

Sompo Insurance (Thailand) Public Company Limited  
Review report and interim financial information  
31 March 2020

## **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 31 March 2020, the related statements of income, comprehensive income, changes in equity and cash flows for the three-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 May 2020

**Sompo Insurance (Thailand) Public Company Limited****Statement of financial position****As at 31 March 2020**

		(Unit: Baht)	
	Note	31 March 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)
<b>Assets</b>			
Cash and cash equivalents	5	314,820,982	423,889,560
Premium receivables	6, 24	326,845,924	518,903,221
Accrued investment income		10,007,422	8,275,338
Reinsurance assets	7	1,147,517,787	1,422,827,851
Receivables from reinsurance contracts	8, 24	69,390,864	65,919,987
Debt financial assets	9	1,719,637,246	-
Equity financial assets	10	27,644,478	-
Investments in securities - net		-	1,518,995,492
Equipment	12	31,855,809	32,510,804
Right-of-use assets	13	55,473,169	-
Intangible assets	14	33,920,671	31,842,256
Deferred tax assets	15	1,966,758	4,949,467
Amounts due from related companies	24	658,209	1,151,563
Prepaid premium ceded		111,570,354	129,288,556
Other assets	16	261,536,563	299,512,416
<b>Total assets</b>		<b>4,112,846,236</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 31 March 2020**

		(Unit: Baht)	
	Note	31 March 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Insurance contract liabilities	17	1,912,495,616	2,223,072,786
Due to reinsurers	18, 24	831,965,045	911,782,510
Employee benefit obligations		34,049,785	31,075,373
Lease liabilities	19	54,995,303	-
Liabilities under finance lease agreements		-	284,538
Amounts due to related companies	24	15,317,846	27,255,471
Premium received in advance		185,683,977	185,130,196
Accrued commission		29,818,000	42,623,098
Others liabilities		128,909,521	157,318,567
<b>Total liabilities</b>		<b>3,193,235,093</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)		(2,230,769,312)	(2,255,958,458)
Other components of equity		21,478,649	6,580,624
<b>Total equity</b>		<b>919,611,143</b>	<b>879,523,972</b>
<b>Total liabilities and equity</b>		<b>4,112,846,236</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 31 March 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Income</b>			
Gross premium written		439,951,890	504,452,086
Less: Premium ceded to reinsurers		(247,541,689)	(310,833,695)
Net premium written		192,410,201	193,618,391
Add: Unearned premium reserves			
decrease from prior period		23,605,910	36,119,871
Net earned premium		216,016,111	229,738,262
Fee and commission income from reinsurers		77,808,982	79,305,098
Net investment income	20	9,433,407	9,668,724
Gains (losses) on financial instruments		2,562	(6,485)
Other income		3,089,569	2,788,944
<b>Total income</b>		<b>306,350,631</b>	<b>321,494,543</b>
<b>Expenses</b>			
Gross claim and loss adjustment expenses		143,354,823	211,855,037
Less: Claim recovery from reinsurers		(46,786,264)	(74,150,830)
Commission and brokerage expenses		67,133,691	67,436,611
Other underwriting expenses		24,835,169	21,486,658
Operating expenses	21	92,015,002	71,288,484
Financial costs		301,736	-
Expected credit losses	22	(436,643)	-
<b>Total expenses</b>		<b>280,417,514</b>	<b>297,915,960</b>
<b>Profit before income tax</b>		<b>25,933,117</b>	<b>23,578,583</b>
Add: Income tax benefit	15	444,643	256,585
<b>Profit for the period</b>		<b>26,377,760</b>	<b>23,835,168</b>
<b>Earnings per share</b>	23		
Basic earning per share		0.85	0.76

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 31 March 2020**

	(Unit: Baht)	
Note	2020	2019
<b>Profit for the period</b>	<u>26,377,760</u>	<u>23,835,168</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	-	959,803
Less: Income taxes	-	(191,960)
Total item to be recognised in statements of income for subsequent periods - net of income tax	<u>-</u>	<u>767,843</u>
<b>Total other comprehensive income for the period</b>	<u>-</u>	<u>767,843</u>
<b>Total comprehensive income for the period</b>	<u><u>26,377,760</u></u>	<u><u>24,603,011</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 three-month period ended 31 March 2020

(Unit: Baht)

