

Prudential Life Assurance (Thailand) Public Company Limited

Interim financial statements
for the three-month period ended
31 March 2019

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 31 March 2019; the statements of comprehensive income changes in equity and cash flows for the three-month period ended 31 March 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
8 May 2019

Prudential Life Assurance (Thailand) Public Company Limited

Statement of financial position

Assets	Note	31 March	31 December
		2019	2018
		(Unaudited)	
		(in thousand Baht)	
Cash and cash equivalents	3	1,353,765	1,358,957
Premiums due and uncollected	4	846,098	509,490
Accrued investment income		1,015,489	836,677
Reinsurance receivables		116,802	95,357
Derivative assets		37,421	285,609
Investments assets			
Investments in securities	5, 12, 14	101,113,282	97,391,122
Loans	6	2,308,997	2,209,179
Investment in subsidiary		7,455	7,428
Investment assets where policyholders bear the investment risk	12	7,353,781	6,632,839
Assets held for sale		10,030	10,030
Premises and equipment		132,140	142,296
Intangible assets	7	11,431,751	11,580,293
Other assets	13	623,848	495,157
Total assets		126,350,859	121,554,434

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

Prudential Life Assurance (Thailand) Public Company Limited

Statement of financial position

Liabilities and shareholders' equity	<i>Note</i>	31 March 2019 (Unaudited)	31 December 2018
		<i>(in thousand Baht)</i>	
Liabilities			
Insurance contract liabilities	8	90,629,393	87,770,876
Investment contract liabilities	9	7,383,130	6,677,247
Investment payable		200,000	20,637
Due to reinsurers		248,023	203,248
Derivative liabilities		239,658	-
Income tax payable		237,171	55,608
Accrued commission		560,544	595,617
Accrued expenses	13	580,623	658,880
Employee benefit obligations		194,319	334,380
Deferred tax liabilities		434,242	378,019
Other liabilities	13	575,476	774,868
Total liabilities		<u>101,282,579</u>	<u>97,469,380</u>
Shareholders' equity			
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		2,302,468	2,094,435
Other components of shareholders' equity			
Net fair value changes in available-for-sale securities	5	<u>2,233,515</u>	<u>1,458,322</u>
Total shareholders' equity		<u>25,068,280</u>	<u>24,085,054</u>
Total liabilities and shareholders' equity		<u>126,350,859</u>	<u>121,554,434</u>

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	
		31 March	
	Note	2019	2018
		(Unaudited)	
		<i>(in thousand Baht)</i>	
Revenues			
Gross premium written		5,768,093	5,585,579
Less premium ceded		<u>(49,842)</u>	<u>(39,807)</u>
Net premiums written		5,718,251	5,545,772
Add (less) unearned premium reserves decreased (increased) from previous period		<u>(22,299)</u>	<u>60,299</u>
Net premium earned		5,695,952	5,606,071
Commission and brokerage income		17,944	9,237
Net investments income	13	752,283	726,952
Gain (loss) on investments	13	(63,683)	8,198
Gain on fair value changes		233,820	93,479
Other income		<u>7,204</u>	<u>9,526</u>
Total revenues		<u>6,643,520</u>	<u>6,453,463</u>
Expenses			
Long-term technical reserve increase from prior period		2,773,315	3,098,678
Benefits payments and insurance claims expenses		1,852,185	1,392,853
Less benefits payments and insurance claims expenses recovered from reinsurers		<u>(18,038)</u>	<u>(18,590)</u>
Net benefits payments and insurance claims expenses		1,834,147	1,374,263
Commissions and brokerage expenses		751,054	699,870
Other underwriting expenses		482,392	401,652
Operating expenses	13	<u>545,167</u>	<u>499,407</u>
Total expenses		<u>6,386,075</u>	<u>6,073,870</u>
Profit before income tax		257,445	379,593
Income tax	10	<u>49,412</u>	<u>88,856</u>
Net profit		<u>208,033</u>	<u>290,737</u>
Other comprehensive income			
<i>Components of other comprehensive income that will never be reclassified subsequently to profit or loss</i>			
Defined benefits plan actuarial loss		-	(7,246)
Income tax relating to components of the comprehensive income that will never 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		968,991	(525,510)
Income tax relating to components of the comprehensive income that will be reclassified subsequently to profit or loss		<u>(193,798)</u>	<u>105,102</u>
		<u>775,193</u>	<u>(420,408)</u>
Other comprehensive income for the period, net of income tax		775,193	(426,205)
Total comprehensive income for the period		<u>983,226</u>	<u>(135,468)</u>
Basic earnings per share (in Baht)	11	<u>0.09</u>	<u>0.13</u>

