



**Prudential Assurance
Malaysia Berhad**

(Company No. 198301012262 (107655-U))
(Incorporated in Malaysia)

**Unaudited Condensed Interim
Financial Statements
For The Half-Year Ended
30 June 2020
(In Ringgit Malaysia)**

Prudential Assurance Malaysia Berhad

(Company No. 198301012262 (107655-U))

(Incorporated in Malaysia)

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Prudential Assurance Malaysia Berhad

(Company No. 198301012262 (107655-U))
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Condensed statement of financial position As at 30 June 2020 (Unaudited)

	Note	30.06.2020 RM'000	31.12.2019 RM'000
Assets			
Property and equipment		332,247	299,868
Right-of-use assets		184,582	188,448
Intangible assets		166,227	179,008
Investments	9	35,222,218	34,423,671
Insurance receivables		124,778	80,409
Other receivables		567,857	400,220
Tax recoverable		61,662	35,099
Cash and bank balances		14,130	77,441
Total assets		<u>36,673,701</u>	<u>35,684,164</u>
Equity, policyholders' funds and liabilities			
Share capital		100,000	100,000
Retained earnings		1,706,900	1,549,746
Total equity		<u>1,806,900</u>	<u>1,649,746</u>
Insurance contract liabilities	10	33,244,031	32,019,306
Reinsurance liabilities	11	8,511	7,872
Deferred taxation		554,848	497,017
Lease liabilities		185,634	188,868
Provisions		197,473	411,549
Insurance payables		296,879	330,300
Tax payable		24,421	10,951
Other payables		355,004	568,555
Total liabilities		<u>34,866,801</u>	<u>34,034,418</u>
Total equity, policyholders' funds and liabilities		<u>36,673,701</u>	<u>35,684,164</u>

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

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(Company No. 198301012262 (107655-U))
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Condensed statement of profit or loss and other comprehensive income For the 6 month period ended 30 June 2020 (Unaudited)

	6 month period ended 30.06.2020 RM'000	6 month period ended 30.06.2019 RM'000
Operating revenue	<u>4,327,475</u>	<u>4,409,316</u>
Gross earned premiums	3,616,698	3,752,690
Premiums ceded to reinsurers	<u>(47,461)</u>	<u>(46,001)</u>
Net earned premiums	<u>3,569,237</u>	<u>3,706,689</u>
Investment income	710,777	656,626
Realised gains and losses	(32,215)	67,578
Fair value gains and losses	(441,723)	912,467
Fee and commission income	174,159	168,781
Other operating income	<u>63,223</u>	<u>43,478</u>
Other income	<u>474,221</u>	<u>1,848,930</u>
Gross benefits and claims paid	(1,601,188)	(1,811,025)
Claims ceded to reinsurers	11,540	10,719
Gross change in contract liabilities	(1,024,976)	(2,287,602)
Change in contract liabilities ceded to reinsurers	<u>(639)</u>	<u>3,450</u>
Net benefits and claims	<u>(2,615,263)</u>	<u>(4,084,458)</u>
Fee and commission expense	(650,916)	(670,974)
Depreciation of property and equipment	(8,478)	(9,105)
Amortisation of intangible assets	(12,820)	(10,824)
Depreciation of right-of-use assets	(18,577)	(9,290)
Management expenses	(292,626)	(315,152)
Other operating expenses	<u>(80,701)</u>	<u>(63,658)</u>
Other expenses	<u>(1,064,118)</u>	<u>(1,079,003)</u>
Operating profit	364,077	392,158
Finance cost	<u>(4,380)</u>	<u>(1,332)</u>
Profit before taxation	359,697	390,826
Taxation	<u>(89,143)</u>	<u>(181,139)</u>
Net profit/Total comprehensive income for the period	<u>270,554</u>	<u>209,687</u>
Earnings per share (sen)		
Basic	<u>270.55</u>	<u>209.69</u>

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

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Condensed statement of changes in equity For the 6 month period ended 30 June 2020 (Unaudited)

Note	Share capital RM'000	Retained earnings			Total equity RM'000
		Non-Distributable* RM'000	Distributable RM'000	Total RM'000	
At 1 January 2019	100,000	976,631	615,598	1,592,229	1,692,229
Net profit/Total comprehensive income for the period	-	213,657	(3,970)	209,687	209,687
Dividends paid during the period	14	-	(221,500)	(221,500)	(221,500)
At 30 June 2019	100,000	1,190,288	390,128	1,580,416	1,680,416

