)
Loans		40,283	14,773
Investment assets where policyholders bear the investment risk		(22,136)	(88,612)
<b>Net cash used in operating activities</b>		<b>(533,085)</b>	<b>(344,200)</b>
<b><i>Cash flow used in</i></b>			
Premises and equipment		(8,633)	(4,722)
Intangible assets		(17,700)	(76,532)
<b>Net cash flow used in investing activities</b>		<b>(26,333)</b>	<b>(81,254)</b>
<b><i>Cash flow from financing activities</i></b>			
Dividends paid to owners of the Company	12	-	(1,813,145)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(1,813,145)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(559,418)</b>	<b>(2,238,599)</b>
Cash and cash equivalent at 1 January		1,358,957	3,131,870
<b>Cash and cash equivalent at 30 September</b>	3	<b>799,539</b>	<b>893,271</b>

The accompanying notes are an integral part of these financial statements.

**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

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**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language interim financial statements have been prepared from the Thai language interim financial statements. In the event of a conflict or a difference in interpretation between the two languages, the Thai language interim financial statements shall prevail.

These interim financial statements were approved and authorised for issue by the Board of Directors on 31 October 2019.

**1 General information**

Prudential Life Assurance (Thailand) Public Company Limited, (the “Company”), is incorporated in Thailand and has its registered office at @ Sathorn Building, 20<sup>th</sup> - 27<sup>th</sup> Floors, 9/9 South Sathorn Road, Yannawa, Sathorn, Bangkok. The Company has 1 branch (31 December 2018: 1 branch).

The immediate and ultimate parent companies during the financial period were Staple Limited (51.2% shareholding) which was incorporated in Thailand, and Prudential Plc which was incorporated in the United Kingdom, respectively.

The principal activity of the Company is to operate life assurance. Details of the Company’s subsidiary as at 30 September 2019 and 31 December 2018 are given in note 14.

**2 Basis of preparation of the interim financial statements**

**(a) Statement of compliance**

The condensed interim primary financial statements are prepared in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“Interim financial statements”) in accordance with Thai Accounting Standard (“TAS”) No. 34 *Interim Financial Reporting* and guidelines promulgated by the Federation of Accounting Professions. In addition, the interim financial statements are prepared in accordance with the Notification of the Office of Insurance Commission regarding “Rules, Procedures, Conditions and Timing for the Preparation and Submission of the Financial Statements and Reporting the Operations of Life Insurance Companies” B.E. 2559, dated 4 March 2016.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2018, except that the Company has adopted all the new and revised TFRSs that are relevant to the Company’s operations that are effective for annual periods after 1 January 2019. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

For a number of new and revised TFRSs which are not yet effective for current period, the Company has not early adopted these standards in preparing these interim financial statements before the effective date. Those new and revised TFRSs that are relevant to the Company’s operations are disclosed in note 18.



**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**(b) Functional and presentation currency**

The interim financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

**(c) Exemption from consolidation**

The Company has not prepared consolidated financial statements since management believes it meets the exemption criteria in Thai Accounting Standard No.27 (revised 2018) Consolidated and Separate Financial Statements. The Company had informed all its common shareholders that management intends to present the Company's financial statements on a non-consolidated basis, and no objections were raised.

**(d) Use of judgements and estimates**

The preparation of interim financial statements, judgements and estimates are made by management in applying the Company's accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

**3 Cash and cash equivalents**

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Cash on hand	1,174	1,370
Deposits at banks - call deposits	798,365	1,357,587
<b>Total</b>	<b>799,539</b>	<b>1,358,957</b>

**4 Premiums due and uncollected**

As at 30 September 2019 and 31 December 2018, the balances of premiums due and uncollected are classified by aging as follows:

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Within due	556,158	448,835
Overdue		
less than 30 days	59,890	60,329
31 - 60 days	57	206
61 - 90 days	31	59
91 days - 1 year	296	409
over 1 year	9	39
Total	616,441	509,877
Less allowance for doubtful accounts	(261)	(387)
<b>Net</b>	<b>616,180</b>	<b>509,490</b>

The Company has established procedures for following up on the collection of premiums due and uncollected from agents and brokers to ensure it is made within the credit terms. Legal action is taken against agents and brokers on a case-by-case basis when premiums due and uncollected are overdue.