	Other components of equity					
	Issued and paid up share capital	Retained earnings		Surplus on changes in available-for-sale investments	Equity instruments designated measured at fair value through other comprehensive income	
		Appropriated - statutory reserve	Unappropriated (Deficits)		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	-	-	23,835,168	-	-	23,835,168
Other comprehensive income for the period	-	-	-	767,843	767,843	767,843
Total comprehensive income for the period	-	-	23,835,168	767,843	767,843	24,603,011
<b>Balance as at 31 March 2019</b>	3,120,020,000	8,881,806	(2,294,251,407)	593,143	593,143	835,243,542
<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 change in accounting policy (Note 3)	-	-	(1,188,614)	(6,580,624)	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	893,233,383
Profit for the period	-	-	26,377,760	-	-	26,377,760
Total comprehensive income for the period	-	-	26,377,760	-	-	26,377,760
<b>Balance as at 31 March 2020</b>	3,120,020,000	8,881,806	(2,230,769,312)	-	21,478,649	919,611,143

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 three-month period ended 31 March 2020**

	(Unit: Baht)	
Note	2020	2019
<b>Cash flows from (used in) operating activities</b>		
Direct premium written	593,240,591	579,356,551
Cash paid for reinsurance	(98,073,493)	(165,127,464)
Interest income	7,694,926	7,427,469
Other income	3,049,570	1,741,879
Loss incurred on direct insurance	(219,591,903)	(209,000,869)
Commission and brokerage expenses on direct insurance	(70,291,851)	(65,573,734)
Other underwriting expenses	(35,166,085)	(32,696,897)
Operating expenses	(65,797,814)	(60,611,181)
Cash flows from financial assets	297,573,236	100,102,435
Cash used in financial assets	(508,046,971)	(70,547,348)
<b>Net cash flow from (used in) operating activities</b>	<b>(95,409,794)</b>	<b>85,070,841</b>
<b>Cash flows from (used in) investing activities</b>		
Cash receipt from sales of equipment	40,000	1,378,338
Cash paid for purchase of equipment	(3,336,900)	(513,029)
Cash paid for purchase of intangible assets	(2,690,895)	(32,400)
<b>Net cash flows from (used in) investing activities</b>	<b>(5,987,795)</b>	<b>832,909</b>
<b>Cash flows from financial activities</b>		
Repayment of liabilities under lease agreements	(7,440,857)	-
<b>Net cash flows used in financial activities</b>	<b>(7,440,857)</b>	<b>-</b>
<b>Increasing in expected credit loss during the period</b>	<b>(230,132)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(109,068,578)</b>	<b>85,903,750</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>314,820,982</b>	<b>234,125,712</b>
<b>Supplemental cash flows information</b>		
Non-cash item		
Lease liabilities	1,112,906	-

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 period ended 31 March 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 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. However, the new standard involves 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**

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, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead the adoption 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 use Financial reporting standards related to financial instruments, it would be more appropriate to adopt Financial reporting standards related to financial instruments. The management of the Company expects the adoption of these accounting standards to result in the following adjustments.

#### Classification and measurement of financial assets

The Company shall reclassify financial assets to comply with the Company's business model for managing assets on the basis of the facts and circumstances that exist at the initial date of application by

- Classification and measurement of investments in non-listed equity instrument, the Company is to measured fair value of investments in non-listed equity instruments and to classify as financial assets at fair value through other comprehensive income. Upon disposal, accumulated gain or loss arising from change in fair value will be recognised in retained earnings

- Classification and measurement of available-for-sale investments in debt instrument which measured at fair value through other comprehensive income. The Company has decided to classify these investments as financial assets at amortised cost. The cumulative gains (or losses) on changes in the value of reclassified available-for-sale investments that were previously presented in other comprehensive income is to be reversed as assumed that these investments are classified as amortised cost at the beginning.

#### 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 still classify financial liabilities to be 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 by recognising an allowance for expected credit losses on its financial assets and it is no longer necessary for a credit-impaired event to have occurred. The Company considers to adopt the General approach to determine expected credit losses on financial assets.

#### Transition

The Company initially adopted this standards method whereby the adjustment of the cumulative effect was made against retained earnings or other components of equity as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change in accounting policy is 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.

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), and the comparative information was not restated.

The cumulative effect of the change 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 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 Bank of Thailand 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 Bank of Thailand. Such entities include credit card business, business providing loans secured against vehicle registrations, personal loan business under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring business. Entities providing assistance to debtors in accordance with the Bank of Thailand’s measures and electing to apply this accounting guidance have to apply all temporary relief measures in this Accounting 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 during the period from 1 January 2020 to 31 December 2021 or until the Bank of Thailand makes changes.

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 were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies as follows.