Note	Share capital RM'000	Retained earnings			Total equity RM'000
		Non-Distributable* RM'000	Distributable RM'000	Total RM'000	
At 1 January 2020	100,000	1,042,208	507,538	1,549,746	1,649,746
Net profit/Total comprehensive income for the period	-	296,512	(25,958)	270,554	270,554
Dividends paid during the period	14	-	(113,400)	(113,400)	(113,400)
At 30 June 2020	100,000	1,338,720	368,180	1,706,900	1,806,900

* Non-distributable retained earnings comprises of the surplus from non-participating life insurance business, net of deferred tax. This amount is only distributable upon the annual recommendation by the Appointed Actuary to transfer a requisite amount of the Life fund surplus to the shareholder's fund.

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

Prudential Assurance Malaysia Berhad

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Condensed statement of cash flows For the 6 month period ended 30 June 2020 (Unaudited)

	6 month period ended 30.06.2020 RM'000	6 month period ended 30.06.2019 RM'000
Cash flows from operating activities		
Profit before taxation	359,697	390,826
Adjustments for:		
Gain on disposal of property and equipment	(19)	(156)
Fair value loss/(gain) on investments	441,723	(912,467)
Depreciation of property and equipment	8,478	9,105
Depreciation of right-of-use assets	18,577	9,290
Amortisation of intangible assets	12,820	10,824
Property and equipment written off	1,720	1,120
Intangible assets written off	-	5,820
Interest expense on lease liabilities	4,380	1,332
	<hr/>	<hr/>
Operating gain/(loss) before changes in working capital	847,376	(484,306)
Changes in operating assets and liabilities:		
Investments	(1,240,270)	(1,435,027)
Insurance receivables	(44,369)	(8,470)
Other receivables	(167,637)	(28,419)
Insurance contract liabilities	1,224,725	2,373,159
Reinsurance liabilities	639	(3,450)
Provisions	(214,076)	34,863
Insurance payables	(33,421)	(56,889)
Other payables	(213,551)	(30,153)
	<hr/>	<hr/>
Cash generated from operations	159,416	361,308
Tax paid	(44,405)	(68,357)
	<hr/>	<hr/>
Net cash from operating activities	115,011	292,951
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisition of property and equipment	(42,525)	(41,451)
Acquisition of intangible assets	(36)	(11,119)
Proceeds from disposal of property and equipment	19	156
	<hr/>	<hr/>
Net cash used in investing activities	(42,542)	(52,414)
	<hr/>	<hr/>
Cash flows from financing activities		
Payment of lease liabilities	(18,000)	(7,598)
Interest paid on lease liabilities	(4,380)	(1,332)
Dividend paid to owners of the Company	(113,400)	(221,500)
	<hr/>	<hr/>
Net cash used in financing activities	(135,780)	(230,430)
	<hr/>	<hr/>
Net (decrease)/increase in cash and bank balances	(63,311)	10,107
Cash and bank balances at beginning of period	77,441	43,968
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Cash and bank balances at end of period	14,130	54,075
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The accompanying notes are an integral part of these condensed interim financial statements.

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Notes to the condensed interim financial statements

1. Basis of preparation

Statement of compliance

These condensed interim financial statements of the Company are unaudited and have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and IAS 34, *Interim Financial Reporting* issued by the International Accounting Standards Board. They do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2019.

The accounting policies and presentation adopted by the Company for the condensed interim financial statements are consistent with those adopted in the Company's audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combination - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The initial application of the abovementioned amendments did not have any material financial impact to the current and prior periods financial statements upon their first adoption.

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2. Comments on seasonality or cyclicity

The business operations of the Company were not significantly affected by seasonality or cyclical factors for the period under review.

3. Unusual item affecting assets, liabilities, equity, net income or cash flows

There were no items affecting assets, liabilities, equity, net income or cash flows which are unusual because of their nature, size or incidence in the current interim period ended 30 June 2020.

4. Changes in estimates

There were no material changes in the basis used for accounting estimates for the current interim period ended 30 June 2020.

5. Issues, repurchases and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by the Company in the current interim period ended 30 June 2020.

6. Events after the interim period

There were no material events after the interim period that have not been reflected in the condensed interim financial statements for the interim period.

