

Phillip Life Assurance Public Company Limited  
Review report and interim financial statements  
30 September 2019



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## **Independent Auditor's Report on Review of Interim Financial Information**

To the shareholders of Phillip Life Assurance Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Phillip Life Assurance Public Company Limited and its subsidiary as at 30 September 2019, the consolidated statements of comprehensive income for the three-month and the nine-month periods then ended, the consolidated statements of changes in owners' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separated financial information of Phillip Life Assurance Public Company Limited for the same periods. 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.



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### **Emphasis of Matter**

I draw attention to the matter as described in Note 2.1 to the interim financial statements regarding the going concern assumption. The Company incurred severe losses for the three-month and nine-month periods ended 30 September 2019 and as at 30 September 2019, its capital adequacy ratio stood at 140.2% whereby the minimum requirement as set out by the Office of Insurance Commission is 140%. Currently, the Company is in processes of accomplishing its capital injection plan, changing its strategies and improving its future operations. These circumstances indicate significant uncertainties, which could cast significant doubt on the Company's ability to continue as a going concern. However, I have not modified my conclusion in respect of this matter.

### **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.

Rachada Yongsawadvanich  
Certified Public Accountant (Thailand) No. 4951

EY Office Limited  
Bangkok: 14 November 2019

Phillip Life Assurance Public Company Limited and its subsidiary

Statements of financial position

As at 30 September 2019 and 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
Cash and cash equivalents	5	291,467,625	236,188,519	286,455,501	231,189,606
Premium receivables - net	6	83,458,927	94,898,717	83,458,927	94,898,717
Accrued investment income - net	10	78,695,653	65,912,306	78,695,653	65,912,306
Reinsurance assets	7	1,131,302	917,416	1,131,302	917,416
Reinsurance receivables	8	458,763	360,601	458,763	360,601
Investment assets					
Investments in securities - net	9, 25	9,219,683,607	8,069,482,168	9,219,683,607	8,069,482,168
Loans - net	10	1,048,968,564	1,125,885,294	1,048,968,564	1,125,885,294
Investment in a subsidiary	11	-	-	4,886,172	4,915,376
Premises and equipment - net	12	248,441,948	254,228,306	248,441,948	254,228,306
Intangible asset	13	15,021,590	16,684,069	15,021,590	16,684,069
Other assets - net	14	66,966,112	59,608,538	67,017,012	59,686,169
<b>Total assets</b>		<b>11,054,294,091</b>	<b>9,924,165,934</b>	<b>11,054,219,039</b>	<b>9,924,160,028</b>

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

Phillip Life Assurance Public Company Limited and its subsidiary

Statements of financial position (Continued)

As at 30 September 2019 and 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
<b>Liabilities and owners' equity</b>					
<b>Liabilities</b>					
Insurance contract liabilities	15	9,213,950,739	8,021,322,365	9,213,950,739	8,021,322,365
Reinsurance payables	16	4,830,543	5,108,736	4,830,543	5,108,736
Employee benefit obligations	17	58,078,218	38,764,995	58,078,218	38,764,995
Deferred tax liabilities	18	163,211,199	52,138,358	163,211,199	52,138,358
Other liabilities	19	183,073,795	233,634,768	183,004,613	233,634,767
<b>Total liabilities</b>		<b>9,623,144,494</b>	<b>8,350,969,222</b>	<b>9,623,075,312</b>	<b>8,350,969,221</b>
<b>Owners' equity</b>					
Share capital					
Registered					
640,000,000 ordinary shares of Baht 6.25 each	20	4,000,000,000	4,000,000,000	4,000,000,000	4,000,000,000
Issued and paid-up					
581,500,000 ordinary shares of Baht 6.25 each (31 December 2018: 501,500,000 ordinary shares of Baht 6.25 each)	20	3,634,375,000	3,134,375,000	3,634,375,000	3,134,375,000
Share subscription receivable	21	(1,128,406)	(1,128,406)	(1,128,406)	(1,128,406)
Issued and paid-up		3,633,246,594	3,133,246,594	3,633,246,594	3,133,246,594
Share subscription receivable	21	(71,089,769)	(71,089,769)	(71,089,769)	(71,089,769)
Deficits		(2,783,857,894)	(1,697,519,451)	(2,783,857,894)	(1,697,519,451)
Other component of owners' equity					
Revaluation surplus on available-for-sale investments					
- net of income taxes	9.3	652,844,796	208,553,433	652,844,796	208,553,433
Equity attributable to equity holders of the Company		1,431,143,727	1,573,190,807	1,431,143,727	1,573,190,807
Non-controlling interests of the subsidiary		5,870	5,905	-	-
<b>Total owners' equity</b>		<b>1,431,149,597</b>	<b>1,573,196,712</b>	<b>1,431,143,727</b>	<b>1,573,190,807</b>
<b>Total liabilities and owners' equity</b>		<b>11,054,294,091</b>	<b>9,924,165,934</b>	<b>11,054,219,039</b>	<b>9,924,160,028</b>

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

Directors

(Unaudited but reviewed)

Phillip Life Assurance Public Company Limited and its subsidiary  
**Statements of comprehensive income**  
For the three-month periods ended 30 September 2019 and 2018

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
	Premium written	567,294,935	365,261,838	567,294,935	365,261,838
	Less: Premium ceded to reinsurers	(1,675,141)	(2,782,375)	(1,675,141)	(2,782,375)
	Net premium written	565,619,794	362,479,463	565,619,794	362,479,463
	Less: Unearned premium reserves increased from prior period	(45,459,653)	(11,128,396)	(45,459,653)	(11,128,396)
	Earned premium after reinsurance	520,160,141	351,351,067	520,160,141	351,351,067
	Net investment revenues	88,901,838	96,650,084	88,901,838	96,650,084
	Losses on investments	(24,384,559)	(7,687,173)	(24,384,559)	(7,687,173)
	Fair value losses	(10,714,328)	(9,876,679)	(10,714,328)	(9,876,679)
	Share of loss from investment in a subsidiary under equity method	-	-	(17,559)	-
	Other income	495,644	422,389	495,644	422,389
	<b>Total revenues</b>	<b>574,458,736</b>	<b>430,859,688</b>	<b>574,441,177</b>	<b>430,859,688</b>
<b>Expenses</b>					
	Long-term life insurance policy reserves increased from prior period	712,058,052	60,019,391	712,058,052	60,019,391
	Benefit payments under life policies and gross claims	309,484,038	213,156,002	309,484,038	213,156,002
	Less: Benefit payments under life policies and claims refundable from reinsurance	2,627,981	-	2,627,981	-
	Commission and brokerage expenses	133,124,097	89,703,163	133,124,097	89,703,163
	Other underwriting expenses	5,258,964	3,374,094	5,258,964	3,374,094
	Operating expenses	84,162,063	74,732,649	84,144,483	74,732,649
	Other expenses	100,865	486,144	100,865	486,144
	<b>Total expenses</b>	<b>1,246,816,060</b>	<b>441,471,443</b>	<b>1,246,798,480</b>	<b>441,471,443</b>
	<b>Loss before income tax expenses</b>	<b>(672,357,324)</b>	<b>(10,611,755)</b>	<b>(672,357,303)</b>	<b>(10,611,755)</b>
	Income tax expenses	-	-	-	-
	<b>Loss for the periods</b>	<b>(672,357,324)</b>	<b>(10,611,755)</b>	<b>(672,357,303)</b>	<b>(10,611,755)</b>

