

Sompo Insurance (Thailand) Public Company Limited
Review report and interim financial information
30 June 2022



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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 2022, the statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2022, and 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 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: 10 August 2022

Sompo Insurance (Thailand) Public Company Limited**Statements of financial position****As at 30 June 2022 and 31 December 2021**

		(Unit: Baht)	
	Note	30 June 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	4	493,901,375	312,068,207
Premium receivables	5, 18	682,758,617	567,863,807
Accrued investment income		12,654,158	10,271,902
Reinsurance assets	6	1,536,043,324	1,395,020,640
Receivables from reinsurance contracts	7, 18	350,877,350	305,000,728
Debt financial assets	8	2,678,300,222	2,557,198,198
Equity financial assets	9	22,870,517	22,817,582
Equipment		14,524,696	19,454,406
Right-of-use assets		58,453,673	72,294,654
Intangible assets	10	747,865,202	759,856,569
Deferred tax assets	11	3,525,353	2,885,284
Prepaid premium ceded		16,223,844	35,084,413
Other assets	12, 18	259,648,491	383,443,470
Total assets		6,877,646,822	6,443,259,860

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

Sompo Insurance (Thailand) Public Company Limited
Statements of financial position (continued)
As at 30 June 2022 and 31 December 2021

(Unit: Baht)

	Note	30 June 2022 (Unaudited but reviewed)	31 December 2021 (Audited)
Liabilities and equity			
Liabilities			
Insurance contract liabilities	13	2,815,161,045	2,540,098,492
Due to reinsurers	14, 18	1,549,220,534	1,320,984,974
Lease liabilities		63,653,813	77,682,387
Payable under the Distribution Agreement	10.1	226,540,421	284,984,865
Income tax payable		31,168,535	33,213,306
Employee benefit obligations		37,803,369	34,550,091
Premium received in advance		33,190,265	39,814,681
Accrued commission	18	88,086,050	87,272,962
Others liabilities	15, 18	107,323,279	162,608,500
Total liabilities		4,952,147,311	4,581,210,258
Equity			
Share capital			
Registered			
18,103,153 ordinary shares of Baht 100 each		1,810,315,300	1,810,315,300
Issued and paid-up			
18,103,153 ordinary shares of Baht 100 each		1,810,315,300	1,810,315,300
Retained earnings			
Unappropriated		97,524,731	34,117,170
Other components of equity		17,659,480	17,617,132
Total equity		1,925,499,511	1,862,049,602
Total liabilities and equity		6,877,646,822	6,443,259,860

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

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Directors



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

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of income

For the three-month periods ended 30 June 2022 and 2021

		(Unit: Baht)	
	Note	2022	2021
Income			
Gross premium written		1,199,336,439	1,045,421,368
Less: Premium ceded to reinsurers		(833,234,859)	(762,439,613)
Net premium written		366,101,580	282,981,755
Less: Unearned premium reserves increased from prior period		(64,177,055)	(47,372,626)
Net earned premium		301,924,525	235,609,129
Fee and commission income from reinsurers		186,789,119	195,019,195
Net investment income		10,980,183	10,849,749
Gain on financial instruments		-	6,275
Other income		1,543,145	1,460,402
Total income		501,236,972	442,944,750
Expenses			
Gross claim and loss adjustment expenses		169,827,428	161,736,490
Less: Claim recovery from reinsurers		(57,137,111)	(50,396,623)
Commission and brokerage expenses		156,368,749	144,273,489
Other underwriting expenses		66,052,163	49,717,216
Operating expenses	16	89,298,323	85,238,581
Financial costs		1,744,391	2,332,365
Expected credit loss (reversal)		(1,263,785)	810,439
Total expenses		424,890,158	393,711,957
Profit before income tax		76,346,814	49,232,793
Less: Income tax expenses	11	(23,878,770)	(19,568,146)
Profit for the period		52,468,044	29,664,647
Earnings per share	17		
Basic earning per share		2.90	0.74
Weighted average number of ordinary share (Shares)		18,103,153	40,200,200

