

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

Interim financial statements  
for the three-month and six-month periods ended  
30 June 2018  
and  
Independent auditor's report  
on review of interim financial information



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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 June 2018; the statements of comprehensive income for the three-month and six-month periods ended 30 June 2018, the statements of changes in equity and cash flows for the six-month period ended 30 June 2018; 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 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  
7 August 2018

# Prudential Life Assurance (Thailand) Public Company Limited

## Statement of financial position

Assets	<i>Note</i>	30 June 2018 (Unaudited)	31 December 2017
		<i>(in thousand Baht)</i>	
Cash and cash equivalents	3	1,331,735	3,131,870
Premiums due and uncollected	4	580,136	482,435
Accrued investment income		685,943	668,099
Reinsurance receivables		82,406	55,819
Derivative assets		129,964	233,725
Investments assets			
Investments in securities	5, 13, 15	91,650,878	88,754,775
Loans	6	2,242,365	2,027,030
Investment in subsidiary		7,445	7,447
Investment assets where policyholders bear the investment risk	13	5,679,556	2,969,410
Assets held for sale		10,030	10,030
Premises and equipment		163,116	185,000
Intangible assets	7	11,746,210	11,934,240
Other assets	14	<u>398,064</u>	<u>395,929</u>
<b>Total assets</b>		<b><u><u>114,707,848</u></u></b>	<b><u><u>110,855,809</u></u></b>

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

# Prudential Life Assurance (Thailand) Public Company Limited

## Statement of financial position

		30 June 2018 (Unaudited)	31 December 2017
<b>Liabilities and shareholders' equity</b>	<i>Note</i>		
		(Unaudited)	
		<i>(in thousand Baht)</i>	
<b>Liabilities</b>			
Investment payable		397,172	993,723
Insurance contract liabilities	8	82,096,096	76,760,247
Investment contract liabilities	9	5,819,138	3,032,415
Due to reinsurers		184,600	131,087
Derivative liabilities		152,140	3,213
Income tax payable		227,632	133,887
Accrued commission		345,541	402,679
Accrued expenses	14	446,239	712,301
Employee benefit obligations		218,072	303,872
Deferred tax liabilities		400,885	965,215
Other liabilities	14	523,984	548,779
<b>Total liabilities</b>		<b>90,811,499</b>	<b>83,987,418</b>
<b>Shareholders' equity</b>			
Share capital			
Authorised share capital		20,209,935	20,209,935
Issued and paid share capital		20,209,935	20,209,935
Retained earnings			
Appropriated			
Legal reserve		251,361	251,361
Unappropriated		1,600,597	2,564,367
Other components of shareholders' equity			
Net fair value changes in available-for-sale securities	5	1,834,456	3,842,728
<b>Total shareholders' equity</b>		<b>23,896,349</b>	<b>26,868,391</b>
<b>Total liabilities and shareholders' equity</b>		<b>114,707,848</b>	<b>110,855,809</b>

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

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

	Note	Three-month period ended	
		2018	2017
		30 June	
		(Unaudited)	
		(in thousand Baht)	
<b>Revenues</b>			
Gross premium written		4,631,509	4,401,383
Less premium ceded		<u>(43,553)</u>	<u>(46,279)</u>
Net premiums written		4,587,956	4,355,104
Add unearned premium reserve decreased from previous period		<u>524</u>	<u>34,979</u>
Net premium earned		4,588,480	4,390,083
Commission and brokerage income		101,362	8,871
Net investments income	14	753,622	697,919
Gain on investments	14	36,887	73,818
Gain on fair value changes		-	37,872
Other income		<u>4,374</u>	<u>909</u>
<b>Total revenues</b>		<u><b>5,484,725</b></u>	<u><b>5,209,472</b></u>
<b>Expenses</b>			
Long-term technical reserve increase from prior period		2,177,502	2,125,299
Benefits payments and insurance claims expenses		1,377,662	1,142,523
Less benefits payments and insurance claims expenses recovered from reinsurers		<u>(16,397)</u>	<u>(30,541)</u>
Net benefits payments and insurance claims expenses		1,361,265	1,111,982
Commissions and brokerage expenses		695,002	601,124
Other underwriting expenses (reversal of)		(140,047)	314,476
Operating expenses	14	553,720	445,135
Loss on fair value changes		<u>122,727</u>	<u>-</u>
<b>Total expenses</b>		<u><b>4,770,169</b></u>	<u><b>4,598,016</b></u>
<b>Profit before income tax</b>		<b>714,556</b>	<b>611,456</b>
Income tax	10	<u>150,121</u>	<u>126,647</u>
<b>Net profit</b>		<u><b>564,435</b></u>	<u><b>484,809</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		(1,984,830)	747,455
Income tax relating to components of the comprehensive income that will be reclassified subsequently to profit or loss		<u>396,966</u>	<u>(149,491)</u>
<b>Other comprehensive income for the period, net of income tax</b>		<u><b>(1,587,864)</b></u>	<u><b>597,964</b></u>
<b>Total comprehensive income for the period</b>		<u><b>(1,023,429)</b></u>	<u><b>1,082,773</b></u>
<b>Basic earnings per share (in Baht)</b>	11	<u><b>0.26</b></u>	<u><b>0.22</b></u>