**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**5 Investments in securities**

**5.1 Investments in securities types**

	30 September 2019		31 December 2018	
	Cost/ Amortised cost	Fair value <i>(in thousand Baht)</i>	Cost/ Amortised cost	Fair value
<i>Trading securities</i>				
Unit trusts	2,803	3,021	2,784	2,816
Add net unrealised gain from fair value changes on securities	218	-	32	-
<b>Total trading securities</b>	<b>3,021</b>	<b>3,021</b>	<b>2,816</b>	<b>2,816</b>
<i>Available-for-sale securities</i>				
Government and state enterprise debt securities	41,294,070	52,867,304	48,653,333	50,084,679
Private debt securities	36,273,669	38,629,768	30,938,155	31,710,083
Foreign debt securities	265,533	273,051	150,091	152,051
Equity securities	7,245,715	6,680,662	-	-
Unit trusts	17,295,163	17,362,528	15,822,728	15,440,179
<b>Total</b>	<b>102,374,150</b>	<b>115,813,313</b>	<b>95,564,307</b>	<b>97,386,992</b>
Add net unrealised gain from fair value changes on securities	13,439,380	-	1,822,902	-
Less allowance for impairment	(217)	-	(217)	-
<b>Total available-for-sale securities</b>	<b>115,813,313</b>	<b>115,813,313</b>	<b>97,386,992</b>	<b>97,386,992</b>
<i>General investments</i>				
Equity securities	3,330		1,777	
Less allowance for impairment	(463)		(463)	
<b>Total general investments</b>	<b>2,867</b>		<b>1,314</b>	
<b>Total investments in securities</b>	<b>115,819,201</b>		<b>97,391,122</b>	

**5.2 Net fair value changes on available-for-sale securities**

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Net change in fair value on available-for-sale securities	13,439,380	1,822,902
Less deferred tax liability	(2,687,876)	(364,580)
<b>Net</b>	<b>10,751,504</b>	<b>1,458,322</b>



**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**6 Loans**

As at 30 September 2019 and 31 December 2018, loans and accrued interest receivables were classified by aging as follows:

30 September 2019									
Outstanding period	Policy loans		Mortgage loans		Other loans		Total		Total
	Principal	Accrued interest receivable*	Principal	Accrued interest receivable*	Principal	Accrued interest receivable*	Principal	Accrued interest receivable*	
<i>(in thousand Baht)</i>									
Current	2,456,545	272,788	-	-	85	-	2,456,630	272,788	2,729,418
Overdue over 12 months	-	-	1,104	-	-	-	1,104	-	1,104
<b>Total</b>	<b>2,456,545</b>	<b>272,788</b>	<b>1,104</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>2,457,734</b>	<b>272,788</b>	<b>2,730,522</b>
Less allowance for doubtful accounts	-	-	(1,104)	-	-	-	(1,104)	-	(1,104)
<b>Net</b>	<b>2,456,545</b>	<b>272,788</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>2,456,630</b>	<b>272,788</b>	<b>2,729,418</b>
31 December 2018									
Outstanding period	Policy loans		Mortgage loans		Other loans		Total		Total
	Principal	Accrued interest receivable*	Principal	Accrued interest receivable*	Principal	Accrued interest receivable*	Principal	Accrued interest receivable*	
<i>(in thousand Baht)</i>									
Current	2,209,155	241,829	-	-	24	-	2,209,179	241,829	2,451,008
Overdue over 12 months	-	-	1,104	-	-	-	1,104	-	1,104
<b>Total</b>	<b>2,209,155</b>	<b>241,829</b>	<b>1,104</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>2,210,283</b>	<b>241,829</b>	<b>2,452,112</b>
Less allowance for doubtful accounts	-	-	(1,104)	-	-	-	(1,104)	-	(1,104)
<b>Net</b>	<b>2,209,155</b>	<b>241,829</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>2,209,179</b>	<b>241,829</b>	<b>2,451,008</b>

\*Presented in accrued investment income in the statement of financial position.

Other loans were personal guarantee loans to staff with interest rates of 5.18%-6.18% per annum (31 December 2018: 5.18% per annum).

