

Sompo Insurance (Thailand) Public Company Limited
Review report and interim financial information
30 September 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 30 September 2020, the related statements of income and comprehensive income for the three-month and nine-month periods then ended, and the statements of changes in equity and cash flows for the nine-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: 12 November 2020

Sompo Insurance (Thailand) Public Company Limited**Statement of financial position****As at 30 September 2020**

		(Unit: Baht)	
	Note	30 September 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)
Assets			
Cash and cash equivalents	5	506,943,694	423,889,560
Premium receivables	6, 24	396,660,454	518,903,221
Accrued investment income		10,558,432	8,275,338
Reinsurance assets	7	1,574,569,324	1,422,827,851
Receivables from reinsurance contracts	8, 24	68,337,690	65,919,987
Debt financial assets	9	1,879,017,652	-
Equity financial assets	10	27,644,478	-
Investments in securities - net		-	1,518,995,492
Equipment	12	31,257,748	32,510,804
Right-of-use assets	13	41,076,259	-
Intangible assets	14	40,992,183	31,842,256
Deferred tax assets	15	3,405,208	4,949,467
Amounts due from related companies	24	3,938,059	1,151,563
Prepaid premium ceded		158,341,615	129,288,556
Other assets	16	353,772,758	299,512,416
Total assets		5,096,515,554	4,458,066,511

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 September 2020

(Unit: Baht)

	Note	30 September 2020 (Unaudited but reviewed)	31 December 2019 (Audited)
Liabilities and equity			
Liabilities			
Insurance contract liabilities	17	2,370,744,411	2,223,072,786
Due to reinsurers	18, 24	1,265,397,810	911,782,510
Employee benefit obligations		38,568,875	31,075,373
Lease liabilities	19	42,636,327	-
Liabilities under finance lease agreements		-	284,538
Amounts due to related companies	24	15,152,340	27,255,471
Premium received in advance		182,745,985	185,130,196
Accrued commission		47,225,056	42,623,098
Others liabilities		142,461,915	157,318,567
Total liabilities		4,104,932,719	3,578,542,539
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)		(2,158,797,620)	(2,255,958,458)
Other components of equity	11	21,478,649	6,580,624
Total equity		991,582,835	879,523,972
Total liabilities and equity		5,096,515,554	4,458,066,511

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

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Minor Summi

Directors



บริษัท ซมโป 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 September 2020

		(Unit: Baht)	
	Note	2020	2019
Income			
Gross premium written		834,426,114	784,700,616
Less: Premium ceded to reinsurers		(638,289,857)	(594,477,045)
Net premium written		196,136,257	190,223,571
Add: Unearned premium reserves decreased from prior period		9,634,426	22,112,342
Net earned premium		205,770,683	212,335,913
Fee and commission income from reinsurers		157,550,421	144,909,495
Net investment income	20	8,946,884	10,430,684
Gain (loss) on financial instruments		(5,897)	17,096
Other income		526,309	1,876,889
Total income		372,788,400	369,570,077
Expenses			
Gross claim and loss adjustment expenses		304,929,181	232,616,843
Less: Claim recovery from reinsurers		(183,024,434)	(90,426,634)
Commission and brokerage expenses		99,914,638	96,122,492
Other underwriting expenses		37,119,610	39,583,209
Operating expenses	21	93,323,848	79,805,137
Financial costs		343,224	-
Expected credit loss	22	586,067	-
Total expenses		353,192,134	357,701,047
Profit before income tax		19,596,266	11,869,030
Add (less): Income tax benefit (expenses)	15	(7,905,037)	640,030
Profit for the period		11,691,229	12,509,060
Earnings per share	23		
Basic earning per share		0.37	0.40

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 September 2020

	(Unit: Baht)	
	2020	2019
Profit for the period	<u>11,691,229</u>	<u>12,509,060</u>
Other comprehensive income		
Items to be recognised in statement of income for subsequent period		
Gain on changes in value of available-for-sale investments	-	3,554,221
Less: Income tax	-	(710,844)
Total items to be recognised in statement of income for subsequent period - net of income tax	<u>-</u>	<u>2,843,377</u>
Total other comprehensive income for the period	<u>-</u>	<u>2,843,377</u>
Total comprehensive income for the period	<u><u>11,691,229</u></u>	<u><u>15,352,437</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 nine-month period ended 30 September 2020**