7. Effect of changes in the composition of the Company

There were no changes in the composition of the Company during the period under review.

8. Changes in contingent liabilities or contingent assets

There were no material changes in the Company's contingent liabilities and contingent assets since the last annual balance sheet date.

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9. Investments

	30.06.2020 RM'000	31.12.2019 RM'000
Malaysian government securities	2,551,334	1,956,357
Debt securities	13,831,501	13,885,544
Equity securities	11,936,937	12,475,184
Unit and property trust funds	456,816	502,484
Foreign managed funds	2,242,429	2,134,155
Investment in structured products	6,333	6,234
Loans	643,870	641,617
Deposits with financial institutions	3,552,998	2,822,096
	<u>35,222,218</u>	<u>34,423,671</u>

The Company's financial investments are summarised by categories as follows:

	30.06.2020 RM'000	31.12.2019 RM'000
Loans and receivables ("LAR")	4,196,868	3,463,713
Held-for-trading ("HFT")	31,025,350	30,959,958
	<u>35,222,218</u>	<u>34,423,671</u>

The following investments mature after 12 months:

	30.06.2020 RM'000	31.12.2019 RM'000
LAR	673,735	604,079
HFT	15,698,877	15,374,579
	<u>16,372,612</u>	<u>15,978,658</u>

(a) LAR

	30.06.2020 RM'000	31.12.2019 RM'000
Amortised cost		
Fixed and call deposits with financial institutions	3,552,998	2,822,096
Policy loans	625,359	621,820
Mortgage loans	155	219
Unsecured loans	18,356	19,578
	<u>4,196,868</u>	<u>3,463,713</u>

(b) HFT

	30.06.2020 RM'000	31.12.2019 RM'000
Fair value		
Malaysian government securities	2,551,334	1,956,357
Debt securities	13,831,501	13,885,544
Equity securities	11,936,937	12,475,184
Unit and property trust funds	456,816	502,484
Foreign managed funds	2,242,429	2,134,155
Investment in structured products	6,333	6,234
	<u>31,025,350</u>	<u>30,959,958</u>

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10. Insurance contract liabilities

Life insurance

The life insurance contract liabilities and its movements are further analysed as follows:

	30.06.2020			31.12.2019		
	Gross RM'000	Reinsurance RM'000	Net RM'000	Gross RM'000	Reinsurance RM'000	Net RM'000
Actuarial liabilities	14,822,171	8,511	14,830,682	14,126,899	7,872	14,134,771
Net asset value attributable to unit holders	17,300,880	-	17,300,880	16,971,176	-	16,971,176
Provision for outstanding claims	1,120,980	-	1,120,980	921,231	-	921,231
	<u>33,244,031</u>	<u>8,511</u>	<u>33,252,542</u>	<u>32,019,306</u>	<u>7,872</u>	<u>32,027,178</u>
		Note 11			Note 11	

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10. Insurance contract liabilities (continued)

	Non Par RM'000	Par RM'000	Unit Reserves RM'000	Non-Unit Reserves RM'000	Claim Liabilities RM'000	Total RM'000
At 1 January 2019	1,627,120	10,035,548	15,529,820	504,247	772,919	28,469,654
Valuation premiums	290,174	-	-	-	-	290,174
Premium received, net of reinsurance	-	1,175,946	2,339,706	(62,694)	-	3,452,958
Liabilities released for payments on death, surrender and other terminations	(359,329)	(822,388)	(1,179,930)	(25,170)	(2,376,116)	(4,762,933)
Claims incurred during the year	-	-	-	144,411	2,524,428	2,668,839
Accretion of interest	39,023	-	-	19,499	-	58,522
Other movements	(4,794)	-	-	19,108	-	14,314
New business	615,207	-	-	10,390	-	625,597
Change in valuation basis	166,501	-	-	11,732	-	178,233
Investment income	-	516,246	-	-	-	516,246
Expenses: Operating						
- Commission and agency expenses	-	(135,091)	-	-	-	(135,091)
- Management expenses	-	(111,625)	-	-	-	(111,625)
Other income	-	557,767	-	-	-	557,767
Movement in tax	-	(76,050)	-	-	-	(76,050)
Policyholder's liability	32,082	-	-	-	-	32,082
Net asset value attributable to unit holders	-	-	281,580	-	-	281,580
Transfer to shareholder's fund	-	(33,089)	-	-	-	(33,089)
At 31 December 2019	2,405,984	11,107,264	16,971,176	621,523	921,231	32,027,178