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

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of comprehensive income

For the three-month periods ended 30 June 2022 and 2021

	(Unit: Baht)	
	2022	2021
	<u> </u>	<u> </u>
Profit for the period	52,468,044	29,664,647
Other comprehensive income		
Items not to be recognised in statement of income for subsequent period		
Gain on equity instruments designated to be measured at fair value through other comprehensive income	52,935	12,528
Less: Income tax	<u>(10,587)</u>	<u>(2,506)</u>
Total items not to be recognised in statement of income for subsequent period - net of income tax	<u>42,348</u>	<u>10,022</u>
Total other comprehensive income for the period	<u>42,348</u>	<u>10,022</u>
Total comprehensive income for the period	<u><u>52,510,392</u></u>	<u><u>29,674,669</u></u>

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

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of income

For the six-month periods ended 30 June 2022 and 2021

		(Unit: Baht)	
	Note	2022	2021
Income			
Gross premium written		1,956,340,900	1,621,231,570
Less: Premium ceded to reinsurers		(1,281,061,739)	(1,092,694,178)
Net premium written		675,279,161	528,537,392
Less: Unearned premium reserves increased from prior period		(71,620,195)	(64,876,916)
Net earned premium		603,658,966	463,660,476
Fee and commission income from reinsurers		309,078,946	298,494,867
Net investment income		21,259,361	21,431,592
Gain on financial instruments		-	52,450
Other income		4,509,582	3,243,046
Total income		938,506,855	786,882,431
Expenses			
Gross claim and loss adjustment expenses		441,821,500	328,257,308
Less: Claim recovery from reinsurers		(158,691,962)	(85,737,262)
Commission and brokerage expenses		260,302,846	224,954,684
Other underwriting expenses		123,288,953	94,115,958
Operating expenses	16	166,289,284	162,677,675
Financial costs		3,490,484	5,501,604
Expected credit loss (reversal)		(1,141,803)	487,831
Total expenses		835,359,302	730,257,798
Profit before income tax		103,147,553	56,624,633
Less: Income tax expenses	11	(39,739,992)	(29,127,796)
Profit for the period		63,407,561	27,496,837
Earnings per share	17		
Basic earning per share		3.50	0.68
Weighted average number of ordinary share (Shares)		18,103,153	40,200,200

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

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited
Statements of comprehensive income
For the six-month periods ended 30 June 2022 and 2021

	(Unit: Baht)	
	2022	2021
Profit for the period	<u>63,407,561</u>	<u>27,496,837</u>
Other comprehensive income		
Items not to be recognised in statement of income for subsequent period		
Gain on equity instruments designated to be measured at fair value through other comprehensive income	52,935	12,528
Less: Income tax	<u>(10,587)</u>	<u>(2,506)</u>
Total items not to be recognised in statement of income for subsequent period - net of income tax	<u>42,348</u>	<u>10,022</u>
Total other comprehensive income for the period	<u>42,348</u>	<u>10,022</u>
Total comprehensive income for the period	<u><u>63,449,909</u></u>	<u><u>27,506,859</u></u>

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

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of changes in equity

For the six-month periods ended 30 June 2022 and 2021

	Issued and paid up share capital	Retained earnings		Other components of equity - equity instruments designated to be measured at fair value through other comprehensive income	Total
		Appropriated - statutory reserve	Unappropriated (deficit)		
Balance as at 1 January 2021	4,020,020,000	8,881,806	(2,246,083,428)	11,079,355	1,793,897,733
Profit for the period	-	-	27,496,837	-	27,496,837
Other comprehensive income for the period	-	-	-	10,022	10,022
Total comprehensive income for the period	-	-	27,496,837	10,022	27,506,859
Balance as at 30 June 2021	4,020,020,000	8,881,806	(2,218,586,591)	11,089,377	1,821,404,592
Balance as at 1 January 2022	1,810,315,300	-	34,117,170	17,617,132	1,862,049,602
Profit for the period	-	-	63,407,561	-	63,407,561
Other comprehensive income for the period	-	-	-	42,348	42,348
Total comprehensive income for the period	-	-	63,407,561	42,348	63,449,909
Balance as at 30 June 2022	1,810,315,300	-	97,524,731	17,659,480	1,925,499,511

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

(Unit: Baht)

(Unaudited but reviewed)