# Prudential Life Assurance (Thailand) Public Company Limited

## Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

### 7 Intangible assets

	Software licenses	Software under construction <i>(in thousand Baht)</i>	Bancassurance agreement	Total
<b>Net book value at 1 January 2019</b>	<b>174,953</b>	<b>68,704</b>	<b>11,336,636</b>	<b>11,580,293</b>
Additions during the period - cost	492	18,724	-	19,216
Net transfers in/(out)	79,802	(79,802)	-	-
Net disposals and write off	(400)	-	-	(400)
Amortisation charge for the period	<u>(74,565)</u>	<u>-</u>	<u>(346,027)</u>	<u>(420,592)</u>
<b>Net book value at 30 September 2019</b>	<b><u>180,282</u></b>	<b><u>7,626</u></b>	<b><u>10,990,609</u></b>	<b><u>11,178,517</u></b>

**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

**8 Insurance contract liabilities**

	30 September 2019			31 December 2018		
	Liabilities under insurance contracts	Reinsurers' share liabilities	Net <i>(in thousand Baht)</i>	Liabilities under insurance contracts	Reinsurers' share liabilities	Net
Long-term technical reserves	94,352,115	-	94,352,115	86,871,823	-	86,871,823
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	75,922	-	75,922	37,158	-	37,158
- Incurred but not reported	40,654	-	40,654	33,740	-	33,740
Total loss reserves and outstanding claims	116,576	-	116,576	70,898	-	70,898
Unearned premium reserves	262,083	-	262,083	222,653	-	222,653
Total short-term technical reserves	378,659	-	378,659	293,551	-	293,551
Unpaid policy benefits	312,382	-	312,382	284,577	-	284,577
Due to insured	441,630	-	441,630	320,925	-	320,925
<b>Total</b>	<b>95,484,786</b>	<b>-</b>	<b>95,484,786</b>	<b>87,770,876</b>	<b>-</b>	<b>87,770,876</b>

# Prudential Life Assurance (Thailand) Public Company Limited

## Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

### 8.1 Long-term technical reserves

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
At 1 January	86,871,823	76,027,733
Reserves increase from new and inforce policies in the period / year	11,660,892	15,513,378
Reserves released for benefits payment, lapse and cancel policies in the period / year	(4,180,600)	(4,669,288)
<b>At 30 September 2019 / 31 December 2018</b>	<b><u>94,352,115</u></b>	<b><u>86,871,823</u></b>

### 8.2 Short-term technical reserves

#### 8.2.1 Loss reserves and outstanding claims

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
At 1 January	70,898	47,888
Insurance claim expense incurred during the period / year	397,719	423,542
Insurance claim expense paid during the period / year	(352,041)	(400,532)
<b>At 30 September 2019 / 31 December 2018</b>	<b><u>116,576</u></b>	<b><u>70,898</u></b>

#### 8.2.2 Unearned premium reserves

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
At 1 January	222,653	238,610
Premium written during the period / year	93,079	129,785
Earned premium in the period / year	(53,649)	(145,742)
<b>At 30 September 2019 / 31 December 2018</b>	<b><u>262,083</u></b>	<b><u>222,653</u></b>

### 8.3 Unpaid policy benefits

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Death	82,967	92,817
Unpresented cheques for benefits and claims payment	209,131	181,695
Others	20,284	10,065
<b>Total</b>	<b><u>312,382</u></b>	<b><u>284,577</u></b>



# Prudential Life Assurance (Thailand) Public Company Limited

## Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

### 8.4 Due to insured

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Policyholder deposits	432,826	311,163
Advance premium	46	84
Others	8,758	9,678
<b>Total</b>	<b>441,630</b>	<b>320,925</b>

### 9 Investment contract liabilities

The movement of investment contract liabilities are as follows;

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
At 1 January	6,677,247	3,032,415
Deposit during the period / year	1,187,812	4,619,606
Withdrawal during the period / year	(346,075)	(294,173)
Valuation adjustment during the period / year	563,583	(680,601)
<b>At 30 September 2019 / 31 December 2018</b>	<b>8,082,567</b>	<b>6,677,247</b>

### 10 Income tax

The Company's effective income tax rate for the three-month and nine-month periods ended 30 September 2019 was (6)% and 4%, respectively. (30 September 2018: 22% and 22%, respectively). This change in effective tax rate was caused mainly by the following factors:

- Utilisation of tax losses on investment in subsidiary.
- The difference between accounting and tax recognition regarding foreign currency translation of the remaining marketable securities on the last day of the accounting period.
- No deferred tax provision on timing differences for a certain expense.
- Others

### 11 Basic earnings per share

The calculations of basic earnings per share for the three-month and nine-month periods ended 30 September 2019 and 2018 were based on the profit for the periods attributable to ordinary shareholders of the Company and the ordinary shares outstanding during the periods as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2019	2018	2019	2018
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company (basic)	1,313,592	732,404	2,281,579	1,587,576
Number of ordinary shares outstanding	2,211,153	2,211,153	2,211,153	2,211,153
<b>Basic earnings per share (in Baht)</b>	<b>0.59</b>	<b>0.33</b>	<b>1.03</b>	<b>0.72</b>



# Prudential Life Assurance (Thailand) Public Company Limited

## Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

### 12 Dividends

- (a) At the Company's Annual General Meeting of the shareholders held on 26 April 2019, the shareholders unanimously resolved the appropriation of dividend not exceeding Baht 1,425 million or Baht 0.64 per share. The dividend shall be paid out from the Company's net profit for the year 2018 and unappropriated retain earnings, provided that the Company must be granted prior approval by the Office of Insurance Commission (OIC).

However, on 9 May 2019, the Company received a letter from the OIC informing the Company that the OIC has not approved the calculation of the profit for the operation in the year 2018 in order for dividend payment due to the Company having not met one of the requirements set out in the OIC's notification on seeking approval for paying the dividend. Without the OIC's permission, the Company cannot pay the dividend for the year 2018 to the shareholders in accordance with the approval of the Annual General Shareholders' Meeting.

- (b) On 18 April 2018, the Company received the approval from the Office of Insurance Commission to pay the dividend to shareholders at the amount not exceeding Baht 1,827 million.

At the Company's Annual General Meeting of the shareholders held on 27 April 2018, the shareholders unanimously resolved the appropriation of dividend amounting to Baht 1,813 million or Baht 0.82 per share. The dividend was paid out from the Company's net profit for the year 2017 and unappropriated retain earnings to shareholders in May 2018.

### 13 Fair value of financial assets and liabilities

#### 13.1 Financial assets and liabilities measured at fair value

	Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in thousand Baht)</i>			
<b>30 September 2019</b>				
<b>Financial assets</b>				
<i>Trading securities</i>				
<i>Private securities</i>				
Unit trusts	3,021	-	-	3,021
<b>Total trading securities</b>	<b>3,021</b>	<b>-</b>	<b>-</b>	<b>3,021</b>
<i>Available-for-sale securities</i>				
Government and state enterprise debt securities	-	52,867,304	-	52,867,304
Private debt securities	-	38,629,768	-	38,629,768
Foreign debt securities	-	273,051	-	273,051
Equity securities	6,680,662	-	-	6,680,662
Unit trusts	17,301,669	60,859	-	17,362,528
<b>Total available-for-sale securities</b>	<b>23,982,331</b>	<b>91,830,982</b>	<b>-</b>	<b>115,813,313</b>
<b>Investment assets where policyholders bear the investment risk</b>	<b>8,028,674</b>	<b>-</b>	<b>-</b>	<b>8,028,674</b>

**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to the condensed interim financial statements**  
**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

	Fair value			Total
	Level 1	Level 2	Level 3	
	<i>(in thousand Baht)</i>			
<b>31 December 2018</b>				
<b>Financial assets</b>				
<i>Trading securities</i>				
<i>Private securities</i>				
Unit trusts	2,816	-	-	2,816
<b>Total trading securities</b>	<b>2,816</b>	<b>-</b>	<b>-</b>	<b>2,816</b>
<i>Available-for-sale securities</i>				
Government and state enterprise debt securities	-	50,084,679	-	50,084,679
Private debt securities	-	31,710,083	-	31,710,083
Foreign debt securities	-	152,051	-	152,051
Unit trusts	15,379,908	60,271	-	15,440,179
<b>Total available-for-sale securities</b>	<b>15,379,908</b>	<b>82,007,084</b>	<b>-</b>	<b>97,386,992</b>
<b>Investment assets where policyholders bear the investment risk</b>	<b>6,632,839</b>	<b>-</b>	<b>-</b>	<b>6,632,839</b>

***Fair value hierarchy***

When measuring the fair value of an asset or a liability, the Company uses observable market data as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. at prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company determines Level 2 fair values for debt securities using the clean price on last day of the period provided by the Thai Bond Market Association and debt securities in foreign currency are based on investment company value.

