

Sompo Insurance (Thailand) Public Company Limited  
Review report and interim financial information  
30 June 2020

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

To the Shareholders of Sompoo Insurance (Thailand) Public Company Limited


I have reviewed the accompanying statement of financial position of Sompoo Insurance (Thailand) Public Company Limited as at 30 June 2020, the related statements of income and comprehensive income for the three-month and six-month periods then ended, and the statements of changes in equity and cash flows for the six-month period then ended, as well as the condensed notes to the interim financial statements (collectively called "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

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

### **Conclusion**

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



Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 14 August 2020

**Sompo Insurance (Thailand) Public Company Limited**

**Statement of financial position**

**As at 30 June 2020**

		(Unit: Baht)	
	Note	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash and cash equivalents	5	397,596,786	423,889,560
Premium receivables	6, 24	765,023,570	518,903,221
Accrued investment income		7,967,467	8,275,338
Reinsurance assets	7	1,444,916,810	1,422,827,851
Receivables from reinsurance contracts	8, 24	88,931,131	65,919,987
Debt financial assets	9	1,612,148,201	-
Equity financial assets	10	27,644,478	-
Investments in securities - net		-	1,518,995,492
Equipment	12	30,940,383	32,510,804
Right-of-use assets	13	49,673,562	-
Intangible assets	14	33,067,690	31,842,256
Deferred tax assets	15	2,783,133	4,949,467
Amounts due from related companies	24	25,197	1,151,563
Prepaid premium ceded		121,930,544	129,288,556
Other assets	16	232,564,255	299,512,416
<b>Total assets</b>		<b>4,815,213,207</b>	<b>4,458,066,511</b>

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

**Sompo Insurance (Thailand) Public Company Limited**

**Statement of financial position (continued)**

**As at 30 June 2020**

		(Unit: Baht)	
	Note	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance contract liabilities	17	2,197,069,569	2,223,072,786
Due to reinsurers	18, 24	1,138,005,992	911,782,510
Employee benefit obligations		36,744,867	31,075,373
Lease liabilities	19	50,423,918	-
Liabilities under finance lease agreements		-	284,538
Amounts due to related companies	24	28,839,473	27,255,471
Premium received in advance		185,021,226	185,130,196
Accrued commission		67,539,557	42,623,098
Others liabilities		131,676,999	157,318,567
<b>Total liabilities</b>		<b>3,835,321,601</b>	<b>3,578,542,539</b>
<b>Equity</b>			
Share capital			
Registered			
31,200,200 ordinary shares of Baht 100 each		3,120,020,000	3,120,020,000
Issued and paid-up			
31,200,200 ordinary shares of Baht 100 each		3,120,020,000	3,120,020,000
Retained earnings			
Appropriated - statutory reserve		8,881,806	8,881,806
Unappropriated (deficits)		(2,170,488,849)	(2,255,958,458)
Other components of equity	11	21,478,649	6,580,624
<b>Total equity</b>		<b>979,891,606</b>	<b>879,523,972</b>
<b>Total liabilities and equity</b>		<b>4,815,213,207</b>	<b>4,458,066,511</b>

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

Directors

(Unaudited but reviewed)

**Sompo Insurance (Thailand) Public Company Limited**

**Statement of income**

**For the three-month period ended 30 June 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Income</b>			
Gross premium written		952,333,767	930,511,895
Less: Premium ceded to reinsurers		(733,935,457)	(700,745,807)
Net premium written		218,398,310	229,766,088
Less: Unearned premium reserves increased from prior period		(12,587,602)	(7,828,634)
Net earned premium		205,810,708	221,937,454
Fee and commission income from reinsurers		191,238,007	189,688,684
Net investment income	20	9,290,142	9,732,543
Gain on financial instruments		50,764	1,296
Other income		452,201	2,241,744
<b>Total income</b>		<b>406,841,822</b>	<b>423,601,721</b>
<b>Expenses</b>			
Gross claim and loss adjustment expenses		172,486,631	240,799,141
Less: Claim recovery from reinsurers		(75,508,217)	(91,565,027)
Commission and brokerage expenses		123,372,489	123,292,020
Other underwriting expenses		30,293,348	26,709,588
Operating expenses	21	88,816,761	70,071,483
Financial costs		377,572	-
Expected credit loss	22	212,472	-
<b>Total expenses</b>		<b>340,051,056</b>	<b>369,307,205</b>
<b>Profit before income tax</b>		<b>66,790,766</b>	<b>54,294,516</b>
Less: Income tax expenses	15	(6,510,303)	(96,645)
<b>Profit for the period</b>		<b>60,280,463</b>	<b>54,197,871</b>
<b>Earnings per share</b>			
	23		
Basic earning per share		1.93	1.74

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

(Unaudited but reviewed)

**Sompo Insurance (Thailand) Public Company Limited**

**Statement of comprehensive income**

**For the three-month period ended 30 June 2020**

	(Unit: Baht)	
	2020	2019
<b>Profit for the period</b>	<u>60,280,463</u>	<u>54,197,871</u>
<b>Other comprehensive income</b>		
Items to be recognised in statement of income for subsequent period		
Gain on changes in value of available-for-sale investments	-	2,286,254
Less: Income tax	-	(457,252)
Total items to be recognised in statement of income for subsequent period - net of income tax	<u>-</u>	<u>1,829,002</u>
<b>Total other comprehensive income for the period</b>	<u>-</u>	<u>1,829,002</u>
<b>Total comprehensive income for the period</b>	<u><u>60,280,463</u></u>	<u><u>56,026,873</u></u>

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

(Unaudited but reviewed)

