

Sompo Insurance (Thailand) Public Company Limited
Review report and interim financial statements
30 June 2019

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 2019, the related statements of income and comprehensive income for the three-month and six-month periods then ended, the related statements of changes in equity and cash flows for the six-month period then ended, as well as the condensed notes to the financial statements. 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 2019

Sompo Insurance (Thailand) Public Company Limited

Statement of financial position

As at 30 June 2019

		(Unit: Baht)	
	Note	30 June 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	3	237,442,714	148,221,962
Premium receivables	4	671,251,690	478,719,979
Accrued investment income		6,801,739	7,598,285
Reinsurance assets	5	1,544,854,524	1,682,255,871
Receivables from reinsurance contracts	6	143,677,231	85,866,433
Investment assets - Investments in securities	7	1,675,627,795	1,742,019,594
Equipment	8	33,103,431	39,292,604
Intangible assets	9	25,477,740	26,128,178
Deferred tax assets	10	5,145,711	4,619,859
Amounts due from related companies	17	987,971	659,554
Prepaid premium ceded		110,324,178	95,383,461
Other assets	11	222,133,315	224,000,263
Total assets		4,676,828,039	4,534,766,043

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 2019

(Unit: Baht)

	Note	30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and equity			
Liabilities			
Insurance contract liabilities	12	2,389,276,769	2,552,422,348
Due to reinsurers	13	1,062,754,271	865,617,941
Employee benefit obligations	14	26,858,490	20,983,176
Liabilities under finance lease agreements		674,749	1,295,373
Amounts due to related companies		27,555,374	29,134,896
Premium received in advance		94,692,967	86,527,919
Accrued commission		60,044,834	40,553,047
Others liabilities		123,700,170	127,590,812
Total liabilities		3,785,557,624	3,724,125,512
Equity			
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)		(2,240,053,536)	(2,318,086,575)
Other components of equity	7.2	2,422,145	(174,700)
Total equity		891,270,415	810,640,531
Total liabilities and equity		4,676,828,039	4,534,766,043

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

伊藤隆史

Lin Lumz

Directors



บริษัท ซัมโปะ ประกันภัย (ประเทศไทย) จำกัด (มหาชน)
Sompo Insurance (Thailand) Public Company Limited

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statement of income

For the three-month period ended 30 June 2019

		(Unit: Baht)	
	Note	2019	2018
Income			
Gross premium written		930,511,895	856,325,322
Less: Premium ceded to reinsurers		(700,745,807)	(612,372,025)
Net premium written		229,766,088	243,953,297
Add (less): Unearned premium reserves (increased) decreased from prior period		(7,828,634)	29,106,378
Net earned premium		221,937,454	273,059,675
Fee and commission income from reinsurers		189,688,684	182,626,428
Net investment income		9,732,543	10,069,183
Gain (loss) from investments		1,296	(31,172)
Other income		2,241,744	2,848,992
Total income		423,601,721	468,573,106
Expenses			
Gross claim and loss adjustment expenses		240,799,141	308,322,687
Less: Claim recovery from reinsurers		(91,565,027)	(95,274,406)
Commission and brokerage expenses		123,292,020	121,771,692
Other underwriting expenses		26,709,588	31,967,517
Operating expenses	15	70,071,483	65,819,663
Total expenses		369,307,205	432,607,153
Profit before income tax		54,294,516	35,965,953
Add (less): Income tax benefit (expenses)	10	(96,645)	247,438
Profit for the period		54,197,871	36,213,391
Earnings per share	16		
Basic earning per share		1.74	1.16

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 2019

	(Unit: Baht)	
	2019	2018
Profit for the period	<u>54,197,871</u>	<u>36,213,391</u>
Other comprehensive income:		
Other comprehensive income to be reclassified to statement of income in subsequent periods		
Gain (loss) on change in value of available-for-sale investments	2,286,254	(4,082,324)
Add (less): Income tax effect	<u>(457,252)</u>	<u>816,464</u>
Other comprehensive income to be reclassified to statement of income in subsequent periods - net of tax (loss)	<u>1,829,002</u>	<u>(3,265,860)</u>
Total comprehensive income for the period	<u><u>56,026,873</u></u>	<u><u>32,947,531</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 2019