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10. Insurance contract liabilities (continued)

	Non Par RM'000	Par RM'000	Unit Reserves RM'000	Non-Unit Reserves RM'000	Claim Liabilities RM'000	Total RM'000
At 1 January 2020	2,405,984	11,107,264	16,971,176	621,523	921,231	32,027,178
Valuation premiums	174,537	-	-	-	-	174,537
Premium received, net of reinsurance	-	575,120	1,083,036	(34,848)	-	1,623,308
Liabilities released for payments on death, surrender and other terminations	(165,946)	(385,760)	(410,104)	(12,114)	(721,246)	(1,695,170)
Claims incurred during the period	-	-	-	48,254	920,995	969,249
Accretion of interest	19,920	-	-	7,742	-	27,662
Other movements	(1,456)	-	-	39,181	-	37,725
New business	115,560	-	-	3,561	-	119,121
Change in valuation basis	64,616	-	-	19,125	-	83,741
Investment income	-	268,039	-	-	-	268,039
Expenses: Operating						
- Commission and agency expenses	-	(51,243)	-	-	-	(51,243)
- Management expenses	-	(49,719)	-	-	-	(49,719)
Other income	-	71,441	-	-	-	71,441
Movement in tax	-	(23,207)	-	-	-	(23,207)
Policyholder's liability	13,108	-	-	-	-	13,108
Net asset value attributable to unit holders (Note 16)	-	-	(343,228)	-	-	(343,228)
Transfer to shareholder's fund	-	-	-	-	-	-
At 30 June 2020	2,626,323	11,511,935	17,300,880	692,424	1,120,980	33,252,542

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11. Reinsurance liabilities

	Note	30.06.2020 RM'000	31.12.2019 RM'000
Reinsurance of insurance contracts - non current	10	<u>8,511</u>	<u>7,872</u>

12. Regulatory capital requirements

The capital structure of the Company as at 30 June 2020, as prescribed under Bank Negara Malaysia's Risk Based Capital Framework for Insurers is provided below:

	30.06.2020 RM'000	31.12.2019 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	100,000	100,000
Reserves, including retained earnings	<u>4,339,313</u>	<u>1,878,863</u>
	4,439,313	1,978,863
Deduction		
Intangible assets	<u>166,227</u>	<u>75,897</u>
Total capital available	<u><u>4,273,086</u></u>	<u><u>1,902,966</u></u>

For life insurer with participating business, the Capital Adequacy Ratio ("CAR") shall be computed as the lower of CAR which takes into account all the insurance and shareholders funds; and CAR which takes into account all the insurance and shareholders funds, excluding the participating life insurance fund.

The Company is in compliance with the RBC Framework.

13. Capital commitments

The capital commitments are in respect of:

- property and equipment
- intangible assets

	30.06.2020 RM'000	31.12.2019 RM'000
Authorised and contracted for	<u>11,343</u>	<u>7,518</u>

14. Dividends

In prior interim period ended 30 June 2019, the Company paid a final single tier dividend of 221.5% totalling RM221.5 million for the year ended 31 December 2018 on 28 May 2019.

In the current interim period ended 30 June 2020, the Company paid a final single tier dividend of 113.4% totalling RM113.4 million for the year ended 31 December 2019 on 25 June 2020.

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15. Related party disclosures

The significant related party transactions and balances of the Company are as follows:

	6 month period ended 30.06.2020 RM'000	6 month period ended 30.06.2019 RM'000
Transactions:		
Outsourcing fees and other charges		
- Prudential Services Asia Sdn Bhd	9,419	26,888
Recharge expenses		
- Prudential Holdings Limited	17,086	12,268
Recharge income		
- Prudential BSN Takaful Berhad	(36,514)	(30,661)
Investment management fees		
- Eastspring Investments Berhad	32,854	33,148
Investment management fees		
- Eastspring Al-Wara' Investments Berhad	2,856	-
	<u>30.06.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
Balances:		
Amount due to related companies:		
- Prudential Services Asia Sdn Bhd	(5,432)	(23,650)
- Prudential Holdings Limited	(50,857)	(70,110)
- Eastspring Investments Berhad	(785)	(4,092)
- Prudential Corporation Holdings Limited	(11,746)	-
- Eastspring Al-Wara' Investments Berhad	(306)	-
Amount due from related companies:		
- Prudential BSN Takaful Berhad	72,644	47,081
- Prudence Foundation	285	-
	<u>72,929</u>	<u>47,081</u>

16. Insurance funds

The Company's activities are organised by funds and segregated into Life and Shareholder's funds in accordance with the Financial Services Act, 2013.