**Sompo Insurance (Thailand) Public Company Limited****Statement of income****For the six-month period ended 30 June 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Income</b>			
Gross premium written		1,392,285,657	1,434,963,981
Less: Premium ceded to reinsurers		(981,477,146)	(1,011,579,502)
Net premium written		410,808,511	423,384,479
Add: Unearned premium reserves decreased from prior period		11,018,308	28,291,237
Net earned premium		421,826,819	451,675,716
Fee and commission income from reinsurers		269,046,989	268,993,782
Net investment income	20	18,723,549	19,401,267
Gain (loss) on financial instruments		53,326	(5,189)
Other income		3,541,770	5,030,688
<b>Total income</b>		<b>713,192,453</b>	<b>745,096,264</b>
<b>Expenses</b>			
Gross claim and loss adjustment expenses		315,841,454	452,654,178
Less: Claim recovery from reinsurers		(122,294,481)	(165,715,857)
Commission and brokerage expenses		190,506,180	190,728,631
Other underwriting expenses		55,128,517	48,196,246
Operating expenses	21	180,831,763	141,359,967
Financial costs		679,308	-
Expected credit loss	22	(224,171)	-
<b>Total expenses</b>		<b>620,468,570</b>	<b>667,223,165</b>
<b>Profit before income tax</b>		<b>92,723,883</b>	<b>77,873,099</b>
Add (less): Income tax benefit (expenses)	15	(6,065,660)	159,940
<b>Profit for the period</b>		<b>86,658,223</b>	<b>78,033,039</b>
<b>Earnings per share</b>			
	23		
Basic earning per share		2.78	2.50

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

(Unaudited but reviewed)

**Sompo Insurance (Thailand) Public Company Limited**

**Statement of comprehensive income**

**For the six-month period ended 30 June 2020**

	(Unit: Baht)	
	2020	2019
<b>Profit for the period</b>	<u>86,658,223</u>	<u>78,033,039</u>
<b>Other comprehensive income</b>		
Items to be recognised in statement of income for subsequent period		
Gain on change in value of available-for-sale investments	-	3,246,057
Less: Income tax	-	<u>(649,212)</u>
Total items to be recognised in statement of income for subsequent period - net of income tax	<u>-</u>	<u>2,596,845</u>
<b>Total other comprehensive income for the period</b>	<u>-</u>	<u>2,596,845</u>
<b>Total comprehensive income for the period</b>	<u><u>86,658,223</u></u>	<u><u>80,629,884</u></u>

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



(Unaudited but reviewed)

## Sompo Insurance (Thailand) Public Company Limited

## Statement of changes in equity

For the six-month period ended 30 June 2020

(Unit: Baht)

	Other components of equity							Total
	Issued and paid up share capital	Retained earnings		Surplus on changes in available-for-sale investments	Equity instruments designated to be measured at fair value through other comprehensive income		Total other components of equity	
		Appropriated statutory reserve	Unappropriated (Deficits)		to be measured at fair value through other comprehensive income	Total other components of equity		
<b>Balance as at 1 January 2019</b>	3,120,020,000	8,881,806	(2,318,086,575)	(174,700)	-	(174,700)	810,640,531	
Profit for the period	-	-	78,033,039	-	-	-	78,033,039	
Other comprehensive income for the period	-	-	-	2,596,845	-	2,596,845	2,596,845	
Total comprehensive income for the period	-	-	78,033,039	2,596,845	-	2,596,845	80,629,884	
<b>Balance as at 30 June 2019</b>	3,120,020,000	8,881,806	(2,240,053,536)	2,422,145	-	2,422,145	891,270,415	
<b>Balance as at 1 January 2020</b>	3,120,020,000	8,881,806	(2,255,958,458)	6,580,624	-	6,580,624	879,523,972	
Cumulative effect of changes in accounting policies (Note 3)	-	-	(1,188,614)	(6,580,624)	21,478,649	14,898,025	13,709,411	
<b>Balance as at 1 January 2020 - after adjusted</b>	3,120,020,000	8,881,806	(2,257,147,072)	-	21,478,649	21,478,649	893,233,383	
Profit for the period	-	-	86,658,223	-	-	-	86,658,223	
Total comprehensive income for the period	-	-	86,658,223	-	-	-	86,658,223	
<b>Balance as at 30 June 2020</b>	3,120,020,000	8,881,806	(2,170,488,849)	-	21,478,649	21,478,649	979,891,606	

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

(Unaudited but reviewed)

**Sompo Insurance (Thailand) Public Company Limited**

**Statement of cash flows**

**For the six-month period ended 30 June 2020**

	(Unit: Baht)	
	2020	2019
<b>Cash flows from (used in) operating activities</b>		
Direct premium written	1,044,622,884	1,145,852,866
Cash paid for reinsurance	(276,552,937)	(197,778,262)
Interest income	19,060,876	20,177,623
Dividend income	15,000	15,000
Other income	3,595,172	6,975,424
Loss incurred on direct insurance	(341,648,945)	(576,071,494)
Loss adjustment expenses on direct insurance	(34,006,504)	(48,848,611)
Commission and brokerage expenses on direct insurance	(146,849,418)	(154,327,721)
Other underwriting expenses	(60,020,809)	(55,590,414)
Operating expenses	(106,727,739)	(117,948,510)
Cash flows from financial assets	483,573,236	552,209,595
Cash flows used in financial assets	(586,445,421)	(483,220,949)
<b>Net cash flows from (used in) operating activities</b>	<b>(1,384,605)</b>	<b>91,444,547</b>
<b>Cash flows from (used in) investing activities</b>		
Cash receipt from sales of equipment	409,346	1,068,037
Cash paid for purchase of equipment	(6,450,072)	(3,174,632)
Cash paid for purchase of intangible assets	(3,261,046)	(117,200)
<b>Net cash flows used in investing activities</b>	<b>(9,301,772)</b>	<b>(2,223,795)</b>
<b>Cash flows from (used in) financial activities</b>		
Repayment of liabilities under lease agreements	(15,051,199)	-
<b>Net cash flows used in financial activities</b>	<b>(15,051,199)</b>	<b>-</b>
Expected credit loss	(555,198)	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(26,292,774)</b>	<b>89,220,752</b>
Cash and cash equivalents at beginning of period	423,889,560	148,221,962
<b>Cash and cash equivalents at end of period</b>	<b>397,596,786</b>	<b>237,442,714</b>