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

Prudential Life Assurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

	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>					
Three-month period ended 31 March 2018					
Balance at 1 January 2018	20,209,935	251,361	2,564,367	3,842,728	26,868,391
Comprehensive income for the period					
Net profit	-	-	290,737	-	290,737
Other comprehensive income					
Net change in fair value on available-for-sale securities, net of income tax	-	-	-	(420,408)	(420,408)
Defined benefit plan actuarial loss, net of income tax	-	-	(5,797)	-	(5,797)
Total comprehensive income for the period	-	-	284,940	(420,408)	(135,468)
Balance at 31 March 2018	20,209,935	251,361	2,849,307	3,422,320	26,732,923

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

Prudential Life Assurance (Thailand) Public Company Limited

Statement of changes in equity (Unaudited)

	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>					
Three-month period ended 31 March 2019					
Balance at 1 January 2019	20,209,935	322,362	2,094,435	1,458,322	24,085,054
Comprehensive income for the period					
Net profit	-	-	208,033	-	208,033
Other comprehensive income					
Net change in fair value on available-for-sale securities, net of income tax	-	-	-	775,193	775,193
Defined benefit plan: actuarial loss, net of income tax	-	-	-	-	-
Total comprehensive income for the period	-	-	208,033	775,193	983,226
Balance at 31 March 2019	20,209,935	322,362	2,302,468	2,233,515	25,068,280

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

Prudential Life Assurance (Thailand) Public Company Limited

Statement of cash flows (Unaudited)

	Note	Three-month period ended	
		31 March	
		2019	2018
		<i>(in thousand Baht)</i>	
<i>Cash flows from operating activities</i>			
Premiums received		5,327,862	5,203,847
Cash received from (paid to) reinsurers		(1,164)	5,090
Interest received		546,234	410,305
Dividend received		21,752	12,887
Other income		17,584	9,526
Benefit payments and insurance claims expenses		(1,789,282)	(1,317,922)
Commissions and brokerages		(786,127)	(739,796)
Other underwriting expenses		(429,293)	(202,065)
Operating expenses		(736,323)	(581,676)
Income tax paid		(5,424)	(4,086)
Investments in securities		(2,015,838)	(4,857,558)
Loans		3,875	(4,800)
Investment assets where policyholders bear the investment risk		(154,400)	189,650
Net cash used in operating activities		(544)	(1,876,598)
<i>Cash flows from investing activities</i>			
<i>Cash flow used in</i>			
Premises and equipment		(2,339)	(2,170)
Intangible assets		(2,309)	(8,333)
Net cash flow used in investing activities		(4,648)	(10,503)
Net decrease in cash and cash equivalents		(5,192)	(1,887,101)
Cash and cash equivalent at 1 January		1,358,957	3,131,870
Cash and cash equivalent at 31 March	3	1,353,765	1,244,769

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 period ended 31 March 2019 (Unaudited)

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Prudential Life Assurance (Thailand) Public Company Limited
Notes to the interim financial statements
For the three-month period ended 31 March 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 Director on 8 May 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, 20th - 27th 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 31 March 2019 and 31 December 2018 are given in note 13.

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 2018) *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 TFRS 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 TFRS that are relevant to the Company’s operations are disclosed in note 17.

Prudential Life Assurance (Thailand) Public Company Limited
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For the three-month period ended 31 March 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 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 2018.