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

(Unaudited but reviewed)

Phillip Life Assurance Public Company Limited and its subsidiary  
 Statements of comprehensive income (Continued)  
 For the three-month periods ended 30 September 2019 and 2018

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2019	2018	2019	2018
<b>Other comprehensive income (loss):</b>					
Items to be recognised in profit or loss in subsequent periods:					
	Gains on valuation of available-for-sale investments	213,021,940	183,963,475	213,021,940	183,963,475
18.2	Less: Income taxes	(42,604,388)	(36,792,695)	(42,604,388)	(36,792,695)
Items to be recognised in profit or loss					
	in subsequent periods - net of income taxes	170,417,552	147,170,780	170,417,552	147,170,780
<b>Other comprehensive income for the periods</b>					
<b>Total comprehensive income (loss) for the periods</b>					
		(501,939,772)	136,559,025	(501,939,751)	136,559,025
<b>Profit (loss) for the periods attributable to:</b>					
	The Company's shareholders	(672,357,303)	(10,611,755)	(672,357,303)	(10,611,755)
	Non-controlling interests of the subsidiary	(21)	-		
		(672,357,324)	(10,611,755)		
<b>Total comprehensive income (loss) for the periods attributable to:</b>					
	The Company's shareholders	(501,939,751)	136,559,025	(501,939,751)	136,559,025
	Non-controlling interests of the subsidiary	(21)	-		
		(501,939,772)	136,559,025		
<b>Earnings per share</b>					
23	Basic earnings per share				
	Profit (loss) for the periods	(1.26)	(0.02)	(1.26)	(0.02)

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

(Unaudited but reviewed)

Phillip Life Assurance Public Company Limited and its subsidiary  
**Statements of comprehensive income**  
For the nine-month periods ended 30 September 2019 and 2018

	Note	(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Premium written		1,325,313,106	941,135,285	1,325,313,106	941,135,285
Less: Premium ceded to reinsurers		(5,600,158)	(6,636,486)	(5,600,158)	(6,636,486)
Net premium written		1,319,712,948	934,498,799	1,319,712,948	934,498,799
Less: Unearned premium reserves increased from prior period		(52,056,322)	(24,146,652)	(52,056,322)	(24,146,652)
Earned premium after reinsurance		1,267,656,626	910,352,147	1,267,656,626	910,352,147
Net investment revenues		290,990,418	292,783,106	290,980,711	292,783,106
Gains (losses) on investments		(87,482,091)	42,624,585	(87,482,091)	42,624,585
Fair value losses		(28,061,542)	(12,437,681)	(28,061,542)	(12,437,681)
Share of loss from investment in a subsidiary under equity method		-	-	(29,205)	(749)
Other income		970,960	707,410	970,608	707,410
<b>Total revenues</b>		<b>1,444,074,371</b>	<b>1,234,029,567</b>	<b>1,444,035,107</b>	<b>1,234,028,818</b>
<b>Expenses</b>					
Long-term life insurance policy reserves increased (decreased)					
from prior period		1,068,587,238	(98,636,210)	1,068,587,238	(98,636,210)
Benefit payments under life policies and gross claims		815,618,643	552,842,319	815,618,643	552,842,319
Less: Benefit payments under life policies and					
claims refundable from reinsurance		(869,279)	6,346,365	(869,279)	6,346,365
Commission and brokerage expenses		348,525,138	237,456,744	348,524,369	237,456,744
Other underwriting expenses		14,002,227	9,578,328	14,002,227	9,578,328
Operating expenses	22	280,179,954	194,688,368	280,141,424	194,687,618
Other expenses		102,904	278,254	102,904	278,254
<b>Total expenses</b>		<b>2,526,146,825</b>	<b>902,554,168</b>	<b>2,526,107,526</b>	<b>902,553,418</b>
<b>Profit (loss) before income tax expenses</b>		<b>(1,082,072,454)</b>	<b>331,475,399</b>	<b>(1,082,072,419)</b>	<b>331,475,400</b>
Income tax expenses	18.2	-	-	-	-
<b>Profit (loss) for the periods</b>		<b>(1,082,072,454)</b>	<b>331,475,399</b>	<b>(1,082,072,419)</b>	<b>331,475,400</b>

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



Phillip Life Assurance Public Company Limited and its subsidiary  
 Statements of comprehensive income (Continued)  
 For the nine-month periods ended 30 September 2019 and 2018

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2019	2018	2019	2018
<b>Other comprehensive income (loss):</b>					
Items to be recognised in profit or loss in subsequent periods:					
	Gains (losses) on valuation of available-for-sale investments	555,364,204	(239,169,326)	555,364,204	(239,169,326)
	Add (less): Income taxes	18.2 (111,072,841)	47,833,865	(111,072,841)	47,833,865
Items to be recognised in profit or loss					
	in subsequent periods - net of income taxes	444,291,363	(191,335,461)	444,291,363	(191,335,461)
Items not to be recognised in profit or loss in subsequent periods:					
	Actuarial losses	(4,266,024)	-	(4,266,024)	-
Items not to be recognised in profit or loss in subsequent					
	periods - net of income taxes	(4,266,024)	-	(4,266,024)	-
<b>Other comprehensive income (loss) for the periods</b>		<b>440,025,339</b>	<b>(191,335,461)</b>	<b>440,025,339</b>	<b>(191,335,461)</b>
<b>Total comprehensive income (loss) for the periods</b>		<b>(642,047,115)</b>	<b>140,139,938</b>	<b>(642,047,080)</b>	<b>140,139,939</b>
<b>Profit (loss) for the periods attributable to:</b>					
	The Company's shareholders	(1,082,072,419)	331,475,400	(1,082,072,419)	331,475,400
	Non-controlling interests of the subsidiary	(35)	(1)		
		<u>(1,082,072,454)</u>	<u>331,475,399</u>		
<b>Total comprehensive income (loss) for the periods attributable to:</b>					
	The Company's shareholders	(642,047,080)	140,139,939	(642,047,080)	140,139,939
	Non-controlling interests of the subsidiary	(35)	(1)		
		<u>(642,047,115)</u>	<u>140,139,938</u>		
<b>Earnings per share</b>					
23					
Basic earnings per share					
	Profit (loss) for the periods	(2.07)	0.73	(2.07)	0.73

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

Phillip Life Assurance Public Company Limited and its subsidiary  
 Statements of changes in owners' equity  
 For the nine-month periods ended 30 September 2019 and 2018

(Unit: Baht)