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

**Sompo Insurance (Thailand) Public Company Limited**

**Notes to interim financial statements**

**For the three-month and six-month periods ended 30 June 2020**

**1. General information**

**1.1 General information of the Company**

Sompo Insurance (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Sompo Japan Insurance Inc. (Formerly known as “Sompo Japan Nipponkoa Insurance Inc.”) which was incorporated in Japan. The Company is principally engaged in the provision of non-life insurance and its registered address is 990 Abdulrahim Place 12<sup>th</sup> and 14<sup>th</sup> Floor, Rama 4 Road, Silom, Bangrak, Bangkok.

**1.2 The Covid-19 pandemic**

The Covid-19 pandemic is continuing to evolve, and is directly and indirectly affecting businesses in many sectors, resulting in an economic slowdown and instability in money markets and capital markets. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**2. Basis for the preparation of the financial information**

**2.1 Basis for the preparation of the interim financial information**

This interim financial information is prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented line items in the statements of financial position, income, comprehensive income, changes in equity and cash flows in the same format as that used for annual financial statements, and in accordance with the format of financial statements specified in the Notification of the Office of Insurance Commission (“OIC”) regarding criteria, procedures, terms and conditions for preparation and submission of financial statements and operating performance reports of non-life insurance companies (No.2) B.E. 2562 dated 4 April 2019.

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

The interim financial information in Thai language is the official statutory financial information of the Company. The interim financial information in English language has been translated from the Thai language financial information.

## **2.2 Financial reporting standards that became effective in the current period**

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal year 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. The adoption of these financial reporting standards does not have any significant impact on the Company's financial information, except for the new standards 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
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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.

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

The Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance Contracts, which allows insurers who meet certain criteria stipulated in this TFRS to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are applicable for the financial reporting periods beginning on or after 2020, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead of TFRS 9 and TFRS 7 for the financial reporting period beginning before 1 January 2022 or before the effective date of TFRS 17 Insurance Contracts.

The Company's management has decided that, even though the Company meets the criteria stipulated in TFRS 4 enabling it to apply Accounting Guidance related to financial instruments, adoption of the financial reporting standards related to financial instruments, would be more appropriate. The Company therefore decided to adopt the full set of financial reporting standards related to financial instruments. The impact of the adoption of these standards on the Company's financial statements can be summarised as follows.

#### Classification and measurement of financial assets

##### Financial assets - Debt instruments

The Company classifies financial assets - debt instruments as financial assets that are subsequently to be measured at either amortised cost or fair value in accordance with the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, based the facts and circumstances as of the date these financial reporting standards were initially adopted. As at 1 January 2020, the Company classified financial assets that are all debt instruments as financial assets are measured at amortised cost, when both of the following conditions are met: the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Financial assets - Equity instruments

All investments in equity instruments are measured at fair value in the statement of financial position. The Company classifies investments in equity instruments of non-listed companies as financial assets which designated to be measure at fair value through other comprehensive income.

### Classification of financial liabilities

The adoption of this standards does not have any significant impact on classification of the Company's financial liabilities. The Company continues to classify these as financial liabilities measured at amortise cost.

### Impairment of financial assets

The adoption of TFRS 9 requires the Company to move from incurred loss provisioning, under previous accounting policy, to expected loss provisioning, whereby it recognises an allowance for expected credit loss on its financial assets and it is no longer necessary for a credit impaired event to have occurred. The Company has decided to apply the general approach to determine expected credit loss on financial assets.

### Transition

The Company has adopted this group of standards recognising the cumulative effect of initial adoption as adjustments against retained earnings or other components of equity as at 1 January 2020, with no restatement of the comparative information.

The cumulative effects of the changes in accounting policies are described in Note 3 to the interim financial statements.

### **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.

(Unaudited but reviewed)

The Company initially adopted this financial reporting standards whereby the adjustment of the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020 (if any), with no restatement of the comparative information.

The cumulative effect of the change in accounting policy is described in Note 3 to the interim financial statements.

### **Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as Covid-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand (“BOT”) No. BOT.RPD.(23)C. 276/2563 “Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy” and the circular of the BOT No. BOT.RPD.(01)C. 380/2563 “Measures to provide additional assistance to debtors during the Covid-19 situation” or any other measures announced by the BOT. Such entities include credit card business, business providing loans secured against vehicle registrations, personal loan business under the supervision of the BOT and certain entities not under the supervision of the BOT, such as leasing, hire-purchase, motorcycle hire-purchase and factoring business. Entities providing assistance to debtors in accordance with the BOT’s measures and electing to apply this Accounting Guidance have to apply all temporary relief measures in this Guidance.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by such situations that affect the Thai economy during the period from 1 January 2020 to 31 December 2021 or until the BOT makes changes, with which the entity tis to comply.

The Company has not adopted such Accounting Guidance.