The Company determines level 2 fair values for unit trusts using the net asset value (NAV) on the last business day of the period provided by assets management companies.

The Company determines level 2 fair values for promissory notes using discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes.

The Company recognises transfers between levels of the fair value hierarchy as of the end of reporting period during which the transfer has occurred. There were no transfers between levels of the fair value hierarchy during the three-month and nine-month periods ended 30 September 2019 and for the year ended 31 December 2018.



# Prudential Life Assurance (Thailand) Public Company Limited

## Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

### 13.2 Fair value of financial assets and liabilities not measured at fair value

The fair value of significant financial assets and liabilities did not have significant difference with carrying value as shown in statement of financial position as at 30 September 2019 and 31 December 2018.

### 14 Related parties

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with key management personnel and related parties were as follows:

Name of entities/Personnel	Country of Incorporation/ Nationality	Nature of relationships
Key management personnel	Thailand/ Foreigners	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the Company
Prudential Plc	United Kingdom	Ultimate parent of Prudential group
Staple Limited	Thailand	Parent company, holds 51.2% of the Company's shares
Prudential Corporation Holdings Limited	United Kingdom	Major shareholder, holds 48.7% of the Company's shares
Prudential Holdings Limited	United Kingdom	Intermediate parent company
Thanachart Life Assurance Public Company Limited	Thailand	Subsidiary, the Company holds 100% of the shares (Note 17(a))
Affiliate of Prudential Group	Thailand/ Foreign	Related party of Prudential Group

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Investment management fee expenses	Contractually agreed price
Operating expenses	Contractually agreed price
Interest expense on promissory note	Contractually agreed rate

# Prudential Life Assurance (Thailand) Public Company Limited

## Notes to the condensed interim financial statements

### For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

Significant transactions for the three-month and nine-month periods ended 30 September 2019 and 2018 with key management personnel and related parties were as follows:

	Three-month period ended 30 September		Nine-month period ended 30 September	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Revenue</b>				
<b>Affiliate of Prudential Group</b>				
Trailing fee	2,621	-	6,862	-
<b>Expenses</b>				
<b>Subsidiary</b>				
Impairment loss in investment in subsidiary (reversal)	39	(7)	40	(5)
Interest expense on promissory note	28	28	83	83
<b>Expenses</b>				
<b>Affiliate of Prudential Group</b>				
Investment management fee expenses	33,273	31,525	89,876	90,475
Operating expenses	42,027	13,148	174,522	29,198
<b>Directors and key management personnel compensation</b>				
Short-term employee benefits	44,659	35,980	128,584	116,684
Post-employment benefit	3,739	5,026	14,716	13,274
Other long-term benefits	7,115	8,738	28,265	39,584
<b>Total</b>	<b>55,513</b>	<b>49,744</b>	<b>171,565</b>	<b>169,542</b>

Significant balances as at 30 September 2019 and 31 December 2018 with related parties were as follows:

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
<b>Other assets</b>		
Affiliate of Prudential Group	<u>13,213</u>	<u>17,239</u>
<b>Promissory note (included in other liabilities)</b>		
Promissory note payable to the subsidiary	<u>-</u>	<u>7,617</u>
<b>Accrued investment management fee</b>		
Affiliate of Prudential Group	<u>30,901</u>	<u>16,552</u>
<b>Other liabilities</b>		
Affiliate of Prudential Group	<u>282,189</u>	<u>161,893</u>

# Prudential Life Assurance (Thailand) Public Company Limited

## Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

### *Significant agreements with related parties*

#### *Investment Management Agreement*

The Company has entered into an Investment Management Agreement with an affiliate of the Prudential Group. The affiliate agreed to act as the Company's investment manager and provide dealing services. The Company is committed to pay a management fee at the rate in agreements. These agreements can be terminated upon 3 months written notice.