	Consolidated financial statement							Total
	Equity attributable to equity holders of the Company							
	Note	Issued and paid-up share capital	Share subscription receivable	Deficits	Other component of equity		Equity attributable to non-controlling interests of the subsidiary	
Revaluation surplus on available-for-sale investments - net of income taxes					Total equity attributable to equity holders of the Company			
<b>Balance as at 1 January 2018</b>		2,833,246,594	(71,089,769)	(1,685,451,204)	601,967,263	1,678,672,884	5,968	1,678,678,852
Profit for the period		-	-	331,475,400	-	331,475,400	(1)	331,475,399
Other comprehensive loss for the period		-	-	-	(191,335,461)	(191,335,461)	-	(191,335,461)
Total comprehensive income (loss) for the period		-	-	331,475,400	(191,335,461)	140,139,939	(1)	140,139,938
<b>Balance as at 30 September 2018</b>		2,833,246,594	(71,089,769)	(1,353,975,804)	410,631,802	1,818,812,823	5,967	1,818,818,790
<b>Balance as at 1 January 2019</b>		3,133,246,594	(71,089,769)	(1,697,519,451)	208,553,433	1,573,190,807	5,905	1,573,196,712
Loss for the period		-	-	(1,082,072,419)	-	(1,082,072,419)	(35)	(1,082,072,454)
Other comprehensive income (loss) for the period		-	-	(4,266,024)	444,291,363	440,025,339	-	440,025,339
Total comprehensive income (loss) for the period		-	-	(1,086,338,443)	444,291,363	(642,047,080)	(35)	(642,047,115)
Issuance of additional ordinary shares	20	500,000,000	-	-	-	500,000,000	-	500,000,000
<b>Balance as at 30 September 2019</b>		3,633,246,594	(71,089,769)	(2,783,857,894)	652,844,796	1,431,143,727	5,870	1,431,149,597

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

(Unaudited but reviewed)

**Phillip Life Assurance Public Company Limited and its subsidiary**

**Statements of changes in owners' equity (Continued)**

**For the nine-month periods ended 30 September 2019 and 2018**

(Unit: Baht)

Separate financial statements

	Note	Separate financial statements				Total
		Issued and paid-up share capital	Share subscription receivable	Deficits	Other component of equity	
					Revaluation surplus on available-for-sale investments - net of income taxes	
<b>Balance as at 1 January 2018</b>		2,833,246,594	(71,089,769)	(1,685,451,204)	601,967,263	1,678,672,884
Profit for the period		-	-	331,475,400	-	331,475,400
Other comprehensive loss for the period		-	-	-	(191,335,461)	(191,335,461)
Total comprehensive income (loss) for the period		-	-	331,475,400	(191,335,461)	140,139,939
<b>Balance as at 30 September 2018</b>		2,833,246,594	(71,089,769)	(1,353,975,804)	410,631,802	1,818,812,823
<b>Balance as at 1 January 2019</b>		3,133,246,594	(71,089,769)	(1,697,519,451)	208,553,433	1,573,190,807
Loss for the period		-	-	(1,082,072,419)	-	(1,082,072,419)
Other comprehensive income (loss) for the period		-	-	(4,266,024)	444,291,363	440,025,339
Total comprehensive income (loss) for the period		-	-	(1,086,338,443)	444,291,363	(642,047,080)
Issuance of additional ordinary shares	20	500,000,000	-	-	-	500,000,000
<b>Balance as at 30 September 2019</b>		3,633,246,594	(71,089,769)	(2,783,857,894)	652,844,796	1,431,143,727

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

(Unaudited but reviewed)

## Phillip Life Assurance Public Company Limited and its subsidiary

## Statements of cash flows

For the nine-month periods ended 30 September 2019 and 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Cash flows from (used in) operating activities</b>					
Gross premium from direct insurance		1,337,408,342	942,163,971	1,337,408,342	942,163,971
Cash paid from reinsurance		(5,107,235)	(6,228,977)	(5,107,235)	(6,228,977)
Interest income		197,100,678	177,371,385	197,090,971	177,371,385
Dividend income		84,837,341	128,776,421	84,837,341	128,776,421
Other income		946,398	685,486	946,046	685,486
Benefit payments under life policies and gross claims					
from direct insurance		(743,847,714)	(547,178,344)	(743,847,714)	(547,178,344)
Commission and brokerage expenses on direct insurance		(396,953,974)	(233,413,124)	(396,953,205)	(233,413,124)
Other underwriting expenses		(11,856,708)	(9,688,896)	(11,856,708)	(9,688,896)
Operating expenses		(236,122,368)	(189,136,151)	(236,126,289)	(189,136,151)
Other expenses		(2,030)	(272,336)	(2,030)	(272,336)
Investments in securities		(729,447,629)	(606,663,498)	(729,447,629)	(606,663,498)
Loans		86,838,993	18,309,538	86,838,993	18,309,538
<b>Net cash used in operating activities</b>		<b>(416,205,906)</b>	<b>(325,274,525)</b>	<b>(416,219,117)</b>	<b>(325,274,525)</b>
<b>Cash flows from (used in) investing activities</b>					
Building and equipment		(26,398,389)	(168,889,436)	(26,398,389)	(168,889,436)
Intangible assets		(2,116,599)	(14,168,641)	(2,116,599)	(14,168,641)
<b>Net cash used in investing activities</b>		<b>(28,514,988)</b>	<b>(183,058,077)</b>	<b>(28,514,988)</b>	<b>(183,058,077)</b>
<b>Cash flows from (used in) financial activities</b>					
Proceeds from issuance of additional shares	20	500,000,000	-	500,000,000	-
<b>Net cash provided by financing activities</b>		<b>500,000,000</b>	<b>-</b>	<b>500,000,000</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>55,279,106</b>	<b>(508,332,602)</b>	<b>55,265,895</b>	<b>(508,332,602)</b>
Cash and cash equivalents at beginning of the periods		236,188,519	655,466,393	231,189,606	650,466,393
<b>Cash and cash equivalents at end of the periods</b>		<b>291,467,625</b>	<b>147,133,791</b>	<b>286,455,501</b>	<b>142,133,791</b>

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

**Phillip Life Assurance Public Company Limited and its subsidiary**  
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**For the three-month and nine-month periods ended 30 September 2019 and 2018**

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**Phillip Life Assurance Public Company Limited**

**Notes to interim financial statements**

**For the three-month and nine-month periods ended 30 September 2019 and 2018**

**1. Corporate information**

Phillip Life Assurance Public Company Limited (the "Company") was established as a limited company under Thai laws and domiciled in Thailand whereby on 13 March 2014, the Company registered the change of its status to be a public company. As at 30 September 2019 and 31 December 2018, its major shareholder is Phillip Life Company Limited, which was incorporated in Singapore, holding 99.65% and 98.87%, respectively, of the issued and paid-up share capital of the Company.

The Company is principally engaged in the provision of life insurance services. The registered office of the Company is located at No. 849, Vorawat Building, Silom Road, Silom Sub-district Bangrak District, Bangkok. As of 30 September 2019 and 31 December 2018, the Company had altogether 27 branches and 27 branches, respectively.