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

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

	Note	Six-month period ended	
		2018	2017
		30 June	
		(Unaudited)	
		(in thousand Baht)	
<b>Revenues</b>			
Gross premium written		10,217,088	9,670,083
Less premium ceded		<u>(83,360)</u>	<u>(103,943)</u>
Net premiums written		10,133,728	9,566,140
Add unearned premium reserve decreased from previous period		<u>60,823</u>	<u>73,103</u>
Net premium earned		10,194,551	9,639,243
Commission and brokerage income		110,599	20,170
Net investments income	14	1,480,574	1,361,669
Gain on investments	14	45,085	86,893
Gain on fair value changes		-	108,625
Other income		<u>13,900</u>	<u>2,765</u>
<b>Total revenues</b>		<b><u>11,844,709</u></b>	<b><u>11,219,365</u></b>
<b>Expenses</b>			
Long-term technical reserve increase from prior period		5,276,180	4,841,721
Benefits payments and insurance claims expenses		2,770,515	2,449,605
Less benefits payments and insurance claims expenses recovered from reinsurers		<u>(34,987)</u>	<u>(50,824)</u>
Net benefits payments and insurance claims expenses		2,735,528	2,398,781
Commissions and brokerage expenses		1,394,872	1,170,899
Other underwriting expenses		261,605	716,249
Operating expenses	14	1,053,127	847,811
Loss on fair value changes		<u>29,248</u>	<u>-</u>
<b>Total expenses</b>		<b><u>10,750,560</u></b>	<b><u>9,975,461</u></b>
<b>Profit before income tax</b>		<b>1,094,149</b>	<b>1,243,904</b>
Income tax	10	<u>238,977</u>	<u>273,739</u>
<b>Net profit</b>		<b><u>855,172</u></b>	<b><u>970,165</u></b>
<b>Other comprehensive income</b>			
<b>Components of other comprehensive income that will not be reclassified subsequently to profit or loss</b>			
Defined benefit plan actuarial loss		(7,246)	(7,465)
Income tax relating to components of the comprehensive income that will not be reclassified subsequently to profit or loss		<u>1,449</u>	<u>1,493</u>
		<b><u>(5,797)</u></b>	<b><u>(5,972)</u></b>
<b>Components of other comprehensive income that will be reclassified subsequently to profit or loss</b>			
Net change in fair value on available-for-sale securities		(2,510,340)	1,006,864
Income tax relating to components of the comprehensive income that will be reclassified subsequently to profit or loss		<u>502,068</u>	<u>(201,372)</u>
		<b><u>(2,008,272)</u></b>	<b><u>805,492</u></b>
<b>Other comprehensive income for the period, net of income tax</b>		<b><u>(2,014,069)</u></b>	<b><u>799,520</u></b>
<b>Total comprehensive income for the period</b>		<b><u>(1,158,897)</u></b>	<b><u>1,769,685</u></b>
<b>Basic earnings per share (in Baht)</b>	11	<b><u>0.39</u></b>	<b><u>0.44</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)