		(Unit: Baht)	
	Note	2020	2019
Income			
Gross premium written		2,226,711,771	2,219,664,597
Less: Premium ceded to reinsurers		(1,619,767,003)	(1,606,056,547)
Net premium written		606,944,768	613,608,050
Add: Unearned premium reserves			
decreased from prior period		20,652,734	50,403,579
Net earned premium		627,597,502	664,011,629
Fee and commission income from reinsurers		426,597,410	413,903,277
Net investment income	20	27,670,433	29,831,951
Gain on financial instruments		47,429	11,907
Other income		4,068,079	6,907,577
Total income		1,085,980,853	1,114,666,341
Expenses			
Gross claim and loss adjustment expenses		620,770,635	685,271,021
Less: Claim recovery from reinsurers		(305,318,915)	(256,142,491)
Commission and brokerage expenses		290,420,818	286,851,123
Other underwriting expenses		92,248,127	87,779,455
Operating expenses	21	274,155,611	221,165,104
Financial costs		1,022,532	-
Expected credit loss	22	361,896	-
Total expenses		973,660,704	1,024,924,212
Profit before income tax		112,320,149	89,742,129
Add (less): Income tax benefit (expenses)	15	(13,970,697)	799,970
Profit for the period		98,349,452	90,542,099
Earnings per share			
	23		
Basic earning per share		3.15	2.90

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 nine-month period ended 30 September 2020

	(Unit: Baht)	
	2020	2019
Profit for the period	<u>98,349,452</u>	<u>90,542,099</u>
Other comprehensive income		
Items to be recognised in statement of income for subsequent period		
Gain on change in value of available-for-sale investments	-	6,800,278
Less: Income tax	-	(1,360,056)
Total items to be recognised in statement of income for subsequent period - net of income tax	<u>-</u>	<u>5,440,222</u>
Total other comprehensive income for the period	<u>-</u>	<u>5,440,222</u>
Total comprehensive income for the period	<u><u>98,349,452</u></u>	<u><u>95,982,321</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 nine-month period ended 30 September 2020

(Unit: Baht)

	Issued and paid up share capital	Retained earnings		Surplus on changes in available-for-sale investments	Other components of equity		Total
		Unappropriated (Deficits)			Equity instruments designated to be measured at fair value through other comprehensive income		
		Appropriated statutory reserve	Unappropriated (Deficits)				
Balance as at 1 January 2019	3,120,020,000	8,881,806	(2,318,086,575)	(174,700)	-	(174,700)	810,640,531
Profit for the period	-	-	90,542,099	-	-	-	90,542,099
Other comprehensive income for the period	-	-	-	5,440,222	-	5,440,222	5,440,222
Total comprehensive income for the period	-	-	90,542,099	5,440,222	-	5,440,222	95,982,321
Balance as at 30 September 2019	3,120,020,000	8,881,806	(2,227,544,476)	5,265,522	-	5,265,522	906,622,852
Balance as at 1 January 2020	3,120,020,000	8,881,806	(2,255,958,456)	6,580,624	-	6,580,624	879,523,972
Cumulative effect of changes in accounting policies (Note 3)	-	-	(1,188,614)	(6,580,624)	21,478,649	14,898,025	13,709,411
Balance as at 1 January 2020 - after adjusted	3,120,020,000	8,881,806	(2,257,147,072)	-	21,478,649	21,478,649	893,233,383
Profit for the period	-	-	98,349,452	-	-	-	98,349,452
Total comprehensive income for the period	-	-	98,349,452	-	-	-	98,349,452
Balance as at 30 September 2020	3,120,020,000	8,881,806	(2,158,797,620)	-	21,478,649	21,478,649	991,582,835

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 nine-month period ended 30 September 2020