**2. Basis of preparation of financial statements**

**2.1 Going concern assumption**

The Company incurred losses for the three-month and nine-month periods ended 30 September 2019 amounting to Baht 672 million and Baht 1,082 million, respectively, mainly due to a substantial increase in insurance contract liabilities. As a result, as at 30 September 2019, the Company's capital adequacy ratio stood at 140.2% whereby the minimum requirement as set out by the Office of Insurance Commission is 140%. The increase in insurance contract liabilities was mainly driven by a drop in government bond yield rates, which formed part of the discount factor used in calculation of insurance contract liabilities. However, the Company has short-term and long-term plans to rectify this situation. As for the short-term plan, the Company plans for a capital increase whereby the Extraordinary General Meeting of the Company's shareholders, held on 10 October 2019, resolved to approve the decrease and the increase of its registered capital to Baht 6,000 million and had an initial capital call of Baht 400 million within November 2019, which was resolved by the resolution from meeting of the Company's Board of Directors held on 8 November 2019. The Company's long-term plans are to adjust its product and investment strategies to reduce risk charge. With respect to the capital increase, Phillip Life Company Limited, the parent company, stated in its letter date 8 November 2019, that it will provide financial support to the Company to enable it to maintain a capital adequacy ratio of more than 140% and to enable it to continue operating as a going concern. These financial statements were therefore prepared under the going concern assumption, with assets and liabilities carried on the basis that the Company will be able to realise assets and settle liabilities in the normal course of business.

## 2.2 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission ("OIC") regarding criteria, procedures, conditions and terms for preparation and submission of financial statements and operating performance reports of life insurance companies B.E. 2559 dated 4 March 2016, whereby the Company choose to present condensed interim financial statements. However, the Company has presented each line items in the statement of financial position, comprehensive income, changes in owners' equity and cash flows in the same format as that used for annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the financial statements in Thai language.

## 2.3 Basis of consolidation

- (a) The consolidated financial statements include the financial statements of Phillip Life Assurance Public Company Limited ("the Company") and the following subsidiary (collectively called "the Group").

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			30 September 2019 (Percent)	31 December 2018 (Percent)
Phillip Insurance Broker Company Limited	Non-life insurance broker	Thailand	99.88	99.88

- (b) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (c) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.

- (d) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- (e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

## **2.4 Separate financial statements**

The Company prepares its separate financial statements, which have presented investment in a subsidiary under the equity method.

## **3. New financial reporting standard**

- (a) Financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard that involves changes to key principles is summarised below:

### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes the following accounting standards together with related Interpretations.

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
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers



Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on these financial statements.

#### **TFRS 4 (revised 2018) Insurance Contracts**

This standard provides an option to insurers that meet certain criteria stipulated in the standard, whereby they can be temporarily exempted from adoption of certain measures under TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which applicable for the financial reporting period beginning in or after 1 January 2020, and can instead adopt the Thai Accounting Guidance applicable for insurance business related to financial instruments and disclosures for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts (when issued).

This standard does not have any significant impact on the current period's financial statements and the Group's management is currently considering the option as discussed above.

- (b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

## **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7                      Financial Instruments: Disclosures

TFRS 9                      Financial Instruments

Accounting standard:

TAS 32                      Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16                    Hedges of a Net Investment in a Foreign Operation

TFRIC 19                    Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

## **Thai Accounting Guidance related to financial instruments and disclosures applicable to insurance business**

This accounting guidance allows to use a temporary exemption from adoption of certain measures under TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures which effective in 2020. This accounting guidance has some differences from TFRS 9, with the significant differences being as described below.

- Classification and measurement of financial assets: These are to be classified as trading securities, available-for-sale securities, held to maturity debt securities, and loans and receivables, with no requirement to take into account the assessment of the Company's business model and the characteristics of the contractual cash flows.
- Loss on impairment, gain or loss on derecognition, and gain and loss on fair value hedges for available-for-sale equity securities items are to be recognised in profit or loss.
- The embedded derivatives in financial assets that are hybrid contracts are to be separated from host contract if they meet all criteria for separation.

In addition, the accounting guidance has some differences from TFRS 7 with respect to disclosures.

The Group's management is currently evaluating the impact of the financial reporting standards related to financial instruments on the financial statements in the year when they are adopted and considering the alternatives allowed by TFRS 4 (revised 2018) Insurance Contracts for the insurer that meet certain criteria stipulated in the standard.

#### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Group's management is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

#### **4. Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as those were used for the financial statements for the year ended 31 December 2018, except for the changes in accounting policy as a result of the adoption of new standard as discussed in Note 3 (a) to the interim financial statements.

#### **5. Cash and cash equivalents**

As at 30 September 2019 and 31 December 2018, the Group had cash and cash equivalent as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Cash on hand	788	1,367	788	1,367
Deposits at banks with no fixed maturity date	290,680	234,822	285,668	229,823
Cash and cash equivalents	<u>291,468</u>	<u>236,189</u>	<u>286,456</u>	<u>231,190</u>

**6. Premium receivables**

As at 30 September 2019 and 31 December 2018, the outstanding balances of premium receivables, classified by overdue periods, counted from due date of the grace-periods, were as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	Direct insurance	
	30 September 2019	31 December 2018
Not yet due	76,852	94,881
Overdue not over 30 days	6,326	6
Overdue 31 - 60 days	5	2
Overdue 61 - 90 days	6	4
Overdue longer than 90 days	6,774	5,854
Total premium receivables	89,963	100,747
Less: Allowance for doubtful accounts	(6,504)	(5,848)
Premium receivables - net	83,459	94,899

For insurance policies with individuals, the grace periods are 30 - 60 days after the due dates. For overdue insurance policies having a cash value greater than the amounts of overdue premium receivables, the overdue premium receivables will be automatically settled under the conditions of the automatic policy loans.

**7. Reinsurance assets**

As at 30 September 2019 and 31 December 2018, reinsurance assets consisted of reserves refundable from reinsurers as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	30 September 2019	31 December 2018
Insurance reserve refundable from reinsurers		
Unearned premium reserves	1,131	917
Reinsurance assets	1,131	917

**8. Reinsurance receivables**

As at 30 September 2019 and 31 December 2018, reinsurance receivables consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	30 September 2019	31 December 2018
Amounts due from reinsurers	459	361
Reinsurance receivables	459	361

**9. Investments in securities****9.1 Classified by investment type**

	(Unit: Thousand Baht)			
	Consolidated and separate financial statements			
	30 September 2019		31 December 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading investments</b>				
Investment units	1,027,425	1,026,726	1,489,230	1,484,547
Total	1,027,425	1,026,726	1,489,230	1,484,547
Less: Unrealised losses	(699)		(4,683)	
Trading investments - net	1,026,726		1,484,547	
<b>Available-for-sale investments</b>				
Government and state enterprise securities	2,185,354	2,452,241	1,852,517	2,011,905
Private sector debt securities	3,330,032	3,627,413	2,182,731	2,312,757
Equity securities	1,931,780	2,110,036	2,332,719	2,258,552
Warrants	-	-	9	7
Total	7,447,166	8,189,690	6,367,976	6,583,221
Add (less): Unrealised gains (losses)				
from revaluation	839,283		323,128	
from translation of foreign currencies	(73,532)		(45,447)	
Total	765,751		277,681	
Less: Allowance for impairment	(23,227)		(62,436)	
Available-for-sale investments - net	8,189,690		6,583,221	
<b>General investment</b>				
Equity securities - ordinary shares	3,268		1,714	
Total general investment	3,268		1,714	
Investments in securities - net	9,219,684		8,069,482	

**9.2 Investments subject to restrictions**

As at 30 September 2019 and 31 December 2018, the Company had government and state enterprise bonds and private debentures placed as securities as described in Note 25 to the interim financial statements.