		(Unit: Baht)	
	Note	2019	2018
Income			
Gross premium written		1,434,963,981	1,533,039,177
Less: Premium ceded to reinsurers		(1,011,579,502)	(1,072,153,543)
Net premium written		423,384,479	460,885,634
Add: Unearned premium reserves decreased from prior period		28,291,237	104,396,429
Net earned premium		451,675,716	565,282,063
Fee and commission income from reinsurers		268,993,782	290,255,882
Net investment income		19,401,267	19,756,658
Loss from investments		(5,189)	(31,172)
Other income		5,030,688	4,620,898
Total income		745,096,264	879,884,329
Expenses			
Gross claim and loss adjustment expenses		452,654,178	612,339,048
Less: Claim recovery from reinsurers		(165,715,857)	(188,893,306)
Commission and brokerage expenses		190,728,631	204,852,467
Other underwriting expenses		48,196,246	58,429,223
Operating expenses	15	141,359,967	130,026,618
Total expenses		667,223,165	816,754,050
Profit before income tax		77,873,099	63,130,279
Add: Income tax benefit	10	159,940	440,876
Profit for the period		78,033,039	63,571,155
Earnings per share	16		
Basic earning per share		2.50	2.04

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 2019

	(Unit: Baht)	
	2019	2018
Profit for the period	<u>78,033,039</u>	<u>63,571,155</u>
Other comprehensive income:		
Other comprehensive income to be reclassified to statement of income in subsequent periods		
Gain (loss) on change in value of available-for-sale investments	3,246,057	(1,635,570)
Add (less): Income tax effect	<u>(649,212)</u>	<u>327,114</u>
Other comprehensive income to be reclassified to statement of income in subsequent periods - net of tax (loss)	<u>2,596,845</u>	<u>(1,308,456)</u>
Total comprehensive income for the period	<u><u>80,629,884</u></u>	<u><u>62,262,699</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 2019

(Unit: Baht)

	Issued and paid up share capital	Retained earnings		Other components of equity - revaluation surplus (deficit) on change in value of available-for-sale investments	Total
		Appropriated - statutory reserve	Unappropriated (Deficits)		
Balance as at 1 January 2018	3,120,020,000	8,881,806	(2,336,596,764)	3,984,518	796,289,560
Profit for the period	-	-	63,571,155	-	63,571,155
Other comprehensive income for the period (loss)	-	-	-	(1,308,456)	(1,308,456)
Total comprehensive income for the period (loss)	-	-	63,571,155	(1,308,456)	62,262,699
Balance as at 30 June 2018	<u>3,120,020,000</u>	<u>8,881,806</u>	<u>(2,273,025,609)</u>	<u>2,676,062</u>	<u>858,552,259</u>
Balance as at 1 January 2019	3,120,020,000	8,881,806	(2,318,086,575)	(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
Total comprehensive income for the period	-	-	78,033,039	2,596,845	80,629,884
Balance as at 30 June 2019	<u>3,120,020,000</u>	<u>8,881,806</u>	<u>(2,240,053,536)</u>	<u>2,422,145</u>	<u>891,270,415</u>

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 2019

	(Unit: Baht)	
	2019	2018
Cash flows from (used in) operating activities		
Direct premium written	1,145,852,866	1,427,462,189
Cash paid for reinsurance	(197,778,262)	(576,280,832)
Interest income	20,177,623	20,603,561
Dividend income	15,000	15,000
Other income	6,975,424	4,616,842
Loss incurred on direct insurance	(576,071,494)	(562,288,831)
Loss adjustment expenses on direct insurance	(48,848,811)	(43,203,605)
Commission and brokerage expenses on direct insurance	(154,327,721)	(166,480,085)
Other underwriting expenses	(55,590,414)	(65,413,954)
Operating expenses	(117,948,510)	(141,351,556)
Investments in securities	68,988,646	387,355,067
Net cash flows from operating activities	91,444,547	285,033,796
Cash flows from (used in) investing activities		
Cash receipt from sales of equipment	1,068,037	24,019
Cash paid for purchase of equipment	(3,174,632)	(3,810,581)
Cash paid for purchase of intangible assets	(117,200)	(1,082,400)
Net cash flows used in investing activities	(2,223,795)	(4,868,962)
Net increase in cash and cash equivalents	89,220,752	280,164,834
Cash and cash equivalents at beginning of period	148,221,962	291,456,343
Cash and cash equivalents at end of period	237,442,714	571,621,177