	(Unit: Baht)	
	2020	2019
Cash flows from (used in) operating activities		
Direct premium written	2,200,474,802	2,175,306,647
Cash paid for reinsurance	(458,284,321)	(416,564,410)
Interest income	25,410,169	26,644,279
Dividend income	15,000	15,000
Other income	4,117,276	8,812,039
Loss incurred on direct insurance	(535,274,044)	(762,654,460)
Loss adjustment expenses on direct insurance	(56,539,488)	(71,672,753)
Commission and brokerage expenses on direct insurance	(257,971,291)	(268,496,712)
Other underwriting expenses	(102,545,760)	(92,669,614)
Operating expenses	(320,851,467)	(293,331,970)
Cash flows from financial assets	767,203,742	762,577,819
Cash flows used in financial assets	(1,137,640,087)	(692,827,612)
Net cash flows from operating activities	128,114,531	375,138,253
Cash flows from (used in) investing activities		
Cash receipt from sales of equipment	409,346	1,108,294
Cash paid for purchase of equipment	(10,048,342)	(5,326,295)
Cash paid for purchase of intangible assets	(11,807,540)	(1,266,016)
Net cash flows used in investing activities	(21,446,536)	(5,484,017)
Cash flows from (used in) financial activities		
Repayment of liabilities under lease agreements	(23,168,034)	-
Net cash flows used in financial activities	(23,168,034)	-
Expected credit loss	(445,827)	-
Net increase in cash and cash equivalents	83,054,134	369,654,236
Cash and cash equivalents at beginning of period	423,889,560	148,221,962
Cash and cash equivalents at end of period	506,943,694	517,876,198

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 nine-month periods ended 30 September 2020

1. General information

1.1 General information of the Company

Sompo Insurance (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Sompo Japan Insurance Inc. (Formerly known as “Sompo Japan Nipponkoa Insurance Inc.”) which was incorporated in Japan. The Company is principally engaged in the provision of non-life insurance and its registered address is 990 Abdulrahim Place 12th and 14th 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 New financial reporting standards

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

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal year beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial information, except for the new standards involve changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

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

The Accounting Guidance related to financial instruments and disclosures applicable to insurance business was issued to comply with TFRS 4 (revised 2019) Insurance Contracts, which allows insurers who meet certain criteria stipulated in this TFRS to delay adoption of TFRS 9 Financial Instruments and TFRS 7 Financial Instruments: Disclosures, which are applicable for the financial reporting periods beginning on or after 2020, and to adopt the Accounting Guidance related to financial instruments and disclosures applicable to insurance business instead of TFRS 9 and TFRS 7 for the financial reporting period beginning before 1 January 2023 or before the effective date of TFRS 17 Insurance Contracts.

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

Classification and measurement of financial assets

Financial assets - Debt instruments

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

Financial assets - Equity instruments

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

Classification of financial liabilities

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

Impairment of financial assets

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

Transition

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

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

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

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

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

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

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

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

The Company has not adopted such Accounting Guidance.

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

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

(Unaudited but reviewed)

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.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 management of the Company is currently evaluating the impact of standards to the financial statements in the year when they are adopted.

2.3 Significant accounting policies

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

(a) Classification and measurement

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

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

Financial liabilities are measured at amortised cost.

(b) Investment in securities

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

Investments in securities measured at fair value through other comprehensive income

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

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

Investments in securities measured at amortised cost

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

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

Investment income and sales of investments

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

Changes in classification of investment in debt securities

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

(c) Impairment of financial assets

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

(d) Leases

Right-of-use assets

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

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

Lease liabilities

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

Short-term leases and leases of low-value assets

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

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

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

(Unaudited but reviewed)

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

(Unit: Baht)

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

3.1 Financial instruments

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

(Unit: Baht)

Retained earnings - Unappropriated

Recognition of an allowance for expected credit loss on financial assets	(1,485,769)
Add: Relating income tax	297,155
Total	(1,188,614)

Other components of equity

Reclassification of available-for-sale as financial assets measured at amortised cost	(8,225,780)
Fair value measurement of investments in equity instruments of non-listed companies	26,848,312
Less: Relating income tax	(3,724,507)
Total	14,898,025

(Unaudited but reviewed)

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

(Unit: Baht)

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

3.2 Leases

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

(Unit: Baht)

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

(Unaudited but reviewed)

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

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

4. Classification of financial assets and financial liabilities

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

	(Unit: Baht)		
	Equity securities designed at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets			
Cash and cash equivalents	-	506,943,694	506,943,694
Accrued investment income	-	10,558,432	10,558,432
Debt financial assets	-	1,879,017,652	1,879,017,652
Equity financial assets	27,644,478	-	27,644,478
Financial liabilities			
Lease liabilities	-	42,636,327	42,636,327