## **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has not adopted such Accounting Guidance.

### **2.3 Significant accounting policies**

The interim financial information is prepared by using the same accounting policies and methods of computation as these were used for the financial statements for the year ended 31 December 2019 except for the adoption of new financial reporting standards which are summarised below.

#### **(a) Classification and measurement**

Financial assets that are debt instruments are measured at amortised cost. Classification is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are designated at fair value through other comprehensive income. Classification is depend on the Company's investment policy.

Financial liabilities are measured at amortised cost.

#### **(b) Investment in securities**

From 1 January 2020, the Company has classified investments in securities as investments in securities measured at fair value through other comprehensive income or measured at amortised cost



Investments in securities measured at fair value through other comprehensive income

Investments in equity instruments designated at fair value through other comprehensive income are initially recorded at fair value.

After initial recognition, gain or loss arising from changes in fair value is separately presented in other comprehensive income.

Investments in securities measured at amortised cost

Investments in debt instruments measured at amortised cost is initially recorded at fair value.

At the end of the reporting period, investments in debt instruments measured at amortised cost are presented in the statement of financial position at amortised cost less expected credit loss (if any).

Investment income and sales of investments

Gain or loss arising from sales of investments are recognised in profit or loss on the transaction date, except for gain or loss from sales of investments in equity instruments which designated to be measure at fair value through other comprehensive income, which are recognised in retained earnings.

Changes in classification of investment in debt securities

When the Company's business model for managing financial assets changes, the Company has to reclassify investments in debt instruments. The Company adjusts the value of the investment based on fair value at the transfer date, with differences between book value and fair value at the transfer date recognised in profit or loss or other comprehensive income depending on the type of investment that is being reclassified.

**(c) Impairment of financial assets**

The Company recognises expected credit loss on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred. The Company categorises changes in the credit risk of financial assets into stages, and uses different methods to determine allowance for credit loss at each stage.

**(d) Leases**

***Right-of-use assets***

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

***Lease liabilities***

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

***Short-term leases and leases of low-value assets***

Payments under leases that have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

**3. Cumulative effects of the changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 2.2 to the financial statements, during the current period, the Company has adopted Thai financial reporting standards (TFRS) related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

(Unaudited but reviewed)

The impacts on the beginning balances of retained earnings for the period of 2020 from changes in accounting policies due to the adoption of these financial reporting standard were presented as follows:

(Unit: Baht)

	31 December 2019	The impact of		1 January 2020
		TFRS to financial instruments	TFRS 16	
<b><u>Statement of financial position</u></b>				
<b>Assets</b>				
Cash and cash equivalents	423,889,560	(451,436)	-	423,438,124
Accrued investment income	8,275,338	(14,057)	-	8,261,281
Debt financial assets	-	1,508,953,270	-	1,508,953,270
Equity financial assets	-	27,644,478	-	27,644,478
Investments in securities - net	1,518,995,492	(1,518,995,492)	-	-
Equipment	32,510,804	-	(224,872)	32,285,932
Right-of-use assets	-	-	61,939,837	61,939,837
Deferred tax assets	4,949,467	(3,427,352)	-	1,522,115
Other assets	299,512,416	-	(977,986)	298,534,430
<b>Liabilities</b>				
Lease liabilities	284,538	-	60,736,979	61,021,517
<b>Equity</b>				
Retained earnings -				
Unappropriated (deficits)	(2,255,958,458)	(1,188,614)	-	(2,257,147,072)
Other components of equity	6,580,624	14,898,025	-	21,478,649

### 3.1 Financial instruments

Details of the impact on equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments were presented as follows:

(Unit: Baht)

<b><u>Retained earnings - Unappropriated</u></b>	
Recognition of an allowance for expected credit loss on financial assets	(1,485,769)
Add: Relating income tax	297,155
Total	(1,188,614)
<b><u>Other components of equity</u></b>	
Reclassification of available-for-sale as financial assets measured at amortised cost	(8,225,780)
Fair value measurement of investments in equity instruments of non-listed companies	26,848,312
Less: Relating income tax	(3,724,507)
Total	14,898,025

(Unaudited but reviewed)

The Classification and measurement of financial assets in accordance with Thai financial reporting standards related to financial instruments as at 1 January 2020, and with the classification and measurement under the former basis, are as follows.

(Unit: Baht)

Classification and measurement under the former basis as at 31 December 2019	Classification and measurement in accordance with TFRS 9 as at 1 January 2020			Total
	Carrying amounts under the former basis	Equity instruments designated at fair value through other comprehensive income (FVOCI)	Financial instrument measured at amortised cost	
<b>Financial assets</b>				
Cash and cash equivalents	423,889,560	-	423,438,124	423,438,124
Accrued investment income	8,275,338	-	8,261,281	8,261,281
Investments in securities	1,518,995,492	27,644,478	1,508,953,270	1,536,597,748

### 3.2 Leases

Upon initial application of TFRS 16, the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

(Unit: Baht)

Operating lease commitments as at 31 December 2019	61,256,072
Less: Short-term leases and leases of low-value assets	(3,389,378)
Less: Contracts reassessed as service agreements	(376,965)
Add: Others	5,383,882
Less: Deferred interest expenses	(2,136,632)
Increase in lease liabilities due to initially TFRS 16 adoption	60,736,979
Liabilities under finance lease agreements as at 31 December 2019	284,538
Lease liabilities as at 1 January 2020	61,021,517

(Unaudited but reviewed)

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 were summarised below:

	(Unit: Baht)
Lease buildings	44,414,520
Office equipment	6,868,981
Motor vehicles	10,656,336
Total right-of-use assets	<u>61,939,837</u>

#### 4. Classification of financial assets and financial liabilities

As at 30 June 2020, carrying amounts of financial assets and financial liabilities were classified as follow.