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

Classification and measurement of financial assets are driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

**(b) Investment in securities**

As at 1 January 2020 onward, the Company classified investment in securities to investment in securities measured at fair value through other comprehensive income or investment in securities measured at amortised cost depending on the Company's business model.

Investment in equity instruments classified and measured at fair value through other comprehensive income. The Company initially recognised these investments at fair value. After initial recognition, gains or losses on changes in fair value is separately presented in other comprehensive income. Upon disposal accumulated gains or losses arising from change in fair value of equity instruments will be recognised in retained earnings.

Investment in debt instruments classified and measured at amortised cost. The Company initially recognised these investments at fair value. At the end of reporting period, investment in debt instruments measured at amortised cost and presented in the statement of financial position at amortised cost less expected credit losses (if any).

Gains or losses from selling investment recognise in profit or loss at transaction date except gain or loss from selling investment in equity instruments which measured at fair value through other comprehensive income is recognise in retained earnings which the Company cannot recognise gains or losses in statement of comprehensive income later.

When the Company's business model for managing the financial assets has changed, the Company must reclassify type of investment in debt instruments. The Company adjust value of investment in debt instruments at fair value at transfer date. The different between book value and fair value at transfer date is recognised in profit or loss or other comprehensive income depends on transferred type of investment in debt securities.

**(c) Impairment of financial assets**

The Company recognises expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Company accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses 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 losses, 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 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 financial reporting standards 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.

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

	31 December 2019	The impact of		1 January 2020
		Financial reporting standards related to financial instruments	TFRS 16	
(Unit: Baht)				
<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	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	(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 are presented as follows:

	(Unit: Baht)
<u>Retained earnings - Unappropriated</u>	
Recognition of an allowance for expected credit losses on financial assets	(1,485,769)
Add: Relating income tax	<u>297,155</u>
Total	<u>(1,188,614)</u>
<u>Other components of equity</u>	
Reclassification of available-for-sale as financial assets 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	<u>(3,724,507)</u>
Total	<u>14,898,025</u>

The Classification and measurement of financial assets in accordance with 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			
Carrying amounts under the former basis	Equity instruments designated at fair value through other comprehensive income (FVOCI)	Financial instrument measured at amortised cost	Total	
<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's 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 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

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

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

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

As at 31 March 2020, carrying amount of financial assets and financial liabilities are classified as follow.

	(Unit: Baht)		
	Equity securities designed at FVOCI	Financial instruments measured at amortised cost	Total
<b>Financial assets</b>			
Cash and cash equivalents	-	314,820,982	314,820,982
Accrued investment income	-	10,007,422	10,007,422
Financial assets - debt	-	1,719,637,246	1,719,637,246
Financial assets - equity	27,644,478	-	27,644,478
<b>Financial liabilities</b>			
Lease liabilities	-	54,995,303	54,995,303

(Unaudited but reviewed)

## 5. Cash and cash equivalents

(Unit: Baht)

	31 March 2020	31 December 2019
Cash on hand	31,000	31,000
Deposits at banks with no fixed maturity date	275,020,114	283,720,340
Deposits at banks with fixed maturity date	40,000,000	140,138,220
Total cash and cash equivalents	315,051,114	423,889,560
Less: Allowance for expected credit losses	(230,132)	-
Cash and cash equivalents - net	314,820,982	423,889,560

As at 31 March 2020, bank deposits in saving account and fixed deposit account carried interest between 0.10 and 1.50 percent per annum (31 December 2019: 0.10 and 1.50 percent per annum).

## 6. Premium receivables

The balances as at 31 March 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)

	31 March 2020	31 December 2019
Not yet due	193,738,691	362,815,122
Not over 30 days	27,972,360	64,502,295
Over 31 days to 60 days	77,557,500	33,033,438
Over 61 days to 90 days	5,699,591	50,601,969
Over 91 days - 1 year	21,581,610	8,329,396
Over 1 year	675,171	-
Total	327,224,923	519,282,220
Less: Allowance for doubtful accounts	(378,999)	(378,999)
Total premium receivables - net	326,845,924	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.