Sompo Insurance (Thailand) Public Company Limited

Statements of cash flows

For the six-month periods ended 30 June 2022 and 2021

	(Unit: Baht)	
	2022	2021
Cash flows from (used in) operating activities		
Direct premium written	1,693,343,524	1,253,982,867
Cash paid for reinsurance	(512,728,382)	(516,861,886)
Interest income	18,865,000	18,831,532
Dividend income	22,500	22,500
Other income	3,406,783	3,819,994
Loss incurred on direct insurance	(342,420,957)	(269,621,290)
Commission and brokerage expenses on direct insurance	(254,732,699)	(181,482,533)
Other underwriting expenses	(125,279,320)	(96,193,480)
Operating expenses	(127,218,978)	(141,667,320)
Income tax expenses	38,696,762	(31,169,250)
Cash flows from financial assets	174,896,662	1,008,158,882
Cash flows used in financial assets	(295,063,166)	(745,715,215)
Net cash flows from operating activities	271,787,729	302,104,801
Cash flows from (used in) investing activities		
Cash receipt from sales of equipment	1,102,799	-
Cash paid for purchase of equipment	(184,096)	(2,328,068)
Cash paid for purchase of intangible assets	(14,373,022)	(11,263,015)
Net cash flows used in investing activities	(13,454,319)	(13,591,083)
Cash flows from (used in) financial activities		
Repayment of liabilities under lease agreements	(15,240,095)	(14,806,955)
Repayment of payable under the distribution agreement	(61,361,676)	(268,000,000)
Net cash flows used in financial activities	(76,601,771)	(282,806,955)
Expected credit loss (increase) decrease	101,529	(268,722)
Net increase in cash and cash equivalents	181,833,168	5,438,041
Cash and cash equivalents at beginning of period	312,068,207	261,899,141
Cash and cash equivalents at end of period	493,901,375	267,337,182

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 2022 and 2021

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. Since 9 February 2022, C.K.T Holding Company Limited, a company registered and incorporated in Thailand, is the Company’s major shareholder, holding 51% of the Company’s issued and paid-up capital, and Sompo Japan Insurance Inc., a company registered in the Japan and the Group’s ultimate parent company, holds 49% of the Company’s issued and paid-up capital. (31 December 2021: Its parent company was Sompo Japan Insurance Inc., holding 100%).

The Company is principally engaged in the provision of non-life insurance.

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.

(Unaudited but reviewed)

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

2.2 Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

2.3 Financial reporting standards that became effective in the current period

The revised financial reporting standards which are effective for fiscal year beginning on or after 1 January 2022 do not have any significant impact on the Company's financial statements.

3. Classification of financial assets and financial liabilities

As at 30 June 2022 and 31 December 2021, carrying amounts of financial assets and financial liabilities were classified as follow.

(Unit: Baht)

	30 June 2022		
	Equity instruments designated to be measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets			
Cash and cash equivalents	-	493,901,375	493,901,375
Accrued investment income	-	12,654,158	12,654,158
Debt financial assets	-	2,678,300,222	2,678,300,222
Equity financial assets	22,870,517	-	22,870,517
Financial liabilities			
Lease liabilities	-	63,653,813	63,653,813

(Unaudited but reviewed)

(Unit: Baht)

31 December 2021

	Equity instruments designated to be measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets			
Cash and cash equivalents	-	312,068,207	312,068,207
Accrued investment income	-	10,271,902	10,271,902
Debt financial assets	-	2,557,198,198	2,557,198,198
Equity financial assets	22,817,582	-	22,817,582
Financial liabilities			
Lease liabilities	-	77,682,387	77,682,387

4. Cash and cash equivalents

(Unit: Baht)

	30 June 2022	31 December 2021
Cash on hand	31,000	31,000
Deposits at banks with no fixed maturity date	494,106,217	312,374,578
Total cash and cash equivalents	494,137,217	312,405,578
Less: Allowance for expected credit loss	(235,842)	(337,371)
Cash and cash equivalents - net	493,901,375	312,068,207

5. Premium receivables

The balances as at 30 June 2022 and 31 December 2021 of premium receivables 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 2022	31 December 2021
Not yet due	253,381,126	321,139,283
Not over 30 days	56,146,315	167,460,508
Over 31 days to 60 days	278,838,076	40,758,143
Over 61 days to 90 days	23,532,192	6,445,768
Over 91 days	71,239,907	32,439,104
Total	683,137,616	568,242,806
Less: Allowance for doubtful accounts	(378,999)	(378,999)
Total premium receivables - net	682,758,617	567,863,807