5. Cash and cash equivalents

	(Unit: Baht)	
	<u>30 September 2020</u>	<u>31 December 2019</u>
Cash on hand	31,000	31,000
Deposits at banks with no fixed maturity date	377,118,968	283,720,340
Deposits at banks with fixed maturity date	130,239,553	140,138,220
Total cash and cash equivalents	507,389,521	423,889,560
Less: Allowance for expected credit loss	(445,827)	-
Cash and cash equivalents	<u>506,943,694</u>	<u>423,889,560</u>

(Unaudited but reviewed)

6. Premium receivables

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

	(Unit: Baht)	
	30 September 2020	31 December 2019
Not yet due	155,565,872	362,815,122
Not over 30 days	53,195,719	64,502,295
Over 31 days to 60 days	106,375,905	33,033,438
Over 61 days to 90 days	41,065,498	50,601,969
Over 91 days - 1 year	39,853,706	8,329,396
Over 1 year	982,753	-
Total	397,039,453	519,282,220
Less: Allowance for doubtful accounts	(378,999)	(378,999)
Total premium receivables - net	396,660,454	518,903,221

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

7. Reinsurance assets

	(Unit: Baht)	
	30 September 2020	31 December 2019
Insurance recoverable from reinsurers		
- Loss reserves	505,757,174	523,974,270
- Unearned premium reserves	1,068,812,150	898,853,581
Total reinsurance assets	1,574,569,324	1,422,827,851

8. Receivables from reinsurance contracts

	(Unit: Baht)	
	30 September 2020	31 December 2019
Amounts due from reinsurers	68,337,690	65,919,987
Total receivables from reinsurance contracts	68,337,690	65,919,987

(Unaudited but reviewed)

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

	(Unit: Baht)	
	30 September 2020	31 December 2019
Not yet due	55,990,617	58,807,938
Not over 1 year	8,931,722	6,686,149
Over 1 year to 2 years	3,393,539	411,987
Over 2 years	21,812	13,913
Total amounts due from reinsurers	<u>68,337,690</u>	<u>65,919,987</u>

9. Debt financial assets

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

	(Unit: Baht)
	30 September 2020
	Amortised cost
Debt instruments measured at amortised cost	
Government and state enterprise securities	315,282,942
Private debt securities	914,021,794
Deposits at financial institutions which matured over 3 months	651,105,154
Total	1,880,409,890
Less: Allowance for expected credit loss	(1,392,238)
Total debt financial assets - net	<u>1,879,017,652</u>

(Unaudited but reviewed)

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

(Unit: Baht)

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

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

9.3 Classified by stage of credit risk

(Unit: Baht)

	30 September 2020		
	Gross carrying value	Allowance for expected credit loss which is recognised	Carrying value
		in profit or loss	
Debt instrument measured at amortised cost			
Stage 1 - Debt securities without a significant increase in credit risk	1,880,409,890	(1,392,238)	1,879,017,652
Total	1,880,409,890	(1,392,238)	1,879,017,652

(Unaudited but reviewed)

10. Equity financial assets

10.1 Equity financial assets as at 30 September 2020 classified by type of equity financial assets

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

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

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

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

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

(Unaudited but reviewed)

11. Other components of equity

(Unit: Baht)

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

12. Equipment

(Unit: Baht)

	Leasehold improvement	Office equipment	Motor vehicles	Total
Net book value as at 1 January 2020	6,973,134	25,274,470	263,200	32,510,804
Adjustments of right-of-use assets due to				
TFRS 16 adoption	-	(224,872)	-	(224,872)
Acquisition during the period - at cost	4,639,627	3,159,647	1,297,400	9,096,674
Disposal during the period - net book value	-	(99,363)	-	(99,363)
Depreciation charge for the period	(2,306,177)	(7,290,268)	(429,050)	(10,025,495)
Net book value as at 30 September 2020	9,306,584	20,819,614	1,131,550	31,257,748

(Unaudited but reviewed)