(Unaudited but reviewed)

## 7. Reinsurance assets

	(Unit: Baht)	
	31 March 2020	31 December 2019
Insurance recoverable from reinsurers		
- Loss reserves	454,475,235	523,974,270
- Unearned premium reserves	693,042,552	898,853,581
Total reinsurance assets	<u>1,147,517,787</u>	<u>1,422,827,851</u>

## 8. Receivables from reinsurance contracts

	(Unit: Baht)	
	31 March 2020	31 December 2019
Amounts due from reinsurers	69,390,864	65,919,987
Total receivables from reinsurance contracts	<u>69,390,864</u>	<u>65,919,987</u>

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

	(Unit: Baht)	
	31 March 2020	31 December 2019
Not yet due	56,977,517	58,807,938
Not over 1 year	12,182,203	6,686,149
Over 1 year to 2 years	227,980	411,987
Over 2 years	3,164	13,913
Total amounts due from reinsurers	<u>69,390,864</u>	<u>65,919,987</u>

(Unaudited but reviewed)

## 9. Debt financial assets

### 9.1 Classified by type of financial assets

	(Unit: Baht)
	31 March 2020
	<u>Fair value</u>
<b>Debt instruments measured at amortised cost</b>	
Government and state enterprise securities	278,450,097
Private debt securities	942,218,419
Deposits at financial institutions which matured over 3 months	499,778,764
Total	<u>1,720,447,280</u>
Less: Allowance for expected credit losses	<u>(810,034)</u>
<b>Total debt financial assets - net</b>	<u>1,719,637,246</u>

### 9.2 Classified by type of investments in debt instruments as at 31 December 2019

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

(Unaudited but reviewed)

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)

	31 March 2020		
	Gross carrying value	Allowance for expected credit losses which is recognised in profit or loss	Carrying value
<b>Debt instruments measured at amortise cost</b>			
Stage 1 - Debt securities without a significant increase in credit risk	1,720,447,280	(810,034)	1,719,637,246
<b>Total</b>	<b>1,720,447,280</b>	<b>(810,034)</b>	<b>1,719,637,246</b>

## 10. Equity financial assets

### 10.1 Classified by type of equity financial assets

(Unit: Baht)

	31 March 2020
	Fair value
<b>Equity instruments designated at fair value through other comprehensive income</b>	
Non-listed equity instruments	27,644,478
<b>Total equity financial assets - net</b>	<b>27,644,478</b>

(Unaudited but reviewed)

## 10.2 Classified by type of investments in equity securities as at 31 December 2019

	(Unit: Baht)
	31 December 2019
	Cost/ Amortised cost
<b>Other investments</b>	
Equity securities	2,693,910
Less: Allowance for impairment	(1,897,744)
<b>Total other investments</b>	<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 and measured at fair value through 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.

## 11. Other components of equity

	(Unit: Baht)	
	For the three-month period ended 31 March 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 the change in accounting policies	21,478,649	-
Balance - end of the period	<u>21,478,649</u>	<u>-</u>
<b>Available-for-sale investments</b>		
Balance - beginning of the period	-	(174,700)
Changes during the period		
Unrealised gains (losses) during the period	-	8,521,909
Realised (gains) losses 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	<u>-</u>	<u>6,580,624</u>
Total	<u>21,478,649</u>	<u>6,580,624</u>



(Unaudited but reviewed)

## 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	881,225	660,449	1,297,400	2,839,074
Disposal during the period - net book value	-	(1)	-	(1)
Depreciation charge for the period	(660,254)	(2,478,732)	(130,210)	(3,269,196)
Net book value as at 31 March 2020	<u>7,194,105</u>	<u>23,231,314</u>	<u>1,430,390</u>	<u>31,855,809</u>

## 13. Right-of-use assets

(Unit: Baht)

	Building	Office equipment	Motor vehicles	Total
As at 1 January 2020 - beginning of the period	943,380	224,872	34,606	1,202,858
Cumulative effect of initial adoption of accounting standard	43,471,140	6,644,109	10,621,730	60,736,979
As at 1 January 2020 - after adjust	44,414,520	6,868,981	10,656,336	61,939,837
Acquisitions during the period	1,112,907	-	-	1,112,907
Amortisation for the period	(6,401,585)	(427,315)	(750,675)	(7,579,575)
As at 31 March 2020	<u>39,125,842</u>	<u>6,441,666</u>	<u>9,905,661</u>	<u>55,473,169</u>

The following amounts were recognised in statements of income.