3 Cash and cash equivalents

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Cash on hand	1,084	1,370
Deposits at banks - call deposits	<u>1,352,681</u>	<u>1,357,587</u>
Total	<u>1,353,765</u>	<u>1,358,957</u>

4 Premiums due and uncollected

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

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Within due	760,148	448,835
Overdue		
less than 30 days	83,127	60,329
31 - 60 days	2,740	206
61 - 90 days	54	59
91 days - 1 year	309	409
over 1 year	<u>36</u>	<u>39</u>
Total	846,414	509,877
Less allowance for doubtful accounts	<u>(316)</u>	<u>(387)</u>
Net	<u>846,098</u>	<u>509,490</u>

Prudential Life Assurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (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

	31 March 2019		31 December 2018	
	Cost/ Amortised cost	Fair value (in thousand Baht)	Cost/ Amortised cost	Fair value
Trading securities				
Unit trusts	2,766	2,970	2,784	2,816
Add net unrealised gain from fair value changes on securities	204	-	32	-
Total trading securities	2,970	2,970	2,816	2,816
Available-for-sale securities				
Government and state enterprise debt securities	51,163,211	52,925,452	48,653,333	50,084,679
Private debt securities	31,003,299	31,820,172	30,938,155	31,710,083
Foreign debt securities	297,082	300,910	150,091	152,051
Unit trusts	15,853,730	16,062,464	15,822,728	15,440,179
Total	98,317,322	101,108,998	95,564,307	97,386,992
Add net unrealised gain from fair value changes on securities	2,791,893	-	1,822,902	-
Less allowance for impairment	(217)	-	(217)	-
Total available-for-sale securities	101,108,998	101,108,998	97,386,992	97,386,992
General investments				
Equity securities - ordinary shares	1,777	-	1,777	-
Less allowance for impairment	(463)	-	(463)	-
Total general investments	1,314	-	1,314	-
Total investments in securities	101,113,282	101,108,998	97,391,122	97,386,992

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

	31 March 2019	31 December 2018
	(in thousand Baht)	
Net change in fair value on available-for-sale securities	2,791,893	1,822,902
Less deferred tax liability	(558,378)	(364,580)
Net	2,233,515	1,458,322

Prudential Life Assurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

6 Loans

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

31 March 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*	
Current	2,308,920	250,106	-	-	77	-	2,308,997	250,106	2,559,103
Overdue over 12 months	-	-	1,104	-	-	-	1,104	-	1,104
Total	2,308,920	250,106	1,104	-	77	-	2,310,101	250,106	2,560,207
Less allowance for doubtful accounts	-	-	(1,104)	-	-	-	(1,104)	-	(1,104)
Net	2,308,920	250,106	-	-	77	-	2,308,997	250,106	2,559,103

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*	
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
Total	2,209,155	241,829	1,104	-	24	-	2,210,283	241,829	2,452,112
Less allowance for doubtful accounts	-	-	(1,104)	-	-	-	(1,104)	-	(1,104)
Net	2,209,155	241,829	-	-	24	-	2,209,179	241,829	2,451,008

*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% per annum (31 December 2018: 5.18% per annum).

Prudential Life Assurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

7 Intangible assets

	Software licenses	Software under construction <i>(in thousand Baht)</i>	Bancassurance agreement	Total
Net book value at 1 January 2019	174,953	68,704	11,336,636	11,580,293
Additions during the period - cost	327	1,982	-	2,309
Net transfers in/(out)	16,989	(16,989)	-	-
Net disposals and write off	(400)	-	-	(400)
Amortisation charge for the period	<u>(30,204)</u>	<u>-</u>	<u>(120,247)</u>	<u>(150,451)</u>
Net book value at 31 March 2019	<u>161,665</u>	<u>53,697</u>	<u>11,216,389</u>	<u>11,431,751</u>