	(Unit: Baht)		
	Equity securities designed at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b>Financial assets</b>			
Cash and cash equivalents	-	397,596,786	397,596,786
Accrued investment income	-	7,967,467	7,967,467
Debt financial assets	-	1,612,148,201	1,612,148,201
Equity financial assets	27,644,478	-	27,644,478
<b>Financial liabilities</b>			
Lease liabilities	-	50,423,918	50,423,918

#### 5. Cash and cash equivalents

	(Unit: Baht)	
	30 June 2020	31 December 2019
Cash on hand	31,000	31,000
Deposits at banks with no fixed maturity date	398,120,984	283,720,340
Deposits at banks with fixed maturity date	-	140,138,220
Total cash and cash equivalents	398,151,984	423,889,560
Less: Allowance for expected credit loss	(555,198)	-
Cash and cash equivalents - net	<u>397,596,786</u>	<u>423,889,560</u>

**6. Premium receivables**

The balances as at 30 June 2020 and 31 December 2019 of premium receivables which due from direct insurance are classified by aging from the maturity date under the stipulated law of the premium collection as follows:

	(Unit: Baht)	
	30 June 2020	31 December 2019
Not yet due	184,811,358	362,815,122
Not over 30 days	41,713,482	64,502,295
Over 31 days to 60 days	468,967,769	33,033,438
Over 61 days to 90 days	32,710,852	50,601,969
Over 91 days - 1 year	36,041,978	8,329,396
Over 1 year	1,157,130	-
Total	765,402,569	519,282,220
Less: Allowance for doubtful accounts	(378,999)	(378,999)
Total premium receivables - net	765,023,570	518,903,221

For premium receivables due from agents and brokers, the Company has stipulated the collection guideline in accordance with the law of the premium collection. For overdue premium receivables, the Company has the legal process with such agents and brokers.

**7. Reinsurance assets**

	(Unit: Baht)	
	30 June 2020	31 December 2019
Insurance recoverable from reinsurers		
- Loss reserves	478,975,841	523,974,270
- Unearned premium reserves	965,940,969	898,853,581
Total reinsurance assets	1,444,916,810	1,422,827,851

**8. Receivables from reinsurance contracts**

	(Unit: Baht)	
	30 June 2020	31 December 2019
Amounts due from reinsurers	88,931,131	65,919,987
Total receivables from reinsurance contracts	88,931,131	65,919,987

(Unaudited but reviewed)

The balances as at 30 June 2020 and 31 December 2019 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	<u>30 June 2020</u>	<u>31 December 2019</u>
Not yet due	74,534,297	58,807,938
Not over 1 year	13,867,041	6,686,149
Over 1 year to 2 years	507,981	411,987
Over 2 years	21,812	13,913
Total amounts due from reinsurers	<u>88,931,131</u>	<u>65,919,987</u>

## 9. Debt financial assets

### 9.1 Debt financial assets as at 30 June 2020 classified by type of financial assets

	(Unit: Baht)
	<u>30 June 2020</u>
	<u>Amortised cost</u>
<b>Debt instruments measured at amortised cost</b>	
Government and state enterprise securities	309,466,537
Private debt securities	914,609,922
Deposits at financial institutions which matured over 3 months	388,769,271
Total	1,612,845,730
Less: Allowance for expected credit loss	(697,529)
Total debt financial assets - net	<u>1,612,148,201</u>

(Unaudited but reviewed)

**9.2 Debt financial assets as at 31 December 2019 classified by type of investments**

(Unit: Baht)

	31 December 2019	
	Cost/	
	Amortised cost	Fair value
<b>Available-for-sale investments</b>		
Government and state enterprise securities	991,845	991,993
Private debt securities	769,502,039	777,727,671
Total	770,493,884	778,719,664
Add: Unrealised gain	8,225,780	
Total available-for-sale investments	778,719,664	
<b>Held-to-maturity investments</b>		
Government and state enterprise securities	214,136,652	
Private debt securities	190,000,000	
Saving lottery	26,700,000	
Deposits at financial institutions	308,643,010	
Total held-to-maturity investments	739,479,662	
Total investments in securities - net	1,518,199,326	

Since 1 January 2020, the Company has reclassified the investments in debt instruments in accordance with the Company's business model for managing the financial assets. As a result, all investments in debt instruments have been reclassified as investments measured at amortised cost.

**9.3 Classified by stage of credit risk**

(Unit: Baht)

	30 June 2020		
	Gross carrying value	Allowance for expected credit loss which is recognised in profit or loss	Carrying value
<b>Debt instrument measured at amortised cost</b>			
Stage 1 - Debt securities without a significant increase in credit risk	1,612,845,730	(697,529)	1,612,148,201
<b>Total</b>	1,612,845,730	(697,529)	1,612,148,201



**10. Equity financial assets****10.1 Equity financial assets as at 30 June 2020 classified by type of equity financial assets**

	(Unit: Baht)
	30 June 2020
	<u>Fair value</u>
<b>Equity instruments designated at fair value through other comprehensive income</b>	
Non-listed equity instruments	27,644,478
Total equity financial assets - net	<u>27,644,478</u>

**10.2 Investments in equity securities as at 31 December 2019 classified by type of investments**

	(Unit: Baht)
	31 December 2019
	<u>Cost/ Amortised cost</u>
<b>Other investments</b>	
Equity securities	2,693,910
Less: Allowance for impairment	<u>(1,897,744)</u>
Total other investments	<u>796,166</u>

Since 1 January 2020, investments in equity securities of non-listed companies have been reclassified to investments in equity instruments designated at fair value through other comprehensive income. The Company recognised changes in fair value through other comprehensive income, which will be recognised in retained earnings upon disposal of the investments.