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 2019

1. General information

Sompo Insurance (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is 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 12th and 14th Floor, Rama 4 Road, Silom, Bangrak, Bangkok.

2. Basis for the preparation of the financial statements

2.1 Basis for the preparation of the interim financial statements

These interim financial statements are 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 each line items in the statement of financial position, income, comprehensive income, changes in equity and cash flows in the same format as that used in its preparation of the 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, conditions and terms for preparation and submission of financial statements and operating performance reports of non-life insurance companies B.E. 2559 dated 4 March 2016.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, the interim financial statements 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 interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

2.2 New financial reporting standards

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

During the period, the Company have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal period 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 Company's financial statements. However, the new standard involves changes to key principles, which are 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
IFRIC 13 (revised 2017)	Customer Loyalty Programmes
IFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
IFRIC 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 the Company's 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 Company'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 financial reporting standards, interpretations, and accounting guidance, which are effective for fiscal years beginning on or after 1 January 2020. These 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. 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 Company'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 under the accounting guidance.

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 management of the Company is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

2.3 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as those were applied in the financial statements for the year ended 31 December 2018.

3. Cash and cash equivalents

	(Unit: Baht)	
	30 June 2019	31 December 2018
Cash on hand	21,000	21,000
Deposits at banks with no fixed maturity date	237,421,714	148,200,962
Cash and cash equivalents	<u>237,442,714</u>	<u>148,221,962</u>

As at 30 June 2019, bank deposits in saving account carried interest between 0.10 and 1.00 percent per annum (31 December 2018: 0.10 and 1.00 percent per annum).

4. Premium receivables

The balances as at 30 June 2019 and 31 December 2018 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 2019	31 December 2018
Not yet due	221,488,449	384,904,425
Not over 30 days	145,353,623	60,820,694
Over 31 days to 60 days	248,322,244	22,784,395
Over 61 days to 90 days	32,918,887	4,735,330
Over 91 days - 1 year	22,639,922	5,854,134
Over 1 year	907,564	-
Total	671,630,689	479,098,978
Less: Allowance for doubtful accounts	(378,999)	(378,999)
Total premium receivables - net	671,251,690	478,719,979

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.

5. Reinsurance assets

	(Unit: Baht)	
	30 June 2019	31 December 2018
Insurance recoverable from insurance companies		
- Loss reserves	655,121,489	844,986,923
- Unearned premium reserves	889,733,035	837,268,948
Total reinsurance assets	1,544,854,524	1,682,255,871

6. Receivables from reinsurance contracts

	(Unit: Baht)	
	30 June 2019	31 December 2018
Amounts due from reinsurers	143,677,231	85,866,433
Total receivables from reinsurance contracts	143,677,231	85,866,433

(Unaudited but reviewed)

The balances as at 30 June 2019 and 31 December 2018 of amounts due from reinsurers are classified by aging as follows:

	(Unit: Baht)	
	30 June 2019	31 December 2018
Not yet due	134,447,023	48,220,667
Not over 1 year	9,207,881	37,309,280
Over 1 year to 2 years	13,817	336,476
Over 2 years	8,510	10
Total amounts due from reinsurers	143,677,231	85,866,433