Prudential Life Assurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

8 Insurance contract liabilities

	31 March 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	89,645,138	-	89,645,138	86,871,823	-	86,871,823
Short-term technical reserves						
Loss reserves and outstanding claims						
- Case reserves	44,767	-	44,767	37,158	-	37,158
- Incurred but not reported	36,970	-	36,970	33,740	-	33,740
Total loss reserves and outstanding claims	81,737	-	81,737	70,898	-	70,898
Unearned premium reserves	244,952	-	244,952	222,653	-	222,653
Total short-term technical reserves	326,689	-	326,689	293,551	-	293,551
Unpaid policy benefits	290,915	-	290,915	284,577	-	284,577
Due to insured	366,651	-	366,651	320,925	-	320,925
Total	90,629,393	-	90,629,393	87,770,876	-	87,770,876

Prudential Life Assurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

8.1 Long-term technical reserves

	31 March 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	4,257,425	15,513,378
Reserves released for benefits payment, lapse and cancel policies in the period / year	<u>(1,484,110)</u>	<u>(4,669,288)</u>
At 31 March 2019 / 31 December 2018	<u>89,645,138</u>	<u>86,871,823</u>

8.2 Short-term technical reserves

8.2.1 Loss reserves and outstanding claims

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
At 1 January	70,898	47,888
Insurance claim expense incurred during the period / year	111,144	423,542
Insurance claim expense paid during the period / year	<u>(100,305)</u>	<u>(400,532)</u>
At 31 March 2019 / 31 December 2018	<u>81,737</u>	<u>70,898</u>

8.2.2 Unearned premium reserves

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
At 1 January	222,653	238,610
Premium written during the period / year	38,413	129,785
Earned premium in the period / year	<u>(16,114)</u>	<u>(145,742)</u>
At 31 March 2019 / 31 December 2018	<u>244,952</u>	<u>222,653</u>

8.3 Unpaid policy benefits

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Death	86,436	92,817
Unpresented cheques for benefits and claims payment	189,612	181,695
Others	<u>14,867</u>	<u>10,065</u>
Total	<u>290,915</u>	<u>284,577</u>

Prudential Life Assurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

8.4 Due to insured

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Policyholder deposits	359,014	318,829
Advance premium	67	84
Others	7,570	2,012
Total	<u>366,651</u>	<u>320,925</u>

9 Investment contract liabilities

The movement of investment contract liabilities are as follows;

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
At 1 January	6,677,247	3,032,415
Deposit during the period / year	254,931	4,619,606
Withdrawal during the period / year	(65,752)	(294,173)
Valuation adjustment during the period / year	516,704	(680,601)
At 31 March 2019 / 31 December 2018	<u>7,383,130</u>	<u>6,677,247</u>

10 Income tax

The Company's effective income tax rate for the three-month period ended 31 March 2019 was 19% (31 March 2018: 23%).

11 Basic earnings per share

The calculations of basic earnings per share for the three-month period ended 31 March 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:

<i>Three-month period ended 31 March</i>	2019	2018
	<i>(in thousand Baht / thousand shares)</i>	
Profit for the period attributable to ordinary shareholders of the Company (basic)	<u>208,033</u>	<u>290,737</u>
Number of ordinary shares outstanding	<u>2,211,153</u>	<u>2,211,153</u>
Basic earnings per share (in Baht)	<u>0.09</u>	<u>0.13</u>

Prudential Life Assurance (Thailand) Public Company Limited

Notes to the interim financial statements

For the three-month period ended 31 March 2019 (Unaudited)

12 Fair value of financial assets and liabilities

12.1 Financial assets and liabilities measured at fair value

	Fair value			Total
	Level 1	Level 2	Level 3	
(in thousand Baht)				
31 March 2019				
Financial assets				
<i>Trading securities</i>				
<i>Private securities</i>				
Unit trusts	2,970	-	-	2,970
Total trading securities	2,970	-	-	2,970
<i>Available-for-sale securities</i>				
Government and state enterprise debt securities	-	52,925,452	-	52,925,452
Private debt securities	-	31,820,172	-	31,820,172
Foreign debt securities	-	300,910	-	300,910
Unit trusts	16,001,856	60,608	-	16,062,464
Total available-for-sale securities	16,001,856	85,107,142	-	101,108,998
Investment assets where policyholders bear the investment risk	7,353,781	-	-	7,353,781