**9.3 Revaluation surplus on available-for-sale investments**

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	For the nine-month period ended	For the year ended
	30 September 2019	31 December 2018
Revaluation surplus on available-for-sale investments		
- beginning of the periods	260,692	752,459
Gains (losses) on revaluation of available-for-sale investments	423,584	(446,981)
(Gains) losses on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	131,780	(44,786)
Revaluation surplus on available-for-sale investments - end of the periods	816,056	260,692
Less: Income taxes	(163,211)	(52,138)
Revaluation surplus on available-for-sale investments - net of income taxes	652,845	208,554

## 10. Loans and interest receivables

As at 30 September 2019 and 31 December 2018, the balances of loans and interest receivables were classified by overdue periods of principal and interest receivables as follows:

(Unit: Thousand Baht)

Consolidated and separate financial statements									
30 September 2019									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Interest receivables <sup>(1)</sup>	Principal	Interest receivables <sup>(1)</sup>	Principal	Interest receivables <sup>(1)</sup>	Principal	Interest receivables <sup>(1)</sup>	Total
Not yet due	523,435	18,186	56,952	1,748	215	-	580,602	19,934	600,536
Past due									
Less than 3 months	-	-	25,024	892	-	-	25,024	892	25,916
3 - 6 months	-	-	3,576	82	-	-	3,576	82	3,658
6 - 12 months	-	-	3,083	16	-	-	3,083	16	3,099
Over 12 months	-	-	507,847	20,523	5,079	302	512,926	20,825	533,751
Total loans and interest receivables	523,435	18,186	596,482	23,261	5,294	302	1,125,211	41,749	1,166,960
Less: Allowance for doubtful accounts	-	-	(71,163)	(15,896)	(5,079)	(302)	(76,242)	(16,198)	(92,440)
Loans and interest receivables - net	523,435	18,186	525,319	7,365	215	-	1,048,969	25,551	1,074,520

<sup>(1)</sup> Presented as a part of "Accrued investment income - net" in the statements of financial position.

(Unit: Thousand Baht)

Consolidated and separate financial statements									
31 December 2018									
Overdue periods	Policy loans		Mortgage loans		Other loans		Total		
	Principal	Interest receivables <sup>(1)</sup>	Principal	Interest receivables <sup>(1)</sup>	Principal	Interest receivables <sup>(1)</sup>	Principal	Interest receivables <sup>(1)</sup>	Total
Not yet due	522,004	16,016	58,260	1,984	164	-	580,428	18,000	598,428
Past due									
Less than 3 months	-	-	29,067	978	-	-	29,067	978	30,045
3 - 6 months	-	-	125	-	-	-	125	-	125
6 - 12 months	-	-	7,027	155	-	-	7,027	155	7,182
Over 12 months	-	-	590,122	24,182	5,315	314	595,437	24,496	619,933
Total loans and interest receivables	522,004	16,016	684,601	27,299	5,479	314	1,212,084	43,629	1,255,713
Less: Allowance for doubtful accounts	-	-	(80,884)	(17,776)	(5,315)	(314)	(86,199)	(18,089)	(104,288)
Loans and interest receivables - net	522,004	16,016	603,717	9,524	164	-	1,125,885	25,540	1,151,425

<sup>(1)</sup> Presented as a part of "Accrued investment income - net" in the statements of financial position.

As at 30 September 2019 and 31 December 2018, mortgage loans were loans provided to agents, employees and external individuals on which interest was charged at the rates between 6 to 19 percent per annum and 6 to 19 percent per annum, respectively. Collateral used to secure such loans comprised land and buildings.

As at 30 September 2019 and 31 December 2018, other loans were loans provided to employees and agents, which were guaranteed by personal guarantees or motor vehicles and on which interest was charged at the rates between 7 to 15 percent per annum and 7 to 15 percent per annum, respectively.

## 11. Investment in a subsidiary

As at 30 September 2019 and 31 December 2018, detail of investment in a subsidiary, as presented in the separate financial statements, was as follows:

Company's name	Type of business	Country of incorporation	Issued and paid-up share capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Carrying value under equity method	
			30	31	30	31	30	31	30	31
			September	December	September	December	September	December	September	December
			2019	2018	2019	2018	2019	2018	2019	2018
					(%)	(%)				
Philip insurance Broker Company Limited	Non-life insurance broker	Thailand	5,000	5,000	99.88	99.88	4,994	4,994	4,886	4,915
Total investment in a subsidiary							4,994	4,994	4,886	4,915

The Company recognised share of loss from investment in a subsidiary in its separate statements under the equity method, which was based on the subsidiary's financial statements, prepared by the management but not yet audited by its auditor.



**12. Premises and equipment**

Movements in premises and equipment for the nine-month period ended 30 September 2019 were as follows:

(Unit: Thousand Baht)

Consolidated and separate financial statements								
For the nine-month period ended 30 September 2019								
	Land	Buildings and building improvements	Furniture, fixtures and office equipment	Computers	Motor vehicles	Construction in progress	Idle assets	Total
Net book value as at								
1 January 2019	36,714	185,759	14,442	13,937	391	-	2,985	254,228
Additions - cost	-	637	1,960	853	-	22,975	-	26,425
Transfer in (out)	-	19,574	2,547	-	-	(22,121)	-	-
Disposals during the periods - net book value	-	(101)	-	(1)	-	-	-	(102)
Depreciation for the period	-	(23,542)	(4,134)	(4,232)	(201)	-	-	(32,109)
Net book value as at 30 September 2019	<u>36,714</u>	<u>182,327</u>	<u>14,815</u>	<u>10,557</u>	<u>190</u>	<u>854</u>	<u>2,985</u>	<u>248,442</u>

**13. Intangible assets**

Movement of intangible assets for the nine-month period ended 30 September 2019 were as follows:

(Unit: Thousand Baht)

Consolidated and Separate financial statements			
For the nine-month period ended 30 September 2019			
	Computer software	Computer software under development	Total
Net book value as at 1 January 2019	16,203	481	16,684
Additions - cost	2,117	-	2,117
Transfer in (out)	481	(481)	-
Amortisation for the period	(3,779)	-	(3,779)
Net book value as at 30 September 2019	<u>15,022</u>	<u>-</u>	<u>15,022</u>

**14. Other assets**

As at 30 September 2019 and 31 December 2018, other assets consisted of the following items:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Rental deposits	7,387	7,293	7,387	7,293
Other receivables	87,419	86,569	87,470	86,569
Withholding taxes	17,297	36,087	17,297	36,087
Receivables from sales of investments	24,937	1,994	24,937	1,994
Receivable from the Legal Executive Department	4,444	4,444	4,444	4,444
Others	16,328	29,595	16,328	29,672
<b>Total</b>	<b>157,812</b>	<b>165,982</b>	<b>157,863</b>	<b>166,059</b>
Less: Allowance for doubtful accounts	(90,846)	(106,373)	(90,846)	(106,373)
<b>Other assets - net</b>	<b>66,966</b>	<b>59,609</b>	<b>67,017</b>	<b>59,686</b>