The condensed statement of financial position and condensed statement of profit or loss and other comprehensive income have been further analysed by funds.

The life insurance business offers a wide range of participating and non-participating Whole Life, Term Assurance, Endowment and Annuity products, as well as investment-linked products.

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16. Insurance funds (continued)

Condensed statement of financial position by funds as at 30 June 2020 - unaudited

	Shareholder's fund		Life fund		Elimination*		Total	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019	30.06.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Property and equipment	47	59	332,200	299,809	-	-	332,247	299,868
Right-of-use assets	-	-	184,582	188,448	-	-	184,582	188,448
Intangible assets	1	1	166,226	179,007	-	-	166,227	179,008
Investments	441,787	311,759	34,780,431	34,111,912	-	-	35,222,218	34,423,671
Insurance receivables	-	-	124,778	80,409	-	-	124,778	80,409
Other receivables	36,753	364,270	501,245	348,981	29,859	(313,031)	567,857	400,220
Tax recoverable	52,233	33,094	9,429	2,005	-	-	61,662	35,099
Cash and bank balances	2,567	2,156	11,563	75,285	-	-	14,130	77,441
Total assets	533,388	711,339	36,110,454	35,285,856	29,859	(313,031)	36,673,701	35,684,164
Equity, policyholders' funds and liabilities								
Total equity	468,180	607,538	1,338,720	1,042,208	-	-	1,806,900	1,649,746
Insurance contract liabilities	-	-	33,244,031	32,019,306	-	-	33,244,031	32,019,306
Reinsurance liabilities	-	-	8,511	7,872	-	-	8,511	7,872
Deferred taxation	522	416	554,326	496,601	-	-	554,848	497,017
Lease liabilities	-	-	185,634	188,868	-	-	185,634	188,868
Provisions	18,456	57,756	179,017	353,793	-	-	197,473	411,549
Insurance payables	10,861	15,938	286,018	314,362	-	-	296,879	330,300
Tax payable	-	-	24,421	10,951	-	-	24,421	10,951
Other payables	35,369	29,691	289,776	851,895	29,859	(313,031)	355,004	568,555
Total liabilities	65,208	103,801	34,771,734	34,243,648	29,859	(313,031)	34,866,801	34,034,418
Total equity, policyholders' funds and liabilities	533,388	711,339	36,110,454	35,285,856	29,859	(313,031)	36,673,701	35,684,164

* Refers to elimination of Interfund balances.

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16. Insurance funds (continued)

Condensed statement of profit or loss and other comprehensive income by funds for the 6 month period ended 30 June 2020 - unaudited

	Shareholder's fund		Life fund		Total	
	6 month period ended 30.06.2020 RM'000	6 month period ended 30.06.2019 RM'000	6 month period ended 30.06.2020 RM'000	6 month period ended 30.06.2019 RM'000	6 month period ended 30.06.2020 RM'000	6 month period ended 30.06.2019 RM'000
Operating revenue	4,381	4,663	4,323,094	4,404,653	4,327,475	4,409,316
Gross earned premiums	-	-	3,616,698	3,752,690	3,616,698	3,752,690
Premiums ceded to reinsurers	-	-	(47,461)	(46,001)	(47,461)	(46,001)
Net earned premiums	-	-	3,569,237	3,706,689	3,569,237	3,706,689
Investment income	4,381	4,663	706,396	651,963	710,777	656,626
Realised gains and losses	20	58	(32,235)	67,520	(32,215)	67,578
Fair value gains and losses	451	1,626	(442,174)	910,841	(441,723)	912,467
Fee and commission income	-	-	174,159	168,781	174,159	168,781
Other operating income	36,733	39,237	26,490	4,241	63,223	43,478
Other income	41,585	45,584	432,636	1,803,346	474,221	1,848,930
Gross benefits and claims paid	-	-	(1,601,188)	(1,811,025)	(1,601,188)	(1,811,025)
Claims ceded to reinsurers	-	-	11,540	10,719	11,540	10,719
Gross change in contract liabilities	-	-	(1,024,976)	(2,287,602)	(1,024,976)	(2,287,602)
Change in contract liabilities ceded to reinsurers	-	-	(639)	3,450	(639)	3,450
Net benefits and claims	-	-	(2,615,263)	(4,084,458)	(2,615,263)	(4,084,458)