	Fair value			Total
	Level 1	Level 2	Level 3	
(in thousand Baht)				
31 December 2018				
Financial assets				
<i>Trading securities</i>				
<i>Private securities</i>				
Unit trusts	2,816	-	-	2,816
Total trading securities	2,816	-	-	2,816
<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
Total available-for-sale securities	15,379,908	82,007,084	-	97,386,992
Investment assets where policyholders bear the investment risk	6,632,839	-	-	6,632,839

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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 period ended 31 March 2019 and for the year ended 31 December 2018.

12.2 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 31 March 2019 and 31 December 2018.

13 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.

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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
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

Significant transactions for the three-month period ended 31 March 2019 and 2018 with key management personnel and related parties were as follows:

<i>Three-month period ended 31 March</i>	2019 (in thousand Baht)	2018
Revenue		
Affiliate of Prudential Group		
Trailing fee	1,969	-
Expenses		
Subsidiary		
Reversal of impairment loss in investment in subsidiary	(26)	(21)
Interest expense on promissory note	28	27
Expenses		
Affiliate of Prudential Group		
Investment management fee expenses	27,991	29,923
Operating expenses	47,144	4,527

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<i>Three-month period ended 31 March</i>	2019	2018
	<i>(in thousand Baht)</i>	
Directors and key management personnel compensation		
Short-term employee benefits	41,678	36,704
Post-employment benefit	5,089	5,026
Other long-term benefits	6,080	8,737
Total	<u>52,847</u>	<u>50,467</u>

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

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Other assets		
Affiliate of Prudential Group	<u>701</u>	<u>17,239</u>
Promissory note (included in other liabilities)		
Promissory note payable to the subsidiary	<u>7,550</u>	<u>7,617</u>
Accrued investment management fee		
Affiliate of Prudential Group	<u>17,708</u>	<u>16,552</u>
Other liabilities		
Affiliate of Prudential Group	<u>155,480</u>	<u>161,893</u>

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.

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14 Securities and assets pledged with the Registrar

14.1 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:

	31 March 2019		31 December 2018	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government bonds	<u>37,527</u>	<u>30,000</u>	<u>37,321</u>	<u>30,000</u>

14.2 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:

	31 March 2019		31 December 2018	
	Book value	Face value	Book value	Face value
	<i>(in thousand Baht)</i>			
Government and-state enterprise bonds	25,084,521	20,535,700	20,983,772	18,535,700
Promissory notes	<u>1,156,783</u>	<u>1,000,000</u>	<u>1,152,594</u>	<u>1,000,000</u>
Total	<u>26,241,304</u>	<u>21,535,700</u>	<u>22,136,366</u>	<u>19,535,700</u>

15 Commitments with non-related parties

	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
(a) Capital commitments		
<i>Contracted but not provided for:</i>		
Software licenses	<u>1,420</u>	<u>7,587</u>
Total	<u>1,420</u>	<u>7,587</u>
	31 March 2019	31 December 2018
	<i>(in thousand Baht)</i>	
(b) Non-cancellable operating lease commitments		
Within one year	41,529	47,109
After one year but within five years	<u>61,400</u>	<u>81,181</u>
Total	<u>102,929</u>	<u>128,290</u>
	31 March 2019	31 December 2018
	<i>(in thousand USD)</i>	
(c) Commitments from foreign exchange forward contracts		
<i>Within one year - US dollar</i>	<u>511,491</u>	<u>488,433</u>
Commitments from cross currency swap contracts		
<i>Within five years - US dollar</i>	<u>9,900</u>	<u>9,900</u>

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16 Events after the reporting period

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. In this regard, it also depends on the approval from the Office of Insurance Commission (OIC).

17 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS 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 TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	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 TFRSs 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 representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. 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.