**15. Insurance contract liabilities**

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	30 September 2019			31 December 2018		
	Insurance contract liabilities	Reinsurance of liabilities	Net	Insurance contract liabilities	Reinsurance of liabilities	Net
Long-term insurance policy reserves	8,474,099	-	8,474,099	7,405,511	-	7,405,511
Loss reserves						
Claims incurred and reported	47,057	-	47,057	26,452	-	26,452
Claims incurred but not yet reported	6,370	-	6,370	3,400	-	3,400
Premium reserves						
Unearned premium reserves	179,150	(1,131)	178,019	126,881	(917)	125,964
Unpaid policy benefits	46,493	-	46,493	39,532	-	39,532
Other insurance liabilities	460,782	-	460,782	419,546	-	419,546
<b>Total</b>	<b>9,213,951</b>	<b>(1,131)</b>	<b>9,212,820</b>	<b>8,021,322</b>	<b>(917)</b>	<b>8,020,405</b>

**15.1 Long-term insurance policy reserves**

(Unit: Thousand Baht)

Consolidated and separate  
financial statements

	For the nine-month period ended 30 September 2019	For the year ended 31 December 2018
Balances - beginning of the periods	7,405,511	7,212,182
Insurance policy reserves increased for new businesses and inforce policies	747,195	750,047
Insurance policy reserves released from death, benefit paid, lapse and surrender	(393,173)	(420,914)
Change in insurance policy reserves as a result of assumption changes	718,729	(136,617)
Changes in insurance policy reserves as a result of experience adjustments	(4,163)	813
Balances - end of the periods	<u>8,474,099</u>	<u>7,405,511</u>

**15.2 Short-term insurance policy reserves**

## (a) Loss reserves

(Unit: Thousand Baht)

Consolidated and separate  
financial statements

	For the nine-month period ended 30 September 2019	For the year ended 31 December 2018
Balances - beginning of the periods	29,852	21,975
Claims incurred in the current periods	244,846	175,852
Changes in estimation and assumptions	(8,083)	(10,500)
Claims paid during the periods	(213,188)	(157,475)
Balances - end of the periods	<u>53,427</u>	<u>29,852</u>

## (b) Unearned premium reserves

(Unit: Thousand Baht)

Consolidated and separate  
financial statements

	For the nine-month period ended 30 September 2019	For the year ended 31 December 2018
Balances - beginning of the periods	126,881	100,926
Premium written during the periods	360,662	277,365
Premium earned during the periods	(308,393)	(251,410)
Balances - end of the periods	<u>179,150</u>	<u>126,881</u>

**15.3 Unpaid policy benefits**

(Unit: Thousand Baht)

Consolidated and separate  
financial statements

	30 September 2019	31 December 2018
Death benefits	7,542	1,881
Maturity payments	22,102	22,365
Surrender	785	479
Benefit payments under policies	1,379	1,740
Others	14,685	13,067
Total unpaid policy benefits	<u>46,493</u>	<u>39,532</u>

**15.4 Other insurance liabilities**

(Unit: Thousand Baht)

Consolidated and separate  
financial statements

	30 September 2019	31 December 2018
Deposits of the insured	426,662	405,184
Others	34,120	14,362
Total other insurance liabilities	<u>460,782</u>	<u>419,546</u>

**16. Reinsurance payables**

As at 30 September 2019 and 31 December 2018, the Company had reinsurance payables classified by type of liabilities as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	30 September 2019	31 December 2018
Outward premium payables	4,831	5,109
Total due to reinsurers	4,831	5,109

**17. Employee benefit obligations**

Movements of employee benefit obligations for the nine-month period ended 30 September 2019 and for the year ended 31 December 2018 were as follows:

	(Unit: Thousand Baht)	
	For the nine-month period ended	For the year ended
	30 September 2019	31 December 2018
<b>Employee benefit obligations at beginning of the periods</b>	38,765	39,053
Current service cost	3,203	3,360
Interest cost	982	835
Past service cost	11,926	-
Actuarial loss	4,467	-
Benefits paid during the periods	(1,265)	(4,483)
<b>Employee benefit obligations at end of the periods</b>	58,078	38,765

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment resulting in the Group having additional long-term employee benefit obligations of Baht 11.9 million. The Group already recognised such past service costs as expenses.

## 18. Deferred tax liabilities and income tax expenses

### 18.1 Deferred tax liabilities

As at 30 September 2019 and 31 December 2018, deferred tax liabilities consisted of tax effects arose from the following temporary difference items:

	(Unit: Thousand Baht)					
	Consolidated and separate financial statements					
	Changes in deferred tax liabilities reported in the statements of comprehensive income					
			For the three-month periods ended		For the nine-month periods ended	
	30 September 2019	31 December 2018	30 September 2019	2018	30 September 2019	2018
<b>Deferred tax liabilities arose from:</b>						
Unrealised gains on available-for-sale investments	163,211	52,138	42,604	36,793	111,073	47,834
Total deferred tax liabilities	<u>163,211</u>	<u>52,138</u>				

### 18.2 Income tax expenses

Reconciliations between income tax expenses and the product of accounting profit (loss) for the three-month and nine-month periods ended 30 September 2019 and 2018 and the applicable tax rate were as follows:

	(Unit: Thousand Baht)							
	Consolidated financial statements				Separate financial statements			
	For the three-month periods ended		For the nine-month periods ended		For the three-month periods ended		For the nine-month periods ended	
	30 September 2019	2018	30 September 2019	2018	30 September 2019	2018	30 September 2019	2018
Accounting profit (loss) before income tax expenses	(672,357)	(10,612)	(1,082,072)	331,475	(672,357)	(10,612)	(1,082,072)	331,475
Applicable tax rate	20%	20%	20%	20%	20%	20%	20%	20%
Amount of income taxes at the applicable tax rate	134,471	2,122	216,414	(66,295)	134,471	2,122	216,414	(66,295)
Net tax effect on revenues or expenses that are not taxable or not deductible in determining taxable profits	3,210	8,313	2,392	12,403	3,210	8,313	2,392	12,403
Tax effect on utilisation of tax losses that have never been recognised as deferred tax assets	-	-	-	53,892	-	-	-	53,892
Deferred taxes on losses for the periods expected not to be able to utilise	(137,681)	(10,435)	(218,806)	-	(137,681)	(10,435)	(218,806)	-
Income tax expenses reported in profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

The amounts of income taxes relating to each component of other comprehensive income (loss) for three-month and nine-month periods ended 30 September 2019 and 2018 were as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2019	2018	2019	2018
Income taxes relating to:				
(Gains) losses on revaluation of available-for-sale investments	(35,550)	(34,521)	(84,717)	40,261
Gains (losses) on sales of available-for-sale investments during the periods transferred to be recognised in profit or loss	(7,054)	(2,272)	(26,356)	7,573
Income taxes reported in other comprehensive income (loss)	<u>(42,604)</u>	<u>(36,793)</u>	<u>(111,073)</u>	<u>47,834</u>

## 19. Other liabilities

As at 30 September 2019 and 31 December 2018, other liabilities consisted of the following items:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Accrued commission and brokerage expenses	68,261	116,690	68,261	116,690
Deposits from agents	55,311	45,974	55,311	45,974
Accrued operating expenses	39,866	55,244	39,797	55,244
Payable on purchases of investments	5,689	-	5,689	-
Others	13,947	15,727	13,947	15,727
Total other liabilities	<u>183,074</u>	<u>233,635</u>	<u>183,005</u>	<u>233,635</u>

## 20. Share capital

By the resolution of the Annual General Meeting of the Company's shareholders held on 25 April 2018, it is resolved to approve the decrease in the registered share capital of the Company from Baht 3,034,375,000 to Baht 2,834,375,000 by the decrease of unissued 32 million ordinary shares at a par value of Baht 6.25 each, or total of Baht 200 million. In addition, it is resolved to approve the increase in the registered share capital of the Company from Baht 2,834,375,000 to Baht 4,000,000,000 by the increase of 186.50 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 1,165,625,000 million. The Company registered the decrease and increase in the registered share capital with the Ministry of Commerce on 18 June 2018.