(Unaudited but reviewed)

6. Reinsurance assets

	(Unit: Baht)	
	30 June 2022	31 December 2021
Insurance recoverable from reinsurers		
- Loss reserves	365,450,194	338,040,804
- Unearned premium reserves	1,170,593,130	1,056,979,836
Total reinsurance assets	<u>1,536,043,324</u>	<u>1,395,020,640</u>

7. Receivables from reinsurance contracts

	(Unit: Baht)	
	30 June 2022	31 December 2021
Amounts due from reinsurers	<u>350,877,350</u>	<u>305,000,728</u>

8. Debt financial assets**8.1 Classified by type of financial assets**

	(Unit: Baht)	
	30 June 2022	31 December 2021
	Amortised cost	Amortised cost
Debt instruments measured at amortised cost		
Government and state enterprise securities	324,891,663	362,543,198
Private debt instruments	1,084,364,295	958,896,944
Deposits at financial institutions which matured over 3 months	<u>1,270,230,026</u>	<u>1,237,974,621</u>
Total	2,679,485,984	2,559,414,763
Less: Allowance for expected credit loss	<u>(1,185,762)</u>	<u>(2,216,565)</u>
Total debt financial assets - net	<u>2,678,300,222</u>	<u>2,557,198,198</u>

8.2 Classified by stage of credit risk

	(Unit: Baht)					
	30 June 2022			31 December 2021		
	Gross carrying value	Allowance for expected credit loss recognised in statement of income	Net carrying value	Gross carrying value	Allowance for expected credit loss recognised in statement of income	Net carrying value
Debt instruments measured at amortised cost						
Stage 1 - Debt securities with no significant increase in credit risk	<u>2,679,485,984</u>	<u>(1,185,762)</u>	<u>2,678,300,222</u>	<u>2,559,414,763</u>	<u>(2,216,565)</u>	<u>2,557,198,198</u>

(Unaudited but reviewed)

8.3 Financial assets with restrictions and commitments

As at 30 June 2022 and 31 December 2021, the following assets have been pledged as security, 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 driver have been charged with criminal offence as below.

(Unit: Million Baht)

	30 June 2022		31 December 2021	
	Amortised cost	Fair value	Amortised cost	Fair value
Assets pledged				
Government bonds	18.8	20.0	18.8	21.3
Assets reserve as non - life insurance reserve				
Government bonds	191.3	194.5	192.1	205.2
Assets subject to other restriction				
Saving lottery which pledged	3.7	3.7	3.5	3.5
Total	213.8	218.2	214.4	230.0

9. Equity financial assets

9.1 Classified by type of equity financial assets

(Unit: Baht)

	30 June 2022		31 December 2021	
	Cost	Fair value	Cost	Fair value
Equity instruments designated to be measured at fair value through other comprehensive income				
Non-listed equity instruments	796,166	22,870,517	796,166	22,817,582
Add: Unrealised gain	22,074,351		22,021,416	
Total equity financial assets - net	22,870,517		22,817,582	

10. Intangible assets

(Unit: Baht)

	For the six-month period ended 30 June 2022			
	Computer software	Computer software in progress	Rights under the Bancassurance agreement	Total
Net book value as at 1 January 2022	16,955,194	34,084,098	708,817,277	759,856,569
Acquisition during the period - at cost	-	14,373,022	-	14,373,022
Amortisation charge for the period	(1,272,286)	-	(25,092,103)	(26,364,389)
Net book value as at 30 June 2022	15,682,908	48,457,120	683,725,174	747,865,202

10.1 Rights under the bancassurance agreement

On 19 September 2017, the Company entered into a Distribution agreement (“Agreement”) with a Commercial bank and certain companies in the Bank’s Group. The Agreement is effective from 4 November 2020 to 31 December 2035. Under this Agreement, the Company is committed to pay the fees and applicable taxes, in consideration of the Bank and the group company granting the Company access to the distribution network for insurance products and also acting as the insurance agents for the Company over the agreement term. The Company has therefore recognised the net present value of the amount to be paid in order to obtain the right under the agreement with directly related expenses as an intangible asset totaling Baht 767 million. The payment period is as specified in the agreement, depending on the premium amount the counterparty is able to gain for each period. The rights will be amortised as expenses over the term of the agreement. Under the terms and conditions of this agreement, the Company has to pay commission and other fees at the rate specified in the agreement, and such amount will be recognised as expenses on an accrual basis in the statement of income in the period they are incurred.