7. Investments in securities

7.1 Classified by type of investments

	(Unit: Baht)			
	30 June 2019		31 December 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale investments				
Government and state enterprise securities	37,619,799	37,631,975	7,007,425	7,003,203
Private debt securities	659,720,426	662,735,932	650,784,167	650,570,014
Total	697,340,225	700,367,907	657,791,592	657,573,217
Add (less): Unrealised gain (loss)	3,027,682		(218,375)	
Total available-for-sale investments	700,367,907		657,573,217	
Held-to-maturity investments				
Government and state enterprise securities	350,156,560		367,928,585	
Private debt securities	190,000,000		305,000,000	
Saving lottery	26,700,000		26,700,000	
Deposits at financial institutions	407,607,162		384,021,626	
Total held-to-maturity investments	974,463,722		1,083,650,211	
Other investments				
Equity securities	2,693,910		2,693,910	
Less: Allowance for impairment	(1,897,744)		(1,897,744)	
Total other investments	796,166		796,166	
Total investments in securities, net	1,675,627,795		1,742,019,594	

7.2 Other components of equity - revaluation surplus (deficit) on change in value of investments

(Unit: Baht)

	For the six-month	
	period ended 30 June 2019	For the year ended 31 December 2018
Balance - beginning of the period	(174,700)	3,984,518
Change during the period		
Unrealised gain (loss) during the period	3,240,868	(5,204,293)
Realised loss included in statement of income	5,189	5,270
Other comprehensive income (loss)	3,246,057	(5,199,023)
Related income tax	(649,212)	1,039,805
Net comprehensive income for the period (loss)	2,596,845	(4,159,218)
Balance - end of the period	2,422,145	(174,700)

7.3 Investment subject to restriction

As at 30 June 2019, the Company has pledged saving lottery of Baht 1.9 million (31 December 2018: Baht 1.7 million) as bail bond in case of where insured drivers have been charged with criminal offence. In addition, certain government bonds which have cost of Baht 214.9 million (31 December 2018: Baht 214.5 million) has been pledged and reserved with the Registrar in accordance with the Non-life Insurance Act as disclosed in Notes 18 and 19.

8. Equipment

(Unit: Baht)

	Leasehold	Office	Motor vehicles	Total
	improvement	equipment		
Net book value as at 1 January 2019	7,954,922	30,733,969	603,713	39,292,604
Acquisition during the period - at cost	16,920	1,224,682	-	1,241,602
Disposal during the period - net book value	-	(2)	(971)	(973)
Depreciation charge for the period	(1,464,957)	(5,796,423)	(168,422)	(7,429,802)
Net book value as at 30 June 2019	6,506,885	26,162,226	434,320	33,103,431

(Unaudited but reviewed)

9. Intangible assets

(Unit: Baht)

	Computer software	Rights under the Bancassurance agreement	Total
Net book value as at 1 January 2019	11,117,652	15,010,526	26,128,178
Acquisition during the period - at cost	117,200	-	117,200
Amortisation charge for period	(767,638)	-	(767,638)
Net book value as at 30 June 2019	10,467,214	15,010,526	25,477,740

10. Deferred tax assets / income tax expenses

10.1 Deferred tax assets/liabilities

The components of deferred tax assets and deferred tax liabilities as at 30 June 2019 and 31 December 2018 are as follows:

	30 June 2019	31 December 2018
Deferred tax assets		
Allowance for loss on impairment of investments in securities	379,549	379,549
Post employee benefit obligations	5,371,698	4,196,635
Unrealised loss on change in value of available-for-sale investments	-	43,675
Total	5,751,247	4,619,859
Deferred tax liabilities		
Unrealised gain on change in value of available-for-sale investments	(605,536)	-
Total	(605,536)	-
Deferred tax assets - net	5,145,711	4,619,859

As at 30 June 2019, the Company has temporary differences available to be utilised as tax deductions in the future of Baht 520.2 million (31 December 2018: unused tax loss of Baht 117.1 million and temporary differences for tax deductions of Baht 486.1 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.