	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	
<b>Six-month period ended 30 June 2017</b>						
Balance at 1 January 2017		20,209,935	161,084	2,121,838	1,799,970	24,292,827
<b>Transactions with shareholders, recorded directly in equity</b>						
<i>Distribution to shareholders of the Company</i>						
Dividends to shareholders of the Company	12	-	-	(1,282,469)	-	(1,282,469)
<b>Total transactions with shareholders, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>(1,282,469)</b>	<b>-</b>	<b>(1,282,469)</b>
<b>Comprehensive income for the period</b>						
Net profit		-	-	970,165	-	970,165
Other comprehensive income						
Net change in fair value on available-for-sale securities, net of income tax		-	-	-	805,492	805,492
Defined benefit plan actuarial loss, net of income tax		-	-	(5,972)	-	(5,972)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>964,193</b>	<b>805,492</b>	<b>1,769,685</b>
<b>Balance at 30 June 2017</b>		<b>20,209,935</b>	<b>161,084</b>	<b>1,803,562</b>	<b>2,605,462</b>	<b>24,780,043</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 <i>(in thousand Baht)</i>	Net fair value changes in available-for-sale securities	
<b>Six-month period ended 30 June 2018</b>						
<b>Balance at 1 January 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>Transactions with shareholders, recorded directly in equity</b>						
<i>Distribution to shareholders of the Company</i>						
Dividends to shareholders of the Company	12	-	-	(1,813,145)	-	(1,813,145)
<b>Total transactions with shareholders, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>(1,813,145)</b>	<b>-</b>	<b>(1,813,145)</b>
<b>Comprehensive income for the period</b>						
Net profit		-	-	855,172	-	855,172
<b>Other comprehensive income</b>						
Net change in fair value on available-for-sale securities, net of income tax		-	-	-	(2,008,272)	(2,008,272)
Defined benefit plan actuarial loss, net of income tax		-	-	(5,797)	-	(5,797)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>849,375</b>	<b>(2,008,272)</b>	<b>(1,158,897)</b>
<b>Balance at 30 June 2018</b>		<b>20,209,935</b>	<b>251,361</b>	<b>1,600,597</b>	<b>1,834,456</b>	<b>23,896,349</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	Six-month period ended 30 June	
		2018	2017
<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>			
Premiums received		9,911,698	9,340,189
Cash received from (paid to) reinsurers		89,152	(17,802)
Interest received		1,443,807	1,346,959
Dividend received		23,327	22,070
Other income		13,900	2,630
Benefit payments and insurance claims expenses		(2,650,023)	(2,511,171)
Commissions and brokerages		(1,452,010)	(1,210,446)
Other underwriting expenses		(414,278)	(728,816)
Operating expenses		(755,685)	(689,850)
Income tax paid		(206,046)	(301,976)
Investments in securities		(5,852,349)	(5,035,995)
Loans		(7,587)	(17,328)
Investment assets where policyholders bear the investment risk		(100,924)	174,695
Deposits at financial institutions		-	(1)
<b>Net cash provided by operating activities</b>		<b>42,982</b>	<b>373,158</b>
<b><i>Cash flows from investing activities</i></b>			
<b><i>Cash flows provided by</i></b>			
Premises and equipment		-	148
<b>Cash flow provided by investing activities</b>		<b>-</b>	<b>148</b>
<b><i>Cash flow used in</i></b>			
Premises and equipment		(4,070)	(23,730)
Intangible assets		(25,902)	(25,055)
<b>Cash flow used in investing activities</b>		<b>(29,972)</b>	<b>(48,785)</b>
<b>Net cash flow used in investing activities</b>		<b>(29,972)</b>	<b>(48,637)</b>
<b><i>Cash flow from financing activities</i></b>			
Dividends paid to owners of the Company	12	(1,813,145)	(1,282,469)
<b>Net cash used in financing activities</b>		<b>(1,813,145)</b>	<b>(1,282,469)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,800,135)</b>	<b>(957,948)</b>
Cash and cash equivalent at 1 January		3,131,870	2,541,571
<b>Cash and cash equivalent at 30 June</b>	3	<b>1,331,735</b>	<b>1,583,623</b>
<b>Supplement cash flow information</b>			
<b>Non-cash items</b>			
Investment receivable		35,208	21,593
Investment payable		397,172	-
Net fair value changes on available-for-sale securities		(2,510,340)	1,006,864

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

**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2018 (Unaudited)**

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**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2018 (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, and were approved and authorised for issue by the Director on 7 August 2018.