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16. Insurance funds (continued)

Condensed statement of profit or loss and other comprehensive income by funds for the 6 month period ended 30 June 2020 - unaudited (continued)

	Shareholder's fund		Life fund		Total	
	6 month period ended 30.06.2020 RM'000	6 month period ended 30.06.2019 RM'000	6 month period ended 30.06.2020 RM'000	6 month period ended 30.06.2019 RM'000	6 month period ended 30.06.2020 RM'000	6 month period ended 30.06.2019 RM'000
Fee and commission expense	(18,294)	(12,642)	(632,622)	(658,332)	(650,916)	(670,974)
Depreciation of property and equipment	(5)	(3)	(8,473)	(9,102)	(8,478)	(9,105)
Amortisation of intangible assets	-	-	(12,820)	(10,824)	(12,820)	(10,824)
Depreciation of right-of-use assets	-	-	(18,577)	(9,290)	(18,577)	(9,290)
Management expenses	(11,289)	(6,697)	(281,337)	(308,455)	(292,626)	(315,152)
Other operating expenses	(35,300)	(28,722)	(45,401)	(34,936)	(80,701)	(63,658)
Other expenses	(64,888)	(48,064)	(999,230)	(1,030,939)	(1,064,118)	(1,079,003)
Operating (loss)/profit	(23,303)	(2,480)	387,380	394,638	364,077	392,158
Finance cost	-	-	(4,380)	(1,332)	(4,380)	(1,332)
(Loss)/Profit before taxation	(23,303)	(2,480)	383,000	393,306	359,697	390,826
Taxation	(2,655)	(1,490)	(86,488)	(179,649)	(89,143)	(181,139)
Net (loss)/profit/Total comprehensive (expense)/ income for the period	(25,958)	(3,970)	296,512	213,657	270,554	209,687

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16. Insurance funds (continued)

Investment-linked funds

Condensed statement of assets and liabilities as at 30 June 2020 (unaudited)

	30.06.2020 RM'000	31.12.2019 RM'000
Assets		
Investments	17,281,160	16,999,605
Other receivables	62,456	57,211
Tax recoverable	9,129	2,005
Cash and bank balances	3,080	8,034
Total assets	<u>17,355,825</u>	<u>17,066,855</u>
Liabilities		
Deferred taxation	38,176	82,226
Tax payable	7,663	3,889
Other payables	9,106	9,564
Total liabilities	<u>54,945</u>	<u>95,679</u>
Net asset value of funds (Note 10)	<u>17,300,880</u>	<u>16,971,176</u>

Condensed statement of income and expenditure For the 6 month period ended 30 June 2020 (unaudited)

	6 month period ended 30.06.2020 RM'000	6 month period ended 30.06.2019 RM'000
Investment income	325,190	287,404
Realised gains and losses	(58,423)	33,369
Fair value gains and losses	(550,336)	365,499
Fee and commission income	31,264	29,373
Other operating income	8,016	2,853
	<u>(244,289)</u>	<u>718,498</u>
Fee and commission expense	(141,145)	(137,843)
(Loss)/Profit before taxation	(385,434)	580,655
Taxation	42,206	(40,753)
Net (loss)/profit/Total comprehensive (expense)/income for the period	<u>(343,228)</u>	<u>539,902</u>

17. Operating segments

Segment information is presented based on the Company's management and internal reporting structure. The Company does not present information by business segment as it is principally involved in the underwriting of life insurance business which includes investment-linked business. The financial position and performance of the life insurance business of the Company have been disclosed separately within these financial statements.

Financial information by geographical segment has not been presented as the Company predominantly operates within Malaysia.

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18. Fair value information

The carrying amounts of fixed and call deposits with financial institutions, policy loans, mortgage loans, unsecured loans, cash and bank balances, short-term receivables and short-term payables reasonably approximate their fair value due to relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value by valuation hierarchy. There is no financial instruments not carried at fair value for which fair value is disclosed during the financial period.