13. Right-of-use assets

	(Unit: Baht)			
	Lease buildings	Office equipment	Motor vehicles	Total
As at 1 January 2020 - beginning of the period	-	-	-	-
Cumulative effect of initial adoption of accounting standard	44,414,520	6,868,981	10,656,336	61,939,837
As at 1 January 2020 - after adjustment	44,414,520	6,868,981	10,656,336	61,939,837
Acquisitions during the period	2,058,926	1,032,741	668,645	3,760,312
Disposal during the period - net book value	-	(2)	-	(2)
Amortisation for the period	(21,026,797)	(1,307,847)	(2,289,244)	(24,623,888)
As at 30 September 2020	25,446,649	6,593,873	9,035,737	41,076,259

The following amounts were recognised in statements of income.

	(Unit: Baht)	
	For the three-month period ended 30 September 2020	For the nine-month period ended 30 September 2020
Amortisation of right-of-use assets	8,583,323	24,623,888
Interest expense on lease liabilities	343,224	1,022,532
Short term lease expenses	1,382,943	2,393,382
Total expenses	10,309,490	28,039,802

14. Intangible assets

	(Unit: Baht)			
	Computer software	Rights under the Bancassurance agreement	Computer software in progress	Total
Net book value as at 1 January 2020	16,831,730	15,010,526	-	31,842,256
Acquisition during the period - at cost	3,037,981	-	8,199,408	11,237,389
Disposal during the period - net book value	(238,149)	-	-	(238,149)
Amortisation charge for period	(1,849,313)	-	-	(1,849,313)
Net book value as at 30 September 2020	17,782,249	15,010,526	8,199,408	40,992,183

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

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

	(Unit: Baht)	
	30 September 2020	31 December 2019
Deferred tax assets		
Allowance for expected credit loss	369,533	-
Allowance for loss on impairment of investments in securities	379,549	379,549
Right-of-use assets and lease liabilities	312,013	-
Post employee benefit obligations	7,713,775	6,215,074
Total	8,774,870	6,594,623
Deferred tax liabilities		
Gain on changes in value of investments designated at fair value through other comprehensive income	5,369,662	-
Unrealised gain on changes in value of available-for-sale investments	-	1,645,156
Total	5,369,662	1,645,156
Deferred tax assets - net	3,405,208	4,949,467

As at 30 September 2020, the Company has temporary differences available to be utilised as tax deductions in the future of Baht 435.0 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 and nine-month periods ended 30 September 2020 and 2019 are as follows:

	(Unit: Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Current income tax:				
Current income tax charge for the period	8,527,112	(587,085)	15,853,790	428,038
Deferred tax:				
Relating to origination and reversal of temporary differences	(622,075)	(52,945)	(1,883,093)	(1,228,008)
Income tax expenses (benefit) reported in the statement of income	7,905,037	(640,030)	13,970,697	(799,970)

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

	(Unit: Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Accounting profit before income tax	19,596,266	11,869,030	112,320,149	89,742,129
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	3,919,254	2,373,806	22,464,030	17,948,426
Tax effect of:				
Tax loss brought incurred (utilised) during period	179,226	-	(8,524,768)	(23,414,279)
Temporary differences not treated as deductible expenses and was not recognised as deferred tax assets	3,645,863	(3,038,671)	(321,870)	3,789,315
Non taxable income and non-deductible expenses	160,694	24,835	353,305	876,568
Income tax expenses (benefit) reported in the statement of income	7,905,037	(640,030)	13,970,697	(799,970)

(Unaudited but reviewed)

16. Other assets

(Unit: Baht)

	30 September 2020	31 December 2019
Revenue Department receivable	127,940,150	149,830,690
Undue input tax	49,740,834	23,158,855
Deposits on rice field insurance scheme	115,472,570	44,432,311
Others	60,619,204	82,090,560
Total other assets	<u>353,772,758</u>	<u>299,512,416</u>

17. Insurance contract liabilities

(Unit: Baht)

	30 September 2020		
	Insurance contract liabilities	Reinsurance on liabilities	Net
Loss reserves			
- Claim incurred and reported	523,564,851	(327,938,115)	195,626,736
- Claim incurred but not reported	330,590,324	(177,819,059)	152,771,265
Unearned premium reserves	<u>1,516,589,236</u>	<u>(1,068,812,150)</u>	<u>447,777,086</u>
Total	<u>2,370,744,411</u>	<u>(1,574,569,324)</u>	<u>796,175,087</u>