As at 30 June 2022, the carrying value of the access right to distribution network were Baht 683.7 million (31 December 2021: Baht 708.8 million).

As at 30 June 2022, the payable under the Distribution Agreement was Baht 226.5 million (31 December 2021: Baht 285.0 million) whereby the movement was as below.

	(Unit: Baht)
	For the six-month period ended 30 June 2022
Balance - beginning of the period	284,984,865
Add: amortisation of deferred interest expenses	2,917,231
Less: payment	(61,361,675)
Balance - end of the period	226,540,421

11. Deferred tax assets / income tax expenses

11.1 Deferred tax assets/liabilities

The components of deferred tax assets and deferred tax liabilities as at 30 June 2022 and 31 December 2021 are as follows:

	(Unit: Baht)			
	30 June	31 December	Changes in deferred tax assets and liabilities that are recognised in profit or loss for the six-month periods ended 30 June	
			2022	2021
Deferred tax assets				
Allowance for expected credit loss	-	-	-	(399,823)
Allowance for loss on impairment of equity instruments	379,549	379,549	-	-
Right-of-use assets and lease liabilities	-	-	-	(603,754)
Post employee benefit obligations	7,560,674	6,910,018	650,656	95,238
Total	<u>7,940,223</u>	<u>7,289,567</u>		
Deferred tax liabilities				
Gain on equity instruments designated to be measured at fair value through other comprehensive income	4,414,870	4,404,283	-	-
Total	<u>4,414,870</u>	<u>4,404,283</u>		
Deferred tax assets - net	<u>3,525,353</u>	<u>2,885,284</u>		
Changes in deferred tax assets and liabilities that are recognised in profit or loss			<u>650,656</u>	<u>(908,339)</u>

As at 30 June 2022, the Company has temporary differences available to be utilised as tax deductions in the future of Baht 713.3 million (31 December 2021: Baht 635.2 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.

11.2 Income tax expenses

Income tax expenses for the three-month and six-month periods ended 30 June 2022 and 2021 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2022	2021	2022	2021
Current income tax:				
Current income tax charge for the period	26,518,720	18,895,583	42,705,270	28,397,275
Adjustment in respect of current income tax of previous period	(2,314,622)	(177,818)	(2,314,622)	(177,818)
Deferred tax:				
Relating to origination and reversal of temporary differences	(325,328)	850,381	(650,656)	908,339
Income tax expenses reported in the statement of income	23,878,770	19,568,146	39,739,992	29,127,796

The reconciliations between income tax expenses and the product of accounting profit for the three-month and six-month periods ended 30 June 2022 and 2021 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	
	2022	2021	2022	2021
Accounting profit before income tax	76,346,814	49,232,793	103,147,553	56,624,633
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	15,269,363	9,846,559	20,629,511	11,324,927
Adjustment in respect of current income tax of previous period	(2,314,622)	(177,818)	(2,314,622)	(177,818)
Tax effect of:				
Temporary differences not treated as deductible expenses and not recognised as deferred tax	5,337,952	10,623,754	15,619,198	19,828,582
Non-taxable income and non-deductible expenses	5,586,077	(724,349)	5,805,905	(1,847,895)
Income tax expenses reported in the statement of income	23,878,770	19,568,146	39,739,992	29,127,796

(Unaudited but reviewed)

12. Other assets

(Unit: Baht)

	30 June 2022	31 December 2021
Withholding tax refundable	65,868,641	135,323,889
Input tax refundable	14,588,814	55,093,781
Suspense input tax	54,571,935	35,237,361
Deposits on rice field insurance scheme	41,649,196	87,609,049
Prepaid commission expenses	51,544,035	11,202,908
Others	31,425,870	28,976,482
Total other assets	259,648,491	383,443,470

13. Insurance contract liabilities

(Unit: Baht)