**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 2017: 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 June 2018 and 31 December 2017 are given in note 14.

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

**(a) Statement of compliance**

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2017) *Interim Financial Reporting* and guidelines promulgated by the Federation of Accounting Professions (“FAP”). 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 2017. 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 2017.

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 2017, 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 2018. 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.

In addition to the above new and revised TFRSs, The FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted this standard in preparing these interim financial statements.

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) *Construction Contracts*,
- TAS 18 (revised 2017) *Revenue*,
- TSIC 31 (revised 2017) *Revenue-Barter Transactions Involving Advertising Services*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*,

**Prudential Life Assurance (Thailand) Public Company Limited**  
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- TFRIC 15 (revised 2017) *Agreements for the Construction of Real Estate, and*
- TFRIC 18 (revised 2017) *Transfers of Assets from Customers*

The Company has made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the financial statements and expects that there will be no material impact on the financial statements in the period of initial application.

**(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 2017) 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 in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

**3 Cash and cash equivalents**

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Cash on hand	1,482	1,755
Deposits at banks - call deposits	1,190,253	1,870,115
Deposits at banks - time deposits	140,000	1,260,000
<b>Total</b>	<b><u>1,331,735</u></b>	<b><u>3,131,870</u></b>

**4 Premiums due and uncollected**

As at 30 June 2018 and 31 December 2017, the balances of premiums due and uncollected are classified by aging as follows:

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Within due	525,677	409,378
Overdue		
not over than 30 days	53,565	72,092
31 - 60 days	88	380
61 - 90 days	101	332
91 days - 1 year	952	339
over 1 year	912	1,132
<b>Total</b>	<b><u>581,295</u></b>	<b><u>483,653</u></b>
<i>Less allowance for doubtful accounts</i>	<i>(1,159)</i>	<i>(1,218)</i>
<b>Net</b>	<b><u>580,136</u></b>	<b><u>482,435</u></b>

**Prudential Life Assurance (Thailand) Public Company Limited**  
**Notes to the interim financial statements**  
**For the three-month and six-month periods ended 30 June 2018 (Unaudited)**

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.

**5 Investments in securities**

**5.1 Investments in securities types**

	30 June 2018		31 December 2017	
	Cost/ Amortised cost	Fair value <i>(in thousand Baht)</i>	Cost/ Amortised cost	Fair value
<b>Trading securities</b>				
Unit trusts	2,491	2,696	1,896	2,230
Add unrealised gain from fair value changes on securities	205	-	334	-
<b>Total trading securities</b>	<b>2,696</b>	<b>2,696</b>	<b>2,230</b>	<b>2,230</b>
<b>Available-for-sale securities</b>				
Government and state enterprise debt securities	54,463,346	55,714,084	50,425,068	53,528,026
Private debt securities	29,379,482	30,181,084	27,521,213	28,735,618
Foreign debt securities	1,512,246	1,460,454	2,138,765	2,152,858
Unit trusts	2,256,533	2,676,080	2,121,298	2,722,786
Exchange Traded Fund	1,742,408	1,615,166	1,742,408	1,612,657
<b>Total</b>	<b>89,354,015</b>	<b>91,646,868</b>	<b>83,948,752</b>	<b>88,751,945</b>
Add unrealised gain from fair value changes on securities	2,293,070	-	4,803,410	-
Less allowance for impairment	(217)	-	(217)	-
<b>Total available-for-sale securities</b>	<b>91,646,868</b>	<b>91,646,868</b>	<b>88,751,945</b>	<b>88,751,945</b>
<b>General investments</b>				
Equity securities - ordinary shares	1,777		1,063	
Less allowance for impairment	(463)		(463)	
<b>Total general investments</b>	<b>1,314</b>		<b>600</b>	
<b>Total investments in securities</b>	<b>91,650,878</b>		<b>88,754,775</b>	

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

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Net change in fair value on available-for-sale securities	2,293,070	4,803,410
Less deferred tax liability	(458,614)	(960,682)
<b>Net</b>	<b>1,834,456</b>	<b>3,842,728</b>