(Unit: Baht)

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

(Unaudited but reviewed)

17.1 Loss reserves

(Unit: Baht)

	For the nine-month period ended 30 September 2020	For the year ended 31 December 2019
Beginning balance	855,789,385	1,200,121,218
Claim expenses for the period	677,657,609	1,064,077,095
Change in loss reserves of prior period's claim	(89,596,725)	(250,591,027)
Change in assumption in calculating loss reserves	-	146,577,179
Claim paid during the period	(589,695,094)	(1,304,395,080)
Ending balance	854,155,175	855,789,385

As at 30 September 2020, the Company has loss reserves and outstanding claim under reinsurance contracts amounting to Baht 111.7 million (31 December 2019: Baht 52.1 million).

17.2 Unearned premium reserves

(Unit: Baht)

	For the nine-month period ended 30 September 2020	For the year ended 31 December 2019
Beginning balance	1,367,283,401	1,352,301,130
Premium written for the period	2,226,711,771	2,820,573,967
Premium earned for the current period	(2,077,405,936)	(2,805,591,696)
Ending balance	1,516,589,236	1,367,283,401

18. Due to reinsurers

(Unit: Baht)

	30 September 2020	31 December 2019
Amounts withheld on reinsurance	627,941,402	557,775,292
Other reinsurance payable	637,456,408	354,007,218
Total due to reinsurers	1,265,397,810	911,782,510

(Unaudited but reviewed)

19. Lease liabilities

	(Unit: Baht)			
	Lease buildings	Office equipment	Motor vehicles	Total
Lease liabilities as at 1 January 2020				
- beginning of the period	-	284,538	-	284,538
Cumulative effect of initial adoption of accounting standard	43,471,140	6,644,109	10,621,730	60,736,979
Lease liabilities as at 1 January 2020	43,471,140	6,928,647	10,621,730	61,021,517
Add: Increase in lease liabilities during the period	2,058,926	1,032,741	668,645	3,760,312
Add: Financial cost for the period	650,944	155,743	215,845	1,022,532
Less: Lease payments during the period	(19,408,690)	(1,402,543)	(2,356,801)	(23,168,034)
Lease liabilities as at 30 September 2020	26,772,320	6,714,588	9,149,419	42,636,327

(Unit: Baht)

30 September 2020

	Lease buildings	Office equipment	Motor vehicles	Total
Undiscounted lease liabilities				
Due within 1 year	26,663,529	1,839,243	3,419,600	31,922,372
Due longer than 1 year	576,000	5,300,469	6,143,092	12,019,561
Total undiscounted lease liabilities	27,239,529	7,139,712	9,562,692	43,941,933

20. Investment income

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

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2020	2019	2020	2019
Interest income from debt instruments	9,276,720	10,730,077	28,627,257	30,699,012
Dividend income from equity instruments	-	-	15,000	15,000
Total investment income	9,276,720	10,730,077	28,642,257	30,714,012
Less: Investment costs	(329,836)	(299,393)	(971,824)	(882,061)
Total investment income - net	8,946,884	10,430,684	27,670,433	29,831,951

(Unaudited but reviewed)

21. Operating expenses

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Personnel expenses	54,648,832	49,222,445	160,063,654	139,858,921
Premises and equipment expenses	12,568,834	11,634,104	42,438,441	33,435,438
Taxes and duties	973,794	(597,389)	1,193,186	192,463
Bad debt	-	5,744	8,151	17,390
Other operating expenses	25,132,388	19,540,233	70,452,179	47,660,892
Total operating expenses	93,323,848	79,805,137	274,155,611	221,165,104

22. Allowance for expected credit loss

(Unit: Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Allowance for expected credit loss (reversal)				-
Cash and cash equivalents	(109,371)	-	(5,609)	-
Accrued investment income	728	-	(4,458)	-
Debt instruments measured at amortised cost	694,710	-	371,963	-
Total	586,067	-	361,896	-

23. Earnings per share

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

24. Related party transactions

24.1 Nature of relationship

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

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

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

24.2 Nature of relationship

During the periods, the Company had significant business transactions with its related parties. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course business between the Company and those parties are as follows:

	(Unit: Million Baht)				Transfer pricing policy
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2020	2019	2020	2019	
Transactions with parent company					
Premium ceded	315.9	337.3	1,014.9	1,006.1	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	107.7	103.2	308.6	307.7	Reinsurance rate depending on type of insurance and reinsurance contracts
Claim recovery	98.6	7.7	200.5	110.9	According to terms of reinsurance contracts depending on types of insurance and reinsurance
Transactions with related companies					
Premium ceded	32.6	1.2	33.1	3.3	Reinsurance rate depending on type of insurance and reinsurance contracts
Fee and commission income	3.5	0.1	3.6	0.4	Reinsurance rate depending on type of insurance and reinsurance contracts
Commission paid on direct insurance	24.1	27.0	78.1	92.7	In accordance with the Notification by the Registrar regarding "Commission rate for Non-life insurance"
Claim recovery (reversal)	-	(1.7)	(0.4)	6.4	According to terms of reinsurance contracts depending on types of insurance and reinsurance

(Unaudited but reviewed)

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

	(Unit: Million Baht)	
	<u>30 September 2020</u>	<u>31 December 2019</u>
Transactions with parent company		
Receivables from reinsurance contracts	10.2	10.9
Amounts due from related company	-	0.4
Due to reinsurers - amounts withheld on reinsurance	462.2	444.6
Due to reinsurers - other reinsurance payable	251.1	193.3
Transactions with related companies		
Premium receivables	77.9	151.6
Receivables from reinsurance contracts	1.0	1.8
Amounts due from related companies	3.9	0.8
Due to reinsurers - amounts withheld on reinsurance	23.0	1.1
Due to reinsurers - other reinsurance payable	9.0	0.3
Amounts due to related companies	15.2	27.3

Directors and management's remuneration

During the three-month and nine-month periods ended 30 September 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		For the nine-month periods	
	ended 30 September		ended 30 September	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term benefits	7.8	6.7	23.6	19.7
Long-term benefits	0.2	0.2	0.6	1.1
Total	<u>8.0</u>	<u>6.9</u>	<u>24.2</u>	<u>20.8</u>

(Unaudited but reviewed)

25. Financial assets subject to restriction and obligation

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

(Unit: Million Baht)

	30 September 2020		31 December 2019	
	Amortised cost	Fair value	Amortised cost	Fair value
Assets pledged				
Government bonds	18.8	22.2	18.8	22.1
Assets reserved				
Government bonds	194.2	213.4	195.4	213.5
Assets subject to restriction				
Saving lottery which pledged	2.2	2.2	2.5	2.5
Total	215.2	237.8	216.7	238.1

26. Commitments and contingent liabilities

26.1 Operating lease and services commitments

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

(Unit: Million Baht)

	30 September 2020
Payable within:	
Within 1 year	4.6
1 to 4 years	6.0

26.2 Bank guarantees

As at 30 September 2020, there were outstanding bank guarantees of approximately Baht 2.3 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 30 September 2020, the Company has been sued for damaged totaling approximately Baht 23.7 million (31 December 2019: Baht 20.0 million) as insurer. The total maximum sum insured per the relevant policy is Baht 342.6 million (31 December 2019: Baht 212.5 million). The outcomes of these cases have not yet finalised but the Company has recorded loss reserves for its contingent loss amounting to Baht 14.1 million (31 December 2019: Baht 14.2 million) in the financial statements.

27. Fair value measurement for financial instruments

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

(Unit: Million Baht)

	30 September 2020				Carrying value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets measured at fair value					
Financial assets - equity instruments	-	-	28	28	28

(Unit: Million Baht)

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

The Company had valuation techniques for financial assets as follows:

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

28. Events after the reporting period

On 6 October 2020, the Extraordinary General Meeting of shareholders No. 2/2020 of the Company approved the increase its registered share capital from Baht 3,120 million to Baht 4,020 million, through the issuance of 9 million common shares with a par value of Baht 100 per share, total amounting to Baht 900 million. The Company received full payment for the shares on 8 October 2020 and registered the increase in its registered share capital with the Ministry of Commerce on 21 October 2020.

29. Approval of interim financial information

These interim financial information were authorised for issue by the Company's authorised directors on 12 November 2020.