During the period 2020, the Company did not dispose the equity instruments designated at fair value through other comprehensive income from the account.

(Unaudited but reviewed)

**11. Other components of equity**

(Unit: Baht)

	For the six-month period ended 30 June 2020	For the year ended 31 December 2019
<b>Investments in equity instruments designated at fair value through other comprehensive income</b>		
Balance - beginning of the period	-	-
Cumulative effect of adoption of accounting standard	21,478,649	-
Balance - end of the period	21,478,649	-
<b>Available-for-sale investments</b>		
Balance - beginning of the period	6,580,624	(174,700)
Cumulative effect of adoption of accounting standard	(6,580,624)	-
Changes during the period		
Unrealised gain during the period	-	8,521,909
Gain recognised in statement of income	-	(77,754)
Other comprehensive income	-	8,444,155
Related income tax	-	(1,688,831)
Net other comprehensive income for the period	-	6,755,324
Balance - end of the period	-	6,580,624
Total	21,478,649	6,580,624

**12. Equipment**

(Unit: Baht)

	Leasehold improvement	Office equipment	Motor vehicles	Total
Net book value as at 1 January 2020	6,973,134	25,274,470	263,200	32,510,804
Adjustments of right-of-use assets due to				
TFRS 16 adoption	-	(224,872)	-	(224,872)
Acquisition during the period - at cost	2,807,627	1,346,013	1,297,400	5,451,040
Disposal during the period - net book value	-	(99,363)	-	(99,363)
Depreciation charge for the period	(1,461,578)	(4,956,834)	(278,814)	(6,697,226)
Net book value as at 30 June 2020	8,319,183	21,339,414	1,281,786	30,940,383

(Unaudited but reviewed)

**13. Right-of-use assets**

	(Unit: Baht)			
	Lease buildings	Office equipment	Motor vehicles	Total
As at 1 January 2020 - beginning of the period	-	-	-	-
Cumulative effect of initial adoption of accounting standard	44,414,520	6,868,981	10,656,336	61,939,837
As at 1 January 2020 - after adjust	44,414,520	6,868,981	10,656,336	61,939,837
Acquisitions during the period	2,072,906	1,032,741	668,645	3,774,292
Disposal during the period - net book value	-	(2)	-	(2)
Amortisation for the period	(13,675,272)	(863,943)	(1,501,350)	(16,040,565)
As at 30 June 2020	32,812,154	7,037,777	9,823,631	49,673,562

The following amounts were recognised in statements of income.

	(Unit: Baht)	
	For the three-month period ended 30 June 2020	For the six-month period ended 30 June 2020
	Amortisation of right-of-use assets	8,460,990
Interest expense on lease liabilities	377,572	679,308
Short term lease expenses	580,456	1,010,439
Total expenses	9,419,018	17,730,312

**14. Intangible assets**

	(Unit: Baht)		
	Computer software	Rights under the Bancassurance agreement	Total
Net book value as at 1 January 2020	16,831,730	15,010,526	31,842,256
Acquisition during the period - at cost	2,690,895	-	2,690,895
Disposal during the period - net book value	(238,149)	-	(238,149)
Amortisation charge for period	(1,227,312)	-	(1,227,312)
Net book value as at 30 June 2020	18,057,164	15,010,526	33,067,690

**15. Deferred tax assets / income tax expenses****15.1 Deferred tax assets/liabilities**

The components of deferred tax assets and deferred tax liabilities as at 30 June 2020 and 31 December 2019 are as follows:

	(Unit: Baht)	
	30 June 2020	31 December 2019
<b>Deferred tax assets</b>		
Allowance for expected credit loss	252,320	-
Allowance for loss on impairment of investments in securities	379,549	379,549
Right-of-use assets and lease liabilities	171,953	-
Post employee benefit obligations	7,348,973	6,215,074
Total	<u>8,152,795</u>	<u>6,594,623</u>
<b>Deferred tax liabilities</b>		
Gain on changes in value of investments designated at fair value through other comprehensive income	5,369,662	-
Unrealised gain on changes in value of available-for-sale investments	-	1,645,156
Total	<u>5,369,662</u>	<u>1,645,156</u>
Deferred tax assets - net	<u>2,783,133</u>	<u>4,949,467</u>

As at 30 June 2020, the Company has temporary differences available to be utilised as tax deductions in the future of Baht 417.2 million (31 December 2019: unused tax loss of Baht 43.5 million and temporary differences for tax deductions of Baht 437.0 million). The Company did not record deferred tax assets since the Company's assessment is that there may not be sufficient taxable profit available in the future to utilise these items.

**15.2 Income tax expenses**

Income tax expenses for the three-month and six-month periods ended 30 June 2020 and 2019 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2020	2019	2020	2019
<b>Current income tax:</b>				
Current income tax charge for the period	7,326,678	1,015,123	7,326,678	1,015,123
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(816,375)	(918,478)	(1,261,018)	(1,175,063)
<b>Income tax expenses (benefit) reported in the statement of income</b>	<b>6,510,303</b>	<b>96,645</b>	<b>6,065,660</b>	<b>(159,940)</b>

The reconciliations between income tax expenses (benefit) and the product of accounting profit for the three-month and six-month periods ended 30 June 2020 and 2019 and the applicable tax rate are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2020	2019	2020	2019
Accounting profit before income tax	66,790,766	54,294,516	92,723,883	77,873,099
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	13,358,153	10,858,903	18,544,776	15,574,620
Tax effect of:				
Tax loss brought forward utilise during period	(6,154,380)	(14,787,942)	(8,703,994)	(23,414,279)
Temporary differences not treated as deductible expenses and was not recognised as deferred tax assets	(646,563)	3,958,184	(3,967,733)	7,552,834
Non-taxable income and non-deductible expenses	(46,907)	67,500	192,611	126,885
<b>Income tax expenses (benefit) reported in the statement of income</b>	<b>6,510,303</b>	<b>96,645</b>	<b>6,065,660</b>	<b>(159,940)</b>