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**6 Loans**

As at 30 June 2018 and 31 December 2017, loans and accrued interest receivables were classified by aging as follows:

Outstanding period	30 June 2018								
	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	2,242,252	224,185	-	-	113	-	2,242,365	224,185	2,466,550
Overdue over 12 months	-	-	1,104	-	-	-	1,104	-	1,104
<b>Total</b>	<b>2,242,252</b>	<b>224,185</b>	<b>1,104</b>	<b>-</b>	<b>113</b>	<b>-</b>	<b>2,243,469</b>	<b>224,185</b>	<b>2,467,654</b>
Less allowance for doubtful accounts	-	-	(1,104)	-	-	-	(1,104)	-	(1,104)
<b>Net</b>	<b>2,242,252</b>	<b>224,185</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>-</b>	<b>2,242,365</b>	<b>224,185</b>	<b>2,466,550</b>

  

Outstanding period	31 December 2017								
	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	2,026,942	198,550	-	-	88	-	2,027,030	198,550	2,225,580
Overdue over 12 months	-	-	1,104	-	-	-	1,104	-	1,104
<b>Total</b>	<b>2,026,942</b>	<b>198,550</b>	<b>1,104</b>	<b>-</b>	<b>88</b>	<b>-</b>	<b>2,028,134</b>	<b>198,550</b>	<b>2,226,684</b>
Less allowance for doubtful accounts	-	-	(1,104)	-	-	-	(1,104)	-	(1,104)
<b>Net</b>	<b>2,026,942</b>	<b>198,550</b>	<b>-</b>	<b>-</b>	<b>88</b>	<b>-</b>	<b>2,027,030</b>	<b>198,550</b>	<b>2,225,580</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% - 5.25% per annum (31 December 2017: 5.18% - 5.25% per annum).

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**7 Intangible assets**

	Software licenses	Software under construction <i>(in thousand Baht)</i>	Bancassurance agreement	Total
<b>Net book value at 1 January 2018</b>	<b>127,625</b>	<b>50,679</b>	<b>11,755,936</b>	<b>11,934,240</b>
Additions during the period - cost	-	25,902	-	25,902
Disposals and transfers out - net book value	51,711	(51,711)	-	-
Amortisation charge during the period	(28,122)	-	(185,810)	(213,932)
<b>Net book value at 30 June 2018</b>	<b>151,214</b>	<b>24,870</b>	<b>11,570,126</b>	<b>11,746,210</b>

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**8 Insurance contract liabilities**

	30 June 2018			31 December 2017		
	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	81,303,913	-	81,303,913	76,027,733	-	76,027,733
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	35,043	-	35,043	26,878	-	26,878
- Incurred but not reported	19,070	-	19,070	21,010	-	21,010
Total loss reserves and outstanding claims	54,113	-	54,113	47,888	-	47,888
Unearned premium reserves	177,787	-	177,787	238,610	-	238,610
Total short-term technical reserves	231,900	-	231,900	286,498	-	286,498
Unpaid policy benefits	290,337	-	290,337	224,672	-	224,672
Due to insured	269,946	-	269,946	221,344	-	221,344
<b>Total</b>	<b>82,096,096</b>	<b>-</b>	<b>82,096,096</b>	<b>76,760,247</b>	<b>-</b>	<b>76,760,247</b>



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**8.1 Long-term technical reserves**

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
At 1 January	76,027,733	65,633,184
Reserve increase from new and inforce policies in the period / year	7,396,993	13,585,957
Reserves released for benefits payment, lapse and cancel policies in the period / year	<u>(2,120,813)</u>	<u>(3,191,408)</u>
<b>At 30 June 2018 / 31 December 2017</b>	<b><u>81,303,913</u></b>	<b><u>76,027,733</u></b>

**8.2 Short-term technical reserve**

**8.2.1 Loss reserves and outstanding claims**

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
At 1 January	47,888	41,549
Insurance claim expense incurred during the period / year	194,737	450,664
Insurance claim expense paid during the period / year	<u>(188,512)</u>	<u>(444,325)</u>
<b>At 30 June 2018 / 31 December 2017</b>	<b><u>54,113</u></b>	<b><u>47,888</u></b>