(Unit: Baht)

	For the three-month period ended 31 March 2020
Amortisation of right-of-use assets	7,579,575
Interest expense on lease liabilities	301,736
Short term lease expenses	517,469
Total expenses	<u>8,398,780</u>

(Unaudited but reviewed)

**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
Amortisation charge for period	(612,480)	-	(612,480)
Net book value as at 31 March 2020	18,910,145	15,010,526	33,920,671

**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 31 March 2020 and 31 December 2019 are as follows:

(Unit: Baht)

	31 March 2020	31 December 2019
<b>Deferred tax assets</b>		
Allowance for expected credit losses	209,825	-
Allowance for losses on impairment of investments in securities	379,549	379,549
Post employee benefit obligations	6,809,957	6,215,074
Total	7,399,331	6,594,623
<b>Deferred tax liabilities</b>		
Right-of-use assets and lease liabilities	62,911	-
Gains on changes in value of investments designated at fair value through other comprehensive income	5,369,662	-
Unrealised gain on change in value of available-for-sale investments	-	1,645,156
Total	5,432,573	1,645,156
<b>Deferred tax assets - net</b>	1,966,758	4,949,467

(Unaudited but reviewed)

As at 31 March 2020, the Company has unused tax loss of Baht 30.8 million and temporary differences available to be utilised as tax deductions in the future of Baht 420.0 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 periods ended 31 March 2020 and 2019 are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2020	2019
<b>Current income tax:</b>		
Current income tax charge for the period	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(444,643)	(256,585)
Income tax benefit reported in the statement of income	(444,643)	(256,585)

The reconciliations between income tax expense (benefit) and the product of accounting profit for the three-month periods ended 31 March 2020 and 2019 and the applicable tax rate are as follows:

	(Unit: Baht)	
	For the three-month periods ended 31 March	
	2020	2019
Accounting profit before income tax expenses	25,933,117	23,578,583
Applicable tax rate	20%	20%
Accounting profit before income tax expenses multiple by applicable tax rate	5,186,623	4,715,717
Tax effect of:		
Tax loss brought forward utilise during period	(2,549,614)	(8,626,337)
Temporary differences not treated as deductible expenses and was not recognised as deferred tax assets	(3,321,170)	3,594,650
Non-taxable income and non-deductible expenses	239,518	59,385
Income tax benefit reported in the statement of income	(444,643)	(256,585)

(Unaudited but reviewed)

## 16. Other assets

(Unit: Baht)

	31 March 2020	31 December 2019
Revenue Department receivable	138,288,614	149,830,690
Suspense input tax	26,656,939	23,158,855
Deposits on rice field insurance scheme	4,272,312	44,432,311
Others	92,318,698	82,090,560
Total other assets	<u>261,536,563</u>	<u>299,512,416</u>

## 17. Insurance contract liabilities

(Unit: Baht)

	31 March 2020		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	546,074,001	(348,750,460)	197,323,541
- Claim incurred but not reported	228,555,153	(105,724,775)	122,830,378
Unearned premium reserves	1,137,866,462	(693,042,552)	444,823,910
Total	<u>1,912,495,616</u>	<u>(1,147,517,787)</u>	<u>764,977,829</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	1,367,283,401	(898,853,581)	468,429,820
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 three-month period ended 31 March 2020	For the year ended 31 December 2019
Beginning balance	855,789,385	1,200,121,218
Claim expenses for the period	105,154,183	1,064,077,095
Change in loss reserves of prior period's claim	28,221,606	(250,591,027)
Change in assumption in calculating loss reserves	-	146,577,179
Claim paid during the period	(214,536,020)	(1,304,395,080)
Ending balance	774,629,154	855,789,385

As at 31 March 2020, the Company has loss reserves and outstanding claim under reinsurance contracts amounting to Baht 53.9 million (31 December 2019: Baht 52.1 million).

### 17.2 Unearned premium reserves

(Unit: Baht)

	For the three-month period ended 31 March 2020	For the year ended 31 December 2019
Beginning balance	1,367,283,401	1,352,301,130
Premium written for the period	439,951,890	2,820,573,967
Premium earned for the current period	(669,368,829)	(2,805,591,696)
Ending balance	1,137,866,462	1,367,283,401

### 18. Due to reinsurers

(Unit: Baht)

	31 March 2020	31 December 2019
Amounts withheld on reinsurance	498,764,524	557,775,292
Other reinsurance payable	333,200,521	354,007,218
Total due to reinsurers	831,965,045	911,782,510

(Unaudited but reviewed)

**19. Lease liabilities**

	(Unit: Baht)			
	Leased building	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	1,112,906	-	-	1,112,906
Add: Financial cost for the period	170,884	52,981	77,872	301,737
Less: Lease payments during the period	(6,179,555)	(465,702)	(795,600)	(7,440,857)
Lease liabilities as at 31 March 2020	38,575,375	6,515,926	9,904,002	54,995,303

(Unit: Baht)