(Unaudited but reviewed)

## 16. Other assets

(Unit: Baht)

	30 June 2020	31 December 2019
Revenue Department receivable	92,119,787	149,830,690
Suspense input tax	45,970,559	23,158,855
Deposits on rice field insurance scheme	10,412,328	44,432,311
Others	84,061,581	82,090,560
Total other assets	<u>232,564,255</u>	<u>299,512,416</u>

## 17. Insurance contract liabilities

(Unit: Baht)

	30 June 2020		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	528,400,203	(363,959,405)	164,440,798
- Claim incurred but not reported	245,316,885	(115,016,436)	130,300,449
Unearned premium reserves	<u>1,423,352,481</u>	<u>(965,940,969)</u>	<u>457,411,512</u>
Total	<u>2,197,069,569</u>	<u>(1,444,916,810)</u>	<u>752,152,759</u>

(Unit: Baht)

	31 December 2019		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	513,901,121	(321,703,367)	192,197,754
- Claim incurred but not reported	341,888,264	(202,270,903)	139,617,361
Unearned premium reserves	<u>1,367,283,401</u>	<u>(898,853,581)</u>	<u>468,429,820</u>
Total	<u>2,223,072,786</u>	<u>(1,422,827,851)</u>	<u>800,244,935</u>

(Unaudited but reviewed)

### 17.1 Loss reserves

(Unit: Baht)

	For the six-month period ended 30 June 2020	For the year ended 31 December 2019
Beginning balance	855,789,385	1,200,121,218
Claim expenses for the period	352,001,085	1,064,077,095
Change in loss reserves of prior period's claim	(56,598,140)	(250,591,027)
Change in assumption in calculating loss reserves	-	146,577,179
Claim paid during the period	(377,475,242)	(1,304,395,080)
Ending balance	773,717,088	855,789,385

As at 30 June 2020, the Company has loss reserves and outstanding claim under reinsurance contracts amounting to Baht 44.1 million (31 December 2019: Baht 52.1 million).

### 17.2 Unearned premium reserves

(Unit: Baht)

	For the six-month period ended 30 June 2020	For the year ended 31 December 2019
Beginning balance	1,367,283,401	1,352,301,130
Premium written for the period	1,392,285,657	2,820,573,967
Premium earned for the current period	(1,336,216,577)	(2,805,591,696)
Ending balance	1,423,352,481	1,367,283,401

### 18. Due to reinsurers

(Unit: Baht)

	30 June 2020	31 December 2019
Amounts withheld on reinsurance	527,533,988	557,775,292
Other reinsurance payable	610,472,004	354,007,218
Total due to reinsurers	1,138,005,992	911,782,510

(Unaudited but reviewed)

**19. Lease liabilities**

(Unit: Baht)

	Lease buildings	Office equipment	Motor vehicles	Total
Lease liabilities as at 1 January 2020				
- beginning of the period	-	284,538	-	284,538
Cumulative effect of initial adoption of accounting standard	43,471,140	6,644,109	10,621,730	60,736,979
Lease liabilities as at 1 January 2020	43,471,140	6,928,647	10,621,730	61,021,517
Add: Increase in lease liabilities during the period	2,072,906	1,032,741	668,645	3,774,292
Add: Financial cost for the period	426,681	102,280	150,347	679,308
Less: Lease payments during the period	(12,528,595)	(931,404)	(1,591,200)	(15,051,199)
Lease liabilities as at 30 June 2020	33,442,132	7,132,264	9,849,522	50,423,918

(Unit: Baht)

30 June 2020

	Lease buildings	Office equipment	Motor vehicles	Total
Undiscounted lease liabilities				
Due within 1 year	26,271,825	1,858,664	3,345,200	31,475,689
Due longer than 1 year	7,847,798	5,752,188	6,983,092	20,583,078
Total undiscounted lease liabilities	34,119,623	7,610,852	10,328,292	52,058,767

**20. Investment income**

During the three-month and six-month periods ended 30 June 2020 and 2019, the Company has investment income as follows:

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2020	2019	2020	2019
Interest income from debt instruments	9,290,142	9,732,543	18,723,549	19,401,267
Total investment income	9,290,142	9,732,543	18,723,549	19,401,267



(Unaudited but reviewed)

## 21. Operating expenses

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2020	2019	2020	2019
Personnel expenses	51,221,074	44,460,605	105,414,822	90,636,476
Premises and equipment expenses	15,797,191	10,622,653	29,869,607	21,801,334
Taxes and duties	161,560	504,632	219,392	789,852
Bad debt	8,151	-	8,151	11,646
Other operating expenses	21,628,785	14,483,593	45,319,791	28,120,659
Total operating expenses	88,816,761	70,071,483	180,831,763	141,359,967

## 22. Allowance for expected credit loss

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2020	2019	2020	2019
<b>Allowance for expected credit loss</b>				
<b>(reversal)</b>				
Cash and cash equivalents	325,066	-	103,762	-
Accrued investment income	(87)	-	(5,186)	-
Debt instruments measured at				
amortised cost	(112,507)	-	(322,747)	-
Total	212,472	-	(224,171)	-

## 23. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

## 24. Related party transactions

### 24.1 Nature of relationship

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The relationships between the Company and its related parties are summarised below.