**8.2.2 Unearned premium reserves**

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
At 1 January	238,610	321,136
Premium written during the period / year	48,650	75,955
Earned premium in the period / year	<u>(109,473)</u>	<u>(158,481)</u>
<b>At 30 June 2018 / 31 December 2017</b>	<b><u>177,787</u></b>	<b><u>238,610</u></b>

**8.3 Unpaid policy benefits**

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Death	104,661	67,278
Unpresented cheques for benefits and claims payment	167,828	145,573
Others	<u>17,848</u>	<u>11,821</u>
<b>Total</b>	<b><u>290,337</u></b>	<b><u>224,672</u></b>

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**8.4 Due to insured**

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Policyholder deposits	259,423	213,770
Advance premium	108	146
Others	10,415	7,428
<b>Total</b>	<b><u>269,946</u></b>	<b><u>221,344</u></b>

**9 Investment contract liabilities**

The movement of investment contract liabilities are as follow;

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
At 1 January	3,032,415	1,670,612
Deposit during the period / year	3,082,227	1,772,999
Withdrawal during the period / year	(153,789)	(613,124)
Valuation adjustment during the period / year	(141,715)	201,928
<b>At 30 June 2018 / 31 December 2017</b>	<b><u>5,819,138</u></b>	<b><u>3,032,415</u></b>

**10 Income tax**

The Company's effective income tax rate for the three-month and six-month periods ended 30 June 2018 was 21% and 22%, respectively (30 June 2017: 21% and 22%, respectively).

**11 Basic earnings per share**

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2018 and 2017 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 June		Six-month period ended 30 June	
	2018	2017	2018	2017
	<i>(in thousand Baht / thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company (basic)	<u>564,435</u>	<u>484,809</u>	<u>855,172</u>	<u>970,165</u>
Number of ordinary shares outstanding	<u>2,211,153</u>	<u>2,211,153</u>	<u>2,211,153</u>	<u>2,211,153</u>
<b>Basic earnings per share (in Baht)</b>	<b><u>0.26</u></b>	<b><u>0.22</u></b>	<b><u>0.39</u></b>	<b><u>0.44</u></b>

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**12 Dividends**

- (a) 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.

- (b) At the Company's Annual General Meeting of the shareholders held on 24 April 2017, the shareholders unanimously resolve the appropriation of dividend not exceeding Baht 1,908 million.

On 26 April 2017, the Company received the approval from the Office of Insurance Commission to pay the dividend to shareholders at the amount not exceeding Baht 1,296 million or Baht 0.58 per share. The dividend amounting to Baht 1,282 million or Baht 0.58 per share was paid to shareholders in May 2017.

**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 June 2018</b>				
<b>Financial assets</b>				
<i>Trading securities</i>				
<i>Private securities</i>				
Unit trusts	2,696	-	-	2,696
<b>Total trading securities</b>	<b>2,696</b>	<b>-</b>	<b>-</b>	<b>2,696</b>
<i>Available-for-sale securities</i>				
Government and state enterprise debt securities	-	55,714,084	-	55,714,084
Private debt securities	-	30,181,084	-	30,181,084
Foreign debt securities	-	1,460,454	-	1,460,454
Unit trusts and Exchange Traded Fund	4,230,996	60,250	-	4,291,246
<b>Total available-for-sale securities</b>	<b>4,230,996</b>	<b>87,415,872</b>	<b>-</b>	<b>91,646,868</b>
<b>Investment assets where policyholders bear the investment risk</b>	<b>5,679,556</b>	<b>-</b>	<b>-</b>	<b>5,679,556</b>
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in thousand Baht)</i>			
<b>31 December 2017</b>				
<b>Financial assets</b>				
<i>Trading securities</i>				
<i>Private securities</i>				
Unit trusts	2,230	-	-	2,230
<b>Total trading securities</b>	<b>2,230</b>	<b>-</b>	<b>-</b>	<b>2,230</b>

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	Fair value			Total
	Level 1	Level 2 <i>(in thousand Baht)</i>	Level 3	
<i>Available-for-sale securities</i>				
Government and state enterprise debt securities	-	53,528,026	-	53,528,026
Private debt securities	-	28,735,618	-	28,735,618
Foreign debt securities	-	2,152,858	-	2,152,858
Unit trusts and Exchange Traded Fund	4,274,857	60,586	-	4,335,443
<b>Total available-for-sale securities</b>	<b>4,274,857</b>	<b>84,477,088</b>	<b>-</b>	<b>88,751,945</b>
<b>Investment assets where policyholders bear the investment risk</b>	<b>2,969,410</b>	<b>-</b>	<b>-</b>	<b>2,969,410</b>

***Fair value hierarchy***

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined 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 six-month periods ended 30 June 2018 and for the year ended 31 December 2017.