10.2 Income tax expenses

Income tax expenses for the three-month and six-month periods ended 30 June 2019 and 2018 are as follows:

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge for the period	1,015,123	-	1,015,123	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(918,478)	(247,438)	(1,175,063)	(440,876)
Income tax expense (benefit) reported in the statement of income	96,645	(247,438)	(159,940)	(440,876)

The reconciliations between income tax expense (benefit) and the product of accounting profit for the three-month and six-month periods ended 30 June 2019 and 2018 and the applicable tax rate are as follows:

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2019	2018	2019	2018
Accounting profit before income tax	54,294,516	35,965,953	77,873,099	63,130,279
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	10,858,903	7,193,191	15,574,620	12,626,056
Tax loss incurred (utilised) during period	(14,787,942)	12,830,791	(23,414,279)	7,777,600
Tax effect of:				
Expenses treated as non-deductible, which are temporary differences, and expected to be unused	3,958,184	(20,244,492)	7,552,834	(20,849,024)
Exempted income and non-deductible expenses	67,500	(26,928)	126,885	4,492
Income tax expense (benefit) reported in the statement of income	96,645	(247,438)	(159,940)	(440,876)

(Unaudited but reviewed)

11. Other assets

(Unit: Baht)

	30 June 2019	31 December 2018
Revenue Department receivable	114,945,631	118,940,179
Suspense input tax	49,500,211	20,747,693
Others	57,687,473	84,312,391
Total other assets	<u>222,133,315</u>	<u>224,000,263</u>

12. Insurance contract liabilities

(Unit: Baht)

	30 June 2019		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	804,121,819	(577,169,821)	226,951,998
- Claim incurred but not reported	208,680,970	(77,951,668)	130,729,302
Unearned premium reserves	<u>1,376,473,980</u>	<u>(889,733,035)</u>	<u>486,740,945</u>
Total	<u>2,389,276,769</u>	<u>(1,544,854,524)</u>	<u>844,422,245</u>

(Unit: Baht)

	31 December 2018		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	1,004,810,134	(768,391,465)	236,418,669
- Claim incurred but not reported	195,311,084	(76,595,458)	118,715,626
Unearned premium reserves	<u>1,352,301,130</u>	<u>(837,268,948)</u>	<u>515,032,182</u>
Total	<u>2,552,422,348</u>	<u>(1,682,255,871)</u>	<u>870,166,477</u>

(Unaudited but reviewed)

12.1 Loss reserves

(Unit: Baht)

	For the six-month period ended 30 June 2019	For the year ended 31 December 2018
Beginning balance	1,200,121,218	832,593,230
Claim expenses for the period	599,424,187	1,774,780,348
Change in loss reserves of prior period's claim	(171,820,084)	(325,871,729)
Change in assumption in calculating loss reserves	-	71,565,451
Claim paid during the period	(614,922,532)	(1,152,946,082)
Ending balance	1,012,802,789	1,200,121,218

As at 30 June 2019, the Company has loss reserves and outstanding claim under reinsurance contracts amounting to Baht 199.4 million (31 December 2018: Baht 203.1 million).

12.2 Unearned premium reserves

(Unit: Baht)

	For the six-month period ended 30 June 2019	For the year ended 31 December 2018
Beginning balance	1,352,301,130	1,515,724,641
Premium written for the period	1,434,963,981	2,863,493,281
Premium earned for the current period	(1,410,791,131)	(3,026,916,792)
Ending balance	1,376,473,980	1,352,301,130

13. Due to reinsurers

(Unit: Baht)

	30 June 2019	31 December 2018
Amounts withheld on reinsurance	496,832,242	541,577,759
Other reinsurance payable	565,922,029	324,040,182
Total due to reinsurers	1,062,754,271	865,617,941

14. Employee benefit obligations

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Baht)	
	For the six-month period ended 30 June 2019	For the year ended 31 December 2018
Provision for long-term employee benefits		
at beginning of the period	20,983,176	21,492,547
Current service cost	2,190,334	1,720,195
Interest cost	375,519	478,777
Past service cost	4,051,461	-
Actuarial gain	-	(2,512,543)
Benefits paid during the period	(742,000)	(195,800)
Provision for long-term employee benefits		
at end of the period	26,858,490	20,983,176

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 and the Company has additional long-term employee benefit liabilities of Baht 4.1 million as a result. The Company has reflected the effect of the change by recognising past service costs as expenses in the statement of income of this period.