	30 June 2022		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	329,858,651	(150,109,344)	179,749,307
- Claim incurred but not reported	489,582,052	(215,340,850)	274,241,202
Unearned premium reserves	1,995,720,342	(1,170,593,130)	825,127,212
Total	2,815,161,045	(1,536,043,324)	1,279,117,721

(Unit: Baht)

	31 December 2021		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	310,471,576	(131,059,316)	179,412,260
- Claim incurred but not reported	419,140,063	(206,981,488)	212,158,575
Unearned premium reserves	1,810,486,853	(1,056,979,836)	753,507,017
Total	2,540,098,492	(1,395,020,640)	1,145,077,852

(Unaudited but reviewed)

13.1 Loss reserves

(Unit: Baht)

	For the six-month period ended 30 June 2022	For the year ended 31 December 2021
Beginning balance	729,611,639	766,636,492
Claim expenses for the period	376,069,454	695,032,907
Change in loss reserves of prior period's claim	(23,173,845)	(59,551,129)
Change in assumption in calculating loss reserves	70,441,988	42,759,593
Claim paid during the period	(333,508,533)	(715,266,224)
Ending balance	819,440,703	729,611,639

13.2 Unearned premium reserves

(Unit: Baht)

	For the six-month period ended 30 June 2022	For the year ended 31 December 2021
Beginning balance	1,810,486,853	1,451,119,306
Premium written for the period	1,956,340,900	3,504,124,760
Premium earned for the current period	(1,771,107,411)	(3,144,757,213)
Ending balance	1,995,720,342	1,810,486,853

14. Due to reinsurers

(Unit: Baht)

	30 June 2022	31 December 2021
Amounts withheld on reinsurance	557,661,159	617,261,346
Other reinsurance payable	991,559,375	703,723,628
Total due to reinsurers	1,549,220,534	1,320,984,974

15. Other liabilities

(Unit: Baht)

	30 June 2022	31 December 2021
Commission received in advance	39,850,891	36,898,447
Accrued expenses	31,243,211	55,215,904
Short - term employee benefits	18,260,558	29,521,571
Other payables	2,564,695	700,179
Undue output tax	6,309,243	17,796,728
Others	9,094,681	22,475,671
Total other liabilities	107,323,279	162,608,500

(Unaudited but reviewed)

16. Operating expenses

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Personnel expenses which are not expenses for underwriting and claims	49,785,176	46,135,741	95,385,278	98,160,896
Premises and equipment expenses which are not expenses for underwriting	13,559,702	14,176,702	26,645,921	29,298,425
Taxes and duties	982,896	1,343,897	2,442,962	1,786,092
Bad debt and doubtful accounts (reversal)	-	-	-	(5,431,730)
Other operating expenses	24,970,549	23,582,241	41,815,123	38,863,992
Total operating expenses	89,298,323	85,238,581	166,289,284	162,677,675

17. 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.

18. Related party transactions

18.1 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. ⁽¹⁾	Ultimate parent company and shareholder
C.K.T Holding Company Limited ⁽²⁾	Major shareholder
Sompo Brokers (Thailand) Company Limited	Common shareholder in the same group
Sompo Insurance Singapore Pte. Ltd.	Common shareholder in the same group
Sompo Holdings (Asia) Pte. Ltd.	Common shareholder in the same group
Sompo Holding Inc.	Common shareholder in the same group
Sompo International Holdings Ltd.	Common shareholder in the same group
Sompo Japan Nipponkoa Reinsurance (Hong Kong) Company Limited	Common shareholder in the same group
Universal Sompo General Insurance Co., Ltd.	Common shareholder in the same group

(1) Sompo Japan Insurance Inc. was the parent company until 8 February 2022 and became the ultimate parent company since 9 February 2022.

(2) C.K.T Holding Company Limited is the parent company since 9 February 2022.