**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 June 2018 and 31 December 2017.

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**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
Thanachart Life Assurance Public Company Limited	Thailand	Subsidiary, the Company holds 100% of the shares
Eastspring Investment (Singapore) Limited	Singapore	An affiliate of the Company's major shareholder
Affiliate of Prudential Group	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

Significant transactions for the three-month and six-month periods ended 30 June 2018 and 2017 with key management personnel and related parties were as follows:

	Three-month period ended		Six-month period ended	
	2018	2017	2018	2017
	30 June			
	(in thousand Baht)			
<b>Expenses</b>				
<b>Subsidiary</b>				
Impairment loss in investment in subsidiary (reversal)	23	20	2	(1)
Interest expense on promissory note	28	27	55	55

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	Three-month period ended		Six-month period ended	
	30 June		30 June	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
<b>Expenses</b>				
<b>Affiliate of Prudential Group</b>				
Investment management fee expenses	29,027	26,179	58,950	52,243
Operating expenses	11,523	24,478	16,050	31,937
<b>Directors and key management personnel compensation</b>				
Short-term employee benefits	133,367	108,227	226,362	188,981
Post-employment benefit	8,472	10,133	16,636	17,374
Other long-term benefits	26,830	19,277	40,288	27,506
<b>Total</b>	<b>168,669</b>	<b>137,637</b>	<b>283,286</b>	<b>233,861</b>

Significant balances as at 30 June 2018 and 31 December 2017 with related parties were as follows:

	30 June 2018	31 December 2017
<i>(in thousand Baht)</i>		
<b>Promissory note (included in other liabilities)</b>		
Promissory note payable to the subsidiary	<u>7,596</u>	<u>7,543</u>
<b>Accrued investment management fee</b>		
Affiliate of Prudential Group	<u>18,601</u>	<u>26,015</u>
<b>Other liabilities</b>		
Affiliate of Prudential Group	<u>78,509</u>	<u>3,485</u>

**Significant agreements with related parties**

**Investment Management Agreement**

The Company has entered into an Investment Management Agreement with Eastspring Investment (Singapore) Limited (“Eastspring”) which is an affiliate of the Prudential Group. Eastspring 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.

**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 June 2018		31 December 2017	
	Book value	Face value	Book value	Face value
<i>(in thousand Baht)</i>				
Government bonds	<u>35,914</u>	<u>30,000</u>	<u>38,407</u>	<u>30,000</u>

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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 June 2018		31 December 2017	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and state enterprise bonds	17,767,652	15,610,700	16,885,992	13,969,700
Promissory notes	1,089,521	1,000,000	1,182,990	1,000,000
<b>Total</b>	<b>18,857,173</b>	<b>16,610,700</b>	<b>18,068,982</b>	<b>14,969,700</b>

**16 Commitments with non-related parties**

	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<b>(a) Capital commitments</b>		
<i>Contracted but not provided for:</i>		
Software licenses	3,142	15,108
<b>Total</b>	<b>3,142</b>	<b>15,108</b>
	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<b>(b) Non-cancellable operating lease commitments</b>		
Within one year	45,720	44,387
After one year but within five years	105,559	128,290
<b>Total</b>	<b>151,279</b>	<b>172,677</b>
	30 June 2018	31 December 2017
	<i>(in thousand USD)</i>	
<b>(c) Commitments from foreign exchange forward contracts</b>		
<i>Within one year - US dollar</i>	184,433	115,827
<i>After one year but within five years - US dollar</i>	-	50,033
<b>Commitments from cross currency swap contracts</b>		
<i>Within five years - US dollar</i>	9,900	9,900