#### *Service agreements*

During the financial year, the Company has entered into Service Agreements with Prudential Holdings Limited ("PHL"), an intermediate parent company, which is Prudential Regional Head Office in Asia, for the provision of services and support for both IT and non-IT services to the Company, for a period of five years. In consideration of the provision of services provided by PHL, the Company shall pay to PHL a service fee as set out in the agreements. The agreements can be terminated upon one month written notice and can be extended upon not less than one month written notice prior to the expiry of the term of these agreements by either party.

## 15 Securities and assets pledged with the Registrar

- 15.1 The Company's investment in debt securities have been pledged with the Registrar in accordance with Section 20 of the Life Assurance Act B.E. 2535, as amended by the Life Assurance Act (No. 2) B.E. 2551:

	30 September 2019		31 December 2018	
	Book value	Face value	Book value	Face value
Government bonds	<u>47,275</u>	<u>30,000</u>	<u>37,321</u>	<u>30,000</u>

- 15.2 The Company's investment in debt securities have been pledged as life assurance policy reserve with the Registrar in accordance with Section 24 of the Life Assurance Act B.E. 2535, as amended by the Life Assurance Act (No. 2) B.E. 2551:

	30 September 2019		31 December 2018	
	Book value	Face value	Book value	Face value
Government and state enterprise bonds	30,837,031	19,175,700	20,983,772	18,535,700
Promissory notes	<u>1,499,362</u>	<u>1,000,000</u>	<u>1,152,594</u>	<u>1,000,000</u>
<b>Total</b>	<u><b>32,336,393</b></u>	<u><b>20,175,700</b></u>	<u><b>22,136,366</b></u>	<u><b>19,535,700</b></u>



# Prudential Life Assurance (Thailand) Public Company Limited

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For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

### 16 Commitments with non-related parties

	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
<b>(a) Capital commitments</b>		
<i>Contracted but not provided for:</i>		
Software licenses	4,112	7,587
<b>Total</b>	<b>4,112</b>	<b>7,587</b>
	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>	
<b>(b) Non-cancellable operating lease commitments</b>		
Within one year	43,341	47,109
After one year but within five years	39,729	81,181
<b>Total</b>	<b>83,070</b>	<b>128,290</b>
	30 September 2019	31 December 2018
	<i>(in thousand USD)</i>	
<b>(c) Commitments from foreign exchange forward contracts</b>		
<i>Within one year - US dollar</i>	<b>899,850</b>	<b>488,433</b>
<i>After one year but within five years - US dollar</i>	<b>47,100</b>	<b>-</b>
<b>Commitments from cross currency swap contracts</b>		
<i>Within five years - US dollar</i>	<b>9,900</b>	<b>9,900</b>

### 17 Events after the reporting period

- (a) Thanachart Life Assurance Public Company Limited (“TLife”), which has been a subsidiary company since May 2013 and was dissolved for liquidation process in November 2014. TLife claimed for all receivables, settled all outstanding debts, and returned all capitals to all shareholders completely on 30 September 2019 and registered for a completion of a liquidation process with Department of Business Development, the Ministry of Commerce on 31 October 2019.

Accordingly, the Company received the capital return in the amount of Baht 7.4 million from TLife on 30 September 2019.

- (b) At the Company’s Board of Directors’ meeting held on 31 October 2019, the Board of Directors approved the Company’s application for dividend payment to the Company’s shareholders at the amount not exceeding Baht 1,537 million. The dividend shall be paid out from the Company’s net profit for the nine-month period ended 30 September 2019 and the unappropriated retained earnings. In this regard, it also depends on the approval from the Office of Insurance Commission (OIC).

# Prudential Life Assurance (Thailand) Public Company Limited

## Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

### 18 Thai Financial Reporting Standards (TFRSs) not yet adopted

A number of new and revised TFRSs which are relevant to the Company's operations are expected to have significant impact on the Company's financial statements on the date of initial application. Those TFRSs which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

TFRSs	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

\* *TFRS - Financial instruments standards*

#### (a) *TFRS - Financial Instruments standards*

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the Company's financial statements.

#### (b) *TFRS 16 Leases*

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases.

Management is presently considering the potential impact of adopting and initially applying TFRS 16 on the Company's financial statements.