18.2 Intercompany 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 of business between the Company and those parties are as follows:

(Unit: Million Baht)

	For the three-month periods ended		For the six-month periods ended		Transfer pricing policy
	30 June		30 June		
	2022	2021	2022	2021	
Transactions with ultimate parent company					
Premium ceded	615.6	546.0	807.4	701.1	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	149.8	142.3	217.6	200.4	Reinsurance rate depending on type of insurance and reinsurance contracts
Claim recovery	34.5	33.7	76.1	48.3	According to terms of reinsurance contracts depending on types of insurance and reinsurance
Transactions with related companies					
Premium ceded	5.6	0.6	7.3	1.6	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	1.2	0.1	1.6	0.3	Reinsurance rate depending on type of insurance and reinsurance contracts
Commission paid on direct insurance	38.7	40.2	64.7	56.5	In accordance with the Notification by the Registrar regarding "Commission rate for Non-life insurance"
Claim recovery	0.1	-	4.3	3.1	According to terms of reinsurance contracts depending on types of insurance and reinsurance
Management fee	1.2	1.2	2.4	2.4	At contract price

(Unaudited but reviewed)

The Company had the following related party outstanding balances as at 30 June 2022 and 31 December 2021.

	(Unit: Million Baht)	
	30 June 2022	31 December 2021
Transactions with ultimate parent company		
Receivables from reinsurance contracts	61.3	62.7
Due to reinsurers - amounts withheld on reinsurance	382.4	409.9
Due to reinsurers - other reinsurance payable	522.8	148.5
Transactions with related companies		
Premium receivables	152.9	108.5
Receivables from reinsurance contracts	61.9	11.5
Other assets	1.3	1.4
Due to reinsurers - amounts withheld on reinsurance	25.2	27.2
Due to reinsurers - other reinsurance payable	2.4	2.9
Accrued commission	21.9	15.1
Other liabilities	2.4	5.7

Directors and management's remuneration

During the three-month and six-month periods ended 30 June 2022 and 2021, 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	
	2022	2021	2022	2021
Short-term benefits	10.4	9.2	19.5	17.1
Long-term benefits	0.1	0.2	0.2	3.0
Total	10.5	9.4	19.7	20.1

19. Commitments and contingent liabilities

19.1 Operating lease and services commitments

As at 30 June 2022, future minimum lease payments required under lease and services agreements which are not recognised as right-of-use assets are as follow.

	(Unit: Million Baht)
Payable within:	
Within 1 year	5.7
1 to 4 years	0.7

19.2 Bank guarantees

As at 30 June 2022, there were outstanding bank guarantees of approximately Baht 2.3 million (31 December 2021: Baht 2.3 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

19.3 Litigation

As at 30 June 2022, the Company has been sued for damaged totaling approximately Baht 21.6 million (31 December 2021: Baht 20.9 million) as insurer. The total maximum sum insured per the relevant policy is Baht 52.3 million (31 December 2021: Baht 52.3 million). The outcomes of these cases have not yet finalised but the Company has recorded loss reserves for its contingent loss amounting to Baht 11.8 million (31 December 2021: Baht 9.8 million) in the financial statements. The Company's management believes that such provision is adequate.

20. Fair value financial instruments

As at 30 June 2022 and 31 December 2021, the Company had financial assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	30 June 2022			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity financial assets - Equity instruments designated to be measured at fair value through other comprehensive income	-	-	22.9	22.9
	(Unit: Million Baht)			
	31 December 2021			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Equity financial assets - Equity instruments designated to be measured at fair value through other comprehensive income	-	-	22.8	22.8

(Unaudited but reviewed)

In addition to the financial assets that are presented at fair value as mentioned above, the Company also has financial assets measured at cost but has to disclose their fair value, which consist of cash and cash equivalents, deposit at financial institutions, accrued investment income and debt instruments. Most of those financial assets are classified as short-term and/or have interest rates that are close to market rate, therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value, except for certain investments in debt instruments whose fair value was differ from the carrying amount as follows.

(Unit: Million Baht)

	30 June 2022		31 December 2021	
	Carrying value	Fair value	Carrying value	Fair value
Debt instruments measured at amortised cost				
Government and state enterprise securities	324.9	329.2	362.5	378.0
Private debt securities	1,083.8	1,063.6	957.9	967.6
Deposits at financial institutions which matured over 3 months	1,269.6	1,270.2	1,236.8	1,238.0
	<u>2,678.3</u>	<u>2,663.0</u>	<u>2,557.2</u>	<u>2,583.6</u>

During the current period, there were no change in the methods and assumption used by the Company in estimating the fair value of financial instruments and no transfers within the fair value hierarchy.

21. Approval of interim financial information

These interim financial information were authorised for issue by the Company's authorised directors on 10 August 2022.