31 March 2020

	Leased building	Office equipment	Motor vehicles	Total
Undiscounted lease liabilities				
Due within 1 year	25,894,271	1,705,634	3,182,400	30,782,305
Due longer than 1 year	13,614,393	5,257,500	7,231,092	26,102,985
Total undiscounted lease liabilities	39,508,664	6,963,134	10,413,492	56,885,290

**20. Investment income**

During the three-month periods ended 31 March 2020 and 2019, the Company has investment income as follows:

(Unit: Baht)

For the three-month periods ended

31 March

	2020	2019
Interest income from debt instruments	9,433,407	9,668,724
Total investment income	9,433,407	9,668,724

(Unaudited but reviewed)

## 21. Operating expenses

(Unit: Baht)

	For the three-month periods ended	
	31 March	
	2020	2019
Personnel expenses	54,193,748	46,175,871
Premises and equipment expenses	14,072,416	11,178,681
Taxes and duties	57,832	285,220
Bad debts and doubtful accounts	-	11,646
Other operating expenses	23,691,006	13,637,066
Total operating expenses	92,015,002	71,288,484

## 22. Allowance for expected credit losses

(Unit: Baht)

	For the three-month periods ended	
	31 March	
	2020	2019
<b>Allowance for expected credit losses (reversal)</b>		
Cash and cash equivalents	(221,304)	-
Accrued investment income	(5,099)	-
Debt instruments measured at amortised cost	(210,240)	-
Total	(436,643)	-

## 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 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)

	For the three-month periods		Transfer pricing policy
	ended 31 March		
	2020	2019	
<b>Transactions with parent company</b>			
Premium ceded	156.9	168.5	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	53.2	57.6	Reinsurance rate depending on type of insurance and reinsurance contracts
Claim recovery	25.1	42.8	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	20.8	19.5	In accordance with the Notification by the Registrar regarding "Commission rate for Non-life insurance"
Claim recovery (reversal)	(0.1)	2.0	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 31 March 2020 and 31 December 2019.

	(Unit: Million Baht)	
	31 March 2020	31 December 2019
<b>Transactions with parent company</b>		
Receivables from reinsurance contracts	8.1	10.9
Amounts due from related company	-	0.4
Due to reinsurers - amounts withheld on reinsurance	392.5	444.6
Due to reinsurers - other reinsurance payable	189.8	193.3
<b>Transactions with related companies</b>		
Premium receivables	78.5	151.6
Receivables from reinsurance contracts	0.9	1.8
Amounts due from related companies	0.7	0.8
Amounts withheld on reinsurance	0.6	1.1
Due to reinsurers - amounts	0.8	0.3
Due to reinsurers - other reinsurance payable	15.3	27.3

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

During the three-month periods ended 31 March 2020 and 2019, the Company had employment benefit expenses of its directors and management personnel as following.

	(Unit: Million Baht)	
	For the three-month periods ended 31 March	
	2020	2019
Short-term benefits	8.0	7.3
Long-term benefits	0.2	0.2
Total	8.2	7.5

(Unaudited but reviewed)

## 25. Financial assets subject to restriction and obligation

As at 31 March 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)

	31 March 2020		31 December 2019	
	Amortised cost	Fair value	Amortised cost	Fair value
<b>Assets pledged</b>				
State enterprise bonds	18.8	22.0	18.8	22.1
<b>Assets reserved</b>				
Government and state enterprise bonds	195.0	213.1	195.4	213.5
<b>Assets subject to restriction</b>				
Saving lottery which pledged	2.3	2.3	2.5	2.5
<b>Total</b>	<b>216.1</b>	<b>237.4</b>	<b>216.7</b>	<b>238.1</b>

## 26. Commitments and contingent liabilities

### 26.1 Operating lease and services commitments

As at 31 March 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)

	31 March 2020
Payable within:	
Within than 1 year	1.6
1 to 4 years	1.9

### 26.2 Bank guarantees

As at 31 March 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.

### 26.3 Litigation

As at 31 March 2020, the Company has been sued for damaged totaling approximately Baht 20.8 million (31 December 2019: Baht 20.0 million) as insurer. The total maximum sum insured per the relevant policy is Baht 180.8 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 14.0 million (31 December 2019: Baht 14.2 million) in the financial statements.

### 27. Fair value measurement for financial instruments

As at 31 March 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)

	31 March 2020				Carrying value
	Fair value				
	Level 1	Level 2	Level 3	Total	
<b>Financial asset 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) Debt securities are presented at fair value reference to market prices or determined 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 May 2020.