Name of related parties	Nature of relationship
Sompo Japan Insurance Inc (Formerly known as "Sompo Japan Nipponkoa Insurance Inc")	Parent company
Sompo Brokers (Thailand) Company Limited	Common shareholder in the same group
Sompo Insurance Singapore Pte. Ltd.	Common shareholder in the same group
Sompo International Holdings Ltd.	Common shareholder in the same group

### 24.2 Nature of relationship

During the periods, 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 business between the Company and those parties are as follows:

	(Unit: Million Baht)				Transfer pricing policy
	For the three-month periods ended 30 June		For the six-month periods ended 30 June		
	2020	2019	2020	2019	
<b>Transactions with parent company</b>					
Premium ceded	542.1	500.3	699.0	668.8	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	147.7	146.9	200.9	204.5	Reinsurance rate depending on type of insurance and reinsurance contracts
Claim recovery	76.8	60.4	101.9	103.2	According to terms of reinsurance contracts depending on types of insurance and reinsurance
<b>Transactions with related companies</b>					
Premium ceded	-	-	0.5	2.1	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	-	-	0.1	0.3	Reinsurance rate depending on type of insurance and reinsurance contracts
Commission paid on direct insurance	33.2	46.2	54.0	65.7	In accordance with the Notification by the Registrar regarding "Commission rate for Non-life insurance"
Claim recovery (reversal)	(0.3)	6.2	(0.4)	8.1	According to terms of reinsurance contracts depending on types of insurance and reinsurance

(Unaudited but reviewed)

The Company had the following related party outstanding balances as at 30 June 2020 and 31 December 2019.

	(Unit: Million Baht)	
	30 June 2020	31 December 2019
<b>Transactions with parent company</b>		
Receivables from reinsurance contracts	8.8	10.9
Amounts due from related company	-	0.4
Due to reinsurers - amounts withheld on reinsurance	457.0	444.6
Due to reinsurers - other reinsurance payable	347.9	193.3
<b>Transactions with related companies</b>		
Premium receivables	179.5	151.6
Receivables from reinsurance contracts	1.0	1.8
Amounts due from related companies	-	0.8
Due to reinsurers - amounts withheld on reinsurance	0.4	1.1
Due to reinsurers - other reinsurance payable	0.2	0.3
Amounts due to related companies	28.8	27.3

#### **Directors and management's remuneration**

During the three-month and six-month periods ended 30 June 2019 and 2018, the Company had employment benefit expenses of its directors and management personnel as following.

	(Unit: Million Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2020	2019	2020	2019
Short-term benefits	7.8	5.7	15.8	13.0
Long-term benefits	0.2	0.7	0.4	0.9
Total	8.0	6.4	16.2	13.9

(Unaudited but reviewed)

## 25. Financial assets subject to restriction and obligation

As at 30 June 2020 and 31 December 2019, the following assets have been pledged as policy reserve with the Registrar of the Office of Insurance Commission in accordance with the Non-Life Insurance Act and pledged as bail bond in case of where insured drivers have been charged with criminal offence as below.

(Unit: Million Baht)

	30 June 2020		31 December 2019	
	Amortised cost	Fair value	Amortised cost	Fair value
<b>Assets pledged</b>				
Government bonds	18.8	22.3	18.8	22.1
<b>Assets reserved</b>				
Government bonds	194.6	215.7	195.4	213.5
<b>Assets subject to restriction</b>				
Saving lottery which pledged	2.3	2.3	2.5	2.5
Total	215.7	240.3	216.7	238.1

## 26. Commitments and contingent liabilities

### 26.1 Operating lease and services commitments

As at 30 June 2020, future minimum lease payments required under these short-term lease and leases of low-value assets and services agreements are as follows.

(Unit: Million Baht)

	30 June 2020
Payable within:	
Within 1 year	3.1
1 to 4 years	3.3

### 26.2 Capital commitments

As at 30 June 2020, the Company had capital commitments of approximately Baht 2.8 million, relating to lease building improvement and equipment.

### 26.3 Bank guarantees

As at 30 June 2020, there were outstanding bank guarantees of approximately Baht 2.6 million (31 December 2019: Baht 2.6 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

## 26.4 Litigation

As at 30 June 2020, the Company has been sued for damaged totaling approximately Baht 23.8 million (31 December 2019: Baht 20.0 million) as insurer. The total maximum sum insured per the relevant policy is Baht 342.9 million (31 December 2019: Baht 212.5 million). The outcomes of these cases have not yet finalised but the Company has recorded loss reserves for its contingent loss amounting to Baht 14.1 million (31 December 2019: Baht 14.2 million) in the financial statements.

## 27. Fair value measurement for financial instruments

As at 30 June 2020 and 31 December 2019, the Company had assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	30 June 2020				Carrying value
	Fair value				
	Level 1	Level 2	Level 3	Total	
<b>Financial assets measured at fair value</b>					
Financial assets - equity instruments	-	-	28	28	28

(Unit: Million Baht)

	31 December 2019				Carrying value
	Fair value				
	Level 1	Level 2	Level 3	Total	
<b>Financial assets measured at fair value</b>					
Available-for-sale investments					
Government and state enterprise securities	-	1	-	1	1
Private debt enterprise securities	-	778	-	778	778

The Company had valuation techniques for financial assets as follows:

- (a) For debt securities, their fair value is generally determined by using the yield curve as announced by the Thai Bond Market Association.
- (b) Non-listed equity instruments are presented at fair value which is determined using discounted future cash flow model and net book value of that company.

## **28. Approval of interim financial information**

These interim financial information were authorised for issue by the Company's authorised directors on 14 August 2020.