	Financial instruments carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
30 June 2020					
Financial assets					
Malaysian government securities	-	2,551,334	-	2,551,334	2,551,334
Debt securities	-	13,831,501	-	13,831,501	13,831,501
Equity securities	11,931,641	-	5,296	11,936,937	11,936,937
Unit and property trust funds	254,647	202,169	-	456,816	456,816
Foreign managed funds	-	2,242,429	-	2,242,429	2,242,429
Investment in structured products	-	6,333	-	6,333	6,333
	<u>12,186,288</u>	<u>18,833,766</u>	<u>5,296</u>	<u>31,025,350</u>	<u>31,025,350</u>
31 December 2019					
Financial assets					
Malaysian government securities	-	1,956,357	-	1,956,357	1,956,357
Debt securities	-	13,885,544	-	13,885,544	13,885,544
Equity securities	12,469,888	-	5,296	12,475,184	12,475,184
Unit and property trust funds	294,293	208,191	-	502,484	502,484
Foreign managed funds	-	2,134,155	-	2,134,155	2,134,155
Investment in structured products	-	6,234	-	6,234	6,234
	<u>12,764,181</u>	<u>18,190,481</u>	<u>5,296</u>	<u>30,959,958</u>	<u>30,959,958</u>

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18. Fair value information (continued)

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 1 principally includes exchange listed equities, mutual funds with quoted prices and exchange traded derivatives such as futures and options, unless there is evidence that trading in a given instrument is so infrequent that the market could not possibly be considered active. It also includes other financial instruments (including net assets attributable to unit-holders of consolidated unit trusts and similar funds) where there is clear evidence that the period/year end valuation is based on a traded price in an active market.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 2 principally includes corporate bonds, foreign managed funds, national and non-national government debt securities which are valued using observable inputs, together with over-the-counter derivatives such as forward exchange contracts and non-quoted investment funds valued with observable inputs. It also includes net assets attributable to unit-holders of consolidated unit trusts and similar funds and investment contract liabilities that are valued using observable inputs.

There has been no transfer between Level 1 and 2 fair values during the current interim period ended 30 June 2020 (30 June 2019: no transfer in either directions).

Level 3: Significant inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Level 3 principally includes investment in private equity funds, investments in property funds which are exposed to bespoke properties or risks, investment which are internally valued or subject to a significant number of unobservable assumptions and certain derivatives which are bespoke or long dated. It also includes debt securities which are rarely traded or traded in only privately negotiated transactions and where it is difficult to assert that these have been based on observable market data. The inherent nature of the vast majority of these assets means that, in normal market conditions, there is unlikely to be significant change in the specific underlying assets classified as Level 3.

Financial assets measured at fair value based on Level 3:

	Unquoted equity securities RM'000	Total RM'000
At 1 January 2019/31 December 2019/30 June 2020	<u>5,296</u>	<u>5,296</u>

Prudential Assurance Malaysia Berhad

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Statement by Directors

In the opinion of the Directors, the condensed interim financial statements set out on pages 1 to 18 are drawn up in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and IAS 34, *Interim Financial Reporting* issued by the International Accounting Standards Board so as to present fairly the financial position of the Company as at 30 June 2020 and of its financial performance and cash flows for the period then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors:

.....
Foong Pik Yee
Director

.....
Abdul Khalil bin Abdul Hamid
Director

Kuala Lumpur,

Date: 19 August 2020

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS PRUDENTIAL ASSURANCE MALAYSIA BERHAD

(Company No. 198301012262 (107655-U))
(Incorporated in Malaysia)

Introduction

We have reviewed the accompanying condensed statement of financial position as at 30 June 2020 of the Company, and the condensed statements of profit or loss and other comprehensive income, changes in equity and cash flow of the Company for the six-month period ended 30 June 2020 and the accompanying notes thereon (collectively referred to as "condensed interim financial statements"). Directors of the Company are responsible for the preparation and presentation of the condensed interim financial statements in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and IAS 34, *Interim Financial Reporting* issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on the condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements, ("ISRE") 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" as adopted by the Malaysian Institute of Accountants. A review of interim financial statements 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 approved standards on auditing in Malaysia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not presented, in all material respects, in accordance with MFRS 134 and IAS 34, *Interim Financial Reporting*.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 19 August 2020