By the resolution of the Meeting No. 6/2018 of the Board of Directors Committee held on 27 November 2018, it is resolved to approve the issuance of the Company's additional 48 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 300 million to existing shareholders in the ratio of 1 existing share to 0.1058434 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 18 December 2018, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 28 December 2018.

By the resolution of the Meeting No. 1/2019 of the Board of Directors Committee held on 25 February 2019, it is resolved to approve the issuance of the Company's additional 32 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 200 million to existing shareholders at the ratio of 1 existing share to 0.0638086 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 25 March 2019, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 29 March 2019.

By the resolution of the Meeting No. 21/2019 of the Executives Committee held on 4 September 2019, it is resolved to approve the issuance of the Company's additional 48 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 300 million to existing shareholders at the ratio of 1 existing share to 0.0899719 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission. On 20 September 2019, the Company received payments for such additional ordinary shares and registered the issued and paid-up share capital with the Ministry of Commerce on 30 September 2019.



Reconciliation of the registered, issued and paid-up share capital of the Company were as follows:

	Par value per share	For the nine-month period		For the year ended	
		ended 30 September 2019		31 December 2018	
		No. of shares	Amount	No. of shares	Amount
(Unit: Baht)					
Registered share capital:					
Balance as at beginning of period	6.25	640,000,000	4,000,000,000	485,500,000	3,034,375,000
Registered the increased share					
capital during the period	6.25	-	-	154,500,000	965,625,000
Balance as at end of period	6.25	<u>640,000,000</u>	<u>4,000,000,000</u>	<u>640,000,000</u>	<u>4,000,000,000</u>
Issued and paid-up share capital:					
Balance as at beginning of period	6.25	501,500,000	3,134,375,000	453,500,000	2,834,375,000
Issued additional shares during					
the period	6.25	<u>80,000,000</u>	<u>500,000,000</u>	<u>48,000,000</u>	<u>300,000,000</u>
Balance as at end of period	6.25	<u>581,500,000</u>	<u>3,634,375,000</u>	<u>501,500,000</u>	<u>3,134,375,000</u>

## 21. Share subscription receivable

On 8 September 2004, the Company had issued and paid-up share capital of Baht 2,100 million, consisting of 21,000,000 ordinary shares at a par value of Baht 100 each. The Company did not receive payment of Baht 72,218,175 for 722,182 ordinary shares held by a shareholder. Such unsettled amount has been recorded as "Share subscription receivable", which has been presented as a deduction item in owners' equity since the beginning.

In the year 2009, the Company decreased its issued and paid-up share capital for three times by ways of reducing a par value per share and combining 4 existing shares into 1 new share. These caused the issued and paid-up share capital to be decreased from Baht 2,200 million to Baht 34.375 million by decreasing the share capital of Baht 2,165.625 million and decreasing the share premium of Baht 172.33 million to offset against deficit of Baht 2,337.955 million. After such capital decreases, the Company's issued and paid-up share capital was Baht 34.375 million, consisting of 5,500,000 ordinary shares at a par value of Baht 6.25 each. The number of ordinary shares held by the shareholder, who still owes to the Company on the unsettled shares as mentioned above, is also reduced to 180,545 shares at a par value of Baht 6.25 each after such capital decreases whereby the outstanding unsettled balance from such shareholder still remains at Baht 72,218,175. Legal action was taken against this shareholder whereby the outcome of the case was finalised and the executing officer already seized the unsettled shares awaiting further auction process.

Reconciliations of the issued and paid-up share capital as described above are detailed as below.

Year	Description	Par value per share (Baht)	Number of shares (Shares)	Issued and paid-up share capital (Thousand Baht)	Share subscription receivable (Thousand Baht)
Year 2004		100	21,000,000	2,100,000	72,218
Year 2008	Issuance of additional ordinary shares	100	1,000,000	100,000	-
		100	22,000,000	2,200,000	72,218
No.1 - Year 2009	Decrease share capital by reduction of a par value per share		-	(1,650,000)	(54,163)
		25	22,000,000	550,000	18,055
No.2 - Year 2009	Decrease share capital by reduction of a par value per share		-	(412,500)	(13,541)
		6.25	22,000,000	137,500	4,514
No.3 - Year 2009	Decrease share capital by combining 4 existing shares into 1 new share		(16,500,000)	(103,125)	(3,386)
		6.25	5,500,000	34,375	1,128

On 26 June 2015, the Civil Court had a judgment to order F&V Alliance Company Limited to pay to the Company for a total of Baht 95,689,080 including interest determined until the suing date. However, according to the 2015 financial position information of F&V Alliance Company Limited, it showed a significant amount of liabilities and a capital deficit. It is therefore unable to pay to the Company according to the Court's judgement and entered into a compromise agreement with the Company allowing the Company to proceed for the capital decrease. As for the capital decrease process, the Company determined 2 approaches, that is to get an approval from the OIC to reduce the 3,626,571 registered and paid-up shares in the Shareholders Registrar or to sell these shares at auction through the Legal Execution Department.

On 27 April 2017, it was resolved in the 2017 Annual General Meeting of the Company's shareholders to approve the decrease in the registered share capital by 3,626,571 shares amounting to Baht 22,666,068.75 held by a shareholder, namely F&V Alliance Company Limited for the Share Certificate No. 1096644 to No. 4723214 because F&V Alliance Company Limited did not pay such shares.

On 30 May 2017, the Company sent the letter to the OIC requesting for approval of the capital decrease. However, the Company was informed that the OIC cannot approved such capital decrease due to the fact that the Life Insurance Act did not have any clauses specifying that the Registrar can approve the capital decrease due to such reason. Therefore, the Company will proceed to sell those shares through auction, another approach as approved in the Annual General Meeting of the Company's shareholders.

On 8 November 2017, the Company requested the executing officer to ceize assets of F&V Alliance Company Limited to settle the balance according to the Court's judgement dated 26 June 2015.

On 7 March 2018, the executing officer sent a letter to the Company informing that they already ceized the unsettled shares of the Company held by F&V Alliance Company Limited.

On 26 June 2019, the executing officer sold shares through auction. Phillip Life Company Limited, the parent company, won the bid at the price of Baht 13,420,000 and already placed the deposit of Baht 1,000,000 with the Bangkok Civil Litigation Office 2 whereby it is required to settle the price within 11 October 2019.