15. Operating expenses

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2019	2018	2019	2018
Personnel expenses	44,460,605	40,321,818	90,636,476	82,178,007
Premises and equipment expenses	10,622,653	10,275,152	21,801,334	20,545,144
Taxes and duties	504,632	90,598	789,852	527,567
Bad debt	-	-	11,646	-
Other operating expenses	14,483,593	15,132,095	28,120,659	26,775,900
Total operating expenses	70,071,483	65,819,663	141,359,967	130,026,618

16. 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.

17. Related party transactions

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)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Transfer pricing policy
	2019	2018	2019	2018	
Transactions with related companies					
Premium ceded	500.3	463.9	670.9	692.1	Reinsurance rate depending on type of insurance and reinsurance contracts
Commission received	146.9	140.6	204.8	208.4	Reinsurance rate depending on type of insurance and reinsurance contract
Commission paid on direct insurance	46.2	35.5	65.7	56.0	In accordance with the Notification by the Registrar regarding "Commission rate for Non-life insurance"
Claim recovery	66.6	34.5	111.3	50.4	According to terms of reinsurance contracts depending on type of insurance and reinsurance

The outstanding balances with related parties as at 30 June 2019 and 31 December 2018 are included in the following accounts.

(Unit: Million Baht)

	30 June 2019	31 December 2018
Transactions with related companies		
Premium receivables	191.4	166.1
Receivables from reinsurance contracts	18.3	10.5
Amounts due from related companies	1.0	0.7
Amounts withheld on reinsurance	447.1	470.1
Amounts due to reinsurance	323.8	188.4
Amounts due to related companies - accrued commission	27.6	29.1

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	
	2019	2018	2019	2018
Short-term benefits	5.7	3.9	13.0	7.7
Long-term benefits	0.7	0.1	0.9	0.3
Total	6.4	4.0	13.9	8.0

18. Assets pledged with the Registrar

As at 30 June 2019 and 31 December 2018, the following assets have been pledged with the Registrar in accordance with the Non-Life Insurance Act.

(Unit: Baht)

	30 June 2019		31 December 2018	
	Cost/		Cost/	
	amortised cost	Fair value	amortised cost	Fair value
Government bonds	18,772,362	21,252,330	18,761,140	20,716,457

19. Assets reserved with the Registrar

As at 30 June 2019 and 31 December 2018, the following assets have been placed as policy reserves with the Registrar in accordance with the Non-Life Insurance Act.

(Unit: Baht)

	30 June 2019		31 December 2018	
	Cost/		Cost/	
	amortised cost	Fair value	amortised cost	Fair value
Government bonds	196,130,266	206,181,963	195,727,331	201,235,858

20. Commitments and contingent liabilities**20.1 Operating lease agreements**

The Company has entered into several lease agreements in respect of the office rental and related service agreements. The terms of the agreements are generally between 1 and 5 years.

As at 30 June 2019 and 31 December 2018, future minimum lease payments required under these non-cancellable operating lease contracts were as follows.

	(Baht: Million Baht)	
	<u>30 June 2019</u>	<u>31 December 2018</u>
Payable within:		
Within 1 year	22.1	18.8
1 to 5 years	24.7	27.3

20.2 Bank guarantees

As at 30 June 2019, there were outstanding bank guarantees of approximately Baht 2.6 million (31 December 2018: Baht 3.1 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

20.3 Litigation

As at 30 June 2019, the Company has been sued for damaged totaling approximately Baht 7.4 million (31 December 2018: Baht 124.8 million) as insurer. The total maximum sum insured per the relevant policies is Baht 169.0 million (31 December 2018: Baht 44.7 million). The outcomes of these cases have not yet finalised but the Company has recorded loss reserves for its contingent loss amounting to Baht 4.2 million (31 December 2018: Baht 18.6 million) in the financial statements.

21. Fair value of financial instruments

As at 30 June 2019 and 31 December 2018, the Company had the following financial assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	30 June 2019		31 December 2018	
	Level 2	Total	Level 2	Total
Available-for-sale investments				
Government and state enterprise securities	37.6	37.6	7.0	7.0
Private debt securities	662.7	662.7	650.6	650.6

Fair value of investments in government and state enterprise securities and private debt securities determined by using the yield curve as announced by the Thai Bond Market Association.

22. Approval of interim financial statements

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