On 25 September 2019, Philip Life Company Limited, the parent company, made a payment for the remaining share price to the Bangkok Civil Litigation Office 2. At present, the Company is waiting for such share price payment from the Bangkok Civil Litigation Office 2.

## 22. Operating expenses

	(Unit: Thousand Baht)							
	Consolidated financial statements				Separate financial statements			
	For the three-month periods ended		For the nine-month periods ended		For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September		30 September		30 September	
	2019	2018	2019	2018	2019	2018	2019	2018
Personnel expenses	46,063	41,611	157,013	126,523	46,063	41,611	157,013	126,523
Premises and equipment expenses	25,239	23,229	74,381	65,508	25,239	23,229	74,381	65,508
Taxes and duties	2,189	1,821	7,614	6,304	2,189	1,821	7,614	6,304
Bad debt and doubtful accounts (reversal)	(9,323)	(8,395)	(13,525)	(45,945)	(9,323)	(8,395)	(13,525)	(45,945)
Other operating expenses	19,994	16,467	54,697	42,298	19,976	16,467	54,658	42,298
<b>Total operating expenses</b>	<b>84,162</b>	<b>74,733</b>	<b>280,180</b>	<b>194,688</b>	<b>84,144</b>	<b>74,733</b>	<b>280,141</b>	<b>194,688</b>

**23. Earnings per share**

Basic earnings per share is calculated by dividing profit (loss) for the periods attributable to the Company's shareholders (excluding other comprehensive income (loss)) by the weighted average number of ordinary shares in issue during the periods.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements			
	For the three-month periods ended		For the nine-month periods ended		For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September		30 September		30 September	
	2019	2018	2019	2018	2019	2018	2019	2018
Profit (loss) for the periods attributable to the Company's shareholders (Thousand Baht)	(672,357)	(10,612)	(1,082,072)	331,475	(672,357)	(10,612)	(1,082,072)	331,475
Weighted average number of ordinary shares (Thousand shares)	533,841	453,319	523,297	453,319	533,841	453,319	523,297	453,319
Basic earnings per share Profit (loss) for the periods (Baht per share)	(1.26)	(0.02)	(2.07)	0.73	(1.26)	(0.02)	(2.07)	0.73

**24. Related party transactions****24.1 Type of relationship**

The relationship between the Company and its related parties, who have significant business transactions with the Company, are summarized below.

Name of related parties	Type of relationship
Phillip Life Company Limited	Parent company
Phillip Insurance Broker Company Limited	Subsidiary
Phillip Securities (Thailand) Public Company Limited	Having common directors
Key management personnel	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

## 24.2 Significant business transactions with related parties

The Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those parties, were as follows:

	Consolidated and separate financial statements				Pricing policy
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2019	2018	2019	2018	
	<b>Related parties</b>				
<b>Expenses</b>					
Securities management fee	1,327	1,859	4,308	5,661	Similar to those charged to general customers of a related company

## 24.3 Outstanding balances with related parties

As at 30 September 2019 and 31 December 2018, the outstanding balances between the Company and its related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<b>Subsidiary</b>			
<b>Other assets</b>				
<i>Receivables from related parties</i>				
Phillip Insurance Broker Company Limited	-	-	51	38
<b>Other liabilities</b>				
<i>Accrued securities management fee</i>				
Phillip Securities (Thailand) Public Company Limited	1,327	1,825	1,327	1,825

**24.4 Directors' and key management's remunerations**

The Company had employee benefit expenses incurred in relation to its directors and key management as below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2019	2018	2019	2018
Short-term employee benefits	844	752	2,858	2,229
Long-term employee benefits	33	66	100	199
Total directors' and key management's remunerations	877	818	2,958	2,428

**25. Securities placed with the Life Assurance Registrar and commercial bank**

As at 30 September 2019 and 31 December 2018, the Company had the following securities placed with the Registrar in accordance with the Life Assurance Act and commercial bank.

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	30 September 2019		31 December 2018	
	Amortised cost	Fair value	Amortised cost	Fair value
<b>Placed with the Life Assurance Registrar:</b>				
<b>As securities</b>				
Government bonds	20,522	21,004	20,145	20,460
<b>As life insurance reserves</b>				
Government and state enterprise bonds	1,512,488	1,700,792	1,535,240	1,683,120
Private debentures	405,115	461,249	355,559	392,985
Total	1,917,603	2,162,041	1,890,799	2,076,105

## 26. Commitments and contingent liabilities

### 26.1 Capital commitments

As at 30 September 2019, the Group had capital commitments of approximately Baht 0.56 million, related to buildings improvement.

### 26.2 Operating lease commitments

The Company entered into several operating lease agreements in respect of the lease of office building. The terms of the agreements are generally between 1 year and 3 years. As at 30 September 2019 and 31 December 2018, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

Payable within	(Unit: Thousand Baht)	
	Consolidated and separate	
	financial statements	
	30 September 2019	31 December 2018
Within 1 year	22,691	27,121
1 to 3 years	7,675	17,772
Total	30,366	44,893

## 27. Fair values of financial instruments

The Group uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

In applying the above-mentioned valuation techniques, the Group endeavors to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

As at 30 September 2019 and 31 December 2018, the Group had assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

Consolidated and separate financial statements								
30 September 2019				31 December 2018				
Fair value			Carrying value	Fair value			Carrying value	
Level 1	Level 2	Total		Level 1	Level 2	Total		
<b>Assets measured at fair values</b>								
Trading investments								
Equity securities	-	1,026,726	1,026,726	1,026,726	-	1,484,547	1,484,547	1,484,547
Available-for-sale investments								
Equity securities	2,110,036	-	2,110,036	2,110,036	2,258,552	-	2,258,552	2,258,552
Debt securities	-	6,079,654	6,079,654	6,079,654	-	4,324,662	4,324,662	4,324,662
Warrants	-	-	-	-	7	-	7	7

### Valuation techniques and inputs to Level 2 valuations

- The fair value of investments in investment units that are not listed on the stock Exchange of Thailand is determined by using the net asset value per unit as announced by the fund manager.
- The fair value of investments in debt instruments has been determined using the yield curve as announced by the Thai Bond Market Association.

During the current period, there were no transfers within the fair value hierarchy.

### 28. Events after the reporting period

On 10 October 2019, the Extraordinary General Meeting of the Company's shareholders No. 1/2019 resolved to approve the decrease in the registered share capital of the Company from Baht 4,000,000,000 to Baht 3,634,375,000 by the decrease of unissued 58.50 million ordinary shares at a par value of Baht 6.25 each, or total of Baht 365,625,000. In addition, it is resolved to approve the increase in the registered share capital of the Company from Baht 3,634,375,000 to Baht 6,000,000,000 by the increase of 378.50 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 2,365,635,000.

On 8 November 2019, the Meeting No. 6/2019 of the Company's Board of Directors resolved to approve the issuance of the Company's additional 64 million ordinary shares at a par value of Baht 6.25 each, or a total of Baht 400 million to existing shareholders at the ratio of 1 existing share to 0.1100602 new ordinary shares for the purpose of meeting the Capital Adequacy Requirement as required by the Office of Insurance Commission.

### 29. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's authorised director